

**DISCLOSURE STATEMENT
(Information Booklet)**

THE CYPRESS

of Charlotte

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

June 1, 2022

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, 2023.

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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 2021, 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 2021 that amount would have been \$2,103,810.

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: Pat Clayton, 3738 Cypress Club Drive, D-305, Charlotte, NC 28210; Jean Flynn, 3738 Cypress Club Drive, Charlotte, NC 28210; Don Herbstman, 3518 Cypress Club Drive, A-102, Charlotte, NC 28210; Beverly Johnson, 3716 Cypress Club Drive, C-409, 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; 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

As stated above, The Club has retained Life Care Services LLC ("Life Care Services") to manage the Community. Life Care Services' business address is 400 Locust Street, Suite 820 Des Moines, Iowa 50309. Life Care Services is a wholly-owned subsidiary of Life Care Companies LLC ("LCS"), an Iowa limited liability company. 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 (see Exhibit O).

Principal officers of LCS include Mr. Joel Nelson, Ms. Diane Bridgewater, Mr. Chris Bird, Mr. Rick Exline, Mr. Jason Victor, and Ms. Jill Sorenson.

As President and Chief Executive Officer of Life Care Services, Joel Nelson 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 140+ communities. Joel serves on the board of managers for Life Care Companies, LCS Holdings, is a member of the compensation committee and a trustee of the Company's 401(k) benefits program. He also has served on the board audit committee and the insurance captive (Hexagon). Outside LCS, Joel serves on various industry and community boards. Within the industry, Joel is member of the National Investment Center operator advisory board, a member of the Argentum Board of Directors and the co-chair of the public policy committee. Joel is active in the Des Moines community and serves as a trustee for ChildServe and is a member of the Central Iowa United Way Board of Directors. Joel holds a bachelor's degree in business management and health care administration from Simpson College.

As a high energy, results-driven executive, Diane Bridgewater directs all financial aspects and operating infrastructure at LCS to ensure corporate, field and community team members have the resources necessary to provide exceptional customer satisfaction to residents. Serving as executive vice president/chief financial and administrative officer at LCS, Diane 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. At LCS, Diane serves on the Board of Managers, Life Care Companies LLC; Audit Committee, Life Care Companies LLC; 401K Administrative Committee, Investment Committee and Enterprise Risk Management

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

Capitalizing on his reputation as a change agent, Chris Bird brings his expertise to the communities Life Care Services serves. By leading operations, building community occupancy, fostering capital partner relationships, and developing new business, Chris implements strategies to deliver on the expectations of owners and shareholders. As Executive Vice President, Chief Operating Officer, Chris oversees Life Care Services, CPS, asset management, procurement, and onboarding operations. His ability to analyze issues, devise continuous process improvements, and incorporate business process initiatives drives performance improvement for the overall operation. At LCS, Chris mentors future leaders by providing guidance, expertise and resources to develop professional skills in the senior living industry. In addition, he is a member of the LCS Board of Directors and the LCS Audit Committee. Chris is a member of the Argentum Advisory Council and the Argentum Chief Operating Officer Roundtable. He holds a bachelor's degree in history from the University of Memphis, Tennessee.

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 LCS health care group. Collaborating with the LCS leadership team, Exline 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. At LCS, Rick serves on the board of managers for Life Care Companies LLC 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, Contoller 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. At LCS, Jason serves on the insurance captive, Hexagon, board of directors. Jason holds a bachelor's degree in accounting from the University of Northern Iowa. He is a certified public accountant with an active license in the state of Iowa.

Leaning on her expertise to foster and maintain meaningful relationships, Jill Sorenson, Senior Vice President and Manager of Life Care Services, leads the regional team serving a portfolio of 13 Life Plan communities. Following her passion for serving seniors, Jill's responsibilities have grown during her career at LCS. From roles in accounting, information

technology, and corporate resource development to receiving her nursing home administrator license, Jill is committed to serving others. Prior to her current position, Jill provided leadership to 22 Life Plan communities where she was successful in delivering on occupancy goals and achieving 4 and 5-star ratings from the Centers for Medicare and Medicaid Services. To ensure Life Care Services is serving the customer first and foremost, Jill initiated client satisfaction surveys with client boards and owners to build stronger and more strategic relationships. Outside LCS, Jill has served on the San Diego Region for Aging Services of California and the Aging Services of California Board. She is a frequent presenter at national and state industry conferences on topics affecting the senior living industry. Jill holds a bachelor's in business administration from Simpson College and an MBA from the University of Phoenix.

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

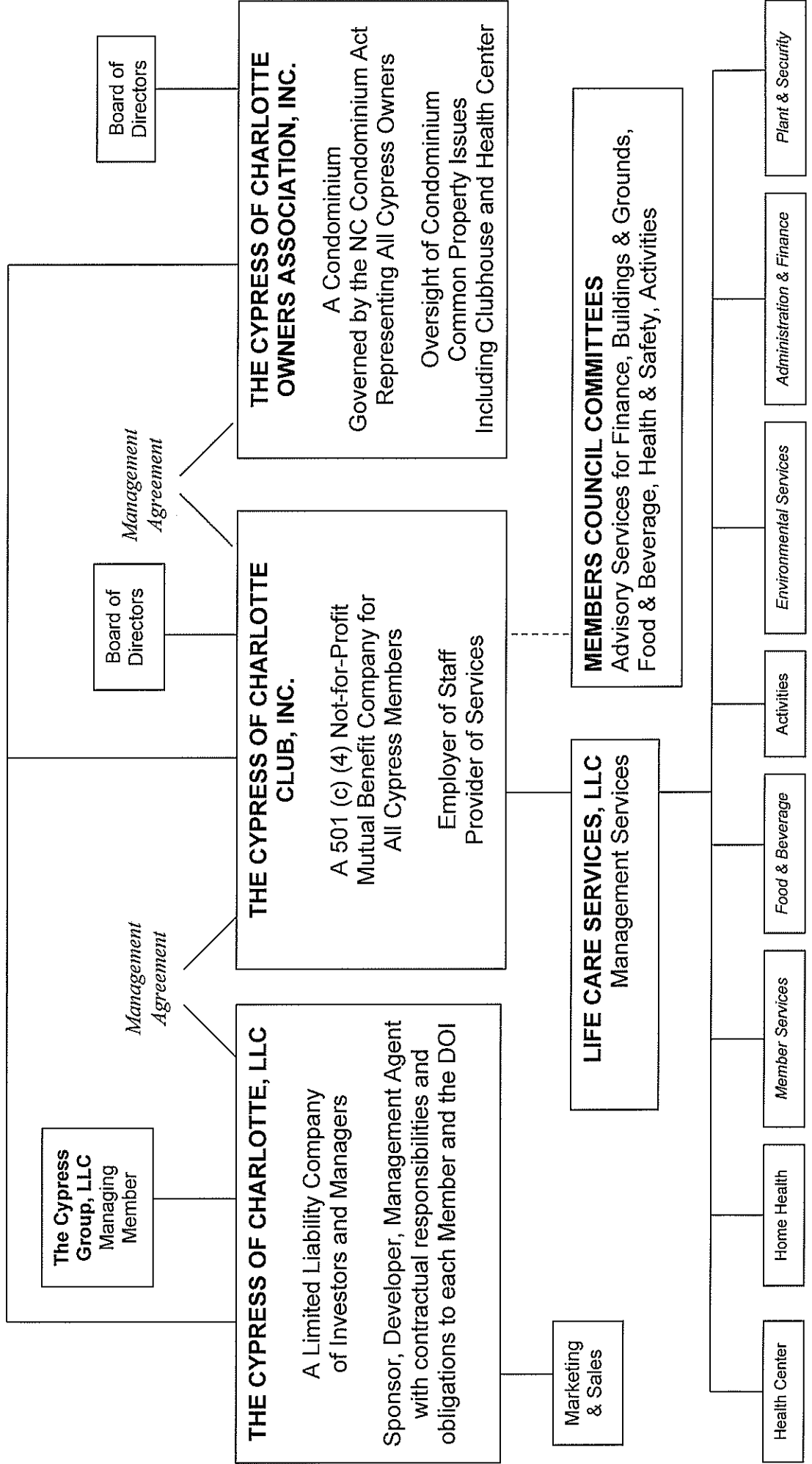
Ashton Brown is the Stewart Health Center Administrator at The Cypress of Charlotte. She is a licensed Nursing Home Administrator and Assisted Living Administrator in North Carolina. Prior to coming to The Cypress, Ashton worked at both skilled nursing and assisted living communities in North Carolina. 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 outsourced. 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, 2021, there were 469 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 third 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, 2022</u>	
	<i>Courtyard</i>	<i>Lakeside</i>	<i>1 Person</i>	<i>2 People</i>
The Afton	\$175,000		\$3,066	\$4,729
The Archer	190,000		3,130	4,793
The Indigo	200,000	\$225,000	3,266	4,929
The Biltmore	215,000	250,000	3,456	5,119
The Birch	250,000	275,000	3,777	5,440
The Carlton	275,000	320,000	4,098	5,761
The Delano	290,000	350,000	4,166	5,829
The Park	275,000	295,000	4,038	5,701
The Azalea	320,000	360,000	4,292	5,955
The Gallery	375,000	420,000	4,598	6,261
The Osprey	410,000	470,000	4,931	6,594
The Ashley		362,000	4,931	6,594
The Cambridge		400,000	4,982	6,645
The Devonshire		450,000	4,996	6,659
The Sycamore		415,000	4,931	6,594
The Hampton		498,000	5,112	6,775
The Wellesley		545,000	5,509	7,172

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 2022, Monthly Fee represents a 6.75% increase over the 2021: The Monthly Fee increases for prior years are as follows: 2021: 4.75%; 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

	2018	2019	2020	2021	2022
1 st Person	\$116	\$198	\$210	\$183	\$273
2 nd Person	\$45	\$76	\$81	\$71	\$105

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

Annual \$ Increases for:	2018 <u>Daily Rate</u>	2019 <u>Daily Rate</u>	2020 <u>Daily Rate</u>	2021 <u>Daily Rate</u>	2022* <u>Daily Rate</u>
<u>SKILLED CARE</u>					
Semi-private Room	6.64	14.01	8.41	8.39	25.65
Private Room	5.89	15.86	9.51	9.49	29.03
<u>ASSISTED LIVING CARE</u>					
Semi-private Room	6.64	14.01	8.41	8.39	25.65
Private Room	5.89	15.86	9.51	9.49	29.03
<u>DEMENTIA CARE</u>					
Semi-private Room	N/A	N/A	N/A	N/A	N/A
Private Room	6.97	18.76	None	10.69	32.70
<u>Home Health</u>					
Hourly Rate	None	.50	1.00	.50	2.00

*With the Health Center expansion and increase in the number of private rooms, the member discount ranges from 40% (grandfathered discount for existing residents) to 32% (discount for new residents).

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, 2021 the Reserve for Replacement amount is \$4,978,975, of which \$1,282,700 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, 2021 the current Operating Reserve fund is \$2,322,836. In addition to this account \$2,953,854 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 first quarter of 2021. 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, and will contribute additional monies toward any project cost overruns. 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 (In development)
<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.

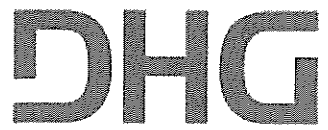
Phase II, consisting of an additional 99 villas was completed and occupied in the last quarter of 1999.

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

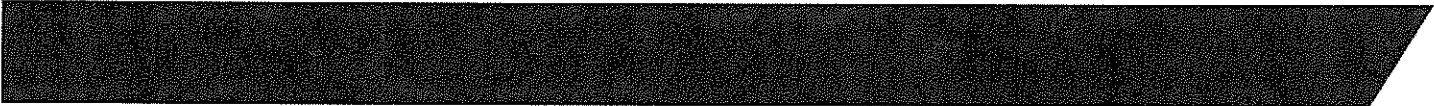
Phase IV, consisting of 20 additional Health Center beds, was completed in the last quarter of 2009.

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 third quarter of 2022.

Exhibit A
Audited Financial Statements



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

A thick, black, horizontal bar with a diagonal cut on the right side, positioned below the company name.

Combined Financial Statements

Years Ended December 31, 2021 and 2020



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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.

We have audited the accompanying combined financial statements of The Cypress of Charlotte Club, Inc. (the "Club") and The Cypress of Charlotte Owners' Association, Inc. (the "Association"), which are comprised of the combined balance sheets as of December 31, 2021 and 2020, 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").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Club and the Association as of December 31, 2021 and 2020, and the results of their changes in net assets and members' equity and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Club and the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club and Association's ability to continue as a going concern for 12 months after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club and Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club and Association's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on future major repairs and replacements, combining balance sheets, and combining 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 31, 2022

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combined Balance Sheets
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 221,974	\$ 340,478
Accounts receivable, net	916,772	971,960
Inventory	88,357	97,227
Prepaid expenses	389,604	303,103
Total current assets	<u>1,616,707</u>	<u>1,712,768</u>
Assets limited as to use:		
Internally designated for Department of Insurance operating reserve	2,322,836	2,340,631
Reserve for replacements	3,696,275	3,245,241
	<u>6,019,111</u>	<u>5,585,872</u>
Other investments	25,000	25,000
Property and equipment, net	19,776,456	13,347,817
Refundable deposits	25,000	62,035
	<u>25,000</u>	<u>62,035</u>
Total assets	<u>\$ 27,462,274</u>	<u>\$ 20,733,492</u>
LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 768,902	\$ 543,332
Due to affiliate	8,392	7,254
Accrued expenses	1,059,222	1,151,387
COVID-19 testing advance	59,500	59,500
Due to homeowners	-	15,609
Current portion of capital lease obligations	2,401	58,672
Current portion of notes payable	24,318	17,025
Total current liabilities	<u>1,922,735</u>	<u>1,852,779</u>
Capital lease obligations, less current portion	-	2,401
Notes payable - long term	5,167,110	58,727
Total liabilities	<u>7,089,845</u>	<u>1,913,907</u>
Net assets:		
Without member restrictions	5,779,437	4,293,899
Total net assets	<u>5,779,437</u>	<u>4,293,899</u>
Members' equity:		
Members' equity, undesignated	10,896,717	11,280,445
Members' equity, designated asset replacement and repair	3,696,275	3,245,241
Total members' equity	<u>14,592,992</u>	<u>14,525,686</u>
Total liabilities and net assets and members' equity	<u>\$ 27,462,274</u>	<u>\$ 20,733,492</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and gains:		
Member fees and assessments	\$ 17,072,378	\$ 16,216,742
Health Center	4,293,371	4,265,278
Home Health	3,690,612	4,169,180
Provider relief and COVID-19 testing funding	96,455	508,805
Other loss	(64,935)	(7,364)
Investment income (loss), net	336,507	(89,460)
Total revenue and gains	<u>25,424,388</u>	<u>25,063,181</u>
Expenses:		
Food and beverage	4,366,231	4,672,218
Health Center	3,941,099	4,154,275
Home Health	2,836,434	3,369,424
Plant	4,228,835	4,331,679
Resident services	316,612	368,560
Housekeeping	1,404,746	1,575,703
General and administrative	4,811,535	3,665,433
Management fee	2,103,810	2,139,744
Depreciation	862,242	842,619
Income taxes	-	5,242
Total expenses	<u>24,871,544</u>	<u>25,124,897</u>
Change in net assets and members' equity	<u>\$ 552,844</u>	<u>\$ (61,716)</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, 2021 and 2020

	<u>Total Net Assets</u>
Net Assets	
Net assets without member restrictions , December 31, 2019	\$ 3,665,838
Change in net assets	28,061
Capital contributions	600,000
Net assets without member restrictions , December 31, 2020	4,293,899
Change in net assets	485,538
Capital contributions	1,000,000
Net assets without member restrictions , December 31, 2021	<u>\$ 5,779,437</u>

	<u>Undesignated</u>	<u>Designated Asset Replacement and Repair</u>	<u>Total Members' Equity</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	(808,309)	808,309	-
Balance, December 31, 2020	11,280,445	3,245,241	14,525,686
Excess of revenues over expenses	67,306	-	67,306
Amounts contributed to designated asset replacement and repair	(451,034)	451,034	-
Balance, December 31, 2021	<u>\$ 10,896,717</u>	<u>\$ 3,696,275</u>	<u>\$ 14,592,992</u>

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combined Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021		
	Program Services	Management and General	Total
Salaries and benefits	\$ 8,199,344	\$ 2,610,055	\$ 10,809,399
Payroll taxes	733,614	58,976	792,590
Fees for services	1,016,408	1,449,842	2,466,250
Office expenses	491,667	229,996	721,663
Information technology	1,181	207,608	208,789
Occupancy	419,623	27,284	446,907
Travel	141	6,352	6,493
Conferences, conventions, and meetings	23,947	5,638	29,585
Interest	52,002	-	52,002
Depreciation	178,088	-	178,088
Insurance	-	350,061	350,061
Food	1,570,982	-	1,570,982
Supplies	590,584	34,001	624,585
Activities	39,384	-	39,384
Medical supplies	87,859	-	87,859
Other expenses	-	159,620	159,620
	<u>\$ 13,404,824</u>	<u>\$ 5,139,433</u>	<u>\$ 18,544,257</u>

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

6,327,287
\$ 24,871,544

	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

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combined Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets and members' equity	\$ 552,844	\$ (61,716)
Adjustments to reconcile change in net assets and members' equity to net cash provided by operating activities:		
Loss on disposal of property and equipment	64,935	7,864
Depreciation	862,242	842,619
Unrealized (gain) loss on assets limited as to use	(286,445)	152,790
Bad debt expense	163,642	90,467
Change in operating assets and liabilities:		
Accounts receivable	(108,454)	(24,441)
Due from and to affiliates	1,138	59,799
Inventories	8,870	18,386
Prepaid expenses	(86,501)	(9,732)
Refundable deposits	37,035	-
Accounts payable	192,023	(142,224)
COVID-19 testing advance	-	59,500
Due to homeowners	(15,609)	(27,328)
Accrued expenses	(92,165)	109,440
Net cash provided by operating activities	<u>1,293,555</u>	<u>1,075,424</u>
Cash flows from investing activities:		
Purchase of assets limited as to use	(1,703,733)	(1,165,106)
Proceeds from sale of assets limited as to use	327,716	232,243
Purchase of property and equipment	(6,093,046)	(938,465)
Net cash used by investing activities	<u>(7,469,063)</u>	<u>(1,871,328)</u>
Cash flows from financing activities:		
Payments of principal on capital lease obligations	(58,672)	(73,633)
Payments of principal on long-term debt	-	(14,441)
Proceeds from long-term debt	5,115,676	-
Capital contributions	1,000,000	600,000
Net cash provided by financing activities	<u>6,057,004</u>	<u>511,926</u>
Net change in cash and cash equivalents	<u>(118,504)</u>	<u>(283,978)</u>
Cash and cash equivalents, beginning of year	<u>340,478</u>	<u>624,456</u>
Cash and cash equivalents, end of year	<u>\$ 221,974</u>	<u>\$ 340,478</u>
Supplemental disclosure of cash flow information:		
Interest	<u>\$ -</u>	<u>\$ 143</u>
Income taxes paid	<u>-</u>	<u>\$ 5,242</u>
Supplemental disclosure of noncash investing activities:		
Property and equipment included in accounts payable	<u>\$ 33,547</u>	<u>\$ 9,871</u>
Transfer from reserve and replacements for equipment and repairs	<u>\$ 1,229,223</u>	<u>\$ -</u>
Supplemental disclosure of noncash financing activities:		
Acquisition of equipment through notes payable	<u>\$ -</u>	<u>\$ 64,758</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 intercompany 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 2021 or 2020.

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, 2021 and 2020 was \$48,203 and \$41,084, respectively.

Inventory

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

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, 2021 and 2020, no impairment indicators were identified.

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.

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.

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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, 2021 and 2020, 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, 2021 and 2020. At December 31, 2021, the Association has a federal and state tax refund of \$19,581 and \$895, respectively. At December 31, 2020, the Association has a federal and state tax refund of \$32,091 and \$4,026, 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 combined financial statements.

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Subsequent Events

The Cypress has evaluated its subsequent events through May 31, 2022, the date the combined 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:

	2021			
	<u>Member Fees</u>	<u>Health Center</u>	<u>Home Health</u>	<u>Total</u>
Private pay and commercial	\$ 17,072,378	\$ 3,590,886	\$ 3,690,612	\$ 24,353,876
Government reimbursement	-	702,485	-	702,485
Total	<u>\$ 17,072,378</u>	<u>\$ 4,293,371</u>	<u>\$ 3,690,612</u>	<u>\$ 25,056,361</u>
	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>

3. Availability and Liquidity

The following represents the Cypress' financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 221,974	\$ 340,478
Accounts receivable, net	<u>916,772</u>	<u>971,960</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,138,746</u>	<u>\$ 1,312,538</u>

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

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

4. Assets Limited As To Use

Assets limited as to use at December 31, 2021 and 2020, are set forth in the following table.

	<u>2021</u>	<u>2020</u>
Internally designated for Department of Insurance operating reserve:		
Money market funds	\$ 89,096	\$ 2,340,631
Mutual funds	<u>2,233,740</u>	<u>-</u>
	<u>\$ 2,322,836</u>	<u>\$ 2,340,631</u>
Internally designated for reserve for replacement:		
Money market funds	\$ 2,008,416	\$ 1,648,229
Corporate debt securities	-	205,120
Mutual funds	<u>1,687,859</u>	<u>1,391,892</u>
	<u>\$ 3,696,275</u>	<u>\$ 3,245,241</u>

The following schedule summarizes the investment income (loss) and its classification in the combined financial statements for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 50,062	\$ 63,330
Unrealized gains (losses)	<u>286,445</u>	<u>(152,790)</u>
Total investment income (loss), net	<u>\$ 336,507</u>	<u>\$ (89,460)</u>

5. Inventory

Inventory at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Food and beverage	\$ 43,171	\$ 57,896
Housekeeping supplies	4,914	3,324
Nursing supplies	6,839	9,388
Plant supplies	<u>33,433</u>	<u>26,619</u>
	<u>\$ 88,357</u>	<u>\$ 97,227</u>

6. Property and Equipment

The components of the Club's and Association's property and equipment at December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 740,887	\$ 740,887
Construction in progress	6,689,482	609,398
Building and improvements	19,365,942	18,341,041
Furniture and fixtures	1,971,661	2,100,971
Vehicles	<u>781,958</u>	<u>797,784</u>
	29,549,930	22,590,081
Less accumulated depreciation, including amortization	<u>9,773,474</u>	<u>9,242,264</u>
	<u>\$ 19,776,456</u>	<u>\$ 13,347,817</u>

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 fall 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.

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.

7. Long-Term Debt

The Club entered into a variable promissory note agreement in 2018 for laundry equipment. The note agreement has a remaining term of 42 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 38 months at an implied annual interest rate of 5.49%, with monthly payments of \$313. The vehicle note agreement has a remaining life of 38 months at an implied annual interest rate of 1.90%, with monthly payments of \$857.

In January 2021, the Cypress entered into a \$10 million promissory note with Towne Bank to finance the expansion of the Stewart Health Center. The note bears interest at 3.75% and matures in January 2036. Interest only payments are due during construction, through September 2022. Principal payments will begin when the project is completed. The note is secured not by the real estate, but by a pledge of the operating cash flows of the Club and the Association. 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 Owners' Association Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Association owners, by vote, have agreed to the Association's assessment mechanism in the Declaration of Condominium to fund debt service. At December 31, 2021, approximately \$5.1 million had been drawn on the loan.

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Annual future maturities under the notes payable obligation, excluding the notes payable related to the Stewart Health Center expansion, as of December 31, 2021, are as follows:

Years ending December 31:

2022	\$	24,318
2023		24,981
2024		25,834
2025		11,001
2026		7,195
Thereafter		<u>7,333</u>
	\$	<u>100,662</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, 2021, are as follows:

Years ending December 31:

2022	\$	56,090
2023		56,090
2024		19,091
2025		<u>1,693</u>
	\$	<u>132,964</u>

Rent expense for the years ended December 31, 2021 and 2020, was \$70,835 and \$72,551, respectively.

Capital leases

The Club has one lease obligation at December 31, 2021 which has been classified as a capital lease. This lease arrangement is for wheelchair washers with remaining terms of 11 months at an implied annual interest rate of 4.5%. Monthly payments on this lease obligation is \$223. The lease is collateralized by the related assets with carrying value of approximately \$9,000 and \$7,000 as of December 31, 2021 and 2020, respectively.

Annual future minimum lease obligations under capital leases as of December 31, 2021, are expected to be \$2,401 in 2022.

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, 2021 and 2020, the management fees (overhead payment) totaled \$2,103,810 and \$2,139,744, respectively. During the years ended December 31, 2021 and 2020, the Company contributed \$1,000,000 and \$600,000 to the Club, respectively. 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. There was no amount due from the Company for reimbursable transactions at December 31, 2021 and 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 2021 and 2020, 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, 2021 and 2020, amounts paid to Life Care totaled \$1,433,801 and \$1,314,037, respectively. For the years ended December 31, 2021 and 2020, the Club allocated expenses of \$180,600 and \$181,584, respectively, representing the Association's share of costs related to the contract with Life Care. The Club owed \$8,392 and \$7,254 to Life Care at December 31, 2021 and 2020, 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 \$88,000 and \$73,000 for the years ended December 31, 2021 and 2020, 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.

**The Cypress of Charlotte Club, Inc. and
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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, 2021.

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, 2021 and 2020, 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 2022 forecasted statements, the required operating reserve is \$5,276,690 at December 31, 2021. The balance held in the restricted investment account was \$2,322,836 at December 31, 2021. 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 \$3,696,275 at December 31, 2021. 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, 2021, the remaining amount due to the Association from the members is \$1,282,700, which will offset any shortfalls in the Department of Insurance Operating Reserve.

12. Future Repairs and Replacement

As of December 31, 2021, 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 2021 and 2020 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 Club and the Association have the ability to access at the measurement date. The quoted price for these investments is not adjusted, even in situations where the Club and the Association hold 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 Club and the Association have 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 Club and the Association believe their 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, 2021 and 2020, there were no changes to the Club or the Association's valuation techniques that had, or are expected to have, a material impact on the combined 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.

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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. To the extent these securities have observable market price quotations, they are categorized in Level 1 of the fair value hierarchy.

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, 2021 and 2020:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets limited as to use, Reserve for replacements: Mutual funds	<u>\$ 1,687,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,687,859</u>
Assets limited as to use, Designated for Department of Insurance: Mutual funds	<u>\$ 2,233,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,233,740</u>

	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	<u>\$ 205,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,120</u>
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 Club and the Association have \$2,097,512 and \$1,648,229 of cash and cash equivalents as of December 31, 2021 and 2020, 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:

	2021	2020
Self-pay	<u>57%</u>	<u>63%</u>
Medicare	<u>33%</u>	<u>28%</u>
Other third-party payors	<u>10%</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, 2021 or 2020, for pending claims.

16. COVID-19 Pandemic

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 \$96,455 and \$410,705 during the years ended December 31, 2021 and 2020, respectively. The Cypress has recognized other operating revenue of \$96,455 and \$410,705 related to this funding for the years ended December 31, 2021 and 2020, respectively, 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 years ended December 31, 2021 and 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 of Charlotte Club, Inc. and
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Notes to Combined Financial Statements**

The Cypress also received funds from North Carolina Department of Health and Human Services of approximately \$158,000 during the year ended December 31, 2020. 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 for the years ended December 31, 2021 and 2020.

17. Subsequent Events

In April 2022, the Cypress received approximately \$117,000 in Provider Relief Funds under the CARES Act.



Supplementary Information

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Future Major Repairs and Replacements (Unaudited)
December 31, 2021

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	2022 Funding Requirements
Total site development	2-34	\$ 2,622,322	\$ 125,530
Building structures and systems	2-36	7,057,243	278,958
Building mechanical equipment	2-36	1,344,827	13,948
Common area interior and finishes	2-34	2,674,531	139,479
Unit improvements	2-19	14,676,162	557,916
Furniture, fixtures and equipment	2-18	<u>4,109,093</u>	<u>278,958</u>
Total		<u>\$ 32,484,178</u>	<u>\$ 1,394,789</u>
Members' equity, designated asset replacement and repair			<u>\$ 3,696,275</u>

The Cypress of Charlotte Club, Inc. and
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Combining Balance Sheets
December 31, 2021

	The Cypress of Charlotte Club, Inc.	The Cypress of Charlotte Owners' Association, Inc.	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 213,261	\$ 8,713	\$ -	\$ 221,974
Accounts receivable, net	916,772	-	-	916,772
Inventory	88,357	-	-	88,357
Prepaid expenses	389,604	-	-	389,604
Total current assets	<u>1,607,994</u>	<u>8,713</u>	<u>-</u>	<u>1,616,707</u>
Assets limited as to use:				
Internally designated for Department of Insurance operating reserve	2,322,836	-	-	2,322,836
Reserve for replacements	-	3,696,275	-	3,696,275
	<u>2,322,836</u>	<u>3,696,275</u>	<u>-</u>	<u>6,019,111</u>
Other investments	25,000	-	-	25,000
Property and equipment, net	621,677	19,154,779	-	19,776,456
Refundable deposits	25,000	-	-	25,000
Total assets	<u>\$ 4,602,507</u>	<u>\$ 22,859,767</u>	<u>\$ -</u>	<u>\$ 27,462,274</u>
LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 768,902	\$ -	\$ -	\$ 768,902
Due to affiliate	8,392	-	-	8,392
Accrued expenses	1,059,222	-	-	1,059,222
COVID-19 testing advance	59,500	-	-	59,500
Current portion of capital lease obligations	2,401	-	-	2,401
Current portion of notes payable	24,318	-	-	24,318
Total current liabilities	<u>1,922,735</u>	<u>-</u>	<u>-</u>	<u>1,922,735</u>
Notes payable - long term	5,167,110	-	-	5,167,110
Total liabilities	<u>7,089,845</u>	<u>-</u>	<u>-</u>	<u>7,089,845</u>
Net assets:				
Without member restrictions	(2,487,338)	-	8,266,775	5,779,437
Total net assets	<u>(2,487,338)</u>	<u>-</u>	<u>8,266,775</u>	<u>5,779,437</u>
Members' equity:				
Members' equity, undesignated	-	19,163,492	(8,266,775)	10,896,717
Members' equity, designated asset replacement and repair	-	3,696,275	-	3,696,275
Total members' equity	<u>-</u>	<u>22,859,767</u>	<u>(8,266,775)</u>	<u>14,592,992</u>
Total liabilities and net assets and members' equity	<u>\$ 4,602,507</u>	<u>\$ 22,859,767</u>	<u>\$ -</u>	<u>\$ 27,462,274</u>

See independent auditors' report.

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Combining Statements of Operations
Year Ended December 31, 2021

	The Cypress of Charlotte Club, Inc.	The Cypress of Charlotte Owners' Association, Inc.	Eliminations	Total
Revenues and gains:				
Member fees and assessments	\$ 10,961,876	\$ 6,110,502	\$ -	\$ 17,072,378
Health Center	4,293,371	-	-	4,293,371
Home Health	3,690,612	-	-	3,690,612
Provider relief and COVID-19 testing funding	96,455	-	-	96,455
Investment income, net	3,416	333,091	-	336,507
Other loss	(15,935)	(49,000)	-	(64,935)
Total revenues and gains	<u>19,029,795</u>	<u>6,394,593</u>	<u>-</u>	<u>25,424,388</u>
Expenses:				
Food and beverage	4,366,231	-	-	4,366,231
Health Center	3,941,099	-	-	3,941,099
Home Health	2,836,434	-	-	2,836,434
Plant	926,254	3,302,581	-	4,228,835
Resident services	316,612	-	-	316,612
Housekeeping	755,577	649,169	-	1,404,746
General and administrative	3,540,914	1,270,621	-	4,811,535
Management fee	1,683,048	420,762	-	2,103,810
Depreciation	178,088	684,154	-	862,242
Total expenses	<u>18,544,257</u>	<u>6,327,287</u>	<u>-</u>	<u>24,871,544</u>
Change in net assets and members' equity	<u>\$ 485,538</u>	<u>\$ 67,306</u>	<u>\$ -</u>	<u>\$ 552,844</u>



The Cypress of Charlotte Owners' Association, Inc.

Financial Statements

Years Ended December 31, 2021 and 2020



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Independent Auditors' Report

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

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, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in its members' equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for 12 months after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 31, 2022

The Cypress of Charlotte Owners' Association, Inc.
 Balance Sheets
 December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 8,713	\$ 5,908
Total current assets	<u>8,713</u>	<u>5,908</u>
Assets limited as to use:		
Reserve for replacements	3,696,275	3,245,241
Property and equipment, net	<u>19,154,779</u>	<u>12,690,751</u>
Total assets	<u>\$ 22,859,767</u>	<u>\$ 15,941,900</u>
MEMBERS' EQUITY		
Members' equity:		
Members equity, undesignated	\$ 19,163,492	\$ 12,696,659
Members' equity, designated asset replacement and repair	<u>3,696,275</u>	<u>3,245,241</u>
Total members' equity	<u>\$ 22,859,767</u>	<u>\$ 15,941,900</u>

The Cypress of Charlotte Owners' Association, Inc.
Statements of Revenues and Expenses
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and gains:		
Member assessments:		
Operations	\$ 5,988,802	\$ 6,038,305
New member fees	121,700	85,905
Investment income (loss), net	333,091	(93,896)
Other loss	(49,000)	-
Total revenues and gains	<u>6,394,593</u>	<u>6,030,314</u>
Expenses:		
Plant	3,302,581	3,366,963
Housekeeping	649,169	608,853
General and administrative	1,270,621	1,032,890
Management fee	420,762	449,346
Depreciation	684,154	656,797
Income taxes	-	5,242
Total expenses	<u>6,327,287</u>	<u>6,120,091</u>
Excess (deficit) of revenues over expenses	<u>\$ 67,306</u>	<u>\$ (89,777)</u>

The Cypress of Charlotte Owners' Association, Inc.
 Statements of Changes in Members' Equity
 Years Ended December 31, 2021 and 2020

	<u>Undesignated</u>	<u>Designated Asset Replacement and Repair</u>	<u>Total Members' Equity</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	12,696,659	3,245,241	15,941,900
Excess of revenues over expenses	67,306	-	67,306
Equity transfer from the Club	6,850,561	-	6,850,561
Amounts contributed to designated asset replacement and repair	<u>(451,034)</u>	<u>451,034</u>	<u>-</u>
Balance, December 31, 2021	<u>\$ 19,163,492</u>	<u>\$ 3,696,275</u>	<u>\$ 22,859,767</u>

The Cypress of Charlotte Owners' Association, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Excess (deficit) of revenues over expenses	\$ 67,306	\$ (89,777)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:		
Loss on disposal of property and equipment	49,000	-
Depreciation	684,154	656,797
Unrealized (gain) loss on assets limited as to use	<u>(286,445)</u>	<u>152,790</u>
Net cash provided by operating activities	514,015	719,810
Cash flows from investing activities:		
Purchase of assets limited as to use	(1,393,812)	(961,099)
Net advances to the Club	(19,497)	(473,939)
Purchase of property and equipment	<u>(5,948,462)</u>	<u>(803,210)</u>
Net cash used by investing activities	(7,361,771)	(2,238,248)
Cash flows from financing activities:		
Transfers from the Club	<u>6,850,561</u>	<u>1,510,251</u>
Net cash provided by financing activities	6,850,561	1,510,251
Net change in cash	2,805	(8,187)
Cash, beginning of year	<u>5,908</u>	<u>14,095</u>
Cash, end of year	<u>\$ 8,713</u>	<u>\$ 5,908</u>
Supplemental disclosure of cash flow information:		
Income taxes paid	<u>\$ -</u>	<u>\$ 5,242</u>
Supplemental disclosure of noncash investing activities:		
Property and equipment included in the Club's accounts payable	<u>\$ 19,497</u>	<u>\$ 5,800</u>
Transfer from reserve and replacements for equipment and repairs	<u>\$ 1,229,223</u>	<u>\$ -</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 5 to 7 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 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, 2021 and 2020, no impairment indicators were identified.

Revenue recognition

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, 2021 and 2020, 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, 2021 and 2020. At December 31, 2021, the Association has a federal and state tax refund of \$19,581 and \$895, respectively. At December 31, 2020, the Association has a federal and state tax refund of \$32,091 and \$4,026, 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.

Subsequent Events

The Association has evaluated its subsequent events through May 31, 2022, the date the financial statements were available to be issued.

2. Assets Limited As To Use

Assets limited as to use at December 31, 2021 and 2020, are set forth in the following table:

	<u>2021</u>	<u>2020</u>
Internally designated for reserve for replacement:		
Money market funds	\$ 2,008,416	\$ 1,648,229
Corporate debt securities	-	205,120
Mutual funds	<u>1,687,859</u>	<u>1,391,892</u>
	<u>\$ 3,696,275</u>	<u>\$ 3,245,241</u>

The following schedule summarizes the investment income (loss), net for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 46,646	\$ 58,894
Unrealized investment gains (losses)	<u>286,445</u>	<u>(152,790)</u>
Total investment income (loss), net	<u>\$ 333,091</u>	<u>\$ (93,896)</u>

3. Property and Equipment

At December 31, 2021 and 2020, the components of the Association's property and equipment are as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 740,887	\$ 740,887
Construction in progress	6,689,482	609,398
Building and improvements	19,365,942	18,341,041
Furniture, fixtures and equipment	<u>305,655</u>	<u>321,729</u>
	<u>27,101,966</u>	<u>20,013,055</u>
Less accumulated depreciation	<u>7,947,187</u>	<u>7,322,304</u>
	<u>\$ 19,154,779</u>	<u>\$ 12,690,751</u>

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 fall 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.

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.

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, 2021 and 2020, the management fees were \$420,762 and \$449,346, respectively. There were no management fees payable to the Company at December 31, 2021 and 2020.

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, 2021 and 2020, the Club allocated expenses of \$180,600 and \$181,584, 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, 2021 and 2020, 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 \$1,347,500 and \$902,505 to the Association's Reserve for Replacements for the years ended December 31, 2021 and 2020, respectively. A receivable or liability is then recorded for the net amount allocated to the Club. There was no amount due to the Club at December 31, 2021 or 2020. For the year ended December 31, 2021, the Club contributed \$1,000,000 to the Association to reimburse for expenses paid on the Club's behalf and the Club forgave the amount due from the Association of \$5,850,561. 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.

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 2021 and 2020, respectively, including interest, and anticipate making monthly payments of \$19,777 over a ten-year period to replenish the reserve.

In January 2021, the Cypress entered into a \$10 million promissory note with Towne Bank to finance the expansion of the Stewart Health Center. The note bears interest at 3.75% and matures in January 2036. Interest only payments are due during construction, through September 2022. Principal payments will begin when the project is completed. The note is secured not by the real estate, but by a pledge of the operating cash flows of the Club and the Association. 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 Owners' Association Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Association owners, by vote, have agreed to the Association's assessment mechanism in the Declaration of Condominium to fund debt service. At December 31, 2021, approximately \$5.1 million had been drawn on the loan. These proceeds were transferred from the Club to the Association.

5. Future Repairs and Replacements

As of December 31, 2021, 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 2021 and 2020 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.
- 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.

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

During the years ended December 31, 2021 and 2020, 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. To the extent these securities have observable market price quotations, they are categorized in Level 1 of the fair value hierarchy.

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, 2021 and 2020:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets limited as to use, Reserve for replacements: Mutual funds	\$ <u>1,687,859</u>	\$ _____ -	\$ _____ -	\$ <u>1,687,859</u>
	\$ <u>1,687,859</u>	\$ _____ -	\$ _____ -	\$ <u>1,687,859</u>

	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>1,391,892</u>
	\$ <u>1,597,012</u>	\$ _____ -	\$ _____ -	\$ <u>1,597,012</u>

The Association has \$2,008,416 and \$1,648,229 of cash and cash equivalents as of December 31, 2021 and 2020, respectively, which were not classified as a level.



Supplementary Information

The Cypress of Charlotte Owners' Association, Inc.
 Future Major Repairs and Replacements (Unaudited)
 December 31, 2021

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	2022 Funding Requirements
Total site development	2-34	\$ 2,622,322	\$ 125,530
Building structures and systems	2-36	7,057,243	278,958
Building mechanical equipment	2-36	1,344,827	13,948
Common area interior and finishes	2-34	2,674,531	139,479
Unit improvements	2-19	14,676,162	557,916
Furniture, fixtures and equipment	2-18	<u>4,109,093</u>	<u>278,958</u>
Total		<u>\$ 32,484,178</u>	<u>\$ 1,394,789</u>
Members' equity, designated asset replacement and repair			<u>\$ 3,696,275</u>

The Cypress of Charlotte Owners' Association, Inc.
Reserve for Replacement Reconciliation
December 31, 2021

Beginning of year per audited financial statements:	\$	3,245,241
Interest and dividends earned		46,612
Transfer to the reserve for replacement fund from the Club		1,347,500
Transfer for reimbursement of equipment and repairs		(1,229,223)
Investment fees paid during the year		(300)
Change in fair market value of assets limited as to use		<u>286,445</u>
End of year per audited financial statements	\$	<u>3,696,275</u>
Other investment account activities:		
Investments purchased	\$	1,393,812
Investment income reinvested		46,612



The Cypress of Charlotte Club, Inc.

Financial Statements

Years Ended December 31, 2021 and 2020



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Independent Auditors' Report

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

We have audited the accompanying financial statements of The Cypress of Charlotte Club, Inc. (a nonprofit organization) (the "Club"), which are comprised of the balance sheets as of December 31, 2021 and 2020, the related statements of operations and changes in net assets (deficits) (without member restrictions), functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Club as of December 31, 2021 and 2020, and the changes in its net assets (deficits) (without member restrictions), its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Club and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club's ability to continue as a going concern for 12 months after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club's ability to continue as a going concern for a reasonable period of time.

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

Dixon Hughes Goodman LLP

Charlotte, NC
May 31, 2022

The Cypress of Charlotte Club, Inc.

Balance Sheets

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 213,261	\$ 334,570
Accounts receivable, net	916,772	971,960
Inventory	88,357	97,227
Prepaid expenses	389,604	303,103
Total current assets	<u>1,607,994</u>	<u>1,706,860</u>
Assets limited as to use:		
Internally designated for Department of Insurance operating reserve	2,322,836	2,340,631
Other investments	25,000	25,000
Property and equipment, net	621,677	657,066
Refundable deposits	25,000	62,035
	<u>2,994,513</u>	<u>3,084,732</u>
Total assets	<u>\$ 4,602,507</u>	<u>\$ 4,791,592</u>
LIABILITIES AND NET ASSETS (DEFICITS)		
Current liabilities:		
Accounts payable	\$ 768,902	\$ 543,332
Due to affiliate	8,392	7,254
Accrued expenses	1,059,222	1,151,387
COVID-19 testing advance	59,500	59,500
Due to homeowners	-	15,609
Current portion of capital lease obligations	2,401	58,672
Current portion of notes payable	24,318	17,025
Total current liabilities	<u>1,922,735</u>	<u>1,852,779</u>
Capital lease obligations, less current portion	-	2,401
Notes payable - long term	5,167,110	58,727
Total non current liabilities	<u>5,167,110</u>	<u>61,128</u>
Total liabilities	<u>7,089,845</u>	<u>1,913,907</u>
Net assets (deficits):		
Without member restrictions	<u>(2,487,338)</u>	<u>2,877,685</u>
Total liabilities and net assets (deficits)	<u>\$ 4,602,507</u>	<u>\$ 4,791,592</u>

See accompanying notes.

The Cypress of Charlotte Club, Inc.

Statements of Operations and Changes in Net Assets (Deficits) (Without Member Restrictions)

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and gains:		
Member fees	\$ 10,961,876	\$ 10,092,532
Health Center	4,293,371	4,265,278
Home Health	3,690,612	4,169,180
Provider relief and COVID-19 testing funding	96,455	508,805
Investment income, net	3,416	4,436
Other loss	(15,935)	(7,364)
Total revenues and gains	<u>19,029,795</u>	<u>19,032,867</u>
Expenses:		
Food and beverage	4,366,231	4,672,218
Health Center	3,941,099	4,154,275
Home Health	2,836,434	3,369,424
Plant	926,254	964,716
Resident services	316,612	368,560
Housekeeping	755,577	966,850
General and administrative	3,540,914	2,632,543
Management fee	1,683,048	1,690,398
Depreciation	178,088	185,822
Total expenses	<u>18,544,257</u>	<u>19,004,806</u>
Excess of revenues and gains over expenses	485,538	28,061
Net assets (deficits):		
Beginning	2,877,685	3,759,875
Capital contributions	1,000,000	600,000
Equity transfer to the Association	<u>(6,850,561)</u>	<u>(1,510,251)</u>
Ending	<u>\$ (2,487,338)</u>	<u>\$ 2,877,685</u>

The Cypress of Charlotte Club, Inc.
 Statements of Functional Expenses
 Years Ended December 31, 2021 and 2020

	2021		
	Program Services	Management and General	Total
Salaries and benefits	\$ 8,199,344	\$ 2,610,055	\$ 10,809,399
Payroll taxes	733,614	58,976	792,590
Fees for services	1,016,408	1,449,842	2,466,250
Office expenses	491,667	229,996	721,663
Information technology	1,181	207,608	208,789
Occupancy	419,623	27,284	446,907
Travel	141	6,352	6,493
Conferences, conventions, and meetings	23,947	5,638	29,585
Interest	52,002	-	52,002
Depreciation	178,088	-	178,088
Insurance	-	350,061	350,061
Food	1,570,982	-	1,570,982
Supplies	590,584	34,001	624,585
Activities	39,384	-	39,384
Medical supplies	87,859	-	87,859
Other expenses	-	159,620	159,620
	<u>\$ 13,404,824</u>	<u>\$ 5,139,433</u>	<u>\$ 18,544,257</u>

	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>

See accompanying notes.

The Cypress of Charlotte Club, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 485,538	\$ 28,061
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	178,088	185,822
Loss on sale of property and equipment	15,935	7,864
Bad debt expense	163,642	90,467
Change in operating assets and liabilities:		
Accounts receivable	(108,454)	(24,441)
Due from and to affiliates	1,138	59,799
Inventories	8,870	18,386
Prepaid expenses	(86,501)	(9,732)
Refundable deposits	37,035	-
COVID-19 testing advance	-	59,500
Accounts payable	211,520	(142,224)
Due to homeowners	(15,609)	(27,328)
Accrued expenses	(92,165)	109,440
Net cash provided by operating activities	<u>799,037</u>	<u>355,614</u>
Cash flows from investing activities:		
Purchase of assets limited as to use	(309,921)	(204,007)
Proceeds from sale of assets limited as to use	327,716	232,243
Purchase of property and equipment	(144,584)	(135,255)
Net cash used by investing activities	<u>(126,789)</u>	<u>(107,019)</u>
Cash flow from financing activities:		
Repayments to the Association	(6,850,561)	(1,036,312)
Net payments of principal on capital lease obligations	(58,672)	(73,633)
Net payments on long-term debt	-	(14,441)
Net proceeds from long-term debt	5,115,676	-
Capital contributions	1,000,000	600,000
Net cash used by used by financing activities	<u>(793,557)</u>	<u>(524,386)</u>
Net change in cash and cash equivalents	(121,309)	(275,791)
Cash and cash equivalents, beginning of year	<u>334,570</u>	<u>610,361</u>
Cash and cash equivalents, end of year	<u>\$ 213,261</u>	<u>\$ 334,570</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 143</u>
Supplemental disclosure of noncash investing activities:		
Property and equipment included in accounts payable	<u>\$ 14,050</u>	<u>\$ 4,071</u>
Supplemental disclosure of noncash financing activities:		
Acquisition of equipment through notes payable	<u>\$ -</u>	<u>\$ 64,758</u>

See accompanying notes.

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 2021 or 2020.

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, 2021 and 2020 was \$48,203 and \$41,084, respectively.

Inventory

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

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 (without member restrictions). 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 3 to 10 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, 2021 and 2020, no impairment indicators were identified.

Revenue recognition

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.

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

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 31, 2022, 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 years ended December 31:

	2021			
	<u>Member Fees</u>	<u>Health Center</u>	<u>Home Health</u>	<u>Total</u>
Private pay and commercial	\$ 10,961,876	\$ 3,590,886	\$ 3,690,612	\$ 18,243,374
Government reimbursement	-	<u>702,485</u>	-	<u>702,485</u>
Total	<u>\$ 10,961,876</u>	<u>\$ 4,293,371</u>	<u>\$ 3,690,612</u>	<u>\$ 18,945,859</u>
	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	-	<u>521,621</u>	-	<u>521,621</u>
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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 213,261	\$ 334,570
Accounts receivable, net	<u>916,772</u>	<u>971,960</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,130,033</u>	<u>\$ 1,306,530</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, 2021 and 2020, are set forth in the following table.

	<u>2021</u>	<u>2020</u>
Internally designated for Department of Insurance operating reserve:		
Money market funds	\$ 89,096	\$ 2,340,631
Mutual funds	<u>2,233,740</u>	<u>-</u>
	<u>\$ 2,322,836</u>	<u>\$ 2,340,631</u>

5. Inventory

Inventory at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Food and beverage	\$ 43,171	\$ 57,896
Housekeeping supplies	4,914	3,324
Nursing supplies	6,839	9,388
Plant supplies	<u>33,433</u>	<u>26,619</u>
	<u>\$ 88,357</u>	<u>\$ 97,227</u>

6. Property and Equipment

The components of the Club's property and equipment at December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures and equipment	\$ 1,666,006	\$ 1,779,242
Vehicles	<u>781,958</u>	<u>797,784</u>
	<u>2,447,964</u>	<u>2,577,026</u>
Less accumulated depreciation, including amortization	<u>1,826,287</u>	<u>1,919,960</u>
	<u>\$ 621,677</u>	<u>\$ 657,066</u>

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 fall 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.

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.

7. Long-Term Debt

The Club entered into a variable promissory note agreement in 2018 for laundry equipment. The note agreement has a remaining term of 42 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 38 months at an implied annual interest rate of 5.49%, with monthly payments of \$313. The vehicle note agreement has a remaining life of 38 months at an implied annual interest rate of 1.90%, with monthly payments of \$857.

In January 2021, the Cypress entered into a \$10 million promissory note with Towne Bank to finance the expansion of the Stewart Health Center. The note bears interest at 3.75% and matures in January 2036. Interest only payments are due during construction, through September 2022. Principal payments will begin when the project is completed. The note is secured not by the real estate, but by a pledge of the operating cash flows of the Club and the Association. 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 Owners' Association Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Association owners, by vote, have agreed to the Association's assessment mechanism in the Declaration of Condominium to fund debt service. At December 31, 2021, approximately \$5.1 million had been drawn on the loan.

Annual future maturities under the notes payable obligations, excluding the notes payable related to the Stewart Health Center expansion, as of December 31, 2021, are as follows:

Years ending December 31:

2022	\$	24,318
2023		24,981
2024		25,834
2025		11,001
2026		7,195
Thereafter		<u>7,333</u>
	\$	<u>100,662</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, 2021, are as follows:

Years ending December 31:

2022	\$	56,090
2023		56,090
2024		19,091
2025		<u>1,693</u>
	\$	<u>132,964</u>

Rent expense for the years ended December 31, 2021 and 2020, was \$70,835 and \$72,551, respectively.

Capital leases

The Club has one lease obligation at December 31, 2021 which has been classified as a capital lease. This lease arrangement is for wheelchair washers with remaining terms of 11 months at an implied annual interest rate of 4.5%. Monthly payments on this lease obligation is \$223. The lease is collateralized by the related assets with carrying value of approximately \$9,000 and \$7,000 as of December 31, 2021 and 2020, respectively.

Annual future minimum lease obligations under capital leases as of December 31, 2021, are expected to be \$2,401 in 2022.

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, 2021 and 2020, the management fees (overhead payment) totaled \$1,683,048 and \$1,690,398, respectively. During the year ended December 31, 2021, the Company contributed \$1,000,000 to the Club and the Club forgave the amount due from the Association of \$5,850,561. These transactions are recorded as equity transfers in the financial statements. 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. Separately, the Company reimburses the Club when the Club processes operating transactions on the Company's behalf. There was no amount due from the Company for reimbursable transactions at December 31, 2021 and 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, 2021 and 2020, fee income and all the Association's housekeeping, plant and general and administrative expenses were allocated from the Club. The Club also transferred approximately \$1,348,000 and \$902,000 to the Association's Reserve for Replacements for the years ended December 31, 2021 and 2020, respectively. A receivable or liability is then recorded for the net amount allocated to the Association. There was no amount due from the Association at December 31, 2021 or 2020. For the year ended December 31, 2021 the Club contributed \$1,000,000 to the Association to reimburse for expenses paid on the Club's behalf. 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. 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, 2021 and 2020, amounts paid to Life Care totaled \$1,433,801 and \$1,314,037, respectively. For the years ended December 31, 2021 and 2020, the Club allocated expenses of \$180,600 and \$181,584, 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 \$88,000 and \$73,000 for the years ended December 31, 2021 and 2020, 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, 2021.

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, 2021 and 2020, 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 2022 forecasted statements, the required operating reserve is \$5,276,690 at December 31, 2021. The balance held in the restricted investment account was \$2,322,836 at December 31, 2021. 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 \$3,696,275 at December 31, 2021. 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, 2021, the remaining amount due to the Association from the members is \$1,282,700, which will offset any shortfalls in the Department of Insurance Operating Reserve.

12. 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 Club has the ability to access at the measurement date. The quoted price for these investments is not adjusted, even in situations where the Club 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 Club 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 Club 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, 2021 and 2020, there were no changes to the Club'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 tables below present the balances of financial instruments measured at fair value on a recurring basis by level within the hierarchy at December 31, 2021:

	Fair Value Measurements as of December 31, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets limited as to use, Designated for Department of Insurance: Mutual funds	<u>\$ 2,233,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,233,740</u>

The Club has \$89,096 and \$2,340,631 of cash and cash equivalents as of December 31, 2021 and 2020, respectively, which were not classified as a level.

13. 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, 2021 and 2020, was as follows:

	<u>2021</u>	<u>2020</u>
Self-pay	57%	63%
Medicare	33%	28%
Other third-party payors	<u>10%</u>	<u>9%</u>
Totals	<u>100%</u>	<u>100%</u>

14. 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 for pending claims at December 31, 2021 or 2020.

15. COVID-19 Pandemic

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 \$96,455 and \$410,705 during the years ended December 31, 2021 and 2020, respectively. The Cypress has recognized other operating revenue of \$96,455 and \$410,705 related to this funding for the years ended December 31, 2021 and 2020, respectively, 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.

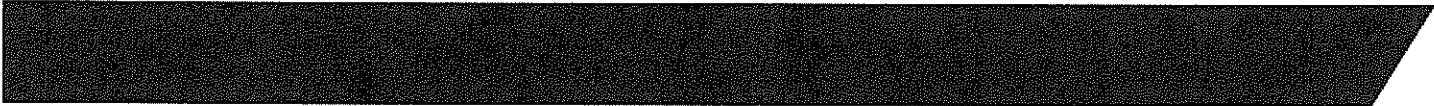
On October 22, 2020, November 2, 2020 and January 15, 2021, HHS issued Post-Payment Notices of Reporting Requirements ("PPNRR") which establish the reporting criteria for providers which received PRF funding under the CARES Act. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations 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 years ended December 31, 2021 and 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 during the year ended December 31, 2020. 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 for the years ended December 31, 2021 and 2020.

16. Subsequent Events

In April 2022, the Cypress received approximately \$117,000 in Provider Relief Funds under the CARES Act.

**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, 2026

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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, 2026, 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 summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial 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 (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA.

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 examine 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, or provide any other form of assurance on this financial 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 those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

FORVIS, LLP

Charlotte, NC
June 24, 2022

The Cypress of Charlotte Club, Inc. and
The Cypress of Charlotte Owners' Association, Inc.
Forecasted Combined Balance Sheets
For the Years Ending December 31, 2022 through 2026

	2022	2023	2024	2025	2026
Assets					
Current assets:					
Cash and cash equivalents	\$ 237,916	\$ 344,515	\$ 429,975	\$ 543,509	\$ 652,493
Accounts receivable, net	962,611	1,010,742	1,061,279	1,114,343	1,170,060
Due from affiliate	2,109	2,214	2,325	2,441	2,563
Inventory	92,775	97,414	102,285	107,399	112,769
Other current assets	409,084	429,538	451,015	473,566	497,244
Total current assets	<u>1,704,495</u>	<u>1,884,423</u>	<u>2,046,879</u>	<u>2,241,258</u>	<u>2,435,129</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	4,069,999	4,462,409	4,874,440	5,307,073	5,761,338
	<u>6,394,999</u>	<u>6,787,409</u>	<u>7,199,440</u>	<u>7,632,073</u>	<u>8,086,338</u>
Other Investments	25,000	25,000	25,000	25,000	25,000
Property and equipment, net	24,579,170	24,404,170	23,929,170	23,489,170	23,114,170
Refundable Deposits	25,000	25,000	25,000	25,000	25,000
Total assets	<u>\$ 32,728,664</u>	<u>\$ 33,126,002</u>	<u>\$ 33,225,489</u>	<u>\$ 33,412,501</u>	<u>\$ 33,685,637</u>
Liabilities and Net Assets and Members' Equity					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,921,640	\$ 2,017,722	\$ 2,118,608	\$ 2,224,538	\$ 2,335,765
Due to affiliate	8,392	8,392	8,392	8,392	8,392
COVID-19 testing advance	59,500	-	-	-	-
Current portion of long-term debt	221,400	648,591	634,096	624,343	642,179
Total current liabilities	<u>2,210,932</u>	<u>2,674,705</u>	<u>2,761,096</u>	<u>2,857,273</u>	<u>2,986,336</u>
Long-term debt, less current portion	10,014,627	9,366,036	8,731,940	8,107,597	7,465,418
Total liabilities	<u>12,225,559</u>	<u>12,040,741</u>	<u>11,493,036</u>	<u>10,964,870</u>	<u>10,451,754</u>
Net assets:					
Without member restrictions	5,877,030	6,316,476	6,803,756	7,342,632	7,935,008
Total net assets	<u>5,877,030</u>	<u>6,316,476</u>	<u>6,803,756</u>	<u>7,342,632</u>	<u>7,935,008</u>
Members' equity:					
Members' equity, undesignated	10,556,076	10,306,376	10,054,257	9,797,926	9,537,537
Members' equity, designated asset replacement and repair	4,069,999	4,462,409	4,874,440	5,307,073	5,761,338
Total members' equity	<u>14,626,075</u>	<u>14,768,785</u>	<u>14,928,697</u>	<u>15,104,999</u>	<u>15,298,875</u>
Total liabilities and net assets and members' equity	<u>\$ 32,728,664</u>	<u>\$ 33,126,002</u>	<u>\$ 33,225,489</u>	<u>\$ 33,412,501</u>	<u>\$ 33,685,637</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, 2022 through 2026

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Revenues and gains					
Member fees and assessments	\$ 18,269,051	\$ 19,250,664	\$ 20,213,197	\$ 21,223,857	\$ 22,285,050
Health Center	5,235,692	7,851,353	8,243,921	8,656,117	9,088,923
Home Health	4,256,564	4,469,392	4,625,821	4,787,725	4,955,295
Provider Relief Funds	117,314	-	-	-	-
Investment income, net	50,000	51,000	52,020	53,060	54,121
Total revenues and gains	<u>27,928,621</u>	<u>31,622,409</u>	<u>33,134,959</u>	<u>34,720,759</u>	<u>36,383,389</u>
Expenses					
Food and beverage	4,854,446	5,538,240	5,815,152	6,105,910	6,411,206
Health Center	4,395,999	5,066,126	5,319,432	5,585,404	5,864,674
Home Health	3,316,662	3,482,495	3,604,382	3,730,535	3,861,104
Plant	4,421,538	4,535,338	4,762,105	5,000,210	5,250,221
Resident services	356,168	388,717	408,153	428,561	449,989
Housekeeping	1,509,153	1,712,621	1,798,252	1,888,165	1,982,573
General and administrative	7,766,364	8,696,234	9,131,046	9,587,598	10,066,978
Depreciation	987,639	1,260,367	1,310,782	1,363,213	1,417,742
Other	96,658	-	-	-	-
Debt Service	93,318	360,115	338,463	315,985	292,650
Total expenses	<u>27,797,945</u>	<u>31,040,253</u>	<u>32,487,767</u>	<u>34,005,581</u>	<u>35,597,137</u>
Change in net assets and members' equity	<u>\$ 130,676</u>	<u>\$ 582,156</u>	<u>\$ 647,192</u>	<u>\$ 715,178</u>	<u>\$ 786,252</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, 2022 through 2026

<u>Net Assets</u>	<u>Total Net Assets</u>
Net Assets, January 1, 2022	\$ 5,779,437
Change in net assets	97,593
Net Assets, December 31, 2022	5,877,030
Change in net assets	439,446
Net Assets, December 31, 2023	6,316,476
Change in net assets	487,280
Net Assets, December 31, 2024	6,803,756
Change in net assets	538,876
Net Assets, December 31, 2025	7,342,632
Change in net assets	592,376
Net Assets, December 31, 2026	<u>\$ 7,935,008</u>

<u>Members Equity</u>	<u>Undesignated</u>	<u>Designated Asset Replacement and Repair</u>	<u>Total Members' Equity</u>
Members' Equity, January 1, 2022	\$ 10,896,717	\$ 3,696,275	\$ 14,592,992
Excess of expenses over revenues	33,083		33,083
Amounts allocated to designated asset replacement and repair	(373,724)	373,724	-
Members' Equity, December 31, 2022	10,556,076	4,069,999	14,626,075
Excess of revenues over expenses	142,710		142,710
Amounts allocated to designated asset replacement and repair	(392,410)	392,410	-
Members' Equity, December 31, 2023	10,306,376	4,462,409	14,768,785
Excess of revenues over expenses	159,912		159,912
Amounts allocated to designated asset replacement and repair	(412,031)	412,031	-
Members' Equity, December 31, 2024	10,054,257	4,874,440	14,928,697
Excess of revenues over expenses	176,302		176,302
Amounts allocated to designated asset replacement and repair	(432,633)	432,633	-
Members' Equity, December 31, 2025	9,797,926	5,307,073	15,104,999
Excess of revenues over expenses	193,876		193,876
Amounts allocated to designated asset replacement and repair	(454,265)	454,265	-
Members' Equity, December 31, 2026	<u>\$ 9,537,537</u>	<u>\$ 5,761,338</u>	<u>\$ 15,298,875</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, 2022 through 2026

	2022	2023	2024	2025	2026
Cash flows from operating activities					
Change in net assets and members' equity	\$ 130,676	\$ 582,156	\$ 647,192	\$ 715,178	\$ 786,252
Adjustments to reconcile change in net assets and members' equity to net cash provided by operating activities					
Depreciation	987,639	1,260,367	1,310,782	1,363,213	1,417,742
Increase (decrease) in:					
Accounts receivable	(45,839)	(48,131)	(50,537)	(53,064)	(55,717)
Due from affiliate	(100)	(105)	(111)	(116)	(122)
Inventory	(4,418)	(4,639)	(4,871)	(5,114)	(5,370)
Prepaid expenses	(19,480)	(20,454)	(21,477)	(22,551)	(23,678)
Increase (decrease) in:					
Accounts payable and accrued expenses	91,507	96,082	100,886	105,930	111,227
COVID-19 testing advance	-	(59,500)	-	-	-
Net cash provided by operating activities	<u>1,139,985</u>	<u>1,805,776</u>	<u>1,981,864</u>	<u>2,103,476</u>	<u>2,230,334</u>
Cash flows from investing activities					
Purchase of property and equipment	(5,464,233)	(1,085,367)	(835,782)	(923,213)	(1,042,742)
Purchase of assets whose use is limited	(370,000)	(392,410)	(412,031)	(432,633)	(454,265)
Net cash used in investing activities	<u>(5,834,233)</u>	<u>(1,477,777)</u>	<u>(1,247,813)</u>	<u>(1,355,846)</u>	<u>(1,497,007)</u>
Cash flows from financing activities:					
Payment of long term debt & capital lease obligations	(199,044)	(221,400)	(648,591)	(634,096)	(624,343)
Principal from Health Center Loan	4,909,234	-	-	-	-
Net cash provided by or (used) in financing activities	<u>4,710,190</u>	<u>(221,400)</u>	<u>(648,591)</u>	<u>(634,096)</u>	<u>(624,343)</u>
Net increase in cash and cash equivalents	15,942	106,599	85,460	113,534	108,984
Cash and cash equivalents					
Beginning	221,974	237,916	344,515	429,975	543,509
Ending	<u>\$ 237,916</u>	<u>\$ 344,515</u>	<u>\$ 429,975</u>	<u>\$ 543,509</u>	<u>\$ 652,493</u>

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 2021 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 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. 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 adoption of ASU 2016-02.

3. Significant Forecast Assumptions

Assets and liabilities

Assets and liabilities (excluding cash and cash equivalents, investments, property and equipment and long-term debt) have been calculated based on historical data adjusted for estimated inflation of 5% 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.

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

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 2022 which includes approximately \$5,000,000 of capital expenditures related to the expansion (see Note 5).

Assets limited as 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.

Long-Term Debt

Long-term debt has been calculated based on the amortization of the total \$10 million promissory note, which bears interest at 3.75% and matures in January 2036. Payments will begin in October 2022 (see Note 5).

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 7% for 2022 and 5% for 2023 through 2026. Health Center revenues are based on projected occupancy rates with prices for services adjusted for an average inflation rate of 5%. Home Health revenues are projected to increase annually by 5% in 2022 and 2023 and 3.5% in 2024 through 2026.

Operating expenses

Expenses for program services are based on the Cypress' 2022 and 2023 projections adjusted annually for estimated inflation of 5% over the term of the forecast except for Home Health for all years, which are adjusted at a rate of 5% in 2022 and 2023 and 3.5% in 2024 through 2026 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 2022 through 2026.

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.

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

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 2022 forecasted statements, the required operating reserve is \$5,276,690 at December 31, 2021. The balance held in the restricted investment account was \$2,322,836 at December 31, 2021. 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 \$3,969,275 at December 31, 2021. 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, 2021, the remaining amount due to the Association from the members is \$1,282,700, which will offset any shortfalls in the Department of Insurance Operating Reserve.

5. 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 fall 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 September 2022. The note is secured not by the real estate, but by a pledge of the operating cash flows of the Club and the Association. 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 Owners' Association Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Association owners, by vote, have agreed to the Association's assessment mechanism in the Declaration of Condominium to fund debt service. Approximately \$5.1 million was drawn on the loan in 2021. Approximately \$4.9 million will be drawn in 2022.

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

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 \$96,455 and \$410,705 during the years ended December 31, 2021 and 2020, respectively. The Cypress recognized other operating revenue of \$96,455 and \$410,705 for the Cypress related to this funding for the years ended December 31, 2021 and 2020, respectively, 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 \$117,314 during the second quarter of 2022. This is included in the forecasted revenue for 2022. 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, 2021 and 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 during the year ended December 31, 2020. 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, 2022 through 2026

	2022			2023			2024			2025			2026		
	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total
Assets															
Current assets:															
Cash and cash equivalents	\$ 233,158	\$ 4,758	\$ 237,916	\$ 337,625	\$ 6,890	\$ 344,515	\$ 421,376	\$ 8,599	\$ 429,975	\$ 532,639	\$ 10,870	\$ 543,509	\$ 639,443	\$ 13,050	\$ 652,493
Accounts receivable, net	962,611	-	962,611	1,010,742	-	1,010,742	1,061,279	-	1,061,279	1,114,343	-	1,114,343	1,170,060	-	1,170,060
Due from affiliate	2,109	-	2,109	2,214	-	2,214	2,325	-	2,325	2,441	-	2,441	2,563	-	2,563
Inventory	92,775	-	92,775	97,414	-	97,414	102,285	-	102,285	107,399	-	107,399	112,769	-	112,769
Other current assets	409,084	-	409,084	429,538	-	429,538	451,015	-	451,015	473,566	-	473,566	497,244	-	497,244
Total current assets	1,699,737	4,758	1,704,495	1,877,533	6,890	1,884,423	2,038,280	8,599	2,046,879	2,230,388	10,870	2,241,258	2,422,079	13,050	2,435,129
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	-	4,069,999	4,069,999	-	4,462,409	4,462,409	-	4,874,440	4,874,440	-	5,307,073	5,307,073	-	5,761,338	5,761,338
	2,325,000	4,069,999	6,394,999	2,325,000	4,462,409	6,787,409	2,325,000	4,874,440	7,199,440	2,325,000	5,307,073	7,632,073	2,325,000	5,761,338	8,086,338
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	4,027,852	20,551,318	24,579,170	4,243,275	20,160,895	24,404,170	4,589,623	19,339,547	23,929,170	4,997,396	18,491,774	23,489,170	5,496,614	17,617,556	23,114,170
Refundable Deposits	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000
Total assets	\$ 8,102,589	\$ 24,626,075	\$ 32,728,664	\$ 8,495,808	\$ 24,630,194	\$ 33,126,002	\$ 9,002,903	\$ 24,222,586	\$ 33,225,489	\$ 9,602,784	\$ 23,809,717	\$ 33,412,501	\$ 10,293,693	\$ 23,391,944	\$ 33,685,637
Liabilities and Net Assets and Members' Equity															
Current liabilities:															
Accounts payable and accrued expenses	\$ 1,921,640	\$ -	\$ 1,921,640	\$ 2,017,722	\$ -	\$ 2,017,722	\$ 2,118,608	\$ -	\$ 2,118,608	\$ 2,224,538	\$ -	\$ 2,224,538	\$ 2,335,765	\$ -	\$ 2,335,765
Due to affiliate	8,392	-	8,392	8,392	-	8,392	8,392	-	8,392	8,392	-	8,392	8,392	-	8,392
COVID-19 testing advance	59,500	-	59,500	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	82,809	138,591	221,400	81,071	567,520	648,591	44,925	589,171	634,096	12,694	611,649	624,343	7,195	634,984	642,179
Total current liabilities	2,072,341	138,591	2,210,932	2,107,185	567,520	2,674,705	2,171,925	589,171	2,761,096	2,245,624	611,649	2,857,273	2,351,352	634,984	2,986,336
Long-term debt, less current portion	153,218	9,861,409	10,014,627	72,147	9,293,889	9,366,036	27,222	8,704,718	8,731,940	14,528	8,093,069	8,107,597	7,333	7,458,085	7,465,418
Total liabilities	2,225,559	10,000,000	12,225,559	2,179,332	9,861,409	12,040,741	2,199,147	9,293,889	11,493,036	2,260,152	8,704,718	10,964,870	2,358,685	8,093,069	10,451,754
Net assets:															
Without member restrictions	5,877,030	-	5,877,030	6,316,476	-	6,316,476	6,803,756	-	6,803,756	7,342,632	-	7,342,632	7,935,008	-	7,935,008
Total net assets	5,877,030	-	5,877,030	6,316,476	-	6,316,476	6,803,756	-	6,803,756	7,342,632	-	7,342,632	7,935,008	-	7,935,008
Members' equity:															
Members' equity, undesignated	-	10,556,076	10,556,076	-	10,306,376	10,306,376	-	10,054,257	10,054,257	-	9,797,926	9,797,926	-	9,537,537	9,537,537
Members' equity, designated asset replacement and repair	-	4,069,999	4,069,999	-	4,462,409	4,462,409	-	4,874,440	4,874,440	-	5,307,073	5,307,073	-	5,761,338	5,761,338
Total members' equity	-	14,626,075	14,626,075	-	14,768,785	14,768,785	-	14,928,697	14,928,697	-	15,104,999	15,104,999	-	15,298,875	15,298,875
Total liabilities and net assets and members' equity	\$ 8,102,589	\$ 24,626,075	\$ 32,728,664	\$ 8,495,808	\$ 24,630,194	\$ 33,126,002	\$ 9,002,903	\$ 24,222,586	\$ 33,225,489	\$ 9,602,784	\$ 23,809,717	\$ 33,412,501	\$ 10,293,693	\$ 23,391,944	\$ 33,685,637

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, 2022 through 2026

		2022			2023			2024			2025			2026		
		Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total	Club	HOA	Total
Revenues and gains																
Member fees and assessments	62%	\$ 11,323,158	\$ 6,945,893	\$ 18,269,051	\$ 11,556,174	\$ 7,694,490	\$ 19,250,664	\$ 12,131,961	\$ 8,081,236	\$ 20,213,197	\$ 12,738,559	\$ 8,485,298	\$ 21,223,857	\$ 13,375,487	\$ 8,909,563	\$ 22,285,050
Health Center	100%	5,235,692	-	5,235,692	7,851,353	-	7,851,353	8,243,921	-	8,243,921	8,656,117	-	8,656,117	9,088,923	-	9,088,923
Home Health	100%	4,256,564	-	4,256,564	4,469,392	-	4,469,392	4,625,821	-	4,625,821	4,787,725	-	4,787,725	4,955,295	-	4,955,295
Covid Reimbursement	100%	117,314	-	117,314	-	-	-	-	-	-	-	-	-	-	-	-
Investment income, net	8%	4,000	46,000	50,000	4,080	46,920	51,000	4,162	47,858	52,020	4,245	48,815	53,060	4,330	49,791	54,121
Total revenues and gains		<u>20,936,728</u>	<u>6,991,893</u>	<u>27,928,621</u>	<u>23,880,999</u>	<u>7,741,410</u>	<u>31,622,409</u>	<u>25,005,865</u>	<u>8,129,094</u>	<u>33,134,959</u>	<u>26,186,646</u>	<u>8,534,113</u>	<u>34,720,759</u>	<u>27,424,035</u>	<u>8,959,354</u>	<u>36,383,389</u>
Expenses																
Food and beverage	100%	4,854,446	-	4,854,446	5,538,240	-	5,538,240	5,815,152	-	5,815,152	6,105,910	-	6,105,910	6,411,206	-	6,411,206
Health Center	100%	4,395,999	-	4,395,999	5,066,126	-	5,066,126	5,319,432	-	5,319,432	5,585,404	-	5,585,404	5,864,674	-	5,864,674
Home Health	100%	3,316,662	-	3,316,662	3,482,495	-	3,482,495	3,604,382	-	3,604,382	3,730,535	-	3,730,535	3,861,104	-	3,861,104
Plant	23%	1,038,840	3,382,698	4,421,538	1,065,578	3,469,760	4,535,338	1,118,857	3,643,248	4,762,105	1,174,799	3,825,411	5,000,210	1,233,539	4,016,682	5,250,221
Resident services	100%	356,168	-	356,168	388,717	-	388,717	408,153	-	408,153	428,561	-	428,561	449,989	-	449,989
Housekeeping	61%	926,016	583,137	1,509,153	1,050,864	661,757	1,712,621	1,103,407	694,845	1,798,252	1,158,578	729,587	1,888,165	1,216,507	766,066	1,982,573
General and administrative	71%	5,514,118	2,252,246	7,766,364	6,174,326	2,521,908	8,696,234	6,483,043	2,648,003	9,131,046	6,807,195	2,780,403	9,587,598	7,147,554	2,919,424	10,066,978
Depreciation	25%	246,910	740,729	987,639	315,092	945,275	1,260,367	327,696	983,086	1,310,782	340,803	1,022,410	1,363,213	354,436	1,063,306	1,417,742
Other	100%	96,658	-	96,658	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	100%	93,318	-	93,318	360,115	-	360,115	338,463	-	338,463	315,985	-	315,985	292,650	-	292,650
Total expenses		<u>20,839,135</u>	<u>6,958,810</u>	<u>27,797,945</u>	<u>23,441,553</u>	<u>7,598,700</u>	<u>31,040,253</u>	<u>24,518,585</u>	<u>7,969,182</u>	<u>32,487,767</u>	<u>25,647,770</u>	<u>8,357,811</u>	<u>34,005,581</u>	<u>26,831,659</u>	<u>8,765,478</u>	<u>35,597,137</u>
Change in net assets and members' equity		<u>\$ 97,593</u>	<u>\$ 33,083</u>	<u>\$ 130,676</u>	<u>\$ 439,446</u>	<u>\$ 142,710</u>	<u>\$ 582,156</u>	<u>\$ 487,280</u>	<u>\$ 159,912</u>	<u>\$ 647,192</u>	<u>\$ 538,876</u>	<u>\$ 176,302</u>	<u>\$ 715,178</u>	<u>\$ 592,376</u>	<u>\$ 193,876</u>	<u>\$ 786,252</u>

Cypress of Charlotte Consolidated
Balance Sheet
Four Months Ended 04/30/2022

	Current Month
ASSETS:	
Current Assets	
Cash and cash equivalents	216,025
Accounts Receivable resident services - net	702,925
Accounts Receivable - Owner & other	123,706
Accounts Receivable - Intercompany	11,873,382
Prepaid expenses and inventories	333,808
Total current assets	13,249,847
Assets limited as to use (DOI, ARA, Condo Ins.)	
DOI Reserve	2,330,407
Asset Replacement Reserve	3,219,626
Condo Insurance fund	21,314
Property and equipment, net	24,902,045
Other assets - deposits	50,000
TOTAL ASSETS	43,773,238
LIABILITIES AND NET ASSETS	
Current Liabilities	
Capital leases	1,539
Notes payable	24,318
Accounts payable & accruals - Trade	1,277,400
Accounts payable - Intercompany	11,873,382
Deposits and DOI Operating Reserve	2,364,000
Accrued liabilities	
Salaries & wages	577,366
Benefits	284,732
Payroll and other taxes	(557)
Other (professional fees, Pers Prop Tax)	12,310
Total Current Liabilities	16,414,490
Abandoned Property	0
Construction Loan payable	7,731,943
Capital leases - long term	0
Note payable - long term	127,823
Total liabilities	24,274,256
Net assets (deficit)	
Additional Paid in Capital	3,100,000
Unrestricted	13,049,075
Temporarily restricted	0
Permanently restricted	3,349,908
Total net assets	19,498,982
TOTAL LIABILITIES AND EQUITY	43,773,238

Operating Statement

APR-22

	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
Operating Revenue						
Independent Living Revenue						
Apartments:						
4001001 First Person Fees	1,327,246	1,327,254	8	5,308,985	5,309,016	31
4001501 Second Person Fees	182,949	186,256	3,307	731,795	733,792	1,996
4002501 Garage Fees	1,701	1,737	36	6,804	7,083	279
4053001 Apt. Disc. - Absence	(10,000)	(9,007)	993	(40,000)	(34,434)	5,566
4071001 Additional Meals Income	-	759	759	-	2,783	2,783
4072001 Guest Meals Income	11,038	4,887	(6,151)	44,151	7,071	(37,080)
4073001 Employee Meals Income	-	-	-	-	181	181
4074001 Lounge Income	3,042	1,484	(1,558)	12,167	2,722	(9,445)
4075001 Catering Income	4,167	647	(3,520)	16,667	3,019	(13,647)
4083001 Transportation	917	910	(7)	3,667	4,567	901
4084001 Laundry - Non Taxable	-	-	-	-	-	-
4085001 Maintenance - Non Taxable	1,500	520	(980)	6,000	13,479	7,479
4103001 Beauty & Barber - Non Taxable	20,833	18,645	(2,188)	83,333	79,151	(4,182)
4103099 Beauty & Barber - Contra	(17,667)	(18,468)	(801)	(70,667)	(65,558)	5,108
4109001 Other Income	56	-	(56)	222	504	281
Total Apartments	1,525,781	1,515,627	(10,154)	6,103,124	6,063,378	(39,746)
Total Independent Living Revenue	1,525,781	1,515,627	(10,154)	6,103,124	6,063,378	(39,746)
Health Center						
Private Pay:						
4006001 Community Fee	10,000	-	(10,000)	10,000	10,000	-
4201001 Semi Private	29,614	19,742	(9,871)	118,454	68,440	(50,014)
4202001 Private Room	45,000	47,267	2,267	180,000	189,067	9,067
Total Room & Board - Private	84,614	67,009	(17,604)	308,454	267,508	(40,947)
4072001 Guest Meals Income	1,250	488	(762)	5,000	672	(4,328)
4075001 Catering Income	-	-	-	-	-	-
4084001 Laundry - Non Taxable	42	-	(42)	167	-	(167)
4109001 Other Income	25	375	350	100	1,125	1,025
4269001 Medical Supplies - Other	8,862	6,020	(2,842)	37,094	21,612	(15,482)
4281001 Occupational Therapy	5,245	3,360	(1,885)	21,049	12,008	(9,042)
4282001 Physical Therapy	12,975	9,420	(3,555)	54,891	41,543	(13,349)
4283001 Speech Therapy	3,643	1,283	(2,361)	14,703	3,960	(10,743)
4294001 Oxygen	11	162	151	40	864	824
Total Ancillaries - Private	32,052	21,107	(10,945)	133,044	81,716	(51,328)
Total Private Pay	116,666	88,116	(28,549)	441,499	349,223	(92,275)
Life Care/Continuing Care:						
4071001 Additional Meals Income	2,160	4,998	2,838	8,268	15,470	7,202
4201001 Semi Private	172,746	142,578	(30,168)	690,984	538,996	(151,988)
4202001 Private Room	268,865	305,528	36,662	1,069,422	1,194,455	125,033
4244001 Life Care	(185,249)	(195,793)	(10,543)	(734,958)	(739,589)	(4,631)
Total Life Care/Continuing Care	258,522	257,311	(1,211)	1,033,716	1,009,332	(24,384)
Medicare Part A:						
4201001 Semi Private	23,380	19,844	(3,535)	87,479	51,376	(36,102)
4242001 Contractual - Room and Board	6,608	9,088	2,480	24,726	18,799	(5,927)
Total Room & Board - Medicare Part A	29,988	28,933	(1,055)	112,205	70,176	(42,029)
4243001 Contractual - Ancillaries	(11,138)	(8,985)	2,153	(42,280)	(26,222)	16,057
4263001 Drugs	2,200	2,892	692	8,800	5,514	(3,286)
4269001 Medical Supplies - Other	153	102	(51)	578	285	(293)
4281001 Occupational Therapy	3,592	2,408	(1,184)	13,550	7,778	(5,772)

Operating Statement

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	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
4282001 Physical Therapy	3,695	2,820	(875)	14,063	8,730	(5,333)
4283001 Speech Therapy	1,319	690	(629)	4,629	3,210	(1,419)
4292001 Laboratory	151	73	(79)	538	316	(222)
4294001 Oxygen	-	-	-	-	54	54
4296001 Xray	28	-	(28)	123	340	217
Total Ancillaries - Medicare A	0	(0)	(0)	(0)	4	4
Total Medicare Part A	29,988	28,933	(1,055)	112,205	70,180	(42,025)
Medicare Part B:						
4243001 Contractual - Ancillaries	(14,628)	(13,043)	1,585	(59,242)	(56,851)	2,391
4269001 Medical Supplies - Other	-	-	-	-	-	-
4281001 Occupational Therapy	15,944	6,766	(9,179)	64,988	49,363	(15,625)
4282001 Physical Therapy	30,951	27,799	(3,152)	123,882	100,638	(23,244)
4283001 Speech Therapy	6,298	4,849	(1,448)	26,554	17,386	(9,167)
Total Ancillaries - Medicare Part B	38,564	26,370	(12,194)	156,182	110,538	(45,645)
Total Medicare Part B	38,564	26,370	(12,194)	156,182	110,538	(45,645)
HMO/Managed Care:						
4201001 Semi Private	-	2,979	2,979	-	22,716	22,716
4242001 Contractual - Room and Board	-	1,070	1,070	-	9,952	9,952
Total Room & Board - HMO/Managed Care	-	4,049	4,049	-	32,667	32,667
4243001 Contractual - Ancillaries	-	(2,160)	(2,160)	-	(9,990)	(9,990)
4263001 Drugs	-	549	549	-	2,013	2,013
4269001 Medical Supplies - Other	-	14	14	-	298	298
4281001 Occupational Therapy	-	3,868	3,868	-	10,625	10,625
4282001 Physical Therapy	-	11,599	11,599	-	33,040	33,040
4292001 Laboratory	-	27	27	-	27	27
4294001 Oxygen	-	-	-	-	54	54
4296001 Xray	-	-	-	-	-	-
Total Ancillaries - Medicare Part B	-	13,897	13,897	-	36,067	36,067
Total HMO/Managed Care	-	17,946	17,946	-	68,735	68,735
Hospice						
Other Insurance:						
4242001 Contractual - Room and Board	-	-	-	-	-	-
Total Room & Board - Other	-	-	-	-	-	-
4243001 Contractual - Ancillaries	-	199	199	-	(733)	(733)
4281001 Occupational Therapy	-	-	-	-	155	155
4282001 Physical Therapy	-	-	-	-	252	252
4283001 Speech Therapy	-	-	-	-	149	149
4294001 Oxygen	-	-	-	-	-	-
Total Ancillaries - Other Insurance	-	199	199	-	(177)	(177)
Total Other Insurance	-	199	199	-	(177)	(177)
Total Health Center Revenue	443,740	418,875	(24,865)	1,743,602	1,607,830	(135,772)
Home Health						
Private Pay:						
4341000 Home Health Revenue	377,329	308,639	(68,690)	1,509,317	1,267,192	(242,126)
Total Private Pay	377,329	308,639	(68,690)	1,509,317	1,267,192	(242,126)
Total Home Health Revenue	377,329	308,639	(68,690)	1,509,317	1,267,192	(242,126)

Operating Statement

APR-22

	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
Other Operating Revenue						
4903001 Interest & Dividends	165	1,261	1,096	660	4,613	3,953
4904001 Miscellaneous	-	117,314	117,314	-	117,314	117,314
Total Other Operating Revenue	165	118,575	118,410	660	121,927	121,267
Total Operating Revenue	2,347,016	2,361,716	14,700	9,356,704	9,060,328	(296,376)
Operating Expenses						
General & Administrative						
Total G&A Wages	73,380	64,133	9,247	293,519	269,746	23,774
Labor - Outside Contract:						
5104000 Labor O/S - Other	-	-	-	-	-	-
Total Labor O/S:	-	-	-	-	-	-
Benefits and Taxes:						
5031000 FICA	5,614	3,839	1,775	22,454	21,332	1,123
5032000 FUTA	16	13	2	704	683	21
5033000 SUTA	53	72	(20)	309	497	(188)
5034000 Workers Comp	220	656	(436)	880	4,928	(4,048)
5121001 Employee Insurance - Health	125,000	115,413	9,587	500,000	473,048	26,952
5121003 Employee Insurance - Life	3,109	3,076	33	12,434	11,600	835
5121004 Employee Insurance - STD	5,238	4,494	744	20,950	17,950	3,000
5121005 Employee Insurance - LTD	3,178	2,421	756	12,710	9,641	3,070
5122000 401k/403b Administration	234	1,839	(1,605)	936	497	439
5122500 401k/403b Employer Match	7,917	7,313	603	31,667	30,114	1,553
5125000 Flex Benefits	492	397	95	1,968	1,599	370
5129000 Employee Benefits - Miscellaneous	2,383	928	1,456	9,533	10,266	(732)
Total Benefits and Taxes	153,451	140,461	12,990	614,546	582,153	32,392
Other Expenses:						
5131000 Recruiting	4,167	3,007	1,159	16,667	11,276	5,390
5131500 Orientation, EEO & Other	2,500	1,507	993	10,000	7,926	2,074
5132000 Relocation	-	-	-	-	-	-
5132500 Uniforms	208	107	101	833	107	726
5132700 Employee Badges	167	-	167	667	-	667
5133500 Pre-Employment Screenings	2,500	1,318	1,182	10,000	11,138	(1,138)
5134000 Education Assistance	208	-	208	833	295	538
5134300 Outside Training & Seminars	567	-	567	2,267	(360)	2,627
5134500 Training	1,167	277	889	4,667	1,096	3,571
5137001 Employee Amenities - Coffee/Tea	250	36	214	1,000	323	677
5138000 Flowers & Memorials	142	-	142	567	-	567
5151000 Safety Program Training Materia	250	-	250	1,000	2,483	(1,483)
5152000 Safety Program Awards	700	-	700	2,800	-	2,800
5171000 Travel - Airlines/Hotel/Car Rent	1,100	1,738	(638)	4,400	1,929	2,471
5172000 Travel - Meals	300	139	161	1,200	139	1,061
5191000 Professional Dues & Fees	1,457	1,183	274	5,827	4,733	1,094
5201000 Bad Debts - Resident	4,167	4,167	-	16,667	16,667	-
5211000 Bank Charges	292	155	137	1,167	565	602
5217000 Late Fees	83	-	83	333	60	273
5221000 Consultants	1,767	6,714	(4,948)	7,067	30,631	(23,564)
5251000 Copy Machine	4,167	4,651	(484)	16,667	24,195	(7,529)
5252000 Copy Service	167	511	(344)	667	2,314	(1,648)
5262000 Subscriptions - News Papers	-	203	(203)	-	544	(544)
5271000 Licenses & Fees	272	(50)	322	1,089	(175)	1,264
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	-

Operating Statement

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	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
5303000 Legal Fees	1,250	267	983	5,000	3,128	1,873
5303500 Legal Fees - Retainer	10,417	520	9,897	41,667	2,400	39,267
5309000 Other Legal & Professional	1,583	1,583	-	6,333	6,333	-
5321000 Postage	917	339	577	3,667	802	2,864
5323000 Federal Express	83	16	67	333	439	(106)
5351000 Insurance - General/Professional	4,145	4,145	(0)	16,580	16,581	(1)
5352000 Insurance - Umbrella	2,689	2,689	0	10,756	10,755	1
5352500 Insurance - Crime	42	42	0	167	167	0
5353000 Insurance - Auto	1,879	1,879	(0)	7,516	7,848	(332)
5354000 Insurance - Liability	884	884	0	3,536	3,534	2
5355000 Insurance - Directors & Officers	2,254	2,254	0	9,016	9,016	0
5355500 Insurance - Property	18,124	18,124	0	72,496	72,494	2
5357500 Insurance - Miscellaneous	2,100	-	2,100	6,300	-	6,300
5371000 Interest Expense - Operating	-	-	-	-	-	-
5384000 Maintenance Charges	1,250	-	1,250	5,000	266	4,734
5385000 3rd Party IT Services	10,667	8,075	2,592	42,667	38,925	3,742
5385001 Application Software	9,930	6,877	3,053	39,720	28,177	11,544
5385002 Computer Hardware and Repairs	2,167	7,936	(5,769)	8,667	7,936	731
5385004 Internet Access and VPN	333	-	333	1,333	3,300	(1,967)
5385006 Outside Tech Support	3,000	1,000	2,000	12,000	4,644	7,357
5385008 Support Agreements	4,496	3,314	1,182	17,984	13,258	4,727
5403000 Management Fee	84,493	80,680	3,812	336,841	322,709	14,132
5404000 Startup	205,059	205,059	(0)	787,243	787,243	(0)
5411000 Salaries & Benefits - LCS Employ	36,565	39,497	(2,932)	143,065	136,712	6,353
5509500 Marketing & Sales - Misc	4,063	-	4,063	16,250	-	16,250
5602000 Rental & Leasing - Storage Space	121	139	(18)	483	414	69
5603000 Rental & Leasing - Equipment	817	-	817	3,267	-	3,267
5609000 Rental & Leasing - Other	200	189	11	800	2,343	(1,543)
5675000 Interior Plant Maintenance	453	481	(27)	1,813	1,922	(110)
5702090 M&R - Equipment - Other	125	-	125	500	-	500
5753000 Telephone - Regular Service	5,667	5,148	519	22,667	21,327	1,340
5754000 Telephone - Cellular Phone	2,442	2,360	81	9,767	9,595	172
5801000 Supplies - Expendable/Durable Go	2,875	1,581	1,294	11,500	31,191	(19,691)
5803000 Supplies - Paper & Forms	458	276	182	1,833	1,592	242
5932000 Taxes - Personal Property	1,083	809	274	4,333	3,373	961
5939000 Taxes - Other	375	323	52	1,500	521	979
Total Other Expenses	455,267	427,816	27,451	1,781,650	1,687,498	94,152
Total General and Administrative Expense	682,098	632,410	49,688	2,689,714	2,539,397	150,318
Plant						
Total Plant Wages	89,326	80,431	8,895	373,760	325,735	48,025
Labor - Outside Contract:						
5104000 Labor O/S - Other	4,617	4,617	0	18,469	18,468	1
Total Labor O/S:	4,617	4,617	0	18,469	18,468	1
Benefits and Taxes:						
5031000 FICA	6,833	6,098	736	28,593	24,132	4,460
5032000 FUTA	40	92	(52)	1,251	1,090	161
5033000 SUTA	88	138	(50)	404	629	(225)
5034000 Workers Comp	1,306	1,162	144	5,485	4,772	713
5129000 Employee Benefits - Misc	125	-	125	500	-	500
Total Benefits and Taxes	8,393	7,490	903	36,232	30,622	5,609
Other Expenses:						
5132500 Uniforms	1,417	1,926	(509)	5,667	8,920	(3,253)
5134300 Outside Training & Seminars	167	-	167	667	(120)	787
5137001 Employee Amenities - Coffee/Tea/	134	72	61	535	72	462

Operating Statement

APR-22

	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
5138000 Flowers & Memorials	50	-	50	200	-	200
5271000 Licenses & Fees	2,167	6,143	(3,976)	8,667	12,348	(3,681)
5609000 Rental & Leasing - Other	-	-	-	-	-	-
5641000 Auto & Bus Expense	4,583	3,567	1,017	18,333	16,356	1,977
5651000 Regular Disposal	6,083	6,229	(145)	24,333	25,305	(972)
5701001 M&R - Bldg - Fire Protection-Sec	7,333	5,916	1,417	29,333	21,479	7,855
5701010 M&R - Bldg - Elevator Service	8,417	9,024	(607)	33,667	37,095	(3,428)
5701015 M&R - Bldg - Scheduled Refurbish	417	-	417	1,667	-	1,667
5701020 M&R - Bldg - Extermination Servi	3,583	3,674	(91)	14,333	14,145	189
5701090 M&R - Bldg - Other	17,500	34,574	(17,074)	70,000	124,336	(54,336)
5702015 M&R - Equipment - HVAC	5,000	36,723	(31,723)	20,000	55,649	(35,649)
5702090 M&R - Equipment - Other	2,917	1,283	1,634	11,667	7,896	3,771
5703001 M&R - Grounds - Snow Removal	833	-	833	3,333	17,908	(14,575)
5703005 M&R - Grounds - Lawn Care	19,093	19,093	-	76,371	76,371	-
5703090 M&R - Grounds - Other	15,167	19,437	(4,271)	60,667	104,625	(43,958)
5781000 Cable TV	27,900	31,528	(3,628)	110,800	124,982	(14,182)
5801000 Supplies - Expendable/Durable Go	7,083	6,838	245	28,333	32,193	(3,859)
5801700 Supplies - Pool	2,000	3,645	(1,645)	8,000	5,905	2,095
5803000 Supplies - Paper & Forms	250	-	250	1,000	751	249
5805500 Supplies - Inventory Adjustment	-	-	-	-	(2,279)	2,279
Total Non-Utility Other Expenses	132,121	189,670	(57,549)	527,684	683,937	(156,253)
Utilities:						
5771000 Utilities - Gas	7,083	7,139	(56)	28,333	32,386	(4,052)
5772000 Utilities - Electric	39,980	36,420	3,560	183,077	161,808	21,270
5773000 Utilities - Water	17,417	17,765	(349)	69,667	66,499	3,167
5775000 Utilities - Fuel Oil	150	-	150	600	-	600
Total Utilities	64,630	61,324	3,305	281,677	260,693	20,985
Total Other Expenses	196,751	250,994	(54,244)	809,361	944,629	(135,268)
Total Plant Expenses	299,087	343,532	(44,445)	1,237,822	1,319,455	(81,633)
Environmental Services						
Total EVS Wages	93,124	76,923	16,200	349,707	309,707	40,000
Labor - Outside Contract:						
5104000 Labor O/S - Other	8,057	38,875	(30,818)	32,227	132,792	(100,564)
Total Labor O/S:	8,057	38,875	(30,818)	32,227	132,792	(100,564)
Benefits and Taxes:						
5031000 FICA	7,124	5,733	1,391	26,753	23,905	2,847
5032000 FUTA	78	55	22	1,418	1,231	186
5033000 SUTA	111	136	(26)	437	631	(194)
5034000 Workers Comp	1,425	1,184	241	5,347	4,969	378
5129000 Employee Benefits - Misc	167	-	167	667	-	667
Total Benefits and Taxes	8,904	7,108	1,796	34,621	30,737	3,885
Other Expenses:						
5132500 Uniforms	1,750	1,982	(232)	7,000	7,290	(290)
5134300 Outside Training & Seminars	29	-	29	117	-	117
5138000 Flowers & Memorials	50	-	50	200	-	200
5609000 Rental & Leasing - Other	1,300	911	389	5,200	4,465	735
5631000 Damage Claims Paid	80	174	(94)	320	976	(656)
5671090 Housekeeping Service Other	410	409	1	1,640	1,635	5
5702090 M&R - Equipment - Other	500	305	195	2,000	9,134	(7,134)
5801000 Supplies - Expendable/Durable Go	6,352	6,638	(287)	25,407	24,362	1,045
5801500 Supplies - Chemicals	1,700	375	1,325	6,800	2,691	4,109

Cyp of Charlotte Consolidated
Operating Statement
APR-22

	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
5802000 Supplies - Linen & Etc.	1,250	1,955	(705)	5,000	2,360	2,640
5803000 Supplies - Paper & Forms	292	-	292	1,168	1,931	(763)
5805500 Supplies - Inventory Adjustment	-	-	-	-	379	(379)
Total Other Expenses:	13,713	12,749	964	54,851	55,222	(371)
Total Environmental Service Expense	123,798	135,655	(11,857)	471,407	528,457	(57,050)
Food Service						
Total Food Service Wages	230,713	200,746	29,967	895,848	725,755	170,093
Labor - Outside Contract:						
5104000 Labor O/S - Other	-	153	(153)	-	153	(153)
Total Labor O/S	-	153	(153)	-	153	(153)
Benefits and Taxes:						
5031000 FICA	17,650	15,334	2,316	68,532	54,008	14,524
5032000 FUTA	176	268	(92)	3,254	2,569	685
5033000 SUTA	260	366	(106)	1,070	1,450	(380)
5034000 Workers Comp	2,771	2,880	(109)	11,046	10,309	737
5129000 Employee Benefits - Misc	167	-	167	667	161	506
Total Benefits and Taxes	21,024	18,848	2,176	84,569	68,497	16,073
Other Expenses:						
5132500 Uniforms	2,250	1,673	577	9,000	6,004	2,996
5134300 Outside Training & Seminars	208	-	208	833	-	833
5134500 Training	167	-	167	667	-	667
5171000 Travel - Airlines/Hotel/Car Rent	-	-	-	-	6	(6)
5191000 Professional Dues & Fees	-	-	-	-	-	-
5271000 Licenses & Fees	208	80	128	833	2,280	(1,447)
5551000 Food - Fresh Bakery	2,210	1,274	936	8,840	6,924	1,916
5552000 Food - Fresh Dairy/Eggs	14,790	13,004	1,786	59,160	51,090	8,070
5553000 Food - Meat	68,510	61,480	7,030	274,040	252,655	21,385
5554000 Food - Produce	24,820	17,118	7,702	99,280	76,675	22,605
5554500 Food - Frozen	10,370	14,896	(4,526)	41,480	76,735	(35,255)
5554700 Food - Beverages	7,820	4,961	2,859	31,280	15,595	15,685
5555000 Food - Food - Other	22,100	17,318	4,782	88,400	75,683	12,717
5559000 Food - Inventory Adjustment	-	-	-	-	(7,739)	7,739
5571000 Lounge Beverage Supply	3,375	2,858	517	13,500	9,017	4,483
5571099 Lounge Inventory Adjustment	-	-	-	-	(1,456)	1,456
5591000 Catering Expense	667	208	458	2,667	234	2,433
5603000 Rental & Leasing - Equipment	1,665	943	722	6,660	5,051	1,609
5609000 Rental & Leasing - Other	125	1,939	(1,814)	500	4,188	(3,688)
5702090 M&R - Equipment - Other	1,792	375	1,416	7,167	5,787	1,379
5801000 Supplies - Expendable/Durable Go	15,167	26,558	(11,391)	60,667	128,100	(67,433)
5801500 Supplies - Chemicals	3,329	3,636	(306)	13,317	15,170	(1,853)
5802000 Supplies - Linen & Etc.	6,703	5,050	1,653	26,811	19,373	7,438
5803000 Supplies - Paper & Forms	204	-	204	814	-	814
5805000 Supplies - Silverware & Dishes	917	3,561	(2,644)	3,667	3,561	106
5805400 Supplies - Other	167	-	167	667	-	667
5805500 Supplies - Inventory Adjustment	-	-	-	-	(1,521)	1,521
5991001 Vendor Rebates	-	-	-	-	-	-
Total Other Expenses	187,562	176,932	10,630	750,248	743,412	6,837
Total Food & Beverage Service Expense	439,300	396,679	42,621	1,730,666	1,537,816	192,849
Resident Services						
Total Resident Services Wages	21,730	20,972	758	86,919	83,118	3,801
Labor - Outside Contract:						

Cyp of Charlotte Consolidated
Operating Statement
APR-22

	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
5104000 Labor O/S - Other	-	-	-	3,000	-	3,000
Total Labor O/S:	-	-	-	3,000	-	3,000
Benefits and Taxes:						
5031000 FICA	1,662	1,521	141	6,649	6,578	71
5032000 FUTA	-	(1)	1	168	168	-
5033000 SUTA	12	26	(14)	97	171	(75)
5034000 Workers Comp	346	334	12	1,384	1,469	(85)
5129000 Employee Benefits - Misc	50	-	50	200	-	200
Total Benefits	2,070	1,880	190	8,498	8,386	111
Other Expenses:						
5134300 Outside Training & Seminars	-	-	-	-	(120)	120
5134500 Training	52	-	52	186	-	186
5171000 Travel - Airlines/Hotel/Car Rent	-	-	-	-	-	-
5172000 Travel - Meals	-	-	-	-	-	-
5191000 Professional Dues & Fees	13	-	13	50	-	50
5221000 Consultants	-	-	-	-	-	-
5271000 Licenses & Fees	696	2,481	(1,785)	2,783	3,656	(873)
5603000 Rental & Leasing-Equipment	1,333	-	1,333	5,333	-	5,333
5801000 Supplies - Expendable/Durable Go	58	-	58	233	137	96
5803000 Supplies - Paper & Forms	83	-	83	333	-	333
5810001 Resident Personal Expense	-	450	(450)	-	2,165	(2,165)
5821000 Activities - Arts and Crafts	6,000	1,737	4,263	24,000	1,980	22,020
5822000 Activities - Recreation	(2,083)	(1,475)	(608)	(8,333)	(3,167)	(5,166)
5825000 Activities - Wellness	4,500	1,429	3,071	18,000	6,474	11,526
5829000 Activities - Other	125	-	125	500	-	500
Total Other Expenses	10,777	4,621	6,156	43,086	11,126	31,960
Total Resident Services Expense	34,577	27,473	7,104	141,502	102,629	38,873
Health Center						
Total Health Center Wages	239,406	208,495	30,911	940,866	1,013,043	(72,177)
Labor - Outside Contract:						
5102000 Labor O/S - LPNs	-	3,987	(3,987)	-	4,383	(4,383)
5103000 Labor O/S - Aides	-	9,319	(9,319)	-	9,967	(9,967)
Total Labor O/S:	-	13,306	(13,306)	-	14,349	(14,349)
Benefits and Taxes:						
5031000 FICA	18,315	15,771	2,544	71,976	75,179	(3,203)
5032000 FUTA	243	139	104	3,145	2,704	440
5033000 SUTA	257	383	(125)	1,093	2,052	(959)
5034000 Workers Comp	3,758	3,404	354	14,754	16,651	(1,898)
5129000 Employee Benefits - Misc	458	-	458	1,833	-	1,833
Total Benefits	23,031	19,696	3,335	92,801	96,587	(3,786)
HC Administrative Expense:						
5132500 Uniforms	-	-	-	-	-	-
5134300 Outside Training & Seminars	333	-	333	1,333	-	1,333
5134500 Training	2,167	2,432	(265)	8,667	6,444	2,223
5138000 Flowers & Memorials	16	-	16	65	-	65
5171000 Travel - Airlines/Hotel/Car Rent	100	2,090	(1,990)	400	3,511	(3,111)
5172000 Travel - Meals	-	185	(185)	-	185	(185)
5191000 Professional Dues & Fees	50	-	50	200	-	200
5221000 Consultants	4,833	4,653	180	19,332	18,459	873
5271000 Licenses & Fees	442	-	442	1,767	-	1,767

Cyp of Charlotte Consolidated
Operating Statement
APR-22

	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
5603000 Rental & Leasing - Equipment	450	363	87	1,800	1,778	22
5609000 Rental & Leasing - Other	-	-	-	-	-	-
5652000 Hazardous Waste	625	-	625	2,500	1,983	517
5702090 M&R - Equipment - Other	750	-	750	3,000	-	3,000
5801000 Supplies - Expendable/Durable Go	7,500	10,243	(2,743)	30,000	39,862	(9,862)
5801500 Supplies - Chemicals	100	-	100	400	-	400
5803000 Supplies - Paper & Forms	167	-	167	667	3,971	(3,305)
5804000 Supplies - Repair - Equipment	-	-	-	-	-	-
5805500 Supplies - Inventory Adjustment	-	-	-	-	-	-
5810001 Resident Personal Expense	125	-	125	500	2,500	(2,000)
5822000 Activities - Recreation	-	-	-	-	-	-
5829000 Activities - Other	3,167	4,255	(1,088)	12,667	10,225	2,442
5841000 Medical Director Fees	1,570	1,570	-	6,280	6,280	-
5875000 Drugs - House Use	300	207	94	1,202	842	360
Total HC Administrative Expense	22,695	25,996	(3,302)	90,778	96,039	(5,260)
Ancillary Expenses:						
Private Pay:						
5831000 Physician Services Expense	-	-	-	-	-	-
5853000 Medical Supplies - Supplements/N	92	-	92	452	-	452
5854000 Medical Supplies - Chargeable	7,983	7,500	483	33,418	29,146	4,272
5855000 Medical Supplies - Non Chargeabl	174	-	174	854	-	854
5873000 Drugs - Legend	-	-	-	-	-	-
5881000 Other Ancillaries - Ambulance	-	-	-	-	-	-
5882000 Other Ancillaries - Laboratory	18	-	18	97	275	(178)
5901000 Occupational Therapy	5,362	2,614	2,748	23,298	9,469	13,829
5902000 Physical Therapy	10,658	7,378	3,280	45,089	32,453	12,636
5903000 Speech Therapy	2,802	2,439	363	11,310	7,827	3,482
Total Private Pay	27,091	19,931	7,159	114,518	79,171	35,347
Medicare Part A:						
5854000 Medical Supplies - Chargeable	-	-	-	-	2,570	(2,570)
5873000 Drugs - Legend	1,500	4,033	(2,533)	6,000	8,004	(2,004)
5874000 Drugs - Non-Legend	-	-	-	-	-	-
5876000 Drugs - Other	991	-	991	3,964	-	3,964
5882000 Other Ancillaries - Laboratory	151	-	151	538	-	538
5886000 Other Ancillaries - Xray	28	-	28	123	-	123
5901000 Occupational Therapy	2,302	1,429	873	8,686	4,835	3,851
5902000 Physical Therapy	2,111	1,897	214	8,036	5,354	2,682
5903000 Speech Therapy	1,015	294	721	3,561	1,714	1,847
Total Medicare Part A	8,099	7,653	446	30,907	22,477	8,430
Medicare Part B:						
5901000 Occupational Therapy	10,221	4,200	6,021	41,659	29,680	11,979
5902000 Physical Therapy	22,108	16,851	5,257	88,487	64,662	23,825
5903000 Speech Therapy	4,844	2,869	1,975	20,426	10,375	10,051
Total Medicare Part B	37,173	23,920	13,253	150,572	104,717	45,855
HMO/Managed Care:						
5876000 Drugs - Other	-	-	-	-	-	-
5901000 Occupational Therapy	-	1,756	(1,756)	-	6,180	(6,180)
5902000 Physical Therapy	-	6,410	(6,410)	-	10,540	(10,540)
5903000 Speech Therapy	-	567	(567)	-	1,974	(1,974)
Total HMO/Managed Care	-	8,733	(8,733)	-	18,694	(18,694)
Total Ancillary Expense	72,362	60,237	12,125	295,996	225,058	70,938

Cyp of Charlotte Consolidated
Operating Statement
APR-22

	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
Total Health Center Expense	357,494	327,729	29,764	1,420,442	1,445,077	(24,635)
Community Home Health						
Total Home Health Wages	252,582	221,677	30,906	1,000,507	868,200	132,307
Benefits and Taxes:						
5031000 FICA	19,323	16,758	2,565	76,539	65,817	10,722
5032000 FUTA	488	236	252	3,858	3,280	578
5033000 SUTA	254	421	(167)	1,043	1,778	(735)
5034000 Workers Comp	3,613	3,591	21	14,309	14,323	(15)
5129000 Employee Benefits - Misc	146	-	146	583	678	(94)
Total Benefits	23,823	21,006	2,817	96,332	85,876	10,456
Other Expenses:						
5132500 Uniforms	250	-	250	1,000	-	1,000
5134300 Outside Training & Seminars	142	-	142	567	-	567
5134500 Training	146	-	146	583	-	583
5137001 Employee Amenities - Coffee/Tea/	146	57	89	583	1,003	(419)
5171000 Travel - Airlines/Hotel/Car Rent	-	17	(17)	-	38	(38)
5172000 Travel - Meals	-	-	-	-	-	-
5191000 Professional Dues & Fees	50	-	50	200	-	200
5221000 Consultants	1,242	625	617	4,967	1,625	3,342
5271000 Licenses & Fees	46	-	46	183	180	3
5609000 Rental & Leasing - Other	833	1,041	(208)	3,333	3,708	(375)
5801000 Supplies - Expendable/Durable Go	58	-	58	233	2,259	(2,025)
5803000 Supplies - Paper & Forms	63	-	63	250	319	(69)
5805400 Supplies - Other	167	180	(13)	667	258	408
Total Other Expenses	3,142	1,920	1,222	12,567	9,390	3,177
Private Pay:						
5855000 Medical Supplies - Non Chargeabl	438	-	438	1,750	16	1,734
Total Community Home Health	279,984	244,602	35,382	1,111,156	963,482	147,674
Total Operating Expense	2,216,337	2,108,081	108,256	8,802,709	8,436,313	366,396
Net Operating Income	130,678	253,635	122,957	553,995	624,014	70,020
Other Income						
8100001 Income/Loss in Equity Investment	-	(100,315)	(100,315)	-	(98,481)	(98,481)
8150200 Working Capital	2,288	1,773	(515)	9,150	12,596	3,446
8150300 Assessment/Reserve Income Other	5,950	4,369	(1,581)	23,800	31,186	7,386
8201000 Interest Income - Intercompany	3,600	3,600	-	14,682	14,682	-
8205000 Interest Income - Non Operating	5,167	2,735	(2,432)	20,667	12,277	(8,389)
8401000 Gain/Loss on sale of assets	-	-	-	-	-	-
Total Other Income	17,004	(87,837)	(104,842)	68,299	(27,740)	(96,038)
Other Expenses						
9151000 Depreciation Expense	-	-	-	-	-	-
9201000 Interest Expense - Intercompany	3,600	3,600	-	14,682	14,682	-
9205000 Interest Expense - Non-Operating	173	220	(47)	705	952	(247)
9207000 Letter of Credit Fee	2,500	-	2,500	10,000	-	10,000
9401000 Professional Non-Operating	-	-	-	-	-	-
9801000 Misc. Expense	-	-	-	-	300	(300)
9881000 Income Tax	1,667	-	1,667	6,667	-	6,667
Total Other Expenses	7,940	3,820	4,119	32,054	15,934	16,119
Net Income/(Loss)	139,743	161,977	22,234	590,240	580,341	(9,899)

Cyp of Charlotte Consolidated
Operating Statement
APR-22

	APR-22 Budget	APR-22 Actual	APR-22 Variance	YTD Budget	YTD Actual	YTD Variance
SUMMARY						
Operating Revenue						
Total Independent Living Revenue	1,525,781	1,515,627	(10,154)	6,103,124	6,063,378	(39,746)
Total Health Center Revenue	443,740	418,875	(24,865)	1,743,602	1,607,830	(135,772)
Total Home Health Revenue	377,329	308,639	(68,690)	1,509,317	1,267,192	(242,126)
Total Other Operating Revenue	165	118,575	118,410	660	121,927	121,267
Total Operating Revenue	2,347,016	2,361,716	14,700	9,356,704	9,060,328	(296,376)
Operating Expense						
Total General and Administrative Expense	682,098	632,410	49,688	2,689,714	2,539,397	150,318
Total Plant Expenses	299,087	343,532	(44,445)	1,237,822	1,319,455	(81,633)
Total Environmental Service Expense	123,798	135,655	(11,857)	471,407	528,457	(57,050)
Total Food & Beverage Service Expense	439,300	396,679	42,621	1,730,666	1,537,816	192,849
Total Resident Services Expense	34,577	27,473	7,104	141,502	102,629	38,873
Total Health Center Expense	357,494	327,729	29,764	1,420,442	1,445,077	(24,635)
Total Community Home Health Expense	279,984	244,602	35,382	1,111,156	963,482	147,674
Total Operating Expense	2,216,337	2,108,081	108,256	8,802,709	8,436,313	366,396
Net Operating Income	130,678	253,635	122,957	553,995	624,014	70,020
Total Other Income	17,004	(87,837)	(104,842)	68,299	(27,740)	(96,038)
Total Other Expenses	7,940	3,820	4,119	32,054	15,934	16,119
Net Income/(Loss)	139,743	161,977	22,234	590,240	580,341	(9,899)

Statement of Cash Flows
Cypress of Char Consolidated
April 2022

	Current Month Actual	Year To Date Actual
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Revenue	2,361,716	9,060,328
Adjustments to Reconcile Net Operating Revenue to Cash:		
Decrease (Increase) in Resident Receivables	(90,565)	104,238
Decrease (Increase) in Other Accounts Receivable	(65,249)	45,863
Operating Revenue - Cash Basis	2,205,902	9,210,429
Operating Expenses	2,108,081	8,436,313
Adjustments to Reconcile Net Operating Expenses to Cash:		
Increase (Decrease) in Prepaid Expenses and Inventory	(55,622)	(144,154)
Decrease (Increase) in Accounts Payable	236,180	(457,930)
Decrease (Increase) in Accrued Expenses	353,955	177,921
Operating Expenses - Cash Basis	2,642,594	8,012,150
Net Operating Income (Loss) - Cash Basis	(436,692)	1,198,279
Other		
Interest Income	6,335	26,959
Interest Expense	(5,014)	(23,083)
Other Income & Expense	(94,173)	(54,999)
Entrance Fees		
Increase (Decrease) in Entrance fee Deposits	(7,000)	39,000
NET CASH PROVIDED BY OPERATING ACTIVITIES:	(536,544)	1,186,156
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(1,077,841)	(4,272,163)
Decrease (Increase) in Self Restricted Assets	89,739	469,078
Decrease (Increase) in Restricted Assets	(1,775)	(12,601)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	(989,876)	(3,815,685)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Effects of Refinancing/Principal Payment on Debt	287,297	2,641,176
Decrease (Increase) in Other Long Term Debt	(2,227)	(8,883)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:	285,070	2,632,294
NET INCREASE (DECREASE) IN CASH AND CASH	(1,241,351)	2,764
CASH AND CASH EQUIVALENTS - AT BEGINNING OF PERIOD	1,457,376	213,261
CASH AND CASH EQUIVALENTS - AT END OF PERIOD	216,025	216,025
	=====	=====

The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc.
 Combined 2021 Forecast to Actual - Balance Sheet
 Material Variance Analysis

	Forecast	Actual	Over / (Under) Variance	Over / (Under) Variance	
Assets					
Current Assets					
Cash and cash equivalents	\$666,839	\$221,974	(\$444,865)	-67%	1
Accounts receivable, net	\$1,010,838	\$916,772	(\$94,066)	-9%	
Inventory	\$101,116	\$88,357	(\$12,759)	-13%	
Other current assets	\$315,227	\$389,604	\$74,377	24%	
	<u>\$2,094,020</u>	<u>\$1,616,707</u>	<u>(\$477,313)</u>		
Assets Limited to Use					
Internally designated for DOI operating reserve	\$2,325,000	\$2,322,836	(\$2,164)	0%	
Reserve for Replacements	\$3,604,565	\$3,696,275	\$91,710	3%	
	<u>\$5,929,565</u>	<u>\$6,019,111</u>	<u>\$89,546</u>		
Other Investments					
Property and Equipment, Net	\$25,000	\$25,000	\$0		
Refundable deposits	\$19,908,938	\$19,776,456	(\$132,482)	-1%	
	\$62,035	\$25,000	(\$37,035)	-60%	
	<u>\$28,019,558</u>	<u>\$27,462,274</u>	<u>(\$557,284)</u>		
Liabilities and Net Assets and Members' Equity					
Current Liabilities					
Accounts Payable and accrued expenses	\$1,762,508	\$1,828,124	\$65,616	4%	
Due to Affiliate	\$7,254	\$8,392	\$1,138	16%	
Provider relief advance	\$59,500	\$59,500	\$0	0%	
Due to homeowners	\$0	\$0	\$0	NMR	
Current portion of long-term debt	\$141,008	\$26,719	(\$114,289)	-81%	
Total current liabilities	<u>\$1,970,270</u>	<u>\$1,922,735</u>	<u>(\$47,535)</u>		
Long-Term Debt, less current portion	\$7,195,267	\$5,167,110	(\$2,028,157)	-28%	2
Total Liabilities	<u>\$9,165,537</u>	<u>\$7,089,845</u>	<u>(\$2,075,692)</u>		
Net Assets					
Unrestricted	\$4,320,148	\$5,779,437	\$1,459,289	34%	3
Total net assets	<u>\$4,320,148</u>	<u>\$5,779,437</u>	<u>\$1,459,289</u>		
Members' Equity					
Members' equity, undesignated	\$10,929,308	\$10,896,717	(\$32,591)	0%	
Members' equity, designated asset replacement and repair	\$3,604,565	\$3,696,275	\$91,710	3%	
Total Members' Equity	<u>\$14,533,873</u>	<u>\$14,592,992</u>	<u>\$59,119</u>		
	<u>\$28,019,558</u>	<u>\$27,462,274</u>	<u>(\$557,284)</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 - see Cash Flow Statement for details
- 2 Stewart Health Center expansion progressing slower than anticipated
- 3 Lower operating expenses than forecasted-see Operating Statement for details of revenue and expense variances

The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc.
 Combined 2021 Forecast to Actual - Operations
 Material Variance Analysis

	Forecast	Actual	Over / (Under) Variance	Over / (Under) Variance
Revenues				
Member fees and assessments	\$16,925,703	\$17,072,378	\$146,675	1%
Health Center	\$4,459,490	\$4,293,371	(\$166,119)	-4%
Home Health	\$4,122,995	\$3,690,612	(\$432,383)	-10% 1
Provider relief funding	\$98,693	\$96,455	(\$2,238)	-2%
Other	\$0	(\$64,935)	(\$64,935)	NMR
Investment Income	\$63,933	\$336,507	\$272,574	426% 2
Total Revenues	\$25,670,814	\$25,424,388	(\$246,426)	
Expenses				
Food and beverage	\$4,568,944	\$4,366,231	(\$202,713)	-4%
Health Center	\$3,867,161	\$3,941,099	\$73,938	2%
Home Health	\$2,960,505	\$2,836,434	(\$124,071)	-4%
Plant	\$4,190,028	\$4,228,835	\$38,807	1%
Resident Services	\$378,863	\$316,612	(\$62,251)	-16%
Housekeeping	\$1,334,511	\$1,404,746	\$70,235	5%
General and administrative	\$7,186,123	\$6,915,345	(\$270,778)	-4%
Depreciation and amortization	\$1,060,676	\$862,242	(\$198,434)	-19% 3
Extraordinary events	\$84,325	\$0	(\$84,325)	-100%
Income taxes	\$5,242	\$0	(\$5,242)	-100%
Total Expenses	\$25,636,378	\$24,871,544	(\$764,834)	
Change in net assets and members' equity	\$34,436	\$552,844	\$518,408	

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 Home Health revenues lower than budgeted due to Covid-19 and staffing shortages
- 2 Investment income is difficult to forecast and was greater than expected
- 3 Less capital asset purchases than forecasted based on the needs of the organization

The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc.
 Combined 2021 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	\$34,436	\$552,844	\$518,408	1505%	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	\$64,935	\$64,935		NMR
Depreciation	\$1,060,676	\$862,242	(\$198,434)	-19%	
(Gain) Loss on assets limited as to use	\$0	(\$286,445)	(\$286,445)		NMR 2
Bad debt expense	\$0	\$163,642	\$163,642		NMR
Change in operating assets and liabilities					
Accounts receivables, net	(\$38,878)	(\$108,454)	(\$69,576)	179%	
Due from and to affiliate	\$0	\$1,138	\$1,138		NMR
Inventories	(\$3,889)	\$8,870	\$12,759	-328%	
Other current assets	(\$12,124)	(\$49,466)	(\$37,342)	308%	
Accounts payable and accrued expenses	\$67,789	\$84,249	\$16,460	24%	
Covid-19 testing advance	\$59,500	\$0	(\$59,500)	-100%	
Net Cash provided by operating activities	\$1,167,510	\$1,293,555	\$126,045		
Cash Flows From Investing Activities					
Purchase of property and equipment	(\$7,451,845)	(\$6,093,046)	\$1,358,799	-18%	3
Proceeds from sale of assets limited as to use	\$0	\$327,716	\$327,716		NMR 4
Purchase of assets whose use is limited	(\$301,230)	(\$1,703,733)	(\$1,402,503)	466%	4
Net Cash used in investing activities	(\$7,753,075)	(\$7,469,063)	\$284,012		
Cash Flows From Financing Activities					
Payments of principal on capital lease obligations	(\$88,074)	(\$58,672)	\$29,402	-33%	
Payments of principal on long-term debt	\$0	\$0	\$0		NMR
Proceeds from long-term debt	\$7,000,000	\$5,115,676	(\$1,884,324)	-27%	5
Equity transfer	\$0	\$1,000,000	\$1,000,000		NMR 6
Net Cash used in financing activities	\$6,911,926	\$6,057,004	\$29,402		
Net Cash increase in cash and cash equivalents	\$326,361	(\$118,504)	\$439,459		
Cash and cash equivalents					
Beginning	\$340,478	\$340,478	\$0		
Ending	\$666,839	\$221,974	(\$444,865)		

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 Lower operating expenses than forecasted-see Operating Statement for details of revenue and expense variances
- 2 Investment income/loss fluctuates due to market conditions
- 3 Less capital asset purchases than forecasted based on the needs of the organization
- 4 Purchase and sale of assets fluctuates depending on community requirements
- 5 Stewart Health Center expansion progressing slower than anticipated
- 6 The Cypress of Charlotte, LLC contributed capital towards the Stewart Health Center expansion

THE CYPRESS OF CHARLOTTE, LLC
HILTON HEAD ISLAND, SOUTH CAROLINA

AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

THE CYPRESS OF CHARLOTTE, LLC

HILTON HEAD ISLAND, SOUTH CAROLINA

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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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 8, 2022

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

Opinion

We have audited the financial statements of The Cypress of Charlotte, LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Cypress of Charlotte, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cypress of Charlotte, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cypress of Charlotte, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Cypress of Charlotte, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cypress of Charlotte, LLC's ability to continue as a going concern for a reasonable period of time.

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

Robinson Hunt, Co., P.A.

THE CYPRESS OF CHARLOTTE, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents - operating	\$ 387,360	\$ 521,988
Accounts receivable	296,607	-
Due from related parties	<u>105</u>	<u>410</u>
Total current assets	<u>684,072</u>	<u>522,398</u>
Restricted assets		
Cash and cash equivalents - wait list deposits	293,030	123,598
Cash and cash equivalents - real estate trust	<u>416,598</u>	<u>295,863</u>
Total restricted assets	<u>709,628</u>	<u>419,461</u>
Property and equipment		
Furniture, fixtures and equipment	16,764	25,330
Less accumulated depreciation	<u>(16,764)</u>	<u>(15,889)</u>
Total property and equipment, net	<u>-</u>	<u>9,441</u>
Total assets	<u><u>\$ 1,393,700</u></u>	<u><u>\$ 951,300</u></u>

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

THE CYPRESS OF CHARLOTTE, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020

LIABILITIES AND MEMBERS' EQUITY

	2021	2020
Current liabilities		
Accounts payable	\$ 8,140	\$ 9,321
State income tax withholdings	43,719	40,618
Accrued interest payable	883	-
Due to members	-	2,303
Deposits - real estate trust	416,500	123,500
Current portion of note payable	112,250	99,484
Total current liabilities	581,492	275,226
Noncurrent liabilities		
Note payable	519,079	640,200
Less debt issuance costs, net	(7,416)	(8,827)
Note payable, net	511,663	631,373
Deposits - wait list	287,000	294,500
Total noncurrent liabilities	798,663	925,873
Total liabilities	1,380,155	1,201,099
Members' equity (deficit)		
Members' equity (deficit)	39,795	(223,549)
Syndication costs	(26,250)	(26,250)
Net members' equity (deficit)	13,545	(249,799)
Total liabilities and members' equity	\$ 1,393,700	\$ 951,300

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Membership fees	\$ 2,958,850	\$ 2,505,250
Management fees	2,086,597	2,141,288
Commission revenues	1,295,630	964,450
Investment revenue - operating & escrow funds	1,083	2,185
Miscellaneous revenue	<u>18,950</u>	<u>6,450</u>
Total revenues	6,361,110	5,619,623
 Expenses		
Developer costs	1,000,000	600,000
Depreciation	9,441	1,532
Equipment lease	4,875	2,598
Insurance	38,318	38,061
Interest	25,046	30,864
Management fees - Cypress Group	168,000	168,000
Marketing/advertising	75,849	69,828
Miscellaneous expenses	1,273	7,228
Office expenses	52,552	40,470
Professional fees	143,561	19,987
Salaries, wages and payroll taxes	366,648	284,501
Sales incentives	38,587	29,613
Travel and entertainment	10,059	4,388
Website costs	<u>63,582</u>	<u>69,120</u>
Total expenses	<u>1,997,791</u>	<u>1,366,190</u>
Net income	4,363,319	4,253,433
 Beginning members' equity (deficit)	(249,799)	(503,256)
 Members' distributions	<u>(4,099,975)</u>	<u>(3,999,976)</u>
 Ending members' equity (deficit)	<u>\$ 13,545</u>	<u>\$ (249,799)</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, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Net income	\$ 4,363,319	\$ 4,253,433
Adjustments to reconcile net income to net cash provided by (used by) operating activities:		
Debt issuance amortization included in interest expense	1,411	1,411
Depreciation	9,441	1,532
(Increase) decrease in:		
Accounts receivable	(296,607)	-
Due from related parties	305	3,545
Increase (decrease) in:		
Accounts payable - trade	(1,181)	(6,808)
Due to related parties	-	(37,100)
Accrued interest payable	883	-
State income tax withholdings	3,101	20,612
Due to members	(2,303)	(11,128)
Deposits - real estate trust and wait list	285,500	76,000
Net cash provided by operating activities	4,363,869	4,301,497
Cash flows from investing activities:		
Purchase of furniture, fixtures and equipment	-	(10,530)
Net cash used in investing activities	-	(10,530)
Cash flows from financing activities:		
Note payable principal repayments	(108,355)	(103,370)
Member distributions	(4,099,975)	(3,999,976)
Net cash used in financing activities	(4,208,330)	(4,103,346)
Net increase (decrease) in cash and cash equivalents	155,539	187,621
Cash and cash equivalents, beginning of year	941,449	753,828
Cash and cash equivalents, end of year	\$ 1,096,988	\$ 941,449
<u>Summary of cash accounts per balance sheets:</u>		
Cash and cash equivalents - operating	\$ 387,360	\$ 521,988
Cash and cash equivalents - wait list	293,030	123,598
Cash and cash equivalents - real estate trust	416,598	295,863
Total cash per balance sheets	\$ 1,096,988	\$ 941,449
<u>Supplemental Disclosures</u>		
Cash paid during the year for interest	\$ 23,635	\$ 29,453

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

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 (The 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, 2021 AND 2020

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, 2021 and 2020, depreciation expense totaled \$9,441 and \$1,532, 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, 2021 and 2020, 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, 2021, and 2020, accumulated amortization was \$6,694 and \$5,283, respectively.

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. State withholdings for the years ended December 31, 2021 and 2020 totaled \$43,719 and \$40,618, 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, 2021 and 2020 were \$75,849 and \$69,828, respectively.

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, the management fee received totaled \$168,000 for each year. 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, 2021 and 2020, the amount received by the Company totaled \$2,086,597 and \$2,141,288, respectively. Management fees receivable from the Club as of December 31, 2021, and 2020 were \$296,607 and \$-0-, respectively.

Also, pursuant to the management agreement between the Company and the Club, the Company shall reimburse the Club for certain payroll and other expenses incurred on their behalf. As of December 31, 2021, and 2020, the Company had no outstanding obligations to the Club.

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, 2021, and 2020, the Company had no outstanding obligations to the Cypress of Hilton Head Associates, LP.

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

The Company reports the equity of each class as follows:

Class A Investors – Those persons who purchase a unit or a one-quarter, one-half or three-quarter unit in the Company based upon a per Unit price of \$500,000, pursuant to the terms and conditions of the offering.

Managing Member – The Cypress Group, LLC

	2021	2020
Class A Investors	\$ 1,478,486	\$ 1,328,218
Managing Member	(1,438,691)	(1,561,171)
Total members' equity (deficit)	\$ 39,795	\$ (232,953)

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash funds at several financial institutions all of which are insured by the Federal Deposit Insurance Corporation (FDIC) for a maximum of \$250,000 per customer. As of December 31, 2021, a total of \$1,864,194 of the Organization’s funds 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.

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 – COMMITMENTS

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

<u>Year Ending December 31,</u>	
2022	\$ 2,755
2023	2,755
2024	<u>1,837</u>
Total	<u>\$ 7,347</u>

For the years ended December 31, 2021, and 2020, lease payments totaled \$4,875 and \$2,598, respectively.

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:

	<u>2021</u>	<u>2020</u>
Principal balance due	\$ 631,329	\$ 739,684
Interest rate	3.25%	3.25%
Interest paid	\$ 23,635	\$ 29,453

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.

THE CYPRESS OF CHARLOTTE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 – NOTE PAYABLE (CONTINUED)

Year	Principal	Interest	Total
2022	\$ 112,250	\$ 18,856	\$ 131,106
2023	115,953	15,153	131,106
2024	119,778	11,328	131,106
2025	123,730	7,377	131,107
2026	127,811	3,295	131,106
2027	31,807	170	31,977
Total	\$ 631,329	\$ 56,179	\$ 687,508

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 8, 2022, the date the financial statements were available to be issued.

The Cypress of Charlotte, LLC
Balance Sheet
As of April 30, 2022

A-7

	Apr 30, 22
ASSETS	
Current Assets	
Checking/Savings	
1000-00 · LLC - OPERATING	568,110.01
1050-00 · LLC - MMA/OPR	241,803.50
1098-00 · LLC - WAIT LIST (Towne Bank)	133,458.11
1097-00 · LLC TRUST - (Towne Bank)	257,297.90
1090-00 · LLC - WAIT LIST (CoastalStates)	170,545.39
1096-00 · CDARS	1,800,000.00
Total Checking/Savings	3,171,214.91
Other Current Assets	
1200-02 · A/R - OVERHEAD FEES	205,059.00
1235 · DUE FROM CYPRESS OF CHAR CLUB	321.73
Total Other Current Assets	205,380.73
Total Current Assets	3,376,595.64
Fixed Assets	
1600-00 · FURNITURE, FIXTURES & EQUIPMENT	16,763.66
1650-00 · A/D - FF&E	-16,764.00
Total Fixed Assets	-0.34
Other Assets	
1800-00 · LOAN CLOSING COSTS	14,110.00
1815-00 · LOAN CLS CSTS - AMORT PHASE II	-6,694.00
1830-00 · SYNDICATION COST	26,250.00
Total Other Assets	33,666.00
TOTAL ASSETS	3,410,261.30
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2155-00 · N/C TAX WITHHELD	1,452.43
2255-00 · NOTES PAYABLE - COASTALSTATES	594,420.40
2010-00 · ACCRUED INTEREST PAYABLE	883.42
2165-00 · DUE TO CYPRESS CHARLOTTE CLUB	51,389.58
2885-00 · DEPOSIT - CYP OF CHAR TRUST	257,200.00
2890-00 · DEPOSITS - WAIT LIST	297,900.00
Total Other Current Liabilities	1,203,245.83
Total Current Liabilities	1,203,245.83
Total Liabilities	1,203,245.83
Equity	
3010-00 · DISTRIBUTIONS	-4,099,975.33
3040-00 · PARTNER EQUITY	-223,958.58
3900 · Retained Earnings	4,363,729.05
Net Income	2,167,220.33
Total Equity	2,207,015.47
TOTAL LIABILITIES & EQUITY	3,410,261.30

The Cypress of Charlotte, LLC

Profit & Loss

January through April 2022

	<u>Jan - Apr 22</u>
Income	
4015-00 · SALES - MEMBERSHIPS	1,144,500.00
4025-00 · COMM - RESALES	489,720.00
9010-00 · INTEREST INCOME	216.19
9015-00 · MANAGEMENT FEES - CYPRESS	787,243.00
	<hr/>
Total Income	2,421,679.19
Expense	
6165-00 · DEVELOPER COSTS	23,288.00
6666-00 · RESALES	4,208.17
6010-00 · ACCOUNTING & DATA PROCESSING	3,210.00
6050-00 · BANK CHARGES	241.59
6430-00 · INSURANCE GENERAL	8,261.00
6545-00 · LEASE EQUIPMENT	843.12
6575-00 · MANAGEMENT FEES - CYP GROUP	56,000.00
6600-00 · MKT - BROCHURES	6,510.00
6605-00 · MKTG - DIRECT MAIL & EMAIL	100.00
6610-00 · MKTG - ENV/STATIONERY	1,308.37
6620-00 · MKTG - MAGAZINE	14,187.00
6633-00 · MKTG - NEW MEMBER& REFERRAL	1,147.56
6639-00 · MKTG- OPEN HOUSE / PARTY	2,500.00
6640-00 · MKTG - ORIGINAL ART	4,425.00
6646-00 · MKTG - PLANT MAINTENANCE	1,922.28
6650-00 · MKTG - PRINTING	4,113.23
6655-00 · MKTG - PROMOTIONS	1,348.75
6676-00 · MKTG - WEBSITE	10,570.00
7020-00 · OFFICE SUPPLIES	2,813.08
7050-00 · POSTAGE & FREIGHT	1,847.10
8915-00 · SALARIES/PAYROLL	72,484.65
8940-00 · PAYROLL TAXES	5,297.73
7275-00 · TELEPHONE	7,398.74
7280-00 · TRAVEL	1,558.60
8950-00 · GROUP INSURANCE	12,013.24
9060-00 · INTEREST EXPENSE - COASTALSTATE	6,861.65
	<hr/>
Total Expense	254,458.86
	<hr/>
Net Income	<u><u>2,167,220.33</u></u>

The Cypress of Charlotte, LLC
Statement of Cash Flows
January through April 2022

	<u>Jan - Apr 22</u>
OPERATING ACTIVITIES	
Net Income	2,167,220.33
Adjustments to reconcile Net Income to net cash provided by operations:	
1223-00 · DUE FROM CYPRESS GROUP	105.05
1200-02 · A/R - OVERHEAD FEES	91,548.00
1235 · DUE FROM CYPRESS OF CHAR CLUB	-321.73
2155-00 · N/C TAX WITHHELD	-42,267.00
2255-00 · NOTES PAYABLE - COASTALSTATES	-36,908.81
2000-00 · ACCOUNTS PAYABLE	-8,139.51
2165-00 · DUE TO CYPRESS CHARLOTTE CLUB	51,389.58
2885-00 · DEPOSIT - CYP OF CHAR TRUST	-159,300.00
2890-00 · DEPOSITS - WAIT LIST	9,900.00
	<hr/>
Net cash provided by Operating Activities	2,073,225.91
Net cash increase for period	2,073,225.91
Cash at beginning of period	1,097,989.00
Cash at end of period	<hr/> <u>3,171,214.91</u>

THE CYPRESS OF CHARLOTTE, LLC

FORECASTED FINANCIAL STATEMENTS

FOR THE YEARS ENDING
DECEMBER 31, 2022
THROUGH
DECEMBER 31, 2026

THE CYPRESS OF CHARLOTTE, LLC

CHARLOTTE, NORTH CAROLINA

FORECASTED FINANCIAL STATEMENTS

FOR THE YEARS ENDING
DECEMBER 31, 2022
THROUGH
DECEMBER 31, 2026

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Robinson Grant & Co., P.A.

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Accountants' Compilation Report

June 20, 2022

To The Members
The Cypress of Charlotte, LLC

Management is responsible for the accompanying financial forecast of The Cypress of Charlotte, LLC, which comprises the forecasted balance sheets as of December 31, 2022 through 2026, and the related forecasted statements of income and members' equity and cash flows for the years then ended, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial 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 financial 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 financial 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 2021 Forecast Versus Historical Comparison, is presented for purposes of additional analysis and is not a required part of the basic financial forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited 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
AS OF DECEMBER 31, 2022 THROUGH 2026

ASSETS

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Current assets					
Cash	\$ 1,108,000	\$ 1,109,400	\$ 1,110,800	\$ 1,112,200	\$ 1,113,600
Total current assets	1,108,000	1,109,400	1,110,800	1,112,200	1,113,600
Restricted assets - cash deposits	287,100	287,100	287,100	287,100	287,100
Property and equipment					
Furniture, fixtures & equipment	16,700	16,700	16,700	16,700	16,700
Less: accumulated depreciation	<u>(16,700)</u>	<u>(16,700)</u>	<u>(16,700)</u>	<u>(16,700)</u>	<u>(16,700)</u>
Total Property and equipment, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,395,100</u>	<u>\$ 1,396,500</u>	<u>\$ 1,397,900</u>	<u>\$ 1,399,300</u>	<u>\$ 1,400,700</u>

LIABILITIES AND MEMBERS' EQUITY

Current liabilities

Payables and deposits	\$ 469,200	\$ 469,200	\$ 469,200	\$ 469,200	\$ 469,200
Current portion of note payable	<u>116,000</u>	<u>119,800</u>	<u>123,700</u>	<u>127,800</u>	<u>31,300</u>
Total current liabilities	585,200	589,000	592,900	597,000	500,500

Noncurrent liabilities

Note payable	519,000	403,000	283,200	159,500	31,700
Less debt issuance costs, net	(6,000)	(4,600)	(3,200)	(1,800)	(400)
Less current portion of note payable	<u>(116,000)</u>	<u>(119,800)</u>	<u>(123,700)</u>	<u>(127,800)</u>	<u>(31,300)</u>
Long term note payable, net	397,000	278,600	156,300	29,900	-
Deposits - wait list	<u>287,100</u>	<u>287,100</u>	<u>287,100</u>	<u>287,100</u>	<u>287,100</u>
Total noncurrent liabilities	<u>684,100</u>	<u>565,700</u>	<u>443,400</u>	<u>317,000</u>	<u>287,100</u>

Total liabilities 1,269,300 1,154,700 1,036,300 914,000 787,600

Members' equity 125,800 241,800 361,600 485,300 613,100

Total liabilities and members' equity \$ 1,395,100 \$ 1,396,500 \$ 1,397,900 \$ 1,399,300 \$ 1,400,700

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
FOR THE YEARS ENDING DECEMBER 31, 2022 THROUGH 2026

Revenues	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Management fees	\$ 2,457,000	\$ 2,457,000	\$ 2,457,000	\$ 2,457,000	\$ 2,457,000
Membership fees	2,227,500	2,227,500	2,227,500	2,227,500	2,227,500
Resale commissions	952,300	952,300	952,300	952,300	952,300
Interest and other income	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>
Total revenue	5,640,600	5,640,600	5,640,600	5,640,600	5,640,600
Expenses					
Developer costs	1,000,000	100,000	100,000	100,000	100,000
Interest expense	27,400	26,400	20,200	13,500	6,500
Operating expenses	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,025,000</u>
Total expenses	<u>2,052,400</u>	<u>1,151,400</u>	<u>1,145,200</u>	<u>1,138,500</u>	<u>1,131,500</u>
Net income	3,588,200	4,489,200	4,495,400	4,502,100	4,509,100
Members' equity, beginning of year	13,500	125,800	241,800	361,600	485,300
Distributions	<u>(3,475,900)</u>	<u>(4,373,200)</u>	<u>(4,375,600)</u>	<u>(4,378,400)</u>	<u>(4,381,300)</u>
Members' equity, ending of year	<u>\$ 125,800</u>	<u>\$ 241,800</u>	<u>\$ 361,600</u>	<u>\$ 485,300</u>	<u>\$ 613,100</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, 2022 THROUGH 2026

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Cash provided by operating activities:					
Net income	\$ 3,588,200	\$ 4,489,200	\$ 4,495,400	\$ 4,502,100	\$ 4,509,100
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
Increase in Due from Cypress of Charlotte Club	<u>296,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	\$ 3,886,300	\$ 4,490,600	\$ 4,496,800	\$ 4,503,500	\$ 4,510,500
Cash used in financing activities:					
Principal repayment of note payable	(112,300)	(116,000)	(119,800)	(123,700)	(127,800)
Member distributions	<u>(3,475,900)</u>	<u>(4,373,200)</u>	<u>(4,375,600)</u>	<u>(4,378,400)</u>	<u>(4,381,300)</u>
Net cash used in financing activities	<u>(3,588,200)</u>	<u>(4,489,200)</u>	<u>(4,495,400)</u>	<u>(4,502,100)</u>	<u>(4,509,100)</u>
Net increase in cash	298,100	1,400	1,400	1,400	1,400
Beginning cash	<u>1,097,000</u>	<u>1,395,100</u>	<u>1,396,500</u>	<u>1,397,900</u>	<u>1,399,300</u>
Ending cash	<u>\$ 1,395,100</u>	<u>\$ 1,396,500</u>	<u>\$ 1,397,900</u>	<u>\$ 1,399,300</u>	<u>\$ 1,400,700</u>
<u>Summary of cash accounts per balance sheets:</u>					
Cash	\$ 1,108,000	\$ 1,109,400	\$ 1,110,800	\$ 1,112,200	\$ 1,113,600
Restricted assets - cash deposits	<u>287,100</u>	<u>287,100</u>	<u>287,100</u>	<u>287,100</u>	<u>287,100</u>
Total Cash	<u>\$ 1,395,100</u>	<u>\$ 1,396,500</u>	<u>\$ 1,397,900</u>	<u>\$ 1,399,300</u>	<u>\$ 1,400,700</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, 2022 THROUGH 2026

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 20, 2022, 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 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 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 salaries and expenses and ongoing marketing costs. 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, 2022 THROUGH 2026

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 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.

Due from Cypress of Charlotte Club

Amounts due from Cypress of Charlotte Club represent estimated receivables of ten (10%) of the operating costs of the Club and the Association as an overhead payment and are based on management's estimate of repayment.

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 kept 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.

Advertising Costs

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

Distributions

Distributions will be based upon the available cash of the Company.

Income Taxes

Since limited liability companies have the tax attributes of a partnership, the entity does not incur federal and state income taxes; instead, its taxable income and losses are included in the tax returns of its members and taxed on their tax returns. Each member's liability is limited to amounts reflected in their respective members' accounts.

THE CYPRESS OF CHARLOTTE, LLC
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS
FOR THE YEARS ENDING DECEMBER 31, 2022 THROUGH 2026

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 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 4.75% and the loan repayment terms.

Debt Issuance Costs

At the time of the finalization of the note payable in 2017, the Company incurred debt-issuance costs which are being amortized over the ten-year term of the note. The loan costs are being amortized using 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 debt issuance costs 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 for each Class. 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 2021 FORECAST VERSUS HISTORICAL COMPARISON - BALANCE SHEET AS OF DECEMBER 31, 2021

ASSETS	Forecast	Historical	Variance	
Current assets				
Cash and cash equivalents	\$ 616,457	803,958	\$ 187,501	(1)
Due from related parties	-	105	105	
Due from Cypress of Charlotte Club	-	296,607	296,607	(2)
Total current assets	616,457	1,100,670	484,213	
Restricted assets - cash deposits	332,000	293,030	(38,970)	
Property and equipment				
Furniture, fixtures & equipment	25,330	16,764	(8,566)	
Less: accumulated depreciation	(17,497)	(16,764)	733	
Property & equipment	7,833	-	(7,833)	
Total assets	\$ 956,290	\$ 1,393,700	\$ 437,410	
 LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Payables and deposits	\$ 143,205	469,242	\$ 326,037	(3)
Current portion of note payable	111,958	112,250	292	
Total current liabilities	255,163	581,492	326,329	
Noncurrent liabilities				
Note payable	627,726	631,329	3,603	
Less debt issuance costs, net	(8,800)	(7,416)	1,384	
Less current portion of note payable	(99,484)	(112,250)	(12,766)	
Long term notes payable, net	519,442	511,663	(7,779)	
Deposits - wait list	332,000	287,000	(45,000)	
Total noncurrent liabilities	851,442	798,663	(52,779)	
Total liabilities	1,106,605	1,380,155	273,550	
Members' equity (deficit)	(150,315)	13,545	163,860	(4)
Total liabilities and members' equity	\$ 956,290	\$ 1,393,700	\$ 437,410	

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2021 FORECAST VERSUS HISTORICAL COMPARISON -
STATEMENT OF INCOME AND MEMBERS' EQUITY (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues	Forecast	Historical	Variance	
Management fees	\$ 2,181,000	\$ 2,086,597	\$ (94,403)	(5)
Membership fees	2,160,000	2,958,850	798,850	(6)
Commissions - real estate sales	923,400	1,295,630	372,230	(7)
Interest and other income	<u>3,500</u>	<u>20,033</u>	<u>16,533</u>	
Total revenues	5,267,900	6,361,110	1,093,210	
Expenses				
Developer costs	600,000	1,000,000	400,000	(8)
Interest expense	34,563	25,046	(9,517)	
Operating expenses	<u>985,000</u>	<u>972,745</u>	<u>(12,255)</u>	
Total expenses	<u>1,619,563</u>	<u>1,997,791</u>	<u>378,228</u>	
Revenues in excess of expenses	3,648,337	4,363,319	714,982	
Beginning members' equity (deficit)	(249,799)	(249,799)	-	
Distributions	<u>(3,548,853)</u>	<u>(4,099,975)</u>	<u>(551,122)</u>	(9)
Ending members' equity (deficit)	<u>\$ (150,315)</u>	<u>\$ 13,545</u>	<u>\$ (163,860)</u>	

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2021 FORECAST VERSUS HISTORICAL COMPARISON -
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Forecast</u>	<u>Historical</u>	<u>Variance</u>	
Cash provided by (used in) operating activities:				
Net income	\$ 3,648,337	\$ 4,363,319	\$ (714,982)	
Adjustments to reconcile net income to net cash provided by operating activities				
Debt issuance amortization	1,400	1,411	(11)	
Depreciation	1,608	9,441	(7,833)	
(Increase) decrease in:				
Due from realted parties	-	305	(305)	
Due from Cypress Group	4,000	-	4,000	
Due from Cypress of Charlotte Club	-	(296,607)	296,607	(2)
Increase (decrease) in:				
Payables and deposits	-	455,432	(455,432)	(3)
Deposits - wait list	-	(169,432)	169,432	(3)
Net cash provided by operating activities	<u>3,655,345</u>	<u>4,363,869</u>	<u>(708,524)</u>	
Cash used in financing activities:				
Principal repayment of note payable	(99,484)	(108,355)	8,871	
Members' distributions	<u>(3,548,853)</u>	<u>(4,099,975)</u>	<u>551,122</u>	(9)
Net cash used in financing activities	<u>(3,648,337)</u>	<u>(4,208,330)</u>	<u>559,993</u>	
Net increase in cash	7,008	155,539	(148,531)	
Beginning cash	<u>941,449</u>	<u>941,449</u>	<u>-</u>	
Ending cash	<u>\$ 948,457</u>	<u>\$ 1,096,988</u>	<u>\$ (148,531)</u>	
<u>Summary of cash accounts per balance sheets:</u>				
Cash and cash equivalents - operating	\$ 616,457	\$ 387,360	\$ 229,097	
Cash and cash equivalents - real estate trust	-	416,598	(416,598)	
Cash and cash equivalents - wait list	<u>332,000</u>	<u>293,030</u>	<u>38,970</u>	
	<u>\$ 948,457</u>	<u>\$ 1,096,988</u>	<u>\$ (148,531)</u>	(1)

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2021 FORECAST VERSUS HISTORICAL COMPARISON -
DIFFERENCE EXPLANATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

For auditing purposes, materiality is calculated to be \$83,000. For financial statement purposes, this provides for a tolerable misstatement allowance of \$62,300. We examined all forecast versus historical differences of \$62,300 or more and noted the following:

- (1) Cash increased due to the timing of year-end receipts and payments.
- (2) Due from Cypress of Charlotte Club increased due to the November and December 2021 management fee payments that were not received as of December 31, 2021.
- (3) Payables and deposits increased due to more deposits than expected in the real estate trust and wait list.
- (4) Members' deficit decreased due to higher net profit.
- (5) Management fees decreased due to lower than expected operating expenses of the Cypress of Charlotte Club and Association.
- (6) Membership fees increased due to more sales at higher prices than expected.
- (7) Resale commissions increased due to more sales at higher prices than expected.
- (8) Developer costs were higher than anticipated as the Company elected to pay for health center expansion costs.
- (9) Distributions increased due to increased cash availability at distribution dates than expected.

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
 SCHEDULE OF 2021 FORECAST VERSUS HISTORICAL COMPARISON -
 BALANCE SHEET
 AS OF DECEMBER 31, 2021

ASSETS	<u>Forecast</u>	<u>Historical</u>	<u>Variance</u>	
Current assets				
Cash and cash equivalents	\$ 616,457	803,958	\$ 187,501	(1)
Due from related parties	-	105	105	
Due from Cypress of Charlotte Club	-	296,607	296,607	(2)
Total current assets	<u>616,457</u>	<u>1,100,670</u>	<u>484,213</u>	
Restricted assets - cash deposits	332,000	293,030	(38,970)	
Property and equipment				
Furniture, fixtures & equipment	25,330	16,764	(8,566)	
Less: accumulated depreciation	<u>(17,497)</u>	<u>(16,764)</u>	<u>733</u>	
Property & equipment	<u>7,833</u>	<u>-</u>	<u>(7,833)</u>	
Total assets	<u>\$ 956,290</u>	<u>\$ 1,393,700</u>	<u>\$ 437,410</u>	
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Payables and deposits	\$ 143,205	469,242	\$ 326,037	(3)
Current portion of note payable	<u>111,958</u>	<u>112,250</u>	<u>292</u>	
Total current liabilities	255,163	581,492	326,329	
Noncurrent liabilities				
Note payable	627,726	631,329	3,603	
Less debt issuance costs, net	(8,800)	(7,416)	1,384	
Less current portion of note payable	<u>(99,484)</u>	<u>(112,250)</u>	<u>(12,766)</u>	
Long term notes payable, net	519,442	511,663	(7,779)	
Deposits - wait list	<u>332,000</u>	<u>287,000</u>	<u>(45,000)</u>	
Total noncurrent liabilities	<u>851,442</u>	<u>798,663</u>	<u>(52,779)</u>	
Total liabilities	<u>1,106,605</u>	<u>1,380,155</u>	<u>273,550</u>	
Members' equity (deficit)	<u>(150,315)</u>	<u>13,545</u>	<u>163,860</u>	(4)
Total liabilities and members' equity	<u>\$ 956,290</u>	<u>\$ 1,393,700</u>	<u>\$ 437,410</u>	

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
 SCHEDULE OF 2021 FORECAST VERSUS HISTORICAL COMPARISON -
 STATEMENT OF INCOME AND MEMBERS' EQUITY (DEFICIT)
 FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues	Forecast	Historical	Variance	
Management fees	\$ 2,181,000	\$ 2,086,597	\$ (94,403)	(5)
Membership fees	2,160,000	2,958,850	798,850	(6)
Commissions - real estate sales	923,400	1,295,630	372,230	(7)
Interest and other income	<u>3,500</u>	<u>20,033</u>	<u>16,533</u>	
Total revenues	5,267,900	6,361,110	1,093,210	
Expenses				
Developer costs	600,000	1,000,000	400,000	(8)
Interest expense	34,563	25,046	(9,517)	
Operating expenses	<u>985,000</u>	<u>972,745</u>	<u>(12,255)</u>	
Total expenses	<u>1,619,563</u>	<u>1,997,791</u>	<u>378,228</u>	
Revenues in excess of expenses	3,648,337	4,363,319	714,982	
Beginning members' equity (deficit)	(249,799)	(249,799)	-	
Distributions	<u>(3,548,853)</u>	<u>(4,099,975)</u>	<u>(551,122)</u>	(9)
Ending members' equity (deficit)	<u>\$ (150,315)</u>	<u>\$ 13,545</u>	<u>\$ (163,860)</u>	

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2021 FORECAST VERSUS HISTORICAL COMPARISON -
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Forecast</u>	<u>Historical</u>	<u>Variance</u>	
Cash provided by (used in) operating activities:				
Net income	\$ 3,648,337	\$ 4,363,319	\$ (714,982)	
Adjustments to reconcile net income to net cash provided by operating activities				
Debt issuance amortization	1,400	1,411	(11)	
Depreciation	1,608	9,441	(7,833)	
(Increase) decrease in:				
Due from realted parties	-	305	(305)	
Due from Cypress Group	4,000	-	4,000	
Due from Cypress of Charlotte Club	-	(296,607)	296,607	(2)
Increase (decrease) in:				
Payables and deposits	-	455,432	(455,432)	(3)
Deposits - wait list	-	(169,432)	169,432	(3)
Net cash provided by operating activities	<u>3,655,345</u>	<u>4,363,869</u>	<u>(708,524)</u>	
Cash used in financing activities:				
Principal repayment of note payable	(99,484)	(108,355)	8,871	
Members' distributions	<u>(3,548,853)</u>	<u>(4,099,975)</u>	<u>551,122</u>	(9)
Net cash used in financing activities	<u>(3,648,337)</u>	<u>(4,208,330)</u>	<u>559,993</u>	
Net increase in cash	7,008	155,539	(148,531)	
Beginning cash	<u>941,449</u>	<u>941,449</u>	<u>-</u>	
Ending cash	<u>\$ 948,457</u>	<u>\$ 1,096,988</u>	<u>\$ (148,531)</u>	
<u>Summary of cash accounts per balance sheets:</u>				
Cash and cash equivalents - operating	\$ 616,457	\$ 387,360	\$ 229,097	
Cash and cash equivalents - real estate trust	-	416,598	(416,598)	
Cash and cash equivalents - wait list	<u>332,000</u>	<u>293,030</u>	<u>38,970</u>	
	<u>\$ 948,457</u>	<u>\$ 1,096,988</u>	<u>\$ (148,531)</u>	(1)

See accountants' compilation report.

THE CYPRESS OF CHARLOTTE, LLC
SCHEDULE OF 2021 FORECAST VERSUS HISTORICAL COMPARISON -
DIFFERENCE EXPLANATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

For auditing purposes, materiality is calculated to be \$83,000. For financial statement purposes, this provides for a tolerable misstatement allowance of \$62,300. We examined all forecast versus historical differences of \$62,300 or more and noted the following:

- (1) Cash increased due to the timing of year-end receipts and payments.
- (2) Due from Cypress of Charlotte Club increased due to the November and December 2021 management fee payments that were not received as of December 31, 2021.
- (3) Payables and deposits increased due to more deposits than expected in the real estate trust and wait list.
- (4) Members' deficit decreased due to higher net profit.
- (5) Management fees decreased due to lower than expected operating expenses of the Cypress of Charlotte Club and Association.
- (6) Membership fees increased due to more sales at higher prices than expected.
- (7) Resale commissions increased due to more sales at higher prices than expected.
- (8) Developer costs were higher than anticipated as the Company elected to pay for health center expansion costs.
- (9) Distributions increased due to increased cash availability at distribution dates than expected.

See accountants' compilation report.

**SENIOR LIVING COMMUNITIES MANAGED
BY LIFE CARE SERVICES
AS OF 03/21/2022**

Alabama, Birmingham – Galleria Woods
Alabama, Hoover – Danberry at Inverness
Arizona, Chandler – Clarendale of Chandler
Arizona, Fountain Hills – Fountain View Village
Arizona, Peoria – Sierra Winds
Arizona, Phoenix – Clarendale of Arcadia
Arizona, Phoenix – Sagewood
Arizona, Tempe (Phoenix) – Friendship Village of Tempe
California, Cupertino – Forum at Rancho San Antonio, The
California, Palo Alto – Moldaw Residences
California, San Diego – Casa de las Campanas
California, San Rafael – Aldersly
California, Santa Rosa – Arbol Residences of Santa Rosa
California, Santa Rosa – Oakmont Gardens
Connecticut, Essex – Essex Meadows
Connecticut, Mystic – StoneRidge
Connecticut, Southbury – Pomperaug Woods
Delaware, Newark – Millcroft
Delaware, Wilmington – Foulk Manor
Delaware, Wilmington – Shipley Manor
Florida, Aventura – Sterling Aventura
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, Hollywood – Presidential Place
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 (Consulting)
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, 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
Maryland, Annapolis – Baywoods of Annapolis
Maryland, Columbia – Residences at Vantage Point
Maryland, Timonium – Mercy Ridge
Maryland, Towson (Baltimore) – Blakehurst
Michigan, Battle Creek – NorthPointe Woods
Michigan, Clinton Township – Rose Senior Living – Clinton Township
Michigan, East Lansing – Burcham Hills
Michigan, Holland – Freedom Village
Michigan, Kalamazoo – Friendship Village
Michigan, Novi – Rose Senior Living at Providence Park
Michigan, 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
New Jersey, Bridgewater – Delaney of Bridgewater, The
New Jersey, Bridgewater – Laurel Circle
New Jersey, Burlington – Masonic Village at Burlington
New Jersey, Lakewood – Harrogate (Consulting)
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
North Carolina, Lumberton – Wesley Pines
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, Mason – Magnolia Springs Loveland
Oklahoma, Bartlesville – Green Country Village
Oregon, Dallas – Dallas Retirement Village
Oregon, Salem – Capital Manor
Pennsylvania, Coatesville – Freedom Village at Brandywine
Pennsylvania, Warrington – Solana Doylestown, The
South Carolina, Greenville – Rolling Green Village
South Carolina, Hilton Head Island – Bayshore on Hilton Head Island
South Carolina, Hilton Head Island – Cypress of Hilton Head, The
Tennessee, Brentwood – Heritage at Brentwood, The
Tennessee, Hendersonville – Clarendale at Indian Lake
Tennessee, Memphis – Heritage at Irene Woods
Tennessee, Nashville – Clarendale at Bellevue Place
Texas, Austin – Westminster
Texas, Bedford – Parkwood Healthcare
Texas, Bedford – Parkwood Retirement
Texas, Dallas – Autumn Leaves
Texas, Dallas – Monticello West
Texas, Dallas – Signature Pointe
Texas, Dallas – Walnut Place
Texas, Georgetown – Delaney at Georgetown Village, The
Texas, League City – Delaney at South Shore, The
Texas, Lubbock – Carillon
Texas, Richmond – Delaney at Parkway Lakes, The
Texas, Spring – Village at Gleannloch Farms, The
Texas, The Woodlands – Village at the Woodlands Waterway, The
Texas, Waco – Delaney at Lake Waco, The
Vermont, White River – Village at White River Junction, The
Virginia, Fairfax – Virginian, The
Virginia, Gainesville – Heritage Village Assisted Living and Memory Care
Virginia, Virginia Beach – Atlantic Shores
Washington, Issaquah – Timber Ridge at Talus
Wisconsin, Greendale – Harbour Village
Wisconsin, Milwaukee – Eastcastle Place



THE CYPRESS
of Charlotte

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.



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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.



THE CYPRESS
of Charlotte

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.



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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.



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**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



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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.



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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.



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of Charlotte

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.



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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.



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(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.



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

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

**FAILURE TO PAY
CHARGES DUE**

**DETRIMENTAL
DISTURBANCES**

**INFECTION WITH
DANGEROUS OR
CONTAGIOUS DISEASE**

**MEMBER REFUSES
MEDICAL TREATMENT**

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

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:

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

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.

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

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.

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



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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



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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.

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.

**UNITS ARE FOR
RESIDENTIAL
PURPOSES ONLY**



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**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.



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**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.



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**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.



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**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.



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**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



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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.)



THE CYPRESS
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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: _____



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Schedule A

Monthly Payment
2022

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.



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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



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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.

**SPECIFIC RESIDENCE
TO BE ACQUIRED**

**GARAGE OR COVERED
PARKING**

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

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.



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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**



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**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**

**PURCHASER ACCEPTS
UNIT AS IS**

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



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**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.

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.

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

**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.



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

**CONDOMINIUM
OPERATIONS AND
EXPENSES**

**INSURANCE EXPENSES
AND TWO MONTHS
COMMON
EXPENSES DUE AT
CLOSING FOR
WORKING CAPITAL
FUND**

THE SERVICES FEE

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 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;

(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.

(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 \$ _____.

(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.



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**PERSONAL
MODIFICATIONS AND
UPGRADES**

(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 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



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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



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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



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that Company has the unconditional right to approve or disapprove Club memberships.

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.

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.

(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.

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

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

**UNITS MAY BE USED
AS SALES MODELS**

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

**TERMS SURVIVE THE
CLOSING**

**IF PART OF
AGREEMENT
UNENFORCEABLE
THAT SHALL NOT
AFFECT REMAINDER**

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



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(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.

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

25. **ACKNOWLEDGEMENT OF RECEIPT:**

By execution of this Agreement Purchaser acknowledges receipt, review and approval of the form and content of the documents listed below, 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:

**PURCHASER
ACKNOWLEDGES
RECEIPT OF
DOCUMENTS**

- 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:**

(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.

**PURCHASER'S
RIGHT TO CANCEL**



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**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.)



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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: _____



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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 nrec.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 ncrec.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: _____			<input type="checkbox"/>
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?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The dwelling's exterior walls are made of what type of material? <input type="checkbox"/> Brick Veneer <input type="checkbox"/> Wood <input type="checkbox"/> Stone <input type="checkbox"/> Vinyl <input type="checkbox"/> Synthetic Stucco <input type="checkbox"/> Composition/Hardboard <input type="checkbox"/> Concrete <input type="checkbox"/> Fiber Cement <input type="checkbox"/> Aluminum <input type="checkbox"/> Asbestos <input type="checkbox"/> Other _____ (Check all that apply)			<input type="checkbox"/>
4. In what year was the dwelling's roof covering installed? _____ (Approximate if no records are available) Explain if necessary: _____			<input type="checkbox"/>
5. Is there any leakage or other problem with the dwelling's roof?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Is there any water seepage, leakage, dampness or standing water in the dwelling's basement, crawl space, or slab?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Is there any problem, malfunction or defect with the dwelling's electrical system (outlets, wiring, panel, switches, fixtures, generator, etc.)?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Is there any problem, malfunction or defect with the dwelling's plumbing system (pipes, fixtures, water heater, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Is there any problem, malfunction or defect with the dwelling's heating and/or air conditioning?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. What is the dwelling's heat source? <input type="checkbox"/> Furnace <input type="checkbox"/> Heat Pump <input type="checkbox"/> Baseboard <input type="checkbox"/> Other _____ _____ (Check all that apply)..... Age of system: _____			<input type="checkbox"/>
11. What is the dwelling's cooling source? <input type="checkbox"/> Central Forced Air <input type="checkbox"/> Wall/Window Unit(s) <input type="checkbox"/> Other _____ _____ (Check all that apply) Age of system: _____			<input type="checkbox"/>
12. What are the dwelling's fuel sources? <input type="checkbox"/> Electricity <input type="checkbox"/> Natural Gas <input type="checkbox"/> Propane <input type="checkbox"/> Oil <input type="checkbox"/> Other _____ _____ (Check all that apply) If the fuel source is stored in a tank, identify whether the tank is <input type="checkbox"/> above ground or <input type="checkbox"/> below ground, and whether the tank is <input type="checkbox"/> leased by seller or <input type="checkbox"/> owned by seller. (Check all that apply).....			<input type="checkbox"/>
13. What is the dwelling's water supply source? <input type="checkbox"/> City/County <input type="checkbox"/> Community System <input type="checkbox"/> Private Well <input type="checkbox"/> Shared Well <input type="checkbox"/> Other _____ (Check all that apply).....			<input type="checkbox"/>
14. The dwelling's water pipes are made of what type of material? <input type="checkbox"/> Copper <input type="checkbox"/> Galvanized <input type="checkbox"/> Plastic <input type="checkbox"/> Polybutylene <input type="checkbox"/> Other _____ (Check all that apply).....			<input type="checkbox"/>
15. Is there any problem, malfunction or defect with the dwelling's water supply (including water quality, quantity, or water pressure)?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. What is the dwelling's sewage disposal system? <input type="checkbox"/> Septic Tank <input type="checkbox"/> Septic Tank with Pump <input type="checkbox"/> Community System <input type="checkbox"/> Connected to City/County System <input type="checkbox"/> City/County System available <input type="checkbox"/> Straight pipe (wastewater does not go into a septic or other sewer system [note: use of this type of system violates state law]) <input type="checkbox"/> Other _____ (Check all that apply).....			<input type="checkbox"/>
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? _____ <input type="checkbox"/> No records available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Is there any problem, malfunction or defect with the dwelling's sewer and/or septic system?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.)?.....	<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 _____		

- | | 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 _____

- | | <u>Yes</u> | <u>No</u> | <u>No
Representation</u> |
|---|--------------------------|--------------------------|------------------------------|
| 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: _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 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: _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 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: _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 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: _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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).

	<u>Yes</u>	<u>No</u>	<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 _____
Purchaser Initials and Date _____

Owner Initials and Date _____
Purchaser Initials and Date _____

Declaration of Condominium
(Under Separate Cover)

APPENDICES

January, 2022

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

****Taxes May Apply to Some Items****

Rev: 10.18.21

Maintenance Services

Additional Maintenance Services	\$ 6.50 per 15 minutes
Copies of keys – house and mailbox	\$ 2.50 per key

Home Care Services

CNA	\$ 25.50 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	\$ 65.00/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*	\$ 45.00
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	\$ 80.00
Manicure & Pedicure Combo Gel Polish	\$ 85.00
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.**



October 19, 2021

Dear Members, Family and Friends of the Stewart Health Center,

During the budgeting process for the 2022 fiscal year, it was determined that the cost of providing quality care at the Stewart Health Center has increased. In an effort to meet the expenses and maintain the quality of care expected for our members, effective January 1, 2022 the current Stewart Health Center daily room rates will increase by 6.75%. The Member discount will be 32% until February 1, 2022 and then decrease to 30% starting February 1, 2022 to stay in accordance to the member vote in 2019 for The Stewart Health Center expansion.

The daily room rate includes charges for room and board, nursing services, activities, social services, housekeeping, maintenance, dietitian services, linens, television, utilities, and local phone use. We have three separate rates in the Health Center for Semi-Private-Skilled Nursing, Private-Skilled Nursing, and Private-Memory Care rooms. Please see the rate schedule for 2022 in the table below:

	2021 Daily Rates	2022 Daily Rates 6.75% Increase	2022 Member Rates with 32% discount	2022 Member Rates with 30% discount
Room Type/Category				
Semi-Private-Skilled Nursing:	\$308.23	\$329.04	\$223.75	\$230.33
Private - Skilled Nursing:	\$348.84	\$372.39	\$253.23	\$260.67
Private - Memory Care	\$393.02	\$419.55	\$285.29	\$293.69

The daily charge for meals when using Member Temporary Days is \$28. Medication and Medical Supplies will be billed as used.

Please feel free to contact me with any concerns or questions regarding the new rates. I can be reached at 704-714-5545 or abrown@cypressofcharlotte.com

With best regards,

Ashton Brown

Ashton Brown
Administrator

****Taxes May Apply to Some Items****

Rev: 10.18.21

Current Cypress Fee Schedule
The Stewart Health Center
January 1, 2022

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	\$ 25.50 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

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: 10.18.21

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

****Taxes May Apply to Some Items****

Rev: 10.20.20

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
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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: 10.20.20

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

****Taxes May Apply to Some Items****

Rev: 10.28.2019

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
◆ 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