Disclosure Statement

May 31, 2024

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

Unless earlier revised, this Disclosure Statement will remain effective until May 31, 2025. Delivery of this Disclosure Statement to a contracting party prior to execution of a contract for the provision of continuing care is required by North Carolina law. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

TABLE OF CONTENTS

Exhibits

I. Introduction

Pisgah Valley Retirement Community (the "CCRC", or the "Community") is a continuing care retirement community which offers its residents ("Residents") seventy-two (72 independent living Apartments (each an "Apartment") located in thirty-six (36) duplex buildings (the "Independent Living Buildings"), a wide array of services, a community center (the "Community Center"), and the security of access to an adjacent twenty-four bed (24) assisted living facility (the "Assisted Living Units") and a one hundred eighteen (118) bed skilled nursing facility (the "Skilled Nursing Beds") (collectively, the "Healthcare Center"). The Community is situated on an approximately 30-acre campus located in Candler, North Carolina (the "Site"). As of December 31, 2023, there were eighty-nine (89) independent living residents under Unit Owner Contracts or Residency and Care Agreements.

II. Organization, Ownership and Management

A. Organization

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

B. Facility Ownership

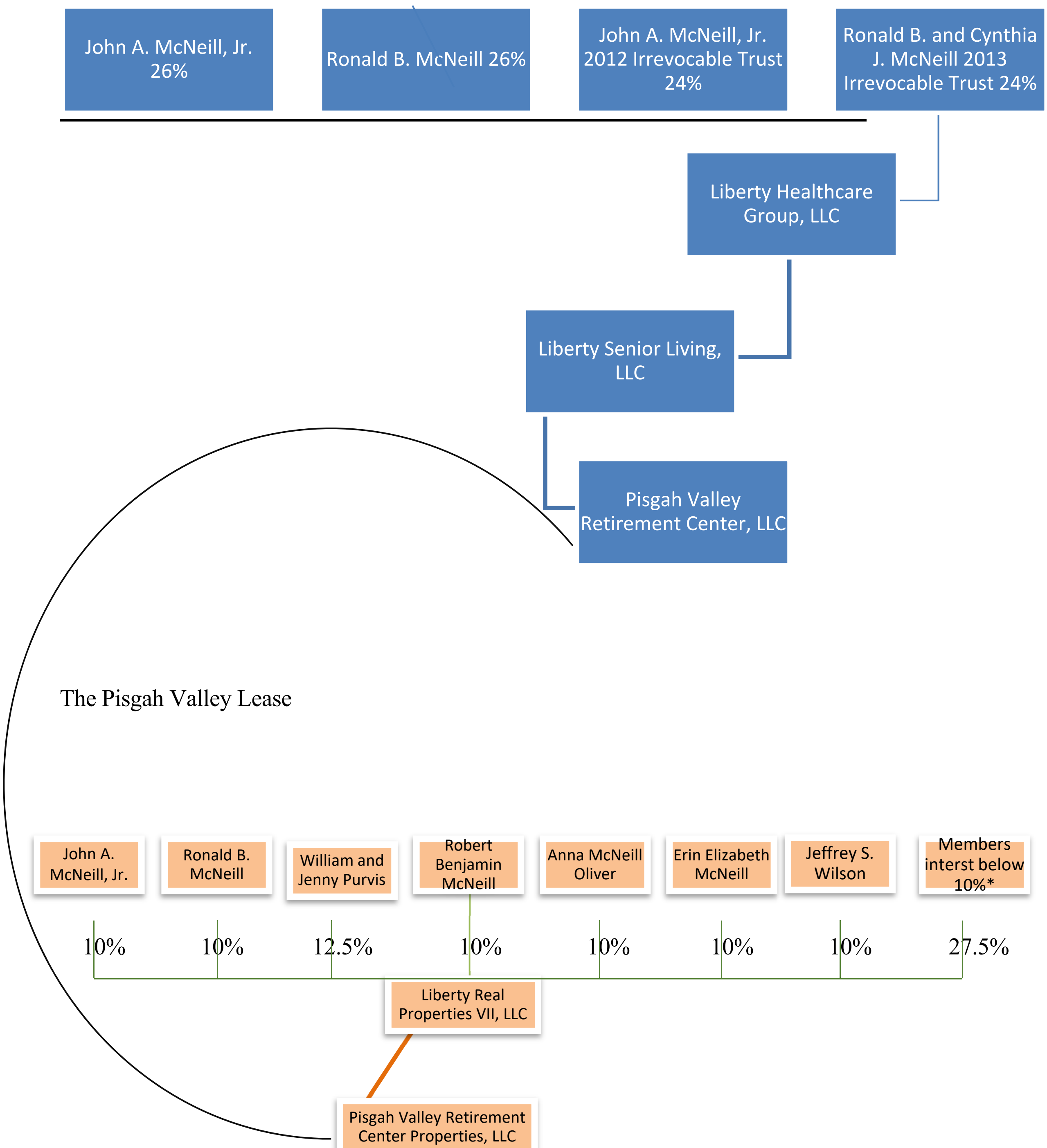
The Pisgah Valley Retirement Center Properties, LLC ("Pisgah Valley Properties") is a North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and the buildings of the CCRC. Pisgah Valley Properties holds the certificate of need for one hundred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

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

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

See organization/ownership chart below.

Organization/Ownership Chart



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

C. Healthcare

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

D. Management

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

Pisgah Estates Unit Owners Association

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

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

Liberty Living Management, LLC

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

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

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

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

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

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

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

2. William B. Purvis

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

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

3. Cindy Stancil

Cindy Stancil, LNHA serves as the member and chairman of the Pisgah Estates Unit Owners Association Board of Directors. Cindy started her career in assisted living as the Administrator of Northridge Retirement Village in Raleigh, North Carolina in 1985. After four years of service, she moved to Wilmington, North Carolina, to open a new assisted living community, Liberty Commons Assisted Living. Over the past 39 years, Mrs. Stancil's responsibilities have grown from being the Administrator of an assisted living community to budgeting and training, policy and procedures development and implementation, research, design and development of nursing home, independent, and assisted living projects.

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

4. Nicole Cook

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

Facility Management

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

E. Related Parties.

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

F. Legal Disclaimer

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

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

G. Affiliations

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

III. Facility Description and Amenities

A. Location

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

B. Layout and Types of Accommodations

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

Each Apartment owner holds title and deed to their individual Apartment and, except for Apartments owned by the Company, is subject to a "Contract of Sale" or a "Contract of Sale with Right of First Refusal on Subsequent Transfer" (collectively "Unit Owner Contracts") with the Company. Under the Unit Owner Contract, when the unit owner decides to sell the Apartment, the Company has the right of first refusal to purchase the Apartment from the owner based upon the current appraised value. Once the Company owns all seventy-two (72) Apartments, the Pisgah Estates Unit Owners Association will be dissolved. As of April 30, 2024, eight (8) of the seventy-two (72) Apartments were owned by individuals under Unit Owner Contracts.

C. Amenities

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

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

IV. Services

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Activities. Due to their special nature, a fee may be required for some

wellness and life enrichment programs.

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

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

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

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

C. Healthcare

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

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

V. Expansion/Development

There are no ongoing or proposed expansion or development projects.

VI. The Continuing Care Concept

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

VII. The Residency and Care Agreement

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

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

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

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

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

3. Financial Condition. The Company must be satisfied that the Resident has

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

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

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

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

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

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

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

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

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

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

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

K. Smoking Policy. The CCRC is a smoke-free campus. No smoking is permitted in the Apartments (to include, but not limited to balconies, patios, sidewalks, and driveways) or any other building or location in or on the Community's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.

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

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

N. Terminations

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

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

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

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

2. Termination by Death or Serious Illness

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

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

3. Termination by the Company

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

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

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

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

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

(c) Immediate Termination. If the Company determines in its sole and absolute discretion that a Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other

Residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate the Residency and Care Agreement and the Resident shall promptly vacate the Apartment. In such event, the Resident shall pay the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until all of the Resident's personal belongings are removed from the Apartment.

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

VIII. Fees

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

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

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

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

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

2. Reservation Fee. Once the Company has approved the Resident's application, upon entering into the Residency and Care Agreement, the

Resident shall pay an amount equal to ten percent (10%) of the Entrance Fee (the "Reservation Fee"), less any Priority Deposit previously paid.

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

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

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

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

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

E. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted housing with services and skilled nursing care services on a temporary or permanent basis. The Company shall establish and publish rates for accommodations and services at the Healthcare

Center. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Care Agreement and in accordance with the then published Healthcare Center charge.

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

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

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

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

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

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

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

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

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

IX. Financial Information

A. Audited Financial Statements. Audited financial statements of the Company as of and for the year ended December 31, 2023 are included as Exhibit A.

B. Actual versus Forecasted Results. A narrative of material differences between the previously forecasted financial statements and actual results of operations for the year ended December 31, 2023 for the Company are included in Exhibit B.

C. Interim Financial Statements. Interim financial statements for the three-month period ended March 31, 2024 for the Company are included as Exhibit C.

D. 5-Year Prospective Financial Statements. Financial forecasts for each of the five years ending December 31, 2028 for the CCRC as compiled by an independent public accountant are included as Exhibit D.

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

X. Other Material Information

None.

EXHIBIT A

AUDITED FINANCIAL STATEMENTS

[ATTACHED]

PISGAH VALLEY

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2023

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

PISGAH VALLEY
TABLE OF CONTENTS

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Members
Pisgah Valley
Wilmington, North Carolina

Opinion

We have audited the accompanying combined financial statements of Pisgah Valley (the "Company"), a group of entities under common control, which comprise the combined balance sheet as of December 31, 2023, and the related combined statements of operations and changes in members' deficit and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 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 Combined Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the combined financial statements, the Company changed its method of accounting for credit losses as of January 1, 2023, due to the adoption of Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326).* Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Combined Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Cherry Bekaert LLP

Atlanta, Georgia
May 23, 2024

PISGAH VALLEY
COMBINED BALANCE SHEET

DECEMBER 31, 2023

ASSETS		
Current Assets:		
Cash	$	904,828
Restricted cash		26,407
Investments		1,113,802
Resident accounts receivable, net		882,548
Accounts receivable - other		6,245
Inventories		50,125
Prepaid expenses		199,603
Notes receivable - owners		3,447,698
Total Current Assets		6,631,256
Property and Equipment, Net		17,595,729
Noncurrent Assets:		
Intangible asset		2,915,450
Accounts receivable - related parties		14,385,547
Other assets		76,434
Total Noncurrent Assets		17,377,431
Total Assets	$	41,604,416
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accrued expenses and other payables	$	1,363,714
Current portion of resident refunds		1,306,805
Current portion of deferred revenue		156,416
Current portion of long-term debt		604,189
Total Current Liabilities		3,431,124
Noncurrent Liabilities:		
Accounts payable - related parties		6,764,999
Resident refunds, net of current portion		9,896,026
Deferred revenue, net of current portion		3,818,111
Long-term debt, net of current portion		17,338,248
Total Noncurrent Liabilities		37,817,384
Total Liabilities		41,248,508
Members' Equity		355,908
Total Liabilities and Members' Equity	$	41,604,416

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

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

YEAR ENDED DECEMBER 31, 2023

Revenue:	
Resident revenue - Independent living	$ 1,689,745
Resident revenue - Assisted living	1,538,540
Resident revenue - Skilled nursing	12,317,748
Rent revenue	4,200
Other revenue	334,825
Entrance fee	462,774
Total Revenue	16,347,832
Expenses:	
Resident services - Independent living	234,574
Resident services - Assisted living	746,056
Resident services - Skilled nursing	5,796,317
Dietary	1,211,954
Laundry	213,114
Housekeeping	527,023
Plant operations	1,676,038
Physical plant	217,193
General and administrative	1,374,453
Management fees	927,390
Interest	569,750
Depreciation and amortization	719,203
Other expense	28,167
Total Expenses	14,241,232
Net income	2,106,600
Members' deficit, beginning of year	(1,763,811)
Cumulative effect of adoption of ASC 326 (Note 2)	13,119
Members' equity, end of year	$ 355,908

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

PISGAH VALLEY
COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Net income	$ 2,106,600
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation and amortization	719,203
Amortization of debt issuance costs	24,583
Amortization of entrance fees	(462,774)
Unrealized gain on investments, net	(5,295)
Changes in operating assets and liabilities:	
Resident accounts receivable, net	46,304
Accounts receivable - other	72,242
Inventories	22,337
Prepaid expenses	49,851
Accounts receivable - related parties	(10,156,739)
Other assets	897
Deferred revenue	(87,790)
Accrued expenses and other payables	301,167
Accrued interest on notes receivable - owners	(89,061)
Accounts payable - related parties	872,798
Notes payable - owners	(104,800)
Net cash flows from operating activities	(6,690,477)
Cash flows from investing activities:	
Purchases of property and equipment	(793,540)
Purchases of investments	(2,477,287)
Sales of investments	2,433,661
Net cash flows from investing activities	(837,166)
Cash flows from financing activities:	
Principal payments on long-term debt	(590,937)
Entrance fees received	687,992
Issuance of notes receivable - owners	1,425,043
Net cash flows from financing activities	1,522,098
Net change in cash and restricted cash	(6,005,545)
Cash and restricted cash, beginning of year	6,936,780
Cash and restricted cash, end of year	$ 931,235
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	$ 545,167
Reconciliation of cash and restricted cash to the combined balance sheet:	
Cash per combined balance sheet	$ 904,828
Restricted cash per combined balance sheet	26,407
	$ 931,235

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

Note 1—Nature of operations

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

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

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

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

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

Note 2—Summary of significant accounting policies

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

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

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

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

Note 2—Summary of significant accounting policies (continued)

Cash and Cash Equivalents – Cash includes deposit accounts and investments purchased with an original maturity of three months or less. There were no cash equivalents as of December 31, 2023.

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

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

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

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Depreciation and amortization amounted to $719,203 for the year ended December 31, 2023.

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

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

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

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

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

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

Note 2—Summary of significant accounting policies (continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Fixed income securities are public investment vehicles providing a return in the form of fixed periodic payments and eventual return of principal at maturity. The market value of the security is a quoted price for similar assets in an active market and classified within Level 2 of the valuation hierarchy. There were no Level 1 or Level 3 investments during 2023.

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

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

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

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

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

Note 2—Summary of significant accounting policies (continued)

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

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

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

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

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

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying combined balance sheet consisted of contractual refund obligations under existing contracts (that is if all residents with a refundable balance were to have withdrawn) and nonrefundable entrance fees totaling approximately $11,202,831 and $3,974,527, respectively, at December 31, 2023. There were no contract assets as of December 31, 2023. Contract terms related to entrance fees collected are described below.

Resident Accounts Receivable, Net – Receivables from residents, insurance companies, and third party contractual agencies are recorded at regular resident service rates, net of estimated contractual adjustments and credit losses. Contractual adjustments are estimated based on the terms of third party insured contracts and arrangements. The allowance for credit losses is based on the Company's assessment of the collectability of resident accounts receivable. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses*, the Company makes ongoing estimates relating to the collectability of resident receivables and records an allowance for estimated losses expected from the inability of its residents to make required payments. The Company establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a resident's ability to pay, and creditworthiness. Thes inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivable is stated in the amount management expects to collect from outstanding balances.

Income Taxes – The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed essentially as a partnership. In lieu of corporate federal income taxes, the members of a limited liability company are taxed on their proportionate share of the Company's taxable income. Management has evaluated the effect of the guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes. Management has evaluated all other tax positions that could have a significant effect on the combined financial statements and determined the Company had no uncertain income tax positions at December 31, 2023.

Note 2—Summary of significant accounting policies (continued)

The Unit Owners Association, as a homeowner's association, may be taxed either as a homeowner's association or as a regular corporation. For the year ended December 31, 2023, the Unit Owners Association was taxed as a homeowner's association. As a homeowner's association, membership income is exempt from taxation if certain elections are made, and the homeowners association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

Intangible Asset – In accordance with U.S. GAAP, goodwill and intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. For the Company, this asset includes a CON. Intangible assets with indefinite useful lives are reviewed for impairment in accordance with ASC 350, *Intangibles – Goodwill and Other*, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of its CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company will perform a qualitative assessment of impairment to determine whether the value of the CON was impaired. Based on the results of this qualitative assessment, the CON was not impaired as of December 31, 2023.

Impairment of Long-Lived Assets – The Company reviews the carrying value of its long-lived assets such as property and equipment, whether held for use or disposal when events and circumstances indicate that the carrying amount of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Based on results of this review, property and equipment were not impaired as of December 31, 2023.

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

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

In order to meet the North Carolina General Statute operating reserve requirement for 2023, the Company maintained an irrevocable standby letter of credit throughout the year. At December 31, 2023, the amount of the letter of credit was $3,785,000.

Credit Concentrations – The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. During the year ended December 31, 2023, the Company from time to time may have had amounts on deposit in excess of the insured limits.

Note 2—Summary of significant accounting policies (continued)

The Company grants credit without collateral to its patients and residents, most of who are insured by third party payors. The mix of receivables from patients and third party payors at December 31, 2023 are as follows:

Medicare	61%
Medicaid	30%
Commercial insurance/private pay/other	9%
	100%

The Company's mix of revenue sources for the year ended December 31, 2023 are as follows:

Medicare	15%
Medicaid	36%
Commercial insurance/private pay/other	49%
	100%

Advertising Costs – Advertising costs are expensed in the year incurred and totaled approximately $148,739 for the year ended December 31, 2023.

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

At the end of each fiscal year, the CCRC calculates the present value of estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees at that date. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services) with a corresponding charge to income. No liability was recorded at December 31, 2023, because the present value of the estimated net costs of future services and use of facilities was less than deferred revenue from entrance fees. The obligation was discounted at 5.00%, based on the average life expectancy and expected annual inflationary increase of 3.00%.

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

New Accounting Pronouncement – In June 2016, FASB issued ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, which requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses, such that the net receivable represents the present value of expected cash collection. The new rules also require certain financial assets be measured at amortized cost reflecting an allowance for estimated credit losses that are expected to occur over the life of the assets. This estimate must be based on all relevant information, such as historical information, current conditions, and reasonable and supportable forecasts that could impact the collectability of the amounts. The standard is effective for the Company for the year ending December 31, 2023. The Company adopted this ASU effective January 1, 2023, using the new modified retrospective approach. The Company recognized the cumulative effect of initially applying the new credit loss standard to its accounts receivable by recording a $13,911 adjustment to the opening balance of members' equity. There was no significant impact to the Company's operating results for the current period due to this standard update.

Note 3—Investments

The following table sets forth by level within the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of December 31, 2023. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Assets at fair value as of December 31, 2023 consist of the following:

	Level 1	Level 2	Level 3	Fair Value
Fixed income:				
U.S. treasuries	$ -	$ 43,075	$ -	$ 43,075
Foreign obligations	-	190,587	-	190,587
Non-government obligations	-	880,140	-	880,140
Total investments at fair value	$ -	$ 1,113,802	$ -	$ 1,113,802

Note 4—Property and equipment, net

Property and equipment, net at December 31, 2023 consists of the following:

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Total
Buildings and improvements	$ -	$ 92,000	$ 17,262,282	$ 17,354,282
Land and land improvements	10,156	1,141,643	1,312,992	2,464,791
Furniture and fixtures	427,485	-	-	427,485
Leasehold improvements	1,476,209	-	20,619	1,496,828
Vehicles	138,635	-	-	138,635
Equipment	412,904	-	482,632	895,536
	2,465,389	1,233,643	19,078,525	22,777,557
Less accumulated depreciation	(1,257,280)	(507,143)	(3,850,043)	(5,614,466)
	1,208,109	726,500	15,228,482	17,163,091
Construction in progress	10,985	-	421,653	432,638
Property and equipment, net	$ 1,219,094	$ 726,500	$ 15,650,135	$ 17,595,729

Note 5—Intangible asset

Intangible asset (indefinite-lived) consisted of the following at December 31, 2023:

Certificate of need	$ 2,915,450

Note 6—Long-term debt

Long-term debt for the Company consists of the following at December 31, 2023:

Note payable for $20,025,000 at 2.93%, payable in 84 monthly installments of $94,675, unpaid principal balance due in August 2027. The note is guaranteed by the Company and Liberty Healthcare Group, LLC and secured by all real property and the furniture, fixtures, and equipment included in the asset purchase agreement.	$ 18,030,527
Less unamortized debt issuance costs	(88,090)
Less current installments of long-term debt	(604,189)
Long-term debt	$ 17,338,248

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

Years Ending December 31,	
2024	$ 604,189
2025	623,884
2026	642,673
2027	16,159,781
	$ 18,030,527

Interest expense amounted to $569,750 for the year ended December 31, 2023, including $24,583 of amortization of debt issuance costs.

Future amortization of debt issuance costs at December 31, 2023 is as follows:

Years Ending December 31,	
2024	$ 24,583
2025	24,583
2026	24,583
2027	14,341
	$ 88,090

Certain loan agreements contain customary negative covenants. Management is not aware of any violations of its covenants at December 31, 2023.

Note 7—Related party transactions

Other entities owned by Liberty Healthcare provide other benefits to the Company. These transactions are also considered related party transactions and are settled through related party cash accounts and payments to the other entities. As of December 31, 2023, total receivables and payables to related parties were $14,385,547 and $6,764,999, respectively.

Pisgah Valley Center has entered into a management agreement in which Pisgah Valley Center pays a management fee of 5% and 6% of net revenues related to independent living and healthcare (assisted living and skilled nursing), respectively, to Liberty Living Management, LLC, a related party who provides management services to the Company. These fees totaled $923,790 for the year ended December 31, 2023.

Note 7—Related party transactions (continued)

Pisgah Valley Center has entered into a professional services agreement in which Pisgah Valley Center pays a professional service fee per resident per month to Liberty Private Care, LLC, a related party who provides professional services to the Company. Pisgah Valley Center also entered into a sub-lease agreement effective September 1, 2019, in which Liberty Private Care, LLC pays a sub-lease fee monthly to Pisgah Valley Center. The professional service and sub-lease fees totaled $466,500 and $4,200, respectively, for the year ended December 31, 2023 and are included in general and administrative expense in the combined statement of operations and changes in members deficit.

Amounts previously advanced to owners of Liberty Healthcare by Pisgah Valley Properties were outstanding at December 31, 2023 in the amount of $3,447,698. Such advances were pursuant to a note agreement, bearing interest at 2% per annum and were due and unpaid at December 31, 2023. Final payment was due December 31, 2023. These advances along with accrued interest are included in current assets at December 31, 2023.

Note 8—Leases

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

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

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

The cost basis of land, buildings, and improvements and office furniture and equipment held under the terms of the lease agreement was $19,078,525 and related accumulated depreciation was $3,850,043 at December 31, 2023.

Pisgah Valley Properties receives rent payments directly from the Lessee. For the year ended December 31, 2023, the monthly payment was $124,252 for Pisgah Valley Center. According to the terms of the operating lease, the annual rent to be paid by the lessees will be increased by the same percentage increase, if any, to the state-wide fair value component of the state of North Carolina Skilled Nursing Facility Medicaid Reimbursement rates. The lease payments must be in the annual amount equal to 1.05 times the sum of the Company’s: a) annual principal and interest payments; (b) annual mortgage insurance premium; (c) annual deposit for reserve replacements; (d) annual property insurance; and (e) annual property taxes.

Total rental income for the year ended December 31, 2023 was $1,491,629 for Pisgah Valley Properties and has been eliminated in the combined financial statements.

Note 8—Leases (continued)

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

Years Ending December 31,	
2024	$ 1,491,029
2025	1,491,029
2026	1,491,029
2027	1,491,029
2028	1,491,029
Thereafter	34,417,920
	$ 41,873,065

Total rent expense incurred by Pisgah Valley Center to Pisgah Valley Properties was $1,491,629 for the year ended December 31, 2023, including amortization of the right-of-use asset of $95,751. These amounts have been eliminated in the combined financial statements.

Note 9—Contingencies

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

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

Note 10—Retirement plan

The Company sponsors a defined contribution plan to eligible employees as defined by the plan. The Company matches employee contributions at the discretion of management. The Company contributed approximately $40,231 for the year ended December 31, 2023.

Note 11—Litigation

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

Note 12—Subsequent events

The Company has evaluated subsequent events through May 23, 2024, in connection with the preparation of these combined financial statements, which is the date the combined financial statements were available to be issued. The Company is unaware of any subsequent events that should be recognized or disclosed in the combined financial statements.

SUPPLEMENTARY INFORMATION

PISGAH VALLEY
COMBINING BALANCE SHEET

DECEMBER 31, 2023

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
ASSETS					
Current Assets:					
Cash	$ (1,252,033)	$ -	$ 293,074	$ 1,863,787	$ 904,828
Restricted cash	26,407	-	-	-	26,407
Investments	-	-	1,113,802	-	1,113,802
Resident accounts receivable, net	882,522	26	-	-	882,548
Accounts receivable - Pisgah Valley	1,484,120	142,660	2,015,409	(3,642,189)	-
Accounts receivable - other	6,245	-	1,366,777	(1,366,777)	6,245
Inventories	50,125	-	-	-	50,125
Prepaid expenses	199,353	150	100	-	199,603
Notes receivable - owners	-	-	3,447,698	-	3,447,698
Total Current Assets	1,396,739	142,836	8,236,860	(3,145,179)	6,631,256
Property and Equipment, Net	1,219,094	726,500	15,650,135	-	17,595,729
Noncurrent Assets:					
Intangible asset	-	-	2,915,450	-	2,915,450
Accounts receivable - related parties	10,726,087	-	3,659,460	-	14,385,547
Right-of-use asset	14,466,252	-	-	(14,466,252)	-
Other assets	79,434	-	-	(3,000)	76,434
Total Noncurrent Assets	25,271,773	-	6,574,910	(14,469,252)	17,377,431
Total Assets	$ 27,887,606	$ 869,336	$ 30,461,905	$ (17,614,431)	$ 41,604,416

PISGAH VALLEY
COMBINING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2023

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)					
Current Liabilities:					
Accrued expenses and other payables	$ 1,363,714	$ -	$ -	$ -	$ 1,363,714
Current portion of resident refunds	-	-	1,306,805	-	1,306,805
Current portion of deferred revenue	73,416	-	83,000	-	156,416
Current portion of right of use lease liability	101,327	-	-	(101,327)	-
Current portion of long-term debt	-	-	604,189	-	604,189
Accounts payable - Pisgah Valley	1,664,059	117,612	1,366,508	(3,148,179)	-
Total Current Liabilities	3,202,516	117,612	3,360,502	(3,249,506)	3,431,124
Noncurrent Liabilities:					
Accounts payable - related parties	6,762,611	-	2,388	-	6,764,999
Resident refunds, net of current portion	-	-	9,896,026	-	9,896,026
Deferred revenue, net of current portion	-	-	3,818,111	-	3,818,111
Right of use lease liability, net of current portion	14,364,925	-	-	(14,364,925)	-
Long-term debt, net of current portion	-	-	17,338,248	-	17,338,248
Total Noncurrent Liabilities	21,127,536	-	31,054,773	(14,364,925)	37,817,384
Total Liabilities	24,330,052	117,612	34,415,275	(17,614,431)	41,248,508
Members' Equity (Deficit)	3,557,554	751,724	(3,953,370)	-	355,908
Total Liabilities and Members' Equity (Deficit)	$ 27,887,606	$ 869,336	$ 30,461,905	$ (17,614,431)	$ 41,604,416

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

YEAR ENDED DECEMBER 31, 2023

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
Revenue:					
Resident revenue - Independent living	$ 1,406,941	$ 282,804	$ -	$ -	$ 1,689,745
Resident revenue - Assisted living	1,538,540	-	-	-	1,538,540
Resident revenue - Skilled nursing	12,317,748	-	-	-	12,317,748
Rent revenue	4,200	-	1,491,629	(1,491,629)	4,200
Other revenue	474,075	-	141,058	(280,308)	334,825
Entrance fee	-	-	462,774	-	462,774
Total Revenue	15,741,504	282,804	2,095,461	(1,771,937)	16,347,832
Expenses:					
Resident services - Independent living	234,574	-	-	-	234,574
Resident services - Assisted living	746,056	-	-	-	746,056
Resident services - Skilled nursing	5,796,317	-	-	-	5,796,317
Dietary	1,211,954	-	-	-	1,211,954
Laundry	213,114	-	-	-	213,114
Housekeeping	527,023	-	-	-	527,023
Plant operations	1,676,038	-	-	-	1,676,038
Physical plant	1,613,071	-	-	(1,395,878)	217,193
General and administrative	1,364,287	3,248	6,918	-	1,374,453
Management fees	923,790	280,308	3,600	(280,308)	927,390
Interest	3	-	569,747	-	569,750
Depreciation and amortization	232,171	-	582,783	(95,751)	719,203
Other expense	26,382	1,785	-	-	28,167
Total Expenses	14,564,780	285,341	1,163,048	(1,771,937)	14,241,232
Net income (loss)	1,176,724	(2,537)	932,413	-	2,106,600
Members' equity (deficit), beginning of year	2,367,711	754,261	(4,885,783)	-	(1,763,811)
Cumulative effect of adoption of ASC 326 (Note 2)	13,119	-	-	-	13,119
Members' equity (deficit), end of year	$ 3,557,554	$ 751,724	$ (3,953,370)	$ -	$ 355,908

PISGAH VALLEY
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
Cash flows from operating activities:					
Net income (loss)	$ 1,176,724	$ (2,537)	$ 932,413	$ -	$ 2,106,600
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Depreciation and amortization	232,171	-	582,783	(95,751)	719,203
Amortization of debt issuance costs	-	-	24,583	-	24,583
Amortization of entrance fees	-	-	(462,774)	-	(462,774)
Unrealized gain on investments, net	-	-	(5,295)	-	(5,295)
Changes in operating assets and liabilities:					
Resident accounts receivable, net	46,685	(381)	-	-	46,304
Accounts receivable - other	72,242	-	(1,366,777)	1,366,777	72,242
Inventories	22,337	-	-	-	22,337
Prepaid expenses	49,851	-	-	-	49,851
Accounts receivable - related parties	(6,512,279)	-	(3,644,460)	-	(10,156,739)
Accounts receivable - Pisgah Valley	(836,137)	(32,225)	1,603,331	(734,969)	-
Other assets	(2,104)	-	1	3,000	897
Deferred revenue	(87,790)	-	-	-	(87,790)
Accrued expenses and other payables	301,167	-	-	-	301,167
Lease liabilities	(95,751)	-	-	95,751	-
Accrued interest on notes receivable - owners	-	-	(89,061)	-	(89,061)
Accounts payable - related parties	871,598	-	1,200	-	872,798
Accounts payable - Pisgah Valley	(2,065,116)	35,143	800,994	1,228,979	-
Notes payable - owners	(104,800)	-	-	-	(104,800)
Net cash flows from operating activities	(6,931,202)	-	(1,623,062)	1,863,787	(6,690,477)

PISGAH VALLEY
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2023

	Pisgah Valley Center	Unit Owners Association	Pisgah Valley Properties	Eliminations	Total
Cash flows from investing activities:					
Purchases of property and equipment	$ (19,828)	$ -	$ (773,712)	$ -	$ (793,540)
Purchases of investments	-	-	(2,477,287)	-	(2,477,287)
Sales of investments	-	-	2,433,661	-	2,433,661
Net cash flows from investing activities	(19,828)	-	(817,338)	-	(837,166)
Cash flows from financing activities:					
Principal payments on long-term debt	-	-	(590,937)	-	(590,937)
Entrance fees received	-	-	687,992	-	687,992
Issuance of notes receivable - owners	-	-	1,425,043	-	1,425,043
Net cash flows from financing activities	-	-	1,522,098	-	1,522,098
Net change in cash and restricted cash	(6,951,030)	-	(918,302)	1,863,787	(6,005,545)
Cash and restricted cash, beginning of year	5,725,404	-	1,211,376	-	6,936,780
Cash and restricted cash, end of year	$ (1,225,626)	$ -	$ 293,074	$ 1,863,787	$ 931,235
Supplemental disclosure of cash flow information:					
Cash paid during the year for interest	$ 3	$ -	$ 545,164	$ -	$ 545,167
Reconciliation of cash and restricted cash to the combining balance sheet:					
Cash per combining balance sheet	$ (1,252,033)	$ -	$ 293,074	$ 1,863,787	$ 904,828
Restricted cash per combining balance sheet	26,407	-	-	-	26,407
	$ (1,225,626)	$ -	$ 293,074	$ 1,863,787	$ 931,235

EXHIBIT B

ACTUAL VERSUS FORECASTED RESULTS

[ATTACHED]

Pisgah Valley
Material Difference Narrative
As of and For the Year Ended December 31, 2023

For purposes of comparison, Pisgah Valley used the following financial reports as of and for the year ended (actual)/ending (forecasted) December 31, 2023:

Audited - Obtained from the combining audited financial statements of Pisgah Valley as of and for the year ended December 31, 2023.

Forecasted - Obtained from the forecasted financial statements with the Independent Accountants' Compilation Report dated May 29, 2024, which was included in the Pisgah Valley Disclosure Statement dated May 31, 2024.

The following explanations are furnished pursuant to Section 58-64-30 of the General Statutes of North Carolina. The explanations pertain to material differences between the Pisgah Valley's audited and forecasted financial statements, as described above, as of and for the year ending December 31, 2023. See the summary Balance Sheets, Statements of Operations and Statements of Cash Flows behind this narrative for amounts and percentages.

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

Pisgah Valley
Material Difference Narrative
As of and For the Year Ended December 31, 2023

Balance Sheets:

1. Cash - Cash was less than forecasted by approximately $2,095,000 (70%) primarily due to approximately $3,448,000 of increasing a note receivable from owners.

2. Due From/To Related Parties - There are transactions throughout the year between other companies related to Pisgah Valley which are not part of the economic entity. Below is a summary of the net balances due to and from these companies (shown in a comprehensive total) at December 31, 2023:

	Forecasted			Actual		
	Due From	**Due To**	**Net Rec/(Pay)**	**Due From**	**Due To**	**Net Rec/(Pay)**
Total receivable/(payable)	$ 10,682	$ (5,898)	$ 4,784	$ 14,386	$ (6,765)	$ 7,621
						$ 2,837
						59%

The net amount from companies related to but not under Pisgah Valley's economic entity was less than forecasted by approximately $2,837,000 (59%) due to cash provided by other companies in 2023, which was not assumed in the forecast.

Statements of Operations and Changes in Members' Equity:

None

Statements of Cash Flows:

3.

Accounts Receivable Related Parties - See note #2 above.

4.

Entrance Fees Received - Entranced Fees received were approximately $1,872,000 (73%) less than projected. This is due to less turnover of units than anticipated.

5.

Resident Refunds of Entrance Fees - See Note #4.

6.

Notes Recievable - Owners - The $1,425,000 note receivable for owners is above projection due to nothing being projected in 2023.

Cash - unrestricted - See note #1 above

Pisgah Valley
At December 31, 2023

Balance Sheet (in '000s)	2023 Forecast	2023 Actual	Variance - $	Variance - %	See Material Difference Narrative
Assets:					
Current assets:					
Cash	$ 3,000	$ 905	$ (2,095)	-70%	(1)
Cash - restricted	114	26	(88)	-77%	
Investments	1,065	1,114	49	5%	
Accounts receivable:		-			
Resident accounts receivable, net	974	883	(91)	-9%	
Other	79	6	(73)	-92%	
Inventories	77	50	(27)	-35%	
Prepaid expenses	232	200	(32)	-14%	
Notes receivable - owners	3,892	3,448	(444)	-11%	
Total current assets	9,433	6,631	(2,802)		
Noncurrent assets:					
Operating Reserve - Company	$ 500	$ -		0%	
Notes receivable - owners		-		100%	
Property and equipment, net	17,534	17,596	62	0%	
Intangible assets	2,915	2,915	0	0%	
Deferred marketing costs, net of amortization	46	-	(46)	-100%	
Due from related parties	10,682	14,386	3,704	35%	(2)
Other non-current assets	21	76	55	264%	
Total noncurrent assets	31,698	34,973	3,775		
Total assets	$ 41,131	$ 41,604	$ 973		
Liabilities and Members' Equity:					
Current liabilities:					
Long-term debt, current portion	$ 607	604	(3)	0%	
Resident refunds, current portion	1,333	1,307	(26)	-2%	
Deferred revenue from monthly fees	621	156	(465)	-75%	
Accounts payable and accrued expenses	1,042	1,364	322	31%	
Accrued payroll and related withholdings	-	-		100%	
Total current liabilities	3,603	3,431	(172)		
Long-term liabilities:					
Due to related parties	5,898	6,765	867	15%	
Long-term debt, less current portion, net of deferred financing costs	17,338	17,338	0	0%	
Resident refunds payable, less current portion	10,284	9,896	(388)	-4%	
Deferred revenue, net	3,877	3,818	(59)	-2%	
Notes payable - owners	105	-	(105)	-100%	
Total long-term liabilities	37,502	37,817	315		
Total liabilities	41,105	41,249	144		
Members' equity/(deficit)	26	356	330	1269%	
Total liabilities and members' equity	$ 41,131	$ 41,604	$ 473		

Pisgah Valley
For the Year Ended December 31, 2023

Statement of Operations and Changes in Members' Equity(in 000s)	**2023 Forecast**	**2023 Actual**	**Variance - $**	**Variance - %**	**See Material Difference Narrative**
Revenue:					
Entrance fee amortization	$ 380	$ 462	$ 82	22%	
Independent living service fees	1,623	1,690	$ 67	4%	
Assisted living revenue	1,575	1,538	$ (37)	-2%	
Skilled nursing service fees	13,538	12,318	$ (1,220)	-9%	
Provision for bad debt	-	-	$ -	100%	
Other revenue	90	335	$ 245	272%	
Total Revenue	17,206	16,343	(864)		
Expenses:					
Independent living	243	235	(8)	-3%	
Assisted living	650	746	96	15%	
Skilled nursing	6,713	5,796	(917)	-14%	
Dietary	1,222	1,212	(10)	-1%	
Housekeeping	527	527	0	0%	
Laundry & Linen	193	213	20	10%	
General & Administrative	1,571	1,374	(197)	-13%	
Management fees	1,041	927	(114)	-11%	
Plant & Operations/maintenance	1,636	1,676	40	2%	
Property costs/Physical plant	85	217	132	156%	
Total expenses	13,881	12,923	(957)		
		-	-		
Operating income	3,325	3,420	93	3%	
Other income/(expenses):					
Interest income	152	-	152	100%	
Interest expense	(564)	(570)	6	-1%	
Rent revenue	4	4	-	0%	
Rent expense	-	-	-	100%	
Deferred financing costs amortization	(25)	-	(25)		
Deferred marketing cost amortization	(11)	-	(11)		
Depreciation and amortization	(1,035)	(719)	(316)	31%	
Other expense	(106)	(28)	(78)	74%	
Total other revenue/(expenses)	(1,585)	(1,313)	(272)		
Net income	1,740	2,107	(179)	-10%	
Members' equity, beginning of year	(1,764)	(1,764)	-	0%	
Members' distribution	50	13	(37)	-74%	
Members' equity/(deficit), end of year	$ 26	$ 356	$ (216)		

Pisgah Valley
For the Year Ended December 31, 2023

Statement of Cash Flows (in 000s)	2023 Forecast	2023 Actual	Variance - $	Variance - %	See Material Difference Narrative
Cash flows from operating activities:					
Net income (loss) from operations	$ 1,740	$ 2,107	$ 367	21%	
Adjustments to reconcile net income (loss) from operations to net cash provided by (used in) operating activities:		-	$ -		
Depreciation	1,035	719	$ (316)	-31%	
Amortization of deferred financing costs	25	25	$ (0)	-2%	
Amortization of deferred marketing costs	11	-	$ (11)	-100%	
Provision for bad debts		-	$ -		
(Gain)/loss on disposal of assets	-	-	$ -	100%	
Accrued interest on notes receivable	892	212	$ (680)	-76%	
Accounts receivable - related parties	(6,453)	(9,284)	$ (2,831)	44%	(3)
Amortization of entrance fees	(380)	(463)	$ (83)	22%	
Net change in current assets and liabilities	238	(6)	$ (244)	-103%	
Net cash provided by (used in) operating activities	(2,892)	(6,690)	(3,798)		
Cash flows from investing activities:		-	-		
Capital additions	(1,048)	(794)	254	-24%	
Change in investments	-	(44)	(44)	100%	
Net cash provided by (used in) investing activities	(1,048)	(837)	211		
Cash flows from financing activities:		-	-		
Principal payment of long-term debt	(588)	(591)	(3)	0%	
Entrance fees received	2,560	688	(1,872)	-73%	(4)
Resident refunds of entrance fees	(1,405)	-	1,405	-100%	(5)
Notes receivable - owners	-	1,425	1,425	100%	(6)
Member contributions	50	13	(37)		
Distributions from members	-	-	-	100%	
Net cash provided by (used in) financing activities	617	1,535	918		
Change in cash and investments	(3,323)	(5,992)	(2,669)		
Cash and investments/Cash and cash equivalents, beginning of year	6,937	6,937	(0)	0%	
Cash and investments/Cash and cash equivalents, end of year	$ 3,614	$ 945	$ (2,669)		
Cash reconciliation:					
Cash - unrestricted	$ 3,000	905	(2,095)	-70%	(1)
Cash - restricted	114	26	(88)	-77%	
Operating reserve - Company	500				
Total cash	$ 3,614	$ 931	$ (2,183)		

EXHIBIT C

INTERIM FINANCIAL STATEMENTS

[ATTACHED]

Pisgah Valley
Consolidated Statements of Operations and Changes in Members' Equity
For the Quarter Ended March 31, 2024

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Revenue:					
Entrance fee amortization	$ -	$ 86,659	$ -	$ -	$ 86,659
Net resident revenue:					
Independent living revenue	390,136	-	70,965	(62,181)	398,920
Assisted living revenue	373,095	-	-	-	373,095
Skilled nursing revenue	3,268,958	-	-	-	3,268,958
Provision for bad debt	(9,899)	-	-	-	(9,899)
Management fee revenue	70,077	-	-	(70,077)	-
Other revenue	26,849	(650)	-	-	26,199
Total operating revenue	4,119,216	86,009	70,965	(132,258)	4,143,932
Expense:					
Direct Expense:					
Nursing services	1,342,720	-	-	-	1,342,720
Dietary	295,495	-	-	-	295,495
Wellness	35,865	-	-	-	35,865
Patient activities	74,424	-	-	-	74,424
Social services	28,849	-	-	-	28,849
Physical therapy	73,875	-	-	-	73,875
Occupational therapy	71,288	-	-	-	71,288
Speech therapy	69,040	-	-	-	69,040
Respiratory therapy	6,026	-	-	-	6,026
Medical supplies	125,566	-	-	-	125,566
Other ancillaries	13,482	-	-	-	13,482
Total direct expense	2,136,630	-	-	-	2,136,630
GROSS MARGIN	**1,982,586**	**86,009**	**70,965**	**(132,258)**	**2,007,302**
% GROSS MARGIN	**48%**	**100%**	**100%**	**100%**	**48%**
Indirect Expense:					
Housekeeping	137,867	-	-	-	137,867
Laundry and linen	53,200	-	-	-	53,200
Barber and beauty	4,319	-	-	-	4,319
General and administrative	368,928	2,178	-	-	371,106
Management fee expense	242,507	1,500	70,077	(70,077)	244,007
Transportation	24,080	-	-	-	24,080
Plant operations	515,028	-	-	(62,181)	452,847
Physical plant	19,709	-	-	-	19,709
Total indirect expense	1,365,638	3,678	70,077	(132,258)	1,307,135
Total expense	3,502,268	3,678	70,077	(132,258)	3,443,765
EBITDAR	**616,948**	**82,331**	**888**	**-**	**700,167**
% EBITDAR	**15%**	**96%**	**1%**	**0%**	**17%**
Other revenue/(expense):					
Gain/(loss) on disposal of assets	-	-	-	-	-
Investment/interest expense	-	(256,778)	-	-	(256,778)
Deferred financing cost amortization	-	(9,541)	-	-	(9,541)
Rent revenue	-	372,757	-	(372,757)	-
Rent expense	(383,784)	-	-	372,757	(11,027)
Deferred marketing cost amortization	(3,860)	-	-	-	(3,860)
Depreciation	(49,753)	(145,556)	-	-	(195,309)
COVID expense	-	-	-	-	-
Total other revenue/expense	(441,355)	(876)	-	-	(442,231)
NET INCOME/(LOSS)	**175,593**	**81,455**	**888**	**-**	**257,936**
Members' equity/(deficit), beginning of year	3,552,760	(3,953,369)	751,723	-	351,114
Members' contributions	-	-	-	-	-
Members' distributions	-	-	-	-	-
Members' equity/(deficit), end of year	$ 3,728,353	$ (3,871,914)	$ 752,611	$ -	$ 609,050

Pisgah Valley
Consolidated Statements of Cash Flows
For the Quarter Ended March 31, 2024

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Cash flows from operating activities:					
Net income/(loss)	$ 175,593	$ 81,455	$ 888	$ -	$ 257,936
Adjustments to reconcile income/(loss)				-	
to net cash provided by operating activities:				-	-
Depreciation	49,753	145,556	-	-	195,309
Amortization of deferred financing costs	-	9,541	-	-	9,541
(Gain)/loss on disposal of assets	-	-	-	-	-
Amortization of advance fees	-	(86,659)	-	-	(86,659)
Amortization of deferred marketing costs	3,860	-	-	-	3,860
Provision for bad debts	9,899	-	-	-	9,899
Unrealized (gain)/loss on investments	-	-	-	-	-
Change in working capital:				-	
Resident accounts receivable	(103,013)	-	(59)	-	(103,072)
Other receivables	42	(372,757)	-	-	(372,715)
Inventories	2,989	-	-	-	2,989
Prepaid expenses	16,240	(400)	-	-	15,840
Accounts receivables - related parties	742,506	(520,653)	-	-	221,853
Intercompany receivables - Pisgah Valley	(100,611)	(273,505)	(8,725)	382,841	0
Other assets	25,248	(58,368)	-	-	(33,120)
Deferred revenue, current	(9,628)	-	-	-	(9,628)
Accounts payable and other accrued expenses and other payables	(81,746)	(2,400)	-	-	(84,146)
Accrued payroll and related withholdings	(57,976)	-	-	-	(57,976)
Resident refunds	-	-	-	-	-
Accrued interest on notes receivable - owners	-	(22,569)	-	-	(22,569)
Accounts payable - related parties	207,724	1	-	-	207,725
Intercompany payables - Pisgah Valley	36,725	89,715	7,896	(134,336)	(0)
Cash flows from operating activities	917,604	(1,011,044)	0	248,505	155,066
Cash flows from investing activities:					
Capital additions	(42,065)	(89,715)	-	-	(131,780)
Proceeds from sale of assets	-	-	-	-	-
Change in investments	-	(13,147)	-	-	(13,147)
Cash flows from investing activities	(42,065)	(102,862)	-	-	(144,927)
Cash flows from financing activities:					
Proceeds from long-term debt	-	-	-	-	-
Deferred financing costs	-	(9,541)	-	-	(9,541)
Principal payment of long-term debt and capital lease obligations	(26,297)	11,687,015	-	-	11,660,719
Entrance fees received	-	474,594	-	-	474,594
Resident refunds of entrance fees	-	(386,890)	-	-	(386,890)
Notes receivable - owners	-	-	-	-	-
Notes payable - owners	-	-	-	-	-
Member contributions/(distributions)	-	-	-	-	-
Cash flows from financing activities	(26,297)	11,765,178	-	-	11,738,882
Change in cash and cash equivalents	849,242	10,651,273	0	248,505	11,749,020
Cash and cash equivalents, beginning of year	(1,228,625)	293,074	-	-	(935,552)
Cash and cash equivalents, end of year	$ (379,383)	$ 10,944,346	$ 0	$ 248,505	$ 10,813,469
Cash - unrestricted	$ (397,693)	$ 10,944,346	$ 0	$ -	$ 10,546,654
Cash - restricted/invested	18,310	-	-	-	18,310
Total cash	$ (379,383)	$ 10,944,346	$ 0	$ -	$ 10,564,964

Pisgah Valley
Consolidated Balance Sheets
March 31, 2024

	Pisgah Valley Retirement Center, LLC	Pisgah Valley Retirement Center Properties, LLC	Pisgah Estates Unit Owners Association	Eliminations	Consolidated
Assets					
Current assets:					
Cash	$ (397,693)	$ 10,944,346	$ 0	$ -	$ 10,546,654
Cash - restricted	18,310	-	-	-	18,310
Investments	-	1,126,949	-	-	1,126,949
Accounts receivable:				-	
Resident accounts receivable, net	975,638	-	84	-	975,722
Other	6,203	1,739,534	-	-	1,745,737
Inventories	47,136	-	-	-	47,136
Prepaid expenses	183,113	500	-	(124,252)	59,361
Notes receivable, current - owners	-	3,470,268	-	-	3,470,268
Intercompany receivables - Pisgah Valley	1,584,731	2,288,914	151,385	(4,025,030)	-
Total current assets	2,417,438	19,570,511	151,469	(4,149,282)	17,990,137
Non-current assets:					
Notes receivable, non-current - owners	-	-	-	-	-
Property and equipment	1,211,406	15,594,294	726,500	-	17,532,200
Intangible assets	38,000	3,061,908	-	-	3,099,908
Due from related parties	9,983,585	4,180,113	-	-	14,163,698
Deferred marketing costs, net of amortization	-	-	-	-	-
Other non-current assets	14,478,578	-	150	-	14,478,728
Total non-current assets	25,711,569	22,836,315	726,650	-	49,274,534
Total assets	$ 28,129,007	$ 42,406,826	$ 878,119	$ (4,149,282)	$ 67,264,671
Liabilities and Members' Equity/(Deficit)					
Current liabilities:					
Long-term debt and capital lease obligation, current portion	$ (26,297)	$ 602,126	$ -	$ -	$ 575,829
Resident refunds, current portion:				-	
Entrance fees	-	1,200,000	-	-	1,200,000
Other	-	-	-	-	-
Deferred revenue, current portion	63,788	83,000	-	(124,252)	22,536
Accounts payable and accrued expenses	546,842	-	-	-	546,842
Accrued payroll and related withholdings	680,315	-	-	-	680,315
Intercompany payables - Pisgah Valley	1,697,784	1,456,223	125,508	(4,025,030)	(745,515)
Total current liabilities	2,962,432	3,341,349	125,508	(4,149,282)	2,280,007
Non-current liabilities and deferred revenue:					
Long-term debt and capital lease obligation, less current portion	14,466,252	29,115,416	-	-	43,581,668
Deferred financing costs, net of accumulated amortization	-	-	-	-	-
Resident entrance fees payable, less current portion	-	9,896,026	-	-	9,896,026
Deferred revenue - entrance fees	-	3,923,561	-	-	3,923,561
Due to related parties	6,971,970	2,389	-	-	6,974,359
Notes payable - owners	-	-	-	-	-
Total non-current liabilities and deferred revenue	21,438,222	42,937,392	-	-	64,375,614
Total liabilities and deferred revenue	24,400,654	46,278,741	125,508	(4,149,282)	66,655,621
Members' equity/(deficit)	3,728,353	(3,871,914)	752,611	-	609,050
Total liabilities and members' equity/(deficit)	$ 28,129,007	$ 42,406,827	$ 878,119	$ (4,149,282)	$ 67,264,671

EXHIBIT D

5-YEAR PROSPECTIVE FINANCIAL STATEMENTS

[ATTACHED]

Pisgah Valley

Compilation of a Financial Projection

Five Years Ending December 31, 2028

(with Accountants' Compilation Report thereon)

Pisgah Valley

Compilation of a Financial Projection

Five Years Ending December 31, 2028

TABLE OF CONTENTS

FORVIS

191 Peachtree Street NE, Suite 2700 / Atlanta, GA 30303
P 404.575.8900 / F 404.575.8870
forvis.com

Accountants' Compilation Report

Pisgah Valley
Wilmington, North Carolina

Management of Pisgah Valley, a group of entities under common control (the "Company"), and the day-to-day operating manager, Liberty Living Management, LLC (collectively "Management") is responsible for the accompanying financial projection of the Company, which comprises the projected combined balance sheets as of and for each of the five years ending December 31, 2028, the related projected combined statements of operations, changes in members' equity, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

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

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

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

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

FORVIS, LLP

Atlanta, Georgia
May 29, 2024

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

PRAXITY™ Empowering Business Globally

Pisgah Valley

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

	2024	2025	2026	2027	2028
Revenue:					
Entrance fee amortization	$ 252	$ 346	$ 401	$ 425	$ 437
Independent living	1,941	1,993	2,048	2,103	2,160
Assisted living	1,634	1,692	1,743	1,795	1,849
Skilled nursing	12,952	13,614	14,521	15,296	15,772
Other revenue	94	96	98	88	91
Total operating revenue	16,873	17,741	18,811	19,707	20,309
Expense:					
Independent living	244	251	259	267	275
Assisted living	571	588	606	624	643
Skilled nursing	6,230	6,674	7,647	8,134	8,378
Dietary	1,291	1,330	1,370	1,411	1,453
Housekeeping	547	563	580	597	615
Laundry	230	237	244	251	259
General and administrative	1,665	1,715	1,766	1,819	1,874
Management Fee	981	1,023	1,083	1,136	1,170
Plant operations	1,942	2,000	2,060	2,122	2,186
Physical plant	83	85	88	91	94
Total operating expenses	13,784	14,466	15,703	16,452	16,947
Operating income	3,089	3,275	3,108	3,255	3,362
Other income (expense):					
Interest income	161	161	161	161	161
Rent revenue	4	4	4	4	4
Interest expense	(1,215)	(1,244)	(1,211)	(1,376)	(1,525)
Deferred financing cost amortization	(26)	(26)	(30)	(105)	(105)
Depreciation	(1,050)	(1,078)	(1,099)	(1,109)	(1,120)
Total other income (expense)	(2,126)	(2,183)	(2,175)	(2,425)	(2,585)
Net income	963	1,092	933	830	777
Members' equity, beginning of year	356	1,319	2,411	3,344	4,174
Members' equity, end of year	$ 1,319	$ 2,411	$ 3,344	$ 4,174	$ 4,951

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

Pisgah Valley

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

	2024	2025	2026	2027	2028
Cash flows from operating activities:					
Net income	$ 963	$ 1,092	$ 933	$ 830	$ 777
Adjustments to reconcile net income to net cash from operating activities:					
Depreciation	1,050	1,078	1,099	1,109	1,120
Entrance fee amortization	(252)	(346)	(401)	(425)	(437)
Deferred financing cost amortization	26	26	30	105	105
Accounts receivable - related parties	604	(1,719)	(2,127)	(625)	(634)
Change in current assets and liabilities, net	6	21	(12)	(15)	5
Cash flows from operating activities	2,397	152	(478)	979	936
Cash flows from investing activities:					
Capital additions	(763)	(954)	(310)	(320)	(329)
Cash flows from investing activities	(763)	(954)	(310)	(320)	(329)
Cash flows from financing activities:					
Proceeds from long-term debt	-	-	-	15,641	-
Refinance of permanent loan	-	-	-	(15,641)	-
Bank Loan proceeds	11,872	-	-	-	-
Change in designated reserve - Company	(11,872)	-	-	-	-
Deferred financing costs	-	-	-	(315)	-
Principal payment of long-term debt	(790)	(840)	(873)	(754)	(574)
Change in notes receivable - owners	1,000	1,000	1,000	448	-
Entrance fees received	1,586	2,506	2,581	665	685
Resident refunds of entrance fees	(835)	(1,864)	(1,920)	(703)	(718)
Cash flows from financing activities	961	802	788	(659)	(607)
Change in cash and restricted cash	2,595	-	-	-	-
Cash and restricted cash, beginning of year	931	3,526	3,526	3,526	3,526
Cash and restricted cash, end of year	$ 3,526	$ 3,526	$ 3,526	$ 3,526	$ 3,526
Cash and restricted cash reconciliation:					
Cash	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
Cash - restricted	26	26	26	26	26
Operating reserve - Company	500	500	500	500	500
Total cash and restricted cash	$ 3,526	$ 3,526	$ 3,526	$ 3,526	$ 3,526

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

Pisgah Valley

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

Assets	**2024**	**2025**	**2026**	**2027**	**2028**
Current assets:					
Cash	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000
Cash - restricted	26	26	26	26	26
Investments	1,114	1,114	1,114	1,114	1,114
Resident accounts receivable, net	936	1,006	1,152	1,226	1,262
Accounts receivable - other	6	6	6	6	6
Inventories	75	79	86	90	93
Prepaid expenses	226	238	258	270	279
Total current assets	$ 5,383	$ 5,469	$ 5,642	$ 5,732	$ 5,780
Non-current assets:					
Operating reserve - Company	500	500	500	500	500
Designated reserve - Company	11,872	11,872	11,872	11,872	11,872
Property and equipment, net	17,311	17,187	16,398	15,609	14,818
Intangible asset	2,915	2,915	2,915	2,915	2,915
Notes receivable - owners	2,448	1,448	448	-	-
Accounts receivable - related parties	13,782	15,501	17,628	18,253	18,887
Other non-current assets	76	76	76	76	76
Total non-current assets	48,904	49,499	49,837	49,225	49,068
Total assets	54,287	54,968	55,479	54,957	54,848

Liabilities and Members' Equity					
Current liabilities:					
Long-term debt, current portion	$ 840	$ 873	$ 754	$ 574	$ 11,086
Resident refunds payable, current portion	1,864	1,920	703	724	746
Deferred revenue, current portion	161	191	220	215	215
Accounts payable and accrued expenses	942	991	1,076	1,127	1,161
Accrued payroll and related withholdings	527	555	602	631	650
Total current liabilities	$ 4,334	$ 4,530	$ 3,355	$ 3,271	$ 13,858
Non-current liabilities:					
Long-term debt, net	28,213	27,366	26,642	25,858	14,877
Accounts payable - related parties	6,765	6,765	6,765	6,765	6,765
Resident refunds, net of current portion	9,502	8,952	9,660	9,299	8,933
Deferred revenue, net	4,154	4,944	5,713	5,590	5,464
Total non-current liabilities	48,634	48,027	48,780	47,512	36,039
Total liabilities	52,968	52,557	52,135	50,783	49,897
Members' equity	1,319	2,411	3,344	4,174	4,951
Total liabilities and members' equity	$ 54,287	$ 54,968	$ 55,479	$ 54,957	$ 54,848

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

General

The accompanying financial projection presents, to the best of the knowledge and belief of the management of Pisgah Valley, a group of entities under common control (the "Company"), and the day-to-day operating manager, Liberty Living Management, LLC (the "Operating Manager") (collectively, "Management"), the expected financial position, results of operations and changes in members' equity, and cash flows of the Company as of and for the each of the five years ending December 31, 2028. Accordingly, the accompanying financial projection reflects Management's judgment as of May 29, 2024, the date of this projection, of the expected conditions and its expected course of action during the projection period. There will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

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

Background

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

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

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

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

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

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

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

Related Parties

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

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

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

Amounts previously advanced to the owners of the Liberty Healthcare Group by Pisgah Valley Properties were outstanding at December 31, 2023 of approximately $3,448,000. Such advances are pursuant to a note agreement (“Note Receivable – Owners”), bearing interest at 2.0 percent per annum. These advances, along with accrued interest, are included in non-current assets. Assumed advances associated with the Notes Receivable – Owners are estimated to be at the same rates and terms during the projection period. Management has assumed payments are to be received from Liberty healthcare Group during the projection period.

The Community

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

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

Table 1
Community Configuration and Fees

Unit Type	Number of Units	Square Footage	Entrance Fees		Monthly Fee		
Independent Living Units:			Non-Refundable(1)	90% Refundable(1)	CCRC Contract Prior to 2/1/2019(1)(2)	CCRC Contract After 2/1/2019(1)(2)	Homeowner Contract(3)
Two-bedroom	3	1,174	$ 220,087	$ 340,509	$ 1,891	$ 1,977	$ 366
Two-bedroom/den	25	1,240	231,129	357,008	1,891	1,977	366
Two-bedroom/sunroom	5	1,474	246,299	381,890	1,891	1,977	366
Two-bedroom/den/sunroom	39	1,540	257,477	398,524	1,891	1,977	366
Total / Weighted Average	**72**	**1,416**	**$ 245,994**	**$ 380,536**	**$ 1,891**	**$ 1,977**	**$ 366**
Assisted Living Units:							**Monthly Fee(1)**
Small studio	18	154					$ 5,807
Expanded studio	6	209					6,390
Total / Weighted Average	**24**	**168**					**$ 5,953**
Skilled Nursing Beds:							**Daily Fee**
Private	32	288					$ 321
Medicare	17	288					570
Medicare – Managed Care	12	288					475
Medicaid	55	288					291
Hospice	2	288					291
Total / Weighted Average	**118**	**288**					**$ 358**
Total Units/Beds	**214**						

Source: Management

(1) Entrance Fees and Monthly Fees shown are effective January 1, 2024. The second person Monthly Fee for the Independent Living Units and Assisted Living Units is $547 and $1,448, respectively, effective January 1, 2024.
(2) Residents contracts commencing prior to February 1, 2019 receive an approximately 12 percent discount compared to market rates for the term of those Resident contracts.
(3) All unit owners, regardless of occupancy, pay a Monthly Fee to the Unit Owners Association. Total fees paid by Pisgah Valley Center and the related fees received by the Unit Owners Association are eliminated in the combined projected financial statements.

Unit Owner Contracts

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

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

Right of First Refusal – Through a right of first refusal, it is Pisgah Valley Properties' intent to purchase the Independent Living Units from the Unit Owners through attrition until Pisgah Valley Properties owns all 72 Independent Living Units. As of the date of this report, Pisgah Valley Properties owns 64 Independent Living Units. Approximately one Independent Living Units is assumed to be purchased in 2024 and approximately seven Independent Living Units are assumed to be purchased in 2025 – 2028 (approximately 1.75 units per year), upon which all 72 Independent Living Units would be owned by Pisgah Valley Properties and operated by Pisgah Valley Center.

Residency and Care Agreements

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

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

See Accountants' Compilation Report

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

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

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

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

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

Refunds of the Entrance Fee are as follows:

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

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

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

Summary of Significant Accounting Policies

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

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

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

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

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

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

Statutory Operating Reserve – North Carolina General Statute section 58-64-33, requires licensed CCRCs to maintain an operating reserve equal to 50 percent (50%) of the total projected operating costs (adjusted for non-cash items) in a given year. If a CCRC maintains a combined independent and assisted living occupancy in excess of 90 percent (90%), the operating reserve amount required equals 25 percent (25%) of projected operating expenses (adjusted for non-cash items). The reserve may be funded by cash, invested cash, or investment grade securities. In order to meet the North Carolina General Statues operating reserve requirements, the Company maintains an irrevocable standby letter of credit from a financial institution. At December 31, 2023, the amount of the letter of credit was $3,785,000. Management is to fund a $500,000 operating reserve, at its discretion, to provide additional liquidity for Community's operations.

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

See Accountants' Compilation Report

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

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

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

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

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

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

Summary of Operating Revenue Assumptions

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

Table 2
Utilization

Year Ending December 31,	Units Available	Average Units Occupied: CCRC Contracts (1)	Homeowner Contracts (1)	Total Units	Occupied Percentage
Independent Living Units:					
2024	72	64	6	70	97%
2025	72	66	4	70	97%
2026	72	67	3	70	97%
2027	72	68	2	70	97%
2028	72	70	–	70	97%
Assisted Living Units:					
2024	24			22	92%
2025 – 2028	24			23	96%
Skilled Nursing Units: (2)					
2024	118			100	85%
2025	118			102	86%
2026	118			108	92%
2027 – 2028	118			110	93%

Source: Management

(1) Some Independent Living Units are owned by individuals through a Unit Owner Contract, Pisgah Valley Properties has the right of first refusal to purchase upon the sale of the unit.
(2) The payor mix for the Skilled Nursing Beds is assumed to be 28 percent, 13 percent, 7 percent, 47 percent, and 5 percent for private pay, Medicare-traditional, Medicare-managed care, Medicaid, and Hospice, respectively.

Independent Living Revenue

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

Assisted Living Revenue

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

Skilled Nursing Revenue

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

Other Revenue

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

Summary of Entrance Fees Assumptions

Move-in / Contract Types

The number of Independent Living Unit's move-ins due to attrition are assumed to be 5, 8, 8, 2 and 2 for fiscal years 2024, 2025, 2026, 2027, and 2028, respectively. Contract utilization associated with move-ins is assumed to be 44 percent on the non-refundable plan and 56 percent on the 90 percent refundable plan.

Entrance Fee Refunds

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

Summary of Operating Expense Assumptions

Salaries, Wages and Employee Benefits

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

Non-Salary Expenses

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

Management Fee Expense

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

Company Designated Reserve

The Company funded a designated reserve of approximately $11,872,000 for future use by the Company or its affiliates (the "Company Designated Reserve"). For purposes of the projection, Management assumes the Company Designated Reserve balance to remain constant during the projection period.

Statutory Operating Reserve

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

Table 3
Operating Reserve Requirement
(in Thousands)

	2024	2025	2026	2027	2028
Projected expenses	$ 15,745	$ 16,484	$ 17,713	$ 18,712	$ 19,367
Add: principal payments on long-term debt	790	840	873	754	574
Subtract: depreciation and amortization	(1,076)	(1,104)	(1,129)	(1,214)	(1,225)
Projected expenses-adjusted	15,459	16,220	17,457	18,252	18,716
Operating reserve % required (1)	25%	25%	25%	25%	25%
Operating reserve (2)	$ 3,865	$ 4,055	$ 4,364	$ 4,563	$ 4,679
Independent Living and Assisted Living Units:					
Available, beginning of year	96	96	96	96	96
Occupied, beginning of year	92	93	93	93	93
Occupancy percentage	96%	97%	97%	97%	97%

Source: Management

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

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

See Accountants' Compilation Report

Property and Equipment

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

Table 4
Schedule of Property and Equipment
(in Thousands)

	2024	2025	2026	2027	2028
Beginning balance	$ 23,211	$ 23,974	$ 24,928	$ 25,238	$ 25,558
Routine capital additions	99	102	105	108	111
Purchases and renovations (1)	664	852	205	212	218
Property and equipment, cost	23,974	24,928	25,238	25,558	25,887
Accumulated depreciation	(6,663)	(7,741)	(8,840)	(9,949)	(11,069)
Property and equipment, net	$ 17,311	$ 17,187	$ 16,398	$ 15,609	$ 14,818

Source: Management

(1) Independent Living Units owned by individuals through a Unit Owner Contract are assumed to be purchased by Pisgah Valley Properties through December 31, 2028. Management assumes an average purchase price equal to the appraised value of the unit.

Long-Term Debt

Note Payable

The Company has a note payable (the "Note Payable") with a financial institution bearing interest at a fixed rate of 2.93 percent per annum due in 84 monthly installments of principal and interest of approximately $95,000 for the period from September 2020 through July 2027. The final payment of approximately $15,800,000 is due upon the maturity date of August 25, 2027. The outstanding balance of the Note Payable was approximately $18,031,000 on December 31, 2023.

The Company anticipates refinancing the Note Payable upon the maturity date of August 25, 2027. Management assumes approximately $15,553,000 of the Note Payable to be refinanced at a fixed interest rate of 5.2 percent per annum with a 25-year maturity. Management anticipates monthly principal and interest payments would commence on September 1, 2027, with a final maturity date of August 25, 2052.

Bank Loan

The Company entered into a bank loan (the "Bank Loan") of approximately $11,872,000 with a financial institute in January 2024. Proceeds from the Bank Loan were used to fund the Company Designated Reserve. The Bank Loan bears interest at a nominal rate of 6.25 percent per annum due in monthly installments of principal and interest of approximately $79,000 for the period of February 2024 through January 2029, with a final balloon payment of approximately $10,751,000 due upon maturity in February 2029.

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

Table 5
Principal and Interest Payments
(in Thousands)

	Note Payable		Bank Loan		
Years Ended December 31,	**Principal Payment**	**Interest Payment**	**Principal Payment**	**Interest Payment**	**Total Debt Service**
2024	$ 607	$ 529	$ 183	$ 686	$ 2,005
2025	627	509	213	735	2,084
2026	646	490	227	721	2,084
2027	512	441	242	706	1,901
2028	318	318	256	692	1,584
Thereafter	15,321	4,300	10,751	58	30,430
Total	**$ 18,031**	**$ 6,587**	**$ 11,872**	**$ 3,598**	**$ 40,088**

Source: Management

Current Assets and Current Liabilities

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

Table 6
Working Capital – Days on Hand

Resident accounts receivables, net	55 days of skilled nursing revenues
Inventories	2 days of operating expenses
Prepaid expenses	6 days of operating expenses
Accounts payable and accrued expenses	25 days of operating expenses
Accrued payroll and related withholdings	14 days of operating expenses

Source: Management

EXHIBIT E

CONTRACT FOR INDEPENDENT LIVING CONTINUING CARE

[ATTACHED]

PISGAH VALLEY

A Liberty Senior Living Community

Residency and Care Agreement

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

5/30/2024 **Term of Agreement Begins: ___________**

Table of Contents

PISGAH VALLEY RETIREMENT COMMUNITY
PISGAH ESTATES
RESIDENCY AND CARE AGREEMENT

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

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

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

I. RESIDENCE

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

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

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

II. COMMON AREAS AND AMENITIES

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

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

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

III. SERVICES AND PROGRAMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. DATE OF OCCUPANCY AND OCCUPANCY

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

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

V. FINANCIAL ARRANGEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

H. Health Care Charges.

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

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

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

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

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

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

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

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

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

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

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

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

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

VI. ADMISSION REQUIREMENTS AND PROCEDURES

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

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

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

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

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

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

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

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

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

VII. TERMS OF RESIDENCY

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

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

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

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

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

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

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

H. **Change in Residence**

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

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

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

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

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

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

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

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

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

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

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

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

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

VIII. TRANSFERS OR CHANGES IN LEVELS OF CARE

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

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

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

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

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

IX. TERMINATION AND REFUND PROVISIONS

A. Termination Prior to Occupancy.

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

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

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

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

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

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

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

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

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

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

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

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

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

.

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

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

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

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

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

Any refund due shall be paid to the estate of the deceased Resident.

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

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

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

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

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

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

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

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

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

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

X. FINANCIAL ASSISTANCE

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

XI. GENERAL

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

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

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

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

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

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

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

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

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

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

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

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

[Signatures begin on following page]

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

Addenda Attached:

Acknowledgement of Receipt of Disclosure Statement
Schedule I

______________________________ ______________________________
Resident Signature Date

______________________________ ______________________________
Resident Signature Date

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

By: ______________________________
Authorized Representative

____
Date

ACKNOWLEDGEMENT OF RECEIPT OF DISCLOSURE STATEMENT

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

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

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

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

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

______________________________ ______________________________
Resident Signature Date

______________________________ ______________________________
Resident Signature Date

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

By: ______________________________
Authorized Representative
Date

RESIDENCY AND CARE AGREEMENT
PISGAH VALLEY RETIREMENT CENTER
SCHEDULE I
PAGE 1 OF 2

1st Resident Name ____

2nd Resident Name (if applicable)______________________________________

Pisgah Estates Residence Number__________________________________

Pisgah Estates Residence Address__________________________________

Type of Unit (select one):

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

Scheduled Date of Occupancy:____

ENTRANCE FEE AND OPTIONS:	**_____0%** _____**90%**
Entrance Fee (based on Home selected):	$_______________
Second Person Entrance Fee (if applicable):	$_______________
Options and Custom Features (if applicable);	$_______________
Total Entrance Fee and Options	$_______________
Priority Reservation Deposit	$_______________
10% Reservation Fee less Waiting List Deposit	$_______________
Options and Custom Features (if applicable);	$_______________
Entrance Fee Due at Date of Occupancy	$_______________
Total Entrance Fee and Options (equal to Total Entrance Fee and Options above)	$_______________

RESIDENCY AND CARE AGREEMENT
PISGAH VALLEY RETIREMENT CENTER
SCHEDULE I
PAGE 2 OF 2

MONTHLY FEE:

Monthly fee at Date of Occupancy:

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

PARKING SPACE FEE (NONREFUNDABLE):

Parking space fee due at Date of Occupancy

Limited to one parking space per Residence $________________

PET FEE (NONREFUNDABLE):

Pet fee due at Date of Occupancy

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

____
1st Resident Signature Date

____
2nd Resident Signature Date

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

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

	Effective 10/1/2018	Effective 10/1/2019	Effective 1/1/2021	Effective 1/1/2022	Effective 1/1/2023	Effective 1/1/2024
Independent Living Units (Monthly Fees):						
Apartments:						
Two-bedroom	$ 220	$ 75	$ 63	$ 82	$ 142	$ 134
Two-bedroom w/ den	$ 220	$ 75	$ 63	$ 82	$ 142	$ 134
Two-bedroom w/sunroon	$ 220	$ 75	$ 63	$ 82	$ 142	$ 134
Two-bedroom w/den & sunroom	$ 220	$ 75	$ 63	$ 82	$ 142	$ 134
Second Person fee	$ 15	$ 19	$ 63	$ 82	$ 61	$ 56

Healthcare Center:						
Assisted Living Units (Monthly Fees):						
Studio	$ 175	$ 182	$ 142	$ 243	$ 424	$ 250
Expanded Studio	$ 192	$ 200	$ 156	$ 182	$ 466	$ 275
Second Person fee	$ 44	$ 45	$ 35	$ 228	$ 478	$ 500
Skilled Nursing Beds (Daily Fees):						
Private	$ 8	$ 6	$ 5	$ 15	$ 10	$ 40
Semi-private	$ 6	$ 5	$ 5	$ 13	$ 33	$ 40