

**DISCLOSURE STATEMENT
(Information Booklet)**

THE CYPRESS
of Charlotte

**3442 Cypress Club Drive
Charlotte, North Carolina 28210
(704) 714-5500**

June 1, 2021

THE CYPRESS OF CHARLOTTE MUST DELIVER A DISCLOSURE STATEMENT TO A PROSPECTIVE MEMBER PRIOR TO OR AT THE TIME A PROSPECTIVE MEMBER EXECUTES A MEMBERSHIP AGREEMENT (RESIDENCY AGREEMENT) TO PROVIDE CONTINUING CARE, OR PRIOR TO OR AT THE TIME A PROSPECTIVE MEMBER TRANSFERS ANY MONEY OR OTHER PROPERTY TO THE CYPRESS OF CHARLOTTE, WHICHEVER OCCURS FIRST.

THE CYPRESS OF CHARLOTTE, LIKE ALL OTHER CONTINUING CARE FACILITIES IN THE STATE OF NORTH CAROLINA, IS SUBJECT TO AN ARTICLE CONCERNING REGISTRATION AND DISCLOSURE BY CONTINUING CARE FACILITIES (THE "ARTICLE"). REGISTRATION UNDER THE ARTICLE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT OF THE CYPRESS OF CHARLOTTE BY THE DEPARTMENT OF INSURANCE OR THE STATE OF NORTH CAROLINA, NOR DOES SUCH REGISTRATION EVIDENCE THE ACCURACY OR COMPLETENESS OF THE INFORMATION IN THIS DISCLOSURE STATEMENT.

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.

Unless earlier revised, The Cypress intends for this Disclosure Statement to remain effective until October 28, 2022.

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INTRODUCTION

The Cypress brings, to those who are 62 years of age and over, a way of retirement living known as "continuing care". This concept offers active retirees a lifestyle which is designed to meet their unique needs while allowing them the freedom to pursue their personal interests. Continuing care communities such as The Cypress encompass these important components: a privately owned condominium cottage or villa, a wide array of personal services, and the security of an on-site licensed health care center.

One of the purposes of this Disclosure Statement (Information Booklet) is to explain to prospective Members, their families, and their advisors who and what is involved in the operation of The Cypress. This Disclosure Statement was prepared on the basis of information available and assumptions which were believed to be realistic as of the publication date. Such information and assumptions are, of course, subject to change and, in particular, could be affected by changes in inflation and interest rates. Because of the possibility of future changes, modifications in the operation of The Cypress may be necessary.

In addition to the information contained in this Disclosure Statement, if a prospective Member would like additional information or would like to make inquiries regarding facilities or services, the marketing office should be contacted. Further, a prospective Member or prospective Member's legal representative with a general power of attorney has a right to ask for and receive information regarding reserve funding, experience of persons who will make investment decisions, a current actuarial study, if available, and information regarding persons having a ten percent or greater interest in The Cypress.

Because no technical language has been used in this Disclosure Statement, there may be differences between the text of this booklet and the language of the specific Resale Purchase and Sale Agreement and Membership Agreement signed by a Member. In the event of any such differences concerning the description of any item, the terms of the applicable executed Purchase and Sale Agreement and Membership Agreement will govern.

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

OVERVIEW

The Cypress is made up of several distinct legal entities, each with their own powers and responsibilities. The Cypress Group, LLC, has a controlling interest in The Cypress of Charlotte, LLC. The Cypress of Charlotte, LLC is the entity that planned The Cypress, designed it, built it, sells the various cottages and villas, and enters into a Membership Agreement with each of The Cypress' perspective Members. The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. are two distinct North Carolina legal entities organized as not-for-profit corporations under the laws of North Carolina. As to the foregoing entities, none are affiliated with any religious, charitable or other non-profit organizations. Since The Cypress offers condominium ownership of a cottage or villa, The Cypress of Charlotte Owners' Association, Inc. was created to comply with North Carolina law regarding the ownership of commonly owned property. The Cypress of Charlotte Club, Inc., a 501(c)(4) not-for-profit entity, was organized to manage the various membership functions of The Cypress which are included in each Member's Membership Agreement. The financial and contractual obligations of the facility are the responsibility of The Cypress of Charlotte, LLC and The Cypress of Charlotte Club, Inc.

THE CYPRESS GROUP, LLC

The Cypress Group, LLC (the "Managing Member") is a South Carolina Limited Liability Company formed on March 18, 1996, serving as Managing Member of The Cypress of Charlotte, LLC with a controlling interest. Further, it is the Managing Member who will be held responsible for The Cypress of Charlotte, LLC. The Managing Member's principals and operating officers are, Marc A. Puntereri, President, and James P. Coleman, Executive Vice President, whose offices are located at 20 Lady Slipper Lane, Hilton Head Island, South Carolina 29926. These same principals serve as the principals of the General Partner in The Cypress of Hilton Head Island, an award winning continuing care retirement community, located in Beaufort County, South Carolina, from its formation in 1988 to its continuing operations. There are no Investor members in The Cypress of Charlotte, LLC holding a ten percent (10%) or greater interest.

James P. Coleman, whose office is located at 20 Lady Slipper Lane, Hilton Head Island, South Carolina 29926, obtained a Bachelor of Science degree in business administration from the University of North Carolina. Mr. Coleman served as a captain in the U.S. Air Force from 1967 to 1971. In 1972, he joined Sea Pines Company and served as senior vice President of Hilton Head Plantation Company from 1974 to 1984. In 1984, he formed The Melrose Company with two partners. As a resident of Hilton Head Island for 32 years, Mr. Coleman has held the position of President of the Hilton Head Board of Realtors, chairman of the board of deacons of the First Presbyterian Church, chairman of the Hilton Head Plantation Architectural Review Board, chairman of the board of Hilton Head Preparatory School, and trustee of the Heritage Classic Foundation.

Marc A. Puntereri, whose office is located at 20 Lady Slipper Lane, Hilton Head Island, South Carolina 29926, obtained a Bachelor of Arts degree in psychology from the University of Virginia in 1973 and a masters degree in business administration from the Colgate Darden School at the University of Virginia in 1977. Mr. Puntereri's business career on Hilton Head Island began in 1977 as a partner in the consulting firm of Hartzog Lader and Richards and continued as President of First Southern Properties, Inc., and development consultant to the Sea Pines Company. Mr. Puntereri received a federal court appointment as special counsel to the Trustee of the Hilton Head Holdings Corporation. His community service has included board and committee service for Hilton Head Hospital, Hilton Head Health Services, Inc., Hilton Head Medical Associates, Inc., Community Services Associates, Inc., Sea Pines Associates, Inc., Sea Pines Montessori School, Hilton Head Preparatory School, St. Luke's Episcopal Church Vestry, the Episcopal Diocese of South Carolina, United Way, Chamber Business/Education Partnership, the Deep Well Project and Volunteers in Medicine, Inc.

THE CYPRESS OF CHARLOTTE, LLC

The Cypress of Charlotte, LLC (the "Company") is a South Carolina Limited Liability Company formed for the purpose of developing and managing a continuing care retirement community. Its current principal business address is 20 Lady Slipper Lane, Hilton Head Island, South Carolina, 29926. The Company has developed luxury condominium single-family cottages and villas for sale to individuals 62 and over, who are capable of independent living. In addition to developing luxury condominium cottages and villas, the Company developed all common areas of the retirement community, including the clubhouse and health care facility. For its efforts in developing the continuing care retirement community, the Company receives from The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association a payment equal to a percentage of actual costs of operating The Cypress. In addition, the Company is entitled to assess and collect a membership fee for all memberships acquired in connection with The Cypress.

The number of members in the Company is now comprised of 12 individual investors. Upon request, The Cypress shall make available the names and business addresses of the Company's members. The Company has as its sole Managing Member, The Cypress Group, LLC (the "Managing Member"), a South Carolina limited liability company, which is the only member that has a 10% or greater equity or beneficial interest in the company. The principals of The Cypress Group, LLC are Mr. Coleman and Mr. Puntereri (profiles above).

The Company has overall management responsibility for The Cypress of Charlotte Club, Inc. In its role as management agent, its primary duties involve the review and approval of capital expenditures, review and approval of operating budgets, and the monitoring of The Cypress' financial condition. Operational policies for The Cypress and criteria for admissions are subject to approval and periodic review. The management agent also adopts and approves personnel policies for The Cypress' employees, annually reviews the insurance coverages on The Cypress' property and personnel, and contracts for and supervises the provision of legal and accounting services to The Cypress. It also monitors compliance with the budget and the performance of The Cypress and its management. These activities are carried out by means of reports, studies, and on-site inspections.

The Company pays the Managing Member certain management and development fees. In 2020, the total fees paid amounted to \$168,000.

THE CYPRESS OF CHARLOTTE CLUB, INC.

The Cypress of Charlotte Club, Inc., (the "Club") is a North Carolina not-for-profit corporation. Its principal business address is 3442 Cypress Club Drive, Charlotte, North Carolina, 28210.

The Board of Directors are: Marc Puntereri (profile on page 6); Jim Coleman (profile on page 5); Dr. Robert Higgins, 7112 Fairway Vista, Charlotte, NC 28226; Mr. Mike Harrison, 4119 Wild Partridge Dr., Charlotte, NC 28226; Mrs. Michelle Fish, 7731 Quail Park Drive, Charlotte, NC 28210. Dr. Higgins, Mr. Harrison and Mrs. Fish have no previous experience with Continuing Care Retirement Communities. The Club was created to serve as the membership entity to carry out and perpetuate The Cypress Membership Agreement as described in this Disclosure Statement. The Club manages the commonly owned property of The Cypress, including the clubhouse and health center, as well as the services provided by the clubhouse and health center. All monthly payments paid by Members, all other operating receipts, and all disbursements go through this not-for-profit corporate entity. The Club has received 501(c) (4) tax-exempt status from the Internal Revenue Service. No member or entity has a 10% or greater interest in the Club.

The Club pays the Company an overhead payment equivalent to 10% of total operating costs, including those of the Association. In 2020 that amount would have been \$2,139,744.

THE CYPRESS OF CHARLOTTE OWNERS' ASSOCIATION, INC.

The Cypress of Charlotte Owners' Association, Inc. (the "Association") was incorporated in December 1998, when the condominium units were substantially complete. Its principal business address is 3442 Cypress Club Drive, Charlotte, North Carolina, 28210. Each cottage or villa owner at The Cypress shall be a member of the Association as long as ownership of the cottage or villa is retained.

There shall be one membership for each cottage or villa owned. If cottage or villa ownership is vested in more than one person, then all of the persons owning such cottage or villa shall designate one of the co-owners to act as a member of the Association. An owner's membership in the Association will automatically cancel when ownership of the cottage or villa ceases. Upon conveying or transferring ownership interest in a cottage or villa to a new owner, the new cottage or villa owner shall simultaneously succeed the former owner's membership in the Association.

The membership will own all the common property of The Cypress, including the clubhouse and health center, with the Association serving as the governing body for all issues related to the real estate aspects of the cottages and common properties. The Association provides for the maintenance, repair, replacement, administration, and operation of The Cypress' property. All activities undertaken by the Association shall be for the sole benefit of the cottage and villa owners, and all funds received by the Association shall be used for the benefit of all cottage and villa owners. The Club shall serve as the administrative vehicle for the Association.

The Association will act through its Board of Directors, which were elected by the cottage and villa owners at a regular annual meeting in accordance with the By-Laws of the Association. The names of the Board of Directors are: Jean Flynn, 3738 Cypress Club Drive, Charlotte, NC 28210; Don Herbstman, 3518 Cypress Club Drive, A-102, Charlotte, NC 28210; Don McIver, 3845 Cypress Club Drive, Charlotte, NC 28210; Judy Nichols, 7035 Marching Duck Drive, E-406, Charlotte, NC 28210; Ken Sweet, 3600 Cypress Club Drive, B-105, Charlotte, NC 28210; Gayle Wylie, 7035 Marching Duck Drive, E-506, Charlotte, NC 28210; Herb Verbese, 7035 Marching Duck Drive, Charlotte, NC 28210.

No member or entity has a 10% or greater interest in the Association.

LIFE CARE SERVICES LLC

The Provider has retained Life Care Services LLC ("Life Care Services") to manage the Community. As the nation's second largest operator of senior living communities, Life Care Services serves more than 40,000 seniors in more than 140 communities. With nearly 50 years of service, Life Care Services has developed expertise in nearly every facet of senior living management. For more information, visit Life Care Services' website: <https://www.senior-living-management.com/>.

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

Joel Nelson is President and Chief Executive Officer of Life Care Services. He is responsible for executing the business strategy across all business lines in the LCS Family of Companies. He provides leadership and direction for business growth, service excellence, and enhancing the company's stability and value among financial partners, property owners, and other stakeholders in the senior living field. Joel joined Life Care Services in 1986 and has held several executive roles. He is responsible for the oversight of serving more than 40,000 seniors in more than 140 communities. Joel serves on the board of managers for Life Care Companies, on the board of directors for LCS Holdings, and is a member of the Life Care Companies audit committee. He also serves on the Hexagon (insurance captive) board of directors and is a trustee for the company's 401(k) benefits program. Outside of the organization, Joel serves as co-chair of Argentum's public policy committee and sits on the National Investment Center (NIC) operator advisory board. He is past chair and current board member of ChildServe, Inc. and serves on the health services advisory board at Simpson College, Indianola, Iowa. Joel holds a bachelor's degree in business management and health care administration from Simpson College.

Diane Bridgewater is Executive Vice President and Secretary for Life Care Services. As a high-energy, results-driving executive, Diane directs all financial aspects and operating infrastructure to ensure corporate, field and community team members have the resources necessary to provide exceptional customer satisfaction to residents. She is responsible for directing all financial and business operations in addition to overseeing the company's insurance business line, information technology, compliance, regulatory and legal matters. In her executive leadership role, Diane helps to drive strategy development and execution resulting in strong financial performance and growth. She serves on the board of managers for Life Care Companies LLC; board of directors for LCS Holdings, Inc.; audit committee for Life Care Companies LLC; 401K administrative committee, investment committee and enterprise risk management committee. Outside the organization, Diane is a member of the Argentum – CFO Roundtable. In

addition, she sits on Casey's General Stores board, audit committee and compensation committee. Diane is also a member of the board and audit committee at Guide One Insurance. She holds bachelor's degrees in accounting and French from the University of Northern Iowa.

Serving as Executive Vice President/Senior Managing Director of Life Plan Communities, Rick Exline leads a team of highly skilled professionals dedicated to elevating senior living experience. With over four decades of knowledge and expertise, Rick oversees the company's Life Plan Community management services, national marketing and sales, and the health care group. Collaborating with the leadership team, Rick identifies growth strategies that maximize market opportunities for single site, affiliated, and third-party managed communities. With a precise focus on performance excellence, Rick's team developed and launched the next generation opportunity platform for third-party managed Life Plan Communities. This innovation transformed the regional operations support model by relocating regional and corporate support staff. He serves on the board of managers for Life Care Companies LLC; the board of directors for LCS Holdings, Inc.; and the executive leadership and senior living management teams. Rick is also a trustee for the company's 401(k) benefits program. Outside the organization, Rick serves on the Simpson College board of trustees and is a board member for Above & Beyond Cancer. He holds dual bachelor's degrees in business administration and health care leadership.

Jason Victor is Senior Vice President, Controller and Treasurer of Life Care Services. In this role, he provides oversight and direction for the organization's financial matters, ensuring its consistent and efficient fiscal performance. Jason has responsibility for the organization's Corporate Accounting, Corporate Payroll, Community Payroll, Treasury and Tax departments. He oversees all aspects of general accounting, cash management, billing and receivables, accounts payable, payroll, consolidations, and financial reporting. In addition, Jason provides oversight and guidance related to audits, internal controls, technical accounting, tax, and financial management systems. Also, he serves on Hexagon (insurance captive) board of directors and is a trustee for the company's frozen ESOP. Jason holds a bachelor's degree in accounting and is a Certified Public Accountant with an active license in the State of Iowa. Jason began his career in 1991 with Ernst & Young in Des Moines, and later worked 10 years for a Fortune 500 organization. He joined Life Care Services in 2007.

As the Senior Vice President and Senior Director of Life Plan Communities for Life Care Services, Jill Sorenson is dedicated to providing innovative strategies to achieve performance excellence at Life Plan Communities. Jill joined Life Care Services in 1982 and has held several executive roles. In October 2019, Jill assumed oversight over the Healthpeak portfolio and moved from San Diego to St. Petersburg, FL. In this role, Jill is overseeing the operations and marketing for 13 for-profit Life Plan Communities owned by Healthpeak, a healthcare REIT. The 13 Life Plan Communities are located in Florida (9), Texas (1), Alabama (1), Michigan (1) and Pennsylvania (1). In addition, she continues to provide operational oversight over a Life Plan Community in Cupertino, CA. Jill holds a master's degree and a bachelor's degree in business administration. She also served as a CARF/CCAC site evaluator from 2000-2007. Jill has presented at various national and state industry conferences on a variety of topics affecting the senior living industry.

Criminal Violation Statement

No officer or director (i) has 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, if the felony or civil

action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state.

EXECUTIVE DIRECTOR

Mr. Marty Jensen is the Executive Director of Cypress of Charlotte and an employee of Life Care Services, its managing company. Marty joined Cypress of Charlotte in August of 2020. He has been in senior care administration for 26 years and with Life Care Service since 2011. Marty is a graduate of Furman University in Greenville, South Carolina, and holds a Bachelor of Science degree in biology. He has been a licensed Nursing Home Administrator since 1996 and since 2004 has held licenses as a Nursing Home Administrator and Assisted Living Administrator in North Carolina.

ADMINISTRATOR

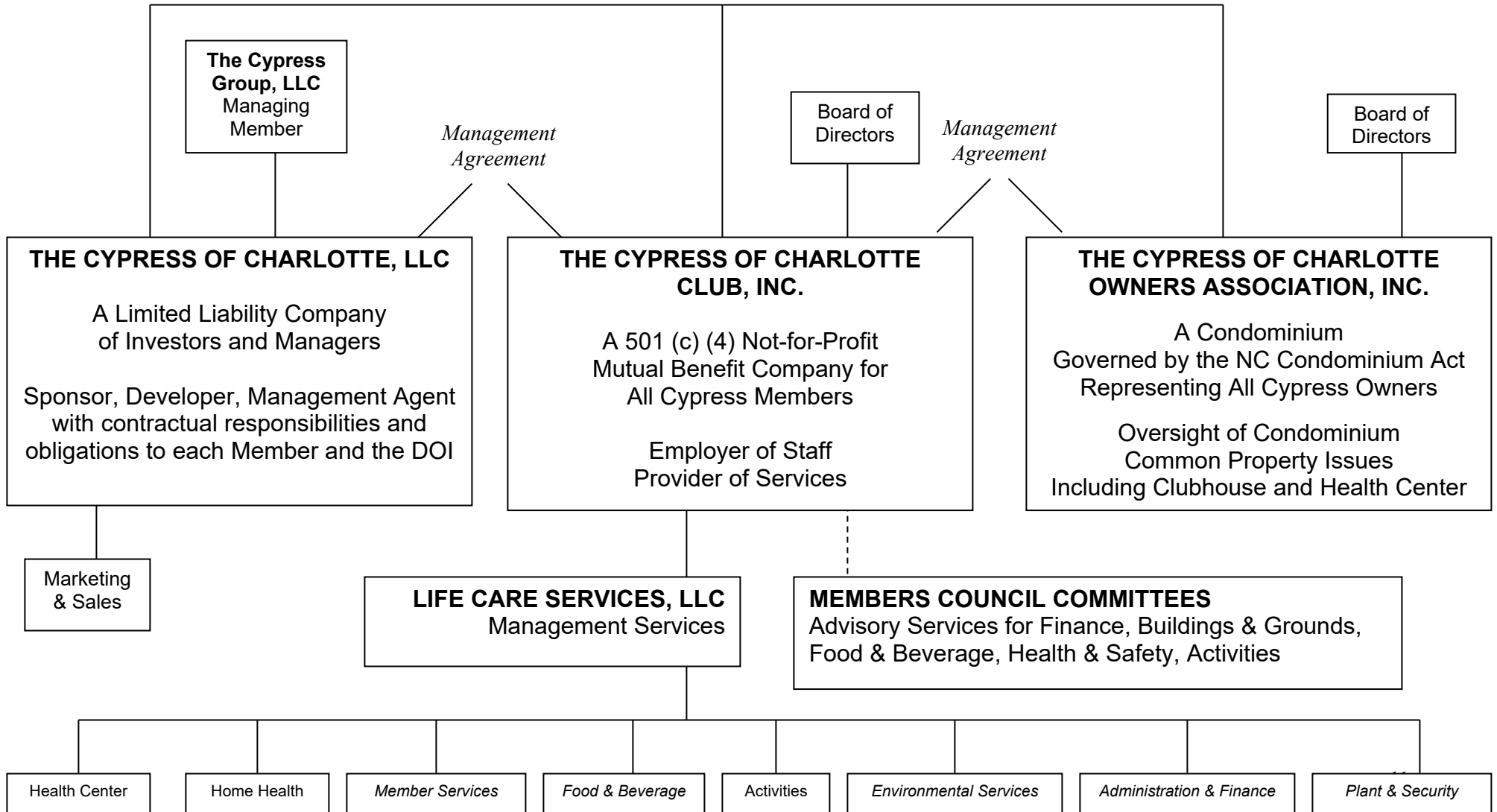
Ashton Brown is the Stewart Health Center Administrator at The Cypress of Charlotte. She is a licensed Nursing Home Administrator and Assisted Living Administrator in North Carolina. Prior to coming to The Cypress, Ashton worked at both skilled nursing and assisted living communities in North Carolina. Ashton graduated from the University of North Carolina at Charlotte with a Bachelor's degree in Sociology and a minor in Public Health.

MEMBERS' COUNCIL

The Company has established a Members' Advisory Council. Members of the Council will be Members of The Cypress. The Council will be made up of chairpersons from five Council committees: finance, buildings and grounds, food and beverage, health and safety, and social and activities. Regularly scheduled meetings are held to enable the Members to ask questions and to permit The Cypress' administration and Council to communicate with the Members for the purpose of free discussion of subjects as they apply to The Cypress, as well as proposed changes in policies, programs, and services, or other issues for the good of The Cypress.

THE CYPRESS OF CHARLOTTE
 A Continuing Care Retirement Community
 Licensed by the NC Department of Insurance (DOI)

Entities Comprising the License



THE LOCATION

The Cypress is located on 60.5 acres of land at the intersection of Park Road and Park South Drive in Charlotte, North Carolina. It is surrounded by quiet residential neighborhoods, but only a mile away is Charlotte's most prestigious commercial area, South Park, with the area's finest shopping, dining and professional services. Carolinas Medical Center and Presbyterian Hospital are conveniently located nearby.

The site was formerly a 9-hole golf course for more than fifty years and has left its legacy of gentle contours, specimen trees and abundant water features. The site has been developed in a park-like campus setting with lakes and walking trails, and landscape buffers defining a quiet, secure and peaceful environment for the enjoyment of its Members.

THE CAMPUS

The Cypress is a condominium continuing care retirement community designed to accommodate persons 62 years of age or older in an independent and dignified manner. The first phase opened in early 1999 and included 53 cottages with garages and 104 one and two-bedroom mid-rise villas in two buildings. Phase I also included a 39,000 square foot clubhouse and a 40-bed health center. The clubhouse serves as the hub for community activities. The clubhouse included formal and informal dining rooms, crafts and activities rooms, game room, private dining room, beauty and barber shop, exercise room, hobby shop, reading room, classrooms, indoor lounges and an indoor exercise pool and spa.

Phase II consisted of two villa buildings of 45 and 54 units (99 total) and was completed in the fall of 1999. Phase III, consisted of a villa building of 54 units, and was completed in fall of 2000. There are now a total of 310 cottages and villas and 60 skilled care beds in the health center, including a unit for Members with Alzheimer's disease and related disorders.

The types of villas available in eleven different floor plans are one-bedroom, one-bedroom with Carolina room, two-bedroom, two-bedroom with Carolina room, corner two-bedroom with Carolina room, and deluxe two-bedroom with Carolina room. In addition, there are six different cottage plans available. All cottages and villas are furnished with washers and dryers and with fully equipped kitchens. Each unit contains such safety features as grab rails in the bathtub, emergency call system monitored 24 hours a day, and smoke alarms.

Emphasis in the Health Center is on restorative care and wellness in order to return Members to independent living in their cottages and villas. The first phase 40-bed Stewart Health Center has both private and semiprivate rooms, a physical therapy room, arts and crafts therapy area, dining room, and lounges. Pursuant to a new Certificate of Need from the State of North Carolina, the Health Center was expanded in 2009 by the addition of 20 beds (bringing the total to 60 beds) with additional various commons rooms, support space, and nursing areas. All capital funds for the project were provided by the Company, without debt on the property, and without any capital cost to Cypress Members.

THE PERSONNEL

As approved by the Club, LCS employs an executive director and health care administrator of The Cypress. The Club employs all other personnel, although some services, such as landscape maintenance, may be out-sourced. A medical doctor, an occupational therapist, a physical therapist, and a speech and hearing therapist are available on a consulting basis on site.

THE SERVICES

The decision to move into a continuing care retirement community demands careful consideration of many factors, including the services to be provided. A detailed description of the services provided by the Club is found below. The Member will purchase a cottage or villa for the Member's lifetime use. At the same time, the Member will sign a Membership Agreement which, for a monthly payment, entitles the Member to the following services: (1) food service to Members, including the equivalent of one meal for each day in the month; (2) weekly housekeeping; (3) weekly flat laundry; (4) maintenance of the cottages, villas, and commons area; (5) grounds care; (6) clubhouse activities; (7) scheduled transportation; (8) security; and (9) certain utilities. As of December 31, 2020 there were 419 residents receiving services.

Health center services are available to all Members of The Cypress as stated in the Membership Agreement, and a Member may be admitted directly to the health center from his/her cottage or villa with proper Physician's orders. Members who are able to do so are encouraged to return to independent living as soon as possible. Members who are unable to return to independent living, however, have the benefit of access to permanent care in the health center.

Those Members who do not require care in the health center, but who need additional personal services to continue independent living, will be eligible for the assistance-in-living and/or home care program. Assistance-in-living and home care services are provided by nursing staff, and other staff members. Services such as bathing, dressing, escort, shopping, personal laundry, additional housekeeping, in home care and special transportation will be available to the Members, generally at an additional cost.

The Cypress received its own Home Care Agency License in the fall of 2000, enabling it to perform a full range of skilled health services in the individual cottages and villas, including facilitating Medicare services.

DESCRIPTION OF THE SERVICES

The services available to Members are listed in the Resale Purchase and Sale Agreement and Membership Agreement. To more fully explain the services, the following descriptions have been prepared. The procedures to be followed in furnishing these services may be modified by the Company to allow it to best meet the needs of the Members. Members will be advised of any changes in these services through the Members' Council.

ACTIVITIES

A full-time activities coordinator is employed who plans and organizes a variety of events tailored to the special interests of the Members. The Cypress sponsors a wide variety of activities including tours, shopping excursions, fitness and art classes, dinner dances, card games, craft activities, tournaments, and other activities.

ASSISTANCE-IN-LIVING

As the need develops, a program of additional personal services exists to serve the Members. The purpose of the assistance- in- living program is to provide assistance to Members so that independent living can continue for as long as possible. Assistance-in-living services will not be provided by the health center staff, but by Cypress Home Care staff. Services such as bathing, dressing, escort, shopping, personal laundry, additional housekeeping, and transportation are available on a fee-for-service basis or a flat-fee basis.

Additionally, Members requesting Assistance-in-living also may choose to have such services delivered to them at the Stewart Health Center.

BEAUTY AND BARBER SHOP

Beauty and barbershop services provided by professional beauticians and barbers are available at an extra charge. Space is provided in the clubhouse and health center for this service.

COVERED PARKING

Covered parking is available to villa Members at an extra charge on a first-come, first-served basis. A copy of the covered parking offered, if any, and prices are available during normal business hours at The Cypress' marketing office. Included in the purchase price of all cottages is a two car garage.

EMERGENCY CALL SYSTEM

All cottages and villas have a two-way, telephonic emergency call system. The purpose of this system is to summon help in an emergency. The emergency call system is connected to an indicator panel in the health center, which identifies the cottage or villa from which the signal was initiated, and shows a medical history of the occupants. Licensed nursing personnel with emergency training will respond to calls from the emergency call system and will summon any other appropriate emergency personnel that may be required.

FLAT LAUNDRY

Member's flat laundry is washed, dried, folded, and returned. Such service includes sheets, pillowcases, towels, facecloths, and dishcloths.

FOOD SERVICE

Thirty meal credits per month per member (or the equivalent of one meal per day per month) are provided as part of the monthly payment. Additional meals are available for an additional charge per meal. Charges for extra meals appear on the monthly statement for the convenience of the Members, but can be paid for individually upon request.

Breakfast, lunch and dinner are served by wait staff in the clubhouse dining rooms each day. Reasonable special diets can be provided if requested. The services of a registered dietician are provided to the Members on a regular basis. Home delivery and take-out meals are available.

GARDENING

Gardening areas are available for Members' use and will be under the direction of the activity director on a first-come, first-serve basis.

HEALTH CENTER

If a Member needs comprehensive health care, this care will be provided at The Cypress' health center, called The Stewart Health Center. The health center staff will determine the appropriate level of nursing care (as prescribed by a physician) required by the Member upon admission to the health center. As a part of the determination, the Member's long-term ability to return to independent living is evaluated. The nursing staff will provide an appropriate plan of care, the ultimate goal which shall be, if at all possible, to return the Member to independent living as soon as possible. Members may visit their cottages or villas with the assistance of volunteers as a part of the rehabilitation process if approved by the Member's physician.

Members who are unable to return to a cottage or villa have the benefit of permanent care in the health center. When permanently assigned, a single occupancy Member will continue to pay a reduced monthly payment plus the applicable member's health center fee after 90 days until the cottage or villa is resold. After the cottage or villa is resold, the Member is responsible for the applicable member health center fee. In cases of double occupancy, the remaining Member may remain in the cottage or villa, and the monthly payment for the person continuing to occupy the cottage or villa is reduced to the single occupancy rate.

Both private and semiprivate rooms are available. If a Member desires an available private room, Member may obtain one upon agreement to pay the difference between the charge for semiprivate and private accommodations. Care in the health center includes, but is not limited to, basic nursing care, food service, housekeeping, and flat laundry service.

A physician is retained on a consulting basis to act as Medical Director for the health center. Members may be admitted directly from their cottages or villas and need not come from a hospital. If a Member desires special additional nursing staff while a patient in the health center, arrangements may be made through the health center, at an additional cost to the Member. Friends, relatives, or spouses may take meals with health center Members, although advance notification is required and a guest meal charge will apply.

HEALTH CENTER ACTIVITIES DIRECTOR

An activities director is responsible for coordinating and directing the arts, crafts, social and recreational activities for the health center Members. The focus of these activities is restorative care.

HOME CARE AGENCY

The Cypress of Charlotte Home Care Agency was established and licensed in September, 2000 to provide special nursing and non-nursing care in member's homes, including facilitating Medicare services. This program is under the direction of the Home Care Agency Administrator/Member Service Director. There will be an additional charge for this type of service.

HOUSEKEEPING SERVICES

Housekeeping services are provided to each Member on a weekly basis the cost of which is included in the Member's monthly payment. These services include kitchen and bathroom cleaning, surface cleaning, dusting, and vacuuming. Periodically, window washing, carpet cleaning, and other housekeeping will be done.

MAIL

Mail is distributed by the U.S. Postal Service to the Member's personal mailbox. Once each day the outgoing mail is collected from the mailbox. At the Member's request, mail can be forwarded during the Member's absence.

MAINTENANCE OF THE COTTAGE OR VILLA AND THE COMMONS AREA

Maintenance is provided for each cottage and villa, and also the common areas. If a Member is in need of maintenance service, the Member may complete a maintenance request form at the concierge's desk.

MEMBERS' COUNCIL

The Members' Council holds regularly scheduled Member meetings to enable Members to ask questions and to permit The Cypress' administration and the Members' Advisory Council to communicate with the Members.

MONTHLY BILLING SERVICE

All monthly statements are placed in the Member's mailbox or other appropriate place on or before the fifth day of the month and are to be paid by the tenth day following the delivery date of the statement of each month. Payment may be made at the accounting office or by mail. Payments made after the tenth day may be subject to a late fee.

OTHER SERVICES

Other services may be provided to Members at an additional charge and are added to the monthly payment bill. Such services include guest meals, additional meals, valet service, and such other reasonable services as requested.

PARKING FOR MEMBERS AND GUESTS

The Cypress has ample surface parking for both the Members and their invited guests.

PRIVATE DINING ROOM

A private dining room is available for use by Members and their guests for special family or social occasions. Special meals and wait staff, if desired, are available at an extra cost. Advance reservations with the dining room manager are required.

SCHEDULED TRANSPORTATION

Scheduled transportation is available for The Cypress Members. Scheduled trips include nearby doctors, grocery stores, banks, and shopping centers. Special trips may be periodically scheduled at an additional cost to each participant.

SECURITY

Round-the-clock security personnel is provided. For the Members' added safety, all entrance and exit doors can be secured 24 hours a day.

HEALTH CENTER

The Cypress has secured a license from the North Carolina Department of Health & Human Services, Division of Facility Services to have an on-site health center, named The Stewart Health Center, to provide nursing care services, up-to and including skilled care, to The Cypress Members. The Club provides its Members quality health care within the limits of its license. Licensure for hospital-level care cannot be obtained, and hospital-level services are not provided within the health center. Such level of care must be provided by a hospital, and the costs related to hospitalization are the responsibility of the Member.

If The Cypress' medical director determines, in consultation with the Member's attending physician, the Member's family or personal representative, and the Member to the extent possible, that the Member requires health care in the health center, such care will be provided for up to 90 lifetime cumulative days with no change in the monthly payment. Such monthly payment will cover health care at the semiprivate room rate. In addition, the Member will be responsible for the cost of two extra meals per day plus nursing supplies, therapies, pharmacy, special duty nurses, personal laundry, rental of equipment, or other services upon special arrangement. If the Member continues to require health care after he/she receives 90 lifetime cumulative days of care, then the Member will pay the applicable member's rate for health care. In addition, the Member will continue to be responsible for the monthly payment, with the appropriate away credit, and other charges pursuant to the terms of the Membership Agreement, until the cottage or villa is resold.

Basic rates are based on a semiprivate room. If a Member desires an available private room, the Member may obtain a private room upon agreement to pay the then-current difference between the non-member private and semiprivate room rates. If the health center is fully occupied, the Member will be provided health care services in, and agrees to relocate to, another health care facility. The Club will be responsible for the charges associated with the alternate health care accommodations so long as the Member continues to pay the monthly payment. Upon availability of accommodations at the health center, the Member will be relocated to the Health Center. The Membership Agreement (see Exhibit C) sets forth in greater detail the extent that health care services are provided and the terms for providing such services.

HEALTH CENTER EXPANSION

After two years of planning and analysis, The Cypress began an expansion of the Stewart Health Center, including a dedicated Assisted Living neighborhood and Clinic. The project started in the first quarter of 2021, with a projected completion date in the second quarter of 2022. The project will increase the number of beds from the current 60 to 79, 65 of which will be licensed as skilled beds (including up to 20 of which that may be used for Memory Care), and 14 of which will be licensed as assisted living beds. The project will also include a Clinic, a new physical, occupational and speech therapies wing, and expansion/renovation of the main kitchen, dining rooms, and other common activities and support areas.

As a new element to The Cypress of Charlotte Owners Association Condominium, the resident-owners of the condominium were asked to vote on the project's approval, including the financing terms detailed below. On December 3, 2019, the vote was successful, with 99.2% of the condominium interests, based upon statutory values, voting to approve.

The project will be financed by a \$10 Million loan from Towne Bank, at 3.75% (or less) interest, interest only during construction (as part of the capital budget), and amortized thereafter over 15 years, secured not by the real estate, but by a pledge of the operating cash flows of The Club and Condominium. It is projected that such cash flows, increased by the additional number of health center beds and increased daily rates from the state-of-the-art facility, agreed-to and voted-on by The Cypress Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the condominium owners, by vote, have agreed to the condominium's assessment mechanism in the Declaration of Condominium to fund debt service. The Cypress of Charlotte, LLC has also contributed over \$1 Million in the form of forgiveness of accrued-Overhead Payments, as well as more than \$1 Million of addition capital.

A Certificate of Need for the additional 19 beds was received from the North Carolina Department of Health and Human Services in October of 2019. Perkins Eastman Architects has led the design team, with Choate Construction Company providing pre-construction services as the selected General Contractor.

THE CONTINUING CARE CONCEPT

The Cypress' continuing care concept ensures an individual lifetime ownership of a cottage or villa, a wide array of personal services, and long-term nursing care in the on-site health center if he/she can no longer live independently in a cottage or villa. This concept has grown as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional retirement living. A Member will purchase a cottage or villa in accordance with the terms of the Resale Purchase and Sale Agreement. At the time of signing a Resale Purchase and Sale Agreement for a cottage or villa, the Member will enter into a Membership Agreement. Pursuant to the Membership Agreement, the Member will pay a monthly payment for the personal services Member receives, which includes a monthly contribution to the Association.

ACCEPTANCE FOR RESIDENCY

Resale Purchase and Sale Agreements and Membership Agreements are subject to acceptance by the Company. At the time of signing a Resale Purchase and Sale Agreement and a Membership Agreement, the Member (or spouse) must be 62 years of age or older, capable of independent living, free of communicable diseases, and able to pay the purchase price, membership fee, monthly payment, two months of common expenses, 12 months of hazard and flood insurance premiums, and a reserve deposit. After these payments, the Member must have sufficient financial resources to permit payment of the monthly payment plus other personal expenses which may be reasonably expected, and to meet anticipated increases in the cost of living, including any increases in the monthly payment.

Prior to purchase, the Resale Purchase and Sale Agreement may be canceled for failure to pay any of the amounts due pursuant to the Resale Purchase and Sale Agreement or Membership Agreement. If all amounts are paid prior to occupancy and the Member then becomes unable to occupy the cottage or villa, the Member will be allowed to occupy the health center if the appropriate level of care can be offered. Conversely, if the Member becomes incapable of occupying the unit prior to occupancy, or if the Member dies before occupancy, the Resale Purchase and Sale Agreement may be canceled by the purchaser or his estate, with all earnest money refunded. Further, after occupancy, if the Member requires health care, such services will be provided in the health center within the limits of The Stewart Health Center license.

In the event that one spouse does not meet the capability of independent living admission requirement, but the other spouse does, The Cypress will attempt to make a reasonable accommodation for the couple, allowing such spouse to live with the other in independent living, and paying a second person fee, so long as the health, safety and well-being of the both that couple, and all other Cypress Members, are met (which may require Home Health, or other accommodations). Once the spouse can no longer be reasonably accommodated in independent living, he/she may be admitted to the Stewart Health Center without the need for an additional entrance fee, but paying the daily rates that one would pay as-if directly admitted to the Health Center at an Assisted Living level (i.e., approximately one-and-a half to two-times the Member rate).

If an existing Member of The Cypress marries someone who is not a Member, the new spouse, pursuant to the Member spouse's Membership Agreement (Paragraph 3), must qualify for Membership, and pay a Membership Fee equal to the imputed Membership Fee of the unit in which the new spouse will live (generally 10% of the current market's Gross Purchase Price). No additional Membership Fee is required for existing Members marrying existing Members.

PRICES, MEMBERSHIP FEE AND MONTHLY FEES

(Please refer to the explanatory notes below)

<u>UNIT TYPE</u>	<u>ORIGINAL DEVELOPER PRICES IN 1999</u>		<u>MONTHLY FEE as of January 1, 2021</u>	
	<i>Courtyard</i>	<i>Lakeside</i>	<i>1 Person</i>	<i>2 People</i>
The Afton	\$175,000		\$2,872	\$4,430
The Archer	190,000		2,932	4,490
The Indigo	200,000	\$225,000	3,060	4,618
The Biltmore	215,000	250,000	3,238	4,796
The Birch	250,000	275,000	3,538	5,096
The Carlton	275,000	320,000	3,839	5,397
The Delano	290,000	350,000	3,903	5,461
The Park	275,000	295,000	3,783	5,341
The Azalea	320,000	360,000	4,020	5,578
The Gallery	375,000	420,000	4,307	5,865
The Osprey	410,000	470,000	4,619	6,177
The Ashley		362,000	4,619	6,177
The Cambridge		400,000	4,667	6,225
The Devonshire		450,000	4,680	6,238
The Sycamore		415,000	4,619	6,177
The Hampton		498,000	4,789	6,347
The Wellesley		545,000	5,161	6,719

Note 1: All units at The Cypress of Charlotte have been sold as of June 1, 2000. Any units that may become available in the future will be sold by the then current owner or his or her estate. The original developer prices shown above for 1999 illustrates the base price at which the unit was sold from the developer to the purchaser for the first time. All future sales of cottages and villas will be priced individually by their owners and/or estates based upon then-current market values and any custom upgrades and other unit modifications.

Note 2: Sales prices include 10% membership fee.

Note 3: For 1999 prices, top floor in the C Building add \$10,000. For top floor, Park or Gallery plans add \$15,000. For top floor Osprey, add \$20,000.

Note 4: Covered parking spaces were originally \$5,500 in 1999. Garage spaces were \$9,000.

Note 5: The January 2021, Monthly Fee represents a 4.75% increase over the 2020: The Monthly Fee increases for prior years are as follows: 2020: 5.75%; 2019: 5.75%; 2018: 3.5%; 2017: 3.75%; 2016: 3.5%; 2015: 3.4%; 2014: 3.75%; 2013: 4.0%; 2012: 4%; 2011: 3.5%; 2010: 1.75%; 2009: 4.5%; 2008: 4.0%; 2007: 3.75%; 2006: 3.4%; 2005: 3.4%; 2004: 3.5%; 2003: 3.85%; 2002: 4.0%; 2001: 4.0%; 2000: 4.5% over the opening year (1999) fee.

AVERAGE INCREASE IN MONTHLY FEES

	2017	2018	2019	2020	2021
1 st Person	\$112	\$116	\$198	\$210	\$183
2 nd Person	\$43	\$45	\$76	\$81	\$71

AVERAGE DOLLAR INCREASE (DECREASE) IN MEMBER RATES IN THE STEWART HEALTH CENTER

Annual \$ Increases for*:	2017	2018	2019	2020	2021
	<u>Daily Rate</u>	<u>Daily Rate</u>	<u>Daily Rate</u>	<u>Daily Rate</u>	<u>Daily Rate</u>
<u>SKILLED CARE</u>					
Semi-private Room	8.50	6.64	14.01	8.41	8.39
Private Room	9.54	5.89	15.86	9.51	9.49
<u>ASSISTED LIVING CARE</u>					
Semi-private Room	10.00	6.64	14.01	8.41	8.39
Private Room	13.00	5.89	15.86	9.51	9.49
<u>DEMENTIA CARE</u>					
Semi-private Room	N/A	N/A	N/A	N/A	N/A
Private Room	11.38	6.97	18.76	None	10.69
<u>Home Health</u>					
Hourly Rate	1.50	None	.50	1.00	.50

THE RESALE PURCHASE AND SALE AGREEMENT

Upon deciding to become a Member of The Cypress, a future Member will execute a Resale Purchase and Sale Agreement to purchase the cottage or villa selected, depositing ten percent (10%) of the unit's gross purchase price (which also includes the Membership Fee). The description of the Resale Purchase and Sale Agreement and the terms of residency contained in this Disclosure Statement are qualified by reference to the Purchase and Sale Agreement, which shall prevail in the event of any conflict.

The basic terms and conditions for purchase of a cottage or villa under the Resale Purchase and Sale Agreement are summarized as follows:

1. Purchase Price. At the time a purchaser signs a Resale Purchase and Sale Agreement, an initial deposit representing ten percent (10%) of the gross purchase price for the cottage or villa being reserved shall be paid. The deposit is placed in the Company's Escrow Account at Towne Bank. At closing, the purchaser shall pay the balance of the purchase price for the cottage or villa selected.

2. Membership Fee. At the time of signing a Resale Purchase and Sale Agreement, a Member must simultaneously acquire membership in the Club by signing a Membership Agreement. A nonrefundable Membership Fee, which is equal to ten percent (10%) of the gross purchase price, is included in the gross purchase price and is payable at or prior to closing on the purchase of a cottage or villa. This Membership Fee is not a traditional entrance fee and thus is treated as income by The Company when received and not amortized.

3. Limited Warranty Deed. The Company conveys good and marketable title purchaser by delivering a Limited Warranty Deed at the time of closing.

4. Monthly Payment. Upon the closing date of the cottage or villa, the Member is required to begin to pay to the Club monthly payments. The monthly payment covers the cost of various services provided by the Club and also the monthly contribution to the Association, known as the condominium fee.

5. Common Expenses. At closing, the purchaser shall also be responsible for paying to the Association two months common expenses for the purpose of establishing a working capital fund and also pay to the Association 12 months hazard and flood insurance premiums.

6. Reserve Deposit. At closing, The Cypress of Charlotte, LLC requires the purchaser to pay a \$7,500 deposit that is used by the provider to maintain an operating reserve which is required by North Carolina regulation. Upon resale of the unit it shall be refunded to the purchaser or his estate, unless the amount is needed for its reserve purpose.

7. Taxes. After closing, the purchaser, as owner of the condominium, pays real estate taxes.

8. Purchaser's Right to Cancel. A purchaser may cancel his/her Resale Purchase and Sale Agreement by sending written notice of purchaser's wish to cancel before midnight of the 30th day after signing the Resale Purchase and Sale Agreement, or the date of delivery of the disclosure statement to the purchaser, whichever date is later. If the purchaser cancels within the 30 days, all money paid is refunded, less those reasonable costs incurred by The Cypress. The refund will be made within 30 days of The Cypress receiving the cancellation notice. The purchaser may also cancel in the case of death or incapacity prior to occupancy.

9. Resale of Cottage or Villa. When the owner of a cottage or villa wishes to sell his/her cottage or villa, and a bona fide offer has been received from a third party, the owner shall then offer it for sale to the Company for the same price as the highest bona fide offer received. Should the Company fail to exercise its option to purchase the cottage or villa within 30 days after receiving written notice, then the owner may sell the property to the third party subject to all covenants, restrictions, limitations, affirmative obligations and other agreements referenced and contained in the Resale Purchase and Sale Agreement and Membership Agreement. Upon resale of a cottage or villa, the Company receives a membership fee for the new purchaser as detailed in the Purchase and Sale Agreement.

THE MEMBERSHIP AGREEMENT

A purchaser of a cottage or villa is required to purchase a nontransferable membership. Therefore, at the time of contract execution for a cottage or villa, the purchaser and the Company will enter into a Membership Agreement (see Exhibit C). As outlined in the Membership Agreement, the membership entitles the purchaser to the use of the clubhouse facilities, specific services, and to be provided with health care in the health center when the purchaser is no longer capable of independent living. The Membership Agreement requires a monthly payment which covers the cost of the various services and features provided at The Cypress. In addition, the monthly payment includes the monthly contribution to the Condominium Association for the cottage or villa owned.

1. Monthly Payment. Pursuant to the Membership Agreement, the purchaser is required to commence making monthly payments upon the earlier of occupancy or on the date specified for closing. Thereafter, the monthly payment will be payable on the tenth day of each month. The monthly payment varies depending upon the type of cottage or villa purchased. The amount of the monthly payment for the calendar year in which the Purchase and Sale Agreement is executed will be stated in the Purchase and Sale Agreement. The total monthly payment, which is higher when a second person shares a cottage or villa, will also be stated in the Purchase and Sale Agreement. The monthly payment includes the cost of services provided pursuant to the Membership Agreement, and can be adjusted annually pursuant to a formula tied to the change in the consumer price index.

Also included within the monthly payment is the condominium fee. The condominium fee is the purchaser's pro rata share of any common expenses of the Association assessed against the cottage or villa purchased. The condominium fee is based on actual costs of operation and on the percentage of ownership in the common elements. The condominium fee is made a part of the monthly payment for convenience so that only one payment is made each month.

The Monthly Payment includes the Condominium Fee of the Unit owned or occupied by the Member and the cost of services and features provided to Members by The Club as described herein. The Monthly Payment for the first full year was based upon estimates provided by an experienced continuing care operator. The Monthly Payment thereafter was determined after the first full year of operations based on the actual cost of operations and the cost of providing the services described herein.

There is a cap on future increases in the cost of services and features provided by The Club (i.e. the Service Fee). With respect to services provided by The Club, the formula for determining the maximum increase permitted for that portion of the Monthly Payment is based on the higher of: (1) the annual percentage increase of the Consumer Price Index, U.S. City Average, All Items (1967 - 100) (hereinafter "C.P.I.") issued by the U.S. City Average, Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and its monthly reported entitled "The Consumer Price Index, U.S. City Average and Selected Areas," or (2) the annual percentage increase of the Medical Care Component of the C.P.I. An additional three (3%) percent may be added to the higher of the annual percentages. This formula went into effect after the second full year of operations. The Member shall receive sixty (60) days advance notice of any Monthly Payment adjustment.

Each month the Club will provide an itemized billing which includes the first person monthly payment, the second person monthly payment, and any additional charges not included in the monthly payment. For a list of services included in the monthly payment, see Section 7 of the Membership Agreement.

The Member will continue to pay the monthly payment until the cottage or villa has been sold, transferred, or otherwise conveyed to a new Member who assumes the ownership rights and obligations of the Member with respect to the cottage or villa and the monthly payment.

2. Additional Charges. Any optional services requested by Member that are, not included in the monthly payment are available for an additional charge. These additional services include, but are not limited to, additional meals, additional housekeeping, beauty parlor, barbershop, home health and assistance-in-living services in the Member's cottage or villa. Additional charges are also assessed for special health services and supplies. These special services include, but are not limited to, therapies, pharmacy, special duty nurses, and medical treatment by an attending physician or the medical director. The additional charge for optional services is payable on the tenth day of each month for the optional services obtained during the preceding month. For a list of services for which there is an additional charge, see Sections 8 and 9 of the Membership Agreement.

3. Adding a Member After Initial Occupancy. After initial occupancy of a cottage or villa by a Member, circumstances can arise in which the Member wishes an additional person to have a right to occupy the cottage or villa. For example, the Member may get married and the couple may wish to make the cottage or villa their home, or the Member may wish to have a close family member move into the cottage or villa with him or her. No such additional person may occupy a cottage or villa without the express written approval of the Club. The additional person must go through The Cypress' admission procedures, and the acceptance of any additional person will be in accordance with the current admission policies governing all other admissions. If the additional person is accepted for admission, he or she shall pay a membership fee to the Company based on the fair market value of the cottage or villa as determined by an appraiser. In addition, the then-current second person monthly payment shall be paid each month. If the person does not meet The Cypress' requirements for residency, he or she will not be permitted to occupy the cottage or villa for more than 30 days (except with the express written approval of the Club), or the Agreement may be terminated.

4. Financial Hardship. It is the Club's policy to operate as a not-for-profit organization and to avoid termination of the Member's Membership Agreement solely because of the financial inability of the Member to pay the monthly payment and other charges. The Member will be permitted to remain at The Cypress at a reduced monthly payment based on the Member's ability to pay if (i) the Club

determines that the deferral of payment can be granted without impairing the ability of the Club to operate on a sound financial basis, (ii) the Member can justify the deferral of the charges, and (iii) the Member has the ability to secure repayment of the deferred charges. In any event, the Member will be allowed to remain at The Cypress for 90 days after the date of failure to pay and will pay a reduced monthly payment. The Member will agree to sign a note and mortgage on the cottage or villa as repayment of the debt. However, despite these provisions, if the Member's ability to meet his or her financial obligations has been impaired by making unapproved gifts or transfers, Member's membership may be terminated.

5. Member's Termination Rights. The Member may terminate a Membership Agreement as set forth in Section 11 of the Membership Agreement. The Member (including both of them if there are two Members) may terminate this Agreement at any time for any reason by giving the Company thirty (30) days' written notice signed by the Member (or both of them if there are two Members). The Member's obligations as provided herein shall continue until the Unit is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. Transfer under the will of a deceased Member, other than to his estate, is a conveyance upon which a new Membership Fee must be paid in the event the devisee or beneficiary elects to become a Member of The Club. In the event of death, the Estate of the Member will retain all Membership obligations provided herein until the Member's Unit is sold. As previously stated, if the Member is not also the Unit Owner, the Unit Owner and the Member's Estate shall be jointly and severally responsible for said obligations.

6. The Company's Termination Rights. The Company may terminate a Membership Agreement after it has been accepted only for the reasons set forth in Section 12 of the Membership Agreement. The Company shall not terminate the Membership Agreement without just cause. Just cause shall exist if (i) the Member fails to pay to the Club any charges due under the Membership Agreement, (ii) the Member creates a disturbance within The Cypress which is detrimental to the health, safety, comfort, or peaceful lodging of himself or other Members, (iii) the Member's condition cannot be cared for in the Club's health center within the limits of its license, or (iv) the Member refuses medical treatment which is medically required. Prior to termination of the Membership Agreement, the Club will give the Member notice in writing of the reasons for termination, and the Member will have 30 days thereafter to correct the problem. If the problem is corrected within 30 days, the Membership Agreement shall remain in effect. If the problem is not corrected within the 30 days, the Membership Agreement will be terminated, and the Member must leave The Cypress. However, if it is determined that the 30-day waiting period is detrimental to the Member, other Members, or the staff of The Cypress, this waiting period will be waived.

LEASE

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

CONTINUING CARE RETIREMENT COMMUNITY LICENSURE

Continuing care retirement communities in the State of North Carolina are governed by North Carolina General Statutes, Chapter 58, Article 64, which empowers the Commissioner of the Department of Insurance to regulate the Registration, Disclosure, Contract and Financial Monitoring Requirements for continuing care facilities.

The Cypress obtained a Start-Up certificate on December 13, 1996 which enabled it to enter into binding Reservation Agreements, and received a Preliminary Certificate which permitted construction. Prior to the facility opening, The Cypress secured a Permanent License for continuous operation.

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

CONDOMINIUM ACT

The Cypress, as a condominium community, is subject to the North Carolina Condominium Act (the "Act"). Pursuant to the Act, the Association conducts the business and affairs of the condominium created by the Declaration which is recorded in the Office of the Deeds and Trusts for Mecklenburg County. The Declaration is the document by which The Cypress is governed and is submitted to the provisions of the Act. A public offering for the sale of condominium will be provided to each prospective purchaser and discloses all issues pertinent to the Condominium Association.

HEALTH CENTER LICENSURE

The Company has received a license from the North Carolina Department of Health and Human Services, Division of Facility Services, for 56 skilled nursing beds and 4 home for the aged beds.

MEDICARE AND MEDICAID

Certain beds in The Cypress' health center are certified by the Federal Government and the facility is able to receive reimbursement from Medicare. Determination of a Member's Medicare eligibility is subject to Federal regulation, and not all health center stays will be eligible for Medicare reimbursement.

The Cypress has chosen not to participate in the Medicaid program. It is The Cypress' policy not to terminate residency of a Member solely by reason of his or her inability to pay the monthly rate or other health center charges pursuant to Paragraph 12(b) of the Membership Agreement (see Exhibit C).

ESCROW ACCOUNT

Upon a prospective Member signing a Resale Purchase and Sale Agreement, where the Company is the broker, all deposits are earnest money deposits that will be placed in the Company's special escrow account with Towne Bank.

RESERVE ACCOUNTS

A Reserve for Replacement fund has been created funded by each Member's payment of two months of common expenses to the Association upon closing on a cottage or villa; budgeted amounts in the annual operating budget, and portions of year-end operating surpluses. As of December 31, 2020 the Reserve for Replacement amount is \$4,716,773, of which \$1,471,532 is an amortizing investment note from The Cypress of Charlotte Owners' Association, Inc., with the balance invested in other fixed income and equity investments. This account is used only for purposes related to the properties of The Cypress, and any interest earned shall remain in the working capital fund.

Further, each purchaser has deposited a \$7,500 Operating Reserve fund deposit which, if unused, may be refunded, with interest, upon resale of the unit. As of December 31, 2020 the current Operating Reserve fund is \$2,340,631. In addition to this account \$2,483,668 from the Reserve for Replacement is allocated to the Operating Reserve fund to meet the Statutory Operating Reserve requirement.

All reserve funds will be invested in "investment grade" instruments, including fixed income securities, cash equivalents, and equity indexes of grades AA or better, pursuant to strict investment policies for both the Reserve for Asset Replacement and the Department of Insurance Operating Reserve (copies of which are available to Members upon request). Investment decisions will be made by James P. Coleman and Marc Puntereri.

TAX DEDUCTION

Members of The Cypress may be allowed a tax benefit. A percentage of the monthly payment may be taken as a medical expense deduction each year. In February of each year, the Club will provide Members with the percentage of the prior year's monthly payment that has been determined to be attributable to the operations of the health center. This medical deduction is, of course, subject to limitations imposed by the Internal Revenue Code. It is advisable that the Member seek the advice of tax counsel before taking this deduction.

FINANCING

As of January 1, 1999, The Cypress was financed by the formation of a limited liability Company with an initial capitalization of \$5,500,000 in cash equity, \$5,500,000 in letters of credit equity, and a \$49,250,000 construction loan (the terms of which are described below). All monies have been committed and closed. These funds not only covered 100% of the Phase I costs, including, but not limited to, the construction of the clubhouse, 40-bed health center and 157 dwelling units, but it also covered many of the other costs in subsequent phases, such as land, site work, marketing, and general and administrative costs.

The \$49,250,000 construction loan was provided by First Union National Bank and was initially closed on June 13, 1996. The loan, with a term of 48 months, carried an interest rate consisting of the

30-day London Interbank Offered Rate (LIBOR), plus 225 basis points (to wit, 7.66% as of November 1, 1998). The loan was retired at the closings of approximately 154 units in Phase I, in early 1999. Since all of the construction loan was paid off at the opening of Phase I of The Cypress, no permanent financing was required, with The Cypress remaining debt-free.

Phase II of The Cypress, which included two additional villa buildings totaling 99 units, began in September, 1998. First Union provided \$18,500,000 in financing for Phase II with the same terms, interest rate, and conditions as the Phase I loan. This loan amount represented approximately 60% of the contemplated sales revenue of the two buildings. The Company did not begin construction on both of these two buildings until a pre-sale level in excess of 65% was achieved.

Construction for all 99 units occurred in 1999, as shown in the attached financial forecasts. The construction loan was repaid when the units were closed at the buildings' opening in late fall of 1999. Once again, no permanent financing was required.

Phase III, consisting of one 54-unit villa building, commenced with construction in July, 1999. First Union committed to an \$11,700,000 construction loan (approximately 60% of the building's value) similar in terms to the Phase I and II loans. The construction loan was paid off when the units closed in September of 2000, without need for permanent financing.

Phase IV, consisting of a 20-bed addition to the Stewart Health Center, plus ancillary spaces, commenced construction in the second quarter of 2009, completed in the fourth quarter of 2009. All capital costs of this phase are being provided by The Company, without any debt on the property.

Phase V, as further detailed in the Health Center Expansion section of the Disclosure Statement, The Cypress intends to add 19 additional beds to the Health Center, along with a Clinic, an expanded therapies wing, and extensive additions/renovations to common areas, starting in the summer of 2020. The Association voted to take out a \$10 Million construction loan, at 4% (or less) interest, converting to a 15-year amortized loan, repaid from the cash flows of The Club and Association, and/or assessments of condominium owners, if needed. The Company also contributed over \$1 Million in accrued Overhead Payments which were forgiven. None of the property will be encumbered.

Any subsequent construction may be built with a construction loan, additional equity, or additional contributions from the Company. No assets of the members or of the Association - including the clubhouse and health center - can be encumbered without the approval of the Association's Board of Directors. The Company does not contemplate the need for such an encumbrance.

Given the condominium nature of ownership of these units, once a unit is sold, there will never be any vacancy issue, since the estate of a deceased member would retain the monthly fee obligation for the unit, just as it would in a non-CCRC situation. As a result, cash flow to The Cypress Club remains predictably constant. This factor creates financial certainty and safety for the years ahead.

The sources (net of sales revenues) and uses of Phase I, II, III and IV development costs, and the projected sources and uses of Phase V, may be summarized as follows:

	Phase I Clubhouse, 40 bed Health Center 157 Condominia (Two multi-family buildings and 53 cottages)	Phase II 99 Condominia (Two multi- family buildings)	Phase III 54 Condominia (One multi- family building)	Phase IV 20 bed addition to Health Center	Phase V 19-bed addition to Health Center plus Clinic and other additions
<u>Sources of Funds</u>					
Equity	\$5,500,000	\$1,095,000	\$1,000,000	\$1,815,668	\$1,000,000
Letter of Credit Equity	5,500,000	0	0	0	0
Construction Loan	49,250,000	18,500,000	11,000,000	0	10,000,000
Total	\$60,250,000	\$19,595,000	\$12,000,000	\$1,815,668	11,000,000
<u>Uses of Funds</u>					
Land	\$ 5,349,000	\$ 0	\$ 0	\$ 0	\$ 0
Planning & Design	1,554,000	285,000	125,555	174,335	695,000
Site Work	964,000	725,000	400,000	95,600	657,880
Construction	32,504,000	15,305,953	8,600,000	1,282,600	7,537,120
Furniture, Fixtures, Equip.	1,413,000	80,000	50,000	213,024	615,000
Start-up Operations	600,000	4,000	5,000	26,109	50,000
Marketing & Sales	1,562,000	680,000	518,000	0	0
General & Admin.	1,534,000	486,000	468,000	24,000	50,000
Financing & Interest	3,790,000	925,000	600,000	0	395,000
Contingency	0	0	0	0	1,000,000
Total	\$54,270,000	\$18,490,953	\$10,766,555	\$1,815,668	\$11,000,000
Balance	\$5,980,000	\$1,104,047	\$1,233,445	0	0

Please refer to the attached financial statements for more detailed information.

FINANCIAL STATEMENTS
(Exhibit A)

Note: There are no material differences for the combined financials of The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners Association, Inc.

DEVELOPMENT TIME FRAME

Phase I, consisting of the Clubhouse, 40-bed health center, 53 cottages, 104 villas and related infrastructure and landscaping, was completed in January 1999.

Phase II, consisting of an additional 99 villas was completed and occupied in the last quarter of 1999.

Phase III, consisting of 54 villa units, was completed in the last quarter of 2000.

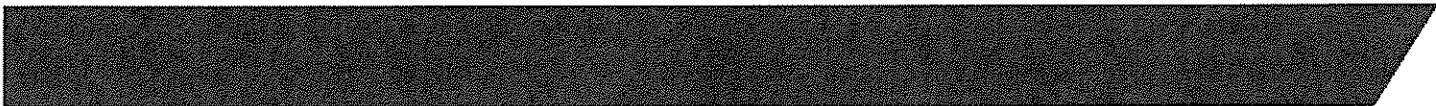
Phase IV, consisting of 20 additional Health Center beds, was completed in the last quarter of 2009.

Phase V, consisting of 19 additional health center beds, clinic, and other common areas, starting in the first quarter of 2021, and to be completed in the second quarter of 2022.

Exhibit A
Audited Financial Statements



**The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners'
Association, Inc.**



Combined Financial Statements

Years Ended December 31, 2020 and 2019



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Independent Auditors' Report

To the Board of Directors
The Cypress of Charlotte Club, Inc.
The Cypress of Charlotte Owners' Association, Inc.

Report on the Financial Statements

We have audited the accompanying combined financial statements of The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc., which are comprised of the combined balance sheets as of December 31, 2020 and 2019, the related combined statements of operations, changes in net assets and members' equity, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements, (collectively, the "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the combined financial position of The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. as of December 31, 2020 and 2019, and the combined results of their changes in net assets and members' equity and their combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter- New Accounting Pronouncement

As discussed in Note 1 to the financial statements, during the year ended December 31, 2020, The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. 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 in respect to this matter.

Other Matter- Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on future major repairs and replacements and combining balance sheets and statements of operations, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Dixon Hughes Goodman LLP

Charlotte, NC
May 26, 2021

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combined Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 340,478	\$ 624,456
Accounts receivable, net	971,960	1,037,986
Due from affiliates	-	61,650
Inventory	97,227	115,613
Prepaid expenses	303,103	293,371
Total current assets	<u>1,712,768</u>	<u>2,133,076</u>
Assets limited as to use:		
Internally designated for Department of Insurance operating reserve	2,340,631	2,368,867
Reserve for replacements	3,245,241	2,436,932
	<u>5,585,872</u>	<u>4,805,799</u>
Other investments	25,000	25,000
Property and equipment, net	13,347,817	13,185,206
Refundable deposits	62,035	62,035
Total assets	<u>\$ 20,733,492</u>	<u>\$ 20,211,116</u>
LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 543,332	\$ 675,685
Due to affiliate	7,254	9,105
Accrued expenses	1,151,387	1,041,947
COVID-19 testing advance	59,500	-
Due to homeowners	15,609	42,937
Current portion of capital lease obligations	58,672	73,633
Current portion of notes payable	17,025	3,887
Total current liabilities	<u>1,852,779</u>	<u>1,847,194</u>
Capital lease obligations, less current portion	2,401	61,073
Notes payable - long term	58,727	21,548
Total liabilities	<u>1,913,907</u>	<u>1,929,815</u>
Net assets:		
Without member restrictions	4,293,899	3,665,838
Total net assets	<u>4,293,899</u>	<u>3,665,838</u>
Members' equity:		
Members' equity, undesignated	11,280,445	12,178,531
Members' equity, designated asset replacement and repair	3,245,241	2,436,932
Total members' equity	<u>14,525,686</u>	<u>14,615,463</u>
	<u>\$ 20,733,492</u>	<u>\$ 20,211,116</u>

See accompanying notes.

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combined Statements of Operations
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues and gains:		
Member fees and assessments	\$ 16,216,742	\$ 15,846,054
Health Center	4,265,278	4,479,247
Home Health	4,169,180	4,303,631
Provider relief and COVID-19 testing funding	508,805	-
Other loss	(7,364)	(57,102)
Investment income (loss), net	<u>(89,460)</u>	<u>289,834</u>
Total revenue and gains	<u>25,063,181</u>	<u>24,861,664</u>
Expenses:		
Food and beverage	4,672,218	5,159,938
Health Center	4,154,275	3,874,454
Home Health	3,369,424	3,419,601
Plant	4,331,679	3,920,363
Resident services	368,560	291,152
Housekeeping	1,575,703	1,471,561
General and administrative	3,665,433	3,187,672
Management fee	2,139,744	2,061,696
Depreciation	842,619	856,374
Income taxes	<u>5,242</u>	<u>37,764</u>
Total expenses	<u>25,124,897</u>	<u>24,280,575</u>
Change in net assets and members' equity	<u>\$ (61,716)</u>	<u>\$ 581,089</u>

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combined Statements of Changes in Net Assets and Members' Equity
Years Ended December 31, 2020 and 2019

	<u>Total Net Assets</u>
Net Assets	
Net assets without member restrictions , December 31, 2018	\$ 2,040,660
Change in net assets	559,515
Equity transfer from the Cypress of Charlotte LLC	<u>1,065,663</u>
Net assets without member restrictions , December 31, 2019	3,665,838
Change in net assets	28,061
Equity transfer from the Cypress of Charlotte LLC	<u>600,000</u>
Net assets without member restrictions , December 31, 2020	<u>\$ 4,293,899</u>

	<u>Undesignated</u>	<u>Designated Asset Replacement and Repair</u>	<u>Total Members' Equity</u>
Balance, December 31, 2018	\$ 12,707,480	\$ 1,886,409	\$ 14,593,889
Excess of revenues over expenses	21,574	-	21,574
Amounts contributed to designated asset replacement and repair	<u>(550,523)</u>	<u>550,523</u>	<u>-</u>
Balance, December 31, 2019	12,178,531	2,436,932	14,615,463
Deficit of revenues over expenses	(89,777)	-	(89,777)
Amounts contributed to designated asset replacement and repair	<u>(808,309)</u>	<u>808,309</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 11,280,445</u>	<u>\$ 3,245,241</u>	<u>\$ 14,525,686</u>

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combined Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020		
	Program Services	Management and General	Total
Salaries and benefits	\$ 9,636,279	\$ 1,487,451	\$ 11,123,730
Payroll taxes	721,236	56,964	778,200
Fees for services	825,931	1,661,624	2,487,555
Office expenses	501,995	232,752	734,747
Information technology	12,416	202,967	215,383
Occupancy	425,131	23,343	448,474
Travel	3,151	3,822	6,973
Conferences, conventions, and meetings	19,827	2,982	22,809
Interest	62,210	143	62,353
Depreciation	185,822	-	185,822
Insurance	-	313,209	313,209
Food	1,509,818	-	1,509,818
Supplies	822,314	30,412	852,726
Activities	47,042	-	47,042
Medical supplies	125,498	-	125,498
Other expenses	-	90,467	90,467
	<u>\$ 14,898,670</u>	<u>\$ 4,106,136</u>	<u>\$ 19,004,806</u>

Expenses of The Cypress of Charlotte Owners' Association not required
to be presented on a functional basis

6,120,091
\$ 25,124,897

	2019		
	Program Services	Management and General	Total
Salaries and benefits	\$ 9,735,112	\$ 1,240,328	\$ 10,975,440
Payroll taxes	710,774	50,786	761,560
Fees for services	899,305	1,678,727	2,578,032
Office expenses	468,183	227,978	696,161
Information technology	-	191,491	191,491
Occupancy	383,573	35,193	418,766
Travel	8,990	18,726	27,716
Conferences, conventions, and meetings	17,786	5,306	23,092
Interest	61,242	9,589	70,831
Depreciation	217,638	-	217,638
Insurance	-	289,067	289,067
Food	1,649,131	-	1,649,131
Supplies	486,670	17,860	504,530
Activities	128,972	-	128,972
Medical supplies	96,300	-	96,300
Other expenses	-	86,288	86,288
	<u>\$ 14,863,676</u>	<u>\$ 3,851,339</u>	<u>\$ 18,715,015</u>

Expenses of The Cypress of Charlotte Owners' Association not required
to be presented on a functional basis

5,565,560
\$ 24,280,575

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combined Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets and members' equity	\$ (61,716)	\$ 581,089
Adjustments to reconcile change in net assets and members' equity to net cash provided by operating activities:		
Loss on disposal of property and equipment	7,864	57,871
Depreciation	842,619	856,374
Unrealized (gain) loss on assets limited as to use	152,790	(218,394)
Bad debt expense	90,467	86,288
Change in operating assets and liabilities:		
Accounts receivable	(24,441)	(101,926)
Due from and to affiliates	59,799	(1,116,208)
Inventories	18,386	(20,601)
Prepaid expenses	(9,732)	(56,687)
Accounts payable	(142,224)	(231,065)
COVID-19 testing advance	59,500	-
Due to homeowners	(27,328)	6,482
Accrued expenses	109,440	303,167
Net cash provided by operating activities	<u>1,075,424</u>	<u>146,390</u>
Cash flows from investing activities:		
Purchase of assets limited as to use	(1,165,106)	(555,016)
Proceeds from sale of assets limited as to use	232,243	187,303
Purchase of property and equipment	(938,465)	(894,904)
Net cash used by investing activities	<u>(1,871,328)</u>	<u>(1,262,617)</u>
Cash flows from financing activities:		
Payments of principal on capital lease obligations	(73,633)	(70,485)
Payments of principal on long-term debt	(14,441)	(3,693)
Equity transfer	600,000	1,065,663
Net cash provided by financing activities	<u>511,926</u>	<u>991,485</u>
Net change in cash and cash equivalents	<u>(283,978)</u>	<u>(124,742)</u>
Cash and cash equivalents, beginning of year	<u>624,456</u>	<u>749,198</u>
Cash and cash equivalents, end of year	<u>\$ 340,478</u>	<u>\$ 624,456</u>
Supplemental disclosure of cash flow information:		
Interest	<u>\$ 143</u>	<u>\$ 9,589</u>
Income taxes paid	<u>\$ 5,242</u>	<u>\$ 37,764</u>
Supplemental disclosure of noncash investing activities:		
Property and equipment included in accounts payable	<u>\$ 9,871</u>	<u>\$ 99,672</u>
Supplemental disclosure of noncash financing activities:		
Acquisition of equipment through notes payable	<u>\$ 64,758</u>	<u>\$ -</u>

See accompanying notes.

Notes to Combined Financial Statements

1. Nature of Business and Significant Accounting Policies

Nature of business

The Cypress of Charlotte Club, Inc. (the "Club") and The Cypress of Charlotte Owners' Association, Inc. (the "Association") are collectively referred to as The Cypress of Charlotte (the "Cypress"). The Cypress is a continuing care retirement community with 310 dwelling units located in Charlotte, North Carolina. The Club was organized as a nonprofit corporation under the laws of the state of North Carolina to manage operations of The Cypress. The Association was created in accordance with the North Carolina Condominium Act to maintain and preserve the common property of The Cypress. The Club and the Association engage in various transactions with an affiliate, The Cypress of Charlotte, LLC (the "Company"), and with each other. The Company is the entity that originally planned, designed and built The Cypress.

The Club was organized to manage the various membership functions of The Cypress that are included in each owner's Membership Agreement. The Club provides the Association with all services related to the Association's stewardship over the common property of the Association. The Club manages the commonly owned property of The Cypress as well as the services provided by the clubhouse and health center.

The Association's revenue is generated primarily through member assessments from condominium owners in the retirement community.

Principles of combination

The accompanying combined financial statements include the accounts of the Club and the Association. All material related-party balances and transactions have been eliminated in combination.

A summary of the Club's and Association's significant accounting policies follows:

Basis of presentation

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Club's net assets, revenues and expenses are classified based on the existence or absence of member-imposed restrictions. Net assets and changes therein are classified and reported as follows:

Net assets without member restrictions – Net assets that are not subject to member-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Club's management and the board of directors.

Net assets with member restrictions – Net assets subject to stipulations imposed by members and grantors. Some member restrictions are temporary in nature; those restrictions will be met by actions of the Club or by the passage of time. Other member restrictions are perpetual in nature, whereby the member has stipulated the funds be maintained in perpetuity. The Club did not have any net assets with member restrictions in 2020 or 2019.

Member restricted contributions are reported as increases in net assets with member restrictions. When a restriction expires, net assets are reclassified from net assets with member restrictions to net assets without member restrictions in the statements of operations.

Cash and cash equivalents

For the purpose of reporting cash flows, the Club and the Association consider all highly liquid investments with an original maturity of three months or less at the time of purchase that are not included in assets whose use is limited to be cash equivalents. The Club and the Association maintain their cash and cash equivalents in bank deposit accounts which may, at times, exceed federally insured limits. Neither the Club, nor the Association has experienced any financial loss related to such deposits and do not believe they are exposed to any significant credit risk on their cash and cash equivalents.

Accounts receivable

The Club records accounts receivable at total unpaid balance. The Club determines past-due status of individual accounts receivable based on the terms of the original contract (or based on how recently payments have been made, for example). The Club estimates an allowance for doubtful accounts based on a combination of factors, including the Club's historical loss experience and any anticipated effects related to current economic conditions, as well as management knowledge of the current composition of accounts receivable. Delinquent accounts are written off when deemed uncollectible. The Club's allowance for doubtful accounts at December 31, 2020 and 2019 was \$41,084 and \$19,544, respectively.

Inventory

The Club values its inventories at the lower of cost (average cost method) or market.

Prepaid expenses

Prepaid expenses consist of prepaid insurance, which is amortized over the periods to which it applies.

Assets limited as to use

Assets limited as to use include assets set aside by the Board of Directors for North Carolina General Statute reserve requirements, over which the Board retains control and may, at their discretion, subsequently use for other purposes, other than those funds in the operating reserve which shall be used to satisfy the North Carolina General Statute reserve requirements.

Assets limited as to use include investments in debt and equity securities that have readily determinable fair values. Changes in the fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying combined statements of operations. In determining realized gains and losses, the cost of investments is determined using the specific-identification method.

The Club's and Association's investments potentially subject them to market risks and concentrations of credit risk. The Club and the Association maintain various types of investments that encompass many different companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. The Club and the Association retain investment managers who actively buy and sell securities within their respective guidelines and who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Club and the Association invest.

Property and equipment

The Association, in accordance with ASC 972-360, Common Interest Realty Associations - Property, Plant and Equipment, does not recognize as assets real property directly associated with the members' units. The Clubhouse and Health Center are recognized as assets because they generate significant cash flows. The Association does not recognize as assets any other common property regardless of title or other forms of ownership. The Association and Club capitalize furnishings, vehicles and equipment to which it has title or other evidence of ownership. Capitalized assets are recorded at cost, while assets contributed by the developer are recorded at estimated fair value at the date of the contribution.

Property and equipment are carried at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Property and equipment are depreciated over estimated useful lives of 3 to 39 years.

The Club and Association periodically assess the realizability of their long-lived assets and evaluate such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. During the years ended December 31, 2020 and 2019, no impairment indicators were identified.

Revenue recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" along with subsequently issued clarifying ASUs. The guidance affects an entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principle of the guidance is that an entity should recognize revenue to depict 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. ASU 2014-09 allows either full retrospective adoption, meaning the standard is applied to all periods presented, or modified retrospective adoption, meaning the standard is applied only to the most current period presented in the combined financial statements. The Cypress adopted the provisions of ASU 2014-09 effective January 1, 2020 using the modified retrospective method. Based on the Cypress evaluation process and review of its contracts with residents, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenue as a result of the adoption of ASU 2014-09.

Revenue is measured as the amount of consideration the Cypress expects to receive in exchange for transferring services. Member fees and assessments are recorded on the accrual basis of accounting and represent amounts charged to residents under the terms of the Membership Agreement. Health Center and Home Health revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Revenues under third-party payor agreements are 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.

Association activities are accounted for using the accrual basis of accounting whereby revenues are recognized when earned and expenses when incurred. Therefore, member assessments are recognized as revenue in the period covered by the billing. First time fees are a one-time/nonrefundable fee for services related to preparing the unit for the new resident, recognized when the resident contracts to acquire the unit and services to prepare the unit are performed.

**The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Notes to Combined Financial Statements**

The Cypress believes that these methods provide a faithful depiction of the transfer of services over the term of the performance obligations based on the inputs needed to satisfy the obligations.

Provider Relief Funding

The Cypress has received provider relief funding under the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. These relief funds are considered non-exchange transactions subject to eligibility terms and conditions specified by the resource provider distributed by the Health Resources Service Administration (HRSA) section of the U.S. Department of Health and Human Services (HHS). These conditions create an eligibility requirement that such funds must be used to prevent, prepare or respond to COVID-19. This grant revenue is recognized as other operating income within revenues and gains to the extent terms and conditions/restrictions are met for allowable coronavirus related expenses or lost revenues. Such funds are subject to recoupment.

Income tax status

The Club is a nonprofit organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. Management has evaluated that the Club's tax positions and concluded that the Club has taken no uncertain tax positions that require adjustment to the combined financial statements.

The Club files as a tax-exempt organization. Because management has not identified unrelated business income in past years, the Club has not filed Form 990-T, *Exempt Organization Business Income Tax Returns*. Management is not aware of any activities that would jeopardize the tax-exempt status of the Club. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for the Club.

Homeowners associations may be taxed either as membership organizations or as regular corporations. For the years ended December 31, 2020 and 2019, the Association was taxed as a membership organization. As a membership organization, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

The Association follows the provisions of ASC 740-10 and has determined that there were no uncertain tax positions requiring recognition as of December 31, 2020 and 2019. At December 31, 2020, the Association has a federal and state tax refund of \$32,091 and \$4,026, respectively. At December 31, 2019, the Association has a federal and state tax refund of \$16,486 and \$2,265, respectively.

Use of estimates

The preparation of combined financial statements in conformity with GAAP requires the Club's and Association's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes Topic 840, *Leases*. ASU 2016-02 requires a lessee to recognize in the combined balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less for which there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and should recognize lease expense for such leases generally on a straight-line basis over the lease term. Certain qualitative disclosures along with specific quantitative disclosures will be required, so that users are able to understand more about the nature of an entity's leasing activities. In response to the COVID-19 pandemic, in June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 by one year. ASU 2016-02, as deferred by ASU 2020-05, will be effective for fiscal years beginning after December 15, 2021, and early adoption is permitted. At transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients related to the identification and classification of leases that commenced before the effective date of ASU 2016-02. An entity that elects to use the practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The Cypress is currently evaluating the effect the adoption of this standard will have on its financial statements.

Subsequent Events

The Cypress has evaluated its subsequent events through May 26, 2021, the date the financial statements were available to be issued.

2. Revenue Recognition

The Cypress disaggregates its revenue from contracts with customers by payor source, as the Cypress believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below for the year ended December 31, 2020:

	<u>Member Fees</u>	<u>Health Center</u>	<u>Home Health</u>	<u>Total</u>
Private pay and commercial	\$ 16,216,742	\$ 3,743,657	\$ 4,169,180	\$ 24,129,579
Government reimbursement	-	521,621	-	521,621
Total	<u>\$ 16,216,742</u>	<u>\$ 4,265,278</u>	<u>\$ 4,169,180</u>	<u>\$ 24,651,200</u>

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Notes to Combined Financial Statements

3. Availability and Liquidity

The following represents the Cypress' financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 340,478	\$ 624,456
Accounts receivable, net	971,960	1,037,986
Due from affiliates	-	61,650
	<u>-</u>	<u>61,650</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,312,538</u>	<u>\$ 1,724,092</u>

The Cypress' goal is generally to maintain financial assets to meet 90 days of operating expenses.

4. Assets Limited As To Use

Assets limited as to use at December 31, 2020 and 2019, are set forth in the following table.

	<u>2020</u>	<u>2019</u>
Internally designated for Department of Insurance operating reserve:		
Money market funds	<u>\$ 2,340,631</u>	<u>\$ 2,368,867</u>
Internally designated for reserve for replacement:		
Money market funds	\$ 1,648,229	\$ 686,502
Corporate debt securities	205,120	207,704
Mutual funds	<u>1,391,892</u>	<u>1,542,726</u>
	<u>\$ 3,245,241</u>	<u>\$ 2,436,932</u>

The following schedule summarizes the investment income and its classification in the combined financial statements for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 63,330	\$ 71,440
Unrealized gains (losses)	<u>(152,790)</u>	<u>218,394</u>
Total investment income (loss), net	<u>\$ (89,460)</u>	<u>\$ 289,834</u>

The Cypress of Charlotte Club, Inc. and
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5. Inventory

Inventory at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Food and beverage	\$ 57,896	\$ 60,374
Housekeeping supplies	3,324	3,200
Nursing supplies	9,388	15,326
Plant supplies	<u>26,619</u>	<u>36,713</u>
	<u>\$ 97,227</u>	<u>\$ 115,613</u>

6. Property and Equipment

The components of the Club's and Association's property and equipment at December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 740,887	\$ 740,887
Construction in progress	609,398	382,245
Building and improvements	18,341,041	17,759,184
Furniture and fixtures	2,100,971	2,132,736
Vehicles	<u>797,784</u>	<u>720,274</u>
	22,590,081	21,735,326
Less accumulated depreciation, including amortization	<u>9,242,264</u>	<u>8,550,120</u>
	<u>\$ 13,347,817</u>	<u>\$ 13,185,206</u>

7. Long-Term Debt

The Club entered into a variable promissory note agreement in 2018 for laundry equipment. The note agreement was revised in 2020 and now has a remaining term of 54 months at an implied annual interest rate of 5.25%, with monthly payments of \$451. The Club entered into two additional note agreements in 2020 for laundry equipment and a vehicle. The new laundry equipment note agreement has a remaining term of 50 months at an implied annual interest rate of 5.49%, with monthly payments of \$313. The vehicle note agreement has a remaining life of 50 months at an implied annual interest rate of 1.90%, with monthly payments of \$857.

Annual future maturities under the notes payable obligation as of December 31, 2020, are as follows:

The Cypress of Charlotte Club, Inc. and
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Notes to Combined Financial Statements

Years ending December 31:

2021	\$	17,025
2022		17,628
2023		18,254
2024		18,907
Thereafter		<u>3,942</u>
	\$	<u>75,752</u>

8. Leases

Operating leases

The Club leases certain equipment from third parties which require minimum monthly rental payments. Total minimum lease commitments under operating leases at December 31, 2020, are as follows:

Years ending December 31:

2021	\$	64,078
2022		56,046
2023		56,046
2024		21,587
2025		<u>1,693</u>
	\$	<u>199,450</u>

Rent expense for the years ended December 31, 2020 and 2019, was \$72,551 and \$73,201, respectively.

Capital leases

The Club has four lease obligations at December 31, 2020 and which have been classified as capital leases. Three of these lease arrangements are for vehicles, having remaining terms of 10 months at an implied annual interest rate of 4.375%, while the fourth lease arrangement is for wheelchair washers with remaining terms of 23 months at an implied annual interest rate of 4.5%. Monthly payments on these lease obligations range from \$223 to \$4,924. The leases are collateralized by the related assets with a carrying value of approximately \$79,000 and \$152,000 as of December 31, 2020 and 2019, respectively.

Annual future minimum lease obligations under capital leases as of December 31, 2020, are as follows:

Years ending December 31:

2021	\$	59,905
2022		<u>2,456</u>
Total minimum lease payments		62,361
Less amount representing interest		<u>1,288</u>
Present value of minimum lease obligations		61,073
Less current portion		<u>58,672</u>
Long-term portion of capital lease obligations	\$	<u>2,401</u>

9. Transactions With Affiliates and Management Company

Pursuant to the Management Agreement entered into between the Club, the Association and the Company, as well as the Membership Agreement between each member, the Club and the Company, the Company receives a management fee (overhead payment) based on 10% of the adjusted operating costs of the Club and Association. For the years ended December 31, 2020 and 2019, the management fees (overhead payment) totaled \$2,139,744 and \$2,061,696, respectively. During the year ended December 31, 2020, the Company contributed \$600,000 to the Club and during the year ended December 31, 2019, the Company forgave the amount due from the Club for 2017 and 2018 management fees of \$1,065,663. These transactions are recorded as equity transfers in the financial statements. Separately, the Company reimburses the Club when the Club processes operating transactions on the Company's behalf. The amount due from the Company for reimbursable transactions was \$61,650 at December 31, 2019. There was no amount due from the Company for reimbursable transactions at December 31, 2020.

During the year ended December 31, 2017, the Association entered into a construction contract with an unrelated party, in the amount of \$3,300,000 (including change orders) for the reconstruction of the indoor pool facility. The Company contributed \$1,500,000 in 2017 towards the funding of the construction project. Additionally, the Association utilized \$2,000,000 from the reserve for replacement account to fund the construction project. The project was completed in 2018 and the Association members began making contributions to the reserve for replacement account. The Association members contributed \$237,324 during 2020 and 2019, including interest, and anticipate making monthly payments of \$19,777 over a ten-year period to replenish the reserve.

The Club retains Life Care Services, LLC (Life Care) for their expertise in continuing care retirement communities to assist in managing the Club. The agreement dated March 26, 2014 expired on March 26, 2019 and was subsequently renewed for 60 months expiring March 27, 2024, unless sooner terminated in accordance with the agreement. For the years ended December 31, 2020 and 2019, amounts paid to Life Care totaled \$1,314,037 and \$996,102, respectively. For the years ended December 31, 2020 and 2019, the Club allocated expenses of \$181,584 and \$178,269, respectively, representing the Association's share of costs related to the contract with Life Care. The Club owed \$7,254 and \$9,105 to Life Care at December 31, 2020 and 2019, respectively.

10. Retirement Plan

The Club began a 401(k) retirement savings plan for all eligible employees on March 1, 1999. Employees are eligible to participate in the plan upon attaining the age of 21 years, completing one year of active service, and having worked at least 1,000 hours in a given year. Employees may invest up to 20% of regular, non-overtime income into the plan. The Club will match 50% of the first 4% of an employee's savings. Employees are 100% vested in the portion they contribute to the plan. The Club matching funds are vested over a five-year period.

Retirement expense for the plan was approximately \$73,000 and \$88,000 for the years ended December 31, 2020 and 2019, respectively.

11. Regulatory Matters

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 Statutes. 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. These reserves are to be used for the benefit of the Club in the event of emergencies or unexpected shortfalls. The facility had occupancy greater than 90% at December 31, 2020.

To meet this obligation, at closing, the Club requires that each purchaser shall be responsible for paying a reserve deposit of \$7,500 to the Club. So long as it is not necessary for the Club to use proceeds or assets from the reserve account, interest and/or dividends shall be paid to each purchaser on a pro rata basis in February of each year. For the years ended December 31, 2020 and 2019, the Club did not use proceeds or assets from the reserve account and the balance of interest and dividends is shown as due to homeowners.

Each subsequent purchaser shall be obligated to pay \$7,500 into the reserve account, so that upon resale of the unit, any unused portion of the \$7,500 deposit shall be returned to the original purchaser plus accrued but unpaid interest on the related deposit through the date of closing.

Based on the Club's 2020 forecasted statements, the required operating reserve is \$4,824,299 at December 31, 2020. The balance held in the restricted investment account was \$2,340,631 at December 31, 2020. The North Carolina Department of Insurance had no objection to the proposal that The Cypress be permitted to fund any shortfalls in the Department of Insurance Operating Reserve with funds from the Association's Reserve for Replacements, which had a balance of \$3,245,241 at December 31, 2020. During the year ended December 31, 2017, the Association utilized \$2,000,000 from the Reserve for Replacement account to fund a construction project. The Association members have guaranteed annual contributions to the Reserve for Replacement account over a ten-year period to replenish the reserve. The construction project was completed in 2018 and the Association members began making contributions to the Reserve for Replacement account. At December 31, 2020, the remaining amount due to the Association from the members is \$1,471,532, which will offset any shortfalls in the Department of Insurance Operating Reserve.

12. Future Repairs and Replacement

As of December 31, 2020, there were no statutory requirements that the Association accumulate funds for future repairs and replacements and land acquisitions. Management of the Association conducted a study in 2018 to estimate the remaining useful lives of the components of common properties and to estimate the costs of future major repairs and replacements. The current policy is that these expenses will be paid from current amounts on hand in designated and undesignated accounts; special assessments may be levied, as required, after utilizing these designated funds or funds may be borrowed.

The Board has designated amounts for the Reserve for Replacement fund based on actual or budgeted surpluses occurring annually. Estimated future replacement costs and actual expenditures may vary materially from amounts set aside in the Reserve for Replacement assets. There were no special assessments in 2020 and 2019 for major repairs and replacements.

13. Fair Value of Financial Instruments

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GAAP are described below:

- Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date. The quoted price for these investments is not adjusted, even in situations where the Association holds a large position and a sale could reasonably be expected to impact the quoted price.
- Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and the fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, certain over-the-counter derivatives and certain general and limited partnership and membership interests in funds that calculate net asset value per share, or its equivalent. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
- Level 3:** Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Association has various processes and controls in place to ensure that fair value is reasonably estimated.

Following is a description of the valuation methodologies used for assets measured at fair value subsequent to initial recognition. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

During the years ended December 31, 2020 and 2019, there were no changes to the Association's valuation techniques that had, or are expected to have, a material impact on its balance sheets or results of operations.

Mutual funds

Securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

The Cypress of Charlotte Club, Inc. and
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Notes to Combined Financial Statements

Corporate debt securities

The fair value of corporate debt securities is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads and fundamental data relating to the issuer. Corporate debt securities are categorized in Level 2 of the fair value hierarchy when these securities are not actively traded on the valuation date and valuation adjustments are applied.

The tables below present the balances of financial instruments measured at fair value on a recurring basis by level within the hierarchy at December 31, 2020 and 2019:

	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets limited as to use, Reserve for replacements:				
Corporate debt securities	\$ 205,120	\$ -	\$ -	\$ 205,120
Mutual funds	<u>1,391,892</u>	<u>-</u>	<u>-</u>	<u>1,391,892</u>
	<u>\$ 1,597,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,597,012</u>

	Fair Value Measurements as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets limited as to use, Reserve for replacements:				
Corporate debt securities	\$ 207,704	\$ -	\$ -	\$ 207,704
Mutual funds	<u>1,542,726</u>	<u>-</u>	<u>-</u>	<u>1,542,726</u>
	<u>\$ 1,750,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,750,430</u>

The Association has \$1,648,229 and \$686,502 of cash and cash equivalents as of December 31, 2020 and 2019, respectively, which were not classified as a level.

14. Concentrations of Credit Risk

The Club grants credit without collateral to its residents, some of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31 2020 and 2019, was as follows:

	2020	2019
Self-pay	63%	54%
Medicare	28%	37%
Other third-party payors	<u>9%</u>	<u>9%</u>
Totals	<u>100%</u>	<u>100%</u>

15. Contingencies

Medical malpractice

The Club's malpractice insurance coverage is on a claims-made basis with limits of \$1,000,000 for each claim and \$3,000,000 in the aggregate. The Club's commercial general liability coverage also has limits of \$1,000,000 for each claim and \$3,000,000 in the aggregate. In addition, the Club has an umbrella liability policy with excess coverage limits of \$10,000,000 per incident and \$50,000,000 in the aggregate. Should the Club not renew its claims-made policy, or replace it with equivalent insurance, claims incurred during its term but asserted after its expiration would be uninsured, unless the Club obtains tail coverage. Management anticipates that such coverage will be renewed or replaced with equivalent insurance as these policies expire.

Sales and Use Tax

In May 2020, the North Carolina Department of Revenue completed an examination of the Club's sales and use tax for the period October 1, 2015 to September 30, 2018. The examining agent proposed adjustments related to additional sales tax of approximately \$3,000,000 plus penalties and interest of approximately \$761,000 and \$481,000, respectively. The Club did not agree with the adjustments and filed a formal "Objection and Request for Departmental Review" (under NC-242) with the Department of Revenue. The Department has put a hold on any further prosecution of the assessments pending legislative action. There is a bill pending review by the North Carolina General Assembly that would provide clarification of sales tax of licensed continuing care retirement communities. If the bill is enacted, it would impact the current assessment. No provision has been made in the accompanying financial statements for the proposed additional sales tax, penalties, and interest since the ultimate liability, if any, cannot be reasonably estimated.

The Club did not have an accrual at December 31, 2020 or 2019, for pending claims.

16. COVID-19 Pandemic

In response to the global coronavirus disease (COVID-19) pandemic across the United States, the federal government and a large number of state governments have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including limitations on public gatherings, wearing of masks in public, and restrictions on restaurant and other businesses operating capacity.

The changing global economic conditions or potential global health concerns surrounding the COVID-19 pandemic may affect the Cypress' partners, suppliers, distributors and payors, potentially disrupting or delaying the Cypress' supply chain and delaying reimbursement by governmental, commercial or private payors, as well as impacting their creditworthiness and ability to pay. At this time, it is not possible to accurately predict the significance of the duration of the COVID-19 pandemic, the impact on operating loss, the costs associated with responding to this pandemic, or what federal funds may continue be made available to help recover from this crisis.

In addition to the direct impact to the health care industry, global investment and financial markets 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 Cypress expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

Although the Cypress has activated plans to address the COVID-19 threat, the potential impact of the COVID-19 pandemic is difficult to predict and could materially adversely impact the Cypress' financial condition, liquidity and results of operations in the future.

**The Cypress of Charlotte Club, Inc. and
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Notes to Combined Financial Statements**

On March 27, 2020, the federal CARES Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families and businesses affected by COVID-19. Various state governments are also taking action to provide economic relief and emergency assistance. The Cypress received CARES Act provider relief funding of \$410,705 during the year ended December 31, 2020. The Cypress has recognized other operating revenue of \$410,705 for the Cypress related to this funding for the year ended December 31, 2020 to the extent the eligibility requirements with the terms and conditions for entitlement to such funding for healthcare related expenses or lost revenues to prevent, prepare for or respond to COVID-19, have been met.

On October 22, 2020, November 2, 2020 and January 15, 2021, HHS issued Post-Payment Notices of Reporting Requirements ("PPNRR") which establish the reporting criteria for providers which received PRF funding under the CARES Act. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") was signed into law which provided on-going assistance to healthcare providers and provided additional clarity around PRF reporting requirements. The guidance provided in the PPNRR and CRRSAA is advisory in nature, and subject to change, and it is unknown at the report date what impacts this, and future guidance will have on PRF funding and revenue recognition. As such, amounts recognized as PRF for the year ended December 31, 2020 are subject to change and those changes could be material. The funds are also subject to future audits and potential adjustment and certain amounts may need to be repaid to the government.

The Cypress also received funds from North Carolina Department of Health and Human Services of approximately \$158,000. The Cypress is permitted to use the funds for employee COVID-19 testing. The Cypress recognized approximately \$98,000 as revenue for the year ended December 31, 2020 to the extent the conditions for entitlement to such funding for COVID-19 testing have been met, resulting in the simultaneous release of restrictions. The remaining payments of approximately \$60,000 are recorded as COVID-19 testing advance on the combined balance sheet.

17. Subsequent Events

The Cypress is expanding the Health Center, including a dedicated Assisted Living neighborhood and Clinic. The project began in February 2020 and has a projected completion date in spring 2022. The project will increase the number of beds from the current 60 to 79, 65 of which will be licensed as skilled beds (including up to 20 of which that may be used for Memory Care), and 14 of which will be licensed as assisted living beds. The project will also include a Clinic, a new physical, occupational and speech therapies wing, and expansion/renovation of the main kitchen, dining rooms, and other common activities and support areas.

In January 2021 The Cypress entered into a \$10 Million promissory note with Towne Bank to finance the project. The note bears interest at 3.75% and matures in January 2036. Interest only payments are due during construction, through April 2022. The note is secured not by the real estate, but by a pledge of the operating cash flows of The Club and Condominium. It is projected that such cash flows, increased by the additional number of health center beds and increased daily rates from the state-of-the-art facility, agreed-to and voted-on by The Cypress Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Condominium owners, by vote, have agreed to the Condominium's assessment mechanism in the Declaration of Condominium to fund debt service.

A Certificate of Need for the additional 19 beds was received from the North Carolina Department of Health and Human Services in October of 2019.



Supplementary Information

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Future Major Repairs and Replacements (Unaudited)
December 31, 2020

Management engaged a consultant to perform a study in 2018 to estimate the remaining useful lives and the replacement costs of the components of common property over a 20-year period. The estimates were based on estimated current replacement costs. Funding requirements do not consider an annual rate of inflation or interest on amounts funded for future major repairs and replacements.

The following table is based on the study and presents significant information about the components of common property.

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2021 Funding Requirements
Total site development	2-34	\$ 2,523,882	\$ 64,500
Building structures and systems	2-36	6,309,005	197,080
Building mechanical equipment	2-36	1,338,731	25,200
Common area interior and finishes	2-34	2,188,347	59,002
Unit improvements	2-19	12,230,886	810,339
Furniture, fixtures and equipment	2-18	<u>4,370,305</u>	<u>169,076</u>
Total		<u>\$ 28,961,156</u>	<u>\$ 1,325,197</u>
Members' equity, designated asset replacement and repair			<u>\$ 3,245,241</u>

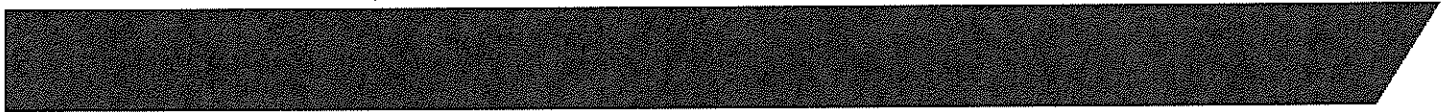
The Cypress of Charlotte Club, Inc. and
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Combining Balance Sheets
December 31, 2020

	The Cypress of Charlotte Club, Inc.	The Cypress of Charlotte Owners' Association, Inc.	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 334,570	\$ 5,908	\$ -	\$ 340,478
Accounts receivable, net	971,960	-	-	971,960
Inventory	97,227	-	-	97,227
Prepaid expenses	303,103	-	-	303,103
Total current assets	<u>1,706,860</u>	<u>5,908</u>	<u>-</u>	<u>1,712,768</u>
Assets limited as to use:				
Internally designated for Department of Insurance operating reserve	2,340,631	-	-	2,340,631
Reserve for replacements	-	3,245,241	-	3,245,241
	<u>2,340,631</u>	<u>3,245,241</u>	<u>-</u>	<u>5,585,872</u>
Other investments	25,000	-	-	25,000
Property and equipment, net	657,066	12,690,751	-	13,347,817
Refundable deposits	62,035	-	-	62,035
Total assets	<u>\$ 4,791,592</u>	<u>\$ 15,941,900</u>	<u>\$ -</u>	<u>\$ 20,733,492</u>
LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 543,332	\$ -	\$ -	\$ 543,332
Due to affiliate	7,254	-	-	7,254
Accrued expenses	1,151,387	-	-	1,151,387
COVID-19 testing advance	59,500	-	-	59,500
Due to homeowners	15,609	-	-	15,609
Current portion of capital lease obligations	58,672	-	-	58,672
Current portion of notes payable	17,025	-	-	17,025
Total current liabilities	<u>1,852,779</u>	<u>-</u>	<u>-</u>	<u>1,852,779</u>
Capital lease obligations, less current portion	2,401	-	-	2,401
Notes payable - long term	58,727	-	-	58,727
Total liabilities	<u>1,913,907</u>	<u>-</u>	<u>-</u>	<u>1,913,907</u>
Net assets:				
Without member restrictions	2,877,685	-	1,416,214	4,293,899
Total net assets	<u>2,877,685</u>	<u>-</u>	<u>1,416,214</u>	<u>4,293,899</u>
Members' equity:				
Members' equity, undesignated	-	12,696,659	(1,416,214)	11,280,445
Members' equity, designated asset replacement and repair	-	3,245,241	-	3,245,241
Total members' equity	<u>-</u>	<u>15,941,900</u>	<u>(1,416,214)</u>	<u>14,525,686</u>
	<u>\$ 4,791,592</u>	<u>\$ 15,941,900</u>	<u>\$ -</u>	<u>\$ 20,733,492</u>

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combining Statements of Operations
Year Ended December 31, 2020

	The Cypress of Charlotte Club, Inc.	The Cypress of Charlotte Owners' Association, Inc.	Eliminations	Total
Revenues and gains:				
Member fees and assessments	\$ 10,092,532	\$ 6,124,210	\$ -	\$ 16,216,742
Health Center	4,265,278	-	-	4,265,278
Home Health	4,169,180	-	-	4,169,180
Provider relief and COVID-19 testing funding	508,805	-	-	508,805
Investment (loss) income, net	4,436	(93,896)	-	(89,460)
Other gain (loss)	(7,364)	-	-	(7,364)
Total revenues and gains	<u>19,032,867</u>	<u>6,030,314</u>	<u>-</u>	<u>25,063,181</u>
Expenses:				
Food and beverage	4,672,218	-	-	4,672,218
Health Center	4,154,275	-	-	4,154,275
Home Health	3,369,424	-	-	3,369,424
Plant	964,716	3,366,963	-	4,331,679
Resident services	368,560	-	-	368,560
Housekeeping	966,850	608,853	-	1,575,703
General and administrative	2,632,543	1,032,890	-	3,665,433
Management fee	1,690,398	449,346	-	2,139,744
Depreciation	185,822	656,797	-	842,619
Income taxes	-	5,242	-	5,242
Total expenses	<u>19,004,806</u>	<u>6,120,091</u>	<u>-</u>	<u>25,124,897</u>
Change in net assets and members' equity	<u>\$ 28,061</u>	<u>\$ (89,777)</u>	<u>\$ -</u>	<u>\$ (61,716)</u>

The Cypress of Charlotte Owners' Association, Inc.



Financial Statements

Years Ended December 31, 2020 and 2019



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Independent Auditors' Report

To the Board of Directors
The Cypress of Charlotte Owners' Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Cypress of Charlotte Owners' Association, Inc. (the "Association"), which comprise the balance sheets as of December 31, 2020 and 2019, the related statements of revenues and expenses, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2020 and 2019, and the results of its operations, changes in members' equity, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter- New Accounting Pronouncement

As discussed in Note 1 to the financial statements, during the year ended December 31, 2020, the Association 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 in respect to this matter.

Other Matter- Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on reserve for replacement reconciliation and the supplementary information on future major repairs and replacements, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for that portion marked “unaudited,” was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Dixon Hughes Goodman LLP

Charlotte, NC
May 26, 2021

The Cypress of Charlotte Owners' Association, Inc.
 Balance Sheets
 December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash	\$ 5,908	\$ 14,095
Total current assets	<u>5,908</u>	<u>14,095</u>
Assets limited as to use:		
Reserve for replacements	3,245,241	2,436,932
Property and equipment, net	<u>12,690,751</u>	<u>12,538,538</u>
Total assets	<u>\$ 15,941,900</u>	<u>\$ 14,989,565</u>
LIABILITIES AND MEMBERS' EQUITY		
Due to the Club	\$ -	\$ 468,139
Members' equity:		
Members equity, undesignated	12,696,659	12,084,494
Members' equity, designated asset replacement and repair	<u>3,245,241</u>	<u>2,436,932</u>
Total liabilities and members' equity	<u>\$ 15,941,900</u>	<u>\$ 14,989,565</u>

The Cypress of Charlotte Owners' Association, Inc.
 Statements of Revenues and Expenses
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues and gains:		
Member assessments:		
Operations	\$ 6,038,305	\$ 5,272,617
New member fees	85,905	49,935
Investment income (loss), net	(93,896)	283,391
Other income (loss)	-	(18,809)
Total revenues and gains	<u>6,030,314</u>	<u>5,587,134</u>
Expenses:		
Plant	3,366,963	2,988,217
Housekeeping	608,853	551,855
General and administrative	1,032,890	916,032
Management fee	449,346	432,956
Depreciation	656,797	638,736
Income taxes	5,242	37,764
Total expenses	<u>6,120,091</u>	<u>5,565,560</u>
Excess (deficit) of revenues over expenses	<u>\$ (89,777)</u>	<u>\$ 21,574</u>

The Cypress of Charlotte Owners' Association, Inc.
 Statements of Changes in Members' Equity
 Years Ended December 31, 2020 and 2019

	<u>Undesignated</u>	<u>Designated Asset Replacement and Repair</u>	<u>Total Members' Equity</u>
Balance, December 31, 2018	\$ 12,312,341	\$ 1,886,409	\$ 14,198,750
Excess of revenues over expenses	21,574	-	21,574
Equity transfer from the Club	301,102		301,102
Amounts contributed to designated asset replacement and repair	<u>(550,523)</u>	<u>550,523</u>	<u>-</u>
Balance, December 31, 2019	12,084,494	2,436,932	14,521,426
Deficit of revenues over expenses	(89,777)	-	(89,777)
Equity transfer from the Club	1,510,251	-	1,510,251
Amounts contributed to designated asset replacement and repair	<u>(808,309)</u>	<u>808,309</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 12,696,659</u>	<u>\$ 3,245,241</u>	<u>\$ 15,941,900</u>

The Cypress of Charlotte Owners' Association, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Excess (deficit) of revenues over expenses	\$ (89,777)	\$ 21,574
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:		
Loss on disposal of property and equipment	-	19,523
Depreciation	656,797	638,736
Loss (gain) on assets limited as to use	<u>152,790</u>	<u>(218,394)</u>
Net cash provided by operating activities	<u>719,810</u>	<u>461,439</u>
Cash flows from investing activities:		
Purchase of assets limited as to use	(961,099)	(332,129)
Net proceeds (advances) from (to) the Club	(473,939)	327,302
Purchase of property and equipment	<u>(803,210)</u>	<u>(794,675)</u>
Net cash used by investing activities	<u>(2,238,248)</u>	<u>(799,502)</u>
Cash flows from financing activities:		
Transfers from the Club	<u>1,510,251</u>	<u>301,102</u>
Net cash provided by financing activities	<u>1,510,251</u>	<u>301,102</u>
Net decrease in cash	(8,187)	(36,961)
Cash, beginning of year	<u>14,095</u>	<u>51,056</u>
Cash, end of year	<u>\$ 5,908</u>	<u>\$ 14,095</u>
Supplemental disclosure of cash flow information:		
Income taxes paid	<u>\$ 5,242</u>	<u>\$ 37,764</u>
Supplemental disclosure of noncash investing activities:		
Property and equipment included in accounts payable	<u>\$ 5,800</u>	<u>\$ 76,681</u>

Notes to Financial Statements

1. Nature of Business and Significant Accounting Policies

Nature of business

The Cypress of Charlotte Owners' Association, Inc. (the "Association") and The Cypress of Charlotte Club, Inc. (the "Club") are collectively referred to as The Cypress of Charlotte (the "Cypress"). The Association was created in accordance with the North Carolina Condominium Act to maintain and preserve the common property of The Cypress. The Association's revenue is generated primarily through member assessments from condominium owners in the retirement community. The Club provides the Association with all services related to the Association's stewardship over the common property of the Association.

The Cypress is a continuing care retirement community with 310 dwelling units located in Charlotte, North Carolina. The Club was organized as a nonprofit corporation under the laws of the State of North Carolina to manage operations of The Cypress. The Club and the Association engage in various transactions with an affiliate, The Cypress of Charlotte, LLC (the "Company") and with each other. The Company is the entity that originally planned, designed and built The Cypress.

A summary of the Association's significant accounting policies follows:

Cash and cash equivalents

For the purpose of reporting cash flows, the Association considers all highly-liquid investments with an original maturity of three months or less from the date of acquisition that are not included in assets whose use is limited to be cash equivalents.

Assets limited as to use

Assets limited as to use include assets set aside by the Board of Directors for future replacements of common property over which the Board retains control and may, at their discretion, subsequently use for other purposes.

Assets limited as to use include investments in debt and equity securities that have readily determinable fair values. Changes in the fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying statements of revenues and expenses. In determining realized gains and losses, the cost of investments is determined using the specific-identification method.

The Association's investments potentially subject it to market risks and concentrations of credit risk. The Association maintains various types of investments that encompass many different companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. The Association retains investment managers who actively buy and sell securities within the Association's guidelines and who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Association invests.

Property and equipment

Furniture, fixtures and equipment are depreciated using the straight-line method over estimated useful lives of five to seven years. Buildings and improvements are depreciated over estimated useful lives of 7 to 39 years.

The Association, in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 972-360, Common Interest Realty Associations - Property, Plant and- Equipment, does not recognize as assets real property directly associated with the members' units. The Clubhouse and Health Center are recognized as assets because they generate significant cash flows.

The Cypress of Charlotte Owners' Association, Inc.
Notes to Financial Statements

The Association does not recognize as assets any other common property regardless of title or other forms of ownership. The Association capitalizes furnishings, vehicles and equipment to which it has title or other evidence of ownership. Capitalized assets are recorded at cost, while assets contributed by the developer are recorded at estimated fair value at the date of the contribution.

The Association periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. During the years ended December 31, 2020 and 2019, no impairment indicators were identified.

Revenue recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" along with subsequently issued clarifying ASUs. The guidance affects an entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principle of the guidance is that an entity should recognize revenue to depict 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. ASU 2014-09 allows either full retrospective adoption, meaning the standard is applied to all periods presented, or modified retrospective adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Association adopted the provisions of ASU 2014-09 effective January 1, 2020 using the modified retrospective method. Based on the Association's evaluation process and review of its contracts with residents, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenue as a result of the adoption of ASU 2014-09.

Activities are accounted for using the accrual basis of accounting, whereby revenue is recognized when earned. Therefore, member assessments are recognized as revenue in the period covered by the billing. First time fees are a one-time/nonrefundable fee for services related to preparing the unit for the new resident, recognized when the resident contracts to acquire the unit and services to prepare the unit are performed. The Association believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Income tax status

Homeowners associations may be taxed either as membership organizations or as regular corporations. For the years ended December 31, 2020 and 2019, the Association was taxed as a membership organization. As a membership organization, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

The Association follows the provisions of ASC 740-10 and has determined that there were no uncertain tax positions requiring recognition as of December 31, 2020 and 2019. At December 31, 2020, the Association has a federal and state tax refund of \$32,091 and \$4,026, respectively. At December 31, 2019, the Association has a federal and state tax refund of \$16,486 and \$2,265, respectively.

Use of Estimates

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

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes Topic 840, *Leases*. ASU 2016-02 requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less for which there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and should recognize lease expense for such leases generally on a straight-line basis over the lease term. Certain qualitative disclosures along with specific quantitative disclosures will be required, so that users are able to understand more about the nature of an entity's leasing activities. In response to the COVID-19 pandemic, in June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 by one year. ASU 2016-02, as deferred by ASU 2020-05, will be effective for fiscal years beginning after December 15, 2021, and early adoption is permitted. At transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients related to the identification and classification of leases that commenced before the effective date of ASU 2016-02. An entity that elects to use the practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The Association is currently evaluating the effect the adoption of this standard will have on its financial statements.

Subsequent Events

The Association has evaluated its subsequent events through May 26, 2021, the date the financial statements were available to be issued.

2. Assets Limited As To Use

Assets limited as to use at December 31, 2020 and 2019, are set forth in the following table:

	<u>2020</u>	<u>2019</u>
Internally designated for reserve for replacement:		
Money market funds	\$ 1,648,229	\$ 686,502
Corporate debt securities	205,120	207,704
Mutual funds	<u>1,391,892</u>	<u>1,542,726</u>
	<u>\$ 3,245,241</u>	<u>\$ 2,436,932</u>

The Cypress of Charlotte Owners' Association, Inc.
Notes to Financial Statements

The following schedule summarizes the investment income (loss) for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 58,894	\$ 64,997
Unrealized investment gains (losses)	<u>(152,790)</u>	<u>218,394</u>
Total investment income (loss)	<u>\$ (93,896)</u>	<u>\$ 283,391</u>

3. Property and Equipment

At December 31, 2020 and 2019, the components of the Association's property and equipment are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 740,887	\$ 740,887
Construction in progress	609,398	382,245
Building and improvements	18,341,041	17,759,184
Furniture, fixtures and equipment	<u>321,729</u>	<u>321,729</u>
	20,013,055	19,204,045
Less accumulated depreciation	<u>7,322,304</u>	<u>6,665,507</u>
	<u>\$ 12,690,751</u>	<u>\$ 12,538,538</u>

4. Transactions With Affiliates and Management Company and Loan Guaranty

The Association engages in various transactions with affiliates, the Company and the Club. Pursuant to the agreement between the Association and the Club, as well as the Membership Agreement between each member, the Club and the Company, the Company receives a management fee (overhead payment) based on 10% of the adjusted operating costs of the Association. For the years ended December 31, 2020 and 2019, the management fees were \$449,346 and \$432,956, respectively. There were no management fees payable to the Company at December 31, 2020 and 2019.

The Club manages commonly owned property of the Association. The Club also retains Life Care Services, LLC (Life Care) for their expertise in continuing care retirement communities to assist in managing the Club and the Association. The agreement dated March 26, 2014 expired on March 26, 2019 and was subsequently renewed for 60 months expiring March 27, 2024, unless sooner terminated in accordance with the agreement. For the years ended December 31, 2020 and 2019, the Club allocated expenses of \$181,584 and \$178,269, respectively, representing the Association's share of costs related to the contract with Life Care.

The Club provides the Association with all services related to the Association's stewardship over the common property of the Association. Accordingly, the Club allocates income and expenses incurred to perform these functions to the Association. The allocation is based on management's estimate of the percentage of each income and expense category incurred on behalf of the Association. These estimates are adjusted annually based on historical data. For the years ended December 31, 2020 and 2019, member fee income and all of the Association's housekeeping, plant and general and administrative expenses were allocated from the Club. The Club also transferred \$902,505 and \$267,717 to the Association's Reserve for Replacements for the years ended December 31, 2020 and 2019, respectively. A receivable or liability is then recorded for the net amount allocated to the Club. The amount due to the Club after the allocation of income and expenses was \$468,139 at December 31, 2019.

There was no amount due to the Club at December 31, 2020. For the year ended December 31, 2020, the Club contributed \$600,000 to the Association to reimburse for expenses paid on the Club's behalf and the Club forgave the amount due from the Association of \$910,251. These transactions are recorded as equity transfers in the financial statements. For the year ended December 31, 2019, the Club contributed \$209,757 to the Association to reimburse for expenses paid on the Club's behalf. This transaction is recorded as an equity transfer in the financial statements.

During the year ended December 31, 2017, the Association entered into a construction contract with an unrelated party, in the amount of \$3,300,000 (including change orders) for the reconstruction of the indoor pool facility. The Company contributed \$1,500,000 in 2017 towards the funding of the construction project. Additionally, the Association utilized \$2,000,000 from the reserve for replacement account to fund the construction project. The project was completed in 2018 and the Association members began making contributions to the reserve for replacement account. The Association members contributed \$237,324 during 2020 and 2019, respectively, including interest, and anticipate making monthly payments of \$19,777 over a ten year period to replenish the reserve.

5. Future Repairs and Replacements

As of December 31, 2020, there were no statutory requirements that the Association accumulate funds for future repairs and replacements and land acquisitions. Management of the Association conducted a study in 2018 to estimate the remaining useful lives of the components of common properties and to estimate the costs of future major repairs and replacements. The current policy is that these expenses will be paid from current amounts on hand in designated and undesignated accounts; special assessments may be levied, as required, after utilizing these designated funds or funds may be borrowed.

The Board has designated amounts for the Reserve for Replacement fund based on actual or budgeted surpluses occurring annually. Estimated future replacement costs and actual expenditures may vary materially from amounts set aside in the Reserve for Replacement assets. There were no special assessments in 2020 and 2019 for major repairs and replacements.

6. Fair Value of Financial Instruments

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GAAP are described below:

- Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date. The quoted price for these investments is not adjusted, even in situations where the Association holds a large position and a sale could reasonably be expected to impact the quoted price.
- Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and the fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, certain over-the-counter derivatives and certain general and limited partnership and membership interests in funds that calculate net asset value per share, or its equivalent. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

The Cypress of Charlotte Owners' Association, Inc.
Notes to Financial Statements

Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Association has various processes and controls in place to ensure that fair value is reasonably estimated.

Following is a description of the valuation methodologies used for assets measured at fair value subsequent to initial recognition. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

During the years ended December 31, 2020 and 2019, there were no changes to the Association's valuation techniques that had, or are expected to have, a material impact on its balance sheets or results of operations.

Mutual funds

Securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Corporate debt securities

The fair value of corporate debt securities is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads and fundamental data relating to the issuer. Corporate debt securities are categorized in Level 2 of the fair value hierarchy when these securities are not actively traded on the valuation date and valuation adjustments are applied.

The tables below present the balances of financial instruments measured at fair value on a recurring basis by level within the hierarchy at December 31, 2020 and 2019:

	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets limited as to use,				
Reserve for replacements:				
Corporate debt securities	\$ 205,120	\$ -	\$ -	\$ 205,120
Mutual funds	<u>1,391,892</u>	<u>-</u>	<u>-</u>	<u>1,391,892</u>
	<u>\$ 1,597,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,597,012</u>

The Cypress of Charlotte Owners' Association, Inc.
Notes to Financial Statements

	Fair Value Measurements as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets limited as to use,				
Reserve for replacements:				
Corporate debt securities	\$ 207,704	\$ -	\$ -	\$ 207,704
Mutual funds	<u>1,542,726</u>	<u>-</u>	<u>-</u>	<u>1,542,726</u>
	<u>\$ 1,750,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,750,430</u>

The Association has \$1,648,229 and \$686,502 of cash and cash equivalents as of December 31, 2020 and 2019, respectively, which were not classified as a level.

7. COVID-19 Pandemic

In response to the global coronavirus disease (COVID-19) pandemic across the United States, the federal government and a large number of state governments have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including limitations on public gatherings, wearing of masks in public, and restrictions on restaurant and other businesses operating capacity.

The changing global economic conditions or potential global health concerns surrounding the COVID-19 pandemic may affect the Cypress' partners, suppliers, distributors and payors, potentially disrupting or delaying the Cypress' supply chain and delaying reimbursement by governmental, commercial or private payors, as well as impacting their creditworthiness and ability to pay. At this time, it is not possible to accurately predict the significance of the duration of the COVID-19 pandemic, the impact on operating loss, the costs associated with responding to this pandemic, or what federal funds may continue be made available to help recover from this crisis.

In addition to the direct impact to the health care industry, global investment and financial markets 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 Cypress expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

Although the Cypress has activated plans to address the COVID-19 threat, the potential impact of the COVID-19 pandemic is difficult to predict and could materially adversely impact the Cypress' financial condition, liquidity and results of operations in the future.

8. Subsequent Events

The Cypress is expanding the Health Center, including a dedicated Assisted Living neighborhood and Clinic. The project began in February 2020 and has a projected completion date in spring 2022. The project will increase the number of beds from the current 60 to 79, 65 of which will be licensed as skilled beds (including up to 20 of which that may be used for Memory Care), and 14 of which will be licensed as assisted living beds. The project will also include a Clinic, a new physical, occupational and speech therapies wing, and expansion/renovation of the main kitchen, dining rooms, and other common activities and support areas.

The Cypress of Charlotte Owners' Association, Inc.
Notes to Financial Statements

In January 2021 The Cypress entered into a \$10 Million promissory note with Towne Bank to finance the project. The note bears interest at 3.75% and matures in January 2036. Interest only payments are due during construction, through April 2022. The note is secured not by the real estate, but by a pledge of the operating cash flows of The Club and Condominium. It is projected that such cash flows, increased by the additional number of health center beds and increased daily rates from the state-of-the-art facility, agreed-to and voted-on by The Cypress Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Condominium owners, by vote, have agreed to the Condominium's assessment mechanism in the Declaration of Condominium to fund debt service.

A Certificate of Need for the additional 19 beds was received from the North Carolina Department of Health and Human Services in October of 2019.



Supplementary Information

The Cypress of Charlotte Owners' Association, Inc.
 Future Major Repairs and Replacements (Unaudited)
 December 31, 2020

Management engaged a consultant to perform a study in 2018 to estimate the remaining useful lives and the replacement costs of the components of common property over a 20-year period. The estimates were based on estimated current replacement costs. Funding requirements do not consider an annual rate of inflation or interest on amounts funded for future major repairs and replacements.

The following table is based on the study and presents significant information about the components of common property.

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2021 Funding Requirements
Total site development	2-34	\$ 2,523,882	\$ 64,500
Building structures and systems	2-36	6,309,005	197,080
Building mechanical equipment	2-36	1,338,731	25,200
Common area interior and finishes	2-34	2,188,347	59,002
Unit improvements	2-19	12,230,886	810,339
Furniture, fixtures and equipment	2-18	<u>4,370,305</u>	<u>169,076</u>
Total		<u>\$ 28,961,156</u>	<u>\$ 1,325,197</u>
Members' equity, designated asset replacement and repair			<u>\$ 3,245,241</u>

The Cypress of Charlotte Owners' Association, Inc.
Reserve for Replacement Reconciliation
December 31, 2020

Beginning of year per audited financial statements:	\$	2,436,932
Interest and dividends earned		58,894
Transfer to the reserve for replacement fund from the Club		902,505
Investment fees paid during the year		(300)
Change in fair market value of assets limited as to use		<u>(152,790)</u>
End of year per audited financial statements	\$	<u>3,245,241</u>
Other investment account activities:		
Investments purchased	\$	961,099
Investment income reinvested		58,894

The Cypress of Charlotte Club, Inc.



Financial Statements

Years Ended December 31, 2020 and 2019



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Independent Auditors' Report

To the Board of Directors
The Cypress of Charlotte Club, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Cypress of Charlotte Club, Inc. (a nonprofit organization), which are comprised of the balance sheets as of December 31, 2020 and 2019, the related statements of operations and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of The Cypress of Charlotte Club, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter- New Accounting Pronouncement

As discussed in Note 1 to the financial statements, during the year ended December 31, 2020, The Cypress of Charlotte Club, Inc. 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 in respect to this matter.

Dixon Hughes Goodman LLP

Charlotte, NC
May 26, 2021

The Cypress of Charlotte Club, Inc.
Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 334,570	\$ 610,361
Accounts receivable, net	971,960	1,037,986
Due from affiliates	-	61,650
Inventory	97,227	115,613
Prepaid expenses	303,103	293,371
Total current assets	<u>1,706,860</u>	<u>2,118,981</u>
Assets limited as to use:		
Internally designated for Department of Insurance operating reserve	2,340,631	2,368,867
Other investments	25,000	25,000
Property and equipment, net	657,066	646,668
Refundable deposits	62,035	62,035
Due from the Association	-	468,139
	<u>3,084,732</u>	<u>3,570,709</u>
Total assets	<u>\$ 4,791,592</u>	<u>\$ 5,689,690</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 543,332	\$ 675,685
Due to affiliate	7,254	9,105
Accrued expenses	1,151,387	1,041,947
COVID-19 testing advance	59,500	-
Due to homeowners	15,609	42,937
Current portion of capital lease obligations	58,672	73,633
Current portion of notes payable	17,025	3,887
Total current liabilities	<u>1,852,779</u>	<u>1,847,194</u>
Capital lease obligations, less current portion	2,401	61,073
Notes payable - long term	58,727	21,548
Total non current liabilities	<u>61,128</u>	<u>82,621</u>
Total liabilities	<u>1,913,907</u>	<u>1,929,815</u>
Net assets:		
Without member restrictions	<u>2,877,685</u>	<u>3,759,875</u>
Total liabilities and net assets	<u>\$ 4,791,592</u>	<u>\$ 5,689,690</u>

The Cypress of Charlotte Club, Inc.
 Statements of Operations and Changes in Net Assets (Without Member Restrictions)
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues and gains:		
Member fees	\$ 10,092,532	\$ 10,523,502
Health Center	4,265,278	4,479,247
Home Health	4,169,180	4,303,631
Provider relief and COVID-19 testing funding	508,805	-
Investment income, net	4,436	6,443
Other	(7,364)	(38,293)
Total revenues and gains	<u>19,032,867</u>	<u>19,274,530</u>
Expenses:		
Food and beverage	4,672,218	5,159,938
Health Center	4,154,275	3,874,454
Home Health	3,369,424	3,419,601
Plant	964,716	932,146
Resident services	368,560	291,152
Housekeeping	966,850	919,706
General and administrative	2,632,543	2,271,640
Management fee	1,690,398	1,628,740
Depreciation	185,822	217,638
Total expenses	<u>19,004,806</u>	<u>18,715,015</u>
Excess of revenues and gains over expenses	28,061	559,515
Net assets:		
Beginning	3,759,875	2,435,799
Equity transfer from the Cypress of Charlotte LLC	600,000	1,065,663
Equity transfer (to) from the Association	<u>(1,510,251)</u>	<u>(301,102)</u>
Ending	<u>\$ 2,877,685</u>	<u>\$ 3,759,875</u>

The Cypress of Charlotte Club, Inc.
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020		
	Program Services	Management and General	Total
Salaries and benefits	\$ 9,636,279	\$ 1,487,451	\$ 11,123,730
Payroll taxes	721,236	56,964	778,200
Fees for services	825,931	1,661,624	2,487,555
Office expenses	501,995	232,752	734,747
Information technology	12,416	202,967	215,383
Occupancy	425,131	23,343	448,474
Travel	3,151	3,822	6,973
Conferences, conventions, and meetings	19,827	2,982	22,809
Interest	62,210	143	62,353
Depreciation	185,822	-	185,822
Insurance	-	313,209	313,209
Food	1,509,818	-	1,509,818
Supplies	822,314	30,412	852,726
Activities	47,042	-	47,042
Medical supplies	125,498	-	125,498
Other expenses	-	90,467	90,467
	\$ 14,898,670	\$ 4,106,136	\$ 19,004,806

	2019		
	Program Services	Management and General	Total
Salaries and benefits	\$ 9,735,112	\$ 1,240,328	\$ 10,975,440
Payroll taxes	710,774	50,786	761,560
Fees for services	899,305	1,678,727	2,578,032
Office expenses	468,183	227,978	696,161
Information technology	-	191,491	191,491
Occupancy	383,573	35,193	418,766
Travel	8,990	18,726	27,716
Conferences, conventions, and meetings	17,786	5,306	23,092
Interest	61,242	9,589	70,831
Depreciation	217,638	-	217,638
Insurance	-	289,067	289,067
Food	1,649,131	-	1,649,131
Supplies	486,670	17,860	504,530
Activities	128,972	-	128,972
Medical supplies	96,300	-	96,300
Other expenses	-	86,288	86,288
	\$ 14,863,676	\$ 3,851,339	\$ 18,715,015

See accompanying notes.

The Cypress of Charlotte Club, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 28,061	\$ 559,515
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	185,822	217,638
Loss on sale of property and equipment	7,864	38,348
Bad debt expense	90,467	86,288
Change in operating assets and liabilities:		
Accounts receivable	(24,441)	(101,926)
Due from and to affiliates	59,799	(1,116,208)
Inventories	18,386	(20,601)
Prepaid expenses	(9,732)	(56,687)
COVID-19 testing advance	59,500	-
Accounts payable	(142,224)	(231,065)
Due to homeowners	(27,328)	6,482
Accrued expenses	109,440	303,167
Net cash provided by (used by) operating activities	<u>355,614</u>	<u>(315,049)</u>
Cash flows from investing activities:		
Purchase of assets limited as to use	(204,007)	(222,887)
Proceeds from sale of assets limited as to use	232,243	187,303
Purchase of property and equipment	<u>(135,255)</u>	<u>(100,229)</u>
Net cash used by investing activities	<u>(107,019)</u>	<u>(135,813)</u>
Cash flow from financing activities:		
Transfers from (repayments) to the Association	(1,036,312)	(628,404)
Net payments of principal on capital lease obligations	(73,633)	(70,485)
Net payments on long-term debt	(14,441)	(3,693)
Equity transfer from the Cypress of Charlotte LLC	600,000	1,065,663
Net cash provided by (used by) financing activities	<u>(524,386)</u>	<u>363,081</u>
Net change in cash and cash equivalents	<u>(275,791)</u>	<u>(87,781)</u>
Cash and cash equivalents, beginning of year	<u>610,361</u>	<u>698,142</u>
Cash and cash equivalents, end of year	<u>\$ 334,570</u>	<u>\$ 610,361</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 143</u>	<u>\$ 9,589</u>
Supplemental disclosure of noncash investing activities:		
Property and equipment included in accounts payable	<u>\$ 4,071</u>	<u>\$ 22,991</u>
Supplemental disclosure of noncash financing activities:		
Acquisition of equipment through notes payable	<u>\$ 64,758</u>	<u>\$ -</u>

Notes to Financial Statements

1. Nature of Business and Significant Accounting Policies

Nature of business

The Cypress of Charlotte Club, Inc. (the "Club") and The Cypress of Charlotte Owners' Association, Inc. (the "Association") are collectively referred to as The Cypress of Charlotte (the "Cypress"). The Club was organized as a nonprofit corporation under the laws of the state of North Carolina to manage the various membership functions of The Cypress that are included in each owner's Membership Agreement. The Club provides the Association with all services related to the Association's stewardship over the common property of the Association. The Club manages the commonly owned property of The Cypress as well as the services provided by the clubhouse and health center.

The Cypress is a continuing care retirement community with 310 dwelling units located in Charlotte, North Carolina. The Association was created in accordance with the North Carolina Condominium Act to maintain and preserve the common property of The Cypress. The Club and the Association engage in various transactions with an affiliate, The Cypress of Charlotte, LLC (the "Company") and with each other. The Company is the entity that originally planned, designed and built The Cypress.

A summary of the Club's significant accounting policies follows:

Basis of presentation

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenues and expenses are classified based on the existence or absence of member-imposed restrictions. Net assets and changes therein are classified and reported as follows:

Net assets without member restrictions – Net assets that are not subject to member-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Club's management and the board of directors.

Net assets with member restrictions – Net assets subject to stipulations imposed by members and grantors. Some member restrictions are temporary in nature; those restrictions will be met by actions of the Club or by the passage of time. Other member restrictions are perpetual in nature, whereby the member has stipulated the funds be maintained in perpetuity. The Club did not have any net assets with member restrictions in 2020 or 2019.

Member restricted contributions are reported as increases in net assets with member restrictions. When a restriction expires, net assets are reclassified from net assets with member restrictions to net assets without member restrictions in the statements of operations.

Cash and cash equivalents

For the purpose of reporting cash flows, the Club considers all highly-liquid investments with an original maturity of three months or less from the date of acquisition that are not included in assets whose use is limited to be cash equivalents. The Club maintains its cash and cash equivalents in bank deposit accounts which may, at times, exceed federally insured limits. The Club has not experienced any financial loss related to such deposits and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Accounts receivable

The Club records accounts receivable at total unpaid balance. The Club determines past-due status of individual accounts receivable based on the terms of the original contract (or based on how recently payments have been made, for example). The Club estimates an allowance for doubtful accounts based on a combination of factors, including the Club's historical loss experience and any anticipated effects related to current economic conditions, as well as management knowledge of the current composition of accounts receivable. Delinquent accounts are written off when deemed uncollectible. The Club's allowance for doubtful accounts at December 31, 2020 and 2019 was \$41,084 and \$19,544, respectively.

Inventory

The Club values its inventories at the lower of cost (average cost method) or market.

Prepaid expenses

Prepaid expenses consist of prepaid insurance, which is amortized over the periods to which it applies.

Assets limited as to use

Assets limited as to use include assets set aside by the Board of Directors for North Carolina General Statute reserve requirements, over which the Board retains control.

Assets limited as to use include investments in debt and equity securities that have readily determinable fair values. Changes in the fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying statements of operations and changes in net assets. In determining realized gains and losses, the cost of investments is determined using the specific-identification method.

The Club's investments potentially subject it to market risks and concentrations of credit risk. The Club maintains various types of investments that encompass many different companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. The Club retains investment managers who actively buy and sell securities within the Club's guidelines and who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Club invests.

Property and equipment

Depreciation is provided over the estimated useful life, ranging from three to ten years, of each class of depreciable assets and is computed using the straight-line method. The Club capitalizes furnishings, vehicles and equipment to which it has title or other evidence of ownership. Capitalized assets are recorded at cost, while assets contributed by the developer are recorded at estimated fair value at the date of the contribution.

The Club periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. During the years ended December 31, 2020 and 2019, no impairment indicators were identified.

Revenue recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” along with subsequently issued clarifying ASUs. The guidance affects an entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principle of the guidance is that an entity should recognize revenue to depict 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. ASU 2014-09 allows either full retrospective adoption, meaning the standard is applied to all periods presented, or modified retrospective adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Club adopted the provisions of ASU 2014-09 effective January 1, 2020 using the modified retrospective method. Based on the Club’s evaluation process and review of its contracts with residents, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenue as a result of the adoption of ASU 2014-09.

Revenue is measured as the amount of consideration the Club expects to receive in exchange for transferring services. Member fees are recorded on the accrual basis of accounting and represent amounts charged to residents under the terms of the Membership Agreement. Health Center and Home Health revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Revenues under third-party payor agreements are 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. The Club believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Provider Relief Funding

The Cypress has received provider relief funding under the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. These relief funds are considered non-exchange transactions subject to eligibility terms and conditions specified by the resource provider distributed by the Health Resources Service Administration (HRSA) section of the U.S. Department of Health and Human Services (HHS). These conditions create an eligibility requirement that such funds must be used to prevent, prepare or respond to COVID-19. This grant revenue is recognized as other operating income within revenues and gains to the extent terms and conditions/restrictions are met for allowable coronavirus related expenses or lost revenues. Such funds are subject to recoupment.

Income tax status

The Club is a nonprofit organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. Management has evaluated the Club’s tax positions and concluded that the Club has taken no uncertain tax positions that require adjustment to the financial statements.

The Club files as a tax-exempt organization. Because management has not identified unrelated business income in past years, the Club has not filed Form 990-T, *Exempt Organization Business Income Tax Returns*. Management is not aware of any activities that would jeopardize the tax-exempt status of the Club. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for the Club.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the Club's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes Topic 840, *Leases*. ASU 2016-02 requires a lessee to recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less for which there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and should recognize lease expense for such leases generally on a straight-line basis over the lease term. Certain qualitative disclosures along with specific quantitative disclosures will be required, so that users are able to understand more about the nature of an entity's leasing activities. In response to the COVID-19 pandemic, in June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 by one year. ASU 2016-02, as deferred by ASU 2020-05, will be effective for fiscal years beginning after December 15, 2021, and early adoption is permitted. At transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients related to the identification and classification of leases that commenced before the effective date of ASU 2016-02. An entity that elects to use the practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The Club is currently evaluating the effect the adoption of this standard will have on its financial statements.

Subsequent Events

The Club has evaluated its subsequent events through May 26, 2021, the date the financial statements were available to be issued.

2. Revenue Recognition

The Club disaggregates its revenue from contracts with customers by payor source, as the Club believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below for the year ended December 31, 2020:

	<u>Member Fees</u>	<u>Health Center</u>	<u>Home Health</u>	<u>Total</u>
Private pay and commercial	\$ 10,092,532	\$ 3,743,657	\$ 4,169,180	\$ 18,005,369
Government reimbursement	-	521,621	-	521,621
Total	<u>\$ 10,092,532</u>	<u>\$ 4,265,278</u>	<u>\$ 4,169,180</u>	<u>\$ 18,526,990</u>

3. Availability and Liquidity

The following represents the Club's financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 334,570	\$ 610,361
Accounts receivable, net	971,960	1,037,986
Due from affiliates	-	61,650
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,306,530</u>	<u>\$ 1,709,997</u>

The Club's goal is generally to maintain financial assets to meet 90 days of operating expenses.

4. Assets Limited As To Use

Assets limited as to use at December 31, 2020 and 2019, are set forth in the following table.

	<u>2020</u>	<u>2019</u>
Internally designated for Department of Insurance operating reserve:		
Money market funds	<u>\$ 2,340,631</u>	<u>\$ 2,368,867</u>

5. Inventory

Inventory at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Food and beverage	\$ 57,896	\$ 60,374
Housekeeping supplies	3,324	3,200
Nursing supplies	9,388	15,326
Plant supplies	<u>26,619</u>	<u>36,713</u>
	<u>\$ 97,227</u>	<u>\$ 115,613</u>

6. Property and Equipment

The components of the Club's property and equipment at December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures and equipment	\$ 1,779,242	\$ 1,811,007
Vehicles	797,784	720,274
	<u>2,577,026</u>	<u>2,531,281</u>
Less accumulated depreciation, including amortization	<u>1,919,960</u>	<u>1,884,613</u>
	<u>\$ 657,066</u>	<u>\$ 646,668</u>

7. Long-Term Debt

The Club entered into a variable promissory note agreement in 2018 for laundry equipment. The note agreement was revised in 2020 and now has a remaining term of 54 months at an implied annual interest rate of 5.25%, with monthly payments of \$451. The Club entered into two additional note agreements in 2020 for laundry equipment and a vehicle. The new laundry equipment note agreement has a remaining term of 50 months at an implied annual interest rate of 5.49%, with monthly payments of \$313. The vehicle note agreement has a remaining life of 50 months at an implied annual interest rate of 1.90%, with monthly payments of \$857.

Annual future maturities under the notes payable obligations as of December 31, 2020, are as follows:

Years ending December 31:

2021	\$	17,025
2022		17,628
2023		18,254
2024		18,907
2025		<u>3,942</u>
	\$	<u>75,752</u>

8. Leases

Operating leases

The Club leases certain equipment from third parties which require minimum monthly rental payments. Total minimum lease commitments under operating leases at December 31, 2020, are as follows:

Years ending December 31:

2021	\$	64,078
2022		56,046
2023		56,046
2024		21,587
2025		<u>1,693</u>
	\$	<u>199,450</u>

Rent expense for the years ended December 31, 2020 and 2019, was \$72,551 and \$73,201, respectively.

Capital leases

The Club has four lease obligations at December 31, 2020 which have been classified as capital leases. Three of these lease arrangements are for vehicles, having remaining terms of 10 months at an implied annual interest rate of 4.375%, while the fourth lease arrangement is for wheelchair washers with remaining terms of 23 months at an implied annual interest rate of 4.5%. Monthly payments on these lease obligations range from \$223 to \$4,924. The leases are collateralized by the related assets with a carrying value of approximately \$79,000 and \$152,000 as of December 31, 2020 and 2019, respectively.

Annual future minimum lease obligations under capital leases as of December 31, 2020, are as follows:

Years ending December 31:

2021	\$ 59,905
2022	<u>2,456</u>
Total minimum lease payments	62,361
Less amount representing interest	<u>1,288</u>
Present value of minimum lease obligations	61,073
Less current portion	<u>58,672</u>
Long-term portion of capital lease obligations	<u>\$ 2,401</u>

9. Transactions With Affiliates and Management Company

Pursuant to the Management Agreement entered into between the Club and the Company, as well as the Membership Agreement between each member, the Club and the Company, the Company receives a management fee (overhead payment) from the Club based on 10% of the adjusted operating costs of the Club. For the years ended December 31, 2020 and 2019, the management fees (overhead payment) totaled \$1,690,398 and \$1,628,740, respectively. During the year ended December 31, 2020, the Company contributed \$600,000 to the Club and the Club forgave the amount due from the Association of \$910,251. These transactions are recorded as equity transfers in the financial statements. During the year ended December 31, 2019, the Company forgave the amount due from the Club for 2017 and 2018 management fees of \$1,065,663. The transaction is recorded as an equity transfer in the financial statements. Separately, the Company reimburses the Club when the Club processes operating transactions on the Company's behalf. The amount due from the Company for reimbursable transactions was \$61,650 at December 31, 2019. There was no amount due from the Company for reimbursable transactions at December 31, 2020.

The Club provides the Association with all services related to the Association's stewardship over the common property of the Association. Accordingly, the Club allocates income and expenses incurred in performance of these functions to the Association. The allocation is based on management's estimate of the percentage of each income and expense category incurred on behalf of the Association. These estimates are adjusted annually based on historical data. For the years ended December 31, 2020 and 2019, fee income and all the Association's housekeeping, plant and general and administrative expenses were allocated from the Club. The Club also transferred approximately \$902,000 and \$268,000 to the Association's Reserve for Replacements for the years ended December 31, 2020 and 2019, respectively. A receivable or liability is then recorded for the net amount allocated to the Association. The amount due from the Association after the allocation of income and expenses was \$468,139 at December 31, 2019. There was no amount due from the Association at December 31, 2020. For the year ended December 31, 2020 the Club contributed \$600,000 to the Association to reimburse for expenses paid on the Club's behalf. For the year ended December 31, 2019 the Club contributed \$209,757 to the Association to reimburse for expenses paid on the Club's behalf. These transactions are recorded as an equity transfer in the financial statements.

The Club retains Life Care Services, LLC (Life Care) for their expertise in continuing care retirement communities to assist in managing the Club. The agreement dated March 26, 2014 expired on March 26, 2019 and was subsequently renewed for 60 months expiring March 27, 2024, unless sooner terminated in accordance with the agreement. For the years ended December 31, 2020 and 2019, amounts paid to Life Care totaled \$1,314,037 and \$996,102, respectively. For the years ended December 31, 2020 and 2019, the Club allocated expenses of \$181,584 and \$178,269, respectively, representing the Association's share of costs related to the contract with Life Care.

10. Retirement Plan

The Club sponsors a 401(k) retirement savings plan for all eligible employees. Employees are eligible to participate in the plan upon attaining the age of 21 years, completing one year of active service, and having worked at least 1,000 hours in a given year. Employees may invest up to 20% of regular, non-overtime income into the plan. The Club will match 50% of the first 4% of an employee's savings. Employees are 100% vested in the portion they contribute to the plan. The Club matching funds are vested over a five-year period.

Retirement expense for the plan was approximately \$73,000 and \$88,000 for the years ended December 31, 2020 and 2019, respectively.

11. Regulatory Matters

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 Statutes. 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. These reserves are to be used for the benefit of the Club in the event of emergencies or unexpected shortfalls. The facility had occupancy greater than 90% at December 31, 2020.

To meet this obligation, at closing, the Club requires that each purchaser shall be responsible for paying a reserve deposit of \$7,500 to the Club. So long as it is not necessary for the Club to use proceeds or assets from the reserve account, interest and/or dividends shall be paid to each purchaser on a pro rata basis in February of each year. For the years ended December 31, 2020 and 2019, the Club did not use proceeds or assets from the reserve account and the balance of interest and dividends is shown as due to homeowners.

Each subsequent purchaser shall be obligated to pay \$7,500 into the reserve account, so that upon resale of the unit, any unused portion of the \$7,500 deposit shall be returned to the original purchaser plus accrued but unpaid interest on the related deposit through the date of closing.

Based on the Club's 2021 forecasted statements, the required operating reserve is \$4,824,299 at December 31, 2020. The balance held in the restricted investment account was \$2,340,631 at December 31, 2020. The North Carolina Department of Insurance had no objection to the proposal that The Cypress be permitted to fund any shortfalls in the Department of Insurance Operating Reserve with funds from the Association's Reserve for Replacements, which had a balance of \$3,245,241 at December 31, 2020. During the year ended December 31, 2017, the Association utilized \$2,000,000 from the Reserve for Replacement account to fund a construction project. The Association members have guaranteed annual contributions to the Reserve for Replacement account over a ten-year period to replenish the reserve. The construction project was completed in 2018 and the Association members began making contributions to the Reserve for Replacement account. At December 31, 2020, the remaining amount due to the Association from the members is \$1,471,532, which will offset any shortfalls in the Department of Insurance Operating Reserve.

12. Concentration of Credit Risk

The Club grants credit without collateral to its residents, some of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2020 and 2019, was as follows:

	<u>2020</u>	<u>2019</u>
Self-pay	63%	54%
Medicare	28%	37%
Other third-party payors	<u>9%</u>	<u>9%</u>
Totals	<u>100%</u>	<u>100%</u>

13. Contingencies

Medical malpractice

The Club's malpractice insurance coverage is on a claims-made basis with limits of \$1,000,000 for each claim and \$3,000,000 in the aggregate. The Club's commercial general liability coverage also has limits of \$1,000,000 for each claim and \$3,000,000 in the aggregate. In addition, the Club has an umbrella liability policy with excess coverage limits of \$10,000,000 per incident and \$50,000,000 in the aggregate. Should the Club not renew its claims-made policy, or replace it with equivalent insurance, claims incurred during its term but asserted after its expiration would be uninsured, unless the Club obtains tail coverage. Management anticipates that such coverage will be renewed or replaced with equivalent insurance as these policies expire.

Sales and Use Tax

In May 2020, the North Carolina Department of Revenue completed an examination of the Club's sales and use tax for the period October 1, 2015 to September 30, 2018. The examining agent proposed adjustments related to additional sales tax of approximately \$3,000,000 plus penalties and interest of approximately \$761,000 and \$481,000, respectively. The Club did not agree with the adjustments and filed a formal "Objection and Request for Departmental Review" (under NC-242) with the Department of Revenue. The Department has put a hold on any further prosecution of the assessments pending legislative action. There is a bill pending review by the North Carolina General Assembly that would provide clarification of sales tax of licensed continuing care retirement communities. If the bill is enacted, it would impact the current assessment. No provision has been made in the accompanying financial statements for the proposed additional sales tax, penalties, and interest since the ultimate liability, if any, cannot be reasonably estimated.

The Club did not have an accrual at December 31, 2020 or 2019, for pending claims.

14. COVID-19 Pandemic

In response to the global coronavirus disease (COVID-19) pandemic across the United States, the federal government and a large number of state governments have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including limitations on public gatherings, wearing of masks in public, and restrictions on restaurant and other businesses operating capacity.

The changing global economic conditions or potential global health concerns surrounding the COVID-19 pandemic may affect the Cypress' partners, suppliers, distributors and payors, potentially disrupting or delaying the Cypress' supply chain and delaying reimbursement by governmental, commercial or private payors, as well as impacting their creditworthiness and ability to pay. At this time, it is not possible to accurately predict the significance of the duration of the COVID-19 pandemic, the impact on operating loss, the costs associated with responding to this pandemic, or what federal funds may continue be made available to help recover from this crisis.

In addition to the direct impact to the health care industry, global investment and financial markets 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 Cypress expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

Although the Cypress has activated plans to address the COVID-19 threat, the potential impact of the COVID-19 pandemic is difficult to predict and could materially adversely impact the Cypress' financial condition, liquidity and results of operations in the future.

On March 27, 2020, the federal CARES Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families and businesses affected by COVID-19. Various state governments are also taking action to provide economic relief and emergency assistance. The Cypress received CARES Act provider relief funding of \$410,705 during the year ended December 31, 2020. The Cypress has recognized other operating revenue of \$410,705 for the Cypress related to this funding for the year ended December 31, 2020 to the extent the eligibility requirements with the terms and conditions for entitlement to such funding for healthcare related expenses or lost revenues to prevent, prepare for or respond to COVID-19, have been met.

On October 22, 2020, November 2, 2020 and January 15, 2021, HHS issued Post-Payment Notices of Reporting Requirements ("PPNRR") which establish the reporting criteria for providers which received PRF funding under the CARES Act. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") was signed into law which provided on-going assistance to healthcare providers and provided additional clarity around PRF reporting requirements. The guidance provided in the PPNRR and CRRSAA is advisory in nature, and subject to change, and it is unknown at the report date what impacts this, and future guidance will have on PRF funding and revenue recognition. As such, amounts recognized as PRF for the year ended December 31, 2020 are subject to change and those changes could be material. The funds are also subject to future audits and potential adjustment and certain amounts may need to be repaid to the government.

The Cypress also received funds from North Carolina Department of Health and Human Services of approximately \$158,000. The Cypress is permitted to use the funds for employee COVID-19 testing. The Cypress recognized approximately \$98,000 as revenue for the year ended December 31, 2020 to the extent the conditions for entitlement to such funding for COVID-19 testing have been met, resulting in the simultaneous release of restrictions. The remaining payments of approximately \$60,000 are recorded as COVID-19 testing advance on the balance sheet.

15. Subsequent Events

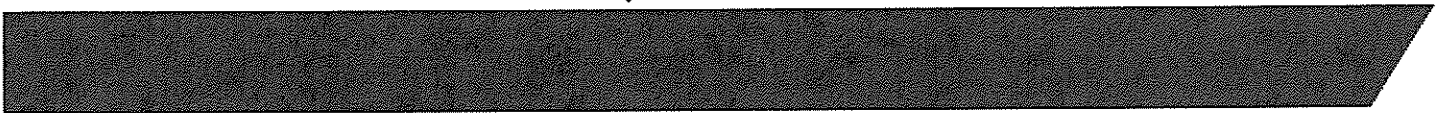
The Cypress is expanding the Health Center, including a dedicated Assisted Living neighborhood and Clinic. The project began in February 2020 and has a projected completion date in spring 2022. The project will increase the number of beds from the current 60 to 79, 65 of which will be licensed as skilled beds (including up to 20 of which that may be used for Memory Care), and 14 of which will be licensed as assisted living beds. The project will also include a Clinic, a new physical, occupational and speech therapies wing, and expansion/renovation of the main kitchen, dining rooms, and other common activities and support areas.

The Cypress of Charlotte Club, Inc.
Notes to Financial Statements

In January 2021 The Cypress entered into a \$10 Million promissory note with Towne Bank to finance the project. The note bears interest at 3.75% and matures in January 2036. Interest only payments are due during construction, through April 2022. The note is secured not by the real estate, but by a pledge of the operating cash flows of The Club and Condominium. It is projected that such cash flows, increased by the additional number of health center beds and increased daily rates from the state-of-the-art facility, agreed-to and voted-on by The Cypress Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Condominium owners, by vote, have agreed to the Condominium's assessment mechanism in the Declaration of Condominium to fund debt service.

A Certificate of Need for the additional 19 beds was received from the North Carolina Department of Health and Human Services in October of 2019.

The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc.



Forecasted Combined Financial Report (Compiled)

Each of the Five Years Ending December 31, 2025



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Accountants' Compilation Report

Board of Directors
The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.

Management is responsible for the accompanying forecasted combined financial statements of The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. (collectively, the "Cypress") which comprise the combined forecasted balance sheets as of each of the five years ending December 31, 2025, and the related combined statements of operations and revenues and expenses, changes in net assets and members' equity and cash flows for the years then ending, and the related significant accounting policies and forecast assumptions in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants.

The accompanying forecast and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64. They should not be used for any other purpose. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast.

We did not audit or review the forecasted combined financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying prospective combined financial statements or assumptions. Furthermore, 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.

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

Dixon Hughes Goodman LLP

Charlotte, NC
June 14, 2021

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Forecasted Combined Balance Sheets
For the Years Ending December 31, 2021 through 2025

	2021	2022	2023	2024	2025
Assets					
Current assets:					
Cash and cash equivalents	\$ 666,839	\$ 235,164	\$ 260,741	\$ 442,611	\$ 692,109
Accounts receivable, net	1,010,838	1,051,272	1,093,323	1,137,056	1,182,538
Inventory	101,116	105,161	109,367	113,742	118,292
Other current assets	315,227	327,836	340,949	354,587	368,770
Total current assets	<u>2,094,020</u>	<u>1,719,433</u>	<u>1,804,380</u>	<u>2,047,996</u>	<u>2,361,709</u>
Assets limited as to use:					
Internally designated for department of insurance operating reserve	2,325,000	2,325,000	2,325,000	2,325,000	2,325,000
Reserve for replacements	3,604,565	3,974,669	4,355,876	4,748,519	5,152,941
	<u>5,929,565</u>	<u>6,299,669</u>	<u>6,680,876</u>	<u>7,073,519</u>	<u>7,477,941</u>
Other Investments	25,000	25,000	25,000	25,000	25,000
Property and equipment, net	19,908,938	22,908,938	22,558,938	21,958,938	21,368,938
Refundable Deposits	62,035	62,035	62,035	62,035	62,035
	<u>\$ 28,019,558</u>	<u>\$ 31,015,075</u>	<u>\$ 31,131,229</u>	<u>\$ 31,167,488</u>	<u>\$ 31,295,623</u>
Liabilities and Net Assets and Members' Equity					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,762,508	\$ 1,833,008	\$ 1,906,328	\$ 1,982,581	\$ 2,061,884
Due to affiliate	7,254	7,254	7,254	7,254	7,254
COVID-19 testing advance	59,500	-	-	-	-
Current portion of long-term debt	141,008	495,825	652,544	640,799	627,550
Total current liabilities	<u>1,970,270</u>	<u>2,336,087</u>	<u>2,566,126</u>	<u>2,630,634</u>	<u>2,696,688</u>
Long-term debt, less current portion	7,195,267	9,699,442	9,046,898	8,406,099	7,778,549
Total liabilities	<u>9,165,537</u>	<u>12,035,529</u>	<u>11,613,024</u>	<u>11,036,733</u>	<u>10,475,237</u>
Net assets:					
Without donor restriction	4,320,148	4,416,509	4,818,432	5,254,882	5,746,524
Total net assets	<u>4,320,148</u>	<u>4,416,509</u>	<u>4,818,432</u>	<u>5,254,882</u>	<u>5,746,524</u>
Members' equity:					
Members' equity, undesignated	10,929,308	10,588,368	10,343,897	10,127,354	9,920,921
Members' equity, designated asset replacement and repair	3,604,565	3,974,669	4,355,876	4,748,519	5,152,941
Total members' equity	<u>14,533,873</u>	<u>14,563,037</u>	<u>14,699,773</u>	<u>14,875,873</u>	<u>15,073,862</u>
	<u>\$ 28,019,558</u>	<u>\$ 31,015,075</u>	<u>\$ 31,131,229</u>	<u>\$ 31,167,488</u>	<u>\$ 31,295,623</u>

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Forecasted Combined Statements of Operations and Revenues and Expenses
For the Years Ending December 31, 2021 through 2025

	2021	2022	2023	2024	2025
Revenues and gains					
Member fees and assessments	\$ 16,925,703	\$ 18,085,636	\$ 18,809,061	\$ 19,561,423	\$ 20,343,880
Health Center	4,459,490	6,245,121	7,510,847	7,811,281	8,123,732
Home Health	4,122,995	4,047,000	3,716,000	3,827,480	3,942,304
Provider Relief Funds	98,693	-	-	-	-
Investment income, net	63,933	63,933	63,933	63,933	63,933
Total revenues and gains	25,670,814	28,441,690	30,099,841	31,264,117	32,473,849
Expenses					
Food and beverage	4,568,944	5,265,508	5,496,957	5,716,835	5,945,508
Health Center	3,867,161	4,411,130	4,706,789	4,895,061	5,090,863
Home Health	2,960,505	2,841,063	2,674,289	2,754,518	2,837,154
Plant	4,190,028	4,066,004	4,205,549	4,373,771	4,548,722
Resident services	378,863	404,347	415,415	432,032	449,313
Housekeeping	1,334,511	1,393,989	1,444,687	1,502,474	1,562,573
General and administrative	7,186,123	8,220,821	8,802,052	9,154,134	9,520,299
Depreciation	1,060,676	1,431,890	1,460,528	1,489,739	1,519,534
Extraordinary Events	84,325	-	-	-	-
Debt Service - Interest only	-	276,031	349,390	327,329	304,427
Income taxes	5,242	5,382	5,526	5,674	5,825
Total expenses	25,636,378	28,316,165	29,561,182	30,651,567	31,784,218
Change in net assets and members' equity	<u>\$ 34,436</u>	<u>\$ 125,525</u>	<u>\$ 538,659</u>	<u>\$ 612,550</u>	<u>\$ 689,631</u>

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Forecasted Combined Statements of Changes in Net Assets and Members' Equity
For the Years Ending December 31, 2021 through 2025

<u>Net Assets</u>	<u>Total Net Assets</u>
Net Assets, January 1, 2021	\$ 4,293,899
Change in net Assets	26,249
Net Assets, December 31, 2021	<u>4,320,148</u>
Change in net Assets	96,361
Net Assets, December 31, 2022	<u>4,416,509</u>
Change in net Assets	401,923
Net Assets, December 31, 2023	<u>4,818,432</u>
Change in net Assets	436,450
Net Assets, December 31, 2024	<u>5,254,882</u>
Change in net Assets	491,642
Net Assets, December 31, 2025	<u>\$ 5,746,524</u>

<u>Members Equity</u>	<u>Undesignated</u>	<u>Asset</u>	<u>Equity</u>
Members' Equity, January 1, 2021	\$ 11,280,445	\$ 3,245,241	\$ 14,525,686
Excess of expenses over revenues	8,187		8,187
Amounts allocated to designated asset replacement and repair	(359,324)	359,324	-
Members' Equity, December 31, 2021	<u>10,929,308</u>	<u>3,604,565</u>	<u>14,533,873</u>
Excess of revenues over expenses	29,164		29,164
Amounts allocated to designated asset replacement and repair	(370,104)	370,104	-
Members' Equity, December 31, 2022	<u>10,588,368</u>	<u>3,974,669</u>	<u>14,563,037</u>
Excess of revenues over expenses	136,736		136,736
Amounts allocated to designated asset replacement and repair	(381,207)	381,207	-
Members' Equity, December 31, 2023	<u>10,343,897</u>	<u>4,355,876</u>	<u>14,699,773</u>
Excess of revenues over expenses	176,100		176,100
Amounts allocated to designated asset replacement and repair	(392,643)	392,643	-
Members' Equity, December 31, 2024	<u>10,127,354</u>	<u>4,748,519</u>	<u>14,875,873</u>
Excess of revenues over expenses	197,989		197,989
Amounts allocated to designated asset replacement and repair	(404,422)	404,422	-
Members' Equity, December 31, 2025	<u>\$ 9,920,921</u>	<u>\$ 5,152,941</u>	<u>\$ 15,073,862</u>

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Forecasted Combined Statements of Cash Flows
For the Years Ending December 31, 2021 through 2025

	2021	2022	2023	2024	2025
Cash flows from operating activities					
Change in net assets and members' equity	\$ 34,436	\$ 125,525	\$ 538,659	\$ 612,550	\$ 689,631
Adjustments to reconcile change in net assets and members' equity to net cash provided by operating activities					
Depreciation	1,060,676	1,431,890	1,460,528	1,489,739	1,519,534
Increase (decrease) in:					
Accounts receivable	(38,878)	(40,434)	(42,051)	(43,733)	(45,482)
Inventory	(3,889)	(4,045)	(4,206)	(4,375)	(4,550)
Prepaid Expenses	(12,124)	(12,609)	(13,113)	(13,638)	(14,183)
Increase (decrease) in:					
Accounts payable and accrued expenses	67,789	70,500	73,320	76,253	79,303
COVID-19 testing advance	59,500	(59,500)	-	-	-
Net cash provided by operating activities	1,167,510	1,511,327	2,013,137	2,116,796	2,224,253
Cash flows from investing activities					
Purchase of property and equipment	(7,451,845)	(4,431,890)	(1,110,528)	(889,739)	(929,534)
Purchase of assets whose use is limited	(301,230)	(370,104)	(381,207)	(392,643)	(404,422)
Net cash used in investing activities	(7,753,075)	(4,801,994)	(1,491,735)	(1,282,382)	(1,333,956)
Cash flows from financing activities:					
Payment of pool loan to HOA & capital lease obligations	(88,074)	(141,008)	(495,825)	(652,544)	(640,799)
Principal from Health Center Loan	7,000,000	3,000,000	-	-	-
Net cash used in financing activities	6,911,926	2,858,992	(495,825)	(652,544)	(640,799)
Net increase (decrease) in cash and cash equivalents	326,361	(431,675)	25,577	181,870	249,498
Cash and cash equivalents					
Beginning	340,478	666,839	235,164	260,741	442,611
Ending	\$ 666,839	\$ 235,164	\$ 260,741	\$ 442,611	\$ 692,109
Supplemental disclosures of cash flow information:					
Cash payments for income taxes	\$ 5,242	\$ 5,382	\$ 5,526	\$ 5,674	\$ 5,825

Summary of Significant Accounting Policies and Forecast Assumptions

1. General

The Cypress of Charlotte Club, Inc. (the "Club") and The Cypress of Charlotte Owners' Association, Inc. (the "Association") are collectively referred to as The Cypress of Charlotte (The "Cypress"). This financial forecast presents, to the best of management's knowledge and belief, the Cypress' expected combined balance sheets, operations and revenues and expenses, changes in net assets and members' equity and cash flows for the forecast period. Accordingly, the forecast reflects management's judgment of the expected conditions and their expected course of action as of the date of this forecast. The financial forecast is based on management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those that management believes are significant to the forecasts or key factors upon which the financial results depend.

There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. Management does not intend to revise this forecast to reflect changes in present circumstances or the occurrence of unanticipated events.

Nature of Business

The Cypress is a continuing care retirement community with 310 dwelling units located in Charlotte, North Carolina. The Club was organized as a not-for-profit corporation under the laws of the state of North Carolina to manage operations of The Cypress. The Association was created in accordance with the North Carolina Condominium Act to maintain and preserve the common property of the Cypress. The Club and the Association engage in various transactions with an affiliate, The Cypress of Charlotte, LLC (the "Company") and with each other. The Company is the entity that originally planned, designed and built The Cypress.

The Club was organized to manage the various membership functions of The Cypress that are included in each owner's membership agreement. The Club provides the Association with all services related to the Association's stewardship over the common property of the Association. The Club manages the commonly owned property of The Cypress as well as the services provided by the clubhouse and health center.

The Association's revenue is generated primarily through member assessments from condominium owners in the retirement community.

Principles of combination

The accompanying forecasted combined financial statements include the accounts of the Club and the Association. All material related-party balances and transactions have been eliminated in combination.

2. Significant Accounting Policies

Basis of presentation

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Club's net assets, revenues and expenses are classified based on the existence or absence of member-imposed restrictions. Net assets and changes therein are classified and reported as follows:

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Summary of Significant Accounting Policies and Forecast Assumptions

Net assets without member restrictions – Net assets that are not subject to member-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Club's management and the board of directors.

Net assets with member restrictions – Net assets subject to stipulations imposed by members and grantors. Some member restrictions are temporary in nature; those restrictions will be met by actions of the Club or by the passage of time. Other member restrictions are perpetual in nature, whereby the member has stipulated the funds be maintained in perpetuity. The Club did not have any net assets with member restrictions in 2020 and does not anticipate having any during the forecast period.

Cash and cash equivalents

For the purpose of reporting cash flows, the Club and the Association consider all highly liquid investments with an original maturity of three months or less at the time of purchase that are not included in assets whose use is limited to be cash equivalents. The Club and the Association maintain their cash and cash equivalents in bank deposit accounts which may, at times, exceed federally insured limits. Neither the Club nor the Association has experienced any financial loss related to such deposits and do not believe they are exposed to any significant credit risk on their cash and cash equivalents.

Accounts receivable

The Club records accounts receivable at total unpaid balance. The Club determines past-due status of individual accounts receivable based on the terms of the original contract (or based on how recently payments have been made, for example). The Club estimates an allowance for doubtful accounts based on a combination of factors, including the Club's historical loss experience and any anticipated effects related to current economic conditions, as well as management knowledge of the current composition of accounts receivable. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination.

Inventory

The Club values its inventories at the lower of cost (average cost method) or market.

Prepaid expenses

Prepaid expenses consist of prepaid insurance, which is amortized over the periods to which it applies.

Assets limited as to use

Assets limited as to use include assets set aside by the Board of Directors for North Carolina General Statute reserve requirements, over which the Board retains control and may, at their discretion, subsequently use for other purposes, other than those funds in the operating reserve which shall be used to satisfy the North Carolina General Statute reserve requirements.

Assets limited as to use include investments in debt and equity securities that have readily determinable fair values. Changes in the fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying forecasted combined statements of operations and revenues and expenses. In determining realized gains and losses, the cost of investments is determined using the specific identification method.

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Summary of Significant Accounting Policies and Forecast Assumptions

The Club's and Association's investments potentially subject them to market risks and concentrations of credit risk. The Club and the Association maintain various types of investments that encompass many different companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. The Club and the Association retain investment managers who actively buy and sell securities within their respective guidelines and who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Club and the Association invest.

Property and equipment

The Association, in accordance with ASC 972-360, *Common Interest Realty Associations - Property, Plant and Equipment*, does not recognize as assets real property directly associated with the members' units. The Clubhouse and Health Center are recognized as assets because they generate significant cash flows. The Association does not recognize as assets any other common property regardless of title or other forms of ownership. The Association and Club capitalize furnishings, vehicles and equipment to which it has title or other evidence of ownership. Capitalized assets are recorded at cost, while assets contributed by the developer are recorded at estimated fair value at the date of the contribution.

Property and equipment are carried at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Property and equipment are depreciated over estimated useful lives of 3 to 39 years.

The Club and Association periodically assess the realizability of their long-lived assets and evaluate such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount.

Revenue recognition

Revenue is measured as the amount of consideration the Cypress expects to receive in exchange for transferring services. Member fees and assessments are recorded on the accrual basis of accounting and represent amounts charged to residents under the terms of the Membership Agreement. Health Center and Home Health revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Revenues under third-party payor agreements are 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.

Association activities are accounted for using the accrual basis of accounting whereby revenues are recognized when earned and expenses when incurred. Therefore, member assessments are recognized as revenue in the period covered by the billing. First time fees are a one-time/nonrefundable fee for services related to preparing the unit for the new resident, recognized when the resident contracts to acquire the unit and services to prepare the unit are performed.

The Cypress believes that these methods provide a faithful depiction of the transfer of services over the term of the performance obligations based on the inputs needed to satisfy the obligations.

Income tax status

The Club is a nonprofit organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code (IRC).

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Summary of Significant Accounting Policies and Forecast Assumptions

Homeowners associations may be taxed either as membership organizations or as regular corporations. For the forecast period, the Association assumes it will be taxed as a membership organization. As a membership organization, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

Use of estimates

The preparation of combined forecasted financial statements in conformity with accounting principles generally accepted in the United States of America requires the Club's and Association's managements to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined forecasted financial statements and the reported amounts of revenues and expenses during the forecasted reporting period. Actual results usually differ from those forecasts.

Recently issued accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes Topic 840, *Leases*. ASU 2016-02 requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less for which there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and should recognize lease expense for such leases generally on a straight-line basis over the lease term. Certain qualitative disclosures along with specific quantitative disclosures will be required, so that users are able to understand more about the nature of an entity's leasing activities. ASU 2016-02 is effective for the Cypress' December 31, 2022 year end. At transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients related to the identification and classification of leases that commenced before the effective date of ASU 2016-02. An entity that elects to use the practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The Cypress is currently evaluating the effect the adoption of this standard will have on its combined financial statements. The combined forecasted financial statements do not include the effect of the pending adoption of ASU 2016-02.

3. Significant Forecast Assumptions

Assets and liabilities

Assets and liabilities (excluding cash and cash equivalents, investments and property and equipment) have been calculated based on historical data adjusted for estimated inflation of 4% over the term of the forecast.

Cash and cash equivalents

Cash and cash equivalents are based on the forecasted results of operations and the related changes in the combined balance sheets as noted in the combined forecasted statements of cash flows.

Property and equipment

Property and equipment has been calculated based on historical data adjusted for estimated capital expenditures of 4% over the term of the forecast, except for 2021 and 2022 which includes \$7,000,000 and \$3,000,000 of capital expenditures, respectively, related to the expansion (see Note 5).

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Summary of Significant Accounting Policies and Forecast Assumptions

Assets limited at to use:

North Carolina General Statutes Section 58-64-33 - *Internally Designated for Statutory Operating Reserve*, as amended, requires that all continuing care facilities maintain operating reserves equal to 50% of the total operating costs (as defined in Section 58-64-33) (or 25% of the total operating costs *if* such facilities maintain an occupancy level in excess of 90% and the North Carolina Commissioner of Insurance so approves) forecasted for the 12-month period following the period covered by the most recent annual statement filed with the North Carolina Department of Insurance. Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance.

Revenues

The revenues and expenses estimates have been calculated based upon full occupancy, which was achieved at the beginning of 2001. Management does not anticipate being below full occupancy for the periods presented.

Member fees, a portion of the monthly fees, are the weighted-average service fees and condominium fees for the villas and cottages. Member fees and Health Center fees are based upon expected budget. Revenue for member fees are calculated based upon the occupancy numbers and adjusted for an average fee increase of 5% for 2021 and 4% for 2022 through 2025. Health Center revenues are based on historical occupancy rates with prices for services adjusted for an average inflation rate of 4%. Home Health revenues are projected to increase annually by 2.5% in 2021 through 2023 and 3% in 2024 and 2025.

Operating expenses

Expenses for program services are based on the Cypress' 2021 projections adjusted annually for estimated inflation of 4% over the term of the forecast except for Home Health for all years, which are adjusted at a rate of 2.5% to 3% to match the increase in revenues above.

Investment income

Investment income has been forecasted based on the value of investments and an average rate of return of 2% according to investment allocation strategies and is consistent for 2021 through 2025.

Depreciation

Depreciation expense in the forecast period reflects straight-line depreciation of asset balances at December 31 of each year, computed over the estimated useful lives of the assets.

Income taxes

For forecasted purposes, management has accrued income taxes on the investment and other non-exempt income of the Association using 6% and 30% rates for State and Federal tax expenses, respectively. The Club files as a nonprofit organization under Section 501(c)(4) of the IRC and, accordingly, no provision for income taxes is recorded.

4. Department of Insurance Operating Reserve

Based on the Club's 2021 forecasted statements, the required operating reserve is \$4,824,299 at December 31, 2020. The balance held in the restricted investment account was \$2,340,631 at December 31, 2020. The North Carolina Department of Insurance had no objection to the proposal that The Cypress be permitted to fund any shortfalls in the Department of Insurance Operating Reserve with funds from the Association's Reserve for Replacements, which had a balance of \$3,245,241 at December 31, 2020. During the year ended December 31, 2017, the Association utilized \$2,000,000 from the Reserve for Replacement account to fund a construction project. The Association members have guaranteed annual contributions to the Reserve for Replacement account over a ten-year period to replenish the reserve. The construction project was completed in 2018 and the Association members began making contributions to the Reserve for Replacement account. At December 31, 2020, the remaining amount due to the Association from the members is \$1,471,532, which will offset any shortfalls in the Department of Insurance Operating Reserve.

5. Proposed Health Center Expansion

After two years of planning and analysis, The Cypress is expanding the Stewart Health Center, including a dedicated Assisted Living neighborhood and Clinic. The project began in February 2020 and has a projected completion date in spring 2022. The project will increase the number of beds from the current 60 to 79, 65 of which will be licensed as skilled beds (including up to 20 of which that may be used for Memory Care), and 14 of which will be licensed as assisted living beds. The project will also include a Clinic, a new physical, occupational and speech therapies wing, and expansion/renovation of the main kitchen, dining rooms, and other common activities and support areas.

In January 2021 The Cypress entered into a \$10 Million promissory note with Towne Bank to finance the project. The note bears interest at 3.75% and matures in January 2036. Interest only payments are due during construction, through April 2022. The note is secured not by the real estate, but by a pledge of the operating cash flows of The Club and Condominium. It is projected that such cash flows, increased by the additional number of health center beds and increased daily rates from the state-of-the-art facility, agreed-to and voted-on by The Cypress Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Condominium owners, by vote, have agreed to the Condominium's assessment mechanism in the Declaration of Condominium to fund debt service.

A Certificate of Need for the additional 19 beds was received from the North Carolina Department of Health and Human Services in October of 2019.

6. COVID-19 Pandemic

In response to the global coronavirus disease (COVID-19) pandemic across the United States, the federal government and a large number of state governments have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including limitations on public gatherings, wearing of masks in public, and restrictions on restaurant and other businesses operating capacity.

The changing global economic conditions or potential global health concerns surrounding the COVID-19 pandemic may affect the Cypress' partners, suppliers, distributors and payors, potentially disrupting or delaying the Cypress' supply chain and delaying reimbursement by governmental, commercial or private payors, as well as impacting their creditworthiness and ability to pay. At this time, it is not possible to accurately predict the significance of the duration of the COVID-19 pandemic, the impact on operating loss, the costs associated with responding to this pandemic, or what federal funds may continue be made available to help recover from this crisis.

**The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Summary of Significant Accounting Policies and Forecast Assumptions**

In addition to the direct impact to the health care industry, global investment and financial markets 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 Cypress expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

Although the Cypress has activated plans to address the COVID-19 threat, the potential impact of the COVID-19 pandemic is difficult to predict and could materially adversely impact the Cypress' financial condition, liquidity and results of operations in the future.

On March 27, 2020, the federal CARES Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families and businesses affected by COVID-19. Various state governments are also taking action to provide economic relief and emergency assistance. The Cypress received CARES Act provider relief funding of \$410,705 during the year ended December 31, 2020. The Cypress has recognized other operating revenue of \$410,705 for the Cypress related to this funding for the year ended December 31, 2020 to the extent the eligibility requirements with the terms and conditions for entitlement to such funding for healthcare related expenses or lost revenues to prevent, prepare for or respond to COVID-19, have been met. The Cypress received additional CARES Act provider relief funding of \$98,693 during the first quarter of 2021. This is included in the forecasted revenue for 2021. No other provider relief funding has been included in the forecast.

On October 22, 2020, November 2, 2020 and January 15, 2021, HHS issued Post-Payment Notices of Reporting Requirements ("PPNRR") which establish the reporting criteria for providers which received PRF funding under the CARES Act. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") was signed into law which provided on-going assistance to healthcare providers and provided additional clarity around PRF reporting requirements. The guidance provided in the PPNRR and CRRSAA is advisory in nature, and subject to change, and it is unknown at the report date what impacts this, and future guidance will have on PRF funding and revenue recognition. As such, amounts recognized as PRF for the year ended December 31, 2020 are subject to change and those changes could be material. The funds are also subject to future audits and potential adjustment and certain amounts may need to be repaid to the government.

The Cypress also received funds from North Carolina Department of Health and Human Services of approximately \$158,000. The Cypress is permitted to use the funds for employee COVID-19 testing. The Cypress recognized approximately \$98,000 as revenue for the year ended December 31, 2020 to the extent the conditions for entitlement to such funding for COVID-19 testing have been met, resulting in the simultaneous release of restrictions. The remaining payments of approximately \$60,000 are recorded as COVID-19 testing advance on the combined balance sheet.



Combining Forecasted Financial Statements

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Forecasted Combined Balance Sheets
For the Years Ending December 31, 2021 through 2025

	2021			2022			2023			2024			2025		
	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total
Assets															
Current assets:															
Cash and cash equivalents	\$ 653,502	\$ 13,337	\$ 666,839	\$ 230,459	\$ 4,705	\$ 235,164	\$ 255,524	\$ 5,217	\$ 260,741	\$ 433,756	\$ 8,855	\$ 442,611	\$ 678,264	\$ 13,845	\$ 692,109
Accounts receivable, net	1,010,838	-	1,010,838	1,051,272	-	1,051,272	1,093,323	-	1,093,323	1,137,056	-	1,137,056	1,182,538	-	1,182,538
Inventory	101,116	-	101,116	105,161	-	105,161	109,367	-	109,367	113,742	-	113,742	118,292	-	118,292
Other current assets	315,227	-	315,227	327,836	-	327,836	340,949	-	340,949	354,587	-	354,587	368,770	-	368,770
Total current assets	2,080,683	13,337	2,094,020	1,714,728	4,705	1,719,433	1,799,163	5,217	1,804,380	2,039,141	8,855	2,047,996	2,347,864	13,845	2,361,709
Assets limited as to use:															
Internally designated for department of insurance operating reserve	2,325,000	-	2,325,000	2,325,000	-	2,325,000	2,325,000	-	2,325,000	2,325,000	-	2,325,000	2,325,000	-	2,325,000
Reserve for replacements	-	3,604,565	3,604,565	-	3,974,669	3,974,669	-	4,355,876	4,355,876	-	4,748,519	4,748,519	-	5,152,941	5,152,941
	2,325,000	3,604,565	5,929,565	2,325,000	3,974,669	6,299,669	2,325,000	4,355,876	6,680,876	2,325,000	4,748,519	7,073,519	2,325,000	5,152,941	7,477,941
Other Investments	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000
Property and equipment, net	1,992,967	17,915,971	19,908,938	2,325,275	20,583,663	22,908,938	2,639,952	19,918,986	22,558,938	2,838,376	19,120,562	21,958,938	3,060,106	18,308,832	21,368,938
Refundable Deposits	62,035	-	62,035	62,035	-	62,035	62,035	-	62,035	62,035	-	62,035	62,035	-	62,035
	\$ 6,485,685	\$ 21,533,873	\$ 28,019,558	\$ 6,452,038	\$ 24,563,037	\$ 31,015,075	\$ 6,851,150	\$ 24,280,079	\$ 31,131,229	\$ 7,289,552	\$ 23,877,936	\$ 31,167,488	\$ 7,820,005	\$ 23,475,618	\$ 31,295,623
Liabilities and Net Assets and Members' Equity															
Current liabilities:															
Accounts payable and accrued expenses	\$ 1,762,508	\$ -	\$ 1,762,508	\$ 1,833,008	\$ -	\$ 1,833,008	\$ 1,906,328	\$ -	\$ 1,906,328	\$ 1,982,581	\$ -	\$ 1,982,581	\$ 2,061,884	\$ -	\$ 2,061,884
Due to affiliate	7,254	-	7,254	7,254	-	7,254	7,254	-	7,254	7,254	-	7,254	7,254	-	7,254
COVID-19 testing advance	59,500	-	59,500	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	141,008	-	141,008	76,130	419,695	495,825	74,300	578,244	652,544	40,494	600,305	640,799	4,343	623,207	627,550
Total current liabilities	1,970,270	-	1,970,270	1,916,392	419,695	2,336,087	1,987,882	578,244	2,566,126	2,030,329	600,305	2,630,634	2,073,481	623,207	2,696,688
Long-term debt, less current portion	195,267	7,000,000	7,195,267	119,137	9,580,305	9,699,442	44,836	9,002,062	9,046,898	4,341	8,401,758	8,406,099	-	7,778,549	7,778,549
Total liabilities	2,165,537	7,000,000	9,165,537	2,035,529	10,000,000	12,035,529	2,032,718	9,580,306	11,613,024	2,034,670	9,002,063	11,036,733	2,073,481	8,401,756	10,475,237
Net assets:															
Without donor restriction	4,320,148	-	4,320,148	4,416,509	-	4,416,509	4,818,432	-	4,818,432	5,254,882	-	5,254,882	5,746,524	-	5,746,524
Total net assets	4,320,148	-	4,320,148	4,416,509	-	4,416,509	4,818,432	-	4,818,432	5,254,882	-	5,254,882	5,746,524	-	5,746,524
Members' equity:															
Members' equity, undesignated	-	10,929,308	10,929,308	-	10,588,368	10,588,368	-	10,343,897	10,343,897	-	10,127,354	10,127,354	-	9,920,921	9,920,921
Members' equity, designated asset replacement and repair	-	3,604,565	3,604,565	-	3,974,669	3,974,669	-	4,355,876	4,355,876	-	4,748,519	4,748,519	-	5,152,941	5,152,941
Total members' equity	-	14,533,873	14,533,873	-	14,563,037	14,563,037	-	14,699,773	14,699,773	-	14,875,873	14,875,873	-	15,073,862	15,073,862
	\$ 6,485,685	\$ 21,533,873	\$ 28,019,558	\$ 6,452,038	\$ 24,563,037	\$ 31,015,075	\$ 6,851,150	\$ 24,280,079	\$ 31,131,229	\$ 7,289,552	\$ 23,877,936	\$ 31,167,488	\$ 7,820,005	\$ 23,475,618	\$ 31,295,623

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Forecasted Combined Statements of Operations and Revenues and Expenses
For the Years Ending December 31, 2021 through 2025

	2021			2022			2023			2024			2025			
	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	
Revenues and gains																
Member fees and assessments	61%	\$ 10,346,682	\$ 6,579,021	\$ 16,925,703	\$ 10,977,981	\$ 7,107,655	\$ 18,085,636	\$ 11,279,517	\$ 7,529,544	\$ 18,809,061	\$ 11,717,292	\$ 7,844,131	\$ 19,561,423	\$ 12,192,087	\$ 8,151,793	\$ 20,343,880
Health Center	100%	4,459,490	-	4,459,490	6,245,121	-	6,245,121	7,510,847	-	7,510,847	7,811,281	-	7,811,281	8,123,732	-	8,123,732
Home Health	100%	4,122,995	-	4,122,995	4,047,000	-	4,047,000	3,716,000	-	3,716,000	3,827,480	-	3,827,480	3,942,304	-	3,942,304
Covid Reimbursement	100%	98,693	-	98,693	-	-	-	-	-	-	-	-	-	-	-	-
Investment income, net	8%	5,115	58,818	63,933	5,115	58,818	63,933	5,115	58,818	63,933	5,115	58,818	63,933	5,115	58,818	63,933
Total revenues and gains		19,032,975	6,637,839	25,670,814	21,275,217	7,166,473	28,441,690	22,511,479	7,588,362	30,099,841	23,361,168	7,902,949	31,264,117	24,263,238	8,210,611	32,473,849
Expenses																
Food and beverage	100%	4,568,944	-	4,568,944	5,265,508	-	5,265,508	5,496,957	-	5,496,957	5,716,835	-	5,716,835	5,945,508	-	5,945,508
Health Center	100%	3,867,161	-	3,867,161	4,411,130	-	4,411,130	4,706,789	-	4,706,789	4,895,061	-	4,895,061	5,090,863	-	5,090,863
Home Health	100%	2,960,505	-	2,960,505	2,841,063	-	2,841,063	2,674,289	-	2,674,289	2,754,518	-	2,754,518	2,837,154	-	2,837,154
Plant	22%	933,119	3,256,909	4,190,028	905,499	3,160,505	4,066,004	936,576	3,268,973	4,205,549	974,039	3,399,732	4,373,771	1,013,000	3,535,722	4,548,722
Resident services	100%	378,863	-	378,863	404,347	-	404,347	415,415	-	415,415	432,032	-	432,032	449,313	-	449,313
Housekeeping	61%	818,856	515,655	1,334,511	855,352	538,637	1,393,989	886,460	558,227	1,444,687	921,918	580,556	1,502,474	958,795	603,778	1,562,573
General and administrative	72%	5,161,074	2,025,049	7,186,123	5,904,194	2,316,627	8,220,821	6,321,634	2,480,418	8,802,052	6,574,499	2,579,635	9,154,134	6,837,479	2,682,820	9,520,299
Depreciation	22%	233,879	826,797	1,060,676	315,732	1,116,158	1,431,890	322,046	1,138,482	1,460,528	328,487	1,161,252	1,489,739	335,057	1,184,477	1,519,534
Extraordinary Events	100%	84,325	-	84,325	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	100%	-	-	-	276,031	-	276,031	349,390	-	349,390	327,329	-	327,329	304,427	-	304,427
Income taxes	0%	-	5,242	5,242	-	5,382	5,382	-	5,526	5,526	-	5,674	5,674	-	5,825	5,825
Total expenses		19,006,726	6,629,652	25,636,378	21,178,856	7,137,309	28,316,165	22,109,556	7,451,626	29,561,182	22,924,718	7,726,849	30,651,567	23,771,596	8,012,622	31,784,218
Change in net assets and members' equity		\$ 26,249	\$ 8,187	\$ 34,436	\$ 96,361	\$ 29,164	\$ 125,525	\$ 401,923	\$ 136,736	\$ 538,659	\$ 436,450	\$ 176,100	\$ 612,550	\$ 491,642	\$ 197,989	\$ 689,631

Cypress of Charlotte Consolidated
Balance Sheet
Four Months Ended 4/30/2021

	Current Month
ASSETS:	
Current Assets	
Cash and cash equivalents	631,097
Accounts Receivable resident services - net	776,258
Accounts Receivable - Owner & other	112,541
Accounts Receivable - Intercompany	3,977,607
Prepaid expenses and inventories	303,477
Total current assets	5,800,980
Assets limited as to use (DOI, ARA, Condo Ins.)	
DOI Reserve	2,336,656
Asset Replacement Reserve	3,523,583
Condo Insurance fund	15,852
Property and equipment, net	15,225,303
Other assets - deposits	87,035
TOTAL ASSETS	26,989,409
LIABILITIES AND NET ASSETS	
Current Liabilities	
Capital leases	25,660
Notes payable	17,025
Accounts payable & accruals - Trade	342,780
Accounts payable - Intercompany	3,977,607
Deposits and DOI Operating Reserve	2,332,500
Accrued liabilities	
Salaries & wages	519,367
Benefits	290,542
Payroll and other taxes	11,127
Other (professional fees, Pers Prop Tax)	36,051
Total Current Liabilities	7,552,658
Abandoned Property	0
Construction Loan payable	408,909
Capital leases - long term	1,577
Note payable - long term	112,581
Total liabilities	8,075,725
Net assets (deficit)	
Additional Paid in Capital	2,600,000
Unrestricted	12,963,776
Temporarily restricted	0
Permanently restricted	3,349,908
Total net assets	18,913,684
TOTAL LIABILITIES AND EQUITY	26,989,409

Cyp of Charlotte Consolidated
Operating Statement
APR-21

	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
Operating Revenue						
Independent Living Revenue						
Apartments:						
4001001 First Person Fees	1,243,298	1,243,322	24	4,973,191	4,973,228	37
4001501 Second Person Fees	172,737	164,577	(8,160)	690,946	654,801	(36,145)
4002501 Garage Fees	1,701	1,710	9	6,804	6,867	63
4053001 Apt. Disc. - Absence	(10,000)	(11,079)	(1,079)	(40,000)	(41,204)	(1,204)
4071001 Additional Meals Income	-	-	-	-	1,587	1,587
4072001 Guest Meals Income	5,000	196	(4,804)	7,500	445	(7,055)
4073001 Employee Meals Income	1,000	509	(491)	2,500	2,195	(305)
4074001 Lounge Income	2,000	2,169	169	5,000	3,706	(1,295)
4075001 Catering Income	3,000	1,635	(1,365)	7,500	2,879	(4,621)
4083001 Transportation	700	496	(204)	2,300	2,747	447
4085001 Maintenance - Non Taxable	1,250	20	(1,230)	5,000	3,803	(1,197)
4103001 Beauty & Barber - Non Taxable	20,333	18,824	(1,509)	81,333	72,339	(8,994)
4103099 Beauty & Barber - Contra	(16,250)	(18,254)	(2,004)	(65,000)	(59,886)	5,114
4109001 Other Income	167	-	(167)	667	-	(667)
Total Apartments	1,424,935	1,404,125	(20,811)	5,677,741	5,623,526	(54,215)
Total Independent Living Revenue	1,424,935	1,404,125	(20,811)	5,677,741	5,623,526	(54,215)
Health Center						
Private Pay:						
4201001 Semi Private	27,741	9,247	(18,494)	110,963	36,988	(73,975)
4202001 Private Room	28,125	32,721	4,596	112,500	130,884	18,384
Total Room & Board - Private	55,866	41,968	(13,898)	223,463	167,872	(55,591)
4072001 Guest Meals Income	417	-	(417)	1,667	-	(1,667)
4075001 Catering Income	275	-	(275)	1,100	-	(1,100)
4109001 Other Income	21	-	(21)	83	-	(83)
4269001 Medical Supplies - Other	6,329	4,932	(1,397)	25,354	26,828	1,475
4281001 Occupational Therapy	1,730	3,173	1,442	6,838	11,678	4,839
4282001 Physical Therapy	10,431	11,385	954	41,345	45,878	4,533
4283001 Speech Therapy	1,031	3,218	2,187	3,976	9,068	5,091
4294001 Oxygen	16	-	(16)	58	-	(58)
Total Ancillaries - Private	20,249	22,707	2,458	80,421	93,451	13,030
Total Private Pay	76,114	64,675	(11,440)	303,884	261,322	(42,561)
Life Care/Continuing Care:						
4071001 Additional Meals Income	3,240	4,284	1,044	12,960	15,932	2,972
4201001 Semi Private	198,808	141,478	(57,331)	795,233	569,525	(225,708)
4202001 Private Room	256,903	249,837	(7,066)	1,027,613	964,724	(62,889)
4244001 Life Care	(207,236)	(179,324)	27,913	(828,945)	(718,016)	110,929
Total Life Care/Continuing Care	251,715	216,275	(35,440)	1,006,861	832,165	(174,695)
Medicare Part A:						
4201001 Semi Private	22,256	19,418	(2,837)	89,023	67,502	(21,521)
4242001 Contractual - Room and Board	7,144	12,404	5,260	28,577	49,662	21,085
Total Room & Board - Medicare Part A	29,400	31,823	2,423	117,600	117,164	(436)
4243001 Contractual - Ancillaries	(14,490)	(8,848)	5,642	(57,871)	(37,624)	20,247
4263001 Drugs	2,200	1,011	(1,189)	8,800	4,650	(4,150)
4269001 Medical Supplies - Other	251	8	(243)	1,050	487	(564)
4281001 Occupational Therapy	3,882	3,420	(462)	15,408	13,860	(1,548)
4282001 Physical Therapy	4,099	2,970	(1,129)	16,383	14,340	(2,043)

Cyp of Charlotte Consolidated
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	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
4283001 Speech Therapy	3,931	1,350	(2,581)	15,695	3,060	(12,635)
4292001 Laboratory	46	89	43	208	312	104
4294001 Oxygen	33	-	(33)	123	-	(123)
4296001 Xray	48	-	(48)	204	210	6
Total Ancillaries - Medicare A	0	(0)	(0)	0	(704)	(704)
Total Medicare Part A	29,400	31,823	2,423	117,600	116,460	(1,140)
Medicare Part B:						
4243001 Contractual - Ancillaries	(11,250)	(6,789)	4,461	(45,000)	(33,181)	11,819
4269001 Medical Supplies - Other	-	-	-	-	-	-
4281001 Occupational Therapy	12,083	12,611	527	48,333	45,544	(2,789)
4282001 Physical Therapy	20,833	23,759	2,926	83,333	75,079	(8,254)
4283001 Speech Therapy	3,333	4,704	1,371	13,333	21,349	8,016
Total Ancillaries - Medicare Part B	25,000	34,285	9,285	100,000	108,792	8,792
Total Medicare Part B	25,000	34,285	9,285	100,000	108,792	8,792
HMO/Managed Care:						
4243001 Contractual - Ancillaries	-	2,036	2,036	-	1,830	1,830
4263001 Drugs	-	-	-	-	-	-
4269001 Medical Supplies - Other	-	-	-	-	-	-
4281001 Occupational Therapy	-	3,747	3,747	-	20,370	20,370
4282001 Physical Therapy	-	2,678	2,678	-	23,713	23,713
4292001 Laboratory	-	-	-	-	-	-
4294001 Oxygen	-	-	-	-	-	-
4296001 Xray	-	-	-	-	-	-
Total Ancillaries - Medicare Part B	-	8,461	8,461	-	45,913	45,913
Total HMO/Managed Care	-	8,461	8,461	-	46,431	46,431
Hospice						
Other Insurance:						
4242001 Contractual - Room and Board	-	-	-	-	(176)	(176)
Total Room & Board - Other	-	-	-	-	(176)	(176)
4243001 Contractual - Ancillaries	-	(72)	(72)	-	190	190
4282001 Physical Therapy	-	-	-	-	-	-
4283001 Speech Therapy	-	-	-	-	-	-
4294001 Oxygen	-	-	-	-	-	-
Total Ancillaries - Other Insurance	-	(72)	(72)	-	190	190
Total Other Insurance	-	(72)	(72)	-	14	14
Total Health Center Revenue	382,230	355,446	(26,783)	1,528,344	1,365,184	(163,160)
Home Health						
Private Pay:						
4341000 Home Health Revenue	360,130	274,713	(85,417)	1,440,521	1,284,678	(155,843)
Total Private Pay	360,130	274,713	(85,417)	1,440,521	1,284,678	(155,843)
Total Home Health Revenue	360,130	274,713	(85,417)	1,440,521	1,284,678	(155,843)
Other Operating Revenue						
4903001 Interest & Dividends	200	124	(76)	800	1,300	500
4904001 Miscellaneous	-	-	-	-	95,718	95,718

Cyp of Charlotte Consolidated
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	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
Total Other Operating Revenue	200	124	(76)	800	97,018	96,218
Total Operating Revenue	2,167,495	2,034,408	(133,086)	8,647,406	8,370,406	(277,000)
Operating Expenses						
General & Administrative						
Total G&A Wages	64,382	61,464	2,917	257,526	249,419	8,107
Labor - Outside Contract:						
5104000 Labor O/S - Other	-	-	-	-	-	-
Total Labor O/S:	-	-	-	-	-	-
Benefits and Taxes:						
5031000 FICA	4,925	2,709	2,216	19,701	19,667	34
5032000 FUTA	10	(22)	32	635	594	41
5033000 SUTA	44	(1,227)	1,271	270	195	75
5034000 Workers Comp	135	(529)	664	540	3,514	(2,975)
5121001 Employee Insurance - Health	126,480	28,251	98,229	505,920	344,275	161,645
5121003 Employee Insurance - Life	2,417	4,151	(1,735)	9,667	13,674	(4,007)
5121004 Employee Insurance - STD	4,583	5,351	(768)	18,333	20,315	(1,981)
5121005 Employee Insurance - LTD	2,833	2,620	213	11,333	10,553	780
5122000 401k/403b Administration	417	-	417	1,667	(35)	1,702
5122500 401k/403b Employer Match	6,917	7,421	(504)	27,667	29,057	(1,391)
5125000 Flex Benefits	500	489	11	2,000	1,949	51
5129000 Employee Benefits - Miscellaneous	2,383	1,719	664	9,533	6,866	2,668
Total Benefits and Taxes	151,645	50,934	100,711	607,266	450,624	156,642
Other Expenses:						
5131000 Recruiting	4,000	1,367	2,633	16,000	2,846	13,154
5131500 Orientation, EEO & Other	2,500	1,528	972	10,000	6,316	3,684
5132500 Uniforms	167	-	167	667	-	667
5132700 Employee Badges	167	-	167	667	-	667
5133500 Pre-Employment Screenings	2,500	1,510	990	10,000	6,423	3,577
5134000 Education Assistance	208	790	(582)	833	1,580	(747)
5134300 Outside Training & Seminars	554	-	554	2,217	-	2,217
5134500 Training	1,167	249	918	4,667	1,329	3,338
5137001 Employee Amenities - Coffee/Tea	125	33	92	500	1,794	(1,294)
5138000 Flowers & Memorials	142	-	142	567	-	567
5151000 Safety Program Training Materia	250	-	250	1,000	-	1,000
5152000 Safety Program Awards	700	-	700	2,800	-	2,800
5171000 Travel - Airlines/Hotel/Car Rent	1,100	1,035	65	4,400	1,035	3,365
5172000 Travel - Meals	300	323	(23)	1,200	323	877
5191000 Professional Dues & Fees	1,271	1,125	146	5,083	4,500	583
5201000 Bad Debts - Resident	4,167	4,167	-	16,667	16,667	-
5211000 Bank Charges	292	155	137	1,167	485	682
5217000 Late Fees	125	-	125	500	159	341
5221000 Consultants	1,767	350	1,417	7,067	8,985	(1,918)
5251000 Copy Machine	4,167	7,134	(2,967)	16,667	21,917	(5,250)
5252000 Copy Service	500	41	459	2,000	337	1,663
5271000 Licenses & Fees	463	-	463	1,851	-	1,851
5301000 Audit Fees	4,583	4,583	-	18,333	18,333	-
5301500 Tax Returns	750	750	-	3,000	3,000	-
5302000 Cost Report Preparation	333	333	-	1,333	1,333	-
5303000 Legal Fees	1,250	-	1,250	5,000	6,180	(1,180)
5303500 Legal Fees - Retainer	3,000	6,740	(3,740)	12,000	20,269	(8,269)
5309000 Other Legal & Professional	1,583	1,583	-	6,333	6,333	-
5321000 Postage	854	(297)	1,152	3,417	(193)	3,610

**Cyp of Charlotte Consolidated
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	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
5323000 Federal Express	117	17	99	467	488	(22)
5351000 Insurance - General/Professional	4,882	4,606	276	19,529	18,424	1,105
5352000 Insurance - Umbrella	2,938	2,772	166	11,753	11,088	665
5352500 Insurance - Crime	25	23	2	100	92	8
5353000 Insurance - Auto	1,925	1,878	47	7,700	7,512	188
5354000 Insurance - Liability	596	562	34	2,384	2,249	135
5355000 Insurance - Directors & Officers	2,171	2,048	123	8,682	8,191	491
5355500 Insurance - Property	17,425	16,439	986	69,700	65,754	3,945
5371000 Interest Expense - Operating	17	-	17	67	-	67
5384000 Maintenance Charges	1,250	-	1,250	5,000	-	5,000
5385000 3rd Party IT Services	3,750	4,789	(1,039)	15,000	15,598	(598)
5385001 Application Software	9,888	3,128	6,761	39,554	33,724	5,830
5385002 Computer Hardware and Repairs	1,364	262	1,103	5,457	7,514	(2,057)
5385004 Internet Access and VPN	333	252	81	1,333	3,383	(2,050)
5385006 Outside Tech Support	3,000	3,000	-	12,000	12,000	-
5385008 Support Agreements	3,892	3,788	104	15,569	15,152	417
5403000 Management Fee	78,030	74,546	3,484	311,307	303,608	7,698
5404000 Startup	185,159	185,159	(0)	728,653	728,653	(0)
5411000 Salaries & Benefits - LCS Employ	35,500	36,198	(698)	142,000	122,249	19,751
5603000 Rental & Leasing - Equipment	812	-	812	3,248	-	3,248
5609000 Rental & Leasing - Other	200	210	(10)	800	3,877	(3,077)
5675000 Interior Plant Maintenance	453	455	(2)	1,813	1,819	(7)
5702090 M&R - Equipment - Other	125	386	(261)	500	386	114
5753000 Telephone - Regular Service	5,667	6,222	(555)	22,667	22,178	488
5754000 Telephone - Cellular Phone	2,400	2,665	(265)	9,600	10,913	(1,313)
5801000 Supplies - Expendable/Durable Go	2,625	2,517	108	10,500	23,383	(12,883)
5803000 Supplies - Paper & Forms	875	109	766	3,500	1,293	2,207
5932000 Taxes - Personal Property	833	833	-	3,333	4,711	(1,378)
5939000 Taxes - Other	375	72	303	1,500	215	1,285
Total Other Expenses	405,611	386,434	19,177	1,609,650	1,585,002	24,648
Total General and Administrative Expense	621,638	498,833	122,805	2,474,442	2,285,044	189,397
Plant						
Total Plant Wages	74,935	78,602	(3,667)	299,741	298,034	1,707
Labor - Outside Contract:						
5104000 Labor O/S - Other	4,549	4,000	549	18,196	16,000	2,196
Total Labor O/S:	4,549	4,000	549	18,196	16,000	2,196
Benefits and Taxes:						
5031000 FICA	5,733	6,402	(670)	22,930	22,715	215
5032000 FUTA	68	71	(2)	1,061	1,070	(9)
5033000 SUTA	76	(1,158)	1,234	334	453	(119)
5034000 Workers Comp	893	883	10	3,570	3,609	(38)
5129000 Employee Benefits - Misc	120	-	120	480	92	388
Total Benefits and Taxes	6,889	6,198	692	28,375	27,938	437
Other Expenses:						
5132500 Uniforms	1,166	1,053	113	4,664	3,100	1,564
5134300 Outside Training & Seminars	167	-	167	667	-	667
5138000 Flowers & Memorials	50	-	50	200	-	200
5271000 Licenses & Fees	1,983	2,611	(628)	7,933	6,526	1,407
5609000 Rental & Leasing - Other	1,584	589	995	6,336	2,354	3,982
5641000 Auto & Bus Expense	4,583	1,193	3,390	18,333	6,818	11,515
5651000 Regular Disposal	4,721	6,425	(1,704)	18,884	23,787	(4,903)
5701001 M&R - Bldg - Fire Protection-Sec	7,083	4,358	2,725	28,333	18,776	9,557
5701010 M&R - Bldg - Elevator Service	8,084	9,854	(1,770)	32,336	35,319	(2,983)

**Cyp of Charlotte Consolidated
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	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
5701015 M&R - Bldg - Scheduled Refurbish	417	-	417	1,667	1,658	8
5701020 M&R - Bldg - Extermination Servi	3,450	3,417	33	13,800	14,322	(522)
5701090 M&R - Bldg - Other	16,667	13,753	2,914	66,667	67,353	(686)
5702015 M&R - Equipment - HVAC	5,000	8,230	(3,230)	20,000	26,321	(6,321)
5702090 M&R - Equipment - Other	3,333	1,745	1,588	13,332	6,701	6,631
5703001 M&R - Grounds - Snow Removal	833	-	833	3,333	-	3,333
5703005 M&R - Grounds - Lawn Care	18,500	18,500	-	74,000	74,000	-
5703090 M&R - Grounds - Other	14,167	9,244	4,922	56,667	56,966	(300)
5781000 Cable TV	27,500	29,594	(2,094)	110,000	118,274	(8,274)
5801000 Supplies - Expendable/Durable Go	6,500	10,044	(3,544)	26,000	28,106	(2,106)
5801700 Supplies - Pool	1,667	1,058	609	6,668	4,054	2,614
5803000 Supplies - Paper & Forms	250	-	250	1,000	-	1,000
5805500 Supplies - Inventory Adjustment	-	-	-	-	(18,727)	18,727
Total Non-Utility Other Expenses	127,839	121,735	6,103	511,355	475,775	35,580
Utilities:						
5771000 Utilities - Gas	4,583	6,117	(1,534)	18,332	25,960	(7,628)
5772000 Utilities - Electric	43,083	35,617	7,466	172,332	163,099	9,233
5773000 Utilities - Water	16,414	16,065	349	65,656	67,546	(1,890)
5775000 Utilities - Fuel Oil	150	-	150	600	-	600
Total Utilities	64,230	57,799	6,431	256,920	256,604	316
Total Other Expenses	192,069	179,534	12,534	768,275	732,379	35,896
Total Plant Expenses	278,442	268,334	10,108	1,114,587	1,074,351	40,236
Environmental Services						
Total EVS Wages	84,548	68,924	15,624	338,190	283,217	54,974
Labor - Outside Contract:						
5104000 Labor O/S - Other	9,921	17,448	(7,527)	39,684	60,632	(20,948)
Total Labor O/S:	9,921	17,448	(7,527)	39,684	60,632	(20,948)
Benefits and Taxes:						
5031000 FICA	6,468	6,327	140	25,872	21,422	4,450
5032000 FUTA	108	92	16	1,433	1,256	177
5033000 SUTA	95	(1,117)	1,211	400	428	(28)
5034000 Workers Comp	1,018	896	121	4,071	3,621	451
5129000 Employee Benefits - Misc	167	-	167	667	52	615
Total Benefits and Taxes	7,854	6,199	1,655	32,442	26,779	5,664
Other Expenses:						
5132500 Uniforms	1,525	2,436	(911)	6,100	7,182	(1,082)
5138000 Flowers & Memorials	50	-	50	200	255	(55)
5609000 Rental & Leasing - Other	1,300	1,332	(32)	5,200	4,591	609
5631000 Damage Claims Paid	80	-	80	320	120	200
5671090 Housekeeping Service Other	410	409	1	1,640	1,812	(172)
5702090 M&R - Equipment - Other	333	354	(21)	1,333	750	584
5801000 Supplies - Expendable/Durable Go	5,500	4,994	506	22,000	19,650	2,350
5801500 Supplies - Chemicals	1,700	1,648	52	6,800	5,458	1,342
5802000 Supplies - Linen & Etc.	2,000	-	2,000	8,000	267	7,733
5803000 Supplies - Paper & Forms	292	-	292	1,168	-	1,168
5805500 Supplies - Inventory Adjustment	-	-	-	-	(18)	18
Total Other Expenses:	13,220	11,173	2,047	52,878	40,067	12,811
Total Environmental Service Expense	115,543	103,744	11,799	463,195	410,695	52,500

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	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
Food Service						
Total Food Service Wages	204,372	191,517	12,855	817,488	705,959	111,529
Labor - Outside Contract:						
5104000 Labor O/S - Other	-	-	-	-	-	-
Total Labor O/S	-	-	-	-	-	-
Benefits and Taxes:						
5031000 FICA	15,634	14,593	1,042	62,538	52,880	9,658
5032000 FUTA	306	286	20	3,187	2,830	357
5033000 SUTA	220	(2,698)	2,918	905	1,144	(239)
5034000 Workers Comp	2,495	2,390	106	9,981	9,136	845
5129000 Employee Benefits - Misc	167	-	167	667	615	52
Total Benefits and Taxes	18,822	14,571	4,252	77,277	66,604	10,673
Other Expenses:						
5132500 Uniforms	2,250	2,563	(313)	9,000	7,080	1,920
5134300 Outside Training & Seminars	208	-	208	833	99	734
5134500 Training	330	-	330	1,320	-	1,320
5271000 Licenses & Fees	213	259	(46)	853	259	594
5551000 Food - Fresh Bakery	1,951	374	1,577	7,803	1,575	6,227
5552000 Food - Fresh Dairy/Eggs	13,107	12,204	903	52,428	45,508	6,920
5553000 Food - Meat	61,674	67,137	(5,463)	246,696	225,134	21,562
5554000 Food - Produce	22,344	23,091	(747)	89,376	77,739	11,637
5554500 Food - Frozen	9,226	9,728	(502)	36,904	40,392	(3,488)
5554700 Food - Beverages	7,040	2,813	4,227	28,160	12,899	15,261
5555000 Food - Food - Other	19,991	23,547	(3,556)	79,965	81,452	(1,487)
5559000 Food - Inventory Adjustment	-	-	-	-	9,732	(9,732)
5571000 Lounge Beverage Supply	2,500	3,044	(544)	7,000	8,835	(1,835)
5571099 Lounge Inventory Adjustment	-	-	-	-	(424)	424
5591000 Catering Expense	667	231	436	2,667	399	2,268
5603000 Rental & Leasing - Equipment	1,665	1,739	(74)	6,660	9,044	(2,384)
5609000 Rental & Leasing - Other	125	-	125	500	38	462
5702090 M&R - Equipment - Other	1,800	1,857	(57)	7,200	5,541	1,659
5801000 Supplies - Expendable/Durable Go	13,872	27,778	(13,906)	55,487	97,427	(41,940)
5801500 Supplies - Chemicals	3,330	2,563	767	13,320	10,055	3,265
5802000 Supplies - Linen & Etc.	8,083	2,598	5,485	32,332	7,634	24,698
5803000 Supplies - Paper & Forms	150	-	150	600	-	600
5805000 Supplies - Silverware & Dishes	917	-	917	3,668	-	3,668
5805400 Supplies - Other	167	-	167	667	-	667
5805500 Supplies - Inventory Adjustment	-	-	-	-	276	(276)
5991001 Vendor Rebates	-	-	-	-	-	-
Total Other Expenses	171,610	181,525	(9,915)	683,439	640,691	42,747
Total Food & Beverage Service Expense	394,804	387,612	7,192	1,578,205	1,413,255	164,950
Resident Services						
Wages:						
Total Resident Services Wages	20,115	20,323	(208)	80,458	82,142	(1,684)
Labor - Outside Contract:						
5104000 Labor O/S - Other	-	-	-	3,000	-	3,000
Total Labor O/S:	-	-	-	3,000	-	3,000
Benefits and Taxes:						
5031000 FICA	1,539	1,462	77	6,155	6,295	(140)
5032000 FUTA	-	-	-	168	168	-

**Cyp of Charlotte Consolidated
Operating Statement
APR-21**

	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
5033000 SUTA	15	(403)	418	94	92	1
5034000 Workers Comp	270	271	(1)	1,079	1,188	(109)
5129000 Employee Benefits - Misc	50	-	50	200	-	200
Total Benefits	1,874	1,331	543	7,696	7,743	(47)
Other Expenses:						
5134300 Outside Training & Seminars	58	-	58	233	-	233
5171000 Travel - Airlines/Hotel/Car Rent	-	-	-	-	-	-
5172000 Travel - Meals	-	-	-	-	-	-
5191000 Professional Dues & Fees	13	-	13	50	-	50
5221000 Consultants	-	-	-	-	-	-
5271000 Licenses & Fees	667	2,304	(1,638)	2,667	3,469	(802)
5603000 Rental & Leasing-Equipment	1,639	1,204	435	6,556	4,815	1,741
5801000 Supplies - Expendable/Durable Go	-	-	-	-	-	-
5803000 Supplies - Paper & Forms	83	-	83	333	-	333
5821000 Activities - Arts and Crafts	6,000	257	5,743	24,000	1,506	22,494
5810001 Resident Personal Expense	-	250	(250)	-	2,032	(2,032)
5822000 Activities - Recreation	(2,500)	-	(2,500)	(10,000)	150	(10,150)
5825000 Activities - Wellness	4,500	359	4,141	18,000	374	17,626
5829000 Activities - Other	-	-	-	-	-	-
Total Other Expenses	10,460	4,374	6,085	41,839	12,346	29,493
Total Resident Services Expense	32,448	26,028	6,420	132,993	102,231	30,762
Health Center						
Total Health Center Wages	206,481	215,467	(8,986)	828,661	869,859	(41,197)
Benefits and Taxes:						
5031000 FICA	15,796	16,787	(991)	63,393	64,748	(1,355)
5032000 FUTA	161	199	(38)	2,753	2,760	(7)
5033000 SUTA	214	(3,396)	3,610	936	1,409	(473)
5034000 Workers Comp	3,089	3,129	(39)	12,401	13,326	(925)
5129000 Employee Benefits - Misc	458	80	378	1,833	438	1,396
Total Benefits	19,718	16,800	2,919	81,316	82,680	(1,364)
HC Administrative Expense:						
5132500 Uniforms	833	-	833	3,332	-	3,332
5134300 Outside Training & Seminars	608	260	348	2,431	260	2,171
5134500 Training	2,167	3,015	(848)	8,668	9,767	(1,099)
5138000 Flowers & Memorials	16	-	16	56	-	56
5171000 Travel - Airlines/Hotel/Car Rent	42	-	42	167	-	167
5172000 Travel - Meals	-	-	-	-	-	-
5191000 Professional Dues & Fees	50	-	50	200	-	200
5221000 Consultants	4,833	3,817	1,016	19,332	15,273	4,059
5271000 Licenses & Fees	442	1,204	(762)	1,767	1,608	159
5603000 Rental & Leasing - Equipment	450	501	(51)	1,800	1,683	117
5609000 Rental & Leasing - Other	-	-	-	-	-	-
5652000 Hazardous Waste	625	-	625	2,500	1,983	517
5702090 M&R - Equipment - Other	750	-	750	3,000	101	2,899
5801000 Supplies - Expendable/Durable Go	6,200	3,218	2,982	24,800	30,819	(6,019)
5801500 Supplies - Chemicals	100	-	100	400	-	400
5803000 Supplies - Paper & Forms	250	-	250	1,000	855	145
5805500 Supplies - Inventory Adjustment	-	-	-	-	-	-
5810001 Resident Personal Expense	-	-	-	-	-	-
5829000 Activities - Other	3,000	1,779	1,221	12,000	7,037	4,963
5841000 Medical Director Fees	1,650	-	1,650	6,600	6,097	503
5875000 Drugs - House Use	267	98	169	1,068	648	420

Cyp of Charlotte Consolidated
Operating Statement
APR-21

	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
Total HC Administrative Expense	22,282	13,892	8,390	89,120	76,132	12,989
Ancillary Expenses:						
Private Pay:						
5831000 Physician Services Expense	-	-	-	-	-	-
5853000 Medical Supplies - Supplements/N	108	-	108	669	1,033	(365)
5854000 Medical Supplies - Chargeable	5,701	6,127	(426)	22,841	33,191	(10,349)
5855000 Medical Supplies - Non Chargeabl	220	-	220	889	1,945	(1,057)
5873000 Drugs - Legend	-	-	-	-	-	-
5881000 Other Ancillaries - Ambulance	-	-	-	-	465	(465)
5882000 Other Ancillaries - Laboratory	7	-	7	26	193	(167)
5901000 Occupational Therapy	1,250	2,518	(1,268)	5,000	17,142	(12,142)
5902000 Physical Therapy	9,167	8,880	286	36,667	27,986	8,680
5903000 Speech Therapy	2,083	2,328	(245)	8,333	10,103	(1,770)
Total Private Pay	18,536	19,854	(1,318)	74,425	92,058	(17,633)
Medicare Part A:						
5854000 Medical Supplies - Chargeable	-	-	-	-	871	(871)
5873000 Drugs - Legend	1,500	938	562	6,000	6,481	(481)
5874000 Drugs - Non-Legend	-	-	-	-	-	-
5876000 Drugs - Other	1,982	-	1,982	7,928	-	7,928
5882000 Other Ancillaries - Laboratory	46	-	46	208	-	208
5886000 Other Ancillaries - Xray	48	-	48	204	545	(341)
5901000 Occupational Therapy	2,489	1,704	785	9,877	7,415	2,461
5902000 Physical Therapy	2,928	1,553	1,375	11,702	6,818	4,885
5903000 Speech Therapy	3,024	458	2,567	12,073	1,079	10,994
Total Medicare Part A	12,016	4,652	7,363	47,992	23,208	24,783
Medicare Part B:						
5901000 Occupational Therapy	7,083	8,919	(1,836)	28,333	34,798	(6,465)
5902000 Physical Therapy	14,167	15,640	(1,474)	56,667	49,421	7,246
5903000 Speech Therapy	2,083	3,992	(1,909)	8,333	17,335	(9,001)
Total Medicare Part B	23,333	28,552	(5,219)	93,333	101,553	(8,220)
HMO/Managed Care:						
5876000 Drugs - Other	-	-	-	-	-	-
5901000 Occupational Therapy	-	758	(758)	-	4,454	(4,454)
5902000 Physical Therapy	-	-	-	-	9,026	(9,026)
5903000 Speech Therapy	-	1,322	(1,322)	-	2,729	(2,729)
Total HMO/Managed Care	-	2,080	(2,080)	-	16,209	(16,209)
Total Ancillary Expense	53,885	55,139	(1,253)	215,750	233,028	(17,279)
Total Health Center Expense	302,366	301,297	1,069	1,214,847	1,261,699	(46,851)
Community Home Health Wages:						
Total Home Health Wages	232,170	206,268	25,903	928,681	855,180	73,501
Benefits and Taxes:						
5031000 FICA	17,761	15,747	2,015	71,044	64,257	6,787
5032000 FUTA	568	123	445	3,717	3,560	157
5033000 SUTA	232	(3,698)	3,929	955	1,199	(244)
5034000 Workers Comp	2,994	2,886	108	11,978	13,115	(1,137)
5129000 Employee Benefits - Misc	125	63	62	500	391	109

**Cyp of Charlotte Consolidated
Operating Statement
APR-21**

	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
Total Benefits	21,680	15,122	6,558	88,194	82,522	5,672
Other Expenses:						
5132500 Uniforms	250	-	250	1,000	59	941
5134300 Outside Training & Seminars	142	-	142	567	-	567
5134500 Training	125	-	125	500	-	500
5137001 Employee Amenities - Coffee/Tea/	93	-	93	373	33	340
5171000 Travel - Airlines/Hotel/Car Rent	15	49	(34)	60	86	(26)
5172000 Travel - Meals	-	-	-	-	-	-
5191000 Professional Dues & Fees	63	-	63	250	100	150
5221000 Consultants	1,458	-	1,458	5,833	-	5,833
5271000 Licenses & Fees	46	-	46	183	524	(341)
5609000 Rental & Leasing - Other	833	745	88	3,333	2,980	353
5801000 Supplies - Expendable/Durable Go	42	109	(67)	167	237	(70)
5803000 Supplies - Paper & Forms	21	35	(14)	83	175	(92)
5805400 Supplies - Other	125	-	125	500	-	500
Total Other Expenses	3,212	937	2,275	12,850	4,193	8,657
Private Pay:						
5855000 Medical Supplies - Non Chargeabl	417	56	361	1,667	775	891
Total Community Home Health	257,480	222,383	35,097	1,031,392	942,671	88,721
Total Operating Expense	2,002,720	1,808,230	194,490	8,009,661	7,489,945	519,716
Net Operating Income	164,775	226,179	61,404	637,745	880,461	242,716
Other Income						
8100001 Income/Loss in Equity Investment	-	45,206	45,206	-	139,141	139,141
8150200 Working Capital	1,367	2,358	991	5,467	10,259	4,792
8150300 Assessment/Reserve Income Other	4,033	6,102	2,069	16,133	26,882	10,749
8201000 Interest Income - Intercompany	8,293	4,156	(4,137)	33,744	16,895	(16,849)
8205000 Interest Income - Non Operating	5,167	2,588	(2,579)	20,667	16,578	(4,089)
8401000 Gain/Loss on sale of assets	-	-	-	-	-	-
Total Other Income	18,860	60,409	41,550	76,011	209,754	133,744
Other Expenses						
9151000 Depreciation Expense	1,948	-	1,948	3,895	-	3,895
9201000 Interest Expense - Intercompany	4,156	4,156	-	16,897	16,895	2
9205000 Interest Expense - Non-Operating	399	342	57	1,759	1,576	183
9401000 Professional Non-Operating	38,574	-	38,574	197,275	-	197,275
9801000 Misc. Expense	-	-	-	-	300	(300)
9881000 Income Tax	1,667	-	1,667	6,667	-	6,667
Total Other Expenses	46,743	4,498	42,246	226,493	18,771	207,722
Net Income/(Loss)	136,891	282,090	145,199	487,263	1,071,444	584,181
SUMMARY						
Operating Revenue						
Total Independent Living Revenue	1,424,935	1,404,125	(20,811)	5,677,741	5,623,526	(54,215)
Total Health Center Revenue	382,230	355,446	(26,783)	1,528,344	1,365,184	(163,160)
Total Home Health Revenue	360,130	274,713	(85,417)	1,440,521	1,284,678	(155,843)
Total Other Operating Revenue	200	124	(76)	800	97,018	96,218
Total Operating Revenue	2,167,495	2,034,408	(133,086)	8,647,406	8,370,406	(277,000)
Operating Expense						

Cyp of Charlotte Consolidated
Operating Statement
APR-21

	APR-21 Budget	APR-21 Actual	APR-21 Variance	YTD Budget	YTD Actual	YTD Variance
Total General and Administrative Expense	621,638	498,833	122,805	2,474,442	2,285,044	189,397
Total Plant Expenses	278,442	268,334	10,108	1,114,587	1,074,351	40,236
Total Environmental Service Expense	115,543	103,744	11,799	463,195	410,695	52,500
Total Food & Beverage Service Expense	394,804	387,612	7,192	1,578,205	1,413,255	164,950
Total Resident Services Expense	32,448	26,028	6,420	132,993	102,231	30,762
Total Health Center Expense	302,366	301,297	1,069	1,214,847	1,261,699	(46,851)
Total Community Home Health Expense	257,480	222,383	35,097	1,031,392	942,671	88,721
Total Operating Expense	2,002,720	1,808,230	194,490	8,009,661	7,489,945	519,716
Net Operating Income	164,775	226,179	61,404	637,745	880,461	242,716
Total Other Income	18,860	60,409	41,550	76,011	209,754	133,744
Total Other Expenses	46,743	4,498	42,246	226,493	18,771	207,722
Net Income/(Loss)	136,891	282,090	145,199	487,263	1,071,444	584,181

Statement of Cash Flows

Cypress of Char Consolidated

April 2021

Current Month Actual Year To Date Actual**CASH FLOWS FROM OPERATING ACTIVITIES:**

Operating Revenue	2,034,408	8,370,406
Adjustments to Reconcile Net Operating Revenue to Cash:		
Decrease (Increase) in Resident Receivables	(63,603)	17,480
Decrease (Increase) in Other Accounts Receivable	(27,368)	(372,103)
Operating Revenue - Cash Basis	<u>1,943,438</u>	<u>8,015,782</u>
Operating Expenses	1,808,230	7,489,945
Adjustments to Reconcile Net Operating Expenses to Cash:		
Increase (Decrease) in Prepaid Expenses and Inventory	(54,577)	(96,853)
Decrease (Increase) in Accounts Payable	541,155	(235,017)
Decrease (Increase) in Accrued Expenses	366,445	288,267
Operating Expenses - Cash Basis	<u>2,661,253</u>	<u>7,446,343</u>
Net Operating Income (Loss) - Cash Basis	(717,815)	569,440
Other		
Interest Income	6,744	33,473
Interest Expense	(3,155)	(34,931)
Other Income & Expense	53,666	175,982
Entrance Fees		
Increase (Decrease) in Entrance fee Deposits	(12,409)	2,318
NET CASH PROVIDED BY OPERATING ACTIVITIES:	<u>(672,970)</u>	<u>746,281</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(221,428)	(1,034,871)
Decrease (Increase) in Self Restricted Assets	(59,872)	(274,367)
Decrease (Increase) in Restricted Assets	(2,041)	(9,944)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	<u>(283,341)</u>	<u>(1,319,182)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Effects of Refinancing/Principal Payment on Debt	408,909	408,909
Decrease (Increase) in Other Long Term Debt	(16,335)	(39,481)
Equity Changes - Capital Contributions/Partner Distributions		500,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:	<u>392,575</u>	<u>869,428</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	(563,736)	296,528
CASH AND CASH EQUIVALENTS - AT BEGINNING OF PERIOD	1,194,833	334,570
CASH AND CASH EQUIVALENTS - AT END OF PERIOD	<u>631,097</u>	<u>631,097</u>

The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc.
 Combined 2020 Forecast to Actual - Balance Sheet
 Material Variance Analysis

	Forecast	Actual	Over / (Under) Variance	Over / (Under) Variance	
Assets					
Current Assets					
Cash and cash equivalents	\$660,830	\$340,478	(\$320,352)	-48%	1
Accounts receivable, net	\$1,079,505	\$971,960	(\$107,545)	-10%	
Due from affiliate	\$64,116	\$0	(\$64,116)	-100%	
Inventory	\$120,238	\$97,227	(\$23,011)	-19%	
Other current assets	\$305,106	\$303,103	(\$2,003)	-1%	
	<u>\$2,229,795</u>	<u>\$1,712,768</u>	<u>(\$517,027)</u>		
Assets Limited to Use					
Internally designated for DOI operating reserve	\$2,398,867	\$2,340,631	(\$58,236)	-2%	
Reserve for Replacements	\$2,782,656	\$3,245,241	\$462,585	17%	2
	<u>\$5,181,523</u>	<u>\$5,585,872</u>	<u>\$404,349</u>		
Other Investments	\$0	\$25,000	\$25,000		
Property and Equipment, Net	\$12,911,952	\$13,347,817	\$435,865	3%	
Refundable deposits	\$0	\$62,035	\$62,035	NMR	
	<u>\$20,323,270</u>	<u>\$20,733,492</u>	<u>\$410,222</u>		
Liabilities and Net Assets and Members' Equity					
Current Liabilities					
Accounts Payable and accrued expenses	\$1,786,337	\$1,694,719	(\$91,618)	-5%	
Due to Affiliate	\$9,105	\$7,254	(\$1,851)	-20%	
Provider relief advance		\$59,500	\$59,500	NMR	
Due to homeowners		\$15,609	\$15,609	NMR	
Current portion of long-term debt	\$120,457	\$75,697	(\$44,760)	-37%	
Total current liabilities	<u>\$1,915,899</u>	<u>\$1,852,779</u>	<u>(\$63,120)</u>		
Long-Term Debt, less current portion	\$82,621	\$61,128	(\$21,493)	-26%	
Total Liabilities	<u>\$1,998,520</u>	<u>\$1,913,907</u>	<u>(\$84,613)</u>		
Net Assets					
Unrestricted	\$3,697,717	\$4,293,899	\$596,182	16%	3
Total net assets	<u>\$3,697,717</u>	<u>\$4,293,899</u>	<u>\$596,182</u>		
Members' Equity					
Members' equity, undesignated	\$11,844,177	\$11,280,445	(\$563,732)	-5%	
Members' equity, designated asset replacement and repair	\$2,782,656	\$3,245,241	\$462,585	17%	2
Total Members' Equity	<u>\$14,626,833</u>	<u>\$14,525,686</u>	<u>(\$101,147)</u>		
	<u>\$20,323,070</u>	<u>\$20,733,492</u>	<u>\$410,422</u>		

Scope for variance explanation - for the balance sheet management considers combined variances in excess of 10% of forecast and \$200,000 to be significant to the financial statement.

- 1 Cash fluctuates due to timing of payroll and accounts payable disbursements and lower net income - see Cash Flow Statement for details
- 2 The Cypress of Charlotte, LLC contributed capital towards the Stewart Health Center expansion
- 3 Lower operating revenues than forecasted

The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc.
 Combined 2020 Forecast to Actual - Operations
 Material Variance Analysis

	Forecast	Actual	Over / (Under) Variance	Over / (Under) Variance
Revenues				
Member fees and assessments	\$16,573,149	\$16,216,742	(\$356,407)	-2%
Health Center	\$4,478,058	\$4,265,278	(\$212,780)	-5%
Home Health	\$4,344,593	\$4,169,180	(\$175,413)	-4%
Provider relief funding	\$271,859	\$508,805	\$236,946	NMR 1
Other	\$0	(\$7,364)	(\$7,364)	NMR
Investment Income	\$71,000	(\$89,460)	(\$160,460)	-226%
Total Revenues	\$25,738,659	\$25,063,181	(\$675,478)	
Expenses				
Food and beverage	\$5,305,401	\$4,672,218	(\$633,183)	-12% 2
Health Center	\$4,025,240	\$4,154,275	\$129,035	3%
Home Health	\$3,476,381	\$3,369,424	(\$106,957)	-3%
Plant	\$4,304,943	\$4,331,679	\$26,736	1%
Resident Services	\$402,255	\$368,560	(\$33,695)	-8%
Housekeeping	\$1,539,301	\$1,575,703	\$36,402	2%
General and administrative	\$5,513,296	\$5,805,177	\$291,881	5%
Depreciation and amortization	\$890,629	\$842,619	(\$48,010)	-5%
Extraordinary events	\$200,000	\$0	(\$200,000)	-100% 3
Income taxes	\$37,764	\$5,242	(\$32,522)	-86%
Total Expenses	\$25,695,210	\$25,124,897	(\$570,313)	
Change in net assets and members' equity	\$43,449	(\$61,716)	(\$105,165)	

Scope for variance explanation - for the statement of operations management considers combined variances in excess of 10% of forecast and \$200,000 to be significant to the financial statement.

- 1 Received more HHS Provider Relief funding than anticipated at the time the 2020 forecast was prepared
- 2 Decrease in F&B expenses due to changes in operations due to Covid-19 (closing of dining rooms for the majority of the year)
- 3 At the time the forecast was created we estimated the added expenses due to Covid-19 to be \$200,000 and included them as a separate line item; per our auditors, the actual expenses are included in the various departments in which the expenses were incurred

The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc.
 Combined 2020 Forecast to Actual - Cash Flows
 Material Variance Analysis

	Forecast	Actual	Over / (Under) Variance	Over / (Under) Variance	
Cash Flows From Operating Activities					
Change in net assets and excess of revenues over expenses	\$43,449	(\$61,716)	(\$105,165)	-242%	1
Adjustments to reconcile changes in net assets and excess of revenues over expenses to net cash provided by operating activities					
Loss on disposal of property and equipment	\$0	\$7,864			
Depreciation	\$890,629	\$842,619	(\$48,010)	-5%	
(Gain) Loss on assets limited as to use	\$0	\$152,790	\$152,790	NMR	
Bad debt expense	\$0	\$90,467	\$90,467	NMR	
Increase (decrease) in:					
Accounts receivables, net	(\$15,638)	(\$24,441)	(\$8,803)	56%	
Due from and to affiliate	(\$2,565)	\$59,799	\$62,364	-2431%	
Inventories	(\$20,601)	\$18,386	\$38,987	-189%	
Other current assets	(\$11,735)	(\$9,732)	\$2,003	-17%	
Increase (decrease) in:					
Provider relief fund advance		\$59,500	\$59,500	NMR	
Accounts payable and accrued expenses	\$85,432	(\$60,112)	(\$145,544)	-170%	
Net Cash provided by operating activities	\$968,971	\$1,075,424	\$98,589		
Cash Flows From Investing Activities					
Purchase of property and equipment	(\$499,853)	(\$938,465)	(\$438,612)	88%	2
Purchase of assets whose use is limited	(\$358,566)	(\$932,863)	(\$574,297)	160%	3
Net Cash used in investing activities	(\$858,419)	(\$1,871,328)	(\$1,012,909)		
Cash Flows From Financing Activities					
Payments of principal on capital lease obligations	\$0	(\$73,633)	(\$73,633)	NMR	
Payments of principal on long-term debt	(\$74,178)	(\$14,441)	\$59,737	-81%	
Equity transfer	\$0	\$600,000	\$600,000	NMR	4
Net Cash used in financing activities	(\$74,178)	\$511,926	(\$13,896)		
Net Cash increase in cash and cash equivalents	\$36,374	(\$283,978)	(\$928,216)		
Cash and cash equivalents					
Beginning	\$624,456	\$624,456	\$0		
Ending	\$660,830	\$340,478	(\$320,352)		

Scope for variance explanation - for the statement of cash flows management considers combined variances in excess of 10% of forecast and \$200,000 to be significant to the financial statement.

- 1 See operating statement for details of revenue and expense changes
- 2 More capital asset purchases than forecasted based on the needs of the organization
- 3 Purchase and sale of assets fluctuates depending on community requirements
- 4 The Cypress of Charlotte, LLC contributed capital towards the Stewart Health Center expansion

THE CYPRESS OF CHARLOTTE, LLC
CHARLOTTE, NORTH CAROLINA

AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

THE CYPRESS OF CHARLOTTE, LLC

CHARLOTTE, NORTH CAROLINA

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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OFFICERS

Marc A. Puntereri	-	President
James P. Coleman	-	Vice President



Robinson Grant & Co., P.A.

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Independent Auditors' Report

June 29, 2021

Managing Members
The Cypress of Charlotte, LLC
Charlotte, North Carolina

We have audited the accompanying financial statements of The Cypress of Charlotte, LLC (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and members' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of The Cypress of Charlotte, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kolman & Co., P.A.

THE CYPRESS OF CHARLOTTE, LLC

BALANCE SHEETS

AS OF DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
Current assets		
Cash and cash equivalents - operating	\$ 521,988	\$ 411,730
Due from related parties	410	3,957
Total current assets	522,398	415,687
Restricted assets		
Cash and cash equivalents - wait list deposits	123,598	332,000
Cash and cash equivalents - real estate trust	295,863	10,098
Total restricted assets	419,461	342,098
Property and equipment		
Furniture, fixtures and equipment	25,330	14,800
Less accumulated depreciation	(15,889)	(14,357)
Total property and equipment, net	9,441	443
Total assets	\$ 951,300	\$ 758,228

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

THE CYPRESS OF CHARLOTTE, LLC

BALANCE SHEETS

AS OF DECEMBER 31, 2020 AND 2019

LIABILITIES AND MEMBERS' EQUITY

	<u>2020</u>	<u>2019</u>
Current liabilities		
Accounts payable	\$ 9,321	\$ 16,130
Due to related parties	-	37,100
State income tax withholdings	40,618	20,007
Due to members	2,303	13,431
Deposits - real estate trust	123,500	10,000
Current portion of note payable	99,484	100,088
Total current liabilities	<u>275,226</u>	<u>196,756</u>
Noncurrent liabilities		
Note payable	640,200	742,966
Less debt issuance costs, net	(8,827)	(10,238)
Long term note payable, net	631,373	732,728
Deposits - wait list	294,500	332,000
Total noncurrent liabilities	<u>925,873</u>	<u>1,064,728</u>
Total liabilities	<u>1,201,099</u>	<u>1,261,484</u>
Members' equity (deficit)		
Members' equity (deficit)	(223,549)	(477,006)
Syndication costs	(26,250)	(26,250)
Net members' equity (deficit)	<u>(249,799)</u>	<u>(503,256)</u>
Total liabilities and members' equity	<u>\$ 951,300</u>	<u>\$ 758,228</u>

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

THE CYPRESS OF CHARLOTTE, LLC
STATEMENTS OF INCOME AND MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Membership fees	\$ 2,505,250	\$ 1,362,900
Management fees	2,141,288	2,055,115
Commission revenues	964,450	539,158
Investment revenue - operating & escrow funds	2,185	8,952
Miscellaneous revenue	<u>6,450</u>	<u>14,272</u>
Total revenues	5,619,623	3,980,397
Expenses		
Uncollectible receivable - related party	-	1,065,664
Developer costs	600,000	-
Depreciation	1,532	593
Equipment lease	2,598	4,072
Insurance	38,061	38,291
Interest	30,864	49,640
Management fees - Cypress Group	168,000	168,000
Marketing/advertising	69,828	143,771
Miscellaneous expenses	7,228	4,279
Office expenses	40,470	44,666
Professional fees	19,987	18,732
Salaries, wages and payroll taxes	284,501	258,989
Sales incentives	29,613	16,678
Travel and entertainment	4,388	25,186
Website costs	<u>69,120</u>	<u>46,296</u>
Total expenses	<u>1,366,190</u>	<u>1,884,857</u>
Net income	4,253,433	2,095,540
Beginning members' equity (deficit)	(503,256)	601,185
Members' distributions	<u>(3,999,976)</u>	<u>(3,199,981)</u>
Ending members' equity (deficit)	<u>\$ (249,799)</u>	<u>\$ (503,256)</u>

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

THE CYPRESS OF CHARLOTTE, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Net income	\$ 4,253,433	\$ 2,095,540
Adjustments to reconcile net income to net cash provided by operating activities:		
Debt issuance amortization included in interest expense	1,411	1,411
Depreciation	1,532	593
(Increase) decrease in:		
Accounts receivable	-	246,035
Due from related parties	3,545	1,061,707
Increase (decrease) in:		
Accounts payable - trade	(6,808)	9,081
Due to related parties	(37,100)	35,350
State income tax withholdings	20,612	(18,772)
Due to members	(11,128)	13,282
Distribution payable	-	(8,333)
Deposits - real estate trust and wait list	76,000	(185,000)
Net cash provided by operating activities	4,301,497	3,250,894
Cash flows from investing activities:		
Purchases of furniture, fixtures and equipment	(10,530)	-
Net cash used in investing activities	(10,530)	-
Cash flows from financing activities:		
Note payable principal repayments	(103,370)	(92,445)
Member distributions	(3,999,976)	(3,199,981)
Net cash used in financing activities	(4,103,346)	(3,292,426)
Net increase (decrease) in cash and cash equivalents	187,621	(41,532)
Cash and cash equivalents, beginning of year	753,828	795,360
Cash and cash equivalents, end of year	\$ 941,449	\$ 753,828
<u>Summary of cash accounts per balance sheets:</u>		
Cash and cash equivalents - operating	\$ 521,988	\$ 411,730
Cash and cash equivalents - wait list deposits	123,598	\$ 332,000
Cash and cash equivalents - real estate trust	295,863	10,098
Total cash per balance sheets	\$ 941,449	\$ 753,828
<u>Supplemental Disclosures</u>		
Cash paid during the year for interest	\$ 29,453	\$ 48,229

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

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 – Nature of Organization

The Cypress of Charlotte, LLC (the Company), was organized on April 16, 1996 as a Limited Liability Company (LLC) in compliance with laws of the State of South Carolina. Its general purpose is to engage in the business of purchasing, developing and managing real property and related facilities specifically for a continuing care retirement community geographically located in Charlotte, North Carolina (Cypress of Charlotte). The term of the Company, by agreement, is approximately thirty years terminating on December 31, 2025, unless terminated beforehand. The thirty five-year term may be extended by amendment of the operating agreement.

The Company also has overall management responsibility for The Cypress of Charlotte Club, Inc. (the Club), a North Carolina not-for-profit corporation created to manage the commonly-owned property of The Cypress of Charlotte and which provides certain services to its members including, but not limited to, dining and medical, social activities, repair and maintenance services, security and recreational facilities.

At completion of the development of the residential units of The Cypress of Charlotte as well as the removal of all associated mortgage encumbrances, all commonly owned property was transferred to The Cypress of Charlotte Owners' Association, Inc. (the Association), a corporation organized in the state of North Carolina. The Association provides for the maintenance, repair and replacement, administration and operation of Cypress' property. Certain owners within the association volunteer to serve as members of the board of directors for matters related to governance of the association. The Club serves as the administrative vehicle for the Association.

Note 2 – Summary of Significant Accounting Policies

Revenue and Cost Recognition

The Company's primary sources of revenues include the following:

Management fees – received from the Club and equates to 10% of the annual budgeted operating costs of both the Club and Association.

Membership fees – received as a result of the resale of a residential unit and equates to 10% of the unit's gross sales price.

Commissions – received as a result of the resale of a residential unit and generally equates to 5% of the unit's gross sales price.

Accounting Method

The Company uses the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when the related obligation is incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and money market and depository accounts.

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are accounted for at cost when purchased and are depreciated using the straight-line method over an estimated useful life of 5 to 7 years. For the years ended December 31, 2020 and 2019, depreciation expense totaled \$1,532 and \$593, respectively.

Debt Issuance Costs

During the process of borrowing funds in 2017 (see Note 7), the Company incurred a total of \$14,110 of related debt-issuance costs. These costs are being amortized, over the ten-year term of the note, utilizing the straight-line method of calculation which does not vary materially from the generally accepted effective interest method. For the years ended December 31, 2020 and 2019, amortization expense totaled \$1,411 and is included as a component of interest expense on the Statements of Income and Members' Equity. As of December 31, 2020, accumulated amortization was \$5,283.

Limited Liability Company and Income Taxes

The Company is structured as a Limited Liability Company thereby resulting in each members' respective liability being limited to amounts reflected in their individual member equity accounts.

The Company is treated as a partnership for federal and state income tax purposes. As a result, members (Class A investor members) report their proportionate share of the Company's taxable income, loss and other pass-through items on their personal income tax returns. Accordingly, no provisions for income taxes have been included in these financial statements. In addition, the state of North Carolina requires partnerships to withhold state income tax from those members who are not North Carolina residents and who also are not organized as one of the following structures: a corporation, partnership, trust, estate or vehicle for investing in IRAs or other qualified retirement plans. Total state withholdings for the years ended December 31, 2020 and 2019 totaled \$40,618 and \$20,007, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs

The Company expenses advertising costs as incurred. These costs for the years ended December 31, 2020 and 2019 were \$69,828 and \$143,771, respectively.

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Uncertain Tax Positions

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits which materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company nor its members will not be subject to tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for a period of three years for examination by government authorities.

Restricted Assets - Deposits

The Company receives deposits from both (1) buyers towards the direct purchase of residential units and (2) potential buyers who have expressed interest in purchasing a residential unit. Deposits collected from interested purchasers total \$1,000 each, are kept in bank accounts separate from other funds and are either subsequently applied toward the eventual purchase of a unit or refunded at the request of the depositor. In addition, application and renewal fees of \$100 per person are charged on deposits collected; these fees are non-refundable and are included in miscellaneous revenues within the Statements of Income and Members' Equity (Deficit).

Note 3 – Related Party Transactions

As managing member, The Cypress Group, LLC (the Group) receives compensation and reimbursements for daily management services provided. For the years ended December 31, 2020 and 2019, the management fee received totaled \$168,000. The managing members of The Cypress Group, LLC are James P. Coleman and Marc A. Puntereri.

Pursuant to the management agreement between the Company and the Cypress of Charlotte Club, as well as the membership agreement between each member and the Company, the Company receives an annual management fee from the Club and the Association. The amount received by the Company is based on the total budgeted operating costs of both the Club and the Association. For the years ended December 31, 2020 and 2019, the amount received by the Company totaled \$2,141,288 and \$2,055,115, respectively.

Also, pursuant to the management agreement between the Company and the Club, the Company shall reimburse the Club for certain expenses incurred on their behalf. As of December 31, 2020, and 2019, the Company owed the Club \$-0- and \$18,934, respectively, for these costs which include payroll and other expenses.

The Cypress of Hilton Head Associates, LP, which is managed by the officers of the Company, pays certain payroll expenses on behalf of the Company. Additionally, the Company pays certain administrative expenses on behalf of the Cypress of Hilton Head Associates, LP. All expenses paid on behalf of each related party are reimbursed on a recurring basis. As of December 31, 2020 and 2019, the amount due from the Company to the Cypress of Hilton Head Associates, LP totaled \$-0- and \$18,166, respectively.

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 4 – Members’ Equity

Members’ equity balances consist of cash capital contributions from Class A-type investor members. At the occurrence of either of the two following events, governing documents require each Class A investor member to contribute additional capital, at an amount not to exceed twenty percent (20%) of the investor’s initial capital contribution:

- (a) to satisfy requirements imposed by any third-party lenders, or
- (b) for additional working capital needs or reserves based entirely upon the sole discretion of the managing member.

In the event a Class A investor member fails to contribute the required additional capital the managing member may either (1) permit the current non-defaulting members to contribute the additional capital contribution on behalf of the defaulting member or (2) in effort to collect any portion of the necessary contribution plus the costs of such proceedings, commence legal action upon the defaulting member.

Note 5 – Concentration of Credit Risk

The Organization maintains its cash funds at two financial institutions both of which are insured by the Federal Deposit Insurance Corporation (FDIC) for a maximum of \$250,000 per customer. As of December 31, 2020, a total of \$1,483,386 of the Organization’s fund were uninsured. At various other times during the year, the Organization’s bank balances may have also exceeded the federally insured limits. This risk is managed by maintaining all deposits in creditworthy and reputable financial institutions.

Note 6 – Commitments

The Company has entered into operating lease agreements for office equipment. A summary of minimum annual lease payments are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 2,688
2022	2,688
2023	2,688
2024	<u>2,016</u>
Total	<u>\$ 10,080</u>

For the years ended December 31, 2020 and 2019, lease payments totaled \$2,598 and \$4,072, respectively.

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 7 – Note Payable

During 2017, the Company committed through a note payable to provide the Association a \$1,000,000 contribution towards the construction of an updated aquatic and fitness center. Both the Company and the Association are listed as co-debtors on the note agreement. Terms of the note specify a total amount available of \$3,000,000 with an interest rate of 3.75% through April 13, 2018, at which point the rate adjusts to a variable floating prime interest rate through March 13, 2027, the loan termination date when all unpaid amounts are due. Further information regarding the note payable as of December 31, is summarized as follows:

	2020	2019
Principal balance due	\$ 739,684	\$ 843,054
Interest rate	3.25%	4.75%
Interest paid	\$ 29,453	\$ 48,229

In 2019 the project was completed with a sum of \$1,000,000, of the \$3,000,000 total amount available through the loan, being withdrawn during the course of construction. The Company has no intentions to further withdraw any additional funds available and is committed to solely repay the entire balance due with no amounts needing to be contributed by the Association.

A summary of minimum principal and interest payments for the note payable are as follows. The actual interest paid throughout the life of the loan may vary and the variations may be material. The following data accounts for a 3.25% interest rate during the period of variable interest.

Year	Principal	Interest	Total
2021	\$ 99,484	\$ 20,697	\$ 120,181
2022	111,958	19,149	131,107
2023	115,651	15,455	131,106
2024	119,466	11,640	131,106
2025	123,407	7,699	131,106
2026-2027	169,718	3,910	173,628
Total	\$ 739,684	\$ 78,550	\$ 818,234

Note 8 – Date of Management’s Review

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through June 29, 2021, the date the financial statements were available to be issued.

The Cypress of Charlotte, LLC
Balance Sheet
As of April 30, 2021

	Apr 30, 21
ASSETS	
Current Assets	
Checking/Savings	
1000-00 · LLC - OPERATING	362,198.14
1050-00 · LLC - MMA/OPR	241,490.24
1098-00 · LLC - WAIT LIST (Paragon)	105,481.37
1097-00 · LLC TRUST - (Paragon Bank)	436,497.90
1090-00 · LLC - WAIT LIST (CoastalStates)	184,905.14
1096-00 · CDARS	1,100,000.00
Total Checking/Savings	2,430,572.79
Total Current Assets	2,430,572.79
Fixed Assets	
1600-00 · FURNITURE, FIXTURES & EQUIPMENT	25,329.66
1650-00 · A/D - FF&E	-15,889.03
Total Fixed Assets	9,440.63
Other Assets	
1800-00 · LOAN CLOSING COSTS	14,110.00
1815-00 · LOAN CLS CSTS - AMORT PHASE II	-5,283.00
1830-00 · SYNDICATION COST	26,250.00
Total Other Assets	35,077.00
TOTAL ASSETS	2,475,090.42
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2156-00 · DUE TO PARTNERS	2,302.91
2255-00 · NOTES PAYABLE - COASTALSTATES	703,921.85
2165-00 · DUE TO CYPRESS CHARLOTTE CLUB	43,812.22
2885-00 · DEPOSIT - CYP OF CHAR TRUST	436,400.00
2890-00 · DEPOSITS - WAIT LIST	288,950.00
Total Other Current Liabilities	1,475,386.98
Total Current Liabilities	1,475,386.98
Total Liabilities	1,475,386.98
Equity	
3010-00 · DISTRIBUTIONS	-3,999,975.98
3040-00 · PARTNER EQUITY	-477,417.09
3900 · Retained Earnings	4,253,434.49
Net Income	1,223,662.02
Total Equity	999,703.44
TOTAL LIABILITIES & EQUITY	2,475,090.42

The Cypress of Charlotte, LLC
Profit & Loss
 January through April 2021

	Jan - Apr 21
Income	
4015-00 · SALES - MEMBERSHIPS	805,950.00
4025-00 · COMM - RESALES	415,275.00
9010-00 · INTEREST INCOME	303.26
9015-00 · MANAGEMENT FEES - CYPRESS	728,653.00
Total Income	1,950,181.26
Expense	
6165-00 · DEVELOPER COSTS	500,000.00
6666-00 · RESALES	15,780.94
6050-00 · BANK CHARGES	206.30
6430-00 · INSURANCE GENERAL	7,536.00
6545-00 · LEASE EQUIPMENT	1,401.39
6560-00 · LICENSES & PERMITS	112.50
6575-00 · MANAGEMENT FEES - CYP GROUP	56,000.00
6605-00 · MKTG - DIRECT MAIL & EMAIL	600.00
6610-00 · MKTG - ENV/STATIONERY	840.16
6620-00 · MKTG - MAGAZINE	2,630.00
6633-00 · MKTG - NEW MEMBER& REFERRAL	503.47
6640-00 · MKTG - ORIGINAL ART	3,750.00
6646-00 · MKTG - PLANT MAINTENANCE	1,819.52
6650-00 · MKTG - PRINTING	4,629.09
6655-00 · MKTG - PROMOTIONS	492.77
6660-00 · MKTG - PUBLIC RELATIONS	1,100.00
6676-00 · MKTG - WEBSITE	17,660.00
7020-00 · OFFICE SUPPLIES	2,358.89
7050-00 · POSTAGE & FREIGHT	1,939.79
8915-00 · SALARIES/PAYROLL	75,346.19
8940-00 · PAYROLL TAXES	5,514.72
7275-00 · TELEPHONE	8,569.58
7280-00 · TRAVEL	429.26
8950-00 · GROUP INSURANCE	9,358.52
9060-00 · INTEREST EXPENSE - COASTALSTATE	7,940.15
Total Expense	726,519.24
Net Income	1,223,662.02

The Cypress of Charlotte, LLC
Statement of Cash Flows
January through April 2021

	<u>Jan - Apr 21</u>
OPERATING ACTIVITIES	
Net Income	1,223,662.02
Adjustments to reconcile Net Income to net cash provided by operations:	
2155-00 · NYC TAX WITHHELD	-40,618.00
2255-00 · NOTES PAYABLE - COASTALSTATES	-35,761.93
2000-00 · ACCOUNTS PAYABLE	-9,320.75
2165-00 · DUE TO CYPRESS CHARLOTTE CLUB	43,812.22
2885-00 · DEPOSIT - CYP OF CHAR TRUST	312,900.00
2890-00 · DEPOSITS - WAIT LIST	-5,550.00
	<hr/>
Net cash provided by Operating Activities	1,489,123.56
Net cash increase for period	1,489,123.56
Cash at beginning of period	<hr/> 941,449.23
Cash at end of period	<hr/> <u>2,430,572.79</u>

THE CYPRESS OF CHARLOTTE, LLC

FORECASTED FINANCIAL STATEMENTS

FOR THE YEARS ENDING
DECEMBER 31, 2021
THROUGH
DECEMBER 31, 2025

THE CYPRESS OF CHARLOTTE, LLC

CHARLOTTE, NORTH CAROLINA

FORECASTED FINANCIAL STATEMENTS

FOR THE YEARS ENDING
DECEMBER 31, 2021
THROUGH
DECEMBER 31, 2025

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Robinson Grant & Co., P.A.

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Accountants' Compilation Report

June 29, 2021

To The Members
The Cypress of Charlotte, LLC

Management is responsible for the accompanying forecast of The Cypress of Charlotte, LLC, which comprises the forecasted balance sheets as of December 31, 2021 through 2025, and the related forecasted statements of income and members' equity and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). 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 forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying supplementary information, the Schedules of 2020 Forecast Versus Historical Comparison, is presented for purposes of additional analysis and is not a required part of the forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Robinson Grant & Co., P.A.

THE CYPRESS OF CHARLOTTE, LLC
FORECASTED BALANCE SHEETS
FOR THE YEARS ENDING DECEMBER 31, 2021 THROUGH 2025

ASSETS

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Current assets					
Cash	\$ 616,457	\$ 619,465	\$ 622,473	\$ 625,481	\$ 628,489
Total current assets	616,457	619,465	622,473	625,481	628,489
Restricted assets - cash deposits	332,000	332,000	332,000	332,000	332,000
Property and equipment					
Furniture, fixtures & equipment	25,330	25,330	25,330	25,330	25,330
Less: accumulated depreciation	<u>(17,497)</u>	<u>(19,105)</u>	<u>(20,713)</u>	<u>(22,321)</u>	<u>(23,929)</u>
Total Property and equipment, net	<u>7,833</u>	<u>6,225</u>	<u>4,617</u>	<u>3,009</u>	<u>1,401</u>
Total assets	<u>\$ 956,290</u>	<u>\$ 957,690</u>	<u>\$ 959,090</u>	<u>\$ 960,490</u>	<u>\$ 961,890</u>

LIABILITIES AND MEMBERS' EQUITY

Current liabilities

Payables and deposits	\$ 143,205	\$ 143,205	\$ 143,205	\$ 143,205	\$ 143,205
Current portion of note payable	<u>111,958</u>	<u>115,651</u>	<u>119,466</u>	<u>123,407</u>	<u>127,478</u>
Total current liabilities	255,163	258,856	262,671	266,612	270,683

Noncurrent liabilities

Note payable	528,242	412,591	293,125	169,718	42,240
Less debt issuance costs, net	<u>(8,800)</u>	<u>(7,400)</u>	<u>(6,000)</u>	<u>(4,600)</u>	<u>(3,200)</u>
Long term note payable, net	519,442	405,191	287,125	165,118	39,040
Deposits - wait list	<u>332,000</u>	<u>332,000</u>	<u>332,000</u>	<u>332,000</u>	<u>332,000</u>
Total noncurrent liabilities	<u>851,442</u>	<u>737,191</u>	<u>619,125</u>	<u>497,118</u>	<u>371,040</u>

Total liabilities 1,106,605 996,047 881,796 763,730 641,723

Members' equity (deficit) (150,315) (38,357) 77,294 196,760 320,167

Total liabilities and members' equity \$ 956,290 \$ 957,690 \$ 959,090 \$ 960,490 \$ 961,890

See accompanying summary of significant accounting policies and forecast assumptions and accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
FORECASTED STATEMENTS OF INCOME AND MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDING DECEMBER 31, 2021 THROUGH 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues					
Management fees	\$ 2,181,000	\$ 2,181,000	\$ 2,181,000	\$ 2,181,000	\$ 2,181,000
Membership fees	2,160,000	2,160,000	2,160,000	2,160,000	2,160,000
Resale commissions	923,400	923,400	923,400	923,400	923,400
Interest and other income	3,500	3,500	3,500	3,500	3,500
Total revenue	<u>5,267,900</u>	<u>5,267,900</u>	<u>5,267,900</u>	<u>5,267,900</u>	<u>5,267,900</u>
Expenses					
Developer costs	600,000	100,000	100,000	100,000	100,000
Interest expense	34,563	30,114	22,449	16,434	10,112
Operating expenses	985,000	985,000	985,000	985,000	985,000
Total expenses	<u>1,619,563</u>	<u>1,115,114</u>	<u>1,107,449</u>	<u>1,101,434</u>	<u>1,095,112</u>
Net income	3,648,337	4,152,786	4,160,451	4,166,466	4,172,788
Members' equity (deficit), beginning of year	(249,799)	(150,315)	(38,357)	77,294	196,760
Distributions	<u>(3,548,853)</u>	<u>(4,040,828)</u>	<u>(4,044,800)</u>	<u>(4,047,000)</u>	<u>(4,049,381)</u>
Members' equity (deficit), ending of year	<u>\$ (150,315)</u>	<u>\$ (38,357)</u>	<u>\$ 77,294</u>	<u>\$ 196,760</u>	<u>\$ 320,167</u>

See accompanying summary of significant accounting policies and forecast assumptions and accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
FORECASTED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31, 2021 THROUGH 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Cash provided by operating activities:					
Net income	\$ 3,648,337	\$ 4,152,786	\$ 4,160,451	\$ 4,166,466	\$ 4,172,788
Adjustments to reconcile net income to net cash provided by operating activities					
Debt issuance amortization included in interest expense	1,400	1,400	1,400	1,400	1,400
Depreciation	1,608	1,608	1,608	1,608	1,608
Increase in Due from Cypress Group	4,000	-	-	-	-
Net cash provided by operating activities	<u>\$ 3,655,345</u>	<u>\$ 4,155,794</u>	<u>\$ 4,163,459</u>	<u>\$ 4,169,474</u>	<u>\$ 4,175,796</u>
Cash used in financing activities:					
Principal repayment of note payable	(99,484)	(111,958)	(115,651)	(119,466)	(123,407)
Member distributions	(3,548,853)	(4,040,828)	(4,044,800)	(4,047,000)	(4,049,381)
Net cash used in financing activities	<u>(3,648,337)</u>	<u>(4,152,786)</u>	<u>(4,160,451)</u>	<u>(4,166,466)</u>	<u>(4,172,788)</u>
Net increase in cash	7,008	3,008	3,008	3,008	3,008
Beginning cash	<u>941,449</u>	<u>948,457</u>	<u>951,465</u>	<u>954,473</u>	<u>957,481</u>
Ending cash	<u>\$ 948,457</u>	<u>\$ 951,465</u>	<u>\$ 954,473</u>	<u>\$ 957,481</u>	<u>\$ 960,489</u>
<u>Summary of cash accounts per balance sheets:</u>					
Cash	\$ 616,457	\$ 619,465	\$ 622,473	\$ 625,481	\$ 628,489
Restricted assets - cash deposits	332,000	332,000	332,000	332,000	332,000
Total Cash	<u>\$ 948,457</u>	<u>\$ 951,465</u>	<u>\$ 954,473</u>	<u>\$ 957,481</u>	<u>\$ 960,489</u>

See accompanying summary of significant accounting policies and forecast assumptions and accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS
FOR THE YEARS ENDING DECEMBER 31, 2021 THROUGH 2025

These financial forecasts present, to the best of management's knowledge and belief, the expected financial position, results of operations, and cash flows for the forecast periods. Accordingly, the forecasts reflect management's judgment as of June 29, 2021, the date of these forecasts, of the expected conditions and management's expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. Generally, because events and circumstances frequently do not occur as expected, there will be differences between forecasted and actual results and those differences may be material.

Note 1. Summary of Significant Accounting Policies and Assumptions

Nature of Organization

The accompanying forecasted financial statements include the accounts of The Cypress of Charlotte, LLC (the Company), a Limited Liability Company organized on April 16, 1996 under the laws of the State of South Carolina. The Company is engaged in the business of purchasing, developing, and managing real property and related facilities, more specifically a residential and health care center in Charlotte, North Carolina comprised of the both the Cypress of Charlotte Club, Inc (the Club) and the Cypress of Charlotte Owners' Association, Inc. (the Association). Development of the property is substantially complete and the managing member is The Cypress Group, LLC. The term of the Company is approximately thirty years by agreement, terminating on December 31, 2025, unless terminated earlier. The term may be extended by amendment of the operating agreement.

Nature of Operations

By agreement with the members, the Company receives a fee at the time a unit within the facility is resold. This new purchasers' membership fee equates to 10% of the unit's gross resale price. In addition, the Company may also earn a commission on resales in an amount equal to 5% of the sales price, net of the new purchase membership fee. Estimated membership and commission revenues are based on actual revenues adjusted for expected changes in prices and volume.

Additionally, the Company receives an overhead payment from the Club equal to ten (10%) of the operating costs of both the Club and Association. Estimated overhead revenues are based on actual revenues adjusted for expected changes in the operating costs of the Club and Association.

Developer costs consist of repairs and maintenance expenses to be paid on behalf of the Club for which the Company does not expect reimbursement. Estimated developer costs are based on anticipated projects which the Company plans to fund. Operating expenses consist of administrative costs, salaries and marketing and advertising. Estimated operating and development costs are based on actual operating results adjusted for expected changes in prices and volume.

Accounting Method

Activities are accounted for using the accrual basis of accounting whereby revenues are recognized when earned and expenses when the related obligation is incurred.

THE CYPRESS OF CHARLOTTE, LLC
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS
FOR THE YEARS ENDING DECEMBER 31, 2021 THROUGH 2025

Note 1. Summary of Significant Accounting Polices and Assumptions (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and money market and depository accounts.

Property and Equipment

Property and equipment are stated at their original purchase cost. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the respective assets. Estimated property and equipment is based on actual property and equipment adjusted for anticipated depreciation, additions and dispositions.

Deposits

The Company receives deposits from both (1) buyers towards the direct purchase of residential units and (2) potential buyers who have expressed interest in purchasing a residential unit. Deposits collected from interested purchasers total \$1,000 each, are held in bank accounts separate from other funds and are either subsequently applied toward the eventual purchase of a unit or are refunded at the request of the depositor. In addition, application and renewal fees of \$100 per person are charged on deposits collected; these fees are non-refundable and are included in miscellaneous revenues within the Statements of Income and Members' Equity (Deficit).

Advertising Costs

The Company expenses advertising costs as incurred. These costs are included in the forecasted operating expenses.

Distributions

Distributions of profits paid to owners will be based upon the available cash of the Company.

Income Taxes

The Company is structured as a Limited Liability Company thereby resulting in each members' respective liability being limited to amounts reflected within their individual member equity accounts. The Company is treated as a partnership for federal and state income tax purposes and, as a result, members report their proportionate share of the Company's taxable income, loss or other pass-through items on their personal income tax returns. Accordingly, no provisions for income taxes have been included in these financial statements.

THE CYPRESS OF CHARLOTTE, LLC
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS
FOR THE YEARS ENDING DECEMBER 31, 2021 THROUGH 2025

Note 1. Summary of Significant Accounting Polices and Assumptions (Continued)

Note Payable

During 2017, The Company committed to provide the Association a \$1,000,000 contribution towards the construction of an updated aquatic and fitness center through a note payable with Coastal States Bank. Both the Company and the Association are listed as co-debtors on the note agreement. Terms of the note specify a total amount available of \$3,000,000 with an interest rate of 3.75% through April 13, 2018, at which point the rate adjusts to a variable floating prime interest rate through March 13, 2027, the loan termination date when all unpaid amounts are due. The Company and the Association have agreed that the Association will repay the note in relation to their \$2,000,000 commitment of the total \$3,000,000 borrowed and the Company will repay their commitment towards the additional \$1,000,000 of borrowings. Revenues of the Company serve as collateral on the loan. Interest expense and repayments are based on an estimated average interest rate of 3.25% and the loan repayment terms.

Debt Issuance Costs

During the process of borrowing funds in 2017, the Company incurred debt-issuance costs which are being amortized, over the ten-year term of the note, utilizing the straight line method of calculation which does not vary materially from the generally accepted effective interest method. Estimated debt issuance costs and related amortization, which is included as a component of interest expense, is based on actual costs incurred and repayment terms.

Members' Equity

Paid in capital sources consist of cash contributions from Class A investor members in the amount of the purchase price for a unit in the Company. At the occurrence of either of the two following events, governing documents require each Class A investor member to contribute additional capital, at an amount not to exceed twenty (20%) percent of the investor's initial capital contribution:

- (a) to satisfy requirements imposed by any third-party lenders, or
- (b) for additional working capital needs or reserves based entirely upon the sole discretion of the managing member.

In the event a Class A investor member fails to contribute the required additional capital the managing member may either (1) permit the current non-defaulting members to contribute the additional capital contribution on behalf of the defaulting member or (2) in effort to collect any portion of the necessary contribution plus the costs of such proceedings, commence legal action upon the defaulting member.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2020 FORECAST VERSUS HISTORICAL COMPARISON -
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2020

ASSETS	<u>Forecast</u>	<u>Historical</u>	<u>Variance</u>	
Current assets				
Cash and cash equivalents	\$ 427,700	\$ 521,988	\$ 94,288	(1)
Due from related parties	<u>-</u>	<u>410</u>	<u>410</u>	
Total current assets	427,700	522,398	94,698	
Restricted assets - cash deposits	332,000	419,461	87,461	(2)
Property and equipment				
Furniture, fixtures & equipment	14,800	25,330	10,530	
Less: accumulated depreciation	<u>(14,800)</u>	<u>(15,889)</u>	<u>(1,089)</u>	
Property & equipment	<u>-</u>	<u>9,441</u>	<u>9,441</u>	
Total assets	<u>\$ 759,700</u>	<u>\$ 951,300</u>	<u>\$ 191,600</u>	
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Payables and deposits	\$ 96,700	\$ 175,742	\$ 79,042	
Current portion of note payable	<u>104,900</u>	<u>99,484</u>	<u>(5,416)</u>	
Total current liabilities	201,600	275,226	73,626	
Noncurrent liabilities				
Note payable	638,100	640,200	2,100	
Less debt issuance costs, net	<u>(8,800)</u>	<u>(8,827)</u>	<u>(27)</u>	
Long term notes payable, net	629,300	631,373	2,073	
Deposits - wait list	<u>332,000</u>	<u>294,500</u>	<u>(37,500)</u>	
Total noncurrent liabilities	<u>961,300</u>	<u>925,873</u>	<u>(35,427)</u>	
Total liabilities	<u>1,162,900</u>	<u>1,201,099</u>	<u>38,199</u>	
Members' equity (deficit)	<u>(403,200)</u>	<u>(249,799)</u>	<u>153,401</u>	(3)
Total liabilities and members' equity	<u>\$ 759,700</u>	<u>\$ 951,300</u>	<u>\$ 191,600</u>	

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2020 FORECAST VERSUS HISTORICAL COMPARISON -
STATEMENT OF INCOME AND MEMBERS' EQUITY (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2020

Revenues	<u>Forecast</u>	<u>Historical</u>	<u>Variance</u>	
Management fees	\$ 1,797,000	\$ 2,141,288	\$ 344,288	(4)
Membership fees	1,687,500	2,505,250	817,750	(5)
Commissions - real estate sales	721,400	964,450	243,050	(6)
Interest and other income	<u>3,500</u>	<u>8,635</u>	<u>5,135</u>	
Total revenues	4,209,400	5,619,623	1,410,223	
Expenses				
Developer costs	450,000	600,000	150,000	(7)
Interest expense	40,200	30,864	(9,336)	
Operating expenses	<u>1,200,000</u>	<u>735,326</u>	<u>(464,674)</u>	(8)
Total expenses	<u>1,690,200</u>	<u>1,366,190</u>	<u>(324,010)</u>	
Revenues in excess of expenses	2,519,200	4,253,433	1,734,233	
Beginning members' equity (deficit)	(503,300)	(503,256)	(44)	
Distributions	<u>(2,419,100)</u>	<u>(3,999,976)</u>	<u>(1,580,876)</u>	(9)
Ending members' equity (deficit)	<u>\$ (403,200)</u>	<u>\$ (249,799)</u>	<u>\$ (153,401)</u>	

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2020 FORECAST VERSUS HISTORICAL COMPARISON -
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Forecast</u>	<u>Historical</u>	<u>Variance</u>
Cash provided by (used in) operating activities:			
Net income	\$ 2,519,200	\$ 4,253,433	\$(1,734,233)
Adjustments to reconcile net income to net cash provided by operating activities			
Debt issuance amortization	1,400	1,411	(11)
Depreciation	500	1,532	(1,032)
(Increase) decrease in:			
Due from related parties	4,000	3,545	455
Increase (decrease) in:			
Accounts payable - trade	-	(6,808)	6,808
Due to related parties	-	(37,100)	37,100
State income tax withholdings	-	20,612	(20,612)
Due to members	-	(11,128)	11,128
Deposits - real estate trust and wait list	-	76,000	(76,000)
Net cash provided by operating activities	<u>2,525,100</u>	<u>4,301,497</u>	<u>(1,776,397)</u>
Cash used in investing activities:			
Purchases of furniture, fixtures and equipment	-	(10,530)	(10,530)
Net cash used in investing activities	<u>(10,530)</u>	<u>(10,530)</u>	<u>(10,530)</u>
Cash used in financing activities:			
Principal repayment of note payable	(100,100)	(103,370)	3,270
Members' distributions	(2,419,100)	(3,999,976)	1,580,876 (9)
Net cash used in financing activities	<u>(2,519,200)</u>	<u>(4,103,346)</u>	<u>1,584,146</u>
Net increase in cash	5,900	187,621	(181,721)
Beginning cash	<u>753,800</u>	<u>753,828</u>	<u>(28)</u>
Ending cash	<u>\$ 759,700</u>	<u>\$ 941,449</u>	<u>\$ (181,749)</u>
<u>Summary of cash accounts per balance sheets:</u>			
Cash and cash equivalents - operating	\$ 427,700	\$ 521,988	\$ (94,288)
Cash and cash equivalents - wait list deposits	-	123,598	(123,598)
Cash and cash equivalents - real estate trust	<u>332,000</u>	<u>295,863</u>	<u>36,137</u>
Total cash per balance sheets	<u>\$ 759,700</u>	<u>\$ 941,449</u>	<u>\$ (181,749)</u>

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2020 FORECAST VERSUS HISTORICAL COMPARISON -
VARIANCE EXPLANATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

For auditing purposes, materiality is calculated to be \$113,000. For financial statement purposes, this provides for a tolerable misstatement allowance of \$85,000. We examined all forecast versus historical variances in excess of \$85,000 and noted the following:

- (1) Cash increased due to the timing of year-end receipts and payments.
- (2) Restricted cash increased as a result of more interest in the property with corresponding collection of deposits from potential purchasers.
- (3) Members' deficit decreased due to higher net profit.
- (4) Management fees increased due to collection of entire amounts due without waiving or contributing management fees back to the Club which occurred in the prior year (2019).
- (5) Membership fees increased due to higher than anticipated sales volume.
- (6) Resale commissions increased due to higher sales volume.
- (7) Developer costs were higher than anticipated as a result of a sales volume that was greater than expected and which thereby resulted in additional services needed.
- (8) Operating expenses decreased primarily as a result of reductions in marketing and advertising costs and interest expense.
- (9) Distributions increased due to increased cash availability at distribution dates than expected.

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2020 FORECAST VERSUS HISTORICAL COMPARISON -
VARIANCE EXPLANATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

For auditing purposes, materiality is calculated to be \$113,000. For financial statement purposes, this provides for a tolerable misstatement allowance of \$85,000. We examined all forecast versus historical variances in excess of \$85,000 and noted the following:

- (1) Cash increased due to the timing of year-end receipts and payments.
- (2) Restricted cash increased as a result of more interest in the property with corresponding collection of deposits from potential purchasers.
- (3) Members' deficit decreased due to higher net profit.
- (4) Management fees increased due to collection of entire amounts due without waiving or contributing management fees back to the Club which occurred in the prior year (2019).
- (5) Membership fees increased due to higher than anticipated sales volume.
- (6) Resale commissions increased due to higher sales volume.
- (7) Developer costs were higher than anticipated as a result of a sales volume that was greater than expected and which thereby resulted in additional services needed.
- (8) Operating expenses decreased primarily as a result of reductions in marketing and advertising costs and interest expense.
- (9) Distributions increased due to increased cash availability at distribution dates than expected.

See accountants' compilation report.

EXHIBIT B
SENIOR LIVING COMMUNITIES MANAGED
BY LIFE CARE SERVICES
AS OF 3/17/2021

Alabama, Birmingham – Galleria Woods
Alabama, Hoover – Danberry at Inverness
Arizona, Chandler – Clarendale of Chandler
Arizona, Peoria – Sierra Winds
Arizona, Phoenix – Clarendale Arcadia
Arizona, Phoenix – Sagewood
Arizona, Tempe (Phoenix) – Friendship Village of Tempe
California, Cupertino – Forum at Rancho San Antonio, The
California, San Diego – Casa de las Campanas
California, San Luis Obispo – Villaggio at San Luis Obispo
California, San Rafael – Aldersly
California, Santa Rosa – Arbol Residences of Santa Rosa
Connecticut, Essex – Essex Meadows
Connecticut, Mystic – StoneRidge
Connecticut, Southbury – Pomperaug Woods
Florida, Boca Raton – Toby & Leon Cooperman Sinai Residences of Boca Raton
Florida, Bradenton – Freedom Village of Bradenton
Florida, Celebration – Windsor at Celebration
Florida, Clearwater – Regency Oaks
Florida, Jacksonville – Cypress Village
Florida, Leesburg – Lake Port Square
Florida, Naples – The Glenview at Pelican Bay
Florida, Palm City – Sandhill Cove
Florida, Port Charlotte – South Port Square
Florida, Seminole – Freedom Square of Seminole
Florida, Seminole – Lake Seminole Square
Florida, Sun City Center – Freedom Plaza
Florida, The Villages – Freedom Point at The Villages
Georgia, Evans – Brandon Wilde
Georgia, Savannah – Marshes of Skidaway Island, The
Georgia, Stone Mountain – Park Springs
Hawaii, Honolulu – Hale Ola Kino
Illinois, Addison – Clarendale of Addison
Illinois, Algonquin – Clarendale of Algonquin
Illinois, Chicago – Clare, The
Illinois, Godfrey – Asbury Village
Illinois, Lincolnshire – Sedgebrook
Illinois, Mokena – Clarendale of Mokena
Illinois, Naperville – Monarch Landing
Illinois, St. Charles – River Glen of St. Charles
Illinois, Wheaton – Wyndemere
Indiana, Carmel – Magnolia Springs at Bridgewater
Indiana, Carmel – Rose Senior Living – Carmel
Indiana, Greenwood (Indianapolis) – Greenwood Village South
Indiana, Indianapolis – Magnolia Springs Southpointe

Indiana, Indianapolis – Marquette
 Indiana, North Manchester – Peabody Retirement Community
 Indiana, Schererville – Clarendale of Schererville
 Indiana, Terre Haute – Westminster Village
 Indiana, West Lafayette – Westminster Village West Lafayette
 Iowa, Ames – Green Hills Community
 Iowa, Cedar Rapids – Cottage Grove Place
 Kansas, Atchison – Dooley Center
 Kansas, Bel Aire – Catholic Care Center
 Kentucky, Florence – Magnolia Springs Florence
 Kentucky, Lexington – Magnolia Springs Lexington
 Kentucky, Lexington – Richmond Place Senior Living
 Kentucky, Louisville – Magnolia Springs East
 Kentucky, Louisville – Magnolia Springs at Whipps Mill
 Maryland, Annapolis – Baywoods of Annapolis
 Maryland, Columbia – Residences at Vantage Point
 Maryland, Pikesville (Baltimore) – North Oaks
 Maryland, Timonium – Mercy Ridge
 Maryland, Towson (Baltimore) – Blakehurst
 Michigan, Battle Creek – NorthPointe Woods
 Michigan, Clinton Township – Rose Senior Living – Clinton Township
 Michigan, Dearborn – Henry Ford Village
 Michigan, East Lansing – Burcham Hills
 Michigan, Holland – Freedom Village
 Michigan, Kalamazoo – Friendship Village
 Michigan, Novi – Rose Senior Living at Providence Park
 Michigan, Waterford – Canterbury-on-the-Lake
 Minnesota, Champlin – Champlin Shores
 Minnesota, Plymouth – Trillium Woods
 Minnesota, Vadnais Heights – Gable Pines
 Missouri, Higginsville – John Knox Village East
 Missouri, St. Peters – Clarendale of St. Peters
 Nebraska, Lincoln – Woodlands at Hillcrest, The
 New Hampshire, Keene – Hillside Village
 New Jersey, Bridgewater – Delaney of Bridgewater, The
 New Jersey, Bridgewater – Laurel Circle
 New Jersey, Burlington – Masonic Village at Burlington
 New Jersey, Lakewood – Harrogate
 New York, Levittown – Village Green A Carlisle Assisted Living Community
 New York, Patchogue – Village Walk Patchogue
 New York, Rye Brook – Broadview Senior Living at Purchase College
 New York, Staten Island – Brielle at Seaview, The
 North Carolina, Chapel Hill – Cedars of Chapel Hill, The
 North Carolina, Charlotte – Cypress of Charlotte, The
 North Carolina, Durham – Croasdaile Village
 North Carolina, Greensboro – WhiteStone
 North Carolina, Greenville – Cypress Glen Retirement Community
 North Carolina, Lumberton – Wesley Pines Retirement Community
 North Carolina, Raleigh – Cypress of Raleigh, The
 North Carolina, Wilmington – Plantation Village
 Ohio, Avon – Rose Senior Living – Avon

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



THE CYPRESS OF CHARLOTTE

MEMBERSHIP AGREEMENT

THIS AGREEMENT is executed as of the ____ day of _____, 20____, by and between **THE CYPRESS OF CHARLOTTE, LLC**, a South Carolina limited liability company, whose address is 3442 Cypress Club Drive, Charlotte, North Carolina 28210 (hereinafter referred to as "the Company"), The Cypress of Charlotte Club, Inc., a 501(C)(4) not-for-profit North Carolina corporation (hereinafter referred to as "The Club"), and

whose address is _____

(hereinafter referred to as the "Member").

THIS AGREEMENT IS PART OF PURCHASE AND SALE AGREEMENT

WHEREAS, Member has entered into a Purchase and Sale Agreement for the purchase of Unit No. _____ (hereinafter referred to as "Unit") located in The Cypress of Charlotte, a Continuing Care Retirement Community located in Charlotte, Mecklenburg County, North Carolina (hereinafter referred to as "The Cypress"); and

THIS AGREEMENT OUTLINES MEMBERSHIP RIGHTS AND SERVICES

WHEREAS, the purchase of this Unit requires that it be coupled with the rights, privileges and responsibilities of membership in The Club at The Cypress as hereinafter more fully described, to be utilized by the Unit Owner or by his designee approved by The Club, and this Agreement outlines the membership rights, obligations and services derived from the membership.

NOW, THEREFORE, the parties hereby agree as follows:

DEFINED TERMS

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

a. "The Club" shall mean and refer to the North Carolina 501(C)(4) not-for-profit corporation serving as the entity to carry out the plan of membership as hereinafter set forth.



b. "The Club Facilities" shall mean and refer to the Clubhouse, an approximately 50,000 square foot building including but not limited to a community hall, kitchen and dining areas, living, game, craft and reading rooms, exercise areas, pool, limited offices and commercial leasable areas, and the Health Care Facility located on the site of and comprising an integral part of The Cypress.

c. "Company" shall mean and refer to The Cypress of Charlotte, LLC, a South Carolina limited liability company.

d. "Condominium" shall mean and refer to The Cypress of Charlotte as described in the Declaration of Condominium creating same.

e. "The Cypress" shall mean and refer to The Cypress of Charlotte, a Continuing Care Retirement Community consisting of the Club Facility, Health Care Facility and two types of living units which include detached cottages and villa units, all being located upon property in Charlotte, Mecklenburg County, North Carolina.

f. "The Health Care Facility" shall mean and refer to the approximate 38,000 square foot building consisting of approximately 60 beds, and containing nursing care and assisted living facilities located on the site of and comprising an integral part of The Cypress.

g. "Member" shall mean and refer to the third party to this Agreement as hereinabove identified and shall likewise refer, in its generic context, to a person who has acquired a Membership, as hereinafter defined, and is therefore eligible for all rights of access to the Club Facilities.

h. "Membership" shall mean and refer to that certain license or collection of rights, coupled with the corresponding responsibilities and obligations, associated with permanent residency within The Cypress which is available to persons age sixty-two (62) and over (or with couples with one spouse age 62 and over) and who meet the various requirements set forth in this Membership Agreement.

i. "Membership Fee" shall mean and refer to that certain fee charged for a Membership as more particularly described in Paragraph 3.



j. "Monthly Payment" shall mean and refer to the payment which covers the cost of the various services provided to Members by The Club as more particularly described herein (the "Service Fee"), and also includes the monthly contribution to The Cypress of Charlotte Condominium (the "Condominium Fees"). In situations where there is a second occupant of the Unit, the Monthly Payment shall include a "Second Person Fee".

k. "Owner" shall mean and refer to a person, firm, corporation, partnership, association, trust or other legal entity which owns a Unit, as hereinafter defined, within The Cypress of Charlotte Condominium (the "Condominium") which term is likewise more fully defined below.

l. "Qualified Appraisal" shall mean and refer to an appraisal conducted by a qualified appraiser agreed upon by the Company and the Unit Owner. In the event the Company and the Unit Owner cannot agree upon the selection of an appraiser, each party shall designate an appraiser and the appraisers so designated shall select a third appraiser and all three appraisers shall set a value for the Unit in question. In the event there is disagreement as to value among the appraisers, the value shall be set at the greater of (i) the original purchase price of the Unit; or (ii) the average of the three appraisals.

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

**CYPRESS IS A
CONTINUING CARE
RETIREMENT
COMMUNITY**

2. Statement of Background. The Cypress is a continuing care retirement community located in Mecklenburg County, North Carolina, which offers the opportunity of ownership of real property in a villa or cottage Unit for use by persons age sixty-two (62) and older, accompanied by a Membership which allows the Member access to the Club Facilities located on-site.

**ALL CYPRESS
RESIDENTS MUST BE
MEMBERS**

**MEMBERSHIP FEE IS
INCLUDED IN
PURCHASE PRICE**

**ADDITIONAL
MEMBERS**

**MEMBERSHIP IS NON-
TRANSFERABLE**

**RESALE PRICE OF
RESIDENCE WILL
INCLUDE NEXT
PURCHASER'S
MEMBERSHIP FEE**

3. Required Membership; Membership Fee. All Owners of Units at The Cypress are required to purchase a nontransferable Membership for their use or for use by their approved designee simultaneously with the purchase of their Unit (herein referred to as the "Membership") and the Unit Owner or his designee, as applicable, shall be the holder of the Membership. The Membership entitles the Member to use the Club Facilities and gives the Member the right to live in the Health Care Facility when he is no longer capable of independent living as hereinafter more fully provided. As of the execution of this Agreement, the cost of Membership (herein referred to as the Membership Fee) is equal to ten percent (10%) of the gross purchase price as stated in the Purchase and Sale Agreement and is payable to the Company at or prior to closing on the purchase of a Unit. The Membership Fee is solely for the Member's personal participation in The Club and does not provide Membership in The Club for any purchaser of Member's Unit or any subsequent user of the Unit. In the event that a second person who is not the designated Member (including any subsequent spouse of the designated Member) resides in the Unit, he or she will be required to apply for Membership in The Club, and an additional Membership Fee may be charged by the Company at the then current rates in accordance with Paragraph 13 (c) below.

4. Membership Non-Transferable. The Membership Fee is personal to the Unit Owner or his approved designee and is non-refundable and non-transferable. In those circumstances where a Unit Owner is the occupant of a Unit in The Cypress, that Membership will expire when that person or persons sells or otherwise disposes of the Unit or permanently ceases to occupy the Unit unless he is residing in the Health Care Facility. In the case of a Unit Owner who acquires a Unit to be used by someone other than himself, that circumstance is governed by the provisions of Paragraph 6 hereinafter.

5. Resale of Units. Upon resale of a Unit, the 10% Membership Fee for the next buyer of that Unit will be assessed based on the gross resale purchase price of the Unit. The Membership Fee will be deducted from the gross resale purchase price of the Unit and shall be paid to the Company at closing pursuant to the terms of the purchase agreement. Any real estate commission due in connection with the resale of a Unit shall be based upon the net purchase price resulting after the deduction of the Membership Fee.

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

**WHEN MEMBER IS NOT
THE UNIT OWNER**

6. Provisions Applicable Where Member is Not the Unit Owner.

In those circumstances where a Unit Owner has acquired a Unit to be used by someone other than himself, that Unit Owner must designate the person or persons who shall use the Membership which must be acquired at the time the Unit is purchased. That designated person or persons: (a) must meet the basic eligibility requirements for Membership in The Cypress; (b) must be approved by The Club; and (c) must have complied with the provisions of Paragraph 7 hereof regarding assurances with respect to the Monthly Payment. In this instance, the Membership expires when that designated person or persons ceases to use the Membership by ceasing to occupy the Unit unless residing in the Health Care Facility. Any subsequent users of the Unit, including the Unit Owner, must acquire a Membership for their use prior to occupying such Unit. Since under these circumstances there is no sales price to use in establishing what the cost of the Membership would have been, the value of the Unit shall be established by determining the gross fair market value, including Membership Fee, by a Qualified Appraisal as defined herein, with the cost of any appraisals being borne solely by the transferring Member. The Membership Fee will then be assessed at 10% of the Unit's gross fair market value, and must be paid prior to re-occupancy of the Unit. This procedure regarding change of Member due to circumstances other than a sale of the Unit shall be followed with regard to each subsequent user until there is a resale of the Unit in which event the provisions of Paragraph 5 shall apply.

If the Member is not the Owner of the Unit, the Member shall be considered jointly and severally responsible for the Monthly Payment of the Unit Owner and the Unit Owner shall likewise be jointly and severally responsible for the Monthly Payment and all other expenses with the Member. In such circumstances the Member and the Unit Owner agree, upon request, to execute a guaranty agreement in a form approved by The Club further evidencing this joint and several responsibility. The provisions of this Paragraph 6 also apply to individuals who qualify for membership and move into a Unit with an existing Member, whether through marriage or other arrangements.

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



**MONTHLY PAYMENT
INCLUDES CYPRESS
SERVICES AND
CONDOMINIUM FEE**

7. Monthly Payment. All Members shall be responsible for a Monthly Payment (also known as Monthly Fees) which covers the cost of the various standard services provided to Members by The Club as more particularly described herein, and also includes the monthly contribution to the Cypress of Charlotte Condominium for the Unit owned or occupied by the Member (the "Condominium Fee"). The Monthly Payment will be as set forth on the schedule attached hereto as Schedule A, and/or as amended and published by the Club from time to time.

**MONTHLY PAYMENT
TO BE ADJUSTED
ANNUALLY WITHIN
LIMITS BASED ON
CONSUMER PRICE
INDICES**

The Monthly Payment may increase in future years and will be adjusted annually by the Club effective January 1st of each year depending upon changes in such factors as operating costs, anticipated inflation during the coming year, the need to maintain working capital, anticipated capital improvements, the funding of reserves for replacement, and debt service, if any, necessary for repair and expansion of the Club.

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

The annual gross operating costs include a corporate overhead payment to the Company which will be ten percent (10%) of the actual total operating and administrative costs of The Club and the Condominium. This payment is considered a "net" payment, i.e., net of any expenses incurred.



As mentioned above, one component of the Monthly Payment is the Monthly Condominium Fee for the Unit owned or occupied by the Member. The Condominium Fee will be based on actual costs as shown in the annual operating budget of the Condominium formulated and adopted in accordance with the Bylaws of the Condominium. Each Member of The Club resides in a Unit which is a part of the Condominium. The monthly Condominium Fee will be assessed as a cost of operation based on the statutory percentage of interest ownership in the common elements. The Condominium Fee is an additional charge which is a separate cost from the operation of The Club and is made a part of the Monthly Payment as previously indicated as a convenience to the Members so that the Member will only have to make one payment.

OPTIONAL SERVICES AVAILABLE FOR ADDITIONAL COST

The Monthly Payment encompasses payment for the services and features outlined herein which are available to all Members. Members will be required to pay additional charges for any repair and/or maintenance of "custom changes" as set forth in the Declaration of Condominium, and for optional services requested by them, as provided in Sections 8 and 9 herein. The Monthly Payment will be payable on the first day of each month, in advance, and additional charges for optional services will be payable on the first day of each month for the optional services, such as, for example, home health services, obtained during the preceding month. The Member's responsibility for the Monthly Payment shall commence on the earlier of actual occupancy of the Unit or the date of closing of the Unit unless otherwise agreed to by the selling party, the Member, and The Club.

SERVICES INCLUDED IN MONTHLY PAYMENT

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

MEALS

- a. Meals. One (1) meal credit for each day of the month.

HOUSEKEEPING

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

LAUNDRY

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

GROUNDS CARE

- d. Grounds Care. The Cypress' lawns, trees and shrubs will be maintained as well as the interior and exterior of the club house, the parking areas, walks and exercise trails.



CLUB ACTIVITIES

e. Club Activities. Activities of The Club will include social, cultural and recreational activities for those who wish to participate. The Activities Director will be responsible for scheduling group events, transportation, newsletters and resident orientation. Arts, crafts and activities in The Club will be under the supervision of The Club's Activities Director.

TRANSPORTATION

f. Transportation. Scheduled local transportation services will be provided.

SECURITY

g. Security. The Club will provide security personnel.

UTILITIES

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

HEALTH CARE

i. Health Care Facility. The Company has 56 skilled beds and 4 homes for the aged beds (assisted living) licensed by the North Carolina Department of Health and Human Services, Division of Facility Services. The skilled nursing care facility and the assisted living facility are collectively referred to as the Health Care Facility. For a period of ninety (90) lifetime cumulative days, each Member will be entitled to receive nursing care in the Health Care Facility in a semi-private room without extra charge at the current Monthly Payment. During this 90-day period, the Member will continue to pay his Monthly Payment plus the cost of two (2) extra meals per day, nursing supply charges, and those costs outlined in Section 9 of this Agreement. A private room may be available for an additional cost. If the Member needs additional care after he receives ninety (90) cumulative lifetime days of care, then the Member will pay the applicable daily rate in addition to the Monthly Payment. This amount will include meals and will be provided in semi-private accommodations unless the Member makes arrangements to pay the extra charge for private accommodations which are provided on an "as-available" basis.

In the event there are two Members who occupy a Unit together and one of the Members becomes a permanent resident of the Health Care Facility (after use of the 90 lifetime cumulative days), then the Monthly Payment for the Member continuing to occupy the Unit will not include a Second Person Fee. The Member residing in the Health Care Facility will pay the applicable daily Member rate.



In the unlikely event accommodations are not immediately available in the Health Care Facility, the Member agrees to relocate to another health care facility arranged by the Club to provide such care until accommodations at the Health Care Facility are available. The Club shall be responsible for any increased charge associated with the alternate health care accommodations.

Admissions to the Health Care Facility is subject to certain standards and conditions based upon licensing requirements of the facility. Not all health conditions can be treated, e.g., no psychiatric care is available. Continued occupancy of the Health Care Facility is subject to the termination provisions described in paragraph 12 below.

LICENSING STANDARDS

j. Licensing Standards. The operation of the Health Care Facility of The Club shall be governed by the applicable regulations and licensing standards of the State of North Carolina, including the North Carolina Department of Insurance ("NCDI") and the North Carolina Department of Health and Human Services ("NCDHHS").

ABSENCE CREDIT

k. Absence Credit. In the event that a Member provides prior written notice to the Club that the Unit will be unoccupied for a period of not less than fourteen (14) consecutive days, Member may be entitled to an "absence credit" in an amount as may be determined at the sole discretion of the Club.

ADDITIONAL SERVICES

8. Additional Amenities and Services. Additional amenities and services that may be available to Members at an additional cost include, but may not be limited to, additional meals, additional housekeeping, beauty parlor, barber shop, personal transportation and assistance-in-living or home health care services in the Member's Unit.

ADDITIONAL HEALTH SERVICES

9. Additional Health Services.

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



(b) Home Health Care Services. Special services in the form of home health care will be available at additional charges, and only upon the execution of a specific agreement for home health services with The Club. The services may include the provision of either a home health aide ("HHA"), a certified nursing assistant ("CNA"), a licensed practical nurse ("LPN"), or a registered nurse ("RN"). Invoicing for such home health services may be done separately or as a supplement to the Monthly Payment. All fees due pursuant to the Home Health Services Agreement shall be considered part of the Monthly Payment for purposes of the Club's right of collection and enforcement.

HEALTH CENTER HAS MEDICAL DIRECTOR

(c) Medical Director. A physician member in good standing of the Charlotte medical community will be designated as the Medical Director of The Club (herein referred to as "Medical Director"). The Medical Director will not be an employee of The Club. Beyond emergencies, the Member will be at liberty to engage the services of the Medical Director, or any other physician, at the Member's expense. The Club will not be responsible for the cost of medical treatment by the Medical Director nor will The Club be responsible for the cost of medicine, drugs, prescribed therapy and similar treatment.

RELOCATION TO HEALTH CARE FACILITY

Duration of Member's Right to Occupy the Unit. The Member can live in his Unit for as long as he (or both of them) are capable of independent living and so long as independent living is practical. If, in the opinion of the Member's attending physician, or the Medical Director or The Club, the Member's physical or mental health requires that nursing care be given, the Member agrees to relocate to the Health Care Facility which is licensed to provide such care or to some other health facility of the Member's choice or to obtain in-home care from a licensed health care professional upon terms and schedule approved by The Club.

MEMBER'S VOLUNTARY TERMINATION RIGHTS

10. Member's Termination Rights. The Member (including both of them if there are two Members) may terminate this Agreement at any time for any reason by giving the Company thirty (30) days' written notice signed by the Member (or both of them if there are two Members). The Member's obligations as provided herein shall continue until the Unit is resold, otherwise transferred or properly occupied by a successor Member and the new Member thereby assumes the obligation of the Monthly Payment. Transfer under the will of a deceased Member, other than to his estate, is a conveyance upon which a new Membership Fee must be paid in the event the devisee or beneficiary elects to become a Member of The Club. In the event of death, the Estate of the Member will retain all Membership obligations provided herein until the Member's Unit is sold. As previously stated, if the Member is not also the Unit Owner, the Unit Owner and the Member's Estate shall be jointly and severally responsible for said obligations.



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

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

a. The Company and/or Club shall not terminate this Agreement except for just cause. The Member agrees that he will be obligated to promptly sell his Unit in the event the Company and/or Club terminates this Agreement for just cause. Just cause includes, but is not limited to, the following:

**FAILURE TO PAY
CHARGES DUE**

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

**DETRIMENTAL
DISTURBANCES**

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

**INFECTION WITH
DANGEROUS OR
CONTAGIOUS DISEASE**

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

**MEMBER REFUSES
MEDICAL TREATMENT**

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

v. the Member refuses to consent to relocation or home health services per paragraph 10 above.

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

b. Because it is and shall continue to be the declared policy of The Club to endeavor to avoid termination of the Member's Agreement solely by reason of his financial inability to pay the total Monthly Payment and other charges, the Member shall be permitted to remain at The Cypress at a reduced monthly charge based on the Member's ability to pay for so long as: (i) he establishes facts to justify deferral of the usual charges; (ii) he establishes the ability to secure repayment of such deferred charges; and (iii) the determination is made that the deferral of such charges can, in the sole discretion of The Club, be granted without impairing the ability



of The Club to operate on a sound financial basis. The loss of revenue to The Club from any such deferral of charges will be borne by The Club until repaid as further outlined.

IF THE MEMBER HAS FINANCIAL DIFFICULTIES

c. If the Member encounters financial difficulties making it impossible for him to pay the Monthly Payment charges and other charges appropriate for the Unit or for health care in the health care facility, then:

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

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

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

Any charges deferred as herein contemplated will be offset by The Club against the proceeds from the sale of the Member's Unit when such sale occurs and The Club shall have a first priority claim against said proceeds, subject only to existing first mortgage liens, if any, and subject to the lien of the Condominium for Condominium assessments as hereafter provided. The Member agrees that his financial obligations to The Club constitute a debt which must be repaid. The Member, upon request by the Club, agrees to execute a note and a mortgage on his Unit, and any other loan documents required by The Club as security for the repayment of this debt. If the Member is not the Unit Owner, then the Member shall cause the Unit Owner to give a mortgage on the Unit occupied by the Member. It is understood and acknowledged that the lien of such mortgage shall be subordinate to the lien of the Condominium for Condominium assessments and any such mortgage must expressly so provide. The Note shall bear interest at the average prime rate as published in the Wall Street Journal. Notwithstanding the above, the provisions of Sections 12 (b) and (c) shall be rendered inoperative and inapplicable if the Member has impaired his ability to meet his financial obligations hereunder by making unapproved gifts or other transfers.

UNPAID CHARGES AND FEES MAY BECOME A LIEN ON THE UNIT



CYPRESS WILL GIVE 30 DAYS NOTICE AND MEMBER HAS 30 DAYS TO CORRECT PROBLEM

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

MEDICAL DIRECTOR MAY WAIVE NOTICE PERIOD IF LAPSE OF TIME DETRIMENTAL TO MEMBER, OTHER RESIDENTS OR STAFF

e. If the Medical Director determines that either the giving of notice or the lapse of time as above provided might be detrimental to the Member or other residents or staff of The Cypress, then such notice and/or waiting period, prior to termination and relocation to an appropriate hospital or other facility, shall not be required and termination of this Agreement shall be deemed to have occurred when the Member is relocated. In such event, The Club is expressly authorized to transfer the Member to an appropriate hospital or other facility and will promptly notify the Member's representative or his attending physician. However, the Member will retain all ownership rights and obligations in the Unit until it is sold, transferred or otherwise conveyed to a new Owner who assumes the rights and obligations of the Member with respect to the Unit and the Monthly Payment. If the Member is not the Unit Owner, then the Member and the Unit Owner shall be jointly and severally responsible for all such obligations until a new Owner and/or Member assumes all such rights and obligations of the Member with respect to the Unit and the Monthly Payment.

12. Miscellaneous Provisions with Respect to the Member's Unit.

UNITS ARE FOR RESIDENTIAL PURPOSES ONLY

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



**PETS ARE PERMITTED
WITH STRICT
GUIDELINES**

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

OCCUPANCY OF UNITS

**SECOND PERSON WHO
IS NOT PARTY TO THIS
AGREEMENT**

c. Except as hereinafter provided, no person other than the Member (or both of them) may occupy the Unit except with the express written approval of The Club. In the event that a second person who is not a party to this Agreement (including any subsequent spouse of the Member) is accepted for residency under this Agreement at a time subsequent to the date hereof (said acceptance to be in accordance with admission policies governing all other admissions), an additional Membership Fee and a Second Person Fee will be charged to the second resident in the Unit in accordance with Paragraph 6 above. The amount of the Membership Fee paid to the Company shall be based on the then current percentage being charged and the fair market value of the Unit at the time of acceptance of the second Member, as determined by a Qualified Appraisal. The applicable Monthly Payment shall be paid for each month thereafter that the second person remains in residency in the Unit. Provided, however, if such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Unit for more than thirty (30) days (except with the express written approval of The Club) and this Agreement may be terminated as provided herein if the Member continues to allow such unapproved occupancy of the Unit.



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

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

**MEMBER MUST
OBTAIN INSURANCE
FOR PERSONAL
PROPERTY**

e. Each Member must obtain his own insurance on his personal property (furniture, clothing, jewelry, etc.) located within his Unit and for liability insurance within his Unit (with a minimum \$100,000 coverage). Furnishings provided by the Member shall not interfere with the health, safety and general welfare of other Members.

**FUTURE PURCHASERS
MUST MEET CYPRESS
RESIDENCY
REQUIREMENTS**

13. Resale. The Member acknowledges that the resale of a Unit in The Cypress must be made to an individual or individuals that meet The Cypress requirements for Membership or who is purchasing a Unit for or on behalf of a person (or persons) who does meet The Cypress requirements for Membership. The determination that the individual or individuals meets the requirement for Membership shall be made by the Company. The Member also acknowledges and agrees that in the event he moves out of his Unit prior to its sale, the Member will be responsible for paying the Monthly Payment until his Unit is sold, transferred or otherwise conveyed to a new Owner who assumes the ownership rights and obligations of the Member with respect to the unit and the Monthly Payment and the closing has taken place.

**ASSOCIATE
MEMBERSHIPS**

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

**DISAGREEMENT
SETTLED BY
ARBITRATION**

15. Arbitration. It is the parties' intent that any controversy arising under, out of, in connection with, or relating to, this Agreement and any amendment thereof, or the breach thereof, shall be determined and settled by arbitration in accordance with the rules of the American Arbitration Association. Any award rendered therein shall be final and binding on each and all of the parties thereto and their personal representatives, and judgment may be entered on any such award in any court having jurisdiction. Notwithstanding the foregoing, these arbitration provisions shall not be mandatory for any collection efforts of the Club and/or Company pertaining to the Monthly Payments, Membership Fees, or other charges.

**AMENDMENTS TO
AGREEMENT MUST BE
IN WRITING**

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

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

16. Amendments.

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

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

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

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

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

17. Cancellation Rights.

a. This Agreement may be rescinded by the Member within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement prepared in accordance with North Carolina law, and the Member will not be required to close on the purchase of his or her Unit before the expiration of the thirty (30) day period.



**AUTOMATIC
TERMINATION OF
AGREEMENT**

b. If the designated Member dies before closing on the purchase of a Unit, or if, on account of illness, injury, or incapacity, the Member would be precluded from occupying a Unit under the terms of this Agreement, then this Agreement will be automatically canceled. Furthermore, if a Member sells his Unit and does not reside in the Unit as a Member, or within The Cypress' Health Care Facility, the membership is automatically canceled. Notwithstanding the foregoing, in the event of an untimely death of purchaser prior to closing, the purchaser's obligations shall cease, the Agreement terminated, and all deposits returned to purchaser's estate. If there will be more than one purchaser, the Agreement will continue to be binding on the surviving purchaser.

**MEMBER (OR
MEMBER'S
REPRESENTATIVE)
MAY BE ENTITLED TO
REFUND UPON
RESCISSION OR
CANCELLATION**

c. If the Agreement is rescinded or canceled pursuant to this paragraph, the Member or the Member's legal representative shall receive a refund of all money or property transferred to the Company, less (i) nonstandard costs specifically incurred by the Company at the request of the Member as described in any contract amendment signed by the Member or the Owner; (ii) any nonrefundable fees or costs specified and described herein; and (iii) a reasonable service charge not to exceed one thousand dollars (\$1,000.00) or two percent (2%) of the Membership Fee.

18. Miscellaneous Legal Provisions.

**NORTH CAROLINA
LAW GOVERNS**

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

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

**AGENTS OF THE
CYPRESS NOT
PERSONALLY LIABLE**

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

**IF MORE THAN ONE
MEMBER,
OBLIGATIONS ARE
JOINT AND SEVERAL**

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

e. This Agreement is binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties. The rights of Member pursuant to this Agreement may not be assigned or transferred. Any attempt by Member to assign this Agreement may be deemed a default of Member, and the Company nor the Club shall not be bound by any such assignment. The use of the masculine gender in this Agreement includes the feminine gender and, when the context requires the use of the singular includes the plural.

**MEMBER REPRESENTS
HE/SHE IS CAPABLE OF
INDEPENDENT LIVING
AND HAS SUFFICIENT
ASSETS AND INCOME
FOR PAYMENT OF
MEMBERSHIP
OBLIGATIONS**

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

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

g. Each Member agrees to execute and deliver to The Club at or before assuming residency in The Cypress a Durable Power of Attorney in compliance with North Carolina law in a form acceptable to The Club, naming a person of Member's choice to act on Member's behalf in the capacity of attorney-in-fact in the event it shall become necessary that a third party representative act on behalf of the Member. The Durable Power of Attorney shall grant the power and authority to make personal care decisions and health care decisions for the Member. The Durable Power of Attorney shall not



be affected by physical disability or mental incompetence of the Member which renders the Member incapable of managing his/her own affairs. Each Member shall keep such a Durable Power of Attorney in full force and effect throughout the term of this Agreement. The attorney-in-fact, trustee or other representative named in any such Durable Power of Attorney shall in no event be a person employed by The Club, the Company, the Condominium or any other entity engaged in the management of The Cypress.

**MEMBER
ACKNOWLEDGES
RECEIPT OF ALL
DOCUMENTS AND
EXHIBITS**

19. Acknowledgment and Receipt of Documents. The Member hereby certifies that he has received a printed copy of this Agreement, a copy of the Declaration of Condominium establishing The Cypress of Charlotte Condominium, all Exhibits thereto, a copy of the By-laws of the Cypress of Charlotte Condominium, and The Cypress current Disclosure Statement.

(The remainder of this page intentionally left blank.)



SIGNED and SEALED by Member(s) in duplicate originals as of the day and year first above written.

SIGNED IN THE PRESENCE OF:

"MEMBER(S)"

PURCHASER (if different from Member)

SIGNED IN THE PRESENCE OF:

"COMPANY"
THE CYPRESS OF CHARLOTTE, L.L.C.,
a South Carolina limited liability company

BY: **THE CYPRESS GROUP, L.L.C.**
a South Carolina limited liability company,
its managing member

By: _____
Its: _____

SIGNED IN THE PRESENCE OF:

"CLUB"
THE CYPRESS OF CHARLOTTE CLUB, INC., a North Carolina not-for-profit corporation

By: _____
Its: _____

Attest: _____
Its: _____

Unit Type: _____
Unit Number: _____



Schedule A

Monthly Payment
2020

Unit #: _____

Unit Type: _____

Monthly Payment: _____

Second Person Fee: _____

Parking Space Fee: _____

Total Monthly Payment: _____

Purchaser's Initials _____

*As of the closing date, Purchaser is responsible for the Monthly Fee.



RESALE

PURCHASE AND SALE AGREEMENT

PURCHASER:

PURCHASER: _____,
Whose address is _____

(hereinafter called "Purchaser")

SELLER:

SELLER: _____,
Whose address is _____

(hereinafter called "Seller")

THIS PURCHASE AND SALE AGREEMENT (hereinafter "Agreement") is entered into by Purchaser and Seller this _____ day of _____, _____.

WITNESSETH:

**THE CYPRESS
INCLUDES PRIVATE
RESIDENCES,
CLUBHOUSE AND
HEALTH CARE
FACILITY**

The continuing care retirement community known as **THE CYPRESS OF CHARLOTTE**, consisting of a Clubhouse, the Health Care Facility, and two types of living units (detached cottages and villas) ("The Cypress") have been developed by The Cypress of Charlotte, LLC (the "Company"); and

**RESIDENTIAL UNITS
ARE CONDOMINIUMS**

All of the living units are condominium units (hereinafter referred to as "Units" which shall refer to villas and cottages) known as **THE CYPRESS OF CHARLOTTE CONDOMINIUM** and Seller is the owner of one of said units; and

**PURCHASE OF
RESIDENCE INCLUDES
MEMBERSHIP IN THE
CLUB**

The Club Facilities consisting of the Clubhouse, and the Health Care Facility are operated by the Cypress of Charlotte Club, Inc., a not-for-profit and non-proprietary corporation (hereinafter referred to as "The Club"). The purchase of a Unit requires that it be coupled with the rights, privileges and responsibilities of membership in The Club to be utilized by the Unit Owner or by his designee approved by The Club who meets the various requirements set forth in The Cypress Membership Agreement. Each Unit Owner or his approved designee must acquire membership simultaneously with the purchase of a Unit and each member shall execute The Cypress Membership Agreement and become eligible for permanent



residency and all rights of access to the Club Facilities upon closing of the purchase.

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

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

2. **PROPERTY**: The Property which is the subject of this Agreement is designated as Unit _____ as more fully described in the Declaration of Condominium (the "Declaration") recorded in the Office of the Mecklenburg County Register of Deeds, together with an undivided fractional interest in and to the common elements included in the aforesaid Condominium (herein referred to as the "Property") and together with a membership in The Club. The "Property" also includes, if applicable, all of Seller's rights to that Garage or Covered Parking Agreement for Space No(s). _____.

3. **CYPRESS MEMBERSHIP AGREEMENT**: Purchaser hereby expressly acknowledges his responsibility to enter into the Cypress Membership Agreement attached hereto as Exhibit A simultaneously with the closing under this Agreement. This Membership Agreement is subject to the approval of the Company. Purchaser further acknowledges that in the event he chooses a designee and this designee is approved by The Club, then the designee will also be required to enter into the Cypress Membership Agreement. The membership fee due under said Membership Agreement is included as a component of the Gross Purchase Price set forth hereinafter. The Company acknowledges this allocation by virtue of its Joinder to this Agreement on page 12. It is noted that the Membership Agreement does have a 30 day right of cancellation pursuant to the N. C. Department of Insurance regulations. The Membership Agreement is dated concurrently with this Agreement. This Agreement is subject to said rescission period expiring without exercise by Purchaser and Purchaser being able to obtain approval of, and execution by, the Company of the Membership Agreement.

**SPECIFIC RESIDENCE
TO BE ACQUIRED**

**GARAGE OR COVERED
PARKING**

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



4. **GROSS PURCHASE PRICE:** The Gross Purchase Price of the Property is _____ (\$ _____) (hereinafter referred to as the "Gross Purchase Price") which includes the following two components:

(a) **The Condominium Purchase Price**, equal to 90% of the Gross Purchase Price, (\$ _____), and

(b) **The Membership Fee**, equal to 10% of the Gross Purchase Price (\$ _____);

MEMBERSHIP FEE INCLUDED

Together, the amounts will be payable as follows:

(c) \$ _____, upon the execution hereof by Purchaser, as an Initial Earnest Money Deposit which shall be held by the Company as Escrow Agent;

(d) \$ _____, the balance of the Earnest Money Deposit equal to 10% of the Gross Purchase Price within 30 days from the initial execution by Purchaser, which shall be held by the Company as Escrow Agent;

(e) \$ _____, the balance of the Gross Purchase Price due at closing.

The Membership Fee, which is referenced above as 10% of the Gross Purchase Price, is non-refundable and non-transferable and is payable to the Company at Closing.

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

NO FINANCING CONTINGENCY

6. **PHASED DEVELOPMENT:** The subject Property is part of one of the existing phases of the Cypress. As of January 1, 2013, there were a total of 310 Units in The Cypress. The Company, or its assigns, may develop further Units and/or expand or develop additional common facilities in the future as one or more additional phases or expansions of the aforementioned Condominium. The total number of Units for all phases shall be no greater than three hundred thirty-five (335). Whether such additional phases are added, the number and architectural design of the condominiums in such phases, and the order of any such expansion, shall be solely in the discretion of the Company. Reference is made to the Declaration for specific discussion of the Future Phase Property. A copy of the Declaration has been provided to Purchaser, the receipt of which is expressly acknowledged by Purchaser.

DEVELOPER MAY DEVELOP ADDITIONAL UNITS



**LIMITED
WARRANTY
DEED GIVEN**

7. **CLOSING DATE:** Closing of the purchase of the Property (hereinafter referred to as "Closing") shall occur on or before _____, _____, at a mutually agreed-upon location, Seller shall deliver at Closing a properly executed and acknowledged Limited Warranty Deed.

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

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

PRORATIONS

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

TITLE CONDITIONS

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

(a) taxes and assessments not yet due;

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

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

(d) any applicable zoning and/or development laws and ordinances, including those of Mecklenburg County and the City of Charlotte.

**CYPRESS
CONDOMINIUM
DOCUMENTS**

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

**PURCHASER ACCEPTS
UNIT AS IS**



CYPRESS MEMBER HAS ACCESS TO HEALTH FACILITY

12. **CLUBHOUSE AND HEALTH CARE FACILITY:** The Cypress Clubhouse consisting of the dining facilities, activity rooms and clubroom, library, beauty and barber shop, and the Health Care Facility housing sixty (60) beds is complete.

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

SELLER HAS OPTION TO REPAIR DAMAGE OR CANCEL AGREEMENT

13. **RISK OF LOSS:**

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

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

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

WARRANTIES ARE TRANSFERRED TO PURCHASER

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

MONTHLY PAYMENT INCLUDES

15. **MONTHLY PAYMENT:**

(a) As of the closing date, Purchaser agrees to accept responsibility for the Monthly Payment which term includes both the cost of condominium common expenses (the "Condominium



**CONDOMINIUM
FEE AND SERVICES
FEE**

Fee") and the cost of services (the "Services Fee") provided to Members as described in the Membership Agreement. If the Member is not the Purchaser of the Unit, the Member shall be considered jointly and severally responsible for the Monthly Payment of the Purchaser and the Purchaser shall likewise be jointly and severally responsible for the Monthly Payment with the Member. In such circumstances, the Member and the Purchaser shall execute a guaranty agreement in a form approved by The Club further evidencing this joint and several responsibility;

**CONDOMINIUM
OPERATIONS AND
EXPENSES**

(b) Purchaser acknowledges and agrees to accept responsibility for his continuing obligation pursuant to the Declaration as a Unit owner in the Condominium, to pay his Condominium Fee consisting of his pro-rata share of any common expenses, operating expenses, capital expenses and debt service, if any, assessed against the Property purchased hereby. Such assessments shall be for authorized purposes, including but not limited to, expenses incurred for landscaping, maintenance, repairs, general area maintenance, administration supplies, professional services, utilities, garbage services, insurance, etc. Cottage Unit owners will be directly responsible for the payment of electricity and gas for their own Units.

**INSURANCE EXPENSES
AND TWO MONTHS
COMMON
EXPENSES DUE AT
CLOSING FOR
WORKING CAPITAL
FUND**

(c) At Closing, Purchaser shall also be responsible for paying to the Condominium Association (the "Association") the equivalent of two (2) month's common expenses as the Property's contribution for the purpose of establishing a working capital fund for the Condominium and Purchaser shall also pay to the Association twelve (12) month's hazard and flood insurance premiums for the Property. The current scheduled amounts are:

Working Capital \$_____, Insurance \$_____.

THE SERVICES FEE

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

**PERSONAL
MODIFICATIONS AND**

(e) Maintenance and repairs to appliances and modifications which are existing or future upgrades to The Cypress standard items, and items which are the personal property of the Purchaser, will be made at the request of Purchaser and



UPGRADES

Purchaser agrees to pay the additional cost of this maintenance and repair. This provision also applies to any increased costs for the maintenance of landscape additions to cottages. Addendum A is a listing of modifications and upgrades. Purchaser acknowledges that this listing may not be all-inclusive.

GARAGE OR COVERED PARKING

(f) If a garage or covered parking space is a part of the "Property," per paragraph 2 above, Purchaser shall be responsible for an additional periodic assessment to cover the actual pro-rata costs of maintenance and repair of the covered parking space, all as set forth in Seller's Garage/Covered Parking Space Agreement which will be assigned to Purchaser and which Purchaser will consent. The current amount for a Garage or Covered parking space is \$9.00 a month.

SPECIAL OPERATING RESERVE ACCOUNT REQUIRED BY N.C. DEPARTMENT OF INSURANCE

16. **OPERATING RESERVE DEPOSIT:** The State of North Carolina Department of Insurance, in accordance with Article 64, Chapter 58 of the North Carolina General Statutes, requires that all continuing care facilities maintain operating reserves equal to 50% of the total operating costs projected for a twelve (12) month period following the period covered by the most recent annual statement filed with the Department. Facilities that maintain an occupancy level in excess of 90% shall only be required to maintain a 25% operating reserve upon approval of the Commissioner. These reserves are to be used for the benefit of the Club as required by the State of North Carolina in the event of emergencies and/or unexpected operating shortfalls.

PURCHASER TO MAKE A DEPOSIT INTO THE OPERATING RESERVE ACCOUNT

At closing, Purchaser shall be responsible for paying to the Club an Operating Reserve Deposit in the amount of \$7,500. This deposit, along with deposits in the same amount from all other purchasers will be held in a separate interest-earning account (the "Operating Reserve Account") for the benefit of all purchasers. So long as it is not necessary for the Club to use proceeds or assets from this Operating Reserve Account, interest and/or dividends shall be paid to each purchaser on a pro rata basis in February of each year.

Each subsequent unit buyer shall be obligated to pay \$7,500 into the Operating Reserve Account so that upon resale of the unit, any unused portion of the \$7,500 deposit paid by Purchaser shall be returned to Purchaser with available interest and/or dividends prorated since the last distribution from the account.



**PURCHASER MUST
INSURE PERSONAL
PROPERTY**

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

**OCCUPANCY BY
SOMEONE OTHER
THAN OWNER**

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

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

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

**NOTICES SHALL BE IN
WRITING**

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



**THE COMPANY
HAS RIGHT OF FIRST
REFUSAL**

21. **RIGHT OF FIRST REFUSAL:** The Purchaser hereby acknowledges that the Declaration provides that in the event that the Purchaser desires to sell the Property and any improvements thereon, that, once a written bona fide offer has been made, it shall be offered for sale to Company, its successors or assigns, for the same price at which the highest bona fide offer has been made for the Property and improvements, and Company shall have thirty (30) days within which to exercise its option to purchase the Property and improvements at this price, and should Company fail or refuse, within thirty (30) days after receipt of written notice of the price and terms, to exercise its option to purchase the Property and improvements at the offered price, then Purchaser shall have the right to sell the Property, subject, however, to all Covenants, Restrictions, Limitations and Affirmative Obligations and other Agreements referenced and contained in this Agreement. This Section shall not be construed to impair the right of foreclosure of a mortgage on the Property and improvements thereon.

22. **MEMBERSHIP FEE FOR NEW BUYER UPON
RESALE TO BE PART OF NEW BUYER'S GROSS PURCHASE
PRICE:**

**RESALE GROSS PRICE
OF UNIT WILL
INCLUDE THE NEXT
BUYER'S MEMBERSHIP
FEE**

Purchaser understands that, in accordance with this Agreement and the Membership Agreement, when the Purchaser, or Purchaser's heirs or assigns (all referred to as "Purchaser"), eventually sells the Unit, the Membership Fee for the new buyer of the unit (to be paid by the new buyer to the Company at the new buyer's closing) will be part of the new buyer's Gross Purchase Price, with such Gross Purchase Price agreed-to by Purchaser. The Membership Fee is calculated as 10% of the Gross Purchase Price. Any real estate commission due upon such resale will be based solely on the Condominium component of the Gross Purchase Price, excluding any amount for the new buyer's Membership Fee.

**MEMBERSHIP FEE
WILL BE BASED ON
FAIR MARKET VALUE
IF PURCHASER
GIVES UNIT TO
SOMEONE ELSE**

In the event the Purchaser gives or wills his Unit to a family member, or to anyone else, the Membership Fee paid shall be based on the fair market value when the gift or devise is made and the property ownership is transferred and a new member is designated. Member is defined in the Declaration of Condominium. The Purchaser acknowledges that Company has the unconditional right to approve or disapprove Club memberships.



UNITS MAY BE USED AS SALES MODELS

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

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

24. **MISCELLANEOUS:**

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

TERMS SURVIVE THE CLOSING

(b) The terms of this Agreement shall survive the Closing of the transaction contemplated hereby and shall thereafter continue to bind the parties and their successors to this Agreement. This Agreement may be executed in duplicate counterparts, each of which shall constitute one and the same instrument. Signatures of the parties transmitted electronically or by facsimile shall be deemed to be original signatures.

IF PART OF AGREEMENT UNENFORCEABLE THAT SHALL NOT AFFECT REMAINDER

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

WAIVER OF POWER OR RIGHTS MUST BE IN WRITING

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



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

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

25. ACKNOWLEDGEMENT OF RECEIPT:

**PURCHASER
ACKNOWLEDGES
RECEIPT OF
DOCUMENTS**

By execution of this Agreement Purchaser acknowledges receipt, review and approval of the form and content of the documents listed below, some of which are packaged in a booklet entitled "The Cypress of Charlotte Project Documentation - Book of Exhibits," and agrees to be bound by the terms and provisions thereof together with such amendments as are authorized herein:

- Condominium Public Offering Statement _____
- CCRC Disclosure Statement _____
- Membership Agreement _____
- Declaration of Condominium _____
- Articles of Incorporation _____
- By-laws of Condominium Owners' Association _____
- Campus and Floor Plan Book _____
- Condominium Management Agreement _____
- Club Management Agreement _____

26. PURCHASER'S RIGHT TO CANCEL:

**PURCHASER'S
RIGHT TO CANCEL**

(Notwithstanding the fact that North Carolina law provides for a seven (7) day cancellation period for condominium acquisitions, this Agreement provides for a longer cancellation as set forth in this paragraph 26.) Purchaser shall have the absolute right to cancel this Agreement at any time by delivering written notice to Seller with copies to the Company during the thirty (30) calendar day period immediately following the full execution of the Agreement and delivery of the Disclosure Statement. Purchaser is not required to move into The Cypress until after expiration of this 30 day period. Purchaser's cancellation of this Agreement during the Cancellation Period is without penalty, and all payments made by the Purchaser before such cancellation shall be refunded by Seller with ten (10) days after the expiration of the Cancellation Period.

**BROKERAGE
COMMISSION**

27. **AUTOMATIC CANCELLATION PROVISIONS:** If Purchaser dies before closing, or if, on account of illness, injury, or incapacity, Purchaser would be precluded from occupying the unit under the terms of the Membership Agreement, the contract is automatically cancelled. In such a case, all monies will be refunded less any non-standard expenditures incurred on behalf of purchaser and signed by purchaser.

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

(The balance of this page is left blank intentionally.)



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

WITNESSES:

PURCHASER:

(IF MORE THAN ONE, EACH SHOULD SIGN)

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

_____ In individual name of _____.

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

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

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

WITNESSES:

SELLER:

JOINDER BY COMPANY PER PARAGRAPH 3.

ACKNOWLEDGED:

THE CYPRESS OF CHARLOTTE, LLC
a South Carolina Limited Liability Company.

By: THE CYPRESS GROUP, LLC,
a South Carolina Limited Liability Company,
its managing member.

By: _____

Date: _____



EXHIBIT "A"*

CYPRESS OF CHARLOTTE MEMBERSHIP AGREEMENT

* Note: Exhibit "A" for this document refers to Exhibit C in the Disclosure Statement – The Membership Agreement.



Working With Real Estate Agents Disclosure (For Sellers)

IMPORTANT

This form is not a contract. Signing this disclosure only means you have received it.

- In a real estate sales transaction, it is important that you understand whether an agent represents you.
- Real estate agents are required to (1) review this form with you at first substantial contact - before asking for or receiving your confidential information and (2) give you a copy of the form after you sign it. This is for your own protection.
- Do not share any confidential information with a real estate agent or assume that the agent is acting on your behalf until you have entered into a written agreement with the agent to represent you. Otherwise, the agent can share your confidential information with others.

Note to Agent: Check all relationship types below that may apply to this seller.

_____ **Seller's Agency** (listing agent): The agent who gave you this form (and the agent's firm) must enter into a written listing agreement with you before they begin to market your property for sale. If you sign the listing agreement, the listing firm and its agents would then represent you. The buyer would either be represented by an agent affiliated with a different real estate firm or be unrepresented.

_____ **Dual Agency:** Dual agency will occur if your listing firm has a buyer-client who wants to purchase your property. If you agree in a written agency agreement, the real estate firm, and any agent with the same firm (company), would be permitted to represent you and the buyer at the same time. A dual agent's loyalty would be divided between you and the buyer, but the firm and its agents must treat you and the buyer fairly and equally and cannot help you gain an advantage over the other party.

_____ **Designated Dual Agency:** If you agree in a written agency agreement, the real estate firm would represent both you and the buyer, but the firm would designate one agent to represent you and a different agent to represent the buyer. Each designated agent would be loyal only to their client.

_____ **Buyer Agent Working with an Unrepresented Seller** (For Sale By Owner, "FSBO"): The agent who gave you this form will not be representing you and has no loyalty to you. The agent will represent only the buyer. Do not share any confidential information with this agent.

Note to Seller: For more information on an agent's duties and services, refer to the NC Real Estate Commission's "Questions and Answers on: Working With Real Estate Agents" brochure at ncrec.gov (Publications, Q&A Brochures) or ask an agent for a copy of it.

Seller's Signature

Seller's Signature

Date

Agent's Name

Agent's License No.

Firm Name

This form is required for use in all sales transactions, including residential and commercial.



Working With Real Estate Agents Disclosure (For Buyers)

IMPORTANT

This form is not a contract. Signing this disclosure only means you have received it.

- In a real estate sales transaction, it is important that you understand whether an agent represents you.
- Real estate agents are required to (1) review this form with you at first substantial contact - before asking for or receiving your confidential information and (2) give you a copy of it after you sign it. This is for your own protection.
- Do not share any confidential information with a real estate agent or assume that the agent is acting on your behalf until you have entered into an agreement with the agent to represent you. Otherwise, the agent can share your confidential information with others.

Note to Agent: Check all relationship types below that may apply to this buyer.

_____ **Buyer Agency:** If you agree, the agent who gave you this form (and the agent's firm) would represent you as a buyer agent and be loyal to you. You may begin with an oral agreement, but your agent must enter into a written buyer agency agreement with you before preparing a written offer to purchase or communicating an oral offer for you. The seller would either be represented by an agent affiliated with a different real estate firm or be unrepresented.

_____ **Dual Agency:** Dual agency will occur if you purchase a property listed by the firm that represents you. If you agree, the real estate firm and any agent with the same firm (company), would be permitted to represent you and the seller at the same time. A dual agent's loyalty would be divided between you and the seller, but the firm and its agents must treat you and the seller fairly and equally and cannot help you gain an advantage over the other party.*

_____ **Designated Dual Agency:** If you agree, the real estate firm would represent both you and the seller, but the firm would designate one agent to represent you and a different agent to represent the seller. Each designated agent would be loyal only to their client.*

**Any agreement between you and an agent that permits dual agency must be put in writing no later than the time you make an offer to purchase.*

_____ **Unrepresented Buyer (Seller subagent):** The agent who gave you this form may assist you in your purchase, but will not be representing you and has no loyalty to you. The agent will represent the seller. Do not share any confidential information with this agent.

Note to Buyer: For more information on an agent's duties and services, refer to the NC Real Estate Commission's "Questions and Answers on: Working With Real Estate Agents" brochure at nrec.gov (Publications, Q&A Brochures) or ask an agent for a copy of it.

Buyer's Signature

Buyer's Signature

Date

Agent's Name

Agent's License No.

Firm Name



STATE OF NORTH CAROLINA
RESIDENTIAL PROPERTY AND OWNERS' ASSOCIATION DISCLOSURE STATEMENT

Instructions to Property Owners

1. The Residential Property Disclosure Act (G.S. 47E) ("Disclosure Act") requires owners of residential real estate (single-family homes, individual condominiums, townhouses, and the like, and buildings with up to four dwelling units) to furnish purchasers a Residential Property and Owners' Association Disclosure Statement ("Disclosure Statement"). This form is the only one approved for this purpose. A disclosure statement must be furnished in connection with the sale, exchange, option, and sale under a lease with option to purchase where the tenant does not occupy or intend to occupy the dwelling. A disclosure statement is not required for some transactions, including the first sale of a dwelling which has never been inhabited and transactions of residential property made pursuant to a lease with option to purchase where the lessee occupies or intends to occupy the dwelling. For a complete list of exemptions, see G.S. 47E-2.
2. You must respond to each of the questions on the following pages of this form by filling in the requested information or by placing a check (✓) in the appropriate box. In responding to the questions, you are only obligated to disclose information about which you have actual knowledge.
 - a. If you check "Yes" for any question, you must explain your answer and either describe any problem or attach a report from an attorney, engineer, contractor, pest control operator or other expert or public agency describing it. If you attach a report, you will not be liable for any inaccurate or incomplete information contained in it so long as you were not grossly negligent in obtaining or transmitting the information.
 - b. If you check "No," you are stating that you have no actual knowledge of any problem. If you check "No" and you know there is a problem, you may be liable for making an intentional misstatement.
 - c. If you check "No Representation," you are choosing not to disclose the conditions or characteristics of the property, even if you have actual knowledge of them or should have known of them.
 - d. If you check "Yes" or "No" and something happens to the property to make your Disclosure Statement incorrect or inaccurate (for example, the roof begins to leak), you must promptly give the purchaser a corrected Disclosure Statement or correct the problem.
3. If you are assisted in the sale of your property by a licensed real estate broker, you are still responsible for completing and delivering the Disclosure Statement to the purchasers; and the broker must disclose any material facts about your property which he or she knows or reasonably should know, regardless of your responses on the Disclosure Statement.
4. You must give the completed Disclosure Statement to the purchaser no later than the time the purchaser makes an offer to purchase your property. If you do not, the purchaser can, under certain conditions, cancel any resulting contract (See "Note to Purchasers" below). You should give the purchaser a copy of the Disclosure Statement containing your signature and keep a copy signed by the purchaser for your records.

Note to Purchasers: If the owner does not give you a Residential Property and Owners' Association Disclosure Statement by the time you make your offer to purchase the property, you may under certain conditions cancel any resulting contract without penalty to you as the purchaser. To cancel the contract, you must personally deliver or mail written notice of your decision to cancel to the owner or the owner's agent within three calendar days following your receipt of the Disclosure Statement, or three calendar days following the date of the contract, whichever occurs first. However, in no event does the Disclosure Act permit you to cancel a contract after settlement of the transaction or (in the case of a sale or exchange) after you have occupied the property, whichever occurs first.

5. In the space below, type or print in ink the address of the property (sufficient to identify it) and your name. Then sign and date.

Property Address: _____

Owner's Name(s): _____

Owner(s) acknowledge(s) having examined this Disclosure Statement before signing and that all information is true and correct as of the date signed.

Owner Signature: _____ Date _____

Owner Signature: _____ Date _____

Purchasers acknowledge receipt of a copy of this Disclosure Statement; that they have examined it before signing; that they understand that this is not a warranty by owners or owners' agents; that it is not a substitute for any inspections they may wish to obtain; and that the representations are made by the owners and not the owners' agents or subagents. Purchasers are strongly encouraged to obtain their own inspections from a licensed home inspector or other professional. As used herein, words in the plural include the singular, as appropriate.

Purchaser Signature: _____ Date _____

Purchaser Signature: _____ Date _____

Property/Address/Description: _____

The following questions address the characteristics and condition of the property identified above about which the owner has *actual knowledge*. Where the question refers to "dwelling," it is intended to refer to the dwelling unit, or units if more than one, to be conveyed with the property. The term "dwelling unit" refers to any structure intended for human habitation.

Yes No No
Representation

1. In what year was the dwelling constructed? _____
Explain if necessary: _____
2. Is there any problem, malfunction or defect with the dwelling's foundation, slab, fireplaces/chimneys, floors, windows (including storm windows and screens), doors, ceilings, interior and exterior walls, attached garage, patio, deck or other structural components including any modifications to them?.....
3. The dwelling's exterior walls are made of what type of material? Brick Veneer Wood Stone Vinyl Synthetic Stucco Composition/Hardboard Concrete Fiber Cement Aluminum Asbestos Other _____ (Check all that apply)
4. In what year was the dwelling's roof covering installed? _____ (Approximate if no records are available) Explain if necessary: _____
5. Is there any leakage or other problem with the dwelling's roof?.....
6. Is there any water seepage, leakage, dampness or standing water in the dwelling's basement, crawl space, or slab?
7. Is there any problem, malfunction or defect with the dwelling's electrical system (outlets, wiring, panel, switches, fixtures, generator, etc.)?.....
8. Is there any problem, malfunction or defect with the dwelling's plumbing system (pipes, fixtures, water heater, etc.)?
9. Is there any problem, malfunction or defect with the dwelling's heating and/or air conditioning?.....
10. What is the dwelling's heat source? Furnace Heat Pump Baseboard Other _____ (Check all that apply).....
Age of system: _____
11. What is the dwelling's cooling source? Central Forced Air Wall/Window Unit(s) Other _____ (Check all that apply)
Age of system: _____
12. What are the dwelling's fuel sources? Electricity Natural Gas Propane Oil Other _____ (Check all that apply) If the fuel source is stored in a tank, identify whether the tank is above ground or below ground, and whether the tank is leased by seller or owned by seller. (Check all that apply).....
13. What is the dwelling's water supply source? City/County Community System Private Well Shared Well Other _____ (Check all that apply).....
14. The dwelling's water pipes are made of what type of material? Copper Galvanized Plastic Polybutylene Other _____ (Check all that apply).....
15. Is there any problem, malfunction or defect with the dwelling's water supply (including water quality, quantity, or water pressure)?.....
16. What is the dwelling's sewage disposal system? Septic Tank Septic Tank with Pump Community System Connected to City/County System City/County System available Straight pipe (wastewater does not go into a septic or other sewer system [note: use of this type of system violates state law]) Other _____ (Check all that apply).....
17. If the dwelling is serviced by a septic system, do you know how many bedrooms are allowed by the septic system permit?
If your answer is "yes," how many bedrooms are allowed? _____
 No records available
18. Is there any problem, malfunction or defect with the dwelling's sewer and/or septic system?.....
19. Is there any problem, malfunction or defect with the dwelling's central vacuum, pool, hot tub, spa, attic fan, exhaust fan, ceiling fans, sump pump, irrigation system, TV cable wiring or satellite dish, garage door openers, gas logs, or other systems?.....
20. Is there any problem, malfunction or defect with any appliances that may be included in the conveyance (range/oven, attached microwave, hood/fan, dishwasher, disposal, etc.)?.....

Owner Initials and Date _____

Owner Initials and Date _____

Purchaser Initials and Date _____

Purchaser Initials and Date _____

- | | Yes | No | No
Representation |
|--|--------------------------|--------------------------|--------------------------|
| 21. Is there any problem with present infestation of the dwelling, or damage from past infestation of wood destroying insects or organisms which has not been repaired?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. Is there any problem, malfunction or defect with the drainage, grading or soil stability of the property?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. Are there any structural additions or other structural or mechanical changes to the dwelling(s) to be conveyed with the property?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. Is the property to be conveyed in violation of any local zoning ordinances, restrictive covenants, or other land-use restrictions, or building codes (including the failure to obtain proper permits for room additions or other changes/improvements)?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 25. Are there any hazardous or toxic substances, materials, or products (such as asbestos, formaldehyde, radon gas, methane gas, lead-based paint) which exceed government safety standards, any debris (whether buried or covered) or underground storage tanks, or any environmentally hazardous conditions (such as contaminated soil or water, or other environmental contamination) which affect the property?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 26. Is there any noise, odor, smoke, etc. from commercial, industrial, or military sources which affects the property? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 27. Is the property subject to any utility or other easements, shared driveways, party walls or encroachments from or on adjacent property?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 28. Is the property the subject of any lawsuits, foreclosures, bankruptcy, leases or rental agreements, judgments, tax liens, proposed assessments, mechanics' liens, materialmens' liens, or notices from any governmental agency that could affect title to the property?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 29. Is the property subject to a flood hazard or is the property located in a federally-designated flood hazard area? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 30. Does the property abut or adjoin any private road(s) or street(s)?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 31. If there is a private road or street adjoining the property, is there in existence any owners' association or maintenance agreements dealing with the maintenance of the road or street?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered "yes" to any of the questions listed above (1-31) please explain (attach additional sheets if necessary):

In lieu of providing a written explanation, you may attach a written report to this Disclosure Statement by a public agency, or by an attorney, engineer, land surveyor, geologist, pest control operator, contractor, home inspector, or other expert, dealing with matters within the scope of that public agency's functions or the expert's license or expertise.

The following questions pertain to the property identified above, including the lot to be conveyed and any dwelling unit(s), sheds, detached garages, or other buildings located thereon.

- | | Yes | No | No
Representation |
|---|--------------------------|--------------------------|--------------------------|
| 32. To your knowledge, is the property subject to regulation by one or more owners' association(s) or governing documents which impose various mandatory covenants, conditions, and restrictions upon the lot, including, but not limited to obligations to pay regular assessments or dues and special assessments? If your answer is "yes," please provide the information requested below as to each owners' association to which the property is subject [insert N/A into any blank that does not apply]: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| *(specify name) _____ whose regular assessments ("dues") are \$ _____ per _____. The name, address, and telephone number of the president of the owners' association or the association manager are _____ | | | |
| _____ | | | |
| _____ | | | |
| *(specify name) _____ whose regular assessments ("dues") are \$ _____ per _____. The name, address, and telephone number of the president of the owners' association or the association manager are _____ | | | |
| _____ | | | |
| _____ | | | |

* If you answered "Yes" to question 32 above, you must complete the remainder of this Disclosure Statement. If you answered "No" or "No Representation" to question 32 above, you do not need to answer the remaining questions on this Disclosure Statement. Skip to the bottom of the last page and initial and date the page.

Owner Initials and Date _____ Owner Initials and Date _____

Purchaser Initials and Date _____ Purchaser Initials and Date _____

33. Are any fees charged by the association or by the association's management company in connection with the conveyance or transfer of the lot or property to a new owner? If your answer is "yes," please state the amount of the fees: _____
34. As of the date this Disclosure Statement is signed, are there any dues, fees, or special assessments which have been duly approved as required by the applicable declaration or bylaws, and that are payable to an association to which the lot is subject? If your answer is "yes," please state the nature and amount of the dues, fees, or special assessments to which the property is subject: _____
35. As of the date this Disclosure Statement is signed, are there any unsatisfied judgments against, or pending lawsuits *involving the property or lot to be conveyed*? If your answer is "yes," please state the nature of each pending lawsuit, and the amount of each unsatisfied judgment: _____
36. As of the date this Disclosure Statement is signed, are there any unsatisfied judgments against, or pending lawsuits *involving the planned community or the association to which the property and lot are subject*, with the exception of any action filed by the association for the collection of delinquent assessments on lots other than the property and lot to be conveyed? If your answer is "yes," please state the nature of each pending lawsuit, and the amount of each unsatisfied judgment: _____
37. Which of the following services and amenities are paid for by the owners' association(s) identified above out of the association's regular assessments ("dues")? (Check all that apply).

	Yes	No	<u>No Representation</u>
Management Fees.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exterior Building Maintenance of Property to be Conveyed.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exterior Yard/Landscaping Maintenance of Lot to be Conveyed.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Common Areas Maintenance.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trash Removal.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Amenity Maintenance (specify amenities covered) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pest Treatment/Extermination.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Street Lights.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sewer.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Storm water Management/Drainage/Ponds.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internet Service.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cable.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Road Maintenance.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking Area Maintenance.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gate and/or Security.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: (specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Owner Initials and Date _____ Owner Initials and Date _____
Purchaser Initials and Date _____ Purchaser Initials and Date _____

Declaration of Condominium
(Under Separate Cover)

APPENDICES

January, 2021

A. Current Cypress of Charlotte Fee Schedule**Member and Guest Meal Charges**

Guest Meals using Monthly Meal Credits	\$ 14.00
Holiday Guest Meals no member meal credits may be used	\$ 40.00
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 23.00
Additional Member Meals (Dinner/Brunch)	\$ 23.00
Additional Guest Meals (Lunch)	\$ 23.00
Additional Guest Meals (Dinner/Brunch)	\$ 23.00

Catering Service Charge

Cost Per Server	\$ 50.00
Sunday Private Event	\$ 1,500.00

A catered event is considered any group larger than 8.

A \$25.00 fee will be charged to the member for any transaction that generates a bank fee by a guest of the member.

Bar Charges

Domestic Beer	\$ 3.00
Imported/Micro	\$ 5.00
House Wine, per Glass	\$ 3.00
Premium Wine, per Glass	\$ 5.00
Premium Wine & Champagne, per Glass	\$ 8.00
Mixed Drinks	\$ 8.00
Premium Mixed Drinks	\$ 11.00
Premium Wine, per bottle (750 ml)	As Presented
House Wine, per Bottle (750 ML)	\$ 20.00

Transportation

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
White Bus Rental (3 Hour Minimum)	\$ 50.00 per hour
Big Red Bus Rental (3 hour minimum)	\$ 80.00 per hour

Housekeeping Services

Additional Housekeeping Services (First carpet cleaning is complimentary, then normal Additional housekeeping charges apply)	\$ 5.00 per 15 minutes
Bio-Hazard clean up (\$5.00 minimum)	\$ 5.00 per 15 minutes

Maintenance Services

Additional Maintenance Services	\$ 6.50 per 15 minutes
Copies of keys – house and mailbox	\$ 2.50 per key

Home Care Services

CNA	\$ 23.50 per hour
Companion	\$ 18.00 per hour
Pet Care (Walk, Feed, Cat box clean)	\$ 9.00 15 min-30 min
Skilled Nurse Visit	\$ 50.00 per hour
Assistance in Living Program	\$ 135 / \$ 145 per day
RN Assessments Initial One Time Charge upon sign up	\$ 50.00
Friends Club	\$ 89.00/per session

Member Absence Credits

(Applicable for member absences of 14 consecutive days or longer, in accordance with the
Membership Agreement)

Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day

Miscellaneous

Activities Charges	As Presented
Fitness classes or events outside of standard classes	As Presented
Personal Fitness Training	As Presented
Replacement for lost access cards	\$ 10.00 each
Replacement for lost PERS pendant	\$ 100.00 each
Replacement and extra Gate Tags	\$ 25.00 each
Return Check Fee	\$ 42.00 each

Styling Center Clubhouse Services

Ladies Hair Services

Shampoo Set	\$ 40.00
Shampoo Set with Haircut	\$ 70.00
Haircut	\$ 50.00
Helix Designer Cut (Elasticity Treatment \$5)	\$ 80.00
Weekly Color Rinse or Special Treatment	\$ 5.00 and up

Men's Services

Haircut (with or without shampoo)	\$ 25.00
Pedicure*	\$ 40.00
Fingernail Clipping*	\$ 20.00
Toenail Clipping*	\$ 30.00
Beard Trim	\$ 10.00

Chemical Services

Permanent Wave	\$ 100.00
Hair Color (Highlight based on consultation)	\$ 100.00
Haircut with chemical service	\$ 40.00
Eyebrow Wax	\$ 10.00
Chin and Upper Lip (In home Service \$20)	\$ 20.00
Eyebrow Color	\$ 10.00

Ladies Manicure & Pedicure*

Manicure & Pedicure Combo	\$ 75.00
Manicure & Pedicure Combo Gel Polish	\$ 80.00
Gel Manicure	\$ 40.00
French Gel Manicure	\$ 47.00
Basic Manicure	\$ 35.00
Basic French Manicure	\$ 42.00
Basic Pedicure	\$ 45.00
French Pedicure**	\$ 52.00
Nail Repair**	\$ 10.00
Gel Polish Removal	\$ 10.00
SNS or Gel Set	\$ 65.00

***Price will vary based on condition and/or length of nails**

**** If appointments are not cancelled 24 hours in advance a charge will be incurred.**

****Taxes May Apply to Some Items****

Rev: 10.20.20

Current Cypress Fee Schedule
The Stewart Health Center
January 1, 2021

Member and Guest Meal Charges

Guest Meals in the SHC dining room	\$ 14.00
Guest Meals for Children age 6 and younger	No Charge
Private Parties Charges	As Agreed Upon

Transportation

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
Wheelchair Transport	Determined by Company

Home Care Services

CNA	\$ 23.50 per hour
Companion	\$ 18.00 per hour

Member Absence Credits

(Applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day

Rehab

Private Therapy provided by Heritage	\$ 45.00 per 30 min
--------------------------------------	---------------------

Miscellaneous Charges

Hair Salon Charges	As Presented
Typing Services	Based on number of Pages/time
Medical Supplies	Based on Usage

****Taxes May Apply to Some Items****

Rev: 10.20.20

Styling Center Stewart Health Center Services

Ladies Hair Services

Shampoo Set	\$ 45.00
Shampoo Set with Haircut	\$ 80.00
Haircut	\$ 60.00
Helix Designer Cut (Elasticity Treatment)	\$ 95.00
Weekly Color Rinse	\$ 5.00 and up

Men's Services

Haircut	\$ 35.00
Pedicure	\$ 60.00
Fingernail Clipping*	\$ 35.00
Toenail Clipping*	\$ 45.00
Beard Trim	\$ 15.00

Chemical Services

Permanent Wave	\$105.00
Hair Color (Highlight based on consultation)	\$105.00
Haircut with chemical service	\$ 45.00
Eyebrow Wax	\$ 10.00
Chin and Upper Lip (In Room Service \$20.00)	\$ 20.00
Eyebrow Color	\$ 10.00

Ladies Manicure & Pedicure*

Manicure & Pedicure Combo	\$ 90.00
Gel Manicure & Pedicure	\$ 95.00
Gel Manicure	\$ 50.00
French Gel Manicure	\$ 57.00
Basic Manicure	\$ 40.00
Basic French Manicure	\$ 47.00
Basic Pedicure	\$ 60.00
French Pedicure	\$ 67.00
Nail Repair	\$ 15.00
Gel Polish Removal	\$ 15.00
SNS or Gel Set	\$ 75.00

*Price will vary based on condition and/or length of nails

** If appointments are not cancelled 24 hours in advance a charge will be incurred.

****Taxes May Apply to Some Items****

Rev: 10.20.20

January, 2020

A. Current Cypress of Charlotte Fee Schedule

Member and Guest Meal Charges

Guest Meals using Monthly Meal Credits	\$ 14.00
Holiday Guest Meals no member meal credits may be used	\$ 40.00
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 23.00
Additional Member Meals (Dinner/Brunch)	\$ 23.00
Additional Guest Meals (Lunch)	\$ 23.00
Additional Guest Meals (Dinner/Brunch)	\$ 23.00

Catering Service Charge

Cost Per Server	\$ 50.00
Sunday Private Event	\$ 1,500.00

A catered event is considered any group larger than 8.

A \$25.00 fee will be charged to the member for any transaction that generates a bank fee by a guest of the member.

Bar Charges

Domestic Beer	\$ 3.00
Imported/Micro	\$ 5.00
House Wine, per Glass	\$ 3.00
Premium Wine, per Glass	\$ 5.00
Premium Wine & Champagne, per Glass	\$ 8.00
Mixed Drinks	\$ 8.00
Premium Mixed Drinks	\$ 11.00
Premium Wine, per bottle (750 ml)	As Presented
House Wine, per Bottle (750 ML)	\$ 20.00

Transportation

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
White Bus Rental (3 Hour Minimum)	\$ 50.00 per hour
Big Red Bus Rental (3 hour minimum)	\$ 80.00 per hour

Housekeeping Services

Additional Housekeeping Services	\$ 5.00 per 15 minutes
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****Taxes May Apply to Some Items****

Rev: 10.28.2019

(First carpet cleaning is complimentary, then normal
 Additional housekeeping charges apply)
 Bio-Hazard clean up (\$5.00 minimum) \$ 5.00 per 15 minutes

Maintenance Services

Additional Maintenance Services \$ 6.50 per 15 minutes
 Copies of keys – house and mailbox \$ 2.50 per key

Home Care Services

CNA \$ 23.00 per hour
 Companion \$ 18.00 per hour
 Pet Care (Walk, Feed, Cat box clean) \$ 9.00 15 min-30 min
 Skilled Nurse Visit \$ 50.00 per hour
 Assistance in Living Program \$ 132 / \$ 142 / per day
 RN Assessments Initial One Time Charge upon sign up \$ 50.00
 Friends Club \$ 89.00/per session

Member Absence Credits

(Applicable for member absences of 14 consecutive days or longer, in
 accordance with the Membership Agreement)
 Absence Credit - One Person \$ 9.00 per day
 Absence Credit - Two Persons \$ 13.00 per day

Miscellaneous

Activities Charges As Presented
 Fitness classes or events outside of standard classes As Presented
 Personal Fitness Training As Presented
 Replacement for lost access cards \$ 10.00 each
 Replacement for lost PERS pendant \$ 100.00 each
 Replacement and extra Gate Tags \$ 25.00 each
 Return Check Fee \$ 25.00 each

Styling Center Clubhouse Services

Ladies Hair Services

Shampoo Set	\$ 35.00
Shampoo Set with Haircut	\$ 60.00
Haircut	\$ 40.00
Helix Designer Cut (Elasticity Treatment)	\$ 75.00
Weekly Color Rinse	\$ 5.00

Men's Services

Haircut	\$ 25.00
Pedicure	\$ 40.00
Fingernail Clipping	\$ 20.00
Toenail Clipping	\$ 30.00
Beard Trim	\$ 10.00

Chemical Services

Permanent Wave	\$ 85.00
Hair Color (Highlight based on consultation)	\$ 85.00
Haircut with chemical service	\$ 35.00
Eyebrow Wax	\$ 10.00
Chin and Upper Lip	\$ 20.00
Eyebrow Color	\$ 10.00

Ladies Manicure & Pedicure

Manicure & Pedicure Combo	\$ 70.00
Manicure & Pedicure Combo Gel Polish	\$ 80.00
Gel Manicure	\$ 38.00
French Gel Manicure	\$ 45.00
Basic Manicure	\$ 30.00
Basic French Manicure	\$ 37.00
Basic Pedicure	\$ 40.00
Nail Repair	\$ 10.00
Gel Polish Removal	\$ 10.00
SNS or Gel Set	\$ 55.00

****Taxes May Apply to Some Items****

Rev: 10.28.2019

Current Cypress Fee Schedule
The Stewart Health Center
January 1, 2020

Member and Guest Meal Charges

Guest Meals in the SHC dining room	\$ 14.00
Guest Meals for Children age 6 and younger	No Charge
Private Parties Charges	As Agreed Upon

Transportation

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
Wheelchair Transport	Charges determined by Company

Home Care Services

CNA	\$ 23.00 per hour
Companion	\$ 18.00 per hour

Member Absence Credits

(Applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day

Rehab

Private Therapy provided by Heritage	\$ 45.00 per 30 min
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Miscellaneous Charges

Hair Salon Charges	As Presented
Typing Services	Based on number of Pages/time
Medical Supplies	Based on Usage

****Taxes May Apply to Some Items****

Rev: 10.28.2019

Styling Center Stewart Health Center Services

Ladies Hair Services

Shampoo Set	\$ 35.00
Shampoo Set with Haircut	\$ 60.00
Haircut	\$ 40.00
Helix Designer Cut (Elasticity Treatment)	\$ 75.00
Weekly Color Rinse	\$ 5.00

Men's Services

Haircut	\$ 25.00
Pedicure	\$ 48.00
Fingernail Clipping	\$ 25.00
Toenail Clipping	\$ 35.00
Beard Trim	\$ 10.00

Chemical Services

Permanent Wave	\$ 85.00
Hair Color (Highlight based on consultation)	\$ 8.00
Haircut with chemical service	\$ 35.00
Eyebrow Wax	\$ 10.00
Chin and Upper Lip	\$ 20.00
Eyebrow Color	\$ 20.00

Ladies Manicure & Pedicure

Manicure & Pedicure Combo	\$ 75.00
Gel Manicure & Pedicure	\$ 80.00
Gel Manicure	\$ 40.00
French Gel Manicure	\$ 47.00
Basic Manicure	\$ 30.00
Basic French Manicure	\$ 37.00
Basic Pedicure	\$ 48.00
Nail Repair	\$ 10.00
Gel Polish Removal	\$ 10.00
SNS or Gel Set	\$ 55.00

****Taxes May Apply to Some Items****

Rev: 10.28.2019

January, 2019

A. Current Cypress of Charlotte Fee Schedule

◆ **Member and Guest Meal Charges**

Guest Meals using Monthly Meal Credits	\$ 13.00
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 22.00
Additional Member Meals (Dinner/Brunch)	\$ 22.00
Additional Guest Meals (Lunch)	\$ 22.00
Additional Guest Meals (Dinner/Brunch)	\$ 22.00

Catering Service Charge

Cost Per Server	\$ 42.00
Sunday Private Event	\$ 1,500.00

A catered event is considered any group larger than 8.

A \$25.00 fee will be charged to the member for any transaction that generates a bank fee by a guest of the member.

◆ **Bar Charges**

Beer	\$ 5.00
House Wine, per Glass	\$ 5.00
Premium Wine & Champagne, per Glass	\$ 8.00
Mixed Drinks	\$ 8.00
Premium Mixed Drinks	\$ 11.00
Premium Wine, per bottle (750 ml)	As Presented
House Wine, per Bottle (750 ML)	\$ 20.00

◆ **Transportation**

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
White Bus Rental (3 Hour Minimum)	\$ 50.00 per hour
Big Red Bus Rental (3 hour minimum)	\$ 80.00 per hour

◆ **Housekeeping Services**

Additional Housekeeping Services (First carpet cleaning is complimentary, then normal Additional housekeeping charges apply)	\$ 5.00 per 15 minutes
Bio-Hazard clean up (\$5.00 minimum)	\$ 5.00 per 15 minutes

◆ **Maintenance Services**

Additional Maintenance Services	\$ 6.50 per 15 minutes
Copies of keys – house and mailbox	\$ 2.50 per key

◆ Home Care Services	
CNA	\$ 22.00 per hour
Companion	\$ 18.00 per hour
Pet Care (Walk, Feed, Cat box clean)	\$ 9.00 15 min-30 min
Skilled Nurse Visit	\$ 50.00 per hour
Assistance in Living Program	\$ 128 / \$ 138 / per day
RN Assessments Initial One Time Charge upon sign up	\$ 50.00
◆ Member Absence Credits	
(Applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)	
Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day
◆ Miscellaneous	
Activities Charges	As Presented
Fitness classes or events outside of standard classes	As Presented
Personal Fitness Training	As Presented
Replacement for lost access cards	\$ 10.00 each
Replacement for lost PERS pendant	\$ 100.00 each
Replacement and extra Gate Tags	\$ 10.00 each
Return Check Fee	\$ 25.00 each

Current Cypress Fee Schedule
The Stewart Health Center
 Effective: January 1, 2019

◆ Member and Guest Meal Charges	
Guest Meals in the SHC dining room	\$ 12.00
Guest Meals for Children age 6 and younger	No Charge
Private Parties Charges	As Agreed Upon
◆ Transportation	
Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
Wheelchair Transport	Charges determined by Company
◆ Home Care Services	
CNA	\$ 22.00 per hour
Companion	\$ 18.00 per hour
◆ Member Absence Credits	
(Applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)	
Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day
◆ Rehab	
Private Therapy provided by Heritage	\$ 45.00 per 30 min
◆ Miscellaneous Charges	
Hair Salon Charges	As Presented
Typing Services	Based on number of Pages/time
Medical Supplies	Based on Usage

January, 2018

A. Current Cypress Fee Schedule

◆ **Member and Guest Meal Charges**

Guest Meals using Monthly Meal Credits	\$ 12.00
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 21.00
Additional Member Meals (Dinner/Brunch)	\$ 21.00
Additional Guest Meals (Lunch)	\$ 21.00
Additional Guest Meals (Dinner/Brunch)	\$ 21.00

Catering Service Charge

Cost Per Server	\$ 40.00
Sunday Private Event	\$1,500.00

A catered event is considered any group larger than 8.

◆ **Bar Charges**

Beer	\$ 4.00
House Wine, per Glass	\$ 4.00
Premium Wine & Champagne, per Glass	\$ 7.00
Mixed Drinks	\$ 7.00
Premium Mixed Drinks	\$ 10.00
Premium Wine, per bottle (750 ml)	As Presented
House Wine, per Bottle (750 ML)	\$ 18.00

◆ **Transportation**

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
White Bus Rental (3 Hour Minimum)	\$ 50.00 per hour

◆ **Housekeeping Services**

Additional Housekeeping Services (First carpet cleaning is complimentary, then normal Additional housekeeping charges apply)	\$ 4.50 per 15 minutes
Bio-Hazard clean up (\$5.00 minimum)	\$ 5.00 per 15 minutes

◆ **Maintenance Services**

Additional Maintenance Services	\$ 6.25 per 15 minutes
Copies of keys – house and mailbox	\$ 1.25 per key

◆ **Home Care Services**

CNA	\$ 21.50 per hour
Skilled Nurse Visit	\$ 50.00 per hour
Assistance in Living Program	\$120/\$130/per day
RN Assessments Initial One Time Charge upon sign up	\$50.00

◆ **Member Absence Credits**

(applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day

◆ **Miscellaneous**

Activities Charges	As Presented
Replacement for lost access cards	\$ 10.00 each
Replacement for lost PERS pendant	\$100.00 each
Replacement and extra Gate Tags	\$ 10.00 each

Current Cypress Fee Schedule
The Stewart Health Center
Effective: January 1, 2018

◆ **Member and Guest Meal Charges**

Guest Meals in the SHC dining room	\$ 10.00
Guest Meals for Children age 6 and younger	No Charge
Private Parties Charges	As Agreed Upon

◆ **Transportation**

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
Wheelchair Transport	Charges determined by Company

◆ **Home Care Services**

CNA	\$ 21.50 per hour
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◆ **Member Absence Credits**

(applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day

◆ **Rehab**

Private Therapy provided by Heritage	\$45.00 per 30 min
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◆ **Miscellaneous Charges**

Hair Salon Charges	As Presented
Typing Services	Based on number of pages/time
Medical Supplies	Based on Usage

January, 2017

A. Current Cypress Fee Schedule

◆ **Member and Guest Meal Charges**

Guest Meals using Monthly Meal Credits	\$ 12.00
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Breakfast/Lunch)	\$ 15.00
Additional Member Meals (Dinner/Brunch)	\$ 15.00
Additional Guest Meals (Breakfast/Lunch)	\$ 17.00
Additional Guest Meals (Dinner/Brunch)	\$ 20.00

Catering Service Charge

Cost Per Server	\$ 40.00
Sunday Private Event	\$1,500.00

A catered event is considered any group larger than 8.

◆ **Bar Charges**

Beer	\$ 4.00
House Wine, per Glass	\$ 4.00
Premium Wine & Champagne, per Glass	\$ 7.00
Mixed Drinks	\$ 7.00
Premium Wine, per bottle (750 ml)	\$ 25.00
House Wine, per Bottle (750 ML)	\$ 18.00

◆ **Transportation**

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
White Bus Rental (3 Hour Minimum)	\$ 50.00 per hour

◆ **Housekeeping Services**

Additional Housekeeping Services (First carpet cleaning is complimentary, then normal Additional housekeeping charges apply)	\$ 4.50 per 15 minutes
Bio-Hazard clean up (\$5.00 minimum)	\$ 5.00 per 15 minutes

◆ **Maintenance Services**

Additional Maintenance Services	\$ 6.25 per 15 minutes
Copies of keys – house and mailbox	\$ 1.25 per key

◆ **Home Care Services**

CNA/HHA	\$ 21.50 per hour
Skilled Nurse Visit	\$ 50.00

◆ **Member Absence Credits**

(applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

Absence Credit - One Person	\$ 8.00 per day
Absence Credit - Two Persons	\$ 13.00 per day

◆ **Miscellaneous**

Activities Charges	As Presented
Hair Salon Charges	As Presented
Replacement for lost access cards	\$ 10.00 each
Replacement for lost PERS pendant	\$100.00

Current Cypress Fee Schedule
The Stewart Health Center
Effective: January 1, 2017

- ◆ **Member and Guest Meal Charges**
 - Guest Meals in the SHC dining room \$ 10.00
 - Guest Meals for Children age 6 and younger No Charge
 - Private Parties Charges As Agreed Upon

- ◆ **Transportation**
 - Transportation to Airport \$ 25.00
 - Valet Transportation (Round Trip) \$ 6.00 per 15 minutes
 - Wheelchair Transport Charges determined by Company

- ◆ **Home Care Services**
 - CNA \$ 21.50 per hour

- ◆ **Member Absence Credits**

(applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

 - Absence Credit - One Person \$ 8.00 per day
 - Absence Credit - Two Persons \$ 13.00 per day

- ◆ **Rehab**
 - Private Therapy provided by Heritage \$45.00 per 30 min

- ◆ **Miscellaneous Charges**
 - Hair Salon Charges As Presented
 - Typing Services Based on number of pages/time
 - Medical Supplies Based on Usage

January, 2016

A. Current Cypress Fee Schedule

◆ **Member and Guest Meal Charges**

Guest Meals using Monthly Meal Credits	\$ 11.00
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Breakfast/Lunch)	\$ 9.00
Additional Member Meals (Dinner/Brunch)	\$ 13.00
Additional Guest Meals for Children age 7 – 12	\$ 7.00
Additional Guest Meals (Breakfast/Lunch)	\$ 14.00
Additional Guest Meals (Dinner/Brunch)	\$ 17.00
Private Parties Charges	As Agreed Upon

◆ **Bar Charges**

Beer	\$ 2.00
House Wine, per Glass	\$ 3.00
Premium Wine & Champagne, per Glass	\$ 4.00
Mixed Drinks	\$ 5.00
Premium Wine, per bottle (750 ml)	\$ 18.00
House Wine, per Bottle (750 ML)	\$ 12.00

◆ **Transportation**

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
Smaller White Bus Rental (3 Hour Minimum)	\$ 50.00 per hour
Big Red Bus Rental (3 Hour Minimum)	\$ 85.00 per hour

◆ **Housekeeping Services**

Additional Housekeeping Services (First carpet cleaning is complimentary, then normal Additional housekeeping charges apply)	\$ 4.50 per 15 minutes
Bio-Hazard clean up (\$5.00 minimum)	\$ 5.00 per 15 minutes

◆ **Maintenance Services**

Additional Maintenance Services	\$ 6.25 per 15 minutes
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◆ **Resident Services (One Hour Minimum)**

CNA	\$ 20.00 per hour
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◆ **Home Care Services (Four Hour Minimum)**

CNA/HHA	\$ 20.00 per hour
Skilled Nurse Visit	\$ 50 per visit weekday \$ 65 per visit weekend/holiday

◆ **Member Absence Credits**

(applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)	
Absence Credit - One Person	\$ 7.00 per day
Absence Credit - Two Persons	\$ 12.00 per day

◆ **Miscellaneous**

Activities Charges	As Presented
Hair Salon Charges	As Presented
Typing Services	Contact the Office Manager
In-home Computer Tutoring (\$15 minimum)	\$ 15.00 per 30 minutes
Replacement for lost access cards	\$ 10.00 each
Replacement for lost PERS pendant	\$100.00

Current Cypress Fee Schedule
The Stewart Health Center
Effective: January 1, 2016

◆ **Member and Guest Meal Charges**

Guest Meals in the SHC dining room	\$ 10.00
Guest Meals for Children age 7 – 12	\$ 7.00
Guest Meals for Children age 6 and younger	No Charge
Private Parties Charges	As Agreed Upon

◆ **Transportation**

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
Wheelchair Transport	Charges determined by Company

◆ **Home Care Services**

CNA	\$ 20.00 per hour
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◆ **Member Absence Credits**

(applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

Absence Credit - One Person	\$ 7.00 per day
Absence Credit - Two Persons	\$ 12.00 per day

◆ **Rehab**

Private Therapy provided by Heritage	\$45.00 per 30 min
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◆ **Miscellaneous Charges**

Hair Salon Charges	As Presented
Typing Services	Based on number of pages/time
Medical Supplies	Based on Usage