PISGAH VALLEY

A Liberty Senior Living Community

Disclosure Statement

May 31, 2023

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

Unless earlier revised, this Disclosure Statement will remain effective until May 31, 2024. Delivery of this Disclosure Statement to a contracting party prior to execution of a contract for the provision of continuing care is required by North Carolina law. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

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I. Introduction

Pisgah Valley Retirement Community (the "CCRC", or the "Community") is a continuing care retirement community which offers its residents ("Residents") seventy-two (72 independent living Apartments (each an "Apartment") located in thirty-six (36) duplex buildings (the "Independent Living Buildings"), a wide array of services, a community center (the "Community Center"), and the security of access to an adjacent twenty-four (24) assisted living facility (the "Assisted Living Units") and a one hundred eighteen (118) bed skilled nursing facility (the "Skilled Nursing Beds") (collectively, the "Healthcare Center"). The Community is situated on an approximately 30-acre campus located in Candler, North Carolina (the "Site"). As of April 30, 2023, there were eighty-seven (87) independent living residents under Unit Owner Contracts or Residency and Care Agreements.

II. Organization, Ownership and Management

A. Organization

The Pisgah Valley Retirement Center, LLC ("Pisgah Valley Center") is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating independent living units, assisted living, and skilled nursing beds. Pisgah Valley Center is owned by Liberty Senior Living, LLC ("Liberty Senior Living"), a North Carolina limited liability company. The business address of Liberty Senior Living is 2334 S. 41st Street; Wilmington, North Carolina 28403. Liberty Senior Living is owned by Liberty Healthcare Group, LLC ("Liberty Healthcare Group"), a North Carolina limited liability company.

B. Facility Ownership

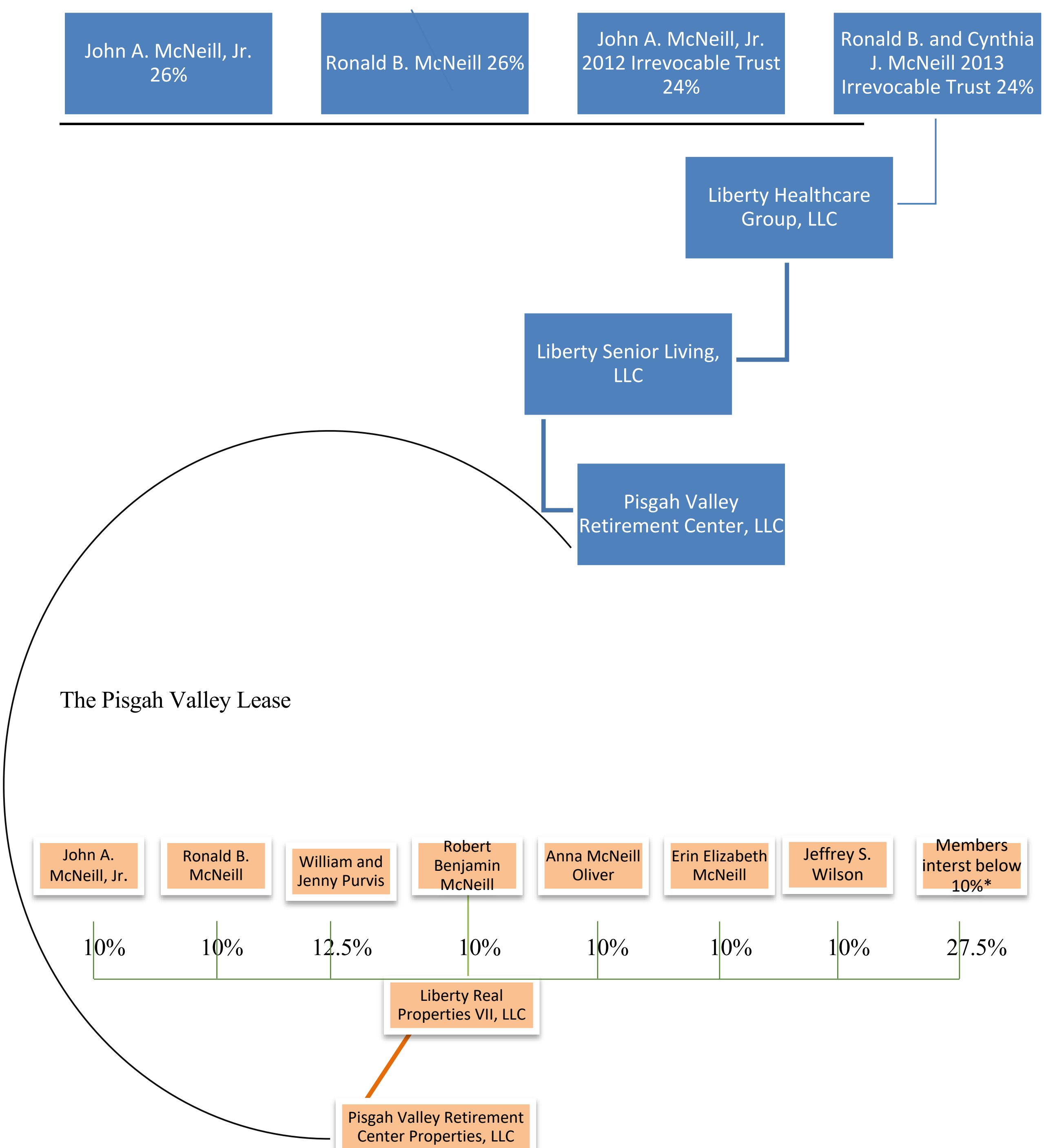
The Pisgah Valley Retirement Center Properties, LLC ("Pisgah Valley Properties") is a North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and the buildings of the CCRC. Pisgah Valley Properties holds the certificate of need for one hundred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

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

In May 2018, the North Carolina Department of Insurance issued a Continuing Care Retirement Community License to Pisgah Valley Center and Pisgah Valley Properties (collectively the "Company") as co-providers.

See organization/ownership chart below.

Organization/Ownership Chart



*Organizational chart only reflects members having a ten percent (10%) or greater equity or beneficial interest in the Company.

C. Healthcare

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

D. Management

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

Pisgah Estates Unit Owners Association

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

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

Liberty Living Management, LLC

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

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

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

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

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

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

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

2. William B. Purvis

   William ("Will") Purvis is a Manager of Liberty Living Management and President of Liberty Senior Living in Wilmington, North Carolina. He manages business development as well as capital financing for the Liberty companies. Prior to moving to Wilmington, Will worked with Grandbridge Real Estate Capital, a subsidiary of BB&T. Will was responsible for commercial mortgage production for the Eastern, Northeast and Triangle regions of the bank's network.

Will received a B.S. in Business Management from North Carolina State University and a Masters of Business Administration from Wake Forest University. He serves on the Senior Housing Product Council of Urban Land Institute, the Board of Directors for Cape Fear Council Boy Scouts of America, New Hanover Regional Medical Center Foundation, Wilmington Chamber of Commerce, and North Carolina Coastal Land Trust.

3. Cindy Stancil

Cindy Stancil, LNHA serves as the member and chairman of the Pisgah Estates Unit Owners Association Board of Directors. Cindy started her career in assisted living as the Administrator of Northridge Retirement Village in Raleigh, North Carolina in 1985. After four years of service, she moved to Wilmington, North Carolina, to open a new assisted living community, Liberty Commons Assisted Living. Over the past 38 years, Mrs. Stancil's responsibilities have grown from being the Administrator of an assisted living community to budgeting and training, policy and procedures development and implementation, research, design and development of nursing home, independent, and assisted living projects.

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

4. Nicole Cook

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

Facility Management

<u>Michelle Iacono</u>. Michelle Iacono became Executive Director of the CCRC in 2018. Mrs. Iacono received a Bachelor's degree in Psychology from Southern Adventist University in 2009 and a Master's Degree in Management Leadership from Montreat College in 2015. She

has been a licensed nursing home administrator in the State of North Carolina since October 2011. Previous to her current position, Michelle Iacono was Administrator of the Community's skilled nursing facility for four (4) years until 2016 and Administrator/Assistant Administrator of affiliated skilled nursing and independent living facilities in Elizabeth City, North Carolina for one (1) year and was Social Services Director of the Community's skilled nursing facility for two (2) years beginning in 2009. Throughout high school and college Mrs. Iacono worked as a student aid, social services assistant, and activity assistant at the Community's skilled nursing facility. She currently serves on the Board of the North Carolina Health Care Facilities Association.

E. Related Parties.

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

F. Legal Disclaimer

No owners, managers, members, or management of the Company (i) have been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment for a felony or civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) are subject to a currently effective injunctive or restrictive court order, or within the past five years, had any state or federal license or permit suspended or revoked as a result of an action brought by any governmental agency or department, arising out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to N.C.G.S. Section 58-64 or a similar law in another state.

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

G. Affiliations

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

III. Facility Description and Amenities

A. Location

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

B. Layout and Types of Accommodations

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

Each Apartment owner holds title and deed to their individual Apartment and, except for Apartments owned by the Company, is subject to a "Contract of Sale" or a "Contract of Sale with Right of First Refusal on Subsequent Transfer" (collectively "Unit Owner Contracts") with the Company. Under the Unit Owner Contract, when the unit owner decides to sell the Apartment, the Company has the right of first refusal to purchase the Apartment from the owner based upon the current appraised value. Once the Company owns all seventy-two (72) Apartments, the Pisgah Estates Unit Owners Association will be dissolved. As of April 30, 2023, eight (8) of the seventy-two (72) Apartments were owned by individuals under Unit Owner Contracts with one (1) unit purchase pending.

C. Amenities

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

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

IV. Services

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

1. Appliances and Furnishings. The Apartment includes the following appliances and furnishings: window coverings; standard flooring;

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

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

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

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

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

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

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

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

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

10. Transportation. The Company will provide scheduled transportation to

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

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

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

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

1. Meals. The Company does not offer a meal plan. The Resident shall be entitled to dine in any of the Community's dining venues. Charges for food and beverages shall be billed directly to the Resident on a monthly basis in accordance with a published fee schedule.

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

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

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

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

6. Additional Maid Service. If a Resident requests or requires housekeeping services in addition to those provided as a Basic Service, the Company may

provide such services if staff is available to provide such services.

7. Salon Services. Salon services in the Beauty Salon will be charged directly to the Resident in accordance with a published fee schedule.

8. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.

9. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter ("PET") which shall transmit to the local emergency responders.

C. Healthcare

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

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

V. Expansion/Development

There are no ongoing or proposed expansion or development projects.

VI. The Continuing Care Concept

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

VII. The Residency and Care Agreement

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

A. Term. The term of the Residency and Care Agreement shall be from the date of execution of the Residency and Care Agreement until termination in accordance with the Residency and Care Agreement (the "Term").

B. Eligibility Requirements. Eligibility for residency in the Community is conditioned upon, among other things more particularly described in the Residency and Care Agreement, the following:

1. Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Apartment in the Company's sole discretion but must, at a minimum, be fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of Residents under the age of sixty-two (62) that will live in the CCRC.

2. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria as published by the Company, which may be amended from time to time in the Company's sole discretion. The Resident shall provide to the Company an internal preliminary health screen substantially in the form attached to the Residency and Care Agreement, completed by the Resident's primary physician and certifying that the Resident meets the independent living criteria within the period outlined in the Residency and Care Agreement.

3. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Entrance Fee (the "Entrance Fee"), the Monthly Service Fee (the "Monthly Service Fee"), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the Term of this Agreement. Immediately prior to the Occupancy Date, the Resident will affirm to the Company that the Resident's financial situation does not differ materially or adversely from the financial situation as presented in the Application

Forms. If the Resident's then personal financial situation differs materially and adversely from the Resident's prior financial situation, the Company may terminate the Residency and Care Agreement. After the Occupancy Date, the Company may require updated financial information. In the case of two Residents occupying an Apartment, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company's request for the same.

C. Priority Partner Agreement. A prospective resident may execute a Priority Partner Agreement (the "Priority Partner Agreement") with the Company to be placed on the waiting list for an Apartment.

D. Residency and Care Agreement. Upon approval for residency by the Company, the Resident shall execute a Residency and Care Agreement.

E. Changes to Apartment. Any structural or physical change or redecoration and remodeling of any kind within or outside the Apartment may only be made by the Resident only with the prior written consent of the Company, which shall be granted at the Company's sole discretion, and at the sole expense of the Resident. All such improvements or changes shall be the property of the Company. Upon vacating the Apartment, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Apartment to the condition that existed prior to the Resident taking possession of the Apartment.

F. Changes in Condition Prior to Occupancy. If after the execution of the Residency and Care Agreement and prior to the Occupancy Date the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident no longer meets the qualifications to live independently in the CCRC, and the Residency and Care Agreement is not otherwise terminated, such Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid prior to any direct transfer. In the event there is more than one Resident occupying an Apartment and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under the Residency and Care Agreement and pay the required Monthly Service Fee applicable to a single Resident.

G. Fees and Billing. Residents shall be required to pay the Monthly Service Fee and other fees as set forth in the Residency and Care Agreement. Fees payable by the Residents are described in more detail below.

H. Permitted Occupants. The Resident(s) named in the Residency and Care Agreement and no other person shall reside in or occupy the Apartment during the term of the Residency and Care Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to the Residency and Care Agreement is accepted for residency in the CCRC after the date of the Residency and Care Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residence and Care Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Care Agreement, he or she shall not be permitted to occupy the Apartment.

If two residents of the Community under separate Residency and Care Agreements wish to occupy one apartment, the residents may occupy either apartment and shall surrender the apartment the residents will not occupy. If the Apartment in the Residency and Care Agreement is surrendered, the Residency and Care Agreement will terminate and a refund of the Entrance Fee will be paid to the Resident. If the Apartment in the Residency and Care Agreement is occupied, the Residency and Care Agreement will terminate, the residents will execute a new Residency and Care Agreement and the Entrance Fee paid under the original Residency and Care Agreement will be applied to the Entrance Fee under the new Residency and Care Agreement.

A second occupant includes, but is not limited to, a spouse as defined by State statute.

I. Transfers. Should the Resident desire to transfer to another Apartment, the Resident must notify the Company in writing. Following receipt of this request, and subject to availability, the Company may grant the Resident an option to move to the next available Apartment of the size requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. If the Entrance Fee the Resident paid for the original Apartment is less than the current Entrance Fee for the subsequent apartment, the Resident will pay an amount equal to the difference between the Entrance Fee of the original Apartment and the current Entrance Fee of the subsequent apartment. If the Entrance Fee paid by the Resident for the original Apartment is greater than the current Entrance Fee for the subsequent apartment, the Resident will not be entitled to a refund as a result of the difference between such Entrance Fees. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.

J. Death or Transfer of One Resident. If one of the Residents named in the Residency and Care Agreement dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of the Residency and Care Agreement except that the Monthly Service Fee will be reduced to the single occupancy rate then in effect.

K. Smoking Policy. The CCRC is smoke-free. No smoking is permitted in the Apartments (to include balconies) or any other building or location in or on the Community's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.

L. Pets. Subject to the prior written consent of the Company, which such consent shall be at the sole and absolute discretion of the Company, pets may be permitted in the Apartments. Pets must be on a leash at all times when not in a Resident's Apartment. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Company for the failure of such Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection, cleaning and fumigation. Pets are prohibited in the dining spaces, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Apartment, upon fourteen (14) days' prior written notice from the Company, if the pet becomes a nuisance to other Residents of the CCRC, as determined by the Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Apartment, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.

M. Health Insurance. Prior to the Occupancy Date, each Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.

N. Terminations

1. Termination by Resident. Upon the termination of the Residency and Care Agreement, the Resident shall have no further rights to reside in the CCRC. The Residency and Care Agreement may be terminated or cancelled by the Resident under the following terms and conditions:

(a) Rescission During First Thirty (30) Days. The Resident may terminate the Residency and Care Agreement for any reason within thirty (30) days following the later of the execution of the Residency and Care Agreement or receipt by the Resident of the Disclosure Statement (the "Rescission Period"), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident's termination of the Residency and Care Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such rescission, less a service charge of One-Thousand Dollars ($1,000.00) and less any charges specifically incurred by the Company at Resident's request and set forth in Exhibit C of the Residency and Care Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident's election to terminate the Residency and Care Agreement.

(b) Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in an Apartment, the Resident may terminate the Residency and Care Agreement for any reason after the Rescission Period but prior the Occupancy Date upon prior written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, any costs or other charges that the Resident and the Company agree in advance are non-refundable.

(c) General Termination Right. The Resident may terminate the Residency and Care Agreement at any time for any reason by giving the Company thirty (30) days' written notice signed by the Resident (or both of them if there are two Residents). In the event of such termination by a Resident for reasons other than those permitted in the Residency and Care Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment. In addition, the Resident shall be responsible for payment of liquidated damage of one month's rental charge, calculated at the existing market rate.

2. Termination by Death or Serious Illness

(a) Termination by Death or Serious Illness Prior to the Occupancy Date. If prior to the Occupancy Date the Resident dies or is precluded from living in the CCRC under the terms of the Residency and Care Agreement as a result of serious illness, injury, non-qualification or incapacity, the Residency and Care Agreement will automatically terminate. In the event the Residency and Care Agreement is terminated provided for in the Residency and Care Agreement, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One-Thousand Dollars ($1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable. Such refund shall be paid by the Company within thirty (30) days after the Residency and Care Agreement is terminated pursuant to the applicable subsection of the Residency and Care Agreement. The foregoing notwithstanding, if there is more than one Resident, the Residency and Care Agreement will continue to be binding on the surviving or eligible Resident unless and until the Residency and Care Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Care Agreement.

(b) Termination by Death or Serious Illness After the Occupancy Date. If the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of the Residency and Care Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity that is not otherwise addressed by the provision of the Residency and Care Agreement, the Residency and Care Agreement shall terminate. In the event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the later of the date that all of the Resident's personal belongings are removed from the Apartment and the Apartment can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, the Residency and Care Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Care Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Care Agreement.

3. Termination by the Company

(a) Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, the Residency and Care Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.

(b) Termination by the Company after the Occupancy Date. The Company may terminate the Residency and Care Agreement upon thirty (30) days' written notice to the Resident in the event of the following:

(1) The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;

(2) The Resident fails to comply with any term of the Residency and Care Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company; or

(3) The Resident, the Resident's authorized representative makes a material misrepresentation or omission in the information provided to the Company for its consideration of the Resident for residency in the CCRC.

(c) Immediate Termination. If the Company determines in its sole and absolute discretion that a Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other Residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate the Residency and Care Agreement and the Resident shall promptly vacate the Apartment. In such event, the Resident shall pay the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until all of the Resident's personal belongings are removed from the Apartment.

(d) Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates the Residency and Care Agreement after the Occupancy Date pursuant to the applicable subsections of the Residency and Care Agreement, the Resident shall promptly vacate the Apartment, but shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment.

VIII. Fees

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

A. Entrance Fee. Upon the execution of the Residency and Care Agreement, the Resident shall pay an Entrance Fee, as indicated on Exhibit C of the Residency and Care Agreement. The Entrance Fee provides the Resident with a right to occupy the Apartment unless terminated as provided in the Agreement. The Entrance Fee is non-transferable, non-interest bearing and shall be the property of the Company for use in accordance with the terms of the Agreement, and shall not be subject to the claims of the Resident's creditors. Any refundable portion of the Entrance Fee shall be governed by the Residency and Care Agreement.

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

The terms of payment of the Entrance Fee are as follows:

1. Priority Deposit**.** Upon entering into a Priority Partner Agreement (the "Priority Partner Agreement") and prior to entering into the Residency and Care Agreement, the Resident agrees to pay One Thousand Dollars ($1,000.00) as a priority deposit (the "Priority Deposit.

2. Reservation Fee. Once the Company has approved the Resident's application, upon entering into the Residency and Care Agreement, the Resident shall pay an amount equal to ten percent (10%) of the Entrance Fee (the "Reservation Fee"), less any Priority Deposit previously paid.

3. Options and Custom Features. The Company will present the Resident with a written quote specific to the Resident's options and custom feature request detailing the prices. The cost of options and custom features selected will be invoiced by the Company for the selected options or custom features and is due by the Resident upon receipt of such invoice. The amounts for options

and custom features will not be considered part of the Entrance Fee when calculating the refund.

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

B. Monthly Service Fee. Throughout the term, Residents shall pay the Company a Monthly Service Fee (the "Monthly Service Fee") as described in Exhibit C attached to the Residency and Care Agreement. The Monthly Service Fees shall be paid by the Resident on or before the fifth (5^{th}) day of each month for Basic Services to be rendered that month with the first payment due on or before the Occupancy Date. The Monthly Service Fee shall be due regardless of whether or not the Apartment is actually occupied by the Resident on the scheduled Occupancy Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Apartment prior to the first of a month, the Resident shall pay the Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month.

C. Adjustments in the Monthly Fee. The Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days' written notice prior to the beginning of each calendar year. Adjustments to the Monthly Service Fee will be made as may be reasonably necessary according to the economic requirements and conditions of the Company and the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis. See Exhibit F for five years of the historical average dollar amount of increases in fees.

D. Fees for Optional Services. The Resident shall receive a monthly statement from the Company showing the total amount of fees and other charges owed by the Resident, which shall be paid by the fifth (5th) day of each month. A list of fees for recurring optional services ("Optional Services") the Resident has elected to purchase as of the date of the Residency and Care Agreement is attached hereto as Exhibit C.

E. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted housing with services and skilled nursing care services on a temporary or permanent basis. The Company shall establish and publish rates for accommodations and services at the Healthcare Center. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Care Agreement and in accordance with the then published Healthcare Center charge.

F. Refund of Fees. Refund of fees may occur as follows:

1. Priority Deposit. The Priority Deposit is fully refundable should the Resident choose not to proceed with the reservation process and not enter into the

Residency and Care Agreement for any reason. The Priority Deposit will be fully applied toward the Entrance Fee should the Resident proceed with the reservation process and enter into the Residency and Care Agreement.

2. Rescission Period. If the Resident cancels during the Rescission Period (as defined in the Residency and Care Agreement), the Priority Deposit or Entrance Fee Monthly Service Fee (and any other fees paid by Resident) in accordance with this Residency and Care Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars ($1,000.00) and less any charges specifically incurred by the Company at Resident's request and set forth in Exhibit C of the Residency and Care Agreement or in writing in a separate addendum to the Residency and Care Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company's receipt of the Resident's written notice of rescission.

3. Permanent Transfers to the Healthcare Center. Upon termination of the Residency and Care Agreement, the Resident may draw against the refundable portion of the Entrance Fee, provided a new resident of the Apartment has paid an Entrance Fee, to supplement payment of charges in the Healthcare Center if the Resident's other assets from all available sources are insufficient to cover the charges in the Healthcare Center. The Company will require the Resident to demonstrate the unavailability of other resources to cover costs in the Healthcare Center.

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

The portion of the Entrance Fee that is refundable to the Resident will decline over time, based on the amount of time that has elapsed since the Occupancy Date and the type of contract, as follows:

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

*The percentages in the table do not apply during the rescission period as described above.

G. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly Fees and extra charges that have not been paid within five (5) days after their due date.

IX. Financial Information

A. Audited Financial Statements. Audited financial statements of the Company as of and for the year ended December 31, 2022 are included as Exhibit A.

B. Actual versus Forecasted Results. A narrative of material differences between the previously forecasted financial statements and actual results of operations for the year ended December 31, 2022 for the Company are included in Exhibit B.

C. Interim Financial Statements. Interim financial statements for the three-month period ended March 31, 2023 for the Company are included as Exhibit C.

D. 5-Year Prospective Financial Statements. Financial forecasts for each of the five years ending December 31, 2027 for the CCRC as compiled by an independent public accountant are included as Exhibit D.

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

X. Other Material Information

None.

EXHIBIT A

AUDITED FINANCIAL STATEMENTS

[ATTACHED]

PISGAH VALLEY

COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2022

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

PISGAH VALLEY
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Members
Pisgah Valley
Wilmington, North Carolina

Opinion

We have audited the accompanying combined financial statements of Pisgah Valley (the “Company”), a group of entities under common control, which comprise the combined balance sheet as of December 31, 2022, and the related combined statements of operations and changes in members’ deficit and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 2 to the combined financial statements, the Company changed its method of accounting for leases as of January 1, 2022, due to the adoption of Accounting Standards Update 2016-02, *Leases (Topic 842)*, as amended. Our opinion is not modified for this matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that Pisgah Valley raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 auditing standards generally accepted in the United States of America 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 judgement made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined 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 combined 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 Company'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 combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Supplementary Information

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

Cherry Bekaert LLP

Charlotte, North Carolina
May 24, 2023

PISGAH VALLEY
COMBINED BALANCE SHEET

DECEMBER 31, 2022

ASSETS	
Current Assets:	
Cash	$ 6,822,813
Restricted cash	113,967
Investments	1,064,881
Resident accounts receivable, net	915,733
Accounts receivable - other	78,487
Inventories	72,462
Prepaid expenses	249,453
Notes receivable - owners	4,783,680
Total Current Assets	14,101,476
Property and Equipment, Net	17,521,392
Noncurrent Assets:	
Intangible asset	2,915,451
Accounts receivable - related parties	4,228,808
Other assets	77,331
Total Noncurrent Assets	7,221,590
Total Assets	$ 38,844,458
LIABILITIES AND MEMBERS' DEFICIT	
Current Liabilities:	
Accrued expenses and other payables	$ 1,062,547
Current portion of resident refunds	1,272,588
Current portion of deferred revenue	322,206
Current portion of long-term debt	587,983
Total Current Liabilities	3,245,324
Noncurrent Liabilities:	
Accounts payable - related parties	5,892,201
Resident refunds, net of current portion	10,126,628
Deferred revenue, net of current portion	3,318,508
Long-term debt, net of current portion	17,920,808
Notes payable - owners	104,800
Total Noncurrent Liabilities	37,362,945
Total Liabilities	40,608,269
Members' Deficit	(1,763,811)
Total Liabilities and Members' Deficit	$ 38,844,458

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

PISGAH VALLEY
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' DEFICIT

YEAR ENDED DECEMBER 31, 2022

Revenue:	
Resident revenue - Independent living	$ 1,215,640
Resident revenue - Assisted living	1,386,960
Resident revenue - Skilled nursing	12,567,203
Rent revenue	4,200
Other revenue	469,477
Entrance fee	380,124
Total Revenue	16,023,604
Expenses:	
Resident services - Independent living	208,164
Resident services - Assisted living	520,325
Resident services - Skilled nursing	5,866,939
Dietary	1,194,620
Laundry	180,125
Housekeeping	531,766
Plant operations	1,819,997
Physical plant	131,393
General and administrative	1,472,765
Management fees	924,349
Interest	587,023
Depreciation and amortization	1,016,315
Other expense	281,528
Total Expenses	14,735,309
Net income	1,288,295
Members' deficit, beginning of year	(2,324,046)
Distributions	(728,060)
Members' deficit, end of year	$ (1,763,811)

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

PISGAH VALLEY
COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:	
Net income	$ 1,288,295
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation and amortization	1,016,315
Amortization of debt issuance costs	24,583
Amortization of entrance fees	(380,124)
Unrealized loss on investments, net	4,222
Changes in operating assets and liabilities:	
Resident accounts receivable, net	408,948
Accounts receivable - other	(68,998)
Prepaid expenses	60,494
Accounts receivable - related parties	3,752,985
Other assets	(28,551)
Deferred revenue	(140,885)
Accrued expenses and other payables	(383,982)
Accrued interest on notes receivable - owners	(88,871)
Accounts payable - related parties	1,622,405
Net cash flows from operating activities	7,086,836
Cash flows from investing activities:	
Purchases of property and equipment	(1,140,564)
Purchases of investments	(2,702,523)
Sales of investments	2,691,614
Net cash flows from investing activities	(1,151,473)
Cash flows from financing activities:	
Principal payments on long-term debt	(573,661)
Entrance fees received	3,022,301
Resident refunds of entrance fees	(1,546,298)
Issuance of notes receivable - owners	(1,425,042)
Repayments of notes receivable - owners	500,000
Distributions to officers/members	(728,060)
Net cash flows from financing activities	(750,760)
Net change in cash and restricted cash	5,184,603
Cash and restricted cash, beginning of year	1,752,177
Cash and restricted cash, end of year	$ 6,936,780
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	$ 562,440
Reconciliation of cash and restricted cash to the combined balance sheet:	
Cash per combined balance sheet	$ 6,822,813
Restricted cash per combined balance sheet	113,967
	$ 6,936,780

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

Note 1—Nature of operations

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

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

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

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

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

Note 2—Summary of significant accounting policies

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

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

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

No assets or liabilities (real or contingent) of the individual members of any of the limited liability companies are included in the combined financial statements of the Company. Individual members are not liable for the Company's debt.

Note 2—Summary of significant accounting policies (continued)

Cash and Cash Equivalents – Cash includes deposit accounts and investments purchased with an original maturity of three months or less. There were no cash equivalents as of December 31, 2022.

Restricted Cash – Restricted cash is comprised of patient trust funds.

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

Property and Equipment, Net – Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Depreciation and amortization amounted to approximately $1,016,000 for the year ended December 31, 2022.

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

Buildings and improvements	5 to 40 years
Land improvements	5 to 15 years
Furniture and fixtures	5 to 20 years
Vehicles	10 years
Software	3 years
Leasehold improvements	Lesser of 40 years or the lease term
Equipment	3 to 20 years

Debt Issuance Costs – Financing costs associated with the notes payable have been deferred and are being amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Amortization of debt issuance costs is recognized as interest expense in the combined statement of operations and changes in members' deficit. Unamortized debt issuance costs are included as a reduction related to debt liabilities.

Investments – Investments are comprised of fixed income securities. Unrealized and realized gains and losses related to investments are reported in other revenue.

Fair Value Measurements – The Company measures assets and liabilities required to be recorded at fair value in accordance with U.S. GAAP. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and liabilities that are measured and reported at fair value on a recurring basis are classified into one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Note 2—Summary of significant accounting policies (continued)

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Fixed income securities are public investment vehicles providing a return in the form of fixed periodic payments and eventual return of principal at maturity. The market value of the security is a quoted price for similar assets in an active market and classified within Level 2 of the valuation hierarchy. There were no Level 1 or Level 3 investments during 2022.

Revenue Recognition – The Company follows the guidance provided by Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* and uses a five-step model to apply to revenue recognition, consisting of: (1) determination of whether a contract, an agreement between two or more parties that creates legally enforceable rights and obligations, exists; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when (or as) the performance obligation is satisfied.

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

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

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

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

Note 2—Summary of significant accounting policies (continued)

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

The Company has a performance obligation related to the series of distinct goods and services and another performance obligation related to access residents have for discounted fee days. Management has determined it is appropriate to allocate an equal amount of revenue to this material right each month.

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

The Company receives revenue from independent living residents containing a lease component that would fall under the guidance of ASC 842, *Leases*. The amount of revenue recorded under this guidance was approximately $1,200,000 and there would be no difference in how the revenue would be recognized under ASC 606 or ASC 842.

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

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying combined balance sheet consisted of contractual refund obligations under existing contracts (that is if all residents with a refundable balance were to have withdrawn) and nonrefundable entrance fees totaling approximately $11,400,000 and $3,600,000 respectively, at December 31, 2022. There were no contract assets as of December 31, 2022. Contract terms related to entrance fees collected are described below.

Resident Accounts Receivable, Net – Receivables from residents, insurance companies, and third party contractual agencies are recorded at regular resident service rates, net of estimated contractual adjustments and uncollectible amounts. Contractual adjustments are estimated based on the terms of third party insured contracts and arrangements. Adequate allowances are provided for doubtful accounts and other uncertainties. Credit losses have historically been within management's expectations. Accounts receivable is stated in the amount management expects to collect from outstanding balances.

Income Taxes – The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed essentially as a partnership. In lieu of corporate federal income taxes, the members of a limited liability company are taxed on their proportionate share of the Company’s taxable income. Management has evaluated the effect of the guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes. Management has evaluated all other tax positions that could have a significant effect on the combined financial statements and determined the Company had no uncertain income tax positions at December 31, 2022.

Note 2—Summary of significant accounting policies (continued)

The Unit Owners Association, as a homeowners association, may be taxed either as a homeowners association or as a regular corporation. For the year ended December 31, 2022, the Unit Owners Association was taxed as a homeowners association. As a homeowners association, membership income is exempt from taxation if certain elections are made, and the homeowners association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

Intangible Asset – In accordance with U.S. GAAP, goodwill and intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. For the Company, this asset includes a CON. Intangible assets with indefinite useful lives are reviewed for impairment in accordance with ASC 350, *Intangibles – Goodwill and Other*, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of its CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company will perform a qualitative assessment of impairment to determine whether the value of the CON was impaired. Based on the results of this qualitative assessment, the CON was not impaired as of December 31, 2022.

Impairment of Long-Lived Assets – The Company reviews the carrying value of its long-lived assets such as property and equipment, whether held for use or disposal when events and circumstances indicate that the carrying amount of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Based on results of this review, property and equipment were not impaired as of December 31, 2022.

Operating Reserves – Continuing care retirement communities located in North Carolina are licensed and monitored by the North Carolina Department of Insurance (“NC DOI”) under Article 64 of Chapter 58 of the North Carolina General Statute. The Commissioner of Insurance has the authority to revoke or restrict the license of or impose additional requirements on any continuing care facility under certain circumstances specified in North Carolina 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 NC DOI, upon approval of the Commissioner of Insurance. Continuing care retirement communities with less than 90% occupancy are required to maintain an operating reserve equal to 50% of projected total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses.

In order to meet the North Carolina General Statute operating reserve requirement for 2022, the Company maintained an irrevocable standby letter of credit throughout the year. At December 31, 2022, the amount of the letter of credit was $3,773,000.

Credit Concentrations – The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. During the year ended December 31, 2022, the Company from time to time may have had amounts on deposit in excess of the insured limits.

Note 2—Summary of significant accounting policies (continued)

The Company grants credit without collateral to its patients and residents, most of who are insured by third party payors. The mix of receivables from patients and third party payors at December 31, 2022 are as follows:

Medicare	67%
Medicaid	25%
Commercial insurance/private pay/other	8%
	100%

The Company's mix of revenue sources for the year ended December 31, 2022 are as follows:

Medicare	20%
Medicaid	34%
Commercial insurance/private pay/other	46%
	100%

Advertising Costs – Advertising costs are expensed in the year incurred and totaled approximately $115,000 for the year ended December 31, 2022.

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

At the end of each fiscal year, the CCRC calculates the present value of estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees at that date. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services) with a corresponding charge to income. No liability was recorded at December 31, 2022, because the present value of the estimated net costs of future services and use of facilities was less than deferred revenue from entrance fees. The obligation was discounted at 5.00%, based on the average life expectancy and expected annual inflationary increase of 3.00%.

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

Change in Accounting Principle – In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases.* FASB also subsequently issued additional ASUs which amend and clarify Topic 842.

The Company adopted these ASUs effective January 1, 2022 using the modified retrospective approach. The Company elected the three transition practical expedients that permit an entity to (a) not reassess whether expired or existing contracts contain leases, (b) not reassess lease classification for existing or expired leases, and (c) not consider whether previously capitalized initial direct costs would be appropriate under the new standard. Adoption of the new standard did not have a material impact on the Company's combined balance sheet or combined statement of operations and changes in members' deficit.

Note 2—Summary of significant accounting policies (continued)

New Accounting Pronouncement – In June 2016, FASB issued ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses, such that the net receivable represents the present value of expected cash collection. The new rules also require certain financial assets be measured at amortized cost reflecting an allowance for estimated credit losses that are expected to occur over the life of the assets. This estimate must be based on all relevant information, such as historical information, current conditions, and reasonable and supportable forecasts that could impact the collectability of the amounts. The standard is effective for the Company for the year ended December 31, 2023. The Company is currently in the process of evaluating the impact of adoption of this ASU on the combined financial statements.

Note 3—Investments

The following table sets forth by level within the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of December 31, 2022. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Assets at fair value as of December 31, 2022 consist of the following:

	Level 1	Level 2	Level 3	Fair Value
Fixed income:				
U.S. treasuries	$ -	$ 53,170	$ -	$ 53,170
Foreign obligations	-	387,225	-	387,225
Non-government obligations	-	624,486	-	624,486
Total investments at fair value	$ -	$ 1,064,881	$ -	$ 1,064,881

Note 4—Property and equipment, net

Property and equipment, net at December 31, 2022 consists of the following:

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Total
Buildings and improvements	$ -	$ 92,000	$ 16,851,126	$ 16,943,126
Land and land improvements	-	1,141,643	1,278,742	2,420,385
Furniture and fixtures	409,240	-	-	409,240
Leasehold improvements	1,409,691	-	20,619	1,430,310
Vehicles	138,635	-	-	138,635
Equipment	412,904	-	482,632	895,536
	2,370,470	1,233,643	18,633,119	22,237,232
Less accumulated depreciation	(1,040,384)	(507,143)	(3,267,260)	(4,814,787)
	1,330,086	726,500	15,365,859	17,422,445
Construction in progress	5,600	-	93,347	98,947
Property and equipment, net	$ 1,335,686	$ 726,500	$ 15,459,206	$ 17,521,392

Note 5—Intangible asset

Intangible asset (indefinite-lived) consisted of the following at December 31, 2022:

Certificate of need	$ 2,915,451

Note 6—Long-term debt

Long-term debt for the Company consists of the following at December 31, 2022:

Note payable for $20,025,000 at 2.93%, payable in 84 monthly installments of $94,675, unpaid principal balance due in August 2027. The note is guaranteed by the Company and Liberty Healthcare Group, LLC and secured by all real property and the furniture, fixtures, and equipment included in the asset purchase agreement.	$	18,621,464
Less unamortized debt issuance costs		(112,673)
Less current installments of long-term debt		(587,983)
Long-term debt	$	17,920,808

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

Years Ending December 31,		
2023	$	587,983
2024		604,189
2025		623,884
2026		642,673
2027		16,162,735
	$	18,621,464

Interest expense amounted to $587,023 for the year ended December 31, 2022, including $24,583 of amortization of debt issuance costs.

Future amortization of debt issuance costs at December 31, 2022 is as follows:

Years Ending December 31,		
2023	$	24,583
2024		24,583
2025		24,583
2026		24,583
2027		14,341
	$	112,673

Certain loan agreements contain customary negative covenants. Management is not aware of any violations of its covenants at December 31, 2022.

Note 7—Related party transactions

Other entities owned by Liberty Healthcare provide other benefits to the Company. These transactions are also considered related party transactions and are settled through related party cash accounts and payments to the other entities. As of December 31, 2022, total receivables and payables to related parties were $4,228,808 and $5,892,201, respectively.

Pisgah Valley Center has entered into a management agreement in which Pisgah Valley Center pays a management fee of 5% and 6% of net revenues related to independent living and healthcare (assisted living and skilled nursing), respectively, to Liberty Living Management, LLC, a related party who provides management services to the Company. These fees totaled $924,349 for the year ended December 31, 2022.

Pisgah Valley Center has entered into a professional services agreement in which Pisgah Valley Center pays a professional service fee per resident per month to Liberty Private Care, LLC, a related party who provides professional services to the Company. Pisgah Valley Center also entered into a sub-lease agreement effective September 1, 2019, in which Liberty Private Care, LLC pays a sub-lease fee monthly to Pisgah Valley Center. The professional service and sub-lease fees totaled $453,109 and $4,200, respectively, for the year ended December 31, 2022 and are included in general and administrative expense in the combined statement of operations and changes in members deficit.

Amounts previously advanced to owners of Liberty Healthcare by Pisgah Valley Properties were outstanding at December 31, 2022 in the amount of $3,358,638. Such advances were pursuant to a note agreement, bearing interest at 2% per annum and were due and unpaid at December 31, 2022. Final payment was due December 31, 2022. Other amounts previously advanced to owners of Liberty Healthcare by Pisgah Valley Properties were outstanding at December 31, 2022 in the amount of $1,425,042. Such advances were due and unpaid at December 31, 2022. These advances along with accrued interest are included in current assets at December 31, 2022.

Note 8—Leases

Pisgah Valley Properties (the “Lessor”) leases real estate which includes office space, nursing homes, and long-term care centers to Pisgah Valley Center (the “Lessee”) under the terms of the Operating Lease Agreement (the “Operating Lease”) effective February 1, 2018. The Operating Lease expires on January 31, 2027, and the Lessee has the option to renew for five additional terms of five years each. Renewal and termination clauses are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by the Lessees.

Pisgah Valley Properties determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property and equipment for a period of time in exchange for consideration. Pisgah Valley Properties has elected to apply the practical expedient to account for lease and non-lease components as a single component, and all components qualify for this practical expedient as the timing and pattern of transfer of the lease and non-lease component are the same, and the lease would be classified as an operating lease if it were accounted for separately. Pisgah Valley Properties has determined that the lease is predominant in this contract and is accounting for the lease as an operating lease under ASC 842.

The presentation is dependent on lease classification. However, Pisgah Valley Properties only has an operating lease from a lessor perspective. Assets leased by the Company under operating lease are presented as property and equipment in the Company’s combined balance sheet and depreciated over their estimated useful life.

The cost basis of land, buildings, and improvements, and office furniture and equipment held under the terms of the lease agreement was $18,726,466 and related accumulated depreciation was $3,267,260 at December 31, 2022.

Note 8—Leases (continued)

Pisgah Valley Properties receives rent payments directly from the Lessee. For the year ended December 31, 2022, the monthly payment was $124,252 for Pisgah Valley Center. According to the terms of the operating lease, the annual rent to be paid by the lessees will be increased by the same percentage increase, if any, to the state-wide fair value component of the state of North Carolina Skilled Nursing Facility Medicaid Reimbursement rates. The lease payments must be in the annual amount equal to 1.05 times the sum of the Company's: a) annual principal and interest payments; (b) annual mortgage insurance premium; (c) annual deposit for reserve replacements; (d) annual property insurance; and (e) annual property taxes.

Total rental income for the year ended December 31, 2022 was $1,490,429 for Pisgah Valley Properties and has been eliminated in the combined financial statements.

Minimum future cash rentals due on a straight-line basis to Pisgah Valley Properties under the terms of the operating lease agreement plus the percentage increase, if any, to the state-wide Fair Value component of the state of North Carolina Skilled Nursing Facility Medicaid Reimbursement rates are as follows:

Years Ending December 31,	
2023	$ 1,491,029
2024	1,491,029
2025	1,491,029
2026	1,491,029
2027	1,491,029
Thereafter	35,908,950
	$ 43,364,095

Total rent expense incurred by Pisgah Valley Center to Pisgah Valley Properties was $1,490,429 for the year ended December 31, 2022, including amortization of the right-of-use asset of $90,829. These amounts have been eliminated in the combined financial statements.

Note 9—Contingencies

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

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

Note 10—Retirement plan

The Company sponsors a defined contribution plan to eligible employees as defined by the plan. The Company matches employee contributions at the discretion of management. The Company contributed approximately $42,000 for the year ended December 31, 2022.

Note 11—Litigation

Litigation is subject to uncertainties and the outcome of individual litigated matters is not predictable with assurance. Various legal actions, claims, or proceedings are pending against the Company having arisen in the ordinary course of business. When appropriate, the Company establishes loss provisions for matters in which losses are probable and can be reasonably estimated.

Note 12—Subsequent events

The Company has evaluated subsequent events through May 24, 2023, in connection with the preparation of these combined financial statements, which is the date the combined financial statements were available to be issued. The Company is unaware of any subsequent events that should be recognized or disclosed in the combined financial statements.

SUPPLEMENTARY INFORMATION

PISGAH VALLEY
COMBINING BALANCE SHEET

DECEMBER 31, 2022

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
ASSETS					
Current Assets:					
Cash	$ 5,611,437	$ -	$ 1,211,376	$ -	$ 6,822,813
Restricted cash	113,967	-	-	-	113,967
Investments	-	-	1,064,881	-	1,064,881
Resident accounts receivable, net	916,088	(355)	-	-	915,733
Accounts receivable - Pisgah Valley	647,983	110,435	3,618,740	(4,377,158)	-
Accounts receivable - other	78,487	-	-	-	78,487
Inventories	72,462	-	-	-	72,462
Prepaid expenses	249,203	150	100	-	249,453
Notes receivable - owners	-	-	4,783,680	-	4,783,680
Total Current Assets	7,689,627	110,230	10,678,777	(4,377,158)	14,101,476
Property and Equipment, Net	1,335,686	726,500	15,459,206	-	17,521,392
Noncurrent Assets:					
Intangible asset	-	-	2,915,451	-	2,915,451
Accounts receivable - related parties	4,213,808	-	15,000	-	4,228,808
Right-of-use asset	14,562,003	-	-	(14,562,003)	-
Other assets	77,331	-	-	-	77,331
Total Noncurrent Assets	18,853,142	-	2,930,451	(14,562,003)	7,221,590
Total Assets	$ 27,878,455	$ 836,730	$ 29,068,434	$ (18,939,161)	$ 38,844,458

PISGAH VALLEY
COMBINING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2022

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)					
Current Liabilities:					
Accrued expenses and other payables	$ 1,062,547	$ -	$ -	$ -	$ 1,062,547
Current portion of resident refunds	-	-	1,272,588	-	1,272,588
Current portion of deferred revenue	161,206	-	161,000	-	322,206
Current portion of right of use lease liability	95,751	-	-	(95,751)	-
Current portion of long-term debt	-	-	587,983	-	587,983
Accounts payable - Pisgah Valley	3,729,175	82,469	565,514	(4,377,158)	-
Total Current Liabilities	5,048,679	82,469	2,587,085	(4,472,909)	3,245,324
Noncurrent Liabilities:					
Accounts payable - related parties	5,891,013	-	1,188	-	5,892,201
Resident refunds, net of current portion	-	-	10,126,628	-	10,126,628
Deferred revenue, net of current portion	-	-	3,318,508	-	3,318,508
Right of use lease liability, net of current portion	14,466,252	-	-	(14,466,252)	-
Long-term debt, net of current portion	-	-	17,920,808	-	17,920,808
Notes payable - owners	104,800	-	-	-	104,800
Total Noncurrent Liabilities	20,462,065	-	31,367,132	(14,466,252)	37,362,945
Total Liabilities	25,510,744	82,469	33,954,217	(18,939,161)	40,608,269
Members' Equity (Deficit)	2,367,711	754,261	(4,885,783)	-	(1,763,811)
Total Liabilities and Members' Equity (Deficit)	$ 27,878,455	$ 836,730	$ 29,068,434	$ (18,939,161)	$ 38,844,458

PISGAH VALLEY
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' DEFICIT

YEAR ENDED DECEMBER 31, 2022

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
Revenue:					
Resident revenue - Independent living	$ 1,178,710	$ 283,598	$ -	$ (246,668)	$ 1,215,640
Resident revenue - Assisted living	1,386,960	-	-	-	1,386,960
Resident revenue - Skilled nursing	12,567,203	-	-	-	12,567,203
Rent revenue	4,200	-	1,490,429	(1,490,429)	4,200
Other revenue	649,711	-	105,222	(285,456)	469,477
Entrance fee	-	-	380,124	-	380,124
Total Revenue	15,786,784	283,598	1,975,775	(2,022,553)	16,023,604
Expenses:					
Resident services - Independent living	208,164	-	-	-	208,164
Resident services - Assisted living	520,325	-	-	-	520,325
Resident services - Skilled nursing	5,866,939	-	-	-	5,866,939
Dietary	1,194,620	-	-	-	1,194,620
Laundry	180,125	-	-	-	180,125
Housekeeping	531,766	-	-	-	531,766
Plant operations	2,066,665	-	-	(246,668)	1,819,997
Physical plant	1,530,993	-	-	(1,399,600)	131,393
General and administrative	1,437,104	-	35,661	-	1,472,765
Management fees	924,349	284,256	1,200	(285,456)	924,349
Interest	-	-	587,023	-	587,023
Depreciation and amortization	366,405	-	740,739	(90,829)	1,016,315
Other expense	278,239	1,125	2,164	-	281,528
Total Expenses	15,105,694	285,381	1,366,787	(2,022,553)	14,735,309
Net income (loss)	681,090	(1,783)	608,988	-	1,288,295
Members' equity (deficit), beginning of year	1,686,621	756,044	(4,766,711)	-	(2,324,046)
Distributions	-	-	(728,060)	-	(728,060)
Members' equity (deficit), end of year	$ 2,367,711	$ 754,261	$ (4,885,783)	$ -	$ (1,763,811)

PISGAH VALLEY
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
Cash flows from operating activities:					
Net income (loss)	$ 681,090	$ (1,783)	$ 608,988	$ -	$ 1,288,295
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Depreciation and amortization	366,405	-	740,739	(90,829)	1,016,315
Amortization of debt issuance costs	-	-	24,583	-	24,583
Amortization of entrance fees	-	-	(380,124)	-	(380,124)
Unrealized loss on investments, net	-	-	4,222	-	4,222
Changes in operating assets and liabilities:					
Resident accounts receivable, net	405,931	3,017	-	-	408,948
Accounts receivable - other	(68,998)	-	-	-	(68,998)
Prepaid expenses	(63,758)	-	-	124,252	60,494
Accounts receivable - related parties	1,386,320	-	2,366,665	-	3,752,985
Accounts receivable - Pisgah Valley	(343,300)	(39,347)	(745,685)	1,128,332	-
Other assets	(23,100)	-	(5,451)	-	(28,551)
Deferred revenue	(16,633)	-	-	(124,252)	(140,885)
Accrued expenses and other payables	(383,982)	-	-	-	(383,982)
Accrued interest on notes receivable - owners	-	-	(88,871)	-	(88,871)
Accounts payable - related parties	1,622,405	-	-	-	1,622,405
Accounts payable - Pisgah Valley	785,032	38,113	305,187	(1,128,332)	-
Net cash flows from operating activities	4,347,412	-	2,830,253	(90,829)	7,086,836

PISGAH VALLEY
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
Cash flows from investing activities:					
Purchases of property and equipment	$ (229,513)	$ -	$ (911,051)	$ -	$ (1,140,564)
Purchases of investments	-	-	(2,702,523)	-	(2,702,523)
Sales of investments	-	-	2,691,614	-	2,691,614
Net cash flows from investing activities	(229,513)	-	(921,960)	-	(1,151,473)
Cash flows from financing activities:					
Principal payments on long-term debt	-	-	(573,661)	-	(573,661)
Entrance fees received	-	-	3,022,301	-	3,022,301
Resident refunds of entrance fees	-	-	(1,546,298)	-	(1,546,298)
Issuance of notes receivable - owners	-	-	(1,425,042)	-	(1,425,042)
Repayments of notes receivable - owners	-	-	500,000	-	500,000
Distributions to officers/members	-	-	(728,060)	-	(728,060)
Net cash flows from financing activities	-	-	(750,760)	-	(750,760)
Net change in cash and restricted cash	4,117,899	-	1,157,533	(90,829)	5,184,603
Cash and restricted cash, beginning of year	1,698,334	-	53,843	-	1,752,177
Cash and restricted cash, end of year	$ 5,816,233	$ -	$ 1,211,376	$ (90,829)	$ 6,936,780
Supplemental disclosure of cash flow information:					
Cash paid during the year for interest	$ -	$ -	$ 562,440	$ -	$ 562,440
Reconciliation of cash and restricted cash to the combining balance sheet:					
Cash per combining balance sheet	$ 5,611,437	$ -	$ 1,211,376	$ -	$ 6,822,813
Restricted cash per combining balance sheet	113,967	-	-	-	113,967
	$ 5,725,404	$ -	$ 1,211,376	$ -	$ 6,936,780

EXHIBIT B

ACTUAL VERSUS FORECASTED RESULTS

[ATTACHED]

Pisgah Valley
Material Difference Narrative
As of and For the Year Ended December 31, 2022

For purposes of comparison, Pisgah Valley used the following financial reports as of and for the year ended (actual)/ending (forecasted) December 31, 2022:

Audited - Obtained from the combining audited financial statements of Pisgah Valley as of and for the year ended December 31, 2022.

Forecasted - Obtained from the forecasted financial statements with the Independent Accountants' Compilation Report dated May 27, 2022, which was included in the Pisgah Valley Disclosure Statement dated May 31, 2022.

The following explanations are furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanations pertain to material differences between the Pisgah Valley's audited and forecasted financial statements, as described above, as of and for the year ending December 31, 2022. See the summary Balance Sheets, Statements of Operations and Statements of Cash Flows behind this narrative for amounts and percentages.

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

Pisgah Valley
Material Difference Narrative
As of and For the Year Ended December 31, 2022

Balance Sheets:

1. Cash - Cash was more than forecasted by approximately $3,823,000 (127%) primarily due to approximately $5,785,000 of cash provided by related parties (see Note #3 below), which was offset by $938,000 in cash distrubution to owners, increasing a note receivable.

2. Due From/To Related Parties - There are transactions throughout the year between other companies related to Pisgah Valley which are not part of the economic entity. Below is a summary of the net balances due to and from these companies (shown in a comprehensive total) at December 31, 2022:

	Forecasted			Actual		
	Due From	**Due To**	**Net Rec/(Pay)**	**Due From**	**Due To**	**Net Rec/(Pay)**
Total receivable/(payable)	$ 8,391	$ (4,269)	$ 4,122	$ 4,229	$ (5,892)	$ (1,663)
						$ (5,785)
						-140%

The net amount from companies related to but not under Pisgah Valley's economic entity was less than forecasted by approximately $5,785,000 (140%) due to cash provided by other companies in 2022, which was not assumed in the forecast.

Statements of Operations and Changes in Members' Equity:

3. Skilled Nursing Expense - Direct care Skilled Nursing expense was less than forecasted by approximately $1,7165,000 (14%) as a result of historically low census in 2022 due to seveal open staff positions. Therefore, direct care staffing was significantly less than forecasted.

Statements of Cash Flows:

4. Net Change in Current Assets and Liabilities - The net change in current assets and liabilities was more than forecasted by approximately $5,390,000 (2,105%). This was primarily due to the approximately $5,785,000 in cash recieved from related party transactions described in Note #2 above.

Cash - unrestricted - See not #1 above

Pisgah Valley
At December 31, 2022

Balance Sheet (in '000s)	**2022 Forecast**	**2022 Actual**	**Variance - $**	**Variance - %**	**See Material Difference Narrative**
Assets:					
Current assets:					
Cash	$ 3,000	$ 6,823	$ 3,823	127%	(1)
Cash - restricted	32	114	82	256%	
Investments	1,066	1,065	(1)	0%	
Accounts receivable:					
Resident accounts receivable, net	1,474	916	(558)	-38%	
Other	9	78	69	767%	
Inventories	77	72	(5)	-6%	
Prepaid expenses	232	249	17	7%	
Notes receivable - owners	3,846	4,784	938	24%	
Total current assets	9,736	14,101	4,365		
Noncurrent assets:					
Notes receivable - owners		-			
Property and equipment, net	18,090	17,521	(569)	-3%	
Intangible assets	2,910	2,915	5	0%	
Due from related parties	8,391	4,229	(4,162)	-50%	(2)
Other non-current assets	97	77	(20)	-21%	
Total noncurrent assets	29,488	24,742	(4,746)		
Total assets	$ 39,224	$ 38,844	$ (381)		
Liabilities and Members' Equity:					
Current liabilities:					
Long-term debt, current portion	591	588	(3)	-1%	
Resident refunds, current portion	314	1,273	959	305%	
Deferred revenue from monthly fees	689	322	(367)	-53%	
Accounts payable and accrued expenses	1,740	1,063	(677)	-39%	
Total current liabilities	3,334	3,245	(88)		
Long-term liabilities:					
Due to related parties	4,269	5,892	1,623	38%	
Long-term debt, less current portion, net of deferred financing costs	17,921	17,921	-	0%	
Resident refunds payable, less current portion	11,147	10,127	(1,020)	-9%	
Deferred revenue, net	3,534	3,319	(215)	-6%	
Notes payable - owners	105	105	-	0%	
Total long-term liabilities	36,976	37,364	388		
Total liabilities	40,310	40,610	300		
Members' equity/(deficit)	(1,086)	(1,764)	(678)	62%	
Total liabilities and members' equity	$ 39,224	$ 38,844	$ (378)		

Pisgah Valley
For the Year Ended December 31, 2021

Statement of Operations and Changes in Members' Equity(in 000s)	**2022 Forecast**	**2022 Actual**	**Variance - $**	**Variance - %**	**See Material Difference Narrative**
Revenue:					
Entrance fee amortization	$ 282	$ 380	$ 98	35%	
Independent living service fees	1,363	1,216	(147)	-11%	
Assisted living revenue	1,440	1,387	(53)	-4%	
Skilled nursing service fees	13,470	12,567	(903)	-7%	
Provision for bad debt		-	-	100%	
Other revenue	80	473	393	491%	
Total Revenue	16,635	16,023	(612)		
Expenses:					
Independent living	195	208	13	7%	
Assisted living	602	520	(82)	-14%	
Skilled nursing	7,032	5,867	(1,165)	-17%	(3)
Dietary	1,198	1,195	(3)	0%	
Housekeeping	559	532	(27)	-5%	
Laundry & Linen	169	180	11	7%	
General & Administrative	1,590	1,473	(117)	-7%	
Management fees	996	924	(72)	-7%	
Plant & Operations/maintenance	1,495	1,820	325	22%	
Property costs/Physical plant	79	131	52	66%	
Total expenses	13,915	12,850	(1,065)		
Operating income	2,720	3,173	453	17%	
Other income/(expenses):					
Interest income	106	-	(106)	-100%	
Interest expense	(562)	(587)	(25)	4%	
Rent revenue	4	-	(4)	-100%	
Rent expense	(44)	-	44	-100%	
Depreciation and amortization	(986)	(1,016)	(30)	3%	
Other expense	-	(282)	(282)	100%	
Total other revenue/(expenses)	(1,482)	(1,885)	(403)		
Net income	1,238	1,288	50	4%	
Members' equity, beginning of year	(2,324)	(2,324)	-	0%	
Members' distribution	-	(728)	(728)	100%	
Members' equity/(deficit), end of year	$ (1,086)	$ (1,764)	$ (678)		

Pisgah Valley
For the Year Ended December 31, 2021

Statement of Cash Flows (in 000s)		2022 Forecast		2022 Actual		Variance - $	Variance - %	See Material Difference Narrative
Cash flows from operating activities:								
Net income (loss) from operations	$	1,238	$	1,288	$	50	4%	
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities:								
Depreciation		955		1,016		61	6%	
Amortization of deferred financing costs		25		25		-	0%	
Amortization of deferred marketing costs		6		-		(6)	-100%	
Provision for bad debts				4				
(Gain)/loss on disposal of assets		-		-		-	100%	
Amortization of entrance fees		(282)		(380)		(98)	35%	
Net change in current assets and liabilities		(256)		5,134		5,390	-2105%	(4)
Net cash provided by (used in) operating activities		1,686		7,087		5,397		
Cash flows from investing activities:								
Capital additions		(1,658)		(1,141)		517	-31%	
Change in investments		(8)		(11)		(3)	38%	
Net cash provided by (used in) investing activities		(1,666)		(1,151)		514		
Cash flows from financing activities:								
Principal payment of long-term debt		(571)		(574)		(3)	1%	
Entrance fees received		2,621		3,022		401	15%	
Resident refunds of entrance fees		(790)		(1,546)		(756)	96%	
Notes receivable - owners		-		(925)		(925)	100%	
Distributions from members		-		(728)		(728)	100%	
Net cash provided by (used in) financing activities		1,260		(751)		(2,011)		
Change in cash and investments		1,280		5,184		3,900		
Cash and investments/Cash and cash equivalents, beginning of year		1,752		1,752		-	0%	
Cash and investments/Cash and cash equivalents, end of year	$	3,032	$	6,936	$	3,900		
Cash reconciliation:								
Cash - unrestricted	$	3,000		6,823		3,823	127%	(1)
Cash - restricted		32		114		82	256%	
Total cash	$	3,032	$	6,937	$	3,905		

EXHIBIT C

INTERIM FINANCIAL STATEMENTS

[ATTACHED]

Pisgah Valley
Consolidated Statements of Operations and Changes in Members' Equity
For the Three Months Ended March 31, 2023

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Revenue:					
Entrance fee amortization	$ -	$ 87,001	$ -	$ -	$ 87,001
Net resident revenue:					
Independent living revenue	338,090	-	69,321	(60,783)	346,628
Assisted living revenue	389,928	-	-	-	389,928
Skilled nursing revenue	3,155,046	-	-	-	3,155,046
Provision for bad debt	(9,209)	-	-	-	(9,209)
Management fee revenue	62,181	-	-	(71,064)	(8,883)
Other revenue	(9,466)	446	-	-	(9,020)
Total operating revenue	3,926,570	87,447	69,321	(131,847)	3,951,491
Expense:					
Direct Expense:					
Nursing services	1,160,870	-	-	-	1,160,870
Dietary	310,624	-	-	-	310,624
Wellness	36,787	-	-	-	36,787
Patient activities	54,668	-	-	-	54,668
Social services	25,592	-	-	-	25,592
Physical therapy	97,811	-	-	-	97,811
Occupational therapy	68,511	-	-	-	68,511
Speech therapy	43,425	-	-	-	43,425
Respiratory therapy	6,330	-	-	-	6,330
Medical supplies	116,973	-	-	-	116,973
Other ancillaries	18,922	-	-	-	18,922
Total direct expense	1,940,513	-	-	-	1,940,513
GROSS MARGIN	**1,986,057**	**87,447**	**69,321**	**(131,847)**	**2,010,978**
% GROSS MARGIN	**51%**	**100%**	**100%**	**100%**	**51%**
Indirect Expense:					
Housekeeping	136,857	-	-	-	136,857
Laundry and linen	59,978	-	-	-	59,978
Barber and beauty	4,478	-	-	-	4,478
General and administrative	367,373	896	-	-	368,269
Management fee expense	230,429	300	62,181	(71,064)	221,846
Transportation	18,400	-	-	-	18,400
Plant operations	378,783	-	-	(60,783)	318,000
Physical plant	19,656	-	-	-	19,656
Total indirect expense	1,215,954	1,196	62,181	(131,847)	1,147,484
Total expense	3,156,467	1,196	62,181	(131,847)	3,087,997
EBITDAR	**770,103**	**86,251**	**7,140**	**-**	**863,494**
% EBITDAR	**20%**	**99%**	**10%**	**0%**	**22%**
Other revenue/(expense):					
Gain/(loss) on disposal of assets	-	1,945	-	-	1,945
Investment/interest expense	-	(136,064)	-	-	(136,064)
Deferred financing cost amortization	-	(6,146)	-	-	(6,146)
Rent revenue	-	372,757	-	(372,757)	-
Rent expense	(383,524)	-	-	372,757	(10,767)
Deferred marketing cost amortization	(3,223)	(155,745)	-	-	(158,968)
Depreciation	(58,867)	-	-	-	(58,867)
COVID expense	(86)	-	-	-	(86)
Total other revenue/expense	(504,620)	101,249	-	-	(403,371)
NET INCOME/(LOSS)	**265,483**	**187,500**	**7,140**	**-**	**460,123**
Members' equity/(deficit), beginning of year	2,367,711	(4,885,783)	754,261	-	(1,763,811)
Members' contributions	5,192	-	-	-	5,192
Members' distributions	-	-	-	-	-
Members' equity/(deficit), end of year	$ 2,638,386	$ (4,698,283)	$ 761,401	$ -	$ (1,298,496)

Pisgah Valley
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2023

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Cash flows from operating activities:					
Net income/(loss)	$ 265,483	$ 187,500	$ 7,140	$ -	$ 460,123
Adjustments to reconcile income/(loss)				-	
to net cash provided by operating activities:				-	-
Depreciation	58,867	-	-	-	58,867
Amortization of deferred financing costs	-	6,146	-	-	6,146
(Gain)/loss on disposal of assets	-	1,945	-	-	1,945
Amortization of advance fees	-	(87,001)	-	-	(87,001)
Amortization of deferred marketing costs	3,223	155,745	-	-	158,968
Provision for bad debts	9,209	-	-	-	9,209
Unrealized (gain)/loss on investments	-	(1,945)	-	-	(1,945)
Change in working capital:				-	
Resident accounts receivable	45,893	4,783,680	152	-	4,829,725
Other receivables	88,676	(1,425,042)	-	-	(1,336,366)
Inventories	22,337	-	-	-	22,337
Prepaid expenses	63,813	-	150	-	63,963
Accounts receivables - related parties	(1,893)	(542,505)	-	-	(544,398)
Intercompany receivables - Pisgah Valley	(188,105)	(258,723)	(7,292)	454,120	-
Other assets	14,649,080	(106,527)	(150)	-	14,542,403
Deferred revenue, current	80,218	-	-	-	80,218
Accounts payable and other accrued expenses and other payables	(242,533)	(155,745)	-	-	(398,278)
Accrued payroll and related withholdings	515,575	-	-	-	515,575
Resident refunds	-	-	-	-	-
Accrued interest on notes receivable - owners	-	(3,380,383)	-	-	(3,380,383)
Accounts payable - related parties	156,362	(0)	-	-	156,362
Intercompany payables - Pisgah Valley	(2,094,781)	188,105	-	1,906,676	-
Cash flows from operating activities	13,431,424	(634,750)	-	2,360,796	15,157,470
Cash flows from investing activities:					
Capital additions	(16,017)	(24,087)	-	-	(40,104)
Proceeds from sale of assets	-	-	-	-	-
Change in investments	-	(2,579)	-	-	(2,579)
Cash flows from investing activities	(16,017)	(26,666)	-	-	(42,683)
Cash flows from financing activities:					
Proceeds from long-term debt	-	-	-	-	-
Deferred financing costs	-	(6,146)	-	-	(6,146)
Principal payment of long-term debt and capital lease obligations	(14,466,252)	(35,289)	-	-	(14,501,541)
Entrance fees received	-	456,706	-	-	456,706
Resident refunds of entrance fees	-	(386,890)	-	-	(386,890)
Notes receivable - owners	-	-	-	-	-
Notes payable - owners	(291,379)	-	-	-	(291,379)
Member contributions/(distributions)	5,192	-	-	-	5,192
Cash flows from financing activities	(14,752,439)	28,381	-	-	(14,724,058)
Change in cash and cash equivalents	(1,337,032)	(633,035)	-	2,360,796	390,729
Cash and cash equivalents, beginning of year	5,725,404	1,211,376	-	-	6,936,780
Cash and cash equivalents, end of year	$ 4,388,372	$ 578,341	$ -	$ 2,360,796	$ 7,327,509
Cash - unrestricted	$ 4,360,478	$ 578,341	$ -	$ -	$ 4,938,819
Cash - restricted/invested	27,894	-	-	-	27,894
Total cash	$ 4,388,372	$ 578,341	$ -	$ -	$ 4,966,713

Pisgah Valley
Consolidated Balance Sheets
March 31, 2023

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Assets					
Current assets:					
Cash	$ 4,360,478	$ 578,341	$ -	$ -	$ 4,938,819
Cash - restricted	27,894	-	-	-	27,894
Investments	-	1,069,405	-	-	1,069,405
Accounts receivable:				-	
Resident accounts receivable, net	860,986	-	(507)	-	860,479
Other	(10,189)	1,425,042	-	-	1,414,853
Inventories	50,125	-	-	-	50,125
Prepaid expenses	185,390	100	-	(124,252)	61,238
Notes receivable, current - owners	-	3,380,383	-	-	3,380,383
Intercompany receivables - Pisgah Valley	836,088	3,877,463	117,727	(4,831,278)	-
Total current assets	6,310,772	10,330,734	117,220	(4,955,530)	11,803,196
Non-current assets:					
Notes receivable, non-current - owners	-	-	-	-	-
Property and equipment	1,292,836	15,481,348	726,500	-	17,500,684
Intangible assets	-	3,021,978	-	-	3,021,978
Due from related parties	4,215,701	557,505	-	-	4,773,206
Deferred marketing costs, net of amortization	39,235	-	-	-	39,235
Other non-current assets	(52,204)	-	150	-	(52,054)
Total non-current assets	5,495,568	19,060,831	726,650	-	25,283,049
Total assets	$ 11,806,340	$ 29,391,565	$ 843,870	$ (4,955,530)	$ 37,086,245
Liabilities and Members' Equity/(Deficit)					
Current liabilities:					
Long-term debt and capital lease obligation, current portion	$ 95,751	$ 440,021	$ -	$ -	$ 535,772
Resident refunds, current portion:				-	
Entrance fees	-	631,046	-	-	631,046
Other	-	-	-	-	-
Deferred revenue, current portion	241,424	122,000	-	(124,252)	239,172
Accounts payable and accrued expenses	820,014	-	-	-	820,014
Accrued payroll and related withholdings	515,575	-	-	-	515,575
Intercompany payables - Pisgah Valley	1,634,394	753,619	82,469	(4,831,278)	(2,360,796)
Total current liabilities	3,307,158	1,946,686	82,469	(4,955,530)	380,783
Non-current liabilities and deferred revenue:					
Long-term debt and capital lease obligation, less current portion	-	18,033,481	-	-	18,033,481
Deferred financing costs, net of accumulated amortization	-	-	-	-	-
Resident entrance fees payable, less current portion	-	10,603,218	-	-	10,603,218
Deferred revenue - entrance fees	-	3,505,275	-	-	3,505,275
Due to related parties	6,047,375	1,188	-	-	6,048,563
Notes payable - owners	(186,579)	-	-	-	(186,579)
Total non-current liabilities and deferred revenue	5,860,796	32,143,162	-	-	38,003,958
Total liabilities and deferred revenue	9,167,954	34,089,848	82,469	(4,955,530)	38,384,741
Members' equity/(deficit)	2,638,386	(4,698,283)	761,401	-	(1,298,496)
Total liabilities and members' equity/(deficit)	$ 11,806,340	$ 29,391,565	$ 843,870	$ (4,955,530)	$ 37,086,245

EXHIBIT D

5-YEAR PROSPECTIVE FINANCIAL STATEMENTS

[ATTACHED]

Pisgah Valley

Compilation of a Financial Projection

Five Years Ending December 31, 2027

(with Independent Accountants' Compilation Report thereon)

Pisgah Valley

Compilation of a Financial Projection

Five Years Ending December 31, 2027

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FORVIS

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Independent Accountants' Compilation Report

Pisgah Valley
Wilmington, North Carolina

Management of Pisgah Valley, a group of entities under common control (the "Company"), and the day-to-day operating manager, Liberty Living Management, LLC (collectively "Management") is responsible for the accompanying financial projection of the Company, which comprises the projected combined balance sheets as of and for each of the five years ending December 31, 2027, the related projected combined statements of operations, changes in members' equity, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

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

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by Management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on this financial projection. The projected results may not be achieved, as there will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Furthermore, even if the hypothetical assumption that the Company refinances its note payable at terms and rates similar to those reflected in the projection occurs during the projection period, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

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

FORVIS, LLP

Atlanta, Georgia
May 30, 2023

Pisgah Valley

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

	2023	2024	2025	2026	2027
Revenue:					
Entrance fee amortization	$ 380	$ 466	$ 552	$ 607	$ 631
Independent living	1,623	1,640	1,741	1,808	1,877
Assisted living	1,575	1,620	1,668	1,718	1,770
Skilled nursing	13,538	13,408	13,848	14,222	14,653
Other revenue	90	91	94	96	99
Total operating revenue	17,206	17,225	17,903	18,451	19,030
Expense:					
Independent living	243	251	258	266	274
Assisted living	650	669	689	710	731
Skilled nursing	6,713	6,914	7,121	7,335	7,555
Dietary	1,222	1,259	1,297	1,336	1,376
Housekeeping	527	542	559	575	593
Laundry	193	199	205	211	218
General and administrative	1,571	1,618	1,667	1,716	1,769
Management Fee	1,041	1,006	1,040	1,070	1,104
Plant operations	1,636	1,664	1,704	1,756	1,807
Physical plant	85	88	90	93	96
Total operating expense	13,881	14,210	14,630	15,068	15,523
Operating income	3,325	3,015	3,273	3,383	3,507
Other income (expense):					
Interest income	152	154	158	160	163
Rent revenue	4	4	4	4	4
Interest expense	(564)	(529)	(509)	(490)	(630)
Other expenses	(106)	-	-	-	-
Deferred financing costs amortization	(25)	(25)	(25)	(25)	(70)
Deferred marketing cost amortization	(11)	(20)	(23)	(18)	(12)
Depreciation	(1,035)	(1,075)	(1,101)	(1,120)	(1,134)
Total other income (expense)	(1,585)	(1,491)	(1,496)	(1,489)	(1,679)
Net income	1,740	1,524	1,777	1,894	1,828
Members' equity (deficit), beginning of year	(1,764)	26	1,550	3,327	5,221
Members' contributions	50	-	-	-	-
Members' equity, end of year	$ 26	$ 1,550	$ 3,327	$ 5,221	$ 7,049

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

Pisgah Valley

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

	2023	2024	2025	2026	2027
Cash flows from operating activities:					
Net income	$ 1,740	$ 1,524	$ 1,777	$ 1,894	$ 1,828
Adjustments to reconcile net income to net cash from operating activities					
Entrance fee amortization	(380)	(466)	(552)	(607)	(631)
Deferred financing cost amortization	25	25	25	25	70
Deferred marketing cost amortization	11	20	23	18	12
Depreciation	1,035	1,075	1,101	1,120	1,134
Accrued interest on notes receivable	892	914	937	961	1,080
Accounts receivable - related parties	(6,453)	(3,254)	(3,732)	(2,918)	(2,820)
Change in current assets and liabilities, net	238	33	(11)	(93)	(99)
Cash flows from operating activities	(2,892)	(129)	(432)	400	574
Cash flows from investing activities:					
Capital additions	(1,048)	(480)	(203)	(124)	(128)
Cash flows from investing activities	(1,048)	(480)	(203)	(124)	(128)
Cash flows from financing activities:					
Proceeds from long-term debt	-	-	-	-	15,763
Refinancing of existing debt	-	-	-	-	(15,763)
Deferred financing costs	-	-	-	-	(315)
Principal payments on long-term debt	(588)	(607)	(627)	(646)	(512)
Member contributions	50	-	-	-	-
Entrance fees received	2,560	2,376	2,456	683	704
Resident refunds of entrance fees	(1,405)	(1,160)	(1,194)	(313)	(323)
Cash flows from financing activities	617	609	635	(276)	(446)
Change in cash and restricted cash	(3,323)	-	-	-	-
Cash and restricted cash, beginning of year	6,937	3,614	3,614	3,614	3,614
Cash and restricted cash, end of year	$ 3,614	$ 3,614	$ 3,614	$ 3,614	$ 3,614
Cash and restricted cash reconciliation:					
Cash	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
Cash - restricted	114	114	114	114	114
Operating reserve - Company	500	500	500	500	500
Total cash and restricted cash	$ 3,614	$ 3,614	$ 3,614	$ 3,614	$ 3,614

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

Pisgah Valley

Projected Combined Balance Sheets
As of December 31,
(In Thousands)

Assets	2023	2024	2025	2026	2027
Current assets:					
Cash	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
Cash - restricted	114	114	114	114	114
Investments	1,065	1,065	1,065	1,065	1,065
Resident accounts receivable, net	974	965	994	1,024	1,055
Accounts receivable - other	79	79	79	79	79
Inventories	77	79	82	84	87
Prepaid expenses	232	238	245	253	260
Total current assets	5,541	5,540	5,579	5,619	5,660
Non-current assets:					
Operating reserve - Company	500	500	500	500	500
Property and equipment, net	17,534	16,939	16,041	15,045	14,039
Intangible assets	2,915	2,915	2,915	2,915	2,915
Accounts receivable - related parties	10,682	13,936	17,668	20,586	23,406
Notes receivable - owners	3,892	2,978	2,041	1,080	-
Deferred marketing costs, net of amortization	46	42	35	21	13
Other non-current assets	21	21	21	21	21
Total non-current assets	35,590	37,331	39,221	40,168	40,894
Total assets	$ 41,131	$ 42,871	$ 44,800	$ 45,787	$ 46,554

Liabilities and Members' Equity	2023	2024	2025	2026	2027
Current liabilities:					
Long-term debt, current portion	$ 607	$ 627	$ 646	$ 512	$ 318
Resident refunds payable, current portion	1,333	1,367	486	496	506
Deferred revenue, current portion	621	691	756	722	686
Accounts payable and accrued expenses	347	357	367	379	390
Accrued payroll and related withholdings	695	714	734	758	780
Total current liabilities	3,603	3,756	2,989	2,867	2,680
Non-current liabilities:					
Long-term debt, net	17,338	16,736	16,115	15,628	15,065
Accounts payable - related parties	5,898	5,847	5,796	5,745	5,694
Resident refunds, net of current portion	10,284	10,427	11,492	11,524	11,556
Deferred revenue, net of current portion	3,877	4,450	4,976	4,697	4,405
Notes payable - owners	105	105	105	105	105
Total non-current liabilities	37,502	37,565	38,484	37,699	36,825
Total liabilities	41,105	41,321	41,473	40,566	39,505
Members' equity	26	1,550	3,327	5,221	7,049
Total liabilities and members' equity	$ 41,131	$ 42,871	$ 44,800	$ 45,787	$ 46,554

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

General

The accompanying financial projection presents, to the best of the knowledge and belief of the management of Pisgah Valley, a group of entities under common control (the "Company"), and the day-to-day operating manager, Liberty Living Management, LLC (the "Operating Manager") (collectively, "Management"), the expected financial position, results of operations and changes in members' equity, and cash flows of the Company as of and for the each of the five years ending December 31, 2027. Accordingly, the accompanying financial projection reflects Management's judgment as of May 30, 2023, the date of this projection, of the expected conditions and its expected course of action during the projection period. There will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

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

Background

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

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

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

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

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

The activities of Pisgah Valley Properties, Pisgah Valley Center, and the Unit Owners Association (collectively referred to as the "Company," the "Community" or "CCRC") are included in Management's projection.

The Community consists of 72 independent living units (the "Independent Living Units"), 24 multi-unit assisted housing with services units (the "Assisted Living Units"), and 118 skilled nursing beds (the "Skilled Nursing Beds"). The Assisted Living Units and the Skilled Nursing Beds are collectively referred to as the "Healthcare Center."

Related Parties

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

The Company has entered into a management agreement with the Operating Manager in which the Company pays a management fee of 5.0 percent of total revenues derived from the Independent Living Units and 6.0 percent of total revenues derived from the Assisted Living Units and Skilled Nursing Beds (the "Management Fee") to the Operating Manager, a related party to the Company.

The Company entered into a professional services agreement effective September 1, 2019 (the "Professional Services Agreement"), in which the Company pays a professional service fee per resident per month to Liberty Private Care, LLC ("Liberty Private Care"), a related party that provides nurse aide services to the Company. The Company entered into a sub-lease agreement effective September 1, 2019, in which Liberty Private Care pays a sub-lease fee monthly to the Company.

Pisgah Valley Properties advanced amounts to the owners of the Liberty Healthcare Group. Such advances are pursuant to a note agreement ("Note Receivable – Owners"), bearing interest at 2.0 percent per annum. These advances, along with accrued interest, are included in non-current assets. For purposes of the projection, advances associated with the Notes Receivable – Owners are assumed to be at the same rates and terms during the projection period.

The Community

The Community is located in Candler, North Carolina on approximately 30 acres of land owned by Pisgah Valley Properties or the Unit Owners Association and consists of the Independent Living Units, the Assisted Living Units, the Skilled Nursing Beds, and related common spaces.

The following table summarizes the types of units, approximate square footage, current entrance fees ("Entrance Fees"), and current monthly fee ("Monthly Fee") or daily fees ("Daily Fee") of the Community:

Table 1
Community Configuration and Fees

Unit Type	Number of Units	Square Footage	Entrance Fees		Monthly Fee		
Independent Living Units:			Non-Refundable[1]	90% Refundable[1]	CCRC Contract Prior to 2/1/2019[1][2]	CCRC Contract After 2/1/2019[1][2]	Homeowner Contract[3]
Two-bedroom	3	1,174	$ 208,613	$ 322,757	$ 1,660	$ 1,892	$ 355
Two-bedroom/den	25	1,240	219,080	338,396	1,660	1,892	355
Two-bedroom/sunroom	5	1,474	233,459	361,981	1,660	1,892	355
Two-bedroom/den/sunroom	39	1,540	224,054	377,748	1,660	1,892	355
Total / Weighted Average	**72**	**1,416**	**$ 233,170**	**$ 360,698**	**$ 1,660**	**$ 1,892**	**$ 355**
Assisted Living Units:							**Monthly Fee[1]**
Small studio	18	154					$ 5,557
Expanded studio	6	209					6,115
Total / Weighted Average	**24**	**168**					**$ 5,697**
Skilled Nursing Beds:							**Daily Fee**
Private	32	288					$ 315
Medicare	17	288					552
Medicare – Managed Care	12	288					463
Medicaid	55	288					261
Hospice	2	288					261
Total / Weighted Average	**118**	**288**					**$ 338**
Total Units/Beds	**214**						

Source: Management

(1) Entrance Fees and Monthly Fees shown are effective January 1, 2023. The second person Monthly Fee for the Independent Living Units and Assisted Living Units is $497 and $1,274, respectively, effective January 1, 2023.
(2) Residents contracts commencing prior to February 1, 2019 receive an approximately 12 percent discount compared to market rates for the term of those Resident contracts.
(3) All unit owners, regardless of occupancy, pay a Monthly Fee to the Unit Owners Association. Total fees paid by Pisgah Valley Center and the related fees received by the Unit Owners Association are eliminated in the combined projected financial statements.

Unit Owner Contracts

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

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

Right of First Refusal – Through a right of first refusal, it is Pisgah Valley Properties' intent to purchase the Independent Living Units from the Unit Owners through attrition until Pisgah Valley Properties owns all 72 Independent Living Units. As of the date of this report, Pisgah Valley Properties owns 64 Independent Living Units. Approximately seven Independent Living Units are assumed to be purchased in 2023 and approximately one Independent Living Units are assumed to be purchased in 2024, upon which all 72 Independent Living Units would be owned by Pisgah Valley Properties and operated by Pisgah Valley Center.

Residency and Care Agreements

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

- Electricity;
- Propane;
- Cable-ready wiring;
- Bi-weekly housekeeping;
- Annual carpet cleaning;
- Membership to the Wellness Center;
- 24-hour emergency response system;
- Priority access to the Assisted Living Units and the Skilled Nursing Beds; and
- Interior unit and appliance maintenance/replacement.

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

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

Terms of Residency – The term of the Residency and Care Agreement shall be from the date of execution of the Residency and Care Agreement until termination in accordance with Section 8 of the Residency and Care Agreement (the "Term").

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

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

Refunds of the Entrance Fee are as follows:

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

Termination Due to Death – The Residency and Care Agreement shall automatically terminate upon death of the Resident (unless there is a surviving joint Resident) and a personal representative shall have 30 days from date of death to remove personal property from the Independent Living Unit. The Resident's estate is obligated to pay the Monthly Fee until the removal of possessions from the Independent Living Unit and the key is returned to administration.

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

Summary of Significant Accounting Policies

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

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

Restricted Cash – Restricted cash is comprised of patient trust funds.

Investments – Investments are comprised of fixed income securities. Unrealized and realized gains and unrealized and realized losses related to investments are reported in other revenue and other expenses, respectively.

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

Statutory Operating Reserve – North Carolina General Statute section 58-64-33, requires licensed CCRCs to maintain an operating reserve equal to 50 percent (50%) of the total projected operating costs (adjusted for non-cash items) in a given year. If a CCRC maintains a combined independent and assisted living occupancy in excess of 90 percent (90%), the operating reserve amount required equals 25 percent (25%) of projected operating expenses (adjusted for non-cash items). The reserve may be funded by cash, invested cash, or investment grade securities. In order to meet the North Carolina General Statues operating reserve requirements, the Company maintains an irrevocable standby letter of credit from a financial institution. At December 31, 2022, the amount of the letter of credit was $3,773,000. Management is to fund a $500,000 operating reserve, at its discretion, to provide additional liquidity for Community's operations.

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

<u>Lease Accounting</u> – The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Lease Accounting Standard in February 2016. ASU 2016-02 requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases are to be classified as either finance or operating. This distinction shall be relevant for the pattern of expense recognition in the statement of operations. Upon the combining of the Company's financial statements, all material related party lease transactions occurring during the projection period were recognized as internal lease transfers and eliminated from the financial presentation.

The Company currently has a lease with an unrelated party to rent space within a maintenance building. Management considers this lease to be immaterial.

<u>Property and Equipment</u> – Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of depreciable assets. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations.

<u>Deferred Marketing Costs</u> – Management has implemented ASU No. 2014-09 "Revenue from Contracts with Customers" and adjusted the treatment of deferred marketing costs. Under the standard, the Company capitalizes marketing sales commissions associated with securing new Residency and Care Agreements as an asset and amortizes these commissions over the estimated term of the respective Residency and Care Agreement.

<u>Intangible Asset</u> – The Company records its CON as an intangible asset. Intangible assets with indefinite useful lives are reviewed for impairment in accordance with ASC 350, Intangibles – Goodwill and Other, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of its CON may warrant revision or that the remaining carrying value may not be recoverable. Management has not assumed an impairment to intangible assets during the projection period.

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

<u>Income Taxes</u> – The Company has elected to be treated as a partnership for income tax purposes. The Company's taxable income, its losses, and other pass-through items are reported on the members' tax returns. Accordingly, no provision for income taxes has been included in the projection.

Summary of Operating Revenue Assumptions

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

Table 2
Utilization

		Average Units Occupied			
Year Ending December 31,	**Units Available**	**CCRC Contracts (1)**	**Homeowner Contracts (1)**	**Total Units**	**Occupied Percentage**
Independent Living Units:					
2023	72	63	7	70	97%
2024	72	68	2	70	97%
2025 – 2027	72	69	–	69	96%
Assisted Living Units:					
2023 – 2027	24			23	96%
Skilled Nursing Units: (2)					
2023	118			104	88%
2024 – 2027	118			106	90%

Source: Management

(1) Some Independent Living Units are owned by individuals through a Unit Owner Contract, which gives Pisgah Valley Properties the right of first refusal to purchase upon the sale of the unit.
(2) The payor mix for the Skilled Nursing Beds in 2023 is assumed to be 27 percent, 14 percent, 10 percent, 47 percent, and 2 percent for private pay, Medicare-traditional, Medicare-managed care, Medicaid, and Hospice, respectively.

Independent Living Revenue

Resident service revenue for Residents living in the Independent Living Units is based upon the assumed Monthly Fees for services provided to Residents and the assumed occupancy of the Independent Living Units. Monthly Fees for the Independent Living Units are assumed to increase 3.0 percent annually throughout the projection period.

Assisted Living Revenue

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

Skilled Nursing Revenue

Resident service revenue for Residents living in the Skilled Nursing Beds is based upon assumed Daily Service Fees for services provided to Residents and the assumed occupancy of the Skilled Nursing Beds. Daily Service Fees for the Skilled Nursing Beds are assumed to increase 3.0 percent annually throughout the projection period.

Other Revenue

Revenue from other revenue is assumed to be generated from guest meals and other miscellaneous sources and is assumed to increase 3.0 percent annually during the projection period.

Summary of Entrance Fees Assumptions

Move-in / Contract Types

The number of Independent Living Unit's move-ins due to attrition are assumed to be 9, 8, 8, 2 and 2 for fiscal years 2023, 2024, 2025, 2026, and 2027, respectively. Contract utilization associated with move-ins is assumed to be 44 percent on the non-refundable plan and 56 percent on the 90 percent refundable plan.

Entrance Fee Refunds

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

Summary of Operating Expense Assumptions

Salaries, Wages and Employee Benefits

Salaries, wages, and employee benefits are assumed to increase 3.0 percent annually.

Non-Salary Expenses

Non-salary expenses are assumed to increase approximately 3.0 percent annually.

Management Fee Expense

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

Statutory Operating Reserve

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

Table 3
Operating Reserve Requirement
(in Thousands)

	2023	2024	2025	2026	2027
Projected expenses	$ 15,622	$ 15,859	$ 16,288	$ 16,721	$ 17,369
Add: principal payments on long-term debt	588	607	627	646	512
Subtract:					
Depreciation	(1,035)	(1,075)	(1,101)	(1,120)	(1,134)
Amortization	(36)	(45)	(48)	(43)	(82)
Projected expenses-adjusted	15,139	15,346	15,766	16,204	16,665
Operating reserve % required [1]	25%	25%	25%	25%	25%
Operating reserve [2]	$ 3,785	$ 3,837	$ 3,942	$4,051	$ 4,166
Independent Living and Assisted Living Units:					
Available, beginning of year	96	96	96	96	96
Occupied, beginning of year	88	93	92	92	92
Occupancy percentage	92%	97%	96%	96%	96%

Source: Management

(1) North Carolina state statute requires an operating reserve 50% or 25% of projected operating expenses-adjusted for occupancy of independent and assisted living below 90% or 90% or above, respectively.

(2) Management satisfies the statutory operating reserve requirement through an irrevocable standby letter of credit with a financial institution. Management also funds a $500,000 operating reserve, at its discretion, to provide additional liquidity for Community operations.

Property and Equipment

The Company is assumed to incur routine capital additions during the projection period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed using the straight-line method for buildings and equipment over estimated average useful lives ranging from 5 to 40 years. The Company's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

Table 4
Schedule of Property and Equipment
(in Thousands)

	2023	2024	2025	2026	2027
Beginning balance	$ 22,336	$ 23,384	$ 23,864	$ 24,067	$ 24,191
Routine capital additions	82	84	87	90	93
Purchases and renovations (1)	966	396	116	34	35
Property and equipment, cost	23,384	23,864	24,067	24,191	24,319
Accumulated depreciation	(5,850)	(6,925)	(8,026)	(9,146)	(10,280)
Property and equipment, net	$ 17,534	$ 16,939	$ 16,041	$ 15,045	$ 14,039

Source: Management

(1) Independent Living Units owned by individuals through a Unit Owner Contract are assumed to be purchased by Pisgah Valley Properties through December 31, 2025. Management assumes an average purchase price of approximately $307,000 per unit (including renovation costs of approximately $92,000) in 2023, which is assumed to increase 3.0 annually for the remainder of the projection period. Management assumes ongoing renovation costs of approximately $34,000 and $35,000 in fiscal years 2026 and 2027, respectively, as units turnover.

Long-Term Debt

The Company has a note payable (the "Note Payable") with a financial institution bearing interest at a fixed rate of 2.93 percent per annum due in 84 monthly installments of principal and interest of approximately $95,000 for the period from September 2020 through July 2027. The final payment of approximately $15,800,000 is due upon the maturity date of August 25, 2027. The outstanding balance of the Note Payable was approximately $18,621,000 on December 31, 2022.

The Company anticipates refinancing the Note Payable upon the maturity date of August 25, 2027. Management assumes approximately $15,763,000 of the Note Payable to be refinanced at a fixed interest rate of 5.2 percent per annum with a 25-year maturity. Management anticipates principal and interest payments would commence on September 1, 2027, with a final maturity date of August 25, 2052.

The following table presents the projected debt service for the Company.

Table 5
Principal and Interest Payments – Note Payable
(In Thousands)

Years Ended December 31,	Principal Payment	Interest Payment	Total Debt Service
2023	$ 588	$ 545	$ 1,133
2024	607	529	1,136
2025	627	509	1,136
2026	646	490	1,136
2027	512	630	1,142
Thereafter	15,929	5,133	21,062
Total	**$ 18,909**	**$ 7,836**	**$ 26,745**

Source: Management

Current Assets and Current Liabilities

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

Table 6
Working Capital – Days on Hand

Resident accounts receivables, net	26 days of skilled nursing revenues
Inventories	2 days of operating expenses
Prepaid expenses	6 days of operating expenses
Accounts payable and accrued expenses	9 days of operating expenses
Accrued payroll and related withholdings	18 days of operating expenses

Source: Management

EXHIBIT E

CONTRACT FOR INDEPENDENT LIVING CONTINUING CARE

[ATTACHED]

PISGAH VALLEY

A Liberty Senior Living Community

Residency and Care Agreement

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

5/31/2023

Term of Agreement Begins:
("Occupancy Date"): ___________

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PISGAH VALLEY RETIREMENT COMMUNITY

RESIDENCY AND CARE AGREEMENT

This RESIDENCY AND CARE AGREEMENT (the "Agreement") is made this ___ day of _______, _______, between PISGAH VALLEY RETIREMENT CENTER, LLC AND PISGAH VALLEY RETIREMENT CENTER PROPERTIES, LLC, North Carolina for-profit limited liability companies (herein individually or collectively the "Company" or "Community") and ________________ and _________________ (herein individually or collectively called "Resident"). If two persons desire to share an Apartment enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them.

W I T N E S S E T H:

WHEREAS, the Company leases and operates the continuing care retirement community known as Pisgah Valley Retirement Community (the "CCRC"), located at 104 Holcombe Cove Road, Candler, North Carolina; and

WHEREAS, the Resident desires to use and occupy a patio home unit (referred to herein as an "Apartment") located in one of the CCRC's independent living duplex buildings (the "Independent Living Building"); and

WHEREAS, and the Company desires to make the selected Apartment available to the Resident.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which the parties hereto acknowledge, and the full and faithful performance of all terms, covenants and conditions herein contained, the Resident and the Company hereby agree as follows:

1. Eligibility Requirements and Procedures.

The Resident will be qualified for admission as an occupant of the CCRC on the following terms and conditions:

a. Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Apartment in the Company's sole discretion but must, at a minimum, be at least fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of residents under the age of sixty-two (62) that will live in the CCRC.

b. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria as published by the Company, which criteria may be amended from time to time in the Company's sole discretion. The Resident shall provide to the Company an internal preliminary health screen, substantially in the form attached hereto as Exhibit A (the "Preliminary Health Screen"), completed by the Resident's primary physician and certifying that the Resident meets the independent living criteria within the period outlined in Section 1.d. of this Agreement.

c. Disclosure Statement. Upon execution of this Agreement, the Company will provide the Resident a copy of the CCRC's Disclosure Statement (the "Disclosure Statement") which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the vital information related to the CCRC. Included in the Disclosure Statement is a copy of this Agreement.

d. Application. Within thirty (30) days of execution of this Agreement, the Resident will complete a Preliminary Health Screen and a confidential financial statement, substantially in the form attached hereto as Exhibit B, all on the forms provided by the Company, and deliver the same (all such documents collectively referred to herein as, the "Application Forms") to the Company.

e. Interview. The Resident must have an interview with a representative from the Company prior to being approved for residency in the CCRC. This interview may include a non-medical assessment of the Resident(s) as an initial step in determining the whether the requirements for residency may be met.

f. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Entrance Fee (as defined in Section 7.a. of this Agreement), the Monthly Service Fee (as defined in Section 7.b. of this Agreement), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the Term of this Agreement. Immediately prior to the Occupancy Date (as defined in Section 1.m. of this Agreement), the Resident will affirm to the Company that the Resident's financial situation does not differ materially or adversely from the financial situation as presented in the Application Forms (substantially in the form attached to this Agreement). If the Resident's then personal financial situation differs materially and adversely from the Resident's prior financial situation, the Company may terminate this Agreement. After the Occupancy Date, the Company may require updated financial information. In the case of two Residents occupying an Apartment, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company's request for the same.

g. Health Insurance. Prior to the Occupancy Date, the Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.

h. Review of Application. The Company will review the completed Application Forms as a basis for initial approval for residency in the CCRC. The Company will accept or deny an application based on the criteria and policies it has established, as the same may be amended from time to time. The Company will notify the Resident in writing of its decision on the application.

i. Physician's Report. Thirty (30) days prior to the Occupancy Date (as defined in Section 1.m. of this Agreement), the Resident is required to submit to the Company an updated Preliminary Health Screen. The Company will respect the privacy of the Resident's personal health information and is committed to maintaining the Resident's confidentiality.

j. Representations and Warranties. The Resident affirms that the representations made in the Application Forms or other statements of financial capability are accurate and reflect the Resident's current status. The Resident acknowledges that such representations are the basis for which the Company agrees to enter into this Agreement.

k. Authorization to Release Medical Information. As a part of the application process, the Resident agrees to execute any such authorization forms as required by the Company to obtain the information concerning the Resident's medical history and condition necessary to enable the Company to adequately evaluate whether the Resident is appropriate for residency in the CCRC.

l. Will, Durable Power-of-Attorney and Healthcare Directives. Thirty (30) days prior to the Occupancy Date, the Resident shall have in place a valid and enforceable will, identifying an Executor of the Resident's estate, that provides for the distribution of his or her assets and personal effects. Such will or other document of instruction shall include adequate provisions regarding burial or cremation directions and other funeral arrangements. Furthermore, prior to the Occupancy Date, the Resident shall deliver, and during the term of this Agreement shall maintain, a valid and effective North Carolina Durable Power of Attorney (the "Power-of-Attorney") and a living will or health care Power-of-Attorney (the "Health Directive") enforceable in accordance with the laws of the State of North Carolina. The Power-of-Attorney shall designate as the Resident's attorney in-fact any responsible person, including but not limited to, a lawyer, banker, or relative, to act on behalf of the Resident in the managing of the Resident's affairs and filing of the Resident's insurance or other benefits as fully and completely as if the Resident were acting personally. The Power-of Attorney shall be in such form that survives the Resident's incapacity or disability and otherwise be satisfactory to the Company. The Health Directive shall name a responsible person capable of making health care decisions in the case of incapacity or emergency.

m. Notification of Availability. If the Resident is approved for residency in the CCRC, the Company will notify the Resident of the projected date of availability for occupancy (the "Availability Date") and the Resident will have thirty (30) days from Availability Date to occupy the Apartment (the date of occupancy hereinafter referred to as the "Occupancy Date") As of the Occupancy Date, the Resident will pay the balance of the Entrance Fee and begin paying the Monthly Service Fee. If the Resident is not approved for residency in the CCRC, this Agreement shall be terminated and all payments made by the Resident before such termination, less those costs or other charges that are non-refundable pursuant to the terms of this Agreement, shall be refunded by the Company within thirty (30) days.

2. Basic Services and Programs.

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

a. Description of Apartment. The Resident shall be entitled to the exclusive use of Apartment _______________ located in the CCRC's Independent Living Building.

b. Appliances and Furnishings. The Apartment shall include the following appliances and furnishings:

☒ Window coverings	☒ Standard flooring
☒ Electric range	☒ Self-cleaning oven
☒ Refrigerator/freezer with icemaker	☒ Garbage disposal
☒ Microwave	☒ Dishwasher
☒ Washer and dryer	☒ Smoke and fire detectors
☒ Climate control system	☒ Hot water heater
☒ 24-hour emergency call system	☒ Other permanent fixtures

All other appliances and furnishings are to be provided by Resident.

c. Utilities. The following utility fees are included in the Monthly Service Fee:

☒Heating	☒ Air conditioning
☒Water	☒ Sewer
☒Gas	☒ Electricity
☒Trash removal	☒ Pest control

d. Maid Service. The Resident agrees to keep the Apartment in a clean and orderly condition. On a bi-weekly basis, the Company will provide basic housekeeping services in the Apartment. Please refer to the basic cleaning schedule provided to resident at time of move in.

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

f. Changes to Apartment. Any structural or physical change or redecoration and remodeling of any kind within or outside the Apartment may only be made by the Resident only with the prior written consent of the Company, which shall be granted at the Company's sole discretion, and at the sole expense of the Resident. All such improvements or changes shall be the property of the Company. Upon vacating the Apartment, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Apartment to the condition that existed prior to the Resident taking possession of the Apartment.

g. Grounds Keeping. The Company will maintain and repair the CCRC's grounds, including lawns, trees and shrubbery. Personal plantings and customization of landscaped areas are subject to the Company's approval.

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

i. Use of the Wellness Center. The Company will provide health and wellness programs and services at its on-site wellness center (the "Wellness Center"), including use of fitness equipment, exercise classes, use of an indoor heated pool and hot tub and certain wellness education programs. The Resident will be advised of any required fee for a wellness program before enrolling in such program.

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

k. Parking. The Company will provide parking areas for one personal vehicle and limited parking for the Resident's guests.

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

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

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

3. Optional Services.

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

a. Meals. The Community does not offer a meal plan. The Resident shall be entitled to dine in any of the Community's dining venues. Charges for food and beverages shall be billed directly to the Resident on a monthly basis in accordance with a published fee schedule.

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

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

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

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

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

g. Salon Services. Salon services in the Beauty Salon will be charged directly to the Resident in accordance with a published fee schedule.

h. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.

i. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter ("PET") which shall transmit to the local emergency responders.

4. Terms of Residence.

a. Term of Agreement. The term of this Agreement shall be from the date of execution of this Agreement until termination in accordance with Section 8 below (the "Term"). Prior to the expiration of the Term, the Company reserves the right to present the Resident with a new version of the Company Residency and Care Agreement for signature by the Company and the Resident.

b. Nature and Extent of Rights. The Resident's right to occupy the Apartment shall exist and continue unless terminated as provided in this Agreement. Nothing contained herein shall be construed or is intended to require that the Company care for the Resident after expiration or termination of this Agreement..

c. Terms of Occupancy. Signing of this Agreement does not deliver title to real or personal property, and this Agreement may not be assigned, transferred, inherited or devised. Any rights, privileges, benefits, or interests created by or under this Agreement shall be subordinated to any mortgage, deed of trust, or other security interest created on any of the premises or interests in the real estate comprising the CCRC and to all amendments, modifications, replacements or refunding thereof. The Resident agrees to execute and deliver any document required by the Company or by the holder of any mortgage, deed of trust or other interest to evidence or effect such subordination.

d. Alteration or Modification. Notwithstanding any other provisions in this Agreement, the Company may alter or modify the Apartment to meet requirements of any statute, law or regulation of the federal, state or local Government. The Resident may not, without prior written consent of the Company, make any alterations or modifications to the Apartment.

e. Use. The Apartment shall be used for residential purposes only and shall not be used for business or professional purposes, or in any manner in violation of any zoning or health ordinances.

f. Permitted Occupants. The Resident(s) named herein and no other person shall reside in or occupy the Apartment during the term of this Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to this Agreement is accepted for residency in the CCRC after the date of this Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residency and Care Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Care Agreement, he or she shall not be permitted to occupy the Apartment.

If two residents of the Community under separate Residency and Care Agreements wish to occupy one apartment, the residents may occupy either apartment and shall surrender the apartment the residents will not occupy. If the Apartment in this Agreement is surrendered, this Agreement will terminate and a refund of the Entrance Fee will be paid to the Resident. If the Apartment in this Agreement is occupied, this Agreement will terminate, the residents will execute a new Residency and Care Agreement and the Entrance Fee paid under this Agreement will be applied to the Entrance Fee under the new Residency and Care Agreement.

g. Transfers. Should the Resident desire to transfer to another Apartment, the Resident must notify the Company in writing. Following receipt of this request, and subject to availability, the Company may grant the Resident an option to move to the next available Apartment of the size requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. If the Entrance Fee the Resident paid for the original Apartment is less than the current Entrance Fee for the subsequent apartment, the Resident will pay an amount equal to the difference between the Entrance Fee of the original Apartment and the current Entrance Fee of the subsequent apartment. If the Entrance Fee paid by the Resident for the original Apartment is greater than the current Entrance Fee for the subsequent apartment, the Resident will not be entitled to a refund as a result of the difference between such Entrance Fees. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.

h. Death or Transfer of One Resident. If one of the Residents named herein dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of this Agreement except that the Monthly Service Fee will be reduced to the single occupancy rate then in effect.

i. Rules and Regulations. The Resident and its guests and invitees shall comply in all respects with the CCRC's operating rules and regulations (the "Rules and Regulations") established by the Company from time to time. The Company may revise or amend such Rules and Regulations at any time in its sole discretion. A copy of the Rules and Regulations will be made available to the Resident.

j. Pets. Subject to the prior written consent of the Company, which such consent shall be at the sole and absolute discretion of the Company, pets may be permitted in the Apartments. All pets must be on a leash at all times while not in a Resident's Apartment. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Company for the failure of the Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection, cleaning and fumigation. Pets are prohibited in the dining spaces, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Apartment, upon fourteen (14) days' prior written notice from the Company, if the pet becomes a nuisance to other residents of the CCRC, as determined by the Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Apartment, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.

k. Smoking Policy. The CCRC is smoke-free. No smoking is permitted in the Apartment (to include any balconies) or in any other building or location in or on the CCRC's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.

5. Nursing and Healthcare Services.

The CCRC will provide the Resident temporary or permanent assisted housing with services and skilled nursing services (the "Healthcare Services") in the healthcare center adjacent to the CCRC (the "Healthcare Center"). The Resident will be given priority access to the available beds in the Healthcare Center. Service in the Healthcare Center shall be provided within the limits of the Company's license.

If the appropriate level of Healthcare Services based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be obtained from another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services shall be the sole responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident that is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of any such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

6. Transfers of Resident

a. Direct Transfer to the Healthcare Center. If after the execution of this Agreement and prior to the Occupancy Date, the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident no longer meets the qualifications to live independently in the CCRC, and this Agreement is not otherwise terminated, the Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid prior to any direct transfer. In the event there is more than one Resident occupying the Apartment, and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under this Agreement and pay the required Monthly Service Fee applicable to a single resident.

b. Transfers to the Healthcare Center. The Resident agrees that the Company shall have the right to determine whether the Resident should be temporarily or permanently transferred from the Apartment to the Healthcare Center or from one level of care at the Healthcare Center to another level of care at the Healthcare Center. Such determination shall be in the Company's sole discretion and based on the professional opinion of the medical director of the Healthcare Center and the executive director of the CCRC that the Resident is no longer able to live independently or that living in the Apartment will endanger the Resident or the health and/or safety of others. Should the Resident fail to cooperate with a transfer of the Resident requested by the Company, the Company shall have the right to terminate this Agreement and the Resident shall no longer be permitted to live in the CCRC.

c. Transfer Outside the CCRC. If, in the opinion of the Company, the physical or mental condition of the Resident requires services beyond that which can be provided by the facilities or personnel in the CCRC and the Healthcare Center or is beyond the scope of the services provided for in this Agreement, the Company may require that the Resident be temporarily or permanently transferred to a hospital, center, institution or other care environment equipped to give such care; provided however, the cost of the care at any such outside facility will be the responsibility of the Resident.

d. Relinquishment of Apartment upon Permanent Transfer to the Healthcare Center or Outside Facility. If, in the sole discretion of the Company, the Resident's transfer to the Healthcare Center or to an outside facility is considered permanent, the Resident shall relinquish the Apartment and this Agreement shall terminate, unless there is a second Resident currently occupying the Apartment or unless otherwise approved by the Company.

7. Fees and Charges.

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

a. Entrance Fee. Upon the execution of this Agreement, the Resident shall pay an Entrance Fee, as indicated on Exhibit C of this Agreement. The Entrance Fee provides the Resident with a right to occupy the Apartment unless terminated as provided in this Agreement. The Entrance Fee is non-transferable, non-interest bearing and shall be the property of the Company for use in accordance with the terms of this Agreement, and shall not be subject to the claims of the Resident's creditors. Any refundable portion of the Entrance Fee shall be governed by Section 7.g. of this Agreement.

The Resident will choose from two Entrance Fee refund options--a 0% or a 90% Entrance Fee refund. Refunds will be computed on a declining balance basis as outlined in Section 7.g. Once this Agreement is executed, the Entrance Fee refund option selected cannot be changed. The Company may, for any lawful reason, limit availability of any of these Entrance Fee refund options.

The terms of payment of the Entrance Fee are as follows:

1. Priority Deposit. Upon entering into a Priority Partner Agreement (the "Priority Partner Agreement") and prior to entering into this Agreement, the Resident

agrees to pay One Thousand Dollars ($1,000.00) as a priority deposit (the "Priority Deposit").

2. Reservation Fee. Once the Company has approved the Resident's application, upon entering into this Agreement, the Resident shall pay an amount equal to ten percent (10%) of the Entrance Fee (the "Reservation Fee"), less any Priority Deposit previously paid.

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

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

b. Monthly Service Fees. Throughout the Term, the Resident shall pay to the Company a Monthly Service Fee (the "Monthly Service Fee") in the amount of $_______, as described on Exhibit C attached hereto, for a single Resident. If the Apartment will be occupied by two Residents pursuant to this Agreement, an additional monthly amount of $_______ shall be paid by the second Resident as described on Exhibit C attached hereto. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5^{th}) day of each month for Basic Services to be rendered that month with the first payment due on or before the Occupancy Date. The Monthly Service Fee shall be due regardless of whether or not the Apartment is actually occupied by the Resident on the scheduled Occupancy Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Apartment prior to the first of a month, the Resident shall pay the Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month.

c. Adjustments to Monthly Service Fees. The Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days' written notice prior to the beginning of each calendar year. Adjustments to the Monthly Service Fee will be made as may be reasonably necessary according to the economic requirements and conditions of the Company, the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis.

d. Fees for Optional Services. The Resident shall receive a monthly statement from the Company showing the total amount of fees and other charges owed by the Resident, which shall be paid by the fifth (5th) day of each month. A list of fees for recurring optional services ("Optional Services") the Resident has elected to purchase as of the date of this Agreement is attached hereto as Exhibit C.

e. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted housing with services and skilled nursing care services on a temporary or permanent basis. The Company shall establish and publish rates for accommodations and services at the Healthcare Center. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Care Agreement and in accordance with the then published Healthcare Center charge.

f. Fees for Occupancy in the Healthcare Center. In the event the Resident is transferred to the Healthcare Center, as determined in the sole discretion of the Company, the Resident shall pay the then published Healthcare Center charge plus charges for other services not included in the Healthcare Center charge. In addition, the Resident shall continue to be responsible for the Monthly Service Fee and other charges payable under this Agreement.

g. Refund of Fees. Refund of fees may occur as follows:

1. Priority Deposit. The Priority Deposit is fully refundable should the Resident choose not to proceed with the reservation process and not enter into this Agreement for any reason. The Priority Deposit will be fully applied toward the Entrance Fee should the Resident proceed with the reservation process and enter into this Agreement.

2. Rescission Period. If the Resident cancels during the Rescission Period (as defined in Section 8.a.i of this Agreement), the Priority Deposit or Entrance Fee Monthly Service Fee (and any other fees paid by Resident) in accordance with this Residency and Care Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars ($1,000.00) and less any charges specifically incurred by the Company at Resident's request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company's receipt of the Resident's written notice of rescission.

3. Permanent Transfers to the Healthcare Center. Upon termination of this Agreement, the Resident may draw against the refundable portion of the Entrance Fee, provided a new resident of the Apartment has paid an Entrance Fee, to supplement payment of charges in the Healthcare Center if the Resident's other assets from all available sources are insufficient to cover the charges in the Healthcare Center. The Company will require the Resident to demonstrate the unavailability of other resources to cover costs in the Healthcare Center.

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

   The portion of the Entrance Fee that is refundable to the Resident will decline over time, based on the amount of time that has elapsed since the Occupancy Date and the type of contract, as follows:

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

*The percentages in the table do not apply during the rescission period as described above.

h. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly Fees and extra charges that have not been paid within five (5) days after their due date.

i. Financial Assistance. The policies relating to financial assistance are determined by the Company. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual resident.

8. Termination.

a. Termination by Resident. Upon the termination of this Agreement, the Resident shall have no further right to reside in the CCRC. The Agreement may be terminated or cancelled by the Resident under the following terms and conditions:

i. Rescission During First Thirty (30) Days. The Resident may terminate this Agreement for any reason within thirty (30) days following the later of the execution of this Agreement or receipt by the Resident of the Disclosure Statement (the "Rescission Period"), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident's termination of this Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such termination, less a service charge of One Thousand Dollars ($1,000.00) and less any charges specifically incurred by the Company at the Resident's request and set forth in Exhibit C of this Agreement or in writing in a separate addendum to the Agreement signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident's election to terminate this Agreement.

ii. Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in an Apartment, the Resident may terminate the Residency and Care Agreement for any reason after the Rescission Period but prior to the Occupancy Date upon written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, any costs or other charges that the Resident and the Company agree in advance are non-refundable.

iii. General Termination Right. The Resident may terminate this Agreement at any time for any reason by giving the Company thirty (30) days' written notice signed by the Resident (or both of them if there are two Residents). In the event of termination by the Resident for reasons other than those permitted in this Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment. In addition, the Resident shall be responsible for payment of liquidated damage of one month's rental charge, calculated at the existing market rate.

b. Termination by Death or Serious Illness

i. Termination by Death or Serious Illness Prior to the Occupancy Date. If, prior to the Occupancy Date, the Resident dies or is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, non-qualification or incapacity, this Agreement will automatically terminate. In the event this Agreement is terminated as provided for in this subsection, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One Thousand Dollars ($1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable. Such refund shall be paid by the Company within thirty (30) days after this Agreement is terminated pursuant to this subsection. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

ii. Termination by Death or Serious Illness After the Occupancy Date. If the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity is not otherwise addressed by the provisions of Section 6, then this Agreement shall terminate. In such event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment and the Apartment can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

c. Termination by the Company

i. Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, this Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.

ii. Termination by The Company after the Occupancy Date. The Company may terminate this Agreement upon thirty (30) days written notice to the Resident in the event of the following:

(1) The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;

(2) The Resident consistently fails to comply with any term of this Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company; or

(3) The Resident or the Resident's authorized representative makes a material misrepresentation or omission in the information provided to the Company for its consideration of the Resident for residency in the CCRC.

iii. Immediate Termination. If The Company determines in its sole and absolute discretion that the Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate this Agreement and the Resident shall promptly vacate the Apartment. In such event, the Resident shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until all of the Resident's personal belongings are removed from the Apartment.

iv. Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates this Agreement after the Occupancy Date pursuant to subsection c.ii or c.iii above, the Resident shall promptly vacate the Apartment, but shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment.

9. Miscellaneous

a. Entire Agreement. This Agreement contains the entire agreement between the Resident and the Company. All prior discussions, agreements and negotiations are superseded by this Agreement.

b. Successors and Assigns. The rights and privileges of the Resident under this Agreement, including but not limited to the right to and use the facilities of the CCRC under the terms of this Agreement, may not be transferred or assigned under any circumstances. The Company may transfer or assign this Agreement without the consent of the Resident. Except as provided for herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Company and to the heirs, executors, personal representatives, any attorney-in-fact and administrators of the Resident.

c. Severability. If any provisions of this Agreement are held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such provision had not been included.

d. Indemnity. The Resident shall indemnify, defend and hold the Company harmless from any and all claims, damages or expenses, including attorney's fees and court costs, resulting from any injury or death to persons or damage to property caused by, resulting from, attributable to or in any way connected to the Resident's negligence or intentional act or omission.

e. Joint and Several Liability. If there is more than one Resident, the rights and obligations of each of the Residents are joint and several, unless otherwise provided in this Agreement.

f. Notice Provisions. Any notices, consents or other communications to the Company shall be in writing and addressed to all of the following parties:

Executive Director
Pisgah Valley Retirement Center, LLC
104 Holcombe Cove Road
Candler, North Carolina 28715

The Resident's address for the purpose of receiving notice under this Agreement prior to the Occupancy Date will be the address following the Resident's signature below. The address of the Resident for purposes of receiving notice under this Agreement after the Occupancy Date shall be the address of the Apartment.

g. Religious or Charitable Affiliations. The Company is not affiliated with any religions or charitable organization

h. Acknowledgement of Receipt of Disclosure Statement. The Resident acknowledges that the he or she has received a copy of the current Disclosure Statement of the CCRC.

Initials Resident ________________

Resident ________________

i. Reading and Signing of Agreement. By signing this Agreement below, the Resident represents that he or she has read and agrees to all of the terms of this Agreement.

[Signatures begin on following page]

The Company and the Resident have signed this Agreement to be effective as of the date set forth on the first page.

RESIDENT:

Print Name: ______________________________

Signature: ______________________________

Date: ______________________________

Address: ______________________________
____
____

RESIDENT:

Print Name: ______________________________

Signature: ______________________________

Date: ______________________________

Address: ______________________________
____
____

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

By: ______________________________
__________________, Authorized Representative

Date: ______________________________

EXHIBIT A- FORM OF PRELIMINARY HEALTH SCREEN

PISGAH VALLEY

A Liberty Senior Living Community

Pisgah Valley Retirement Community is a continuing care retirement community designed especially for older adults who are able to care for themselves, but choose to have certain services provided for them. Supportive services include meals, housekeeping, maintenance, transportation and recreational activities.

Authorization for Release of Information

I, ______________________________ hereby authorize my attending physician, __________________________ and his/her representatives to discuss and answer any questions regarding the attached form with the Executive Director. In addition, this authorization will serve as permission to release any additional medical records if requested. This form valid for six (6) months from the date it has been signed.

Signature of Resident ___________________________

Address of Address ____________________________

____

Date: _________________

PISGAH VALLEY

A Liberty Senior Living Community

Medical History & Physical Exam

Applicant's Name: ____
Last   First   Middle

Date of Birth: ____/_____/_____   Ht. _____   Wt.____   B/P _____   P_____

Vision: ____Poor____ Fair____Good   Glasses: ____

Hearing: ____Poor____ Fair____Good   Deaf : ____   Hearing Aid: ____

Ambulation: _____Cane ____ Walker ____ W/C
Transfers Self ____ Yes or ___No   _____No Assistive Device Needed

Allergies:____
____

Current Medication and Dosage (including PRN medications):

_______________________________   ____________________________
_______________________________   ____________________________
_______________________________   ____________________________
_______________________________   ____________________________
_______________________________   ____________________________
_______________________________   ____________________________

Smoking: Current ____________________   Past _________________

Drug/Alcohol Use:____

Oxygen Use: ____Dependent ____ PRN   ____ HS

Review of Systems	Positive Findings
Eyes	
ENT	
Cardiovascular	
Respiratory	
Gastrointestinal	
Genitourinary	
Musculoskeletal	
Integumentary	
Neurological	
Psychiatric	
Endocrine	
Hematologic/Lymphatic	
Allergic/Immunologic	

Is this person able to perform the following: (Y or N)

- ___Able to dress, bathe, eat, toilet and ambulate without assistance
- ___Able to walk 25 feet or more to dining room chairs
- ___Able to perform light daily tasks such as dishwashing, bed making
- ___Able to do own laundry, including moving wet clothes from washer to dryer
- ___Able to prepare light meals
- ___Able to shop for groceries, put away groceries, etc
- ___Able to administer own medication in correct dosages at correct time
- ___Manages financial matters (budgets, writes checks, pays rent/bills)
- ___Recognize own health needs and able to schedule own medical appointments
- ___Continent or self manages incontinence; no urine on garments

Is there evidence of habitual use of narcotics, sedatives or alcohol? If yes, please explain:

____

Does this person require a special diet? If yes, please explain:

____

Does this person exhibit signs of senility or dementia? If yes, please explain:

____

In your opinion, does this person have the sensory, mental and physical ability to perceive an emergency and make an exit from this building, including ascent or descent of stairs **without** the assistance of another person or any mechanical device? If no, please explain: ____

____

In your opinion, is this person able to live independently? ___Yes ___No

In your opinion, does this person need nursing or convalescent care, i.e., Assisted or Skilled Nursing Care routinely provided in a community subject to licensure by the State Department of Health? ____Yes ____No

Signature of Physician ____

Name of Physician (print) _________________ __________________________

Address: ____

Phone #: _________________________ Date: ____________________

EXHIBIT B - FORM OF FINANCIAL STATEMENT

PISGAH VALLEY

A Liberty Senior Living Community

Financial Statement

Name: ______________________________ Date of Birth: ________________

Name: ______________________________ Date of Birth: ________________

Address:______________________________ Phone: ________________

____

Personal Data	Yes*		No		Annual Income		
	A	B	A	B		A	B
Do you have a will?	☐	☐	☐	☐	Wages		
Do you have a trust?	☐	☐	☐	☐	Bonus		
Do you have a Long Term Care Policy?	☐	☐	☐	☐	Interest Income		
What are the daily rates for AL? SN?					Dividend Income		
Are you involved in any suits or legal actions?	☐	☐	☐	☐	Other Investment Income		
Are all personal income taxes current?	☐	☐	☐	☐	Rental Income		
Are there any assets pledged or encumbered?	☐	☐	☐	☐	Gen/Ltd Partnership		
Do you have any contingent liabilities?	☐	☐	☐	☐	Pension/Annuity Income		
					Social Security		
					Other Income		
					Total	$	$

* Yes answers may require detailed responses

Assets		Liabilities	
Cash in Bank or Financial Institution (Sch. 1)	$	Notes Payable/Other Loans/Pmts Due (Sch. 9)	$
Cash surrender value of life insurance (Sch. 2)	$	Loans on Life Insurance (Sch. 2)	$
Notes and Accounts Receivable (Sch. 3)	$	Loans on Personal Property (Sch. 6)	$
Marketable Stocks and Bonds (Sch. 4)	$	Real Estate Mortgages (Sch. 7)	$
Partnership/ S Corp Interests (Sch. 5)	$	Taxes Due	$
Deferred Income (Years Deferred:)	$	Credit Card Debt	$
Real Estate (Sch. 7)	$	Proprietorship Liabilities	$
Vested Interest in Retirement / 401K (Sch. 8)	$	Partnership Liabilities (Sch. 5)	$
Personal Property (Sch. 6)	$	Other Liabilities	$
Other Assets	$		$
	$		$
	$	**TOTAL LIABILITIES**	$
	$	**NET WORTH**	$
TOTAL ASSETS	$	**TOTAL LIABILITIES & NET WORTH**	$

Please complete financial schedules on next page
Attach additional sheets, if necessary

Schedule 1: Cash in Bank or Financial Institution			
Name of Bank or Financial Institution	Checking	Savings or CD's	Are these accounts pledged?
Total	$	$	

Schedule 2: Life Insurance					
Name of Insured	Beneficiary	Face Amount	Cash Value	Policy Loans	Assigned to:
	Total	$	$	$	

Schedule 3: Notes and Accounts Receivable		
Name	Amount	Due Date
Total	$	

Schedule 4: Marketable Securities				
Security Name	# Shares	Registered To	Cost	Market Value
		Total	$	$

Schedule 5: Partnership / S Corp Interests			
Name	Ownership %	Partnership Equity	Debt
		Total	$

Schedule 6: Personal Property				
Description	Value	Balance	Payment	Lender
Total	$	$	$	

Schedule 7: Real Estate				
Description	Value	Balance	Payment	Lender
Total	$	$	$	

Schedule 8: Vested Interest in Retirement and 401 (k) Plans	
Plan Description / Trustee	Value
Total	$

Schedule 9: Notes Payable / Other Loans / Payment Due			
Lender	Account Number	Balance	Payment
	Total	$	$

Representations and Warranties

I / We have carefully read and submitted the foregoing information provided on the pages of this application. The information presented is a true and accurate statement of my/our financial condition on the date indicated. I/We agree that if any material change(s) occur(s) in my/our financial condition that I/we will immediately notify the Community of said changes. Unless the Community is so notified it may continue to rely upon the financial application and the representations made herein as a true and accurate statement of my/our condition.

Signature: ____ Date: ____________________________

Signature: ____ Date: ____________________________

EXHIBIT C – FEE SCHEDULE

Resident Name(s)____

Unit #_______________________

Contract Type: _____0% _____90%

Agreement Date_________________________

Entrance Fees and Options Summary:	**Amount**
A. Entrance Fee 1st person	
B. Entrance Fee 2nd person (if applicable)	
C. Options and Custom Features (if applicable)	
Total Entrance Fee and Options (total A, B, C)	**$**

Entrance Fees and Options Payment Plan:	**Amount**
D. 10% Reservation Fee (10% of A + B)	
Less: Priority Deposit previously paid (if applicable)	( )
E. Total amount due at Residency and Care Agreement execution	
F. Remaining Entrance Fee (A + B – C)	
G. Options and Custom Features (if applicable) (C)	
H. Total amount due at move-in (F + G)	
Total Entrance Fee and Options (total E + H) (equal to Total Entrance Fee and Options above)	**$**

Monthly Service Fees:	**Amount**
First Person Monthly Service Fee	
Second Person Monthly Service Fee	
Other Monthly Fees (specify):	
Total monthly fees	**$**

Note that the above-listed fees do not include fees for occupancy in the Healthcare Center that are described in Section 7 of the Agreement. In addition, fees for non-recurring Optional Services selected by the Resident shall be in the amount set forth in the schedule of fees provided by the Company.

The Resident acknowledges that he or she has reviewed and hereby approves the above tables of fees payable pursuant to this Agreement.

Initials Resident ________________

Resident ________________

EXHIBIT F

HISTORICAL AVERAGE DOLLAR AMOUNT OF INCREASES IN FEES

EXHIBIT F
Pisgah Valley
Historical Average Dollar Amount of Increases in Fees

The following table is presented in accordance with North Carolina General Statute Section 58-64-20(a)(7)e. regarding Continuing Care Retirement Communities' Disclosure Statement requirement to show the frequency and average dollar amount of increase in the weighted average Monthly Service Fees for independent living units, Assisted Living units, and Daily Service Fees for Skilled Nursing Beds at the Community for the previous

	Effective 10/1/2017	Effective 10/1/2018	Effective 10/1/2019	Effective 1/1/2021	Effective 1/1/2022	Effective 1/1/2023
Independent Living Units (Monthly Fees):						
Apartments:						
Two-bedroom	$ 40	$ 220	$ 75	$ 63	$ 82	$ 172
Two-bedroom w/ den	$ 40	$ 220	$ 75	$ 63	$ 82	$ 172
Two-bedroom w/sunroom	$ 40	$ 220	$ 75	$ 63	$ 82	$ 172
Two-bedroom w/den & sunroom	$ 40	$ 220	$ 75	$ 63	$ 82	$ 172
Second person fee	$ 9	$ 15	$ 19	$ 63	$ 82	$ 172
Healthcare Center:						
Assisted Living Units (Monthly Fees):						
Studio	$ 126	$ 175	$ 182	$ 142	$ 243	$ 445
Expanded Studio	$ 142	$ 192	$ 200	$ 156	$ 182	$ 575
Second person fee	$ 29	$ 44	$ 45	$ 35	$ 228	$ 478
Skilled Nursing Beds (Daily Fees):						
Private	$ 8	$ 8	$ 6	$ 5	$ 15	$ 10
Semi-private	$ (42)	$ 6	$ 5	$ 5	$ 13	$ 33