



# THE OAKS AT WHITAKER GLEN

A CONTINUING CARE RETIREMENT COMMUNITY

## Disclosure Statement

May 30, 2024

Whitaker Glen, Inc. d/b/a The Oaks at Whitaker Glen

501 East Whitaker Mill Road

Raleigh, NC 27608

(919) 839-5604

**In accordance with Chapter 58 Article 64 of the General Statutes of the State of North Carolina:**

- **This Disclosure Statement may be delivered until revised, but not after May 30, 2024.**
- **Delivery of this Disclosure Statement to a contracting party is required before execution of a continuing care contract.**
- **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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## HISTORY AND FACILITY INFORMATION

Whitaker Glen, Inc. opened Whitaker Glen, A Comprehensive Retirement Community, on August 13, 1984. The retirement community was originally intended to complement the services of the adjoining skilled nursing facility, Mayview Convalescent Center, which had opened September 1, 1957. Together, the facilities now known as The Oaks at Whitaker Glen and The Oaks at Whitaker Glen - Mayview, respectively, offer a comprehensive array of services. The facilities are located on a fourteen-acre campus inside the Raleigh I-440 Beltline on Whitaker Mill Road. Located halfway between Glenwood Avenue and Wake Forest Road, The Oaks at Whitaker Glen's address is 501 East Whitaker Mill Road, and The Oaks at Whitaker Glen - Mayview's address is 513 East Whitaker Mill Road. The five-star skilled nursing center of The Oaks at Whitaker Glen - Mayview is currently closed.

Whitaker Glen was operated as an independent living facility until its licensure as a continuing care retirement community in 2004. In 2005, some organizational changes were made to place Whitaker Glen, Inc. in control of both the independent living and skilled nursing facility components of the continuing care retirement community. In December, 2009, the stock of Whitaker Glen, Inc. was sold by the Tomlinson family to Cumberland Healthcare Properties, Inc., a Georgia corporation registered to do business in North Carolina and an affiliate of PruittHealth, Inc. formerly known as Pruitt Corporation ("PruittHealth"), a fifty-four (54) year old company whose affiliates care for over 24,000 patients a day and which provides long term care and related services at approximately 168 locations in North Carolina, South Carolina, Georgia and Florida. PruittHealth maintains an office in North Carolina at 4022 Stirrup Creek Drive, Building 3, Suite 325, Durham, NC 27703, to assist with the provision of care offered by its North Carolina-based affiliates in skilled nursing facilities, independent living facility (Whitaker Glen), hospice agencies, home health agencies, and pharmacy throughout North Carolina. The Oaks at Whitaker Glen continues to be operated and services are provided by Whitaker Glen, Inc. In January 2010, Whitaker Glen, Inc. filed its registration with the Wake County, North Carolina Register of Deeds to do business under the name The Oaks at Whitaker Glen. At the same time, Whitaker Glen, Inc. also filed its registration with the Wake County, North Carolina Register of Deeds to do business under the name The Oaks at Mayview. In February 2014, the name of the skilled nursing facility was changed to The Oaks at Whitaker Glen – Mayview and Whitaker Glen, Inc. filed its registration with the Wake County, North Carolina Register of Deeds to conduct business under this new name. Throughout this Disclosure Statement, the terms "Whitaker Glen, Inc.," "The Oaks at Whitaker Glen" and "Whitaker Glen" are used interchangeably.

The sale of the stock of Whitaker Glen, Inc. left intact its existing licenses and contractual relationships with those individuals residing at Whitaker Glen at the time of the sale. Therefore, those residents saw no changes to their Residence and Services Agreement unless mutually agreed upon. An example of the type of change which a resident might have agreed to is a renovation and upgrade of the resident's unit in exchange for a change in the resident's entrance fee refund.

The Oaks at Whitaker Glen is designed to offer security, friends, activities, privacy, transportation, health care, and a caring staff who are referred to as "partners." It is surrounded by some of the best of Raleigh's old neighborhoods, and the nearby commercial areas offer any required service such as dry cleaners, groceries, banks, pharmacies, churches, post offices, specialty shops, automobile dealerships, etc.

The independent living component offers spacious one and two-bedroom residential units, complete with full kitchen, dishwasher, self-cleaning oven, garbage disposal, frost-free refrigerator/ freezer with icemaker, patio or balcony, and a washer and dryer. The ninety-three residential units offer three different floor plans, with additional units forthcoming as part of campus-wide renovation. The focal point of each of the three residential buildings is a four-story high, sky-lit, climate-controlled atrium, complete with numerous plantings and 20-foot live trees. Each atrium features a 20-foot by 16-foot Coromandel Screen that was handcrafted in Hong Kong and offers a tasteful traditional look.

The activities center contains the offices of the community's capable and caring partners, the central dining room, the private dining room/meeting room, the kitchen, the spa and theater, the library, the recreation room, the arts and crafts room, and the exercise room. The planned multiphase expansion provides amenities similar to those found at upscale Life Plan Communities. Current plans include a future clubhouse to contain three residential units over a club level with a fitness area in the basement. Proposed clubhouse features include two restaurant spaces, an exhibition kitchen, banquet hall, movie theater, card room, general store, natatorium, locker room with salon and spa, and fitness and aerobics studio. Planned outdoor amenities include a pool with full kitchen, pickle ball court, and walking path around the community. Our full-time food service director and the partners that provide support offer three meals a day, food for dedicated events and can cater for private functions. A full-time Recreation Director provides a myriad of enjoyable and varied activities.

All the residential buildings are connected by enclosed walkways; so, when it is freezing outside, it is still easy to move about. The Oaks at Whitaker Glen is surrounded by trees and is built on gently rolling land. The facilities are barrier free, which means residents with handicaps should have no trouble getting around. Additionally, each building has an elevator and adequate parking for residents and visitors.

A full range of health services, with an emphasis on preventive care, is provided for our independent living residents at The Oaks at Whitaker Glen. Annual health assessments, blood pressure checks, diabetic training, assistance with medication administration, nutrition counseling and even weight control assistance, are all available from our nursing partners. Additionally, home visits can be arranged from any health professional, including physicians, licensed nurses, nurses' aides, homemakers, physical therapists, occupational therapists, speech therapists and respiratory therapists.

As part of comprehensive campus renovation, The Oaks at Whitaker Glen - Mayview, the skilled nursing facility component of The Oaks at Whitaker Glen, temporarily closed to facilitate construction of a replacement skilled nursing facility. Closure occurred on September 22, 2022. During construction, all services presently provided by Mayview will continue on an uninterrupted basis. This goal will be accomplished primarily by utilizing Mayview's nearby affiliate facility, PruittHealth – Raleigh, a skilled nursing facility licensed for 150 beds, along with any other affiliate or third-party service providers required to ensure the existing high quality of services on campus is maintained. Though not connected by an enclosed walkway, once completed, the rebuilt Mayview facility, will continue to be just a few steps away. The top floor will be a concierge level with larger units equipped with kitchenette and walk in closet. The main level will have amenities

such as a salon, chapel, movie theater, and physical therapy center. Whether at Mayview, PruittHealth – Raleigh, or otherwise, our commitment to quality care begins with registered nurses, licensed practical nurses and nursing assistants and extends to our partners who work in dietary, housekeeping and maintenance. Our commitment to training and our unique caring culture have resulted in the staff being one of the most experienced and stable found anywhere.

The Oaks at Whitaker Glen - Mayview will be organized around five nursing stations, up from the current count of three, with one certified by both Medicare and Medicaid. Prior to transfer from independent living or admission to The Oaks at Whitaker Glen - Mayview or PruittHealth – Raleigh from the greater Raleigh community, we consider the individual's medication, treatment, dietary requirements, social needs, and physician's recommendations. At admission and routinely thereafter, each resident is given a comprehensive, multidisciplinary assessment. The assessment and the physician's orders guide the plan of care. Individual food preferences are considered. Special diets, therapy exercise and other individualized services are used to meet each patient's identified needs.

In addition to the Mayview facility rebuild, an assisted living component will offer 82 units comprised of studios, one, and two-bedroom units, complete with kitchenettes. The main level will include amenities such as a dining room, separate restaurant, pharmacy, coffee bar, workout facility, and salon with spa services.

All the services found at The Oaks at Whitaker Glen are complemented by the Wake County Community Services Center which is located next door and the Wake County Emergency Medical Services Ambulance Station just around the corner on Noble Road.

## THE ORGANIZATION

### Owners, Managers, and Directors

The shareholder of Whitaker Glen, Inc. has elected to operate it as a qualified subsidiary under Chapter S of the Internal Revenue Code. The outstanding shares of common stock in Whitaker Glen, Inc. are owned by Cumberland Healthcare Properties, Inc. ("Cumberland"). The following persons serve as officers and directors of Whitaker Glen, Inc. dba The Oaks at Whitaker Glen:

Neil L. Pruitt, Jr.  
Chairman and CEO, Treasurer, Assistant Secretary and Director  
1626 Jeurgens Court  
Norcross, GA 30093

Mr. Pruitt, who is also Chairman and Chief Executive officer of PruittHealth, an integrated health care company, serves as Chairman and CEO of Whitaker Glen, Inc. He is inspired by the vision of building a seamless and superior health delivery system for long-term care. He believes that the realization of this vision depends on a team of great people, focused on delivering high quality services through an organization that is financially stable and sustainable over the long run.

Great people are attracted to PruittHealth, and its affiliates based on a system of competitive pay and benefits that reward the attainment of quantifiable goals. They remain because, in this rapidly growing company, they are offered a fair opportunity for advancement as they improve their skills through company-funded scholarships and participation in programs such as Pruitt University, an online Executive Management Training Program. A higher quality of care is a direct result of this attention to people. The evidence in support of this claim can be found in patient, family and partner satisfaction scores, declining survey deficiencies and various financial indicators.

PruittHealth also positively affects the quality of service at its affiliates' locations through a network of monitoring systems, aimed at providing feedback on performance and at holding the business units accountable for outcomes. Mr. Pruitt believes that the environment in which services are rendered plays a vital role in determining quality. Consequently, he is personally involved at every level in the company's effort to redesign, rebuild and renovate all the skilled nursing facilities affiliated offices and service delivery sites as needed. The adaptation of hospitality customer service practices ensures that all patients and families are recognized and treated with respect. An aggressive corporate compliance program demands the highest level of integrity and strict adherence to all applicable rules, regulations, and standards.

The model of care which emerged from the implementation of these initiatives is patient-centered and is dedicated to offering a complete array of services in the most appropriate setting. The company offers independent and assisted living, skilled nursing services, rehabilitation services, home health and hospice care. Also provided are pharmacy services, community-based services, medical supplies, and care management.

In discussions with government leaders at the state level, in testimony before Congress, and in talks with the Centers for Medicare and Medicaid, Mr. Pruitt has supported increased funding for long-term care services that are tightly linked to high quality care. He is optimistic about the future of long-term care and is prepared to accept all challenges and opportunities that are presented.

Neil L. Pruitt, Jr. is a past Chair and current member of the Board of Governors of the American Health Care Association (AHCA), which represents 11,000 non-profit and proprietary facilities, including skilled nursing homes, assisted living residences, sub-acute centers, and homes for people with developmental disabilities. Mr. Pruitt is a recognized leader in the health care profession and is a board member of the Pruitt Cares Hospice Foundation, past Chairman and current member of the Georgia Health Care Association and former member of The Alliance for Quality Nursing Home Care. He is also a member of various other healthcare related organizations.

Mr. Pruitt graduated with a Bachelor of Arts degree in Economics from the University of the South. He was awarded a Master of Business Administration and a Master of Health Administration from Georgia State University in 2000.

Philip W. Small, Secretary and Director  
1626 Jeurgens Court  
Norcross, GA 30093

Philip Small serves as Secretary and Director of Whitaker Glen, Inc. Mr. Small is also the Chief Investment Officer of PruittHealth, whose affiliates comprise one of the largest health care providers in the Southeast. As Chief Investment Officer, he is responsible for the overall strategic direction of PruittHealth and its family of providers. He was previously the Chief Financial Officer of PruittHealth. In this role, he oversaw all financial operations of all the companies affiliated with PruittHealth, including Whitaker Glen, Inc. Mr. Small managed the corporation's Accounting, Accounts Payable, Accounts Receivable, Financial Analysis and Financial Reimbursement departments. He was responsible for ensuring that corporate and financial strategic goals and objectives were achieved and supported an environment focused on performance excellence and teamwork. Mr. Small, along with Mr. Pruitt, serves as the Board of Directors for Whitaker Glen, Inc.

Before joining PruittHealth, Mr. Small operated his own consulting business where he assisted clients with strategic planning, acquisition and disposition support and financial restructuring. The bulk of his career has been spent in executive positions with major long term and post-acute care corporations, including a company which operates 265 long term care facilities in the U.S. and Canada.

Mr. Small has held various leadership positions with the American Health Care Association (AHCA), serving on the Finance Committee, PPS Task Force and Multiple State Negotiating Team for Medicaid State Plan Development. He is a member of the American Institute of Certified Public Accountants (AICPA), which sets ethical and auditing standards, the Virginia Society of Certified Public Accountants, and a board member of Atlantic Shores Cooperative Association, a continuing care retirement community.

Mr. Small graduated with a Bachelor of Science in Accounting from Virginia Polytechnic Institute in 1979.

The "day-to-day" operation and management of Whitaker Glen is the responsibility of the community's Manager.

Donna T. Hill  
Manager  
Whitaker Glen, Inc.  
501 East Whitaker Mill Road  
Raleigh, NC 27608

On November 22, 2013, Mrs. Donna Taylor Hill assumed the position of Manager at The Oaks at Whitaker Glen. She has over 30 years of experience in the healthcare industry, both in nursing homes and independent living facilities. Most of those years have been at The Oaks at Whitaker Glen. She has been a member of the management team at Whitaker Glen since August 7, 1987, and her experience encompasses Payroll, Accounts Payable, Accounts Receivable, Human Resources, preparing and researching daily and monthly financial reports, physical plant operations and daily involvement with Resident concerns and needs. She supervises the Administrative, Dietary, Environmental Services, Nursing and Activity Departments, which includes more than thirty partners, as well as performs the duties of the

Financial Counselor. As the on-site manager, Mrs. Hill reviews all matters related to the resident approval and move-in process, resident relations and partner hiring and training and facility morale. She prepares financial reports on an as needed and monthly basis for the Area Vice President. Mrs. Hill places the safety and well-being of the residents at Whitaker Glen as her topmost priority, actively engaging in her community and church.

### Related Parties

Except as noted below, there is no person, association, trust, partnership, or corporation which has an ownership interest in Whitaker Glen, Inc. and which also has an ownership interest in a service firm, association, trust, partnership, or corporation which provides goods, leases, or services to the corporation.

- Mayview Convalescent Home, Inc., 513 East Whitaker Mill Road, Raleigh, NC 27608: At the same time that Cumberland Healthcare Properties, Inc. purchased the stock of Whitaker Glen, Inc., it also purchased the stock of Mayview Convalescent Home, Inc. Mayview Convalescent Home, Inc. manages The Oaks at Whitaker Glen - Mayview, The Oaks at Whitaker Glen's skilled nursing facility component, under a management contract with Whitaker Glen, Inc. Mayview provides inpatient nursing services for The Oaks at Whitaker Glen, "off-hours" emergency support for The Oaks at Whitaker Glen's independent residents, access to partner health insurance and access to a 401(k) retirement savings plan. The financial forecast incorporates payments made in accordance with the management contract. It is not feasible to make a reasonable estimate of future payments that The Oaks at Whitaker Glen residents will make for nursing care at Mayview.
- Mayview Healthcare Properties, Inc., another affiliate of PruittHealth, owns the land and buildings of The Oaks at Whitaker Glen - Mayview and leases them to Whitaker Glen, Inc. for the operation of The Oaks at Whitaker Glen - Mayview, Whitaker Glen's skilled nursing facility component. The financial forecast includes the rent payments under the lease.
- Whitaker Glen Properties, Inc. owns the land and buildings of The Oaks at Whitaker Glen and leases them to Whitaker Glen, Inc. for operation. A Deed of Trust secured by the interest of Whitaker Glen Properties, Inc. in the land and improvements has been executed for the benefit of the Whitaker Glen residents. Rent payments for future years have been included in the financial forecast.
- PruittHealth provides administrative consulting services to The Oaks at Whitaker Glen and –PruittHealth - Raleigh, such as accounting, payroll, etc., in exchange for a fee.
- PruittHealth – Raleigh, LLC operates that certain skilled nursing and rehabilitation facility known as PruittHealth – Raleigh and located at 2420 Lake Wheeler Road, Raleigh, NC 27603.
- Wake Healthcare Properties, Inc. owns the land and buildings of PruittHealth – Raleigh, and leases them to PruittHealth – Raleigh, LLC for operation.



- Other affiliates of PruittHealth, e.g., PruittHealth Pharmacy Services, Inc. (pharmacy and consulting), PruittHealth Medical Supply, LLC (medical supplies), PruittHealth Consulting Services, LLC, PruittHealth Construction Services, LLC, PruittHealth Connect, Inc, among others, may also provide services or goods to Whitaker Glen, residents and patients.

### Affiliations

Whitaker Glen, Inc. is not affiliated with a religious, charitable, or other non-profit organization; therefore, Whitaker Glen, Inc. is responsible for all financial and contractual obligations. Whitaker Glen, Inc. is not a tax-exempt organization and has no plans to qualify as a tax-exempt organization under the Internal Revenue Code.

## POLICIES

### Admission Health and Financial Criteria

The Application for Residency and the Financial and Application Information forms which are part of the marketing packet include the following statements:

- The applicant's financial advisor will be asked to "certify that the applicant(s) have sufficient financial reserves to sustain residence at Whitaker Glen and that if there are to be two occupants, sufficient discussions and/or arrangements have taken place to assure an orderly transition if one of the occupants should fall ill or expire."
- The applicant's physician will "certify that the applicant(s) are of sufficient mental and physical health to live at Whitaker Glen without significant danger to themselves or to others and to identify any items, such as a specialized diet, which will be required by the applicant(s)."
- The applicant's physician will complete a questionnaire detailing medical history, current diagnoses, current medications, allergies, etc., that might be useful in a medical emergency.
- An update of the medical information from the applicant's physician may be required if it is over 30 days old.

The Residence and Services Agreement includes the following items that are required for admission:

Comprehensive Health Care Program. All Residents eligible for Medicare Hospital Insurance (Part A) and Medicare Medical Insurance (Part B) shall be required to maintain such coverage. In addition to such coverage, all Residents must obtain and maintain Medicare Supplemental Insurance satisfactory to Whitaker Glen. Any Resident not eligible for Medicare and Medicare Supplemental Insurance must obtain other comparable medical insurance coverage satisfactory to Whitaker Glen.

Power of Attorney. The Resident agrees to select and empower an attorney-in-fact prior to residency at Whitaker Glen, and to continuously maintain a comprehensive durable power of attorney executed in a form suitable for recordation in the office of the Register of Deeds. A copy of the Resident's current Power of Attorney will be always on file with Whitaker Glen.

Last Will and Testament. Prior to becoming a resident of Whitaker Glen, the Resident agrees to provide in his Last Will and Testament for the final disposition of all furniture and possessions located at the Whitaker Glen facility and for burial and payment of funeral expenses. The Resident must keep the Will accurate and complete during the residency. Upon occupancy, the Resident also agrees to provide Whitaker Glen pertinent data related to the above matters and to keep this information current.

Personal Physician. The Resident agrees to select and maintain a personal physician licensed to practice medicine in North Carolina. The Resident's physician must be available to discuss the Resident's condition, transfer decisions, and ability to live independently in accordance with this Agreement.

Personal Belongings. It is expressly agreed that the Resident will provide at his or her expense insurance protection covering any loss or damage to his or her individual property.

#### Additional Occupant

If a Resident marries or invites a non-resident to share the unit, a new Residence and Services Agreement and a new Entrance Fee Agreement will be executed by both individuals to reflect their shared responsibility to adhere to the agreements. The monthly service fee will be adjusted to reflect double occupancy. If the non-resident does not meet the admission requirements, residency will be denied. The non-resident can live in another appropriate facility of his or her choice, or the Resident can elect to terminate residency.

The Residence and Services Agreement includes the following statement:

Sharing Occupancy. If a single Resident wishes to invite a non-resident to share the Residential Unit, the non-resident must follow the application procedure then utilized by Whitaker Glen and execute a Residence and Services Agreement. Except for short-term visitors and guests, no person other than the Resident may occupy the Residential Unit covered by this Agreement.

In the event an existing Resident desires to vacate their Residential Unit to move in with another existing Resident, because of marriage or otherwise, the stipulations in the following paragraphs regarding Termination and Refund shall apply. Both Residents will be required to execute a new Residence and Services Agreement and a new Entrance Fee Agreement to reflect their shared responsibility to adhere to the agreements.

#### Payment of Entrance Fee

The applicant shall execute the Entrance Fee Agreement, simultaneously with the Residence and Services Agreement, agreeing to pay an entrance fee to be evidenced by a Nonnegotiable Note issued by Whitaker Glen.

The Entrance Fee Agreement and Residence and Services Agreement include the following statements:

The proceeds of the Note, as well as the proceeds of other notes issued by Whitaker Glen in exchange for payment of Entrance Fees, shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Retirement Community. Such notes, including that issued to the Applicant, shall be secured by a deed of trust upon the interest of the Grantors in the land and improvements comprising the Retirement Community, which shall be a second lien upon such land and improvements subordinate only to the lien of a first deed of trust securing the repayment of additional funds utilized incident to the construction, furnishing and operation of the Retirement Community.

Status of the Note. The Note shall be a debt obligation of Whitaker Glen secured as aforementioned, and except for such security, the rights granted thereunder shall not include a proprietary or other interest in the business, assets, and properties of Whitaker Glen.

The Grantors under the deed of trust are Whitaker Glen, Inc. and Whitaker Glen Properties, Inc. as successor in interest to Tomlinson Holdings, LLC and Tomlinson & Associates, the prior owners of the land and improvements, respectively.

#### Entrance Fee Structure

Entrance Fees paid by new Residents may be partially refundable. Under those structures, the refundable portion of the Entrance Fee can be reduced to any of 75% of the original amount, 50% of the original amount, or 0% of the original amount over a 25-month period depending on the Resident's plan election upon the execution of the Entrance Fee Agreement. Whitaker Glen proposes to add an additional plan, the "Legacy Plan," which is detailed below.

The Residences and Services Agreement and the Entrance Fee Agreement include the following information:

A prospective Resident choosing the **Legacy Plan** will have the Entrance Fee Refund reduced according to the following schedule:

**Legacy Plan Reduction Schedule.** Beginning the first day of the month following the month in which the Resident initially occupies the Residential Unit, the amount owed to the Applicant under the Entrance Fee Agreement and the Note will be reduced by one percent (1.0%) of the original Note amount for each month or partial month the unit is occupied by the Resident but not more than twenty-five (25) months and not to exceed a reduction of more than twenty-five percent (25%) of the original amount owed under the Entrance Fee Agreement. **To illustrate the application of this provision,** if the amount owed a Resident under the Resident's Entrance Fee Agreement is Eighty Thousand Dollars

(\$80,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be Eight Hundred Dollars (\$800.00);  $(\$80,000.00 \times 1.0\% = \$800)$ . The monthly reduction of \$800.00 would continue to be applied for each month or partial month the unit is occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced 25% or Twenty Thousand Dollars (\$20,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Twenty Thousand Dollars (\$20,000.00) and would also be equal to 25% of the original amount owed so the monthly reduction would stop after the 25<sup>th</sup> month. **The remaining balance owed to the Applicant under the Entrance Fee Agreement and the Note would then be \$60,000.**

A Resident choosing the **Equity or Heritage Plan** will have the Entrance Fee Refund reduced according to the following schedule:

**Equity/Heritage Plan Reduction Schedule.** Beginning the first day of the month following the month in which the Resident initially occupies the Residential Unit, the amount owed to the Applicant under the Entrance Fee Agreement and the Note will be reduced by two percent (2.0%) of the original Note amount for each month or partial month the unit is occupied by the Resident but not more than twenty-five (25) months and not to exceed a reduction of more than fifty percent (50%) of the original amount owed under the Entrance Fee Agreement. **To illustrate the application of this provision,** if the amount owed a Resident under the Resident's Entrance Fee Agreement is Eighty Thousand Dollars (\$80,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be One Thousand Six Hundred Dollars (\$1,600.00);  $(\$80,000.00 \times 2.0\% = \$1,600)$ . The monthly reduction of \$1,600.00 would continue to be applied for each month or partial month the unit is occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced 50% or Forty Thousand Dollars (\$40,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Forty Thousand Dollars (\$40,000.00) and would also be equal to 50% of the original amount owed so the monthly reduction would stop after the 25<sup>th</sup> month. **The remaining balance owed to the Applicant under the Entrance Fee Agreement and the Note would then be \$40,000.**

A Resident choosing the **Traditional or Lineage Plan** will have the Entrance Fee Refund reduced according to the following schedule:

**Traditional/Lineage Plan Reduction Schedule.** Beginning the first day of the month following the month in which the Resident initially occupies the Residential Unit, the amount owed to the Applicant under the Entrance Fee Agreement and the Note will be reduced by four percent (4.0%) of the original Note amount for each month or partial month the unit is occupied by the Resident over a twenty-five (25) month period until the original amount owed under the Entrance Fee Agreement is reduced to 0%. **To illustrate the application of this provision,** if the amount owed a Resident under the Resident's Entrance Fee Agreement is Eighty Thousand Dollars (\$80,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be Three Thousand Two Hundred Dollars (\$3,200.00);  $(\$80,000.00 \times 4.0\% = \$3,200)$ . The monthly reduction of \$3,200.00 would continue to be applied for each month or partial month the unit is

occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced to 0%. **After the 25<sup>th</sup> month, the remaining balance owed to the Applicant under the Entrance Fee Agreement and the Note would be \$0.**

Whitaker Glen proposes to add the following language following approval of the Conventional Plan:

**Conventional Plan.** A Resident choosing the **Conventional Plan** shall not be eligible for any Entrance Fee Refund, and the entirety of the Entrance Fee is non-refundable upon deposit.

## SERVICES

The Oaks at Whitaker Glen currently offers ninety-three (93) independent living units. Historically, the number of residents of the facility has varied from 100 to 120 depending on the number of units with two occupants.

PruittHealth – Raleigh consists of one hundred fifty (150) licensed skilled nursing beds. Occupancy can vary during the year, but priority will be given to Whitaker Glen, and Whitaker Glen-Mayview's prior residents.

### Basic Services

The Residence and Services Agreement contains the following wording regarding the services provided in exchange for the basic service fee:

Residence. Subject to the provisions of this Agreement, the Resident will have the personal, non-assignable right to reside in Residential Unit \_\_\_\_, (hereinafter referred to as the "Residential Unit"), as shown on the plan of The Oaks at Whitaker Glen, for the term of this Agreement.

Utilities. Whitaker Glen will furnish water and sewage service, electricity, heat, air-conditioning, basic local telephone service, the use of a television receiving system and internet service.

Security. The Resident's Residential Unit will be equipped with a sprinkler system, automatic smoke and fire alarm system and a call system. Personnel will be available to always respond to security and emergency calls.

Activities. Whitaker Glen will provide a program of recreation, craft and hobby opportunities, library facilities and social activities which will be designed to meet the physical, social, and psychological needs of its residents for intellectual stimulation and companionship. Scheduled transportation to selected, commonly used facilities will be provided by Whitaker Glen.

Furnishings. The Resident's Residential Unit will be provided with hardwood floor, carpet and tile, window coverings, stove, dishwasher, side-by-side refrigerator/freezer, washer, and dryer. The Resident will provide all other furnishings and furniture which is desired in the Residential Unit. Whitaker Glen will provide furnishings and furniture for common facilities.

Trash Removal. Whitaker Glen will provide appropriate facilities for the Resident to dispose of trash.

Maintenance and Repairs. Whitaker Glen will perform the necessary repairs, maintenance and replacement of its property and equipment. Repairs, maintenance, and replacement of the Resident's private property will be the responsibility of the Resident. Minor repairs to the Resident's private property may be provided at the Resident's expense by Whitaker Glen personnel depending on their availability. Throughout the term of this Agreement, the Resident will maintain the Residential Unit in a clean, sanitary, and orderly condition.

Common Facilities. Whitaker Glen will maintain public areas, such as the atriums, assembly areas, dining areas, library, recreational facilities, elevators, stairways, hallways, and passageways in a clean, safe, and attractive manner always for the use and benefit of all Residents. Whitaker Glen will also furnish ground-keeping service including lawn, tree, and shrubbery care and will maintain all interior plants and plantings in public areas.

Parking. Whitaker Glen will provide parking areas in accordance with the requirements of the city of Raleigh and the overall development plan for The Oaks at Whitaker Glen.

Meal Plan. For Residents moving in after October 1, 2012, Whitaker Glen will establish a meal plan account for the Residential Unit. Each month the Residential Unit is occupied, Whitaker Glen will credit \$200.00 for a Residential Unit with one occupant, and \$300.00 for a Residential Unit with two occupants (the "Meal Plan Credit") to the meal plan account. The Meal Plan Credit will be for the Resident's use in the dining room, café, or university club during the month in which it is issued. Any portion of the Meal Plan Credit remaining after the end of the month will be forfeited and no longer available for use.

### Optional Services

The Residence and Services Agreement contains the following wording regarding the services which are made available at or by Whitaker Glen for an extra charge:

Utilities. The Resident will pay for additional telephone service and, if available, optional television programming.

Alterations. Any structural or physical change of any kind within the Residential Unit of the Resident, including optional building features, will be made only after approval by Whitaker Glen. The cost of any change requested by the Resident and, if appropriate, the cost of any future removal of the change will be borne by the Resident unless otherwise agreed in writing. The ownership of any change or improvement will be vested in Whitaker Glen. Redecoration of the Resident's Residential Unit, in addition to or other than that scheduled by Whitaker Glen, will require approval by Whitaker Glen and will be undertaken only at the expense of the Resident.

Optional Services. Whitaker Glen offers optional services for meals, housekeeping, dry cleaning, and personal needs such as beauty shop, trips, and fitness program. In addition, Whitaker Glen will assist the Resident in seeking to obtain any service which is needed or desired and is not specifically provided under this Agreement.

Whitaker Glen now offers additional optional services through the Enhanced Living Program. Residents purchasing this plan will enjoy services such as made to order breakfast delivered to the residential unit, one additional meal in the dining room or room service daily, access to a Personal Care Assistant 24 hours a day, a medicine alert pendant, weekly laundry and housekeeping services and escort to dining room and social events. These services are offered through three levels of customized care; Supportive Care - \$1,800/month for a single Resident and additional \$750/month for Residents sharing a residential unit; Enhanced Care - \$2,000/month for a single Resident and additional \$750/month for Residents sharing a residential unit, and Comprehensive Care - \$2,100/month for one Resident, additional \$750/month for Residents sharing a residential unit, and Medication Reminder Care for \$250/month.

Residents who prefer not to purchase the Enhanced Living Program package, may still have access to additional services that can be purchased a la carte including weekly housekeeping services, weekly housekeeping with laundry services, carpet cleaning, pressing of clothes, in-home room service, escort to meals and activities and medicine alert pendants.

### Medical Services

The Residence and Services Agreement further states the following about the extent to which medical services are furnished:

Infirmary. The Oaks at Whitaker Glen agrees to provide an out-patient infirmary capable of meeting the needs of a Resident with minor ailments or injuries, counseling, and routine physical evaluations.

Health Care Center. Upon determination that inpatient nursing services are required, Whitaker Glen Residents will be admitted to the Pruitt Health Care Center if they meet the requirements for admission and an appropriate bed is available. During inpatient stays in the Health Care Center, the Resident shall pay for occupancy, care and services at rates customarily charged by the Pruitt Health Care Center. Upon permanently moving to a Pruitt Health Care Center, the Resident shall no longer be responsible for payment of the Monthly Service Fee under this Agreement.

Medical Director. Whitaker Glen will engage a physician duly licensed in the State of North Carolina (the "Medical Director") who will assist the Whitaker Glen partners in evaluating a Resident's ability to live independently in accordance with this Agreement.

Partner Assistance. Whitaker Glen will assist a Resident in filing Medicare and other insurance claims and in pursuing unpaid claims.

All Whitaker Glen residents were informed of Whitaker Glen's plans with respect to Mayview and PruittHealth – Raleigh and acknowledged same, including specifically with respect to maintaining services previously provided by Mayview.

## WITHDRAWAL, TERMINATION, AND REFUND

### Withdrawal

A resident has the right to withdraw or rescind the Residence and Services Agreement and Entrance Fee Agreement within the period specified in the agreements and as set forth below:

Withdrawal Within the 30-Day Right of Rescission Period. The Resident may rescind this Agreement prior to the date of occupancy by giving written notice to Whitaker Glen within the later of thirty (30) days of the execution of the Agreement. The Resident is not required to take occupancy before the expiration of the thirty (30) day period. If the Agreement is rescinded, the Resident will receive all monies or property transferred to Whitaker Glen less applicable periodic charges, nonstandard costs incurred at the request of the resident, and a service charge not to exceed the greater of \$1,000 or 2% of the debenture amount paid by the Resident. The refund will be paid to the Resident within one hundred eighty (180) days of receipt of the written notice to rescind.

### Termination

The term of the agreement is "open-ended", and the rights of either party to terminate the agreement are specified in the Residence and Services Agreement and the Entrance Fee Agreement as follows:

Termination Prior to Occupancy. The Resident may terminate this Agreement prior to occupancy by giving notice in writing to Whitaker Glen. If the Resident is unable to occupy the Residential Unit due to death, illness, injury, or incapacity, this Agreement shall terminate and be automatically canceled.

Trial Period. The first ninety (90) days of occupancy will be on a trial basis. During this 90-day period, Whitaker Glen shall have the right to terminate this Agreement and the Resident's occupancy based upon its judgment that either the Resident's physical condition or emotional adjustment will not permit satisfactory residency at Whitaker Glen.

Residence in Excess of Ninety Days. After the 90-day period, this Agreement shall be terminated only pursuant to the following subparagraphs.

1. Death of Resident. This Agreement shall terminate upon the death of the Resident. If two (2) individuals have executed this Agreement as the Resident, this Agreement shall terminate upon the death of the survivor of such individuals.
2. Termination by Whitaker Glen. Whitaker Glen may terminate this Agreement and the Resident's occupancy if the Resident fails to make a payment to Whitaker Glen required under this Agreement, and Whitaker Glen gives the notice required. In addition, Whitaker Glen may terminate this Agreement upon a determination by the Manager that (i) there has been a change in the physical or mental condition of the Resident which renders the Resident incapable of living independently in the Residential Unit and the Resident does not move to the Health Care Center or an Affiliated Facility, or (ii) the Resident has developed a contagious disease deemed hazardous to others by the Manager. Whitaker Glen may also terminate this Agreement for cause as previously provided or if the Resident fails to comply with any of the terms and provisions of this Agreement.



3. Termination by Resident. The Resident may terminate this Agreement at any time by providing Whitaker Glen with ninety (90) days prior written notice. During the ninety (90) day notice period, the Resident shall remain responsible for the payment of the Monthly Service Fee as it becomes due.
4. Permanent Transfer to a Pruitt Health Care Center or an Affiliated Facility. This Agreement shall terminate upon permanent transfer to the Health Care Center or an Affiliated Facility and the removal of all personal belongings from the Residential Unit.

Permanent Transfer. If the Resident's physical or mental condition deteriorates so that it precludes the Resident's ability to live independently or if the Resident cannot live in the Residential Unit without endangering himself or others, Whitaker Glen may require transfer of the Resident at the Resident's expense, to a more protective accommodation which is able to provide for more appropriate safety and care. If a diagnosis is confirmed that in all probability the Resident's condition is irreversible and there is negligible possibility of recovery that would permit independent living, Whitaker Glen may assign the Resident's Residential Unit to another individual. If the Resident should recover to the point that independent living is again possible, the Resident will have priority for accommodations at Whitaker Glen as they become available. The Resident will bear the cost of moving and storing personal belongings in the event of such transfer. Whitaker Glen will consult the Resident or his or her responsible party as well as the Resident's physician regarding transfer decisions.

### Refund

The refund of fees upon termination of the Agreement is specified in the Residence and Services Agreement and the Entrance Fee Agreement as follows:

Termination of this Agreement Prior to Occupancy. If the Applicant is unable to take occupancy of the Residential Unit due to death, illness, injury or incapacity, this Agreement shall be automatically canceled, and all amounts paid under this Agreement shall be refunded to the Applicant. Such refund shall be made within one hundred eighty (180) days following the aforementioned cancellation or termination. If prior to the Applicant's occupancy at Whitaker Glen, the Applicant should terminate the Residence and Services Agreement, this Agreement shall terminate.

Termination by Resident. If the Resident gives written notice of termination within the initial ninety (90) days of the occupancy at Whitaker Glen, the Initiation Fee shall be refunded.

Termination After Occupancy. Following payment of the Entrance Fee and the Applicant's occupancy at Whitaker Glen, the Entrance Fee Refund shall be payable to the Applicant in accordance with the Applicant's Entrance Fee Agreement and one of the following schedules:

- (1) Within thirty (30) days after the Applicant's Residential Unit (as defined in the Residence and Services Agreement) is occupied by another individual following (i) the death of the Applicant or (ii) the termination of the Residence and Services Agreement in accordance with the provisions of such agreement; or

(2) Applicant shall be initially eligible for an Entrance Fee Refund following the death of the Applicant or the termination of his or her Residence and Services Agreement in accordance with the provisions hereof and thereof; (ii) upon initial eligibility, Applicant shall be included in a group of refund-eligible residents with the same floor plan as Applicant's; and (iii) a refund shall be paid to a group member resident within thirty (30) days following each occurrence of a residential unit with their same floor plan being newly occupied by another individual, in the chronological order such group member residents became eligible for a refund.

It is provided, however, that should the Residence and Services Agreement be terminated as a result of the Applicant's Permanent Transfer to the Health Care Center or Affiliated Facility (as such terms are defined in the Residence and Services Agreement), the Applicant will either (i) have the option to receive a refund within thirty (30) days after the Applicant's Residential Unit is occupied by another individual, or have the Entrance Fee Refund applied as a credit at the Health Care Center or Affiliated Facility to be used to pay for occupancy, care and services, or (ii) the Entrance Fee Refund shall be applied as a credit as contemplated in this paragraph, depending on the terms of the Applicant's Entrance Fee Agreement. If the Entrance Fee is refunded to the Applicant or credited upon transfer to the Health Care Center or Affiliated Facility, the Applicant may again occupy a residential unit at the Retirement Community, when available, upon the payment of all fees required in connection with admission to Whitaker Glen. Whitaker Glen reserves the right at its sole discretion to repay all or any portion of the Entrance Fee Refund to the Applicant at an earlier date than otherwise required hereunder. Refunds of refundable entrance fees are limited to re-occupancy proceeds.

Any refund set forth above may be reduced by charges due and payable to Whitaker Glen.

## FEES

### Current Fees

The Financial and Application Information form which is part of the marketing packet includes the following requirement:

- Complete the application and return it along with the non-refundable application fee of \$100.00 per person.

The Residence and Services Agreement and/or the Entrance Fee Agreement contain the following wording regarding fees to be paid:

Initiation Fee. An Initiation Fee in the amount of \_\_\_\_\_ shall be payable to Whitaker Glen by the Resident. Any refundable deposit made during the application process shall be applied toward payment of the Initiation Fee and the amount payable by the Resident pursuant to the Entrance Fee Agreement executed simultaneously herewith. The Initiation Fee shall become non-refundable ninety (90) days after the Resident's occupancy of the Residential Unit.

Entrance Fee. Payment of an entrance fee provides a resident with the lifetime use of a residence and the services and amenities available at the Retirement Community. At the time the Applicant makes application for residency at the Retirement Community, the Applicant will receive a copy of the Disclosure Statement and will pay an entrance fee deposit. The balance of the entrance fee will be paid at the time the Residence and Services Agreement and Entrance Fee Agreement are signed. The Applicant hereby agrees to pay an entrance fee in the total amount of \$\_\_\_\_\_.

Monthly Service Fee. The Monthly Service Fee for the Residential Unit and the number of occupants covered by this Agreement is payable prior to occupancy and on the first day of each month thereafter. The Monthly Service Fee in effect on the date of this Agreement for the Residential Unit and number of occupants covered by this Agreement is \_\_\_\_\_.

Extra Charges. The Resident will be invoiced by Whitaker Glen for optional services, special services, or supplies obtained for and furnished to the Resident which are not provided pursuant to this Agreement because of payment of the Monthly Service Fee.

Whitaker Glen's fees are delineated in the Financial and Application Information form in the marketing packet. The fees effective July 1, 2023 are summarized as follows:

**The Traditional Plan**

Residence	Non-Refundable Initiation Fee <sup>1</sup>	Residential Admission Fee	Total Fees	Monthly Service Fee	
				One Occupant	Two Occupants
One Bedroom	\$8,000	\$50,000	\$58,000	\$3,770	4,305
Two Bedroom	\$8,500	\$96,800	\$105,300	4,168	4,721
Two Bedroom Deluxe	\$9,000	\$114,950	\$123,950	4,283	4,836

**The Equity Plan**

Residence	Non-Refundable Initiation Fee	Residential Admission Fee	Total Fees	Monthly Service Fee	
				One Occupant	Two Occupants
One Bedroom	\$8,000	\$80,000	\$88,000	3,770	4,305
Two Bedroom	\$8,500	\$133,100	\$141,600	4,168	4,721
Two Bedroom Deluxe	\$9,000	\$151,250	\$160,250	4,283	4,836

<sup>1</sup> The Initiation Fee shall become non-refundable ninety (90) days after the Resident's occupancy of the Residential Unit.

**Proposed Conventional Plan**

Residence	Non-Refundable Initiation Fee	Residential Admission Fee	Total Fees	Monthly Service Fee	
				One Occupant	Two Occupants
One Bedroom	\$8,000	\$35,000	\$43,000	\$5,981	\$6,516
Two Bedroom					
Two Bedroom Deluxe					

Adjustments to the Fees

Once a resident occupies a residence at Whitaker Glen, the Initiation Fee and the Entrance Fee become fixed and will not be adjusted if they remain in the same Residential Unit. However, the Monthly Service Fee can be adjusted (on an annual basis each October 1) as specified in the Residence and Services Agreement as follows:

Monthly Service Fee. Whitaker Glen will operate consistent with sound financial practices and to maintain quality care and services. It is agreed that the Resident’s Monthly Service Fee may be increased or decreased by Whitaker Glen if required by the costs of operation. In determining any change in the Monthly Service Fee, Whitaker Glen will consider, among other things, changes in operating costs and the cost of living. No increase in the Monthly Service Fee will take effect earlier than thirty (30) days after written notice of the change is given to the Resident, and the Resident agrees to pay the Monthly Service Fee should it be adjusted.

No fee reduction will be made because the Resident is voluntarily absent from the facility.

Past Fee Adjustments

Effective October 1, 2012, the Initiation Fee was adjusted as presented in the following table. Prior to October 1, 2012, the Initiation Fee had remained constant over the previous five years except for an adjustment in June 2011 to differentiate Renovated Units (Whitaker Glen no longer offers non-renovated units).

<b>Initiation Fee Adjustment - 10/1/2012</b>	
1 Bedroom	(\$2,000)
2 Bedroom	(\$2,500)
2 Bedroom Deluxe	(\$3,000)

The Residential Entrance Fee was adjusted in October 2012 to differentiate the Traditional Plan and the Equity Plan, after remaining constant over the previous five years. The following table presents the increase over the previous five-year period:

### Traditional Plan

<b>Increase of Residential Entrance Fee</b>					
<b>Date</b>	<b>10/1/2023</b>	<b>10/1/2022</b>	<b>10/1/2021</b>	<b>10/1/2020</b>	<b>10/1/2019</b>
<b>One Bedroom</b>	\$0	\$0	\$0	\$0	\$0
<b>Two Bedroom</b>	\$0	\$0	\$0	\$0	\$0
<b>Two Bedroom Deluxe</b>	\$0	\$0	\$0	\$0	\$0

### Equity Plan

<b>Increase of Residential Entrance Fee</b>					
<b>Date</b>	<b>10/1/2023</b>	<b>10/1/2022</b>	<b>10/1/2021</b>	<b>10/1/2020</b>	<b>10/1/2019</b>
<b>One Bedroom</b>	\$0	\$0	\$0	\$0	\$0
<b>Two Bedroom</b>	\$0	\$1,100	(\$1,100)	\$0	\$0
<b>Two Bedroom Deluxe</b>	\$0	\$0	\$0	\$0	\$0

The following table presents the average increase in the Monthly Service Fee over the previous five-year period:

<b>Average Increase of Monthly Service Fees</b>					
<b>Increase Date</b>	<b>10/1/20123</b>	<b>10/1/20122</b>	<b>10/1/20121</b>	<b>10/1/20120</b>	<b>10/1/2019</b>
<b>One Bedroom</b>	\$247	\$246	\$246	\$88	\$113
<b>Two Bedroom</b>	\$273	\$272	\$273	\$98	\$35
<b>Two Bedroom Deluxe</b>	\$280	\$279	\$292	\$100	\$129

### RESIDENT FINANCIAL DIFFICULTITES

The Residence and Services Agreement states the following about a Resident's financial difficulties:

Financial Assistance. It is understood by the parties that the Resident has sufficient assets at the present time to meet expected costs of subsistence and services under this Agreement. Without in any way qualifying the right of Whitaker Glen to terminate this Agreement, it is the declared policy of Whitaker Glen that every effort will be made to prevent termination of this Agreement solely because of the Resident's inability to pay the Monthly Service Fee and any other sums due Whitaker Glen because of circumstances beyond the Resident's control. Whitaker Glen at its option may structure

an agreement with the Resident addressing that Resident's financial situation but is not obligated to do so.

Financial Statement. If at any time Whitaker Glen feels it necessary to request a financial statement or other financial information from a Resident, the Resident agrees to present such information to Whitaker Glen within twenty (20) calendar days of such request.

## FINANCIAL INFORMATION

As required by North Carolina General Statutes Chapter 58, Article 64, Whitaker Glen will maintain an operating reserve adequate to enable it to perform its obligations fully under contracts to provide continuing care. Cash equivalents typically in the form of certificates of deposit or money market funds will be utilized. The Chairman and CEO or his designee will make the investment decisions.

The following attachments present current and forecasted financial information:

Audited Financial Statements - Exhibit A

Interim Financial Statements – Exhibit C

Five Year Forecast - Exhibit D

Whitaker Glen has not had an actuarial report prepared within the prior two years that estimates the capacity of Whitaker Glen to meet its contractual obligations to the residents.

The material differences identified by a comparison of the actual results of operations for the year ending December 31, 2023 to the forecast included in the 2023 Disclosure Statement are set forth in Exhibit B.

## RESIDENCE AND SERVICES AGREEMENT/ ENTRANCE FEE PURCHASE AGREEMENT

The Residence and Services Agreement and the Entrance Fee Agreement, which are executed concurrently, are attached as Exhibits E and F, respectively.

## REGISTERED TRADE NAME

A copy of the Registered Trade Name, The Oaks at Whitaker Glen, as filed with the Wake County Clerk of Court is attached as Exhibit G.

## OTHER INFORMATION

### Waiting List

The Financial and Application Information form which is part of the marketing packet includes the following information:

- If the desired unit is not available, the resident's name will be placed on a waiting list with the priority based on the date your application was received. A \$5,000 refundable deposit is required at the time of acceptance of your application. The deposit may be refunded if you do not become a resident of Whitaker Glen and will be applied first to your Initiation Fee if you do become a resident and then the balance, if any, to your Entrance Fee Amount.

The Residence and Services Agreement states the following about the waiting list:

- Within five (5) days after the receipt of such notice, the Resident must accept such occupancy date or defer occupancy. Although deferral will not otherwise change the obligations of the Resident or of Whitaker Glen, it will result in surrender of the Residential Unit specifically provided in this Agreement. The Resident will maintain his priority position on the waiting list during the deferral period and will be furnished a similar unit when it becomes available based on waiting list priority.

If the desired residential unit is not available and a prospective resident on the waiting list chooses to occupy an available unit, the person's name will be entered on the "in-house" waiting list based on the date the intra-facility move was requested. These intra-facility moves have priority over new residents and are handled on a "first come, first served" basis. If a Residential Unit is offered to a Resident on the "in-house" waiting list, and is declined, the Resident will maintain their priority on the waiting list.

#### Recent & Planned Renovations

A renovation project aimed at enhancing six units at Whitaker Glen is currently underway and anticipated to be finished by May 2024.

Additional renovation projects are in the planning, zoning, and early construction phases, including:

- Club houses and flats are in the early phase of design.
- Drawings and construction documents for Assisted Living Facility, Skilled Nursing Facility, pool, and amenities are complete and project not started yet.
- Apartment building, refresh existing activities building, and demolish existing Mayview Skilled Nursing building are ready to start.
- Renovation of the exterior of the Independent Living Facilities including new façade, paint, stonework, and porch replacement on each unit, along with renovation of the exterior of the Independent Living Facilities including new façade, paint, stonework, and porch replacement on each unit are in progress.

#### Criminal Violation Statement

There is no director, officer, agent, or managing employee of Whitaker Glen, Inc. or PruittHealth – Raleigh, LLC that (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or has 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) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, related to business activity of health care, including actions affecting a license to operate a foster care facility, skilled nursing facility, retirement home, home for aged, or facility subject to North Carolina General Statutes Chapter 58 Article 64 or a similar law in another state.

#### Disclosure Statement Content

Where references adhere to in this Disclosure Statement to provisions found in the Residence and Services Agreement, the Entrance Fee Agreement, or other documents, the provisions referred to are not quoted verbatim. Only the language of the provisions necessary to understand the reference is included. For the exact language of the referenced provisions, see the specific agreement from which the reference builds upon.



The Oaks at  
Whitaker Glen  
Disclosure Statement

Exhibit A

Audited Financial Statements  
December 31, 2023, and 2022



# MAULDIN & JENKINS

CPAs & ADVISORS

**WHITAKER GLEN, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2023**

**WHITAKER GLEN, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2023**

**WHITAKER GLEN, INC.**

**FINANCIAL REPORT  
DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors and Stockholder  
Whitaker Glen, Inc.**

### **Opinion**

We have audited the accompanying financial statements of **Whitaker Glen, Inc.** (a North Carolina corporation), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitaker Glen, Inc. as of December 31, 2023, 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 Financial Statements section of our report. We are required to be independent of Whitaker Glen, Inc. 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.

### **Responsibilities of Management for the Financial Statements**

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

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

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## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Whitaker Glen, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Whitaker Glen, Inc.'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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
May 28, 2024

**WHITAKER GLEN, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2023**

**ASSETS**

CURRENT ASSETS

Accounts receivable, net	\$	61,765
Related-party note receivable		904,655
Prepaid expenses		8,693
Total current assets		975,113

Property and equipment, net

5,074,043

NONCURRENT ASSETS

Restricted assets - statutory operating reserve		2,801,548
Other assets, net		41,545
Intangible - Certificate of Need		450,000
Total noncurrent assets		3,293,093

Total assets

\$ 9,342,249

**LIABILITIES AND STOCKHOLDER'S EQUITY**

CURRENT LIABILITIES

Accounts payable - trade	\$	246,536
Other accrued expenses		133,991
Accrued salaries and withholdings		90,497
Deferred revenue		424,154
Resident refunds payable		79,935
Total current liabilities		975,113

LONG-TERM LIABILITIES

Deferred revenue, net of current portion		224,486
Contingent debenture liability		2,626,650
Refundable deposits - entrance fees		67,000
Total long-term liabilities		2,918,136

Total liabilities

3,893,249

STOCKHOLDER'S EQUITY

Common stock, par value \$1 per share, 100,000 shares authorized, 5,000 shares issued and outstanding		5,000
Additional paid-in capital		16,842,566
Accumulated (deficit)		(11,398,566)
Total stockholder's equity		5,449,000

Total liabilities and stockholder's equity

\$ 9,342,249

**See Notes to Financial Statements.**

**WHITAKER GLEN, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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CONTRACT REVENUES:

Monthly service fees	\$ 2,599,901
Debenture revenue	461,481
Initiation revenue	75,000
Other income	491,259
Total contract revenues	<u>3,627,641</u>

OTHER REVENUES:

Gain on sale of investments	<u>19,785</u>
Total other revenues	<u>19,785</u>

Total revenues	<u>3,647,426</u>
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OPERATING EXPENSES

Dietary	503,957
Resident activities	81,685
Healthcare expenses	358,025
Operations expense	567,625
Rent	1,144,314
Utilities	333,432
Administrative and general expenses	702,504
Insurance	83,549
Employee benefits	127,526
Professional fees	3,331
Property taxes	77
Depreciation and amortization	774,658
Total operating expenses	<u>4,680,683</u>

NET (LOSS)	<u><u>\$ (1,033,257)</u></u>
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See Notes to Financial Statements.



**WHITAKER GLEN, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Common Stock		Additional Paid-In Capital	Accumulated (Deficit)	Total
	Shares	Amount			
Balance, December 31, 2022	5,000	\$ 5,000	\$ 3,995,000	\$ (10,365,309)	\$ (6,365,309)
Capital conversion	-	-	12,847,566	-	12,847,566
Net (loss)	-	-	-	(1,033,257)	(1,033,257)
Balance, December 31, 2023	<u>5,000</u>	<u>\$ 5,000</u>	<u>\$ 16,842,566</u>	<u>\$ (11,398,566)</u>	<u>\$ 5,449,000</u>

See Notes to Financial Statements.

**WHITAKER GLEN, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net (loss)	\$	(1,033,257)
Adjustments to reconcile net (loss) to net cash (used in) operating activities		
Depreciation and amortization		774,659
Amortization of debentures		(461,481)
Gain on sale of investments		(19,785)
(Increase) decrease in operating assets:		
Accounts receivable		429,946
Prepaid expenses		(3,260)
Other assets		(12,900)
Increase (decrease) in operating liabilities		
Accounts payable - trade		(18,859)
Other accrued expenses		45,345
Accrued salaries and withholdings		(815)
Resident refunds payable		79,935
Net cash (used in) operating activities		(220,472)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments		(3,182,331)
Purchase of property and equipment		(354,750)
Purchase of intangible assets		(50,000)
Proceeds from sale of investments		3,122,134
Net cash (used in) investing activities		(464,947)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from debentures		901,560
Refunds of debentures		(1,035,310)
Proceeds from deposits - entrance fees		47,000
Refunds of deposits - entrance fees		(35,000)
Proceeds from related parties, net		749,360
Net cash provided by financing activities		627,610

**CHANGE IN CASH AND CASH EQUIVALENTS** **(57,809)**

CASH AND CASH EQUIVALENTS, at beginning of year 57,809

CASH AND CASH EQUIVALENTS, at end of year \$ -

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Schedule of noncash investing and financing transactions		
Conversion of related-party payable to equity	\$	<u><u>12,847,566</u></u>

**See Notes to Financial Statements.**

# WHITAKER GLEN, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Business

Whitaker Glen, Inc. (the “Company”) was organized in 1981, and since 1984, has operated a comprehensive retirement community providing residents with a high quality of life. In 2004, Whitaker Glen, Inc. became licensed as a continuing care retirement community. In December 2009, the stock of the Company was sold to Cumberland Healthcare Properties, Inc., a Georgia corporation registered to do business in North Carolina. In 2023, the Company announced a renovation and expansion of its independent living facility. The planned construction and redevelopment includes 340 units and beds, and renovation of 93 existing units. The overall projected construction cost is \$385 million with construction projected to begin in Summer 2024 with 5 phases and an anticipated completion date of Winter 2029.

#### Significant Accounting Policies

##### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

##### Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

##### Property, Equipment, and CON

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Buildings, leasehold, and land improvements	Up to 40 years
Furniture, computers, and other equipment	3 to 20 years
Transportation equipment	5 years

The certificate of need (“CON”) was acquired in 2017, at a cost of \$400,000, for the purpose of adding more beds to the existing facility. In 2023, the Company applied for an additional CON due to the new planned construction to the existing facility. An additional \$50,000 was capitalized in relation to this. These CONs were determined to have an indefinite useful life and so are not amortized.

##### Investments

Investments in municipal bonds are reported at fair value. The municipal bonds are classified as available for sale.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Income Tax

The stockholder of the Company has elected to operate the Company as a qualified subsidiary under the provisions of Subchapter S of the Internal Revenue Code. Therefore, the Company does not pay federal or state corporate income taxes on its taxable income. Accordingly, no provision for income taxes is included in the accompanying financial statements.

##### Advertising Costs

Advertising costs are expensed as they are incurred. Advertising costs were \$8,550 for the year ended December 31, 2023.

##### Accounts Receivable

Accounts receivable consists of monthly miscellaneous charges such as telephone long distance, meals, resident activity fees, and purchased services billed in arrears to residents. Accounts receivable are reported net of an allowance for credit losses to represent the Company's estimate of expected losses at the balance sheet date. The adequacy of the Company's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. The allowance for doubtful accounts was \$4,225 at December 31, 2023.

##### Goodwill

The Company amortizes goodwill on the straight-line method over 10 years and only evaluates goodwill for impairment at the entity level when a triggering event occurs.

##### Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

##### Performance Obligations and Significant Judgments

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

##### Monthly Service Fees

The Company has the performance obligation to operate consistent with sound financial practices and maintain quality care and services. The Company may increase or decrease the monthly service fee if required by the costs of operations. In determining any change in the monthly service fee, the Company will consider changes in operating costs and the cost of living. No increase in the monthly service fee will take effect earlier than thirty days after written notice of the change is given to the resident and the resident agrees with the monthly service fee adjustment.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Revenue Recognition (Continued)

No fee reduction will be made in the event the resident is voluntarily absent from the Community. Revenue from the monthly service fees is recognized over time as the residence is occupied and the services are provided.

The Company has the performance obligation to provide the resident with a monthly statement showing the amount due for the monthly service fee and any other amounts which are charged to the resident. If the resident fails to pay the monthly service fee or other charges as required, the Company will provide a second statement ten days following the due date of the original monthly statement. The second statement will be accompanied by a written notice that payment of the previously outstanding balance and any new outstanding charges must be made within fifteen days or the Company may terminate the residence and services agreement and the resident's occupancy.

##### Debenture Revenue

Upon execution of the residence and services agreement and under the terms of the entrance fees agreement, the resident agrees to pay an entrance fee in return for a nonnegotiable note, or debenture. The debenture provides that the principal amount does not bear interest. The proceeds from the debenture shall be utilized only for expenses incident to the construction, furnishing, and operation of the Community. The debenture shall be secured by a Deed of Trust upon the grantors' interest in the Community real estate. This Deed of Trust will be a second lien upon the real estate subordinate only to the lien of the first Deed of Trust securing the repayment of additional funds incident to the construction, furnishing, and operation of the Community. Since 2012, all new debentures are either fifty or one-hundred percent nonrefundable, therefore the proceeds from the debentures that are nonrefundable are deferred revenue and are recognized as revenue over a 25-month period from the first day of the month following the month that the residence and services agreement is executed.

If the resident selects a renovated unit, the Company will reduce the refundable portion of the principal balance due to the resident. The debenture will be decreased 2% from the first day of the month following the month in which the renovations are completed. The reduction will be no more than 25 months and not to exceed a reduction of more than 50% of the original balance under the entrance fee agreement.

Following a resident's occupancy at the Community, due to death or termination of their residence and services agreement, the remaining refundable principal balance of the debenture is due and payable to the resident within thirty days. However, if the resident is permanently transferred to the healthcare center, the principal balance of their debenture will be paid to the resident within sixty days following the termination of the residence and services agreement.

##### Initiation Revenue

Under the resident and services agreement, a new resident is required to pay an initiation fee that is determined by the resident's chosen unit. The Company has the performance obligation to apply any refundable deposit the resident made during the application process toward payment of the resident's initiation fee. The initiation fee is nonrefundable ninety days after the resident's occupancy. If the resident gives written notice of termination within the initial ninety days of occupancy, the Company is obligated to refund the initiation fee; therefore, the recognition of the initiation fee is constrained to the point in time when the fee becomes nonrefundable.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

##### HealthCare Income

The Company's healthcare center personnel have the obligation to respond to "off-hours" emergency needs of the residents of the Community. The Company will admit its residents to the healthcare center upon determination that inpatient nursing services are required. All admissions as inpatients to the healthcare center must be requested by a physician and in accordance with the procedures of the healthcare center. The performance obligations of the healthcare center personnel are considered satisfied after the emergency needs are met or the resident is transferred out of the healthcare center. Revenues from the healthcare center are recognized at the point in time when the services are provided to the resident.

##### Other Income

The Company provides additional amenities such as additional phone and television services, as well as allowing the residents access to additional services, such as clothing alterations, meals, housekeeping, dry cleaning, and other personal needs. The revenues from these amenities and services are recognized monthly as they are used by the residents.

##### Disaggregation of Revenues

The disaggregation of the types of revenue generated by the Company for the year ended December 31, 2023 is reported in the contract revenue section of the Statement of Operations.

The following table sets forth revenue disaggregated by recognition pattern for the year ended December 31, 2023:

Point-in-time	\$	155,142
Over time		3,472,499
		\$ 3,627,641

##### Contract Assets and Liabilities

Contract assets and liabilities consist of the following at December 31, 2023:

	Beginning of Year		End of Year
Contract receivables	\$ 491,711		\$ 61,765
Resident refunds payable	-		(79,935)
Deferred revenue	(548,720)		(648,640)
Contingent debenture liability	(3,321,802)		(2,626,650)
Deposits – entrance fees	(55,000)		(67,000)
	\$ (3,433,811)		\$ (3,360,460)

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Revenue Recognition (Continued)

The Company records contract assets and contract liabilities related to its revenue generating activities. Contract assets include certain receivables from residents that are unconditional as all performance obligations with respect to the contract with the residents have been completed. These amounts are included in “accounts receivable” in the accompanying balance sheet.

Contract liabilities include debentures (See Note 14). The nonrefundable portion of this liability is recognized as revenue over a 25-month period. The debentures are included in the accompanying balance sheets as both current and long-term liabilities, with the current portion representing amounts to be recognized as revenue within the next twelve months. The long-term balance is further bifurcated into the remaining nonrefundable balance to be recognized beyond the next twelve months and a liability contingent upon residents meeting conditions within the residence and services agreements. When those conditions are met, related balance is classified as resident refunds payable with the current liabilities.

Deposits – entrance fees are contract liabilities that represent amounts paid by applicants to be put on the waiting list to become a resident of the Community. These amounts are part of initiation revenue transactions and remain liabilities until the deposits are nonrefundable and recognized as revenue.

##### Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, “*Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments.*” ASU 2016-13 replaces the current incurred loss impairment methodology for credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company adopted this standard effective January 1, 2023, and the adoption had no impact on the beginning accumulated deficit as of January 1, 2023.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The Company adopted this guidance beginning January 1, 2022. The Company also early adopted ASU 2023-01, *Common Control Arrangements*, beginning January 1, 2023. Under ASU 2023-01, the Company has elected to apply the provisions of the practical expedient to use the written terms and conditions of a related-party arrangement between entities under common control to determine whether that arrangement is or contains a lease.

The lease arrangement described in Note 8 is between related entities in which there are written terms and conditions with a related party. The Company determines whether an arrangement contains a lease at the inception of the contract by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The common control provisions of the lease preclude the recording of a right-of-use asset and operating lease liability.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classification as follows at December 31, 2023:

Furniture, computers, and other equipment	\$	2,040,567
Leasehold improvements		6,749,272
Construction in progress		1,973,086
		<u>10,762,925</u>
Less accumulated depreciation		<u>(5,688,882)</u>
Net property and equipment	\$	<u>5,074,043</u>

Depreciation expense amounted to \$575,023 for the year ended December 31, 2023.

### NOTE 3. GOODWILL

Goodwill consists of the following at December 31, 2023:

Goodwill	\$	3,681,276
Less accumulated amortization		<u>(3,681,276)</u>
Net goodwill	\$	<u>-</u>

Amortization expense amounted to \$184,064 for the year ended December 31, 2023.

### NOTE 4. OTHER ASSETS

Other assets consist of the following at December 31, 2023:

Software license	\$	86,468
Less accumulated amortization		<u>(44,923)</u>
Total other assets	\$	<u>41,545</u>

### NOTE 5. CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed insured limits.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the balance sheets.



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 6. DEPOSITS – ENTRANCE FEES**

A \$5,000 refundable deposit is required at the time of acceptance of the application to the Community. If a desired apartment is not available at the time an application is made, a prospective resident's name will be placed on a waiting list with a priority based on the date an application was received. Starting in November 2023, with the onset of construction of the facility expansion, a separate reservation deposit of \$1,000 is required for future residents whom desire a newly constructed residence. The balance equal to 10% of the entrance fee is then due upon signing the Community Agreement.

Refundable deposits at December 31, 2023 were \$67,000.

### **NOTE 7. RETIREMENT PLAN**

The Company sponsors a defined contribution profit-sharing plan that covers all full-time employees who have at least 90 days of service. The plan provides that the Company may make contributions in the amount equal to 3.25% of the annual compensation paid to employees in the plan year. The Company did not make profit-sharing contributions during 2023.

The Company also sponsors a 401(k) plan.

### **NOTE 8. RELATED-PARTY TRANSACTIONS**

The Company leases its facilities from affiliated companies. The rent expense for the year ended December 31, 2023 was \$1,105,423.

The Company entered into a management services agreement on July 1, 2005 with Mayview Convalescent Home, Inc. to manage and operate the nursing home, doing business as Mayview Convalescent Center. Both parties agreed to terminate the agreement in July 2022.

Prior to January 2023, the Company and the residents were holders of a secured receivable in the form of a Deed of Trust secured by the Whitaker Glen real property owned by affiliated companies. The value of the Deed of Trust at December 31, 2022 was \$7,560,000. The Company evaluated the need for the secured receivable in 2023 and determined the outstanding debenture liabilities are adequately secured by the Company's current accounts receivable, the related-party demand note receivable issued in 2023, and bonds comprising restricted assets - statutory operating reserve.

In 2023, the Company agreed to terminate the secured receivable. Contemporaneously, United Health Services, Inc, a related party, issued the Company a demand note receivable of \$309,900 at an interest rate of 8.1% per annum and agreed to discharge the Company from its related-party payables of \$18,753,511 as of December 31, 2022, in exchange for additional paid in capital of \$11,503,451. The balance of the demand note receivable and accumulated interest was \$904,655 as of December 31, 2023.

The Company purchases various supplies and services from several affiliated companies. These purchases during the year ended December 31, 2023 amounted to \$49,674.

The Company pays an affiliated company to provide management related services to the Company. The compensation for these services is a percentage of revenue. The management fee for the year ended December 31, 2023 was \$306,711.

Amounts due to related parties are balances created from shared transactions in daily operations with affiliated companies. One of the affiliated companies serves as an internal cash management entity. The balance at December 31, 2023 was \$-.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. INVESTMENTS

Investments are summarized as follows at December 31, 2023:

	Cost	Fair Value	Unrealized and Realized Appreciation
<b>Municipal bonds</b>	<b>\$ 2,708,954</b>	<b>\$ 2,764,205</b>	<b>\$ 55,251</b>

Investments are included in the accompanying balance sheets under the line item titled restricted assets – statutory operating reserve.

The following schedule summarizes the investment return for the year ended December 31, 2023:

Investment return	<u>\$ 19,785</u>
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### NOTE 10. STATUTORY OPERATING RESERVE

Under the rules and regulations of the Department of Insurance of North Carolina, which regulates continuing care retirement facilities in the state, the Company is required to maintain operating reserves from 25% to 50%, depending on the occupancy percentage, of the total forecasted annual operating costs. The statutory operating reserve is calculated using the forecasted expenses less depreciation and amortization and assuming an occupancy factor of less than 90% in 2023. Beginning in 2004, the Company became a continuing care retirement community subject to the rules and regulations requiring a statutory operating reserve.

The statutory operating reserve consists of the following at December 31, 2023:

Cash and cash equivalents	\$ 37,343
Investments	<u>2,764,205</u>
	<u>\$ 2,801,548</u>

### NOTE 11. OPERATING LEASES

The Company leases its facilities from affiliated companies (See Note 8) under an operating lease expiring in 2032, with options to renew for variable periods extending to 2052. Rent expense for the year ended December 31, 2023 was \$1,144,314.

The future minimum annual rental payments are as follows:

Year Ending December 31,	
2024	\$ 1,172,742
2025	1,207,924
2026	1,244,162
2027	1,281,487
2028	1,319,931
Thereafter	<u>4,933,988</u>
	<u>\$ 11,160,233</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. OPERATING LEASES (Continued)

The Company leases equipment under operating leases with various terms. Rent expense for the year ended December 31, 2023 was \$37,682.

### NOTE 12. FAIR VALUE MEASUREMENTS

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. In determining fair value, the Company may use various methods including market, income, and cost approaches. Based on these approaches, the Company utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

*Level 1* - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

*Level 2* - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

*Level 3* - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

For the year ended December 31, 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

*Municipal bonds:* The market value is based on quoted market prices, when available, and/or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Municipal bonds</b>	<u>\$ 2,764,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,764,205</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13. RISKS AND UNCERTAINTIES

The COVID-19 pandemic has created economic uncertainties which may continue to impact the Company's operations and financial position in future periods. The possible impact of COVID-19 on the Company's operational and financial performance and estimates used in financial reporting may be substantial and will depend on certain developments including the duration and spread of the outbreak.

### NOTE 14. DEBENTURES

Applicants desiring to become residents of the Community agree to purchase a debenture from the Company in principal amounts ranging from \$40,000 to \$151,250. The proceeds from the debentures shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Community. The debenture provides that the principal amount does not bear interest. The debentures were secured by a Deed of Trust on the real property leased by the Company (See Note 8). Pursuant to the specific debenture agreement, a portion of the principal is returned to the resident upon the termination of the applicable residence and services agreement. During 2012, debenture equity plans were implemented on new debentures issued. New debentures are reduced monthly over a 25 month period down to 50% or 0% of the original debenture amount depending on the debenture plan chosen.

The debenture obligations and deferred revenue at December 31, 2023 were as follows:

Contingent deferred liability	\$	2,626,650
Current deferred revenue		424,154
Deferred revenue, net of current portion		224,485
Resident refunds payable		79,935
Total debenture obligations	<u>\$</u>	<u>3,355,225</u>

### NOTE 15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 28, 2024, the date on which the financial statements were available to be issued.

The demand note receivable was amended in May 2024 to retroactively increase the note balance to \$904,644.

The Oaks at  
Whitaker Glen  
Disclosure Statement

Exhibit B

Narrative of Material Variances

**WHITAKER GLEN, INC**  
**Comparative Balance Sheet**  
**December 31, 2023**

<u>Assets</u>	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>	Ref
Current assets:				
Cash and cash equivalents	\$ -	\$ 1,298,406	\$ (1,298,406)	BS1
Accounts receivable	61,765	607,893	(546,128)	BS2
Secured receivable	904,655	7,560,000	(6,655,345)	
Prepaid expenses	8,693	5,597	3,096	BS3
Total current assets	<u>975,113</u>	<u>9,471,896</u>	<u>(8,496,783)</u>	
Property and equipment, net	5,074,043	4,615,933	458,110	
Other assets:				
Restricted assets - statutory operating reserve	2,801,548	2,497,128	304,420	BS4
Goodwill, net of amortization	-	-	-	
Intangible - Certificate of Need	450,000	29,697	420,303	BS6
Other assets, net	41,545	-	41,545	BS5
Total other assets	<u>3,293,093</u>	<u>2,526,825</u>	<u>766,268</u>	
Total assets	<u>\$ 9,342,249</u>	<u>\$ 16,614,654</u>	<u>\$ (7,272,405)</u>	
<b><u>Liabilities and Stockholder's Equity</u></b>				
Current liabilities:				
Accounts payable - trade	\$ 246,536	\$ 959,624	\$ (713,088)	BS7
Payroll withholdings and accruals	90,497	93,839	(3,342)	
Operating lease liabilities	-	2,394,273	(2,394,273)	BS8
Other accrued expenses	133,991	8,084	125,907	BS9
Resident refunds payable	79,935	-	79,935	BS10
Deferred Revenue	424,154	280,196	143,958	BS11
Due to related parties	-	15,564,949	(15,564,949)	BS12
Total current liabilities	<u>975,113</u>	<u>19,300,965</u>	<u>(18,325,852)</u>	
Long term liabilities:				
Debentures, less current portion	224,486	2,011,093	(1,786,607)	BS13
Contingent debenture liability	2,626,650	1,133,852	1,492,798	BS14
Deposits-entrance fees	67,000	55,003	11,997	BS15
Total long term liabilities	<u>2,918,136</u>	<u>3,199,948</u>	<u>(281,812)</u>	
Total liabilities	<u>3,893,249</u>	<u>22,500,913</u>	<u>(18,607,664)</u>	
Stockholder's equity - unrestricted:				
Common stock, par value \$1 per share, 100,000 shares authorized, 5,000 shares issued and outstanding	5,000	5,000	-	
Additional Paid in Capital	16,842,566	3,995,000	12,847,566	BS16
Accumulated deficit	(11,398,566)	(9,886,258)	(1,512,308)	
Total stockholder's equity	<u>5,449,000</u>	<u>(5,886,258)</u>	<u>11,335,258</u>	
Total liabilities and Stockholder's Equity	<u>\$ 9,342,249</u>	<u>\$ 16,614,654</u>	<u>\$ (7,272,405)</u>	

Variance Threshold based on a 10% change in line item Forecast to Actual with a \$25,000 floor

**WHITAKER GLEN, INC**  
**Comparative Statement of Operations**  
**Year Ended December 31, 2023**

	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>	Ref
<b><u>Revenues</u></b>				
Monthly service fees	\$ 2,599,901	\$ 3,204,251	\$ (604,350)	IS1
Debenture revenue	461,481	363,115	98,366	IS2
Health care income	-	1,355,376	(1,355,376)	IS3
Interest income	-	29,417	(29,417)	IS3
Initiation revenue	75,000	-	75,000	IS4
Gain (Loss) on investments	19,785	-	19,785	IS5
Other income	491,259	759,347	(268,088)	IS1
Total revenues	<u>3,647,426</u>	<u>5,711,506</u>	<u>(2,064,080)</u>	
<b><u>Operating expenses</u></b>				
Dietary	503,957	442,027	61,930	IS6
Resident activities	81,685	104,589	(22,904)	IS7
Health care expenses	358,025	424,763	(66,738)	IS7
Operations expense	567,625	505,723	61,902	IS6
Rent	1,144,312	2,444,503	(1,300,191)	IS7
Utilities	333,432	310,152	23,280	
Administrative and general expenses	702,504	264,704	437,800	IS6
Insurance	83,549	183,446	(99,897)	IS7
Employee benefits	127,526	120,887	6,639	
Professional fees	3,331	-		
Property taxes	77	193,461	(193,384)	IS8
Depreciation and amortization	774,658	779,885	(5,227)	
Total operating expenses	<u>4,680,683</u>	<u>5,774,140</u>	<u>(1,093,457)</u>	
<b>Net loss</b>	<u>\$ (1,033,257)</u>	<u>\$ (62,634)</u>	<u>\$ (970,623)</u>	
<b>Accumulated deficit</b>				
Beginning balance	<u>(10,365,309)</u>	<u>(9,823,624)</u>	<u>(541,685)</u>	
Ending balance	<u>(11,398,566)</u>	<u>(9,886,258)</u>	<u>(1,512,308)</u>	

Variance Threshold based on a 10% change in line item Forecast to Actual with a \$25,000 floor

**WHITAKER GLEN, INC.**  
**Comparative Statement of Cash Flows**  
**Year Ending December 31, 2023**

	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>	Ref
<b><u>Cash flows from operating activities</u></b>				
Net loss	\$ (1,033,257)	\$ (62,634)	\$ (970,623)	
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Amortization of entrance fees	(461,481)	(363,115)	(98,366)	
Depreciation and amortization	774,659	779,885	(5,226)	
Loss on sale of investments	(19,785)	-	(19,785)	IS.5
Changes in Assets and Liabilities:				
Accounts receivable	429,946	(17,706)	447,652	BS2
Prepaid expenses	(3,260)	(163)	(3,097)	BS3
Other assets	(12,900)	-	(12,900)	BS5
Operating lease liabilities	-	2,394,273	(2,394,273)	BS8
Accounts payable - trade	(18,859)	27,950	(46,809)	BS7
Payroll withholdings and accruals	(815)	2,735	(3,550)	
Other accrued expenses	45,345	235	45,110	BS9
Resident refunds payable	79,935	-	79,935	BS10
Net cash provided by (used in) operating activities	<u>(220,472)</u>	<u>2,761,460</u>	<u>(2,981,932)</u>	
<b><u>Cash flows from investing activities</u></b>				
Purchase of investments	(3,182,331)	-	(3,182,331)	BS5
Purchase of property and equipment	(354,750)	(120,000)	(234,750)	
Purchase of intangible assets	(50,000)	-	(50,000)	BS6
Statutory operating reserve	-	224,437	(224,437)	BS4
Other investing activities	-	80,000	(80,000)	
Proceeds from sale of investments	3,122,134	-	3,122,134	BS5
Net cash provided by (used in) investing activities	<u>(464,947)</u>	<u>184,437</u>	<u>(649,384)</u>	
<b><u>Cash flows from financing activities</u></b>				
Proceeds from debentures	901,560	230,116	671,444	
Refunds of debentures	(1,035,310)	(2,850,775)	1,815,465	BS13
Proceeds from deposits	47,000	223,818	(176,818)	BS15
Refunds of deposits	(35,000)	(536,200)	501,200	BS15
Proceeds from related parties, net	749,360	-	749,360	BS12
Net cash provided by (used in) financing activities	<u>627,610</u>	<u>(2,933,041)</u>	<u>3,560,651</u>	
Net increase in cash and cash equivalents	<u>(57,809)</u>	<u>12,856</u>	<u>(70,665)</u>	
<b>Cash and cash equivalents</b>				
Beginning balance	<u>57,809</u>	<u>1,285,550</u>	<u>(1,227,741)</u>	
Ending balance	<u>\$ (0)</u>	<u>\$ 1,298,406</u>	<u>\$ (1,298,406)</u>	

Variance Threshold based on a 10% change in line item Forecast to Actual with a \$25,000 floor



Below, please find explanations for the variance between forecasted and actual 2023 financial data.

The materiality threshold is based on the change in each line item on the 2023 Actual to Forecast of 10% with a floor of \$25,000. The following line items, along with an explanation, were outside of the threshold:

Balance Sheet:

- BS.1 Cash and Cash equivalents: cash swept to the parent company central bank account
- BS.2 Accounts Receivable: increase in allowance for doubtful accounts and resident refund adjustment
- BS.3 Prepaid expenses: property tax payments increased
- BS.4 Restricted assets – statutory operating reserve: net effect of purchases, sales and gains on investments
- BS.5 Other assets, net – Deposits: this represents earnest money paid toward the purchase of 20 ACH beds to be incorporated into the facility
- BS.6 Software license – Certificate of Need: acquired Certificate of Need
- BS.7 Accounts payable – trade: timing of payments to vendors
- BS.8 Operating lease liabilities: projected liability of adopting new lease accounting rule ASC842, but it does not meet lease requirement per GAAP after assessment
- BS.9 Other accrued expenses: Accounts payable – trade other, timing of payments to vendors
- BS.10 Resident refunds payable: new category on balance sheet for refundable entrance fees with contingency
- BS.11 Estimated refundable entrance fees: higher than forecasted occupancy
- BS.12 Due to related parties: converted related party payable to equity
- BS.13 Deferred Revenue – Refundable entrance fees: lower than forecasted “Equity plan” move in’s
- BS.14 Deferred Revenue – Contingent debenture liability: Increase in the unamortized portion “grandfathered” debentures
- BS.15 Deposits – entrance fees: lower than forecasted occupancy
- BS.16 Additional Paid in Capital: converted related party payable to equity

Income Statement:

- IS.1 Monthly services fees: lower than forecasted occupancy
- IS.2 Debenture revenue: higher than forecasted occupancy
- IS.3 Health care income and Interest income were reclassified in the Lease-Building Related Party and Other income respectively in actual income statement
- IS.4 Initiation revenue: was included in Other Income in forecast
- IS.5 Interest Income & (Loss) Gain on sale of investments: fluctuations due to changes in the investment portfolio
- IS.6 Administrative & general expenses: higher than forecasted expenses for supplies, partner staffing related to higher occupancy and marketing advertisement
- IS.7 Resident activities, Health care expenses, Rent, and Insurance expenses: lower than forecasted expenses. Less rental expense due to Mayview facility is closed for constructions
- IS.8 Property taxes: the government has assessed lower property values

The Oaks at  
Whitaker Glen  
Disclosure Statement

Exhibit C

Interim Financial Statements  
(Unaudited)

Whitaker Glen, Inc.  
Interim Financial Statements  
As of March 31, 2024  
(Unaudited)

Note: Unaudited Statements are based upon detailed accounting records, and summary numbers will have apparent insignificant errors due to round-off.

**WHITAKER GLEN, INC**  
**BALANCE SHEETS**  
**MARCH 31, 2024**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$	-
Accounts receivable, net		63,634.00
Related-party note receivable		660,065
Prepaid expenses		4,463

Total current assets		728,162
----------------------	--	---------

Property and equipment, net

4,968,714

**NON-CURRENT ASSETS**

Restricted assets - statutory operating reserve		2,853,758
Other assets, net		37,390
Intangible - Certificate of Need		450,000

Total other assets		3,341,148
--------------------	--	-----------

Total assets		\$ 9,038,024
--------------	--	--------------

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**CURRENT LIABILITIES**

Accounts payable - trade	\$	152,988
Accrued salaries and withholdings		91,967
Other accrued expenses		5,444
Deferred revenue		374,838
Resident refunds payable		102,925

Total current liabilities		728,162
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**LONG-TERM LIABILITIES**

Debentures, less current portion		164,272
Contingent debenture liability		2,613,250
Refundable deposits - entrance fees		67,000

Total long term liabilities		2,844,522
-----------------------------	--	-----------

Total liabilities		3,572,684
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**STOCKHOLDER'S EQUITY**

Common stock, par value \$1 per share, 100,000 shares authorized, 5,000 shares issued and outstanding		5,000
Additional Paid in Capital		16,613,174
Accumulated (deficit)		(11,152,834)

Total stockholder's equity		5,465,340
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Total liabilities and stockholder's equity		\$ 9,038,024
--	--	--------------

**WHITAKER GLEN, INC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2024**

CONTRACT REVENUES

Monthly service fees	\$ 625,733
Debenture revenue	196,043
Initiation revenue	16,500
Other income	78,372
Total contract revenues	916,648

OTHER REVENUES

Interest	11,966
(Loss) Gain on investments	(27,847)
Total other revenues	(15,881)
Total revenues	900,767

OPERATING EXPENSES

Dietary	140,869
Resident activities	22,901
Health care expenses	82,634
Operations expense	131,609
Rent	297,123
Utilities	92,855
Administrative and general expenses	150,425
Insurance	54,432
Employee benefits	37,540
Property taxes	1,225
Depreciation and amortization	137,935
Total operating expenses	1,149,548

NET (LOSS)	\$ (248,781)
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ACCUMULATED (DEFICIT)

Beginning balance	(10,904,052)
Ending balance	\$ (11,152,834)

**WHITAKER GLEN, INC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net (loss)	\$ (248,781)
Adjustments to reconcile net loss to net cash (used in) operating activities:	
Depreciation and amortization	137,935
Amortization of debentures	(196,043)
(Gain) loss on sale of investments	27,847
(Increase) decrease in operating assets:	
Accounts receivable	(1,869)
Prepaid expenses	4,230
Increase (decrease) in operating liabilities:	
Accounts payable - trade	(93,548)
Accrued salaries and withholdings	1,470
Other accrued expenses	(128,547)
Resident refunds payable	22,990
	<hr/>
Net cash (used in) operating activities	(474,316)
	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	80,057
Purchase of property and equipment	(28,451)
	<hr/>
Net cash provided by investing activities	51,606
	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from debentures, net	80,000
Refunds from deposits, net	(6,887)
Due to from related parties, net	349,597
	<hr/>
Net cash (used in) financing activities	422,710
	<hr/>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	-
<b>CASH AND CASH EQUIVALENTS, at beginning of year</b>	<hr/> -
<b>CASH AND CASH EQUIVALENTS, at end of year</b>	<hr/> \$ - <hr/>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Schedule of noncash investing and financing transactions	
Reduction of equity from change in related-party note receivable	(229,392)

The Oaks at  
Whitaker Glen  
Disclosure Statement

Exhibit D

Five Year Forecast  
2024-2028

**WHITAKER GLEN, INC.**  
**Forecasted Financial Statements**  
**Years Ending December 31, 2024, 2025, 2026, 2027 and 2028**

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors  
Whitaker Glen, Inc.  
Norcross, Georgia

Management is responsible for the accompanying forecast of Whitaker Glen, Inc., which comprises the forecasted balance sheets as of December 31, 2024, 2025, 2026, 2027 and 2028 and the related forecasted statements of income, retained earnings, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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

Toccoa, Georgia

*J. Sam Johnson CPA, LLC*

May 31, 2024

*Forecasted Financial Statements*

WHITAKER GLEN, INC.

Years Ending December 31, 2024, 2025, 2026, 2027, and 2028

**WHITAKER GLEN, INC.**  
**Forecasted Balance Sheets**  
**As of December 31, 2024, 2025, 2026, 2027, and 2028**

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ 169,508	\$ 182,518	\$ 540,860	\$ 1,238,098
Accounts Receivable	63,618	147,196	277,120	531,651	1,411,255
Related-parties Note Receivable	904,655	904,655	904,655	904,655	904,655
Prepaid Expenses	8,954	59,328	63,881	189,301	433,334
Total Current Assets	<u>977,227</u>	<u>1,280,687</u>	<u>1,428,174</u>	<u>2,166,467</u>	<u>3,987,342</u>
Property and equipment - net	<u>49,827,124</u>	<u>117,874,625</u>	<u>171,789,635</u>	<u>271,610,083</u>	<u>331,595,017</u>
<b>NONCURRENT ASSETS</b>					
Restricted Statutory Operating Reserve	2,547,215	2,980,132	1,571,904	2,701,541	3,955,345
Intangible - Certificate of Need	435,480	420,960	406,440	405,783	405,783
Total Other Assets	<u>2,982,695</u>	<u>3,401,092</u>	<u>1,978,344</u>	<u>3,107,324</u>	<u>4,361,128</u>
Total Assets	<u>\$ 53,787,046</u>	<u>\$ 122,556,404</u>	<u>\$ 175,196,153</u>	<u>\$ 276,883,874</u>	<u>\$ 339,943,487</u>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable - Trade	\$ 253,932	\$ 261,550	\$ 269,397	\$ 405,645	\$ 928,574
Payroll Withholdings and Accruals	93,212	96,008	98,888	101,855	104,911
Due to Related-parties	45,273,895	99,477,315	66,770,892	78,271,335	189,420,689
Deferred Revenue	1,596,793	1,271,327	7,165,694	2,721,509	3,101,397
Other Accrued Expenses	179,866	959,454	1,561,729	2,748,726	1,714,013
Total Current Liabilities	<u>47,397,698</u>	<u>102,065,654</u>	<u>75,866,600</u>	<u>84,249,070</u>	<u>195,269,584</u>
<b>LONG-TERM LIABILITIES</b>					
Debentures, less Current Portion	1,914,023	2,189,939	5,832,784	5,552,194	6,864,563
Contingent Debenture Liability	1,360,752	1,039,752	718,752	397,752	95,552
Long Term Debt	-	18,626,002	90,021,581	179,817,175	115,349,777
Total Long Term Liabilities	<u>3,274,775</u>	<u>21,855,693</u>	<u>96,573,116</u>	<u>185,767,121</u>	<u>122,309,891</u>
Total Liabilities	<u>50,672,473</u>	<u>123,921,347</u>	<u>172,439,716</u>	<u>270,016,191</u>	<u>317,579,475</u>
<b>STOCKHOLDER'S EQUITY</b>					
Common Stock	5,000	5,000	5,000	5,000	5,000
Additional Paid In Capital	16,842,566	16,842,566	16,842,566	16,842,566	16,842,566
Accumulated Deficit	(13,732,994)	(18,212,509)	(14,091,129)	(9,979,883)	5,516,446
Total Stockholder's Equity (Deficit)	<u>3,114,573</u>	<u>(1,364,943)</u>	<u>2,756,437</u>	<u>6,867,683</u>	<u>22,364,012</u>
Total Liabilities and Stockholder's Equity	<u>\$ 53,787,046</u>	<u>\$ 122,556,404</u>	<u>\$ 175,196,153</u>	<u>\$ 276,883,874</u>	<u>\$ 339,943,487</u>

See accountants' report and summary of significant assumptions and accounting policies

**WHITAKER GLEN, INC.**  
**Statements of Forecasted Income & Retained Earnings**  
**Years Ending December 31, 2024, 2025, 2026, 2027, and 2028**

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<b>CONTRACT REVENUES</b>					
Monthly Service Fees	\$ 3,017,344	\$ 3,581,760	\$ 6,500,315	\$ 12,685,349	\$ 34,113,937
Debtore Revenue	1,540,039	527,590	7,625,832	8,521,014	5,262,882
Other Income	505,997	521,177	536,812	552,916	569,503
Gain on Investments	55,125	117,544	495,056	590,550	349,069
	<u>5,118,505</u>	<u>4,748,071</u>	<u>15,158,015</u>	<u>22,349,829</u>	<u>40,295,391</u>
<b>OPERATING EXPENSES</b>					
Dietary	571,523	588,668	606,329	989,967	2,039,022
Resident Activities	243,348	250,835	262,200	398,327	574,620
Health Care Expenses	368,766	379,829	391,224	402,961	415,050
Operations Expenses	572,899	564,203	641,073	1,513,144	2,189,568
Rent	1,178,642	1,214,002	1,250,422	1,287,935	1,326,573
Utilities	343,435	353,738	364,350	375,281	386,539
Administrative and General Expenses	1,318,443	1,524,826	1,640,833	4,487,208	8,361,459
Insurance	86,055	88,637	91,296	94,035	96,856
Interest Expenses	279,889	860,153	900,458	1,113,692	84,478
Employee Benefits	131,352	135,293	139,352	143,533	147,839
Property Taxes	78	79	80	81	82
Depreciation and Amortization	2,358,502	3,267,323	4,749,018	7,432,419	9,176,976
	<u>7,452,932</u>	<u>9,227,586</u>	<u>11,036,635</u>	<u>18,238,583</u>	<u>24,799,062</u>
Net (Loss) Income	(2,334,428)	(4,479,515)	4,121,380	4,111,246	15,496,329
Accumulated (Deficit) Beginning of year	<u>(11,398,566)</u>	<u>(13,732,994)</u>	<u>(18,212,509)</u>	<u>(14,091,129)</u>	<u>(9,979,883)</u>
Distribution to stockholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated (Deficit) End of year	<u>\$ (13,732,994)</u>	<u>\$ (18,212,509)</u>	<u>\$ (14,091,129)</u>	<u>\$ (9,979,883)</u>	<u>\$ 5,516,446</u>

See accountants' report and summary of significant assumptions and accounting policies

**WHITAKER GLEN, INC.**  
**Statements of Forecasted Cash Flows**  
**Years Ending December 31, 2024, 2025, 2026, 2027, and 2028**

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net (Loss) Income	\$ (2,334,428)	\$ (4,479,515)	\$ 4,121,380	\$ 4,111,246	\$ 15,496,329
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Amortization of Debentures	(1,540,039)	(527,590)	(7,625,832)	(8,521,014)	(5,262,882)
Depreciation and Amortization	2,358,502	3,267,323	4,749,018	7,432,419	9,176,976
Loss (Gain) on Sale of Investments	55,125	117,544	495,056	590,550	349,069
Changes in Operating Assets and Liabilities:					
Accounts Receivable	(1,853)	(83,578)	(129,923)	(254,533)	(879,605)
Prepaid Expenses	(261)	(50,374)	(4,553)	(125,420)	(244,033)
Accounts Payable - Trade	7,396	7,618	7,849	136,247	522,927
Payroll Withholdings and Accruals	2,715	2,796	2,880	2,967	3,056
Other Accrued Expenses	45,875	779,588	602,275	1,186,997	(1,034,713)
Net Cash (used in) Operating Activities	<u>(1,406,967)</u>	<u>(966,188)</u>	<u>2,218,150</u>	<u>4,559,459</u>	<u>18,127,124</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Property and Equipment	(47,097,063)	(71,300,304)	(58,649,509)	(107,252,209)	(69,161,910)
Statutory Operating Reserve	254,333	(432,917)	1,408,228	(1,129,637)	(1,253,804)
Other Investing Activities	41,545	-	-	-	-
Net Cash (Used In) Investing Activities	<u>(46,801,185)</u>	<u>(71,733,221)</u>	<u>(57,241,281)</u>	<u>(108,381,846)</u>	<u>(70,415,714)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net Proceeds (Payments) on Long Term Debt	-	18,626,002	71,395,579	89,795,594	(64,467,398)
Net Change in Due to Related Parties	46,244,475	53,760,409	(27,307,114)	6,465,710	111,180,176
Net Proceeds from Entrance Fees Refundable	1,689,537	275,916	3,642,845	(280,589)	1,312,368
Net Proceeds from Entrance fees Non-refundable	274,140	206,590	7,304,832	8,200,014	4,960,682
Net Cash Provided By Financing Activities	<u>48,208,152</u>	<u>72,868,917</u>	<u>55,036,141</u>	<u>104,180,729</u>	<u>52,985,828</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>0</u>	<u>169,508</u>	<u>13,010</u>	<u>358,342</u>	<u>697,238</u>
CASH AND CASH EQUIVALENTS, at beginning of year	-	-	169,508	182,518	540,860
CASH AND CASH EQUIVALENTS, at end of year	<u>\$ -</u>	<u>\$ 169,508</u>	<u>\$ 182,518</u>	<u>\$ 540,860</u>	<u>\$ 1,238,098</u>

See accountants' report and summary of significant assumptions and accounting policies

# **WHITAKER GLEN, INC.**

## **Summary of Significant Forecast Assumptions & Accounting Policies**

Management's purpose in releasing this financial forecast is for inclusion in Whitaker Glen, Inc.'s Disclosure Statement in accordance with Chapter 58, Article 64 of the North Carolina General Statutes. The report should not be used for any other purpose. The financial forecast presents, to the best of management's knowledge and belief, the Company's expected financial position, results of operations, and cash flows for the forecast period. Accordingly, the forecast reflects management's judgment as of May 30, 2024, the date of the forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast statements. There will be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Section .0108 of 11NCAC 11H specifies that certain categories or line items be included in the five-year forecast balance sheets and statements of forecasted income & retained earnings. Of those categories or line items, the following are not applicable to Whitaker Glen, Inc.: stockholder's equity – restricted and contributions/gifts. These line items are presented as \$0 in the forecasted financial statements.

### 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Business

Whitaker Glen, Inc. (the Company) is a privately held North Carolina Corporation. The Company was organized in 1981, and since 1984, has operated a comprehensive retirement community in Raleigh, North Carolina providing residents with a high quality of life. In 2004, Whitaker Glen, Inc. became licensed as a continuing care retirement community. In December 2009, Cumberland Healthcare Properties, Inc. purchased 100% of the stock of Whitaker Glen, Inc.

#### Basis of Accounting

The forecasted financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America, which is the basis that the Company expects to use when preparing its historical financial statements.

#### Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

# WHITAKER GLEN, INC.

## Summary of Significant Forecast Assumptions & Accounting Policies

### Cash and Cash Equivalents

For the forecasted statements of cash flows, the Company considers petty cash, cash on hand, cash in commercial checking accounts, money market funds and certificates of deposit to be “cash and cash equivalents.”

### 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Accounts Receivable

Accounts receivable consist of monthly miscellaneous charges such as food service charges, resident activity fees, telephone long distance charges, beauty shop charges, laundry charges, and purchased services billed in arrears monthly. There is no allowance for uncollectible accounts since all balances are considered collectable upon settlement at the termination of the resident’s Residence and Services Agreement.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Routine maintenance, repairs, and renewals are charged to expenses. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. The Company’s capitalization threshold is \$500. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Furniture and fixtures	5 to 20 years
Leasehold improvements	7 to 40 years
Vehicles	5 years

#### Income Taxes

The Company is a wholly owned qualified subchapter S corporation subsidiary and as such the Company does not pay federal or state corporate income taxes on its taxable income. The shareholders of the parent are liable for the income taxes on their respective shares of the Company’s taxable income. Accordingly, no provision for income taxes is included in the forecasted financial statements.

**WHITAKER GLEN, INC.**  
**Summary of Significant Forecast Assumptions & Accounting Policies**

2. SUMMARY OF SIGNIFICANT ASSUMPTIONS

Property and Equipment

In the year ending December 2024, the Company is forecasted to spend approximately eighteen million, six hundred and twenty-six thousand dollars (\$18,626,000) for five phases of construction, including Carolina Oaks flats, skilled nursing center, live oaks flats, clubhouse, and amenities. These renovations are planned to be completed by December 2029.

As of December 31, 2023, the Company has invested approximately \$10.6 million dollars for construction, remodeling, and furniture and fixtures related to the renovation of certain apartment units. These purchases are depreciated on a straight-line basis over a 15-year life for leasehold improvements and over a 10-year life for furniture, fixtures, and equipment.

Secured Receivable

This account represents the funds for the original construction of the facilities owned by a related party. The balance is not expected to change over the forecasted periods. This receivable is non-interest bearing.

Entrance Fees, Debentures and Deposits

The amount of entrance fees, debentures and deposits can vary year-to-year at year-end in response to apartment vacancies and the timing of resident turnover. The forecasted December 31, 2024, balances as well as those at each subsequent year-end are based on forecasted occupancy, turnover rates and the associated entrance fees for residents moving to the community. The entrance fees are based on agreements that include 100% refundable and partially refundable entrance fee options. The entrance fees for all incoming residents are assumed to be partially refundable. All refunds during the years ending December 2024 through 2028 are assumed to be refunds of debentures.

The refundable portion of the entrance fees will be reduced ratably to either 50% of the original amount or 0% of the original amount over a 25-month period as elected by the resident upon execution of the entrance fee agreement. This reduction is recognized as income and is presented as amortization of entrance fees in the forecasted statements of income.

Due to Related Parties

Due to related parties represents balances generated from transactions with affiliates. The changes in this balance are related to the Company's net cash flows.



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Facility Utilization

Forecasted occupancy and the related revenue are based on the following occupancy for the years ending December 2024 through 2028: 75%, 84%, 85%, 47%, and 83%. Historically, occupancy has been as follows:

2022	73.0%
2021	73.0%
2020	76.0%
2019	82.6%
2018	88.0%

Contract Revenues

Monthly service fees revenue, debenture revenue, and gain on investments leveraged a third-party prepared financial model for the future construction projects.

Other income is forecasted to increase by 3% per year and the financial model.

Cost and Expenses

Cost and expenses forecast is based on a 3% annual inflation factor on actual operating expenses over the past year for health care expenses, utilities, insurance, and employee benefits. Property tax expense is forecasted using a 1% annual inflation factor. Dietary, resident activities, operations expenses, depreciation and amortization, interest expenses, and fees for management related services forecast leveraged the financial model.

Rent expense for the independent living property and equipment is set at \$1,138,585 for the year ending 2024. Rent is forecasted to increase 3% per year. Mayview is closed for construction and no related rent is forecasted.

Goodwill was fully amortized in 2023.

A fee for management related services of 6.01% of total revenue less health care income is forecasted for each year of the forecast.

3. STATUTORY OPERATING RESERVE

Under the rules and regulations of the Department of Insurance of North Carolina, which regulates continuing care facilities operating in the state, the Company is required to maintain operating reserves from 25% to 50%, depending on the occupancy percentage, of the total

## WHITAKER GLEN, INC.

### Summary of Significant Forecast Assumptions & Accounting Policies

forecasted annual operating costs. The statutory operating reserve is calculated using the forecasted expenses less depreciation and amortization. The statutory operating reserve balances for the years ending 2024-2028 are calculated assuming occupancy less than 90%. Operating reserves for the years ending December 31, 2024 through December 31, 2028 are as follows: \$2,619,770, \$5,119,350, \$3,769,992, \$5,953,928, and \$6,360,687.

#### 4. ACCOUNTING FOR LEASES

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, Leases Accounting (Topic ASC 842) is effective for years beginning after December 15, 2021. ASU 2016-02 requires entities with leases to recognize right of use assets and lease liabilities, and to record amortization of the right of use asset(s) over the life of the lease(s). The Company adopted ASU 2016-02, Leases Accounting (Topic ASC 842) on July 1, 2022. Per the guidance, the current lease does not meet the ASC842 requirements due to the owner of the company is on both lessor and lessee side. Thus, the leases are expensed in income statement and no lease liability is presented to balance sheet.

The Oaks at  
Whitaker Glen  
Disclosure Statement

Exhibit E

Residence and Services Agreement

THE OAKS AT WHITAKER GLEN, a  
SENIOR LIFESTYLE COMMUNITY

RESIDENCE AND SERVICES AGREEMENT

THIS RESIDENCE AND SERVICES AGREEMENT (this "Agreement"), made and entered into as of \_\_\_\_\_ by and between WHITAKER GLEN, INC. (d/b/a The Oaks at Whitaker Glen), a North Carolina corporation, (hereinafter referred to alternately as "Whitaker Glen" or "The Oaks at Whitaker Glen"), and

\_\_\_\_\_ (hereinafter referred to as the "Resident").

Whitaker Glen is a corporation organized for the purpose of providing housing and services for people of retirement age, and for those purposes operates a senior lifestyle community in Raleigh, North Carolina known as "The Oaks at Whitaker Glen" or otherwise herein as the "Lifestyle Community".

In consideration of the Resident's promise to perform the obligations under this Agreement and the simultaneous execution of the Whitaker Glen Entrance Fee Agreement, Whitaker Glen agrees to provide the Resident accommodations and services at The Oaks at Whitaker Glen, subject to the terms and conditions of this Agreement. The effective date of residence will be established at a later time. The approximate date that occupancy is anticipated to be on or around \_\_\_\_\_. The Resident will be notified

at least thirty (30) days prior to the actual date occupancy will be available. Within five (5) days after the receipt of such notice, the Resident must accept such occupancy date or defer occupancy. Deferral will not otherwise change the obligations of the Resident or of Whitaker Glen but may result in surrender of the floor plan requested in this Agreement. The Resident will maintain his or her priority position on the waiting list during the deferral period. Upon his or her later request for occupancy, the Resident will be furnished a similar unit when it becomes available based on his priority on the Whitaker Glen waiting list.

Whitaker Glen and the Resident further agree as follows:

Accommodations and Services

(a) Residence. Subject to the provisions of this Agreement, the Resident will have the personal, nonassignable right to reside in [insert floor plan or unit description] (hereinafter referred to as the "Residential Unit"), for the term of this Agreement.

(b) Utilities. Whitaker Glen will furnish water and sewage service, electricity, heat, air-conditioning, basic local telephone service, the use of a television receiving system and internet service. The Resident will pay for additional telephone service and, if available, optional television programming.

(c) Security. The Resident's Residential Unit will be equipped with a sprinkler system, automatic smoke and fire alarm system and a call system. Personnel will be available to respond to security and emergency calls at all times.

(d) Activities. Whitaker Glen will provide a program of recreation, craft and hobby opportunities, library facilities, and social activities which will be designed to meet the physical, social, and psychological needs of its residents for intellectual stimulation and companionship. Scheduled transportation to selected, commonly used facilities will be provided by Whitaker Glen.

(e) Furnishings. The Resident's Residential Unit will be provided with wall-to-wall carpeting, window coverings, stove, dishwasher, side-by-side refrigerator/freezer, washer and dryer. The Resident will provide all other furnishings and furniture which are desired in the Residential Unit. Whitaker Glen will provide furnishings and furniture for common facilities.

(f) Trash Removal. Whitaker Glen will provide appropriate facilities for the Resident to dispose of trash.

(g) Maintenance and Repairs. Whitaker Glen will perform the necessary repairs, maintenance, and replacement of its property and equipment. Repairs, maintenance, and replacement of the Resident's

personal property will be the responsibility of the Resident. Minor repairs to the Resident's personal property may be provided at the Resident's expense by Whitaker Glen personnel depending on their availability. Throughout the term of this Agreement, the Resident will maintain the Residential Unit in a clean, sanitary, and orderly condition.

(h) Alterations. Any structural or physical change of any kind within the Residential Unit, including optional building features, will be made only after approval by Whitaker Glen. The cost of any change requested by the Resident and, if appropriate, the cost of any future removal of the change will be borne by the Resident unless otherwise agreed in writing. The ownership of the change or improvement will be vested in Whitaker Glen. Redecoration of the Residential Unit, in addition to or other than that scheduled by Whitaker Glen, will require approval by Whitaker Glen and will be undertaken only at the expense of the Resident.

(i) Common Facilities. Whitaker Glen will maintain common areas, such as the atriums, assembly areas, dining areas, library, craft room, recreational facilities, elevators, stairways, hallways and passageways in a clean, safe and attractive manner at all times for the use and benefit of all Residents. Whitaker Glen will also furnish grounds keeping service including lawn, tree, and shrubbery

care and will maintain all interior plants and plantings in common areas.

(j) Parking. Whitaker Glen will provide parking areas in accordance with the requirements of the City of Raleigh and the overall development plan for The Oaks at Whitaker Glen.

(k) Meal Plan. Whitaker Glen will establish a meal plan account for the Residential Unit. Each month the Residential Unit is occupied, Whitaker Glen will credit \$200.00 for a Residential Unit with one occupant, and \$300.00 for a Residential Unit with two occupants (the "Meal Plan Credit") to the meal plan account. The Meal Plan Credit will be for the Resident's use in the dining room, café, or university club during the month in which it is issued. Any portion of the Meal Plan Credit remaining after the end of the month will be forfeited and no longer available for use.

(l) Optional Services. Whitaker Glen offers optional services for meals, housekeeping, dry cleaning, and personal needs such as beauty shop, trips, fitness program, and craft supplies. In addition, Whitaker Glen will assist the Resident in seeking to obtain any service which is needed or desired by the Resident and is not specifically provided under this Agreement. Whitaker Glen shall have no responsibility for the services provided by third parties which are not affiliates of Whitaker Glen.



Financial Considerations

(a) Initiation Fee. An Initiation Fee in the amount of \$\_\_\_\_\_ shall be payable to Whitaker Glen by the Resident. Any refundable deposit made during the application process shall be applied toward payment of the Initiation Fee and the amount payable by the Resident pursuant to the Entrance Fee Agreement executed simultaneously herewith. The Initiation Fee shall become non-refundable ninety (90) days after the Resident's occupancy of the Residential Unit.

(b) Entrance Fee Agreement. As previously mentioned, the Resident will execute a Whitaker Glen Entrance Fee Agreement simultaneously with the execution of this Agreement, and both the Resident and Whitaker Glen will comply with the terms and provisions of such agreement. Pursuant to the terms of the Entrance Fee Agreement, the Resident will pay an entrance fee (hereinafter referred to as the "Entrance Fee") and will receive a Nonnegotiable Note (the "Note") issued by Whitaker Glen. The proceeds of the Note, as well as the proceeds of other notes issued by Whitaker Glen in exchange for payment of Entrance Fees, shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Lifestyle Community. Such notes, including that issued to the Resident, shall be secured by a deed

of trust upon the interest of the Grantors in the land and improvements comprising the Lifestyle Community.

The Note shall be a debt obligation of Whitaker Glen secured as aforementioned, and with the exception of such security, the rights granted thereunder shall not include a proprietary or other interest in the business, assets and properties of Whitaker Glen.

(c) Monthly Service Fee. The Monthly Service Fee for the Residential Unit and the number of occupants covered by this Agreement is payable prior to occupancy and on the first day of each month thereafter. Whitaker Glen will operate consistent with sound financial practices and maintain quality care and services. It is agreed that the Resident's Monthly Service Fee may be increased or decreased by Whitaker Glen if required by the costs of operation. In determining any change in the Monthly Service Fee, Whitaker Glen will consider, among other things, changes in operating costs and the cost of living. No increase in the Monthly Service Fee will take effect earlier than thirty (30) days after written notice of the change is given to the Resident, and the Resident agrees to pay the Monthly Service Fee should it be adjusted. No fee reduction will be made in the event the Resident is voluntarily absent from the Whitaker Glen facility. The Monthly Service Fee in effect on the date of this Agreement for the

Residential Unit and number of occupants covered by this Agreement is \$\_\_\_\_\_.

(d) Extra Charges. The Resident will be invoiced by Whitaker Glen for optional services, special services, or supplies obtained for and furnished to the Resident which are not provided pursuant to this Agreement.

(e) Monthly Statements. Whitaker Glen will furnish the Resident with a monthly statement showing the amount due for the Monthly Service Fee and any other sums which are chargeable to the Resident. The balance shown on the monthly statement is due on the first day of each month and must be paid no later than the fifth day of the respective month.

(f) Failure to Make Payment. If the Resident fails to pay the Monthly Service Fee or other charges as required, Whitaker Glen will provide a second statement ten (10) days following the due date of the original monthly statement. The second statement will be accompanied by written notice that payment of the previously outstanding balance and any new outstanding balance must be made within fifteen (15) days or Whitaker Glen may terminate this Agreement and the Resident's occupancy of the Residential Unit.

(g) Financial Assistance. It is understood by the parties that the Resident has sufficient assets at the present time to meet

expected costs of subsistence and services under this Agreement. Without in any way qualifying the right of Whitaker Glen to terminate this Agreement, it is the declared policy of Whitaker Glen that every effort will be made to prevent termination of this Agreement solely because of the Resident's inability to pay the Monthly Service Fee and any other sums due Whitaker Glen due to circumstances beyond the Resident's control. Whitaker Glen, at its sole option, may structure an agreement with the Resident addressing that individual's financial situation.

(h) Financial Statement. If at any time Whitaker Glen feels it necessary to request a financial statement or other financial information from the Resident, the Resident agrees to provide such information to Whitaker Glen within ten (10) calendar days following such request.

#### Resident Health

(a) Infirmary. Whitaker Glen agrees to provide an outpatient infirmary capable of meeting the needs of Residents with minor ailments or injuries, counseling, and routine physical evaluations. Each Resident will be required to file certain medical information with the infirmary at occupancy and keep the information current.

(b) Health Care Center. Upon completion, a combination of Skilled Nursing and Assisted Living Facilities on campus (the

"Health Care Centers") will provide personnel to monitor the various call systems available in the residential units during times when Whitaker Glen personnel are not available, and Health Care Center personnel will respond to the "off-hours" emergency needs of the residents of Whitaker Glen. Should emergency procedures be performed on the Resident, he or she hereby forever absolves, releases, and discharges Whitaker Glen, the Health Care Centers and their officers, employees, and directors, and all persons on their staffs who are in any way directly or indirectly connected with such procedures from any and all liability with respect thereto. Upon determination that inpatient nursing services are required, Whitaker Glen Residents will be admitted to a Health Care Center if they meet the requirements for admission and an appropriate bed is available. All admissions as inpatients to a Health Care Center must be requested by a physician and in accordance with the procedures of the relevant Health Care Center. During inpatient stays in a Health Care Center, the Resident shall pay for occupancy, care and services at rates customarily charged by the Health Care Center. Upon Permanent Transfer (as hereinafter defined) to a Health Care Center, or any other PruittHealth affiliated skilled nursing facility identified on Exhibit A (each an "Affiliated Facility"), the Resident shall no longer be responsible for payment of the

Monthly Service Fee and the Agreement shall terminate as hereafter provided. Prior to completion of Health Care Center construction, Whitaker Glen will continue to arrange for the provision of certain Health Care Center services on an uninterrupted basis via those certain Affiliated Facilities known as (i) PruittHealth - Raleigh located at 2420 Lake Wheeler Road, Raleigh, NC 27603, (ii) PruittHealth - Carolina Point located at 5935 Mt Sinai Rd, Durham, NC 27705, (iii) PruittHealth - Durham located at 3100 Erwin Rd, Durham, NC 27705, and (iv) any other centers as required.

(c) Medical Director. Whitaker Glen will engage a physician duly licensed in the State of North Carolina (the "Medical Director") who will assist the staff at Whitaker Glen in evaluating a Resident's ability to live independently in accordance with this Agreement.

(d) Comprehensive Health Care Program. A major illness could have a potentially catastrophic financial impact on a Resident. All Residents eligible for Medicare Hospital Insurance (Part A) and Medicare Medical Insurance (Part B) shall be required to maintain such coverage. In addition to such coverage, all Residents must obtain and maintain Medicare Supplemental Insurance satisfactory to Whitaker Glen. Residents not eligible for Medicare and Medicare Supplemental Insurance must obtain other comparable medical

insurance coverage satisfactory to Whitaker Glen. The aforementioned insurance coverage constitutes a comprehensive health care program and within applicable limitations should generally cover: physician fees, hospital care, fees of surgeons and other specialists, diagnostic tests and procedures, therapy, durable medical equipment and home health visits. Residents who choose Medicare Supplemental Insurance with coverage more comprehensive than that required by Whitaker Glen may add additional coverage for the cost of outpatient drugs, coverage outside the United States, and other benefits.

(e) Permanent Transfer. If the Resident's physical or mental condition deteriorates so that it precludes the Resident's ability to live independently or if the Resident cannot live in the Residential Unit without endangering himself or others, Whitaker Glen may, in the sole discretion of its Executive Director, require transfer of the Resident, at the Resident's expense, to a more protective accommodation which is able to provide for the Resident's safety and appropriate care.

If a diagnosis is confirmed that in reasonable medical probability the Resident's condition is irreversible and there is negligible possibility of recovery that would permit independent living, Whitaker Glen may assign the Residential Unit to another

individual. If the Resident should recover to the point that independent living is again possible, the Resident will have priority for accommodations at Whitaker Glen as they become available. The Resident will bear the cost of moving and storing personal belongings in the event of such transfer. Whitaker Glen will consult the Resident or his or her responsible party as well as the Resident's physician regarding transfer decisions.

(f) Staff Assistance. Whitaker Glen will assist a Resident in filing Medicare and other insurance claims and in pursuing unpaid claims. The failure of any payor to pay a claim in full shall not relieve the Resident from his responsibilities to make all payments required under this Agreement.

#### Residence By Two Individuals

(a) Application. If two individuals sign this Agreement as Resident, the accommodations and services will be provided to both of them, and the cost of residence and services shall apply to both. The two individuals will be jointly and severally responsible for the payment of the Monthly Service Fee and additional charges, and the word "Resident" herein applies to both of them, as well as either of them, unless the context clearly requires otherwise. If two individuals execute this Agreement as Resident, a termination



of the Agreement by one of them will not affect the continuation of this Agreement with the other.

(b) Sharing Occupancy. If the single occupant of the Residential Unit wishes to invite a non-resident to share the Residential Unit, the non-resident occupant must follow the application procedure then utilized by Whitaker Glen and both must execute a Residence and Services Agreement. With the exception of short-term visitors and guests, no person other than the Resident may occupy the Residential Unit covered by this Agreement.

#### Obligations of the Resident

(a) Adherence to Policies. Upon occupancy of the Residential Unit, the Resident will abide by the administrative policies and procedures for the operation and management of Whitaker Glen and such amendments, modifications or changes of those policies and procedures, as may be from time to time established by Whitaker Glen. The Resident agrees to follow and abide by these administrative policies, which are designed for the comfort, safety, and security of all the residents of The Oaks at Whitaker Glen. The Resident will be furnished a copy of current administrative policies and procedures upon taking occupancy. Whitaker Glen reserves the right to terminate this Agreement, and the Resident's occupancy hereunder, for cause in the event the

Resident fails to follow the aforementioned policies and procedures. Such policies and procedures are incorporated into this Agreement by reference and may be amended by Whitaker Glen from time to time.

(b) Liability for Debts. Whitaker Glen shall not be liable or responsible for any expense, debt, or obligation of any nature or any kind incurred or contracted by the Resident, and it shall not be obligated to furnish, supply, or provide the Resident support, maintenance, board or lodging when the Resident is absent from Whitaker Glen.

(c) Intentional Misconduct. The Resident agrees to pay or reimburse Whitaker Glen for any loss or damage suffered by Whitaker Glen as the result of the negligence or misconduct of the Resident. Whitaker Glen assumes no responsibility for any injury or damage to property resulting from such negligence or misconduct.

(d) Power of Attorney. The Resident agrees to select and empower an attorney-in-fact prior to residency at Whitaker Glen and to continuously maintain a comprehensive durable power of attorney executed in a form suitable for recordation in the office of the Register of Deeds. A copy of the Resident's current Power of Attorney will be on file with Whitaker Glen at all times.

(e) Last Will and Testament. Prior to becoming a resident of Whitaker Glen, the Resident agrees to provide in his Last Will and Testament, for the final disposition of all furniture and possessions located at The Oaks at Whitaker Glen and for burial and payment of funeral expenses. The Resident must keep the Will accurate and complete during residency. Upon occupancy, the Resident also agrees to provide Whitaker Glen pertinent data related to the above matters and to keep this information current.

(f) Personal Physician. The Resident agrees to select and maintain a personal physician licensed to practice medicine in North Carolina. The Resident's physician must be available to discuss the Resident's condition, transfer decisions, and ability to live independently in accordance with this Agreement.

#### Term of this Agreement

(a) Withdrawal Within the 30 Day Right of Rescission Period. The Resident may rescind this Agreement within thirty (30) days following execution.

(b) Termination Prior to Occupancy. The Resident may terminate this Agreement prior to occupancy of the Residential Unit by giving notice in writing to Whitaker Glen. If the Resident is unable to occupy the Residential Unit due to death, illness, injury, or incapacity (individually and collectively, "Cause"), this

Agreement shall terminate and be automatically canceled. Except in the event of a termination for Cause, Resident shall not be eligible for a refund of any deposits made under the Entrance Fee Agreement following termination under this subsection (b) or subsection (a) above.

(c) Trial Period. The first ninety (90) days of the Resident's occupancy will be on a trial basis. During this 90-day period, Whitaker Glen shall have the right to terminate this Agreement and the Resident's occupancy based upon its judgment that either the Resident's physical condition or emotional adjustment will not permit satisfactory residency at Whitaker Glen.

(d) Residence in Excess of Ninety Days. Subsequent to the aforementioned 90-day period, this Agreement shall be terminated only pursuant to the following subparagraphs (e), (f), (g), and (h).

(e) Death of Resident. This Agreement shall terminate upon the death of the Resident. In the event that two (2) individuals have executed this Agreement as the Resident, this Agreement shall terminate upon the death of the survivor of such individuals.

(f) Termination by Whitaker Glen. Whitaker Glen may terminate this Agreement and the Resident's occupancy of the Residential Unit if the Resident fails to make a payment to Whitaker

Glen required under this Agreement, and Whitaker Glen gives the notice required. In addition, Whitaker Glen may terminate this Agreement upon a determination by the Executive Director that (i) there has been a change in the physical or mental condition of the Resident which renders the Resident incapable of living independently in the Residential Unit, and the Resident does not move to the Health Care Center or an Affiliated Facility, or (ii) the Resident has developed a contagious disease deemed hazardous to others by the Executive Director. All such decisions by the Executive Director shall be in his or her sole discretion. Whitaker Glen may also terminate this Agreement for cause as previously provided or in the event that the Resident fails to comply with any of the terms and provisions of this Agreement.

(g) Termination by Resident. Following occupancy of the Residential Unit, Resident may terminate this Agreement at any time by providing Whitaker Glen with ninety (90) days prior written notice. During the ninety (90) day notice period, the Resident shall remain responsible for the payment of the Monthly Service Fee as it becomes due. If the Resident gives written notice of termination within the initial ninety (90) days of occupancy at Whitaker Glen, the Initiation Fee shall be refunded.

(h) Permanent Transfer to the Health Care Center or an Affiliated Facility. This Agreement shall terminate upon the Permanent Transfer to a Health Care Center or Affiliated Facility and the removal of all personal belongings from the Residential Unit. "Permanent Transfer" shall mean the earlier to occur of (i) the sixty-first (61<sup>st</sup>) day of occupancy at the Health Care Center or Affiliated Facility or (ii) death or removal from the Health Care Center or Affiliated Facility sooner than the sixty-first (61<sup>st</sup>) day of occupancy.

(i) Condition of Residential Unit. Upon the termination of this Agreement, the Resident will vacate the Residential Unit and will leave it in good condition excepting only reasonable wear and tear. The Resident shall be liable to Whitaker Glen for any costs incurred in restoring the Residential Unit to such condition.

(j) Obligation of Whitaker Glen. Upon termination of this Agreement and upon compliance with the provisions of the Entrance Fee Agreement executed by the parties simultaneously with this Agreement, Whitaker Glen shall have no further obligation to the Resident, his or her heirs, successors, personal representatives, or assigns, and the Resident shall have no further right to occupy the Residential Unit.

## Entrance Fee Refund

(a) Entrance Fee. As evidenced by the execution of the Entrance Fee Agreement, the Resident agrees to pay an Entrance Fee in the total amount specified in the Entrance Fee Agreement. Refunds of refundable entrance fees are limited to reoccupancy proceeds.

(b) Legacy Plan. A Resident choosing the Legacy Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (c).

(c) Legacy Plan Reduction Schedule. Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by one percent (1.0 %) of the original Note amount for each month or partial month the unit is occupied by the resident but not more than twenty-five (25) months and not to exceed a reduction of more than twenty-five percent (25%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision**, if the amount owed a resident under the resident's Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Agreement would be Five Thousand Dollars (\$5,000.00); ( $\$500,000.00 \times 1.0\% = \$5,000.00$ ). The monthly reduction of \$5,000.00 would continue to be applied for each month

or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 25% or One Hundred Twenty-Five Thousand Dollars (\$125,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly One Hundred Twenty-Five Thousand Dollars (\$125,000.00) and would also be equal to 25% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$375,000.00.**

(d) Heritage Plan. A Resident choosing the Heritage Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (e).

(e) Heritage Plan Reduction Schedule. Beginning the first day of the month following the month in which the Resident initially occupies the Residential Unit, the amount owed to the Resident under the Entrance Fee Agreement and the Note will be reduced by two percent (2.0 %) of the original Note amount for each month or partial month the unit is occupied by the Resident but not more than twenty-five (25) months and not to exceed a reduction of more than fifty percent (50%) of the original amount owed under the Entrance Fee Agreement. **As an example only to illustrate application of this provision,** if the amount owed a Resident under the



Resident's Entrance Fee Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be Ten Thousand Dollars (\$10,000.00); ( $\$500,000.00 \times 2.0\% = \$10,000.00$ ). The monthly reduction of \$10,000.00 would continue to be applied for each month or partial month the unit is occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced 50% or Two Hundred Fifty Thousand Dollars (\$250,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Two Hundred Fifty Thousand Dollars (\$250,000.00) and would also be equal to 50% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Resident under the Entrance Fee Agreement and the Note would then be \$250,000.00.**

(f) Lineage Plan. A Resident choosing the Lineage Plan will have the Entrance Fee Refund reduced according to the schedule in the following subparagraph (g).

(g) Lineage Plan Reduction Schedule. Beginning the first day of the month following the month in which the Resident initially occupies the Residential Unit, the amount owed to the Resident under the Entrance Fee Agreement and the Note will be reduced by four

percent (4.0%) of the original Note amount for each month or partial month the unit is occupied by the Resident over a twenty-five (25) month period until the original amount owed under the Entrance Fee Agreement is reduced to 0%. **As an example only to illustrate application of this provision,** if the amount owed a Resident under the Resident's Entrance Fee Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Entrance Fee Agreement would be Twenty Thousand Dollars (\$20,000.00); ( $\$500,000.00 \times 4.0\% = \$20,000.00$ ). The monthly reduction of \$20,000.00 would continue to be applied for each month or partial month the unit is occupied by the Resident up to a total of 25 months or until the original amount owed under the Entrance Fee Agreement had been reduced to 0%. **After the 25<sup>th</sup> month, the remaining balance owed to the Resident under the Entrance Fee Agreement and the Note would be \$0.**

(h) Reduction of Refund. In addition to the reduction schedules set forth above, any Entrance Fee Refund due to the Resident shall be subject to the deduction of charges due and payable to Whitaker Glen.

#### Miscellaneous

(a) Disclosure Statement. By signing this Agreement, the Resident acknowledges the prior receipt of a current disclosure

statement as required by North Carolina General Statutes Chapter 58, Article 64.

(b) Affiliations. Whitaker Glen is not affiliated with a religious, charitable, or other non-profit organization.

(c) Personal Nature of Rights and Privileges. The rights and privileges of the Resident under this Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by any action on the part of the Resident, by any proceeding at law, or otherwise.

(d) Limitations. The rights of the Resident are the rights and privileges expressly granted in this Agreement and the Entrance Fee Agreement and, except as provided therein, do not include any proprietary interest in the properties, business, or assets of Whitaker Glen. The Resident agrees that his or her rights under this Agreement shall at all times be subordinate to any obligations of Whitaker Glen pertaining to the property of Whitaker Glen, and the Resident further agrees to execute, acknowledge, and deliver any subordination agreement as may be required in order to establish the priorities of such obligation as a lien or liens against the property of Whitaker Glen.

(e) Personal Belongings. Whitaker Glen shall not be responsible for the loss of or damage to, any property belonging to

the Resident due to theft, mysterious disappearance, fire, or any other cause. It is expressly agreed that the Resident will provide at his or her expense insurance protection covering any loss or damage to his or her personal property. Whitaker Glen shall have the right to promptly remove all personal property from the Residential Unit of the Resident who is deceased, or whose accommodations have been released for occupancy by others, or whose Residence and Services Agreement has been terminated and to store the same. The Resident or his or her estate will be obligated for the payment of charges related to such storage and will reimburse Whitaker Glen for expenses which it incurs under this paragraph.

(f) Regulatory Agencies. Notwithstanding any other provision of this Agreement, Whitaker Glen shall have the right to modify the Residential Unit of the Resident to meet the requirements of law or the regulations of a Fire Department, Public Health Department, or other duly constituted authority or agency.

(g) Rights of Management. The absolute right of management of The Oaks at Whitaker Glen is reserved to Whitaker Glen, its Board of Directors, and its officers as delegated by such Board of Directors. Whitaker Glen reserves the right to accept or reject any person for residency.

(h) Right of Entry. Duly authorized employees of Whitaker Glen shall have the right to enter the Residential Unit at any reasonable time for management, maintenance, or emergency purposes.

(i) Waiver of Breach. The failure of Whitaker Glen in any one or more instances to insist upon the strict performance, observance, or compliance by the Resident with any of the terms or provisions of this Agreement, or its waiver of the breach by the Resident of any term or provision of this Agreement shall not be construed to be a waiver or relinquishment by Whitaker Glen of its right to insist upon strict compliance by the Resident with all of the terms and provisions of this Agreement.

(j) Entire Contract. This Agreement and the Entrance Fee Agreement executed simultaneously herewith constitute the entire contract between Whitaker Glen and the Resident. Whitaker Glen is not liable for nor bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Whitaker Glen, unless such statements, representations, or promises are set forth in this Agreement or the Entrance Fee Agreement.

(k) Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Whitaker Glen, and the

heirs, personal representatives, successors, and assigns of the Resident.

(l) Gender. As used herein, the masculine gender shall include the feminine, the feminine shall include the masculine, and the singular shall include the plural, as the use and context require.

(m) Further Agreement. Any further agreement between the parties is set forth in Exhibit B attached hereto, which has been executed by both the Resident and Whitaker Glen. If an Exhibit B is not attached hereto and so executed, there is no further agreement between Whitaker Glen and the Resident except as expressed herein and in the Entrance Fee Agreement.

*[Signatures on following page]*

IN WITNESS WHEREOF, the Resident has hereunto affixed his or her hand and seal to this Agreement, and Whitaker Glen has caused this instrument to be executed by its duly authorized officer and its corporate seal to be affixed below, all on the day and year first above written.

WITNESS:

RESIDENT:

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

WHITAKER GLEN, INC.

By \_\_\_\_\_  
Chairman and CEO

Exhibit A

Affiliated Facilities

PruittHealth - Carolina Point  
PruittHealth - Durham  
PruittHealth - Elkin  
PruittHealth - Farmville  
PruittHealth - Neuse  
PruittHealth - Raleigh  
PruittHealth - Rockingham  
PruittHealth - Sea Level  
PruittHealth - Town Center  
PruittHealth - Trent  
PruittHealth - Union Pointe  
The Oaks - Brevard



The Oaks at  
Whitaker Glen  
Disclosure Statement

Exhibit F

Entrance Fee Agreement

WHITAKER GLEN, INC.

ENTRANCE FEE AGREEMENT

THIS ENTRANCE FEE AGREEMENT (hereinafter referred to as the "Agreement") made and entered into as of \_\_\_\_\_ by \_\_\_\_\_ and \_\_\_\_\_ between WHITAKER GLEN, INC.(d/b/a The Oaks at Whitaker Glen), a North Carolina corporation, (hereinafter referred to as "Whitaker Glen"), and \_\_\_\_\_ (hereinafter referred to as the "Applicant").

W I T N E S S E T H:

WHEREAS, Whitaker Glen is engaged in the operation of a senior lifestyle community called "The Oaks at Whitaker Glen " (the "Lifestyle Community") in Raleigh, North Carolina, and in connection therewith, is entering into Residence and Services Agreements with prospective residents of the Lifestyle Community;

WHEREAS, Whitaker Glen is expanding the Lifestyle Community (the "Expansion");

WHEREAS, the Applicant desires to reserve an Expansion unit in order to become a resident of the Lifestyle Community and to execute a Residence and Services Agreement with Whitaker Glen; and

WHEREAS, the Applicant desires to assist Whitaker Glen in its endeavor to operate the Lifestyle Community by paying an entrance fee to be evidenced by a Nonnegotiable Note issued by Whitaker Glen; NOW,

THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt of which is hereby mutually acknowledged, Whitaker Glen and the Applicant hereby agree as follows:

(1) Acceptance of Applicant. As evidenced by the Residence and Services Agreement executed with this Agreement, Whitaker Glen hereby accepts the Applicant as a prospective resident of the Lifestyle Community under the terms and conditions set forth in such agreement.

(2) Entrance Fee. Payment of an entrance fee provides a resident with the lifetime use of a residence and the services and amenities available at the Lifestyle Community. At the time the Applicant makes signs this agreement or otherwise submits an application for residency at the Lifestyle Community, whichever occurs first, the Applicant will receive a copy of the Disclosure Statement and will pay an entrance fee deposit of ten percent (10%) of the applicable entrance fee. Forty percent (40%) of the entrance fee will be paid upon commencement of constructing the Expansion. The remaining fifty percent (50%) of the balance and any remaining portion of the Initiation Fee shall be paid by Applicant ten (10) days after the sale of Applicant's primary residence located at \_\_\_\_\_, or upon his or her occupancy of the unit specified in the Residence and Services Agreement,

whichever comes first. The Applicant hereby agrees to pay an entrance fee (hereinafter referred to as the "Entrance Fee") to Whitaker Glen in the total amount of \$\_\_\_\_\_. The Applicant agrees that the appropriate Reduction Schedule will be applied to the refund of the Entrance Fee if and as applicable. The Applicant further agrees that any refundable deposit made during the application process or otherwise prior to the date hereof shall be applied toward payment of the Initiation Fee in the Residence and Services Agreement and the Entrance Fee. Upon payment in full of both the Initiation Fee and Entrance Fee, Whitaker Glen shall issue the Nonnegotiable Note (the "Note") to the Applicant.

(3) Provisions of the Note.

(a) The Note shall provide that the principal amount thereof shall not bear interest. The principal Note amount, less any applicable reductions (hereinafter referred to as the "Entrance Fee Refund") shall be refundable to Applicant and payable according to the following schedule: (i) Applicant shall be initially eligible for an Entrance Fee Refund following the death of the Applicant or the termination of his or her Residence and Services Agreement in accordance with the provisions hereof and thereof; (ii) upon initial eligibility, Applicant shall be included in a group of refund-eligible residents with the same floor plan as Applicant's; and (iii) a refund shall be paid to a group member resident within thirty (30) days following each occurrence of a

residential unit with their same floor plan being newly occupied by another individual, in the chronological order such group member residents became eligible for a refund. It is provided, however, that should the Residence and Services Agreement be terminated as a result of the Applicant's Permanent Transfer to a Health Care Center or Affiliated Facility (as such terms are defined in the Residence and Services Agreement), the Applicant will have the Entrance Fee Refund applied as a credit at the relevant Health Care Center or Affiliated Facility to be used to pay for occupancy, care and services. If the Entrance Fee is credited upon transfer to the Health Care Center or Affiliated Facility, he or she can again occupy a residential unit at the Lifestyle Community, as the same becomes available, upon the payment to Whitaker Glen of the appropriate Entrance Fee for the unit to be occupied. Whitaker Glen reserves the right at its sole discretion to repay all or any portion of the Entrance Fee Refund to the Applicant at an earlier date than otherwise provided herein.

(b) Payment of the Entrance Fee Refund to the Applicant shall be subject to the deduction of charges due and payable to Whitaker Glen under the terms and conditions of the Residence and Services Agreement and further to a reduction in the Entrance Fee applicable to the type of plan chosen by the Applicant according to the following schedules:

(1) Legacy Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by one percent (1.0 %) of the original Note amount for each month or partial month the unit is occupied by the resident but not more than twenty-five (25) months and not to exceed a reduction of more than twenty-five percent (25%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision,** if the amount owed a resident under the resident's Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Agreement would be Five Thousand Dollars (\$5,000.00); ( $\$500,000.00 \times 1.0\% = \$5,000.00$ ). The monthly reduction of \$5,000.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 25% or One Hundred Twenty-Five Thousand Dollars (\$125,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly One Hundred Twenty-Five Thousand Dollars (\$125,000.00), and would also be equal to 25% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$375,000.00.**

(2) Heritage Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by two percent (2.0 %) of the original Note amount for each month or partial month the unit is occupied by the resident but not more than twenty-five (25) months and not to exceed a reduction of more than fifty percent (50%) of the original amount owed under the Agreement. **As an example only to illustrate application of this provision,** if the amount owed a resident under the resident's Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Agreement would be Ten Thousand Dollars (\$10,000.00); (\$500,000.00 X 2.0% = \$10,000.00). The monthly reduction of \$10,000.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced 50% or Two Hundred Fifty Thousand Dollars (\$250,000.00), whichever occurred first. In the example given above, the twenty-five months would equal exactly Two Hundred Fifty Thousand Dollars (\$250,000.00), and would also be equal to 50% of the original amount owed so the monthly reduction would stop after the 25th month. **The remaining balance owed to the Applicant under the Agreement and the Note would then be \$250,000.00.**

(3) Lineage Plan Reduction Schedule:

Beginning the first day of the month following the month in which the resident initially occupies the Residential Unit, the amount owed to the Applicant under the Agreement and the Note will be reduced by four percent (4.0%) of the original Note amount for each month or partial month the unit is occupied by the resident over a twenty-five (25) month period until the original amount owed under the Agreement is reduced to 0%. **As an example only to illustrate application of this provision,** if the amount owed a resident under the resident's Agreement is Five Hundred Thousand Dollars (\$500,000.00), then the reduction each month in the amount owed under the Agreement would be Twenty Thousand Dollars (\$20,000.00); ( $\$500,000.00 \times 4.0\% = \$20,000.00$ ). The monthly reduction of \$20,000.00 would continue to be applied for each month or partial month the unit is occupied by the resident up to a total of 25 months or until the original amount owed under the Agreement had been reduced to 0%. **After the 25<sup>th</sup> month, the remaining balance owed to the Applicant under the Agreement and the Note would be \$0.**

(c) The proceeds of the Note, as well as the proceeds of other notes issued by Whitaker Glen in exchange for payment of Entrance Fees, shall be utilized only for expenses incurred incident to the construction, furnishing, and operation of the Lifestyle Community. Such notes, including that issued to the Applicant, shall be



secured by a deed of trust upon the interest of the Grantors in the land and improvements comprising the Lifestyle Community, which shall subordinate only to liens securing the repayment of additional funds utilized incident to the construction, furnishing and operation of the Lifestyle Community.

(4) Status of the Note. The Note shall be a debt obligation of Whitaker Glen secured as aforementioned, and with the exception of such security, the rights granted thereunder shall not include a proprietary or other interest in the business, assets, and properties of Whitaker Glen.

(5) Withdrawal within the 30 Day Right of Rescission Period. The Applicant may rescind this Agreement prior to the date of occupancy by giving written notice to Whitaker Glen within thirty (30) days following execution..

(6) Termination of this Agreement Prior to Occupancy. If the Applicant is unable to take occupancy of the Residential Unit due to death, illness, injury, or incapacity (individually and collectively, "Cause"), this Agreement shall be automatically canceled. If prior to the Applicant's occupancy at Whitaker Glen, the Applicant should terminate his Residence and Services Agreement, this Agreement shall terminate. Except in the event of a termination for Cause, Applicant shall not be eligible for a refund of any deposits made hereunder following termination under this subsection (6) or subsection (5) above. Following a

termination for Cause, all amounts paid under this Agreement shall be refunded to the Applicant in accordance with the terms hereof. Such refund shall be made within one hundred eighty (180) days following the aforementioned cancellation or termination.

(7) Applicant. In the event two (2) individuals have joined in entering into this Agreement with Whitaker Glen, the word "Applicant" herein shall refer to both such people, and they shall be jointly and severally responsible for the obligations of the Applicant hereunder.

(8) Gender. As used herein, the masculine gender shall include the feminine, the feminine shall include the masculine, and the singular shall include the plural.

(9) Binding. This Agreement shall be binding upon the parties hereto, their heirs, personal representatives, successors, and assigns.

*[Signatures on following page]*

IN WITNESS WHEREOF, the Applicant has hereunto affixed his hand and seal, and Whitaker Glen has caused this instrument to be executed by its duly authorized officer and its corporate seal hereunto affixed, all on the day and year first above written.

WITNESS:

APPLICANT:

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

\_\_\_\_\_

\_\_\_\_\_ (SEAL)

WHITAKER GLEN, INC.

\_\_\_\_\_  
Chairman and CEO

The Oaks at  
Whitaker Glen  
Disclosure Statement

Exhibit G

Registration of Trade Name

WAKE COUNTY, NC 299  
LAURA M RIDDICK  
REGISTER OF DEEDS  
PRESENTED & RECORDED ON  
01/22/2010 AT 14:35:08

BOOK:013832 PAGE:00498 - 00499

**CORPORATE CERTIFICATE OF ASSUMED NAME**

After recording place in Box 80  
Harold W. Berry, Jr.

The undersigned corporation, proposing to engage in business in Wake County,  
North Carolina, under an assumed name other than its corporate name, hereby certifies that:

1. The name under which the business is to be conducted is:

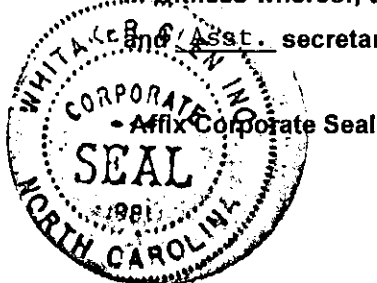
The Oaks at Whitaker Glen  
(Insert assumed name)

2. The names and address of the owner(s) of the business is (are):

Whitaker Glen Inc.  
501 E Whitaker Mill Road  
Raleigh NC 27608

(Insert name and address of corporation)

In witness whereof, this certificate is signed in the name of the corporation by its Vice president  
and Asst. secretary, this 31st day of December, 2009.



By R. Lawrence Williams  
Vice President  
By Neil L. Pruitt Jr.  
Asst. Secretary

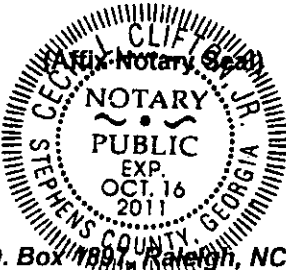
State of Georgia  
County of WINNETT

I, Cecil L. Clifton Jr., a Notary Public, do hereby certify that  
R. Lawrence Williams and Neil L. Pruitt Jr. personally appeared before me  
this 31st day of December, 2009, and that they signed the foregoing certificate on  
behalf of the said corporation in the respective capacities indicated.

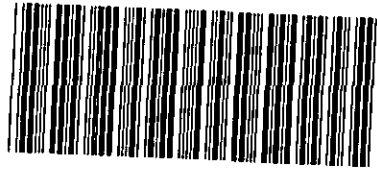
Witness my hand and official seal, this the 31st day of December, 2009.

Cecil L. Clifton Jr.  
Notary Public

My Commission Expires:



Mailing Address: Wake County Register of Deeds, P. O. Box 1801, Raleigh, NC 27602



BOOK:013832 PAGE:00498 - 00499

**Yellow probate sheet is a vital part of your recorded document.  
Please retain with original document and submit for rerecording.**



**Wake County Register of Deeds  
Laura M. Riddick  
Register of Deeds**

**This Customer Group**  
\_\_\_\_\_ # of Time Stamps Needed

**This Document**  
\_\_\_\_\_ New Time Stamp  
\_\_\_\_\_ # of Pages *JP*