## DISCLOSURE STATEMENT (Information Booklet)

## **THE CYPRESS**

of Charlotte

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

June 1, 2025

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

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

This Disclosure Statement has not been reviewed or approved by <u>any</u> government agency or representative to ensure accuracy or completeness of the information set out.

Unless earlier revised, The Cypress intends for this Disclosure Statement to remain effective until May 31, 2026.

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#### **INTRODUCTION**

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

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

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

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

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

#### **OVERVIEW**

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

## THE CYPRESS GROUP, LLC

The Cypress Group, LLC (the "Managing Member") is a South Carolina Limited Liability Company formed on March 18, 1996, serving as Managing Member of The Cypress of Charlotte, LLC with a controlling interest. Further, it is the Managing Member who will be held responsible for The Cypress of Charlotte, LLC. The Cypress Group, LLC is primarily operated from the office located at 20 Lady Slipper Lane, Hilton Head Island, South Carolina 29926. The Managing Member's principals and operating officers are Chris Bird, Daniel Lahey, and Mike Andreasen. The business offices of these officers are located at 400 Locust Street, Suite 820, Des Moines, Iowa 50309. These same principals serve as the principals of the General Partner in The Cypress of Hilton Head Island, an award-winning continuing care retirement community, located in Beaufort County, South Carolina, from its formation in 1988 to its continuing operations. The Cypress Group, LLC is wholly owned by Cypress CLT GP Investor LLC, a Delaware limited liability company with its principal place of business located at 400 Locust Street, Suite 820, Des Moines, Iowa 50309.

<u>Michael Andreasen</u> has been in the senior living industry since 2013. With more than 25 years of financial planning and analysis experience with large companies, including Sprint and John Deere, Mike has lead teams with responsibility for multiple areas including financial planning and analysis, corporate reporting and strategic planning, procurement, tax and treasury. Mr. Andreasen holds a Master's in Business Administration from the Tippie College of Business at the University of Iowa.

Biographical information for Mr. Bird and Mr. Lahey may be found under Life Care Services LLC.

#### THE CYPRESS OF CHARLOTTE, LLC

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

Upon request, The Cypress shall make available the names and business addresses of the Company's members. The Company has as its sole Managing Member, The Cypress Group, LLC (the "Managing Member"), a South Carolina limited liability company, which has a 45% equity or beneficial interest in the company. The principals of The Cypress Group, LLC are listed above.

The Cypress of Charlotte, LLC has one investor member, Cypress CLT LP Investor LLC. Cypress CLT LP Investor LLC is a Delaware limited partnership with its principal place of business located at 400 Locust Street, Suite 820, Des Moines, Iowa 50309. This entity has a 55% equity or beneficial interest in the Company.

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

Mr. Marc Puntereri is an advisor for The Cypress of Charlotte, LLC and is available to answer questions regarding the facility, services, and other information.

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

Catherine Jenkins is the Director of Asset Management and is available to answer questions regarding the community, services, and other information.

Catherine Jenkins, whose primary office is located at 20 Lady Slipper Lane, Hilton Head Island, SC 29926, obtained a Bachelor of Arts in psychology from the University of North Carolina at Chapel Hill in 1986 and a Master's Degree in business administration from the Babcock School at Wake Forest University in 1991. Catherine's career with Life Care Services began in 1996 when she joined The Cypress of Hilton Head as Administrator. In 1999, she assumed the responsibilities of Executive Director at The Cypress of Hilton Head. Her responsibilities were broadened in 2006 with additional operational oversight of another LCS managed community in Georgia. In 2011, she was promoted to Director of Operations Management, with operational oversight of 6 communities across the Southeast, including The Cypress of Charlotte. Catherine was named an officer of Life Care Services in 2012 and retired in 2023 as Vice President, Director of Operations Management. In 2025, Catherine came out of retirement to assume the responsibilities of Director of Asset Manager, specific to The Cypress of Charlotte.

#### THE CYPRESS OF CHARLOTTE CLUB, INC.

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

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

The Club pays the Company an overhead payment equivalent to 10% of total operating costs, including those of the Association. In 2024 that amount would have been \$2,777,509.

#### THE CYPRESS OF CHARLOTTE OWNERS'ASSOCIATION, INC.

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

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

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

The Association will act through its Board of Directors, which were elected by the cottage and villa owners at a regular annual meeting in accordance with the By-Laws of the Association. The names of the Board of Directors are: Quinton Friesen, 3600 Cypress Club Drive, B-506, Charlotte, NC 28210; Teri Verbesey, 7035 Marching Duck Drive, E-309, Charlotte, NC 28210; Olen Smith, 3716 Cypress Club Drive, C-406, Charlotte, NC 28210; Larry Taggart, 3738 Cypress Club Drive, D-208, Charlotte, NC 28210; Sue McElwain, 7035 Marching Duck Drive, E-311, Charlotte, NC 28210; Pat Schaffer, 3600 Cypress Club Drive, B-103, Charlotte, NC 28210; Bill Schimming, 3600 Cypress Club Drive, B-311, Charlotte, NC 28210.

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

#### LIFE CARE SERVICES LLC

The Club has retained Life Care Services LLC ("Life Care Services") to manage the Community. As the nation's third largest operator of senior living communities, Life Care Services serves more than 40,000 residents in 140+ communities (see Exhibit B). With over 50 years of service, Life Care Services has developed expertise in nearly every facet of senior living management. #1 in customer satisfaction with independent senior living communities four years in a row.

For more information, visit Life Care Services' website: <u>https://www.lcsnet.com/management-services/management-services-overview</u>

Principal officers of Life Care Services include Chris Bird, Jill Sorenson, GeLynna Shaw, Daniel Lahey, Jason Victor, and Bridgette Uhlemann.

<u>Chris Bird</u>: Chris Bird brings his expertise to the communities LCS serves. By leading operations, building community occupancy, fostering capital partner relationships, and developing new business, Chris implements strategies to deliver on the expectations of owners and shareholders. As president, chief operating officer, Chris oversees Life Care Services, CPS, legal, IT, and onboarding operations. His ability to analyze issues, devise continuous process improvements, and incorporate business process initiatives drives performance improvement for the overall operation. In addition, he is a member of the Board of Directors of LCS Holding Company, LLC. Chris is a member of the Argentum Advisory Council and the Argentum Chief Operating Officer Roundtable. He holds a bachelor's degree in history from the University of Memphis, Tennessee.

<u>Jill Sorenson</u>: Leaning on her expertise to foster and maintain meaningful relationships, Jill Sorenson leads the regional team serving a portfolio of 36 Life Plan communities. Following her passion for serving seniors, Jill's responsibilities have grown during her career at LCS. From roles in accounting, information technology, and corporate resource development to receiving her nursing home administrator license, Jill is committed to serving others. Prior to her current position, Jill has a proven track record in successfully delivering on occupancy goals and achieving 4- and 5-star ratings from the Centers for Medicare and Medicaid Services. Jill holds a bachelor's in business administration from Simpson College and an MBA from the University of Phoenix.

<u>GeLynna Shaw</u>: As a professional in the senior living industry, GeLynna Shaw brings her expertise in finance, mergers and acquisitions, and operational effectiveness to her role as Executive Vice President of Operations at Life Care Services. GeLynna oversees all aspects of community operations including sales, health and wellness, dining, resident engagement, and plant operations. Her 27-year career in senior living includes experience with Continuing Care Retirement Communities and rental communities has been focused on systems, processes, and people that are effective to ensure the best outcomes for the residents. GeLynna holds a bachelor's degree in business with a major in accounting from Tennessee Technological University. She is a certified public accountant.

<u>Jason Victor</u> is senior vice president, treasurer and corporate finance for LCS. In this role, he provides oversight and direction for the organization's financial matters, ensuring its consistent and efficient fiscal performance. Jason has responsibility for the organization's corporate accounting, corporate payroll, community payroll, treasury and tax departments. He oversees all aspects of general accounting, cash management, billing and receivables, accounts payable, payroll, consolidations and financial reporting. In addition, he serves as a member of the LCS Audit Committee and provides leadership for LCS Risk Management, including the LCS Advantage insurance program and Hexagon, a captive insurance company.

<u>Bridgette Uhlemann</u> In her role as corporate counsel and director of legal and compliance, Bridgette Uhlemann ensures the legal rights of LCS are protected by providing legal advice and recommendations to all levels of the organization. She oversees legal affairs, including corporate governance, contract law, public policy, and corporate and regulatory compliance for LCS. Bridgette directs the overall delivery of legal and compliance services to the organization, including in-house attorneys, compliance analysts and outside legal counsel. She collaborates with leadership and ensures key legal issues and opportunities are understood by stakeholders to mitigate risk and protect company assets. At LCS, Bridgette is a member of the LCS Foundation Board of Directors, and she chaired the Walk to End Alzheimer's Committee in 2019. Outside the organization, she serves as the board chair for the Alzheimer's Association, Iowa Chapter and the secretary for the Mid-Iowa Association of Local Governments. Bridgette graduated from Drake University with a B.A. in English and Law, Politics and Society. She earned her J.D. from Drake University Law School.

#### Criminal Violation Statement

No officer or director (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state.

#### **EXECUTIVE DIRECTOR**

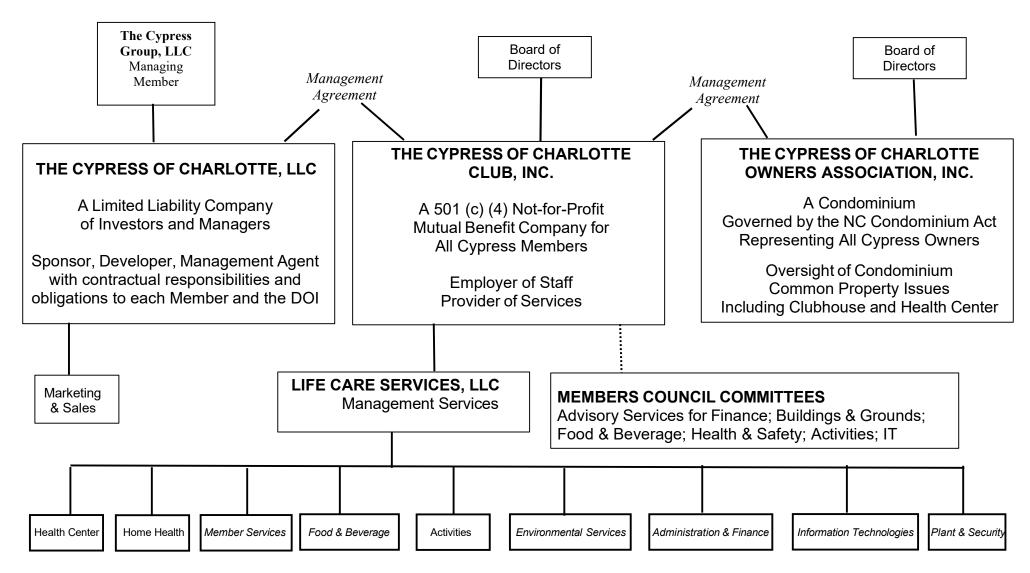
Mr. Marty Jensen is the Executive Director of Cypress of Charlotte and an employee of Life Care Services, its managing company. Marty joined Cypress of Charlotte in August of 2020. He has been in senior care administration for 28 years and with Life Care Service since 2011. Marty is a graduate of Furman University in Greenville, South Carolina, and holds a Bachelor of Science degree in biology. He has been a licensed Nursing Home Administrator since 1996 and since 2004 has held licenses as a Nursing Home Administrator and Assisted Living Administrator in North Carolina.

#### ADMINISTRATOR

Caitlin Mylly is the Stewart Health Center Administrator at The Cypress of Charlotte. She is a licensed Nursing Home Administrator with a Bachelor's degree in Business Administration and a minor in Gerontology from the University of Wisconsin–Eau Claire. Completed two years of administrator in training programs in Iowa and North Carolina, worked as a caregiver in senior living for 4 years.

#### **MEMBERS' COUNCIL**

The Company has established a Members' Advisory Council. Members of the Council will be Members of The Cypress. The Council will be made up of chairpersons from six Council committees: finance; buildings and grounds; food and beverage; health and safety; social and activities; and information technologies. Regularly scheduled meetings are held to enable the Members to ask questions and to permit The Cypress' administration and Council to communicate with the Members for the purpose of free discussion of subjects as they apply to The Cypress, as well as proposed changes in policies, programs, and services, or other issues for the good of The Cypress. THE CYPRESS OF CHARLOTTE A Continuing Care Retirement Community Licensed by the NC Department of Insurance (DOI) Entities Comprising the License



#### THE LOCATION

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

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

#### THE CAMPUS

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

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

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

Emphasis in the Health Center is our restorative care and wellness in order to return Members to independent living in their cottages and villas. After several additions and renovations, based upon the Certificate of Need and licensing process of the state of North Carolina, the Stewart Health Center campus is now home to a variety of neighborhoods, including assisted living, memory care, sub-acute (Medicare), and skilled care, all of which combined can accommodate a total of 79 residents, 90% in private rooms. In addition to residential care, the Health Center also has a full range of therapies.

#### THE PERSONNEL

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

#### THE SERVICES

The decision to move into a continuing care retirement community demands careful consideration of many factors, including the services to be provided. A detailed description of the services provided by the Club is found below. The Member will purchase a cottage or villa for the Member's lifetime use. At the same time, the Member will sign a Membership Agreement which, for a monthly payment, entitles the Member to the following services: (1) food service to Members, including the equivalent of one meal for each day in the month; (2) weekly housekeeping; (3) weekly flat laundry; (4) maintenance of the cottages, villas, and commons area; (5) grounds care; (6) clubhouse activities; (7) scheduled transportation; (8) security; and (9) certain utilities. As of December 31, 2023, there were 503 residents receiving services.

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

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

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

#### **DESCRIPTION OF THE SERVICES**

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

#### ACTIVITIES

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

#### ASSISTANCE-IN-LIVING

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

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

## **BEAUTY AND BARBER SHOP**

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

#### **COVERED PARKING**

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

#### **EMERGENCY CALL SYSTEM**

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

#### FLAT LAUNDRY

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

#### **FOOD SERVICE**

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

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

#### GARDENING

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

#### **HEALTH CENTER**

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

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

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

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

#### HEALTH CENTER ACTIVITIES DIRECTOR

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

#### HOME CARE AGENCY

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

#### HOUSEKEEPING SERVICES

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

#### MAIL

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

### MAINTENANCE OF THE COTTAGE OR VILLA AND THE COMMONS AREA

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

#### **MEMBERS' COUNCIL**

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

#### MONTHLY BILLING SERVICE

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

### **OTHER SERVICES**

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

#### **PARKING FOR MEMBERS AND GUESTS**

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

#### **PRIVATE DINING ROOM**

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

#### SCHEDULED TRANSPORTATION

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

#### SECURITY

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

#### **HEALTH CENTER**

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

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

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

Membership Agreement (see Exhibit C) sets forth in greater detail the extent that health care services are provided and the terms for providing such services.

## **HEALTH CENTER EXPANSION**

After two years of planning and analysis, The Cypress began an expansion of the Stewart Health Center, including a dedicated Assisted Living neighborhood and Clinic. The project started in the first quarter of 2021 and was completed in November of 2022. The project increased the number of beds to 79, 65 of which are licensed as skilled beds (including 20 of which that may be used for Memory Care), and 14 of which are licensed as assisted living beds. The project also included a Clinic, a new physical, occupational and speech therapies wing, and expansion/renovation of the main kitchen, dining rooms, and other common activities and support areas, including those in the existing building.

As an initiative originating from the Members' own objectives for more private rooms, and therefore as a new element to The Cypress of Charlotte Owners Association Condominium, the resident-owners of the condominium were asked to vote on the project's approval, including the financing terms detailed below. On December 3, 2019, the vote was successful, with 99.2% of the condominium interests, based upon statutory values, voting to approve.

The project was financed by a \$10 Million loan from Towne Bank, at 3.75% interest, interest only during construction (as part of the capital budget), and amortized over 15 years, secured not by the real estate, but by a pledge of the operating cash flows of The Club and Condominium. It is projected that such cash flows, increased by the additional number of health center beds and increased daily rates from the state-of-the-art facility, agreed-to and voted-on by The Cypress Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the condominium owners, by vote, have agreed to the condominium's assessment mechanism in the Declaration of Condominium to fund debt service. The Cypress of Charlotte, LLC also contributed over \$1 Million in the form of forgiveness of accrued- Overhead Payments, as well as more than \$2.5 Million of addition capital.

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

### THE CONTINUING CARE CONCEPT

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

#### ACCEPTANCE FOR RESIDENCY

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

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

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

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

## **PRICES, MEMBERSHIP FEE AND MONTHLY FEES**

(Please refer to the explanatory notes below)

<u>UNIT TYPE</u>	ORIGINAL DEVELOPER <u>PRICES IN 1999</u>				MONTHLY FEE as of January 1, 2025		
	Courtyard		Lakeside	1 Person	2 People		
The Afton The Archer	\$175,000 190,000			\$3,826 3,905	\$5,901 5,980		
The Indigo The Biltmore	200,000 215,000		\$225,000 250,000	4.075 4,312	6,150 6,387		
The Birch	250,000		275,000	4,713	6,788		
The Carlton The Delano	275,000 290,000		320,000 350,000	5,113 5,198	7,188 7,273		
The Park The Azalea	275,000 320,000		295,000 360,000	5,039 5,356	7,114 7,431		
The Gallery The Osprey	375,000 410,000		420,000 470,000	5,738 6,152	7,813 8,227		
The Ashley	410,000	362,000	470,000	6,152	8,227		
The Cambridge The Devonshire The Sycamore		400,000 450,000 415,000		6,216 6,234 6,152	8,291 8,309 8,227		
The Hampton The Wellesley		498,000 545,000		6,379 6,873	8,454 8,948		

- Note 1: All units at The Cypress of Charlotte have been sold as of June 1, 2000. Any units that may become available in the future will be sold by the then current owner or his or her estate. The original developer prices shown above for 1999 illustrate the base price at which the unit was sold from the developer to the purchaser for the first time. All future sales of cottages and villas will be priced individually by their owners and/or estates based upon then-current market values and any custom upgrades and other unit modifications.
- Note 2: Sales prices include 10% membership fee.
- Note 3: For 1999 prices, top floor in the C Building add \$10,000. For top floor, Park or Gallery plans add \$15,000. For top floor Osprey, add \$20,000.
- Note 4: Covered parking spaces were originally \$5,500 in 1999. Garage spaces were \$9,000.
- Note 5:
   The January 2025, Monthly Fee represents a 6.0% increase over the 2024: The Monthly Fee increases for prior years are as follows: 2024: 7.5%; 2023: 9.5%; 2022: 6.75%; 2021: 4.75%; 2020: 5.75%; 2019: 5.75%; 2018: 3.5%; 2017: 3.75%; 2016: 3.5%; 2015: 3.4%; 2014: 3.75%; 2013: 4.0%; 2012: 4%; 2011: 3.5%; 2010: 1.75%; 2009: 4.5%; 2008: 4.0%; 2007: 3.75%; 2006: 3.4%; 2005: 3.4%; 2004: 3.5%; 2003: 3.85%; 2002: 4.0%; 2001: 4.0%; 2000: 4.5% over the opening year (1999) fee.

## **AVERAGE INCREASE IN MONTHLY FEES**

	2021	2022	2023	2024	2025
1 <sup>st</sup> Person	\$183	\$273	\$409	\$354	\$304
2 <sup>nd</sup> Person	\$71	\$105	\$158	\$137	\$117

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

Annual \$ Increases for:	<b>2021</b> Daily Rate	2022* Daily Rate	2023 Daily Rate	2024 Daily Rate	<b>2025</b> Daily Rate
SKILLED CARE					
Semi-private Room Private Room	8.39 9.49	25.65 29.03	21.88 26.95	18.91 23.31	16.27 20.03
ASSISTED LIVING CARE					
Semi-private Room Private Room	8.39 9.49	25.65 29.03	21.88 18.10	18.91 15.65	16.27 13.46
DEMENTIA CARE					
Semi-private Room Private Room	N/A 10.69	N/A 32.70	N/A 28.86	N/A 24.95	N/A 21.46
<u>Home Health</u>					
Hourly Rate	.50	2.00	1.50	2.00	2.00

\*With the Health Center expansion and increase in the number of private rooms, the member discount is 30%.

#### THE RESALE PURCHASE AND SALE AGREEMENT

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

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

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

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

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

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

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

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

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

8. <u>Purchaser's Right to Cancel</u>. A purchaser may cancel his/her Resale Purchase and Sale Agreement by sending written notice of purchaser's wish to cancel before midnight of the 30th day after signing the Resale Purchase and Sale Agreement, or the date of delivery of the disclosure statement to the purchaser, which ever date is later. If the purchaser cancels within the 30 days, all money paid is refunded, less those reasonable costs incurred by The Cypress. The refund will be made within 30 days of The Cypress receiving the cancellation notice. The purchaser may also cancel in the case of death or incapacity prior to occupancy. 9. <u>Resale of Cottage or Villa</u>. When the owner of a cottage or villa wishes to sell his/her cottage or villa, and a bona fide offer has been received from a third party, the owner shall then offer it for sale to the Company for the same price as the highest bona fide offer received. Should the Company fail to exercise its option to purchase the cottage or villa within 30 days after receiving written notice, then the owner may sell the property to the third party subject to all covenants, restrictions, limitations, affirmative obligations and other agreements referenced and contained in the Resale Purchase and Sale Agreement and Membership Agreement. Upon resale of a cottage or villa, the Company receives a membership fee for the new purchaser as detailed in the Purchase and Sale Agreement.

#### THE MEMBERSHIP AGREEMENT

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

at The Cypress. In addition, the monthly payment includes the monthly contribution to the Condominium Association for the cottage or villa owned.

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

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

The Monthly Payment includes the Condominium Fee of the Unit owned or occupied by the Member and the cost of services and features provided to Members by The Club as described herein. The Monthly Payment for the first full year was based upon estimates provided by an experienced continuing care operator. The Monthly Payment thereafter was determined after the first full year of operations based on the actual cost of operations and the cost of providing the services described herein. There is a cap on future increases in the cost of services and features provided by The Club (i.e. the Service Fee). With respect to services provided by The Club, the formula for determining the maximum increase permitted for that portion of the Monthly Payment is based on the higher of. (1) the annual percentage increase of the Consumer Price Index, U.S. City Average, All Items (1967 - 100) (hereinafter "C.P.I.") issued by the U.S. City Average, Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City

Average and its monthly reported entitled "The Consumer Price Index, U.S. City Average and Selected Areas," or (2) the annual percentage increase of the Medical Care Component of the C.P.I. An additional three (3%) percent may be added to the higher of the annual percentages. This formula went into effect after the second full year of operations. The Member shall receive sixty (60) days advance notice of any Monthly Payment adjustment.

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

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

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

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

4. <u>Financial Hardship</u>. It is the Club's policy to operate as a not-for-profit organization and to avoid termination of the Member's Membership Agreement solely because of the financial inability of the Member to pay the monthly payment and other charges. The Member will be permitted to remain at The Cypress at a reduced monthly payment based on the Member's ability to pay if (i) the Club determines that the deferral of payment can be granted without impairing the ability of the Club to operate on a sound financial basis, (ii) the Member can justify the deferral of the charges, and (iii) the Member has the ability to secure repayment of the deferred charges. In any event, the Member will be allowed to remain at The Cypress for 90 days after the date of failure to pay and will pay a reduced monthly payment. The Member

will agree to sign a note and mortgage on the cottage or villa as repayment of the debt. However, despite these provisions, if the Member's ability to meet his or her financial obligations has been impaired by making unapproved gifts or transfers, Member's membership may be terminated.

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

6. <u>The Company's Termination Rights.</u> The Company may terminate a Membership Agreement after it has been accepted only for the reasons set forth in Section 12 of the Membership Agreement. The Company shall not terminate the Membership Agreement without just cause. Just cause shall exist if (i) the Member fails to pay to the Club any charges due under the Membership Agreement, (ii) the Member creates a disturbance within The Cypress which is detrimental to the health, safety, comfort, or peaceful

lodging of himself or other Members, (iii) the Member's condition cannot be cared for in the Club's health center within the limits of its license, or (iv) the Member refuses medical treatment which is medically required. Prior to termination of the Membership Agreement, the Club will give the Member notice in writing of the reasons for termination, and the Member will have 30 days thereafter to correct the problem. If the problem is corrected within 30 days, the Membership Agreement shall remain in effect. If the problem is not corrected within the 30 days, the Membership Agreement will be terminated, and the Member must leave The Cypress. However, if it is determined that the 30-day waiting period is detrimental to the Member, other Members, or the staff of The Cypress, this waiting period will be waived.

#### LEASE

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

#### CONTINUING CARE RETIREMENT COMMUNITY LICENSURE

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

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

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

#### **CONDOMINIUM ACT**

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

#### **HEALTH CENTER LICENSURE**

The Company has received a license from the North Carolina Department of Health and Human Services, Division of Facility Services, for 65 skilled nursing beds including memory care, and 14 home for the aged beds.

#### **MEDICARE AND MEDICAID**

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

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

#### **ESCROW ACCOUNT**

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

#### **RESERVE ACCOUNTS**

A Reserve for Replacement fund has been created funded by each Member's payment of two months of common expenses to the Association upon closing on a cottage or villa; budgeted amounts in the annual operating budget, portions of year-end operating surpluses and potentially periodic capital assessments. As of December 31, 2024 the Reserve for Replacement amount is \$3,055,093.78, of which \$674,941 is an amortizing investment note from The Cypress of Charlotte Owners' Association, Inc., with the balance invested in other fixed income and equity investments. This account is used only for purposes related to the properties of The Cypress, and any interest earned shall remain in the working capital fund.

Further, each purchaser has deposited a \$7,500 Operating Reserve fund deposit which, if unused, may be refunded, with interest, upon resale of the unit. As of December 31, 2024 the current Operating Reserve fund is \$2,597,969.

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

### TAX DEDUCTION

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

#### FINANCING

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

The \$49,250,000 construction loan was provided by First Union National Bank and was initially closed on June 13, 1996. The loan, with a term of 48 months, carried an interest rate consisting of the 30-day London Interbank Offered Rate (LIBOR), plus 225 basis points (to wit, 7.66% as of November 1, 1998). The loan was retired at the closings of approximately 154 units in Phase I, in early 1999. Since all of the construction loan was paid off at the opening of Phase I of The Cypress, no permanent financing was required, with The Cypress remaining debt-free.

Phase II of The Cypress, which included two additional villa buildings totaling 99 units, began in September, 1998. First Union provided \$18,500,000 in financing for Phase II with the same terms, interest rate, and conditions as the Phase I loan. This loan amount represented approximately 60% of the

contemplated sales revenue of the two buildings. The Company did not begin construction on both of these two buildings until a pre-sale level in excess of 65% was achieved.

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

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

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

Phase V, as further detailed in the Health Center Expansion section of the Disclosure Statement, The Cypress intends to add 19 additional beds to the Health Center, along with a Clinic, an expanded therapies wing, and extensive additions/renovations to common areas, starting in the first quarter of 2021. The Association voted to take out a \$10 Million construction loan, at 3.75% interest, converting to a 15year amortized loan, repaid from the cash flows of The Club and Association, and/or assessments of condominium owners, if needed. The Company also contributed over \$1 Million in accrued Overhead Payments which were forgiven, and approximately \$2.5 Million in cash. None of the property will be encumbered.

In December of 2024, the Company undertook a recapitalization to replace LLC membership interests with other investors, including, in part, securing a \$19,000,000 credit facility which provided liquidity. This loan will be amortized over 12 years solely from cash flows of the Company, without any financial effect upon the CCRC operations of The Cypress Club or the Cypress Owners Association.

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

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

Sources of Funds	Phase I Clubhouse, 40 bed Health Center 157 Condominia (Two multi-family buildings and 53 cottages)	Phase II 99 Condominia <u>(Two multi-</u> <u>family buildings)</u>	Phase III 54 Condominia <u>(One multi-</u> <u>family</u> <u>building</u> )	Phase IV 20 bed addition to Health Center	Phase V 19-bed addition to Health Center plus Clinic and other renovations to the existing Health Center
Equity	\$5,500,000	\$1,095,000	\$1,000,000	\$1,815,668	\$3,500,000
Letter of Credit Equity	5,500,000	0	\$1,000,000 0	0	\$5,500,000
Construction Loan	49,250,000	18,500,000	11,000,000	Ő	10,000,000
Total	\$60,250,000	\$19,595,000	\$12,000,000	\$1,815,668	\$13,500,000
Uses of Funds					
Land	\$ 5,349,000	\$ 0	\$ 0	\$ 0	\$ 0
Planning & Design	1,554,000	285,000	125,555	174,335	723,972
Site Work	964,000	725,000	400,000	95,600	975,527
Construction	32,504,000	15,305,953	8,600,000	1,282,600	10,060,255
Furniture, Fixtures,	1,413,000	80,000	50,000	213,024	723,600
Equip.					
Start-up Operations	600,000	4,000	5,000	26,109	325,000
Marketing & Sales	1,562,000	680,000	518,000	0	0
General & Admin.	1,534,000	486,000	468,000	24,000	293,414
Financing & Interest	3,790,000	925,000	600,000	0	398,232
Contingency	0	0	0	0	0
Total	\$54,270,000	\$18,490,953	\$10,766,555	\$1,815,668	\$13,500,000
Balance	\$5,980,000	\$1,104,047	\$1,233,445	0	0

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

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

## FINANCIAL STATEMENTS (Exhibit A)

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

#### **DEVELOPMENT TIME FRAME**

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

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

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

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

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

Exhibit A-1

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

Independent Auditor's Report, Combined Financial Statements, and Supplementary Information

December 31, 2024 and 2023



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## Independent Auditor's Report

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

#### Opinion

We have audited the combined financial statements of The Cypress of Charlotte Club, Inc. (the Club) and The Cypress of Charlotte Owners' Association, Inc. (the Association), which comprise the combined balance sheets as of December 31, 2024 and 2023, and the related combined statements of operations, changes in net assets and members' equity, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the financial position of the Club and the Association as of December 31, 2024 and 2023, and the results of their operations, changes in net assets and members' equity and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the 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 raise substantial doubt about the Club and Association's ability to continue as a going concern within one year after the date that these 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Club and the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club and the Association's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of future major repairs and replacements listed in the table of contents be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, although not part of the basic combined financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information and provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Club and the Association's basic financial statements. The supplementary combining information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

## Forvis Mazars, LLP

Charlotte, North Carolina June 3, 2025

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Combined Balance Sheets December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 928,476	\$ 1,199,870
Accounts receivable, net of allowance		
2024 - \$119,436, 2023 - \$48,610	880,975	719,029
Employee retention credit receivable	1,561,166	1,561,166
Due from affiliates	70,833	147,556
Inventory	162,577	155,804
Prepaid expenses	540,830	530,189
Total Current Assets	4,144,857	4,313,614
Assets Limited as to Use		
Internally designated for Department of Insurance operating reserve	2,590,469	2,455,673
Reserve for replacements	2,380,153	2,691,496
	4,970,622	5,147,169
Other Assets Other investments	25,000	25,000
Property and equipment, net	28,337,475	26,961,404
Refundable deposits	25,000	25,000
Right-of-use operating lease assets	154,173	195,063
Total Assets	\$ 37,657,127	\$ 36,667,250
LIABILITIES, NET ASSETS AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 438,130	\$ 632,894
Accrued expenses	1,875,081	1,694,695
Due to homeowners	125,603	131,382
Current portion of operating lease liabilities	39,931	38,974
Current portion of notes payable	618,913	613,828
Total Current Liabilities	3,097,658	3,111,773
Other Liabilities		
Operating lease liabilities, less current portion	114,241	156,090
Notes payable, less current portion	8,144,166	8,770,074
	11,356,065	12,037,937
Net Assets		
Without donor restrictions	11,558,241	10,444,092
Total Net Assets	11,558,241	10,444,092
Members' Equity		
Members' equity, undesignated	12,362,668	11,493,725
Members' equity, designated asset replacement and repair	2,380,153	2,691,496
Total Members' Equity	14,742,821	14,185,221
Total Liabilities, Net Assets and Members' Equity	\$ 37,657,127	\$ 36,667,250

# The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Combined Statements of Operations Years Ended December 31, 2024 and 2023

	2024	2023
Revenues, Gains, and Other Support		
Member fees and assessments	\$ 22,073,081	\$ 20,260,377
Health Center	8,670,586	7,501,476
Home Health	3,817,679	3,496,708
Other	12,592	60,032
Investment income, net	399,058	356,132
Total Revenues, Gains, and Other Support	34,972,996	31,674,725
Expenses and Losses		
Food and beverage	5,761,497	5,466,172
Health Center	6,043,510	5,946,985
Home Health	3,131,814	2,933,818
Plant	5,289,917	5,068,089
Resident services	455,635	379,283
Housekeeping	1,924,910	1,828,514
General and administrative	6,623,806	5,974,170
Management fee	2,777,509	2,606,157
Depreciation	1,373,325	1,233,990
Total Expenses and Losses	33,381,923	31,437,178
Excess of Revenues, Gains, and Other Support Over Expenses and Losses	\$ 1,591,073	\$ 237,547

# The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Combined Statements of Changes in Net Assets and Members' Equity Years Ended December 31, 2024 and 2023

	Total Net Assets	
Net Assets		
Net assets without donor restrictions, December 31, 2022	\$	10,150,577
Change in net assets		143,516
Capital contributions		149,999
Net assets without donor restrictions, December 31, 2023		10,444,092
Change in net assets		1,033,473
Capital contributions		80,676
Net assets without donor restrictions, December 31, 2024	\$	11,558,241

	Ur	ndesignated	Re	gnated Asset eplacement ind Repair	 Total Members' Equity
Balance, December 31, 2022	\$	11,683,782	\$	2,407,408	\$ 14,091,190
Excess of revenues, gains, and other support over expenses and losses		94,031		-	94,031
Amounts contributed to designated asset replacement and repair		(284,088)		284,088	 
Balance, December 31, 2023		11,493,725		2,691,496	14,185,221
Excess of revenues, gains, and other support over expenses and losses		557,600		-	557,600
Amounts distributed from designated asset replacement and repair		311,343		(311,343)	 
Balance, December 31, 2024	\$	12,362,668	\$	2,380,153	\$ 14,742,821

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Combined Statements of Functional Expenses Years Ended December 31, 2024 and 2023

		2024	
	Program Services	Management and General	Total
Salaries and benefits	\$ 11,457,052	\$ 3,362,359	\$ 14,819,411
Payroll taxes	1,012,011	73,637	1,085,648
Fees for services	1,013,229	2,242,575	3,255,804
Office expenses	585,635	273,686	859,321
Information technology	-	246,236	246,236
Occupancy	513,254	75,665	588,919
Travel	5,446	4,586	10,032
Conferences, conventions, and meetings	11,424	10,235	21,659
Interest	372,288	-	372,288
Depreciation	130,212	-	130,212
Insurance	-	593,471	593,471
Food	1,987,466	-	1,987,466
Supplies	652,209	50,320	702,529
Activities	87,349	-	87,349
Medical supplies	149,168	-	149,168
Other expenses		92,851	92,851
	\$ 17,976,743	\$ 7,025,621	\$ 25,002,364

Expenses of The Cypress of Charlotte Owners' Association not required

to be presented on a functional basis

8,379,559 \$ 33,381,923

		2023	
	Program	Management	
	Services	and General	Total
Salaries and benefits	\$ 10,417,892	\$ 2,987,177	\$ 13,405,069
Payroll taxes	935,010	75,318	1,010,328
Fees for services	1,520,495	1,908,449	3,428,944
Office expenses	469,325	249,937	719,262
Information technology	-	219,313	219,313
Occupancy	420,427	69,424	489,851
Travel	4,444	13,824	18,268
Conferences, conventions, and meetings	19,267	21,234	40,501
Interest	403,989	-	403,989
Depreciation	113,630	-	113,630
Insurance	-	496,682	496,682
Food	1,928,227	-	1,928,227
Supplies	639,790	37,652	677,442
Activities	97,027	-	97,027
Medical supplies	157,702	-	157,702
Other expenses	-	64,044	64,044
	\$ 17,127,225	\$ 6,143,054	\$ 23,270,279

Expenses of The Cypress of Charlotte Owners' Association not required

to be presented on a functional basis

8,166,899 \$ 31,437,178

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Combined Statements of Cash Flows Years Ended December 31, 2024 and 2023

		2024		2023
Operating Activities				
Excess of revenues, gains and other support over expenses and losses	\$	1,591,073	\$	237,547
Adjustments to reconcile excess of revenues, gains, and other support				
over expenses and losses to net cash provided by operating activities:				
Depreciation		1,373,325		1,233,990
Unrealized gain on assets limited as to use		(302,817)		(158,456)
Provision for credit losses on accounts receivable		84,829		50,000
Noncash operating lease expense		40,890		47,950
Change in operating assets and liabilities:		,		,
Accounts receivable		(246,775)		30,135
Employee retention credit receivable		(,,		3,200,066
Due from affiliates		76,723		(96,732)
Inventories		(6,773)		(14,096)
Prepaid expenses		(10,641)		(126,748)
		, ,		• • •
Accounts payable		(220,531)		(1,284,566)
COVID-19 testing advance		-		(59,500)
Due to homeowners		(5,779)		112,477
Accrued expenses		180,386		308,652
Repayment of operating lease liabilities		(40,892)		(47,949)
Net Cash Provided by Operating Activities		2,513,018		3,432,770
Investing Activities				
Purchase of assets limited as to use		(745,936)		(815,609)
Proceeds from sale of assets limited as to use		225,300		277,800
Purchase of property and equipment		(1,723,629)		(1,970,059)
Net Cash Used in Investing Activities		(2,244,265)		(2,507,868)
Financing Activities				
Payments of principal on long-term debt		(620,823)		(593,248)
Capital contributions		80,676		149,999
Net Cash Used In Financing Activities		(540,147)		(443,249)
Cash and Cash Equivalents				
(Decrease) increase		(271,394)		481,653
Beginning of year		1,199,870		401,000 718,217
		1,100,010		110,211
End of Year	\$	928,476	\$	1,199,870
Supplemental Cash Flows Information				
Interest	\$	344,670	\$	369,169
Property and equipment in accounts payable	\$	25,767	\$	23,548
Transfer from reserve and replacements for equipment and repairs	φ Φ	1,000,000	9 \$	300,000
ROU assets obtained in exchange for new operating lease liabilities	\$	1,000,000	\$	167,922
	φ	-	φ	107,922

# Note 1. Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

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

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

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

#### **Principles of Combination**

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

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

#### **Basis of Presentation**

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

*Net assets with donor restrictions* – Net assets with donor restrictions are those net assets whose use by the Club have been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes or (c) maintained in perpetuity. The Club did not have any net assets with donor restrictions in 2024 or 2023.

*Net assets without donor restrictions* – Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

#### Cash and Cash Equivalents

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

#### Accounts Receivable

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

The following table provides information about the Club's receivables from contracts with customers:

	2024		 2023	
Accounts receivable, net - beginning of year Accounts receivable, net - end of year	\$	719,029 880,975	\$ 799,164 719,029	

#### Inventory

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

#### **Prepaid Expenses**

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

#### Assets Limited as to Use

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

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

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

#### Property and Equipment

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

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Notes to Combined Financial Statements December 31, 2024 and 2023

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

The Club and Association periodically assess the realizability of their long-lived assets and evaluate such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. During the years ended December 31, 2024 and 2023, no impairment indicators were identified.

# Right-of-Use Operating Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service.

# **Revenue Recognition**

Revenue is measured as the amount of consideration the Cypress expects to receive in exchange for transferring services. Member fees and assessments are recorded on the accrual basis of accounting and represent amounts charged to residents under the terms of the Membership Agreement. Health Center and Home Health revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Revenues under third-party payor agreements are subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

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

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

# **Employee Retention Credit**

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit (ERC). The ERC is a refundable payroll tax credit available to taxpayers who experienced either a full or partial suspension of business operations due to government orders or had a significant drop in gross receipts during 2021. The credit is available for 70 percent of qualified wages for 2021 with a maximum potential credit per qualified employee of \$7,000 per qualified quarter.

Management believes the Cypress qualifies for the ERC based on a partial suspension of business operations due to government orders and has elected to account for the ERC as a government grant by analogy to ASC 958-605. Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. The Cypress incurred qualifying wages in 2021 and recognized approximately \$4,761,000 for the year ended December 31, 2022 as operating revenue in the combined statements of operations and changes in net assets and members' equity, along with a corresponding receivable in the combined balance sheets. At December 31, 2024 and 2023, the total amount of ERC receivable outstanding was approximately \$1,561,000.

#### Income Tax Status

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

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

Homeowners associations may be taxed either as membership organizations or as regular corporations. For the years ended December 31, 2024 and 2023, the Association was taxed as a membership organization. As a membership organization, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

The Association follows the provisions of ASC 740-10 and has determined that there were no uncertain tax positions requiring recognition as of December 31, 2024 and 2023.

#### **Use of Estimates**

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

#### Subsequent Events

The Cypress has evaluated its subsequent events through June 3, 2025, the date the combined financial statements were available to be issued.

# Note 2. Revenue Recognition

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

	2024			
	Member Fees	Health Center	Home Health	Total
Private pay and commercial Government reimbursement	\$ 22,073,081 	\$ 7,712,614 <u>957,972</u>	\$ 3,817,679 	\$ 33,603,374 <u>957,972</u>
Total	<u>\$ 22,073,081</u>	<u>\$ 8,670,586</u>	<u>\$ 3,817,679</u>	<u>\$ 34,561,346</u>

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Notes to Combined Financial Statements December 31, 2024 and 2023

	2023			
	Member Fees	Health Center	Home Health	Total
Private pay and commercial Government reimbursement Total	\$ 20,260,377 	\$ 6,707,277 <u>794,199</u> <u>\$ 7,501,476</u>	\$ 3,496,708 - <u>\$ 3,496,708</u>	\$ 30,464,362 <u>794,199</u> <u>\$ 31,258,561</u>

# Note 3. Availability and Liquidity

The following represents the Cypress' financial assets at December 31, 2024 and 2023:

		2024		2023
Financial assets at year end: Cash and cash equivalents Accounts receivable, net Due from affiliates	\$	928,476 880,975 70,833	\$	1,199,870 719,029 147,556
Financial assets available to meet general expenditures over the next twelve months	<u>\$</u>	1,880,284	<u>\$</u>	2,066,455

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

# Note 4. Assets Limited as to Use

Assets limited as to use at December 31, 2024 and 2023, are set forth in the following table.

	2024	2023
Internally designated for Department of Insurance operating reserve:		
Money market funds Mutual funds	\$ 361,596 2,228,873	\$     232,995 2,222,678
	<u>\$2,590,469</u>	<u>\$     2,455,673</u>
Internally designated for reserve for replacement: Money market funds Mutual funds	\$	\$
	<u>\$ 2,380,153</u>	<u>\$     2,691,496</u>

The following schedule summarizes the investment income (loss) and its classification in the combined financial statements for the years ended December 31, 2024 and 2023:

		2024		
Interest and dividends Unrealized gains	\$	96,241 302,817	\$	197,676 158,456
Total investment income, net	<u>\$</u>	399,058	<u>\$</u>	356,132

# Note 5. Inventory

Inventory at December 31, 2024 and 2023 is as follows:

		2024		
Food and beverage Housekeeping supplies Nursing supplies Plant supplies	\$	69,833 5,278 13,068 74,398	\$	66,034 4,908 10,260 74,602
	<u>\$</u>	162,577	\$	155,804

# Note 6. Property and Equipment

The components of the Club's and Association's property and equipment at December 31, 2024 and 2023, are as follows:

		2024	 2023
Land and land improvements	\$	807,700	\$ 807,700
Building and improvements		37,387,656	34,919,709
Furniture, fixtures, and equipment		2,574,674	2,365,223
Vehicles		853,957	 781,958
		41,623,987	38,874,590
Less accumulated depreciation, including amortization	<u> </u>	13,286,512	 <u>11,913,186</u>
	<u>\$</u>	28,337,475	\$ 26,961,404

# Note 7. Long-Term Debt

The Club entered into a variable promissory note agreement in 2018 for laundry equipment. The note agreement has an implied annual interest rate of 5.25%, with monthly payments of \$451. The Club entered into two additional note agreements in 2020 for laundry equipment and a vehicle. The new laundry equipment note agreement has an implied annual interest rate of 5.49%, with monthly payments of \$313. The vehicle note agreement has an implied annual interest rate of 1.90%, with monthly payments of \$857. The Club entered into an additional note agreement in 2022 for a vehicle. The vehicle note agreement has a remaining life of 36 months at an implied annual interest rate of 1.90%, with monthly payments of \$618. At December 31, 2024 and 2023, the amount outstanding on these note agreements was approximately \$22,000 and \$53,000, respectively.

On July 10, 2024, the Club entered into a letter of credit agreement with Towne Bank. Under the letter of credit agreement, the Club could borrow up to \$3 million. The maturity date for the line of credit is July 10, 2025, and automatically renews for 1 year terms up to 5 years. At December 31, 2024, no draws had been made.

In January 2021, the Cypress entered into a \$10 million promissory note with Towne Bank to finance the expansion of the Stewart Health Center. The note bears interest at 3.75% and matures in January 2036. Interest only payments were due during construction, through September 2022. Principal payments began in October 2022, when the project was completed. The note is secured not by the real estate, but by a pledge of the operating cash flows of the Club and the Association. It is projected that such cash flows, increased by the additional number of health center beds and increased daily rates from the state-of-the-art facility, agreed-to and voted-on by the Cypress Owners' Association Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Association owners, by vote, have agreed to the Association's assessment mechanism in the Declaration of Condominium to fund debt service. At December 31, 2024 and 2023, the amount outstanding on this loan was approximately \$8,741,000 and \$9,380,000, respectively.

Annual future maturities under the notes payable obligations, as of December 31, 2024, are as follows:

#### Years ending December 31:

2025 2026 2027 2028 2029 Thereafter	\$	618,913 642,840 667,695 685,316 712,689 5,435,626
	<u>\$</u>	8,763,079

#### Note 8. Leases

#### **Accounting Policies**

The Club determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the combined balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Club determines lease classification as operating or finance at the lease commencement date.

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Notes to Combined Financial Statements December 31, 2024 and 2023

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Club elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Club has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities for which there is not an implicit rate determinable. The risk-free rate is determined using a period comparable with the lease term.

The Club has elected not to record leases with an initial term of 12 months or less on the combined balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

#### **Operating Leases**

The Club leases certain printers under the terms of non-cancellable operating leases. Operating lease expense is recognized in operations by amortizing the amount recorded as lease balances on a straight-line basis over the lease term. Many of the leases include rental escalation clauses and renewal options that are factored into the determination of lease payments when appropriate.

#### **Quantitative Disclosures**

The components of lease expense (and related classification in the accompanying combined statements of operations) were as follows during the years ended December 31, 2024 and 2023:

	2024		2023	
Operating lease cost (General and administrative)	\$	47,790	\$	51,630

Other information:

	2024	2023
Weighted-average remaining lease term – operating leases	3.75 years	4.69 years
Weighted-average discount rate – operating leases	3.95%	3.89%

2024

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The following schedule summarizes the Club's future minimum payments under contractual obligations for operating liabilities under Topic 842:

2025 2026 2027 2028	\$ 45,307 43,728 43,728 <u>33,412</u>
Total Less: present value discount	 166,175 <u>(12,003)</u>
Total lease liability	\$ 154,172

# Note 9. Transactions With Affiliates and Management Company

Pursuant to the Management Agreement entered into between the Club, the Association and the Company, as well as the Membership Agreement between each member, the Club and the Company, the Company receives a management fee (overhead payment) based on 10% of the adjusted operating costs of the Club and Association. For the years ended December 31, 2024 and 2023, the management fees (overhead payment) totaled \$2,777,509 and \$2,606,157, respectively. There was \$6,631 and \$92,435 due to the Company for management fees at December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the Company contributed \$80,676 and \$149,999 to the Club, respectively. These transactions are recorded as equity transfers in the combined financial statements. Separately, the Company reimburses the Club when the Club processes operating transactions on the Company's behalf. There was \$70,833 and \$147,556 due from the Company for reimbursable transactions at December 31, 2024 and 2023, respectively.

During the year ended December 31, 2017, the Association entered into a construction contract with an unrelated party, in the amount of \$3,300,000 (including change orders) for the reconstruction of the indoor pool facility. The Company contributed \$1,500,000 in 2017 towards the funding of the construction project. Additionally, the Association utilized \$2,000,000 from the reserve for replacement account to fund the construction project. The project was completed in 2018 and the Association members began making contributions to the reserve for replacement account. The Association members contributed \$237,324 during 2024 and 2023, including interest, and anticipate making monthly payments of \$19,777 over a ten-year period to replenish the reserve.

The Club retains Life Care Services, LLC (Life Care) for their expertise in continuing care retirement communities to assist in managing the Club. The agreement dated March 26, 2014 expired on March 26, 2019 and was subsequently renewed for 60 months, which expired on March 27, 2024. The agreement was renewed for another 24 months expiring on March 31, 2026 unless sooner terminated in accordance with the agreement. For the years ended December 31, 2024 and 2023, amounts paid to Life Care totaled \$1,952,959 and \$1,858,594, respectively. For the years ended December 31, 2024 and 2023, the Club allocated expenses of \$246,794 and \$221,888, respectively, representing the Association's share of costs related to the contract with Life Care. The Club owed \$9,724 and \$19,130 to Life Care at December 31, 2024 and 2023, respectively, which are included in accounts payable on the combined statements of operations.

# Note 10. Retirement Plan

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

Retirement expense for the plan was approximately \$84,000 and \$72,000 for the years ended December 31, 2024 and 2023, respectively.

# Note 11. Regulatory Matters

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

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90% maintain an operating reserve equal to 25% of total operating costs projected for the 12-month period following the most recent annual statement filed with the Department of Insurance, upon approval of the Commissioner. These reserves are to be used for the benefit of the Club in the event of emergencies or unexpected shortfalls. The facility had occupancy greater than 90% at December 31, 2024.

To meet this obligation, at closing, the Club requires that each purchaser shall be responsible for paying a reserve deposit of \$7,500 to the Club. So long as it is not necessary for the Club to use proceeds or assets from the reserve account, interest and/or dividends shall be paid to each purchaser on a pro rata basis in February of each year. For the years ended December 31, 2024 and 2023, the Club did not use proceeds or assets from the reserve account and the balance of interest and dividends is shown as due to homeowners.

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

Based on the Club's 2025 forecasted statements, the required operating reserve is \$7,003,252 at December 31, 2024. The balance held in the restricted investment account was \$2,590,469 at December 31, 2024. The North Carolina Department of Insurance had no objection to the proposal that the Cypress be permitted to fund any shortfalls in the Department of Insurance Operating Reserve with funds from the Association's Reserve for Replacements, which had a balance of \$2,380,153 at December 31, 2024. Additionally, during the year ended December 31, 2024, the Club entered into a letter of credit agreement under which the Club could borrow up to \$3 million to fund any shortfalls in the Department of Insurance Operating Reserve.

During the year ended December 31, 2017, the Association utilized \$2,000,000 from the Reserve for Replacement account to fund a construction project. The Association members have guaranteed annual contributions to the Reserve for Replacement account over a ten-year period to replenish the reserve. The construction project was completed in 2018 and the Association members began making contributions to the Reserve for Replacement account. The Association members contributed \$237,324 during 2024 and 2023, including interest, and anticipate making monthly payments of \$19,777 over a ten-year period to replenish the reserve.

# Note 12. Future Repairs and Replacement

As of December 31, 2024, there were no statutory requirements that the Association accumulate funds for future repairs and replacements and land acquisitions. Management of the Association conducted a study in 2018 to estimate the remaining useful lives of the components of common properties and to estimate the costs of future major repairs and replacements. The current policy is that these expenses will be paid from current amounts on hand in designated and undesignated accounts; special assessments may be levied, as required, after utilizing these designated funds or funds may be borrowed.

The Board has designated amounts for the Reserve for Replacement fund based on actual or budgeted surpluses occurring annually. Estimated future replacement costs and actual expenditures may vary materially from amounts set aside in the Reserve for Replacement assets. There were no special assessments in 2024 and 2023 for major repairs and replacements.

# Note 13. Fair Value of Financial Instruments

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

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

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

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

During the years ended December 31, 2024 and 2023, there were no changes to the Club or the Association's valuation techniques that had, or are expected to have, a material impact on the combined balance sheets or results of operations.

#### Mutual funds

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

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Notes to Combined Financial Statements December 31, 2024 and 2023

The tables below present the balances of financial instruments measured at fair value on a recurring basis by level within the hierarchy at December 31, 2024 and 2023:

	Fair Value Measurements as of December 31, 2024				
	Level 1	Level 2	Level 3	Total	
Assets limited as to use, Reserve for replacements: Mutual funds Assets limited as to use,	<u>\$ 1,986,347</u>	\$ <u> </u>	\$	<u>\$ 1,986,347</u>	
Designated for Department of Insurance: Mutual funds	<u>\$ 2,228,873</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,228,873</u>	
	Fair Valu	ie Measurements Level 2	as of December	<u>· 31, 2023</u> 	
Assets limited as to use, Reserve for replacements: Mutual funds Assets limited as to use,	<u>\$_1,696,323</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,696,323</u>	
Designated for Department of Insurance: Mutual funds	<u>\$ 2,222,678</u>	<u>\$ -</u>	<u>\$</u> -	<u>\$ 2,222,678</u>	

The Club and the Association have \$755,402 and \$1,228,168 of cash and cash equivalents as of December 31, 2024 and 2023, respectively, which were not classified as a level.

# Note 14. Concentrations of Credit Risk

The Club grants credit without collateral to its residents, some of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2024 and 2023, was as follows:

	2024	2023
Self-pay	71%	67%
Medicare	14%	19%
Other third-party payors	15%	14%
Totals	100%	100%

# Note 15. Contingencies

#### Medical malpractice

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

#### Sales and Use Tax

In May 2020, the North Carolina Department of Revenue completed an examination of the Club's sales and use tax for the period October 1, 2015 to September 30, 2018. The examining agent proposed adjustments related to additional sales tax of approximately \$3,000,000 plus penalties and interest of approximately \$761,000 and \$481,000, respectively. The Club did not agree with the adjustments and filed a formal "Objection and Request for Departmental Review" (under NC-242) with the Department of Revenue. The Department has put a hold on any further prosecution of the assessments pending legislative action. New legislation was passed in October of 2023 addressing only periods going forward and excluded periods prior to October 2023. During the year ended December 31, 2024, the Department of Revenue issued a response to the Objection and Request for Department Review, which required the Club to pay approximately \$154,000.

Required Supplementary Information

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Future Major Repairs and Replacements (Unaudited) December 31, 2024

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

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

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2025 Funding Requirements
Total site development	2-34	\$ 4,655,749	\$ 117,000
Building structures and systems	2-36	7,356,094	911,380
Building mechanical equipment	2-36	2,272,801	62,152
Common area interior and finishes	2-34	3,264,306	87,771
Unit improvements	2-19	16,527,648	983,730
Furniture, fixtures and equipment	2-18	6,738,948	197,305
Total		<u>\$ 40,815,546</u>	<u>\$ 2,359,338</u>
Members' equity, designated asset replacement and re	pair		<u>\$    2,380,153</u>

Supplementary Information

	The Cypress of Charlotte Club, Inc.	The Cypress of Charlotte Owners' Association, Inc.	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 799,649	\$ 128,827	\$ -	\$ 928,476
Accounts receivable, net	• • • • • • • • • • • • • • • • • • • •	+,	Ŧ	• • • • • • • • •
2024 - \$119,436	880,975	-	-	880,975
Employee retention credit receivable	1,561,166	-	-	1,561,166
Due from affiliates	70,833	-	-	70,833
Inventory	162,577	-	-	162,577
Prepaid expenses	540,830			540,830
Total Current Assets	4,016,030	128,827		4,144,857
Assets Limited as to Use				
Internally designated for Department of				
Insurance operating reserve	2,590,469	-	-	2,590,469
Reserve for replacements		2,380,153		2,380,153
	2,590,469	2,380,153		4,970,622
Other Assets				
Other investments	25,000	-	-	25,000
Property and equipment, net	817,784	27,519,691	-	28,337,475
Refundable deposits	25,000	-	-	25,000
Right-of-use operating lease assets	154,173			154,173
Total Assets	\$ 7,628,456	\$ 30,028,671	\$	\$ 37,657,127
LIABILITIES, NET ASSETS AND MEMBERS' EQUITY				
Current Liabilities				
Accounts payable	\$ 438,130	\$-	\$ -	\$ 438,130
Accrued expenses	1,875,081	-	-	1,875,081
Due to homeowners	125,603	-	-	125,603
Current portion of operating lease liabilities	39,931	-	-	39,931
Current portion of notes payable	618,913			618,913
Total Current Liabilities	3,097,658	<u> </u>	<u> </u>	3,097,658
Other Liabilities				
Operating lease liabilities, less current portion	114,241			114,241
Notes payable, less current portion	8,144,166			8,144,166
	11,356,065			11,356,065
Net Assets				
Without donor restrictions	(3,727,609)		15,285,850	11,558,241
Total Net Assets	(3,727,609)	-	15,285,850	11,558,241
Members' Equity				
Members' equity, undesignated	-	27,648,518	(15,285,850)	12,362,668
Members' equity, designated asset				
replacement and repair	-	2,380,153	-	2,380,153
Total Members' Equity		30,028,671	(15,285,850)	14,742,821
Total Liabilities, Net Assets and Members' Equity	\$ 7,628,456	\$ 30,028,671	\$	\$ 37,657,127

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Combining Statement of Operations Year Ended December 31, 2024

	c	he Cypress of Charlotte Club, Inc.	0	he Cypress f Charlotte Owners' sociation, Inc.	Elimi	nations	 Total
Revenues, Gains, and Other Support							
Member fees and assessments	\$	13,503,819	\$	8,569,262	\$	-	\$ 22,073,081
Health Center		8,670,586		-		-	8,670,586
Home Health		3,817,679		-		-	3,817,679
Other		12,592		-		-	12,592
Investment income, net		31,161		367,897		-	 399,058
Total Revenues, Gains, and Other Support		26,035,837		8,937,159		-	 34,972,996
Expenses and Losses							
Food and beverage		5,761,497		-		-	5,761,497
Health Center		6,043,510		-		-	6,043,510
Home Health		3,131,814		-		-	3,131,814
Plant		878,677		4,411,240		-	5,289,917
Resident services		455,635		-		-	455,635
Housekeeping		1,213,736		711,174		-	1,924,910
General and administrative		5,193,051		1,430,755		-	6,623,806
Management fee		2,194,232		583,277		-	2,777,509
Depreciation		130,212		1,243,113		-	 1,373,325
Total Expenses and Losses		25,002,364		8,379,559			 33,381,923
Excess of Revenues, Gains, and Other Support Over Expenses and Losses	\$	1,033,473	\$	557,600	\$		\$ 1,591,073

Exhibit A-2

# The Cypress of Charlotte Owners' Association, Inc.

Independent Auditor's Report, Financial Statements and Supplementary Information

December 31, 2024 and 2023



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#### Independent Auditor's Report

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

#### Opinion

We have audited the financial statements of The Cypress of Charlotte Owners' Association, Inc. (the Association), which comprise the balance sheets as of December 31, 2024 and 2023, the related statements of revenues and expenses, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of future major repairs and replacements listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's basic financial statements. The supplementary information on reservation for replacement reconciliation listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

# Forvis Mazars, LLP

Charlotte, North Carolina June 3, 2025

	 2024		2023
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 128,827	\$	82,030
Total Current Assets	 128,827		82,030
Assets Limited as to Use			
Reserve for replacements	2,380,153		2,691,496
Property and Equipment, Net	 27,519,691		26,294,857
Total Assets	\$ 30,028,671	\$	29,068,383
MEMBERS' EQUITY Members' Equity			
Members' equity, undesignated	\$ 27,648,518	\$	26,376,887
Members' equity, designated asset replacement and repair	 2,380,153		2,691,496
Total Members' Equity	\$ 30,028,671	\$	29,068,383

# The Cypress of Charlotte Owners' Association, Inc. Statements of Revenues and Expenses Years Ended December 31, 2024 and 2023

	2024		2023	
Revenues, Gains, and Other Support				
Member assessments:				
Operations	\$	8,438,729	\$	7,867,835
New member fees		130,533		161,414
Investment income, net		367,897		231,681
Total Revenues, Gains, and Other Support		8,937,159		8,260,930
Expenses and Losses				
Plant		4,411,240		4,191,031
Housekeeping		711,174		829,119
General and administrative		1,430,755		1,459,685
Management fee		583,277		566,704
Depreciation		1,243,113		1,120,360
Total Expenses and Losses		8,379,559		8,166,899
Excess of Revenues, Gains, and Other Support Over Expenses and Losses	\$	557,600	\$	94,031

# The Cypress of Charlotte Owners' Association, Inc. Statements of Changes in Members' Equity Years Ended December 31, 2024 and 2023

	Uı	Undesignated		Designated Asset Replacement nated and Repair		Total Members' Equity
Balance, December 31, 2022	\$	25,835,919	\$	2,407,408	\$	28,243,327
Excess of revenues, gains, and other support over expenses and losses		94,031		-		94,031
Equity transfer from the Club		731,025		-		731,025
Amounts contributed to designated asset replacement and repair		(284,088)		284,088		
Balance, December 31, 2023		26,376,887		2,691,496		29,068,383
Excess of revenues, gains, and other support over expenses and losses		557,600		-		557,600
Equity transfer from the Club		402,688		-		402,688
Amounts distributed from designated asset replacement and repair		311,343		(311,343)		
Balance, December 31, 2024	\$	27,648,518	\$	2,380,153	\$	30,028,671

	2024		 2023
Operating Activities			
Excess of revenues, gains and other support over expenses and losses Adjustments to reconcile excess of revenues, gains and other support over expenses and losses to net cash provided by operating activities:	\$	557,600	\$ 94,031
Depreciation		1,243,113	1,120,360
Unrealized gain on assets limited as to use		(302,817)	(158,456)
Changes in			550.040
Due from Club		-	 552,213
Net Cash Provided by Operating Activities		1,497,896	 1,608,148
Investing Activities			
Purchase of assets limited as to use		(385,840)	(425,632)
Advances to the Club		-	(23,548)
Purchase of property and equipment		(1,467,947)	 (1,843,962)
Net Cash Used in Investing Activities		(1,853,787)	 (2,293,142)
Financing Activities			
Transfers from the Club		402,688	 731,025
Net Cash Provided by Financing Activities		402,688	 731,025
Cash and Cash Equivalents			
Increase		46,797	46,031
Beginning of year		82,030	 35,999
End of Year	\$	128,827	\$ 82,030
Supplemental Disclosure of Noncash Investing Activities			
Property and equipment included in the Club's accounts payable	\$	-	\$ 23,548
Transfer from reserve and replacements for equipment and repairs	\$	1,000,000	\$ 300,000

# Note 1. Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

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

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

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

#### Cash and Cash Equivalents

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

#### Assets Limited as to Use

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

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

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

#### **Property and Equipment**

Furniture, fixtures and equipment are depreciated using the straight-line method over estimated useful lives of 5 to 7 years. Buildings and improvements are depreciated over estimated useful lives of 7 to 39 years.

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

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

The Association periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. During the years ended December 31, 2024 and 2023, no impairment indicators were identified.

#### **Revenue Recognition**

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

#### Income Tax Status

Homeowners' associations may be taxed either as membership organizations or as regular corporations. For the years ended December 31, 2024 and 2023, the Association was taxed as a membership organization. As a membership organization, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

The Association follows the provisions of ASC 740-10 and has determined that there were no uncertain tax positions requiring recognition as of December 31, 2024 and 2023.

#### Use of Estimates

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

#### Subsequent Events

The Association has evaluated its subsequent events through June 3, 2025, the date the financial statements were available to be issued.

# Note 2. Assets Limited as To Use

Assets limited as to use at December 31, 2024 and 2023, are set forth in the following table:

		2023		
Internally designated for reserve for replacement:				
Money market funds	\$	393,806	\$	995,173
Mutual funds		1,986,347		1,696,323
	\$	2,380,153	\$	2,691,496

The following schedule summarizes the investment income, net for the years ended December 31, 2024 and 2023:

	2024		2023		
Interest and dividends Unrealized investment gains	\$	65,080 <u>302,817</u>	\$	73,225 158,456	
Total investment income, net	<u>\$</u>	367,897	\$	231,681	

# Note 3. Property and Equipment

At December 31, 2024 and 2023, the components of the Association's property and equipment are as follows:

	2024		2023	
Land	\$	794,192	\$	794,192
Building and improvements		37,237,599		34,769,652
Furniture, fixtures and equipment		627,758		627,758
		38,659,549		36,191,602
Less accumulated depreciation		11,139,858		9,896,745
	<u>\$</u>	<u>27,519,691</u>	<u>\$</u>	26,294,857

# Note 4. Transactions With Affiliates and Management Company and Loan Guaranty

The Association engages in various transactions with affiliates, the Company and the Club. Pursuant to the agreement between the Association and the Club, as well as the Membership Agreement between each member, the Club and the Company, the Company receives a management fee (overhead payment) based on 10% of the adjusted operating costs of the Association. For the years ended December 31, 2024 and 2023, the management fees were \$583,277 and \$566,704, respectively. There were no management fees payable to the Company at December 31, 2024 and 2023.

The Club manages commonly owned property of the Association. The Club also retains Life Care Services, LLC (Life Care) for their expertise in continuing care retirement communities to assist in managing the Club and the Association. The agreement dated March 26, 2014 expired on March 26, 2019 and was subsequently renewed for 60 months, which expired on March 27, 2024. The agreement was renewed for another 24 months expiring on March 31, 2026 unless sooner terminated in accordance with the agreement. For the years ended December 31, 2024 and 2023, the Club allocated expenses of \$246,794 and \$221,888, respectively, representing the Association's share of costs related to the contract with Life Care.

The Club provides the Association with all services related to the Association's stewardship over the common property of the Association. Accordingly, the Club allocates income and expenses incurred to perform these functions to the Association. The allocation is based on management's estimate of the percentage of each income and expense category incurred on behalf of the Association. These estimates are adjusted annually based on historical data. For the years ended December 31, 2024 and 2023, member fee income and all of the Association's housekeeping, plant and general and administrative expenses were allocated from the Club. The Club also transferred \$322,012 and \$352,707 to the Association's Reserve for Replacements for the years ended December 31, 2024 and 2023, respectively. A receivable or liability is then recorded for the net amount allocated to the Club. There was no amount due to the Club at December 31, 2024 or 2023. For the year ended December 31, 2024, the Club contributed \$80,676 to the Association of \$402,688. For the year ended December 31, 2023, the Club forgave the amount due from the Association to reimburse for expenses paid on the Club's behalf and the Club forgave the amount due from the Association of \$402,688. For the year ended December 31, 2023, the Club contributed \$149,999 to the Association to reimburse for expenses paid on the Club's behalf and the Club forgave the amount due from the Association of \$731,025. These transactions are recorded as equity transfers in the financial statements.

During the year ended December 31, 2017, the Association entered into a construction contract with an unrelated party, in the amount of \$3,300,000 (including change orders) for the reconstruction of the indoor pool facility. The Company contributed \$1,500,000 in 2017 towards the funding of the construction project. Additionally, the Association utilized \$2,000,000 from the reserve for replacement account to fund the construction project. The project was completed in 2018 and the Association members began making contributions to the reserve for replacement account. The Association members contributed \$237,324 during 2024 and 2023, including interest, and anticipate making monthly payments of \$19,777 over a ten-year period to replenish the reserve.

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

# Note 5. Future Repairs and Replacements

As of December 31, 2024, there were no statutory requirements that the Association accumulate funds for future repairs and replacements and land acquisitions. Management of the Association conducted a study in 2018 to estimate the remaining useful lives of the components of common properties and to estimate the costs of future major repairs and replacements. The current policy is that these expenses will be paid from current amounts on hand in designated and undesignated accounts; special assessments may be levied, as required, after utilizing these designated funds or funds may be borrowed.

The Board has designated amounts for the Reserve for Replacement fund based on actual or budgeted surpluses occurring annually. Estimated future replacement costs and actual expenditures may vary materially from amounts set aside in the Reserve for Replacement assets. There were no special assessments in 2024 and 2023 for major repairs and replacements.

#### Note 6. Fair Value of Financial Instruments

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

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

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

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

During the years ended December 31, 2024 and 2023, there were no changes to the Association's valuation techniques that had, or are expected to have, a material impact on its balance sheets or results of operations.

#### Mutual funds

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

The tables below present the balances of financial instruments measured at fair value on a recurring basis by level within the hierarchy at December 31, 2024 and 2023:

	Fair Value Measurements as of December 31, 2024				
	Level 1	Level 2	Level 3	Total	
Assets limited as to use, Reserve for replacements: Mutual funds	\$ <u>1,986,347</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>1,986,347</u>	
	<u>\$ 1,986,347</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,986,347</u>	
	Fair Valu	e Measurements	s as of December	<u>· 31, 2023</u>	
Assets limited as to use,	Level 1	Level 2	Level 3	Total	
Reserve for replacements: Mutual funds	\$ <u>1,696,323</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>1,696,323</u>	
	<u>\$ 1,696,323</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,696,323</u>	

The Association has \$393,806 and \$995,173 of cash and cash equivalents as of December 31, 2024 and 2023, respectively, which were not classified as a level.

Required Supplementary Information

#### The Cypress of Charlotte Owners' Association, Inc. Future Major Repairs and Replacements (Unaudited) December 31, 2024

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

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

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2025 Funding Requirements
Total site development	2-34	\$ 4,655,749	\$ 117,000
Building structures and systems	2-36	7,356,094	911,380
Building mechanical equipment	2-36	2,272,801	62,152
Common area interior and finishes	2-34	3,264,306	87,771
Unit improvements	2-19	16,527,648	983,730
Furniture, fixtures and equipment	2-18	6,738,948	197,305
Total		<u>\$ 40,815,546</u>	<u>\$ 2,359,338</u>
Members' equity, designated asset replacement and repair			<u>\$ 2,380,153</u>

Supplementary Information

Beginning of year per audited financial statements: Interest and dividends earned Transfer to the reserve for replacement fund from the Club Transfer for reimbursement of equipment and repairs Investment fees paid during the year Change in fair market value of assets limited as to use	\$	2,691,496 76,921 322,012 (1,000,000) (300) 290,024
End of year per audited financial statements	\$	2,380,153
Other investment account activities: Investments purchased Investment income reinvested	\$ \$	385,840 76,921

Exhibit A-3

# The Cypress of Charlotte Club, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2024 and 2023



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#### Independent Auditor's Report

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

#### Opinion

We have audited the financial statements of The Cypress of Charlotte Club, Inc. (a nonprofit organization) (the Club), which comprise the balance sheets as of December 31, 2024 and 2023, the related statements of operations and changes in net deficits, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Club as of December 31, 2024 and 2023, and the changes in its net deficits, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

# Forvis Mazars, LLP

Charlotte, North Carolina June 3, 2025

	 2024	 2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 799,649	\$ 1,117,840
Accounts receivable, net of allowance		
2024 - \$119,436, 2023 - \$48,610	880,975	719,029
Employee retention credit receivable	1,561,166	1,561,166
Due from affiliates	70,833	147,556
Inventory	162,577	155,804
Prepaid expenses	 540,830	 530,189
Total Current Assets	 4,016,030	 4,231,584
Assets Limited as to Use		
Internally designated for Department of Insurance operating reserve	2,590,469	2,455,673
Other Assets		
Other investments	25,000	25,000
Property and equipment, net	817,784	666,547
Refundable deposits	25,000	25,000
Right-of-use operating lease assets	154,173	 195,063
	 3,612,426	 3,367,283
Total Assets	\$ 7,628,456	\$ 7,598,867
LIABILITIES AND NET DEFICITS		
Current Liabilities		
Accounts payable	\$ 438,130	\$ 632,894
Accrued expenses	1,875,081	1,694,695
Due to homeowners	125,603	131,382
Current portion of operating lease liabilities	39,931	38,974
Current portion of notes payable	 618,913	 613,828
Total Current Liabilities	 3,097,658	 3,111,773
Other Liabilities		
Operating lease liabilities, less current portion	114,241	156,090
Notes payable, less current portion	 8,144,166	 8,770,074
	 11,356,065	 12,037,937
Net Deficits		
Without donor restrictions	 (3,727,609)	 (4,439,070)
Total Liabilities and Net Deficits	\$ 7,628,456	\$ 7,598,867

# The Cypress of Charlotte Club, Inc. Statements of Operations and Changes in Net Deficits Years Ended December 31, 2024 and 2023

	2024	2023
Revenues, Gains, and Other Support		
Member fees	\$ 13,503,819	\$ 12,231,128
Health Center	8,670,586	7,501,476
Home Health	3,817,679	3,496,708
Other	12,592	60,032
Investment income, net	31,161	124,451
Total Revenues, Gains, and Other Support	26,035,837	23,413,795
Expenses and Losses		
Food and beverage	5,761,497	5,466,172
Health Center	6,043,510	5,946,985
Home Health	3,131,814	2,933,818
Plant	878,677	877,058
Resident services	455,635	379,283
Housekeeping	1,213,736	999,395
General and administrative	5,193,051	4,514,485
Management fee	2,194,232	
Depreciation	130,212	113,630
Total Expenses and Losses	25,002,364	23,270,279
Excess of Revenues, Gains, and Other Support Over		
Expenses and Losses	1,033,473	143,516
Net Deficits		
Beginning	(4,439,070	) (4,001,560)
Capital contributions	80,676	149,999
Equity transfer to the Association	(402,688	) (731,025)
Ending	\$ (3,727,609	) \$ (4,439,070)

# The Cypress of Charlotte Club, Inc. Statements of Functional Expenses Years Ended December 31, 2024 and 2023

		2024	
	Program Services	Program Management	
Salaries and benefits	\$ 11,457,052	\$ 3,362,359	\$ 14,819,411
Payroll taxes	1,012,011	73,637	1,085,648
Fees for services	1,013,229	2,242,575	3,255,804
Office expenses	585,635	273,686	859,321
Information technology	-	246,236	246,236
Occupancy	513,254	75,665	588,919
Travel	5,446	4,586	10,032
Conferences, conventions, and meetings	11,424	10,235	21,659
Interest	372,288	-	372,288
Depreciation	130,212	-	130,212
Insurance	-	593,471	593,471
Food	1,987,466	-	1,987,466
Supplies	652,209	50,320	702,529
Activities	87,349	-	87,349
Medical supplies	149,168	-	149,168
Other expenses		92,851	92,851
	\$ 17,976,743	\$ 7,025,621	\$ 25,002,364

	2023				
	Program Services	Management and General	Total		
Salaries and benefits Payroll taxes Fees for services Office expenses Information technology Occupancy Travel Conferences, conventions, and meetings Interest	\$ 10,417,892 935,010 1,520,495 469,325 - 420,427 4,444 19,267 403,989	\$ 2,987,177 75,318 1,908,449 249,937 219,313 69,424 13,824 21,234	<ul> <li>\$ 13,405,069</li> <li>1,010,328</li> <li>3,428,944</li> <li>719,262</li> <li>219,313</li> <li>489,851</li> <li>18,268</li> <li>40,501</li> <li>403,989</li> </ul>		
Depreciation Insurance Food Supplies Activities Medical supplies Other expenses	113,630 - 1,928,227 639,790 97,027 157,702 -	- 496,682 - 37,652 - - 64,044	113,630 496,682 1,928,227 677,442 97,027 157,702 64,044		
	\$ 17,127,225	\$ 6,143,054	\$ 23,270,279		

		2024		2023
Operating Activities				
Excess of revenues, gains and other support over expenses and losses Adjustments to reconcile excess of revenues, gains, and other support over expenses and losses to net cash provided by operating activities:	\$	1,033,473	\$	143,516
Depreciation		130,212		113,630
Provision for credit losses on accounts receivable		84,829		50,000
Noncash operating lease expense		40,890		47,950
Change in operating assets and liabilities:		10,000		11,000
Accounts receivable		(246,775)		30,135
Employee retention credit receivable		(210,710)		3,200,066
Due from affiliates		76,723		(96,732)
Inventories		(6,773)		(14,096)
Prepaid expenses		(10,641)		(126,748)
Deferred revenue		(10,041)		(59,500)
Due to Association		_		(552,213)
Accounts payable		(220,532)		(1,261,018)
Due to homeowners		(5,779)		112,477
Accrued expenses		180,386		308,652
Repayment of operating lease liabilities		(40,892)		(47,949)
Repayment of operating lease habilities		(40,092)		(47,343)
Net Cash Provided by Operating Activities		1,015,121		1,848,170
Investing Activities				
Purchase of assets limited as to use		(360,096)		(389,977)
Proceeds from sale of assets limited as to use		225,300		277,800
Purchase of property and equipment		(255,681)		(126,097)
r dichase of property and equipment		(200,001)		(120,097)
Net Cash Used in Investing Activities		(390,477)		(238,274)
Financing Activities				
Equity transfer to the Association		(402,688)		(731,025)
Payments on long-term debt		(620,823)		(593,248)
Capital contributions		80,676		149,999
Net Cash Used In Financing Activities		(942,835)		(1,174,274)
Cash and Cash Equivalents				
(Decrease) increase		(318,191)		435,622
Beginning of year		1,117,840		682,218
		.,,		
End of Year	\$	799,649	\$	1,117,840
Supplemental Cash Flows Information				
Cash paid for interest	\$	344,670	\$	369,169
ROU assets obtained in exchange for new operating lease liabilities	\$	-	\$	167,922
Property and equipment in accounts payable	\$	25,768	φ \$	101,022
r roperty and equipment in accounts payable	φ	23,700	φ	-

# Note 1. Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

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

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

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

#### **Basis of Presentation**

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

*Net assets with donor restrictions* – Net assets with donor restrictions are those net assets whose use by the Club have been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes or (c) maintained in perpetuity. The Club did not have any net assets with donor restrictions in 2024 or 2023.

*Net assets without donor restrictions* – Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

#### Cash and Cash Equivalents

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

#### Accounts Receivable

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

The following table provides information about the Club's receivables from contracts with customers:

	2024		2023	
Accounts receivable, net - beginning of year Accounts receivable, net - end of year	\$	719,029 880,975	\$	799,164 719,029

#### Inventory

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

#### **Prepaid Expenses**

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

#### Assets Limited as to Use

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

Assets limited as to use include investments in debt and equity securities that have readily determinable fair values. Changes in the fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying statements of operations and changes in net deficits (without member restrictions). In determining realized gains and losses, the cost of investments is determined using the specific-identification method.

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

#### **Property and Equipment**

Depreciation is provided over the estimated useful life, ranging from 3 to 10 years of each class of depreciable assets and is computed using the straight-line method. The Club capitalizes furnishings, vehicles and equipment to which it has title or other evidence of ownership. Capitalized assets are recorded at cost, while assets contributed by the developer are recorded at estimated fair value at the date of the contribution.

The Club periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. During the years ended December 31, 2024 and 2023, no impairment indicators were identified.

#### Right-of-Use Operating Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service.

#### **Revenue Recognition**

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

#### **Employee Retention Credit**

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit (ERC). The ERC is a refundable payroll tax credit available to taxpayers who experienced either a full or partial suspension of business operations due to government orders or had a significant drop in gross receipts during 2021. The credit is available for 70 percent of qualified wages for 2021 with a maximum potential credit per qualified employee of \$7,000 per qualified quarter.

Management believes the Cypress qualifies for the ERC based on a partial suspension of business operations due to government orders and has elected to account for the ERC as a government grant by analogy to ASC 958-605. Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. The Club incurred qualifying wages in 2021 and recognized approximately \$4,209,000 as operating revenue in the statements of operations and changes in net deficits for the year ended December 31, 2022, along with a corresponding receivable in the balance sheets. At December 31, 2024 and 2023, the total amount of ERC receivable outstanding was approximately \$1,561,000.

#### Income Tax Status

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

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

#### Use of Estimates

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

#### Subsequent Events

The Club has evaluated its subsequent events through June 3, 2025, the date the financial statements were available to be issued.

# Note 2. Revenue Recognition

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

	2024			
	Member Fees	Health Center	Home Health	Total
Private pay and commercial Government reimbursement	\$ 13,503,819 	\$ 7,712,614 <u>957,972</u>	\$ 3,817,679 	\$ 25,034,112 957,972
Total	<u>\$ 13,503,819</u>	<u>\$ 8,670,586</u>	<u>\$ 3,817,679</u>	<u>\$ 25,992,084</u>
		20	23	
	Member Fees	Health Center	Home Health	Total
Private pay and commercial Government reimbursement	\$ 12,231,128 	\$ 6,707,277 	\$ 3,496,708 	\$ 22,435,113 794,199
Total	<u>\$ 12,231,128</u>	<u>\$ 7,501,476</u>	<u>\$ 3,496,708</u>	<u>\$ 23,229,312</u>

# Note 3. Availability and Liquidity

The following represents the Club's financial assets at December 31, 2024 and 2023:

		2024		2022
Financial assets at year end:				
Cash and cash equivalents	\$	799,649	\$	1,117,840
Accounts receivable, net		880,975		719,029
Due from affiliates		70,833		147,556
Financial assets available to meet general expenditures				
over the next twelve months	<u>\$</u>	1,751,457	<u>\$</u>	1,984,425

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

#### Note 4. Assets Limited as to Use

Assets limited as to use at December 31, 2024 and 2023, are set forth in the following table.

	 2024		2023
Internally designated for Department of Insurance operating reserve: Money market funds Mutual funds	\$ 361,596 2,228,873	\$	232,995 2,222,678
	\$ 2,590,469	\$	2,455,673

The following schedule summarizes the investment income and its classification in the financial statements for the years ended December 31, 2024 and 2023:

		2024	2023	
Interest and dividends	<u>\$</u>	<u>31,161</u>	<u>\$</u>	124,451
Total investment income, net	<u>\$</u>	31,161	<u>\$</u>	124,451

#### Note 5. Inventory

Inventory at December 31, 2024 and 2023 is as follows:

	20242023			2023
Food and beverage Housekeeping supplies Nursing supplies Plant supplies	\$	69,833 5,278 13,068 74,398	\$	66,034 4,908 10,260 74,602
	<u>\$</u>	162,577	<u>\$</u>	155,804

#### Note 6. Property and Equipment

The components of the Club's property and equipment at December 31, 2024 and 2023, are as follows:

	 2024		2023
Land and land improvements	\$ 13,508	\$	13,508
Buildings and improvements	150,057	-	150,057
Furniture, fixtures and equipment	1,946,916		1,737,465
Vehicles	853,957		781,958
	 2,964,438		2,682,988
Less accumulated depreciation, including amortization	 2,146,654		2,016,441
	\$ 817.784	\$	666.547

# Note 7. Long-Term Debt

The Club entered into a variable promissory note agreement in 2018 for laundry equipment. The note agreement has an implied annual interest rate of 5.25%, with monthly payments of \$451. The Club entered into two additional note agreements in 2020 for laundry equipment and a vehicle. The new laundry equipment note agreement has an implied annual interest rate of 5.49%, with monthly payments of \$313. The vehicle note agreement has an implied annual interest rate of 1.90%, with monthly payments of \$857. The Club entered into an additional note agreement in 2022 for a vehicle. The vehicle note agreement has a remaining life of 36 months at an implied annual interest rate of 1.90%, with monthly payments of \$618. At December 31, 2024 and 2023, the amount outstanding on these note agreements was approximately \$22,000 and \$53,000, respectively.

On July 10, 2024, the Club entered into a letter of credit agreement with Towne Bank. Under the letter of credit agreement, the Club could borrow up to \$3 million. The maturity date for the line of credit is July 10, 2025, and automatically renews for 1 year terms up to 5 years. At December 31, 2024, no draws had been made.

In January 2021, the Cypress entered into a \$10 million promissory note with Towne Bank to finance the expansion of the Stewart Health Center. The note bears interest at 3.75% and matures in January 2036. Interest only payments were due during construction, through September 2022. Principal payments began in October 2022, when the project was completed. The note is secured not by the real estate, but by a pledge of the operating cash flows of the Club and the Association. It is projected that such cash flows, increased by the additional number of health center beds and increased daily rates from the state-of-the-art facility, agreed-to and voted-on by the Cypress Owners' Association Members, will cover such debt service. In the unlikely event that such cash flows do not materialize, the Association owners, by vote, have agreed to the Association's assessment mechanism in the Declaration of Condominium to fund debt service. At December 31, 2024 and 2023, the amount outstanding on this loan was approximately \$8,741,000 and \$9,380,000, respectively.

Annual future maturities under the notes payable obligations, as of December 31, 2024, are as follows:

#### Years ending December 31:

2025 2026 2027 2028 2029	\$ 618,913 642,840 667,695 685,316 712,689
Thereafter	 5,435,626
	\$ 8,763,079

#### Note 8. Leases

#### **Accounting Policies**

The Club determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Club determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The right-of-use (ROU) asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Club elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Club has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities for which there is not an implicit rate determinable. The risk-free rate is determined using a period comparable with the lease term.

The Club has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

#### **Operating Leases**

The Club leases certain printers under the terms of non-cancellable operating leases. Operating lease expense is recognized in operations by amortizing the amount recorded as lease balances on a straight-line basis over the lease term. Many of the leases include rental escalation clauses and renewal options that are factored into the determination of lease payments when appropriate.

#### **Quantitative Disclosures**

The components of lease expense (and related classification in the accompanying statements of operations) were as follows during the years ended December 31, 2024 and 2023:

	2024		2023	
Operating lease cost (General and administrative)	\$	47,790	\$	51,630
Other information:		2024		2023
Weighted-average remaining lease term – operating leases Weighted-average discount rate – operating leases		3.75 years 3.95%		4.69 years 3.89%

The following schedule summarizes the Club's future minimum payments under contractual obligations for operating liabilities under Topic 842:

2025 2026 2027 2028	\$	45,307 43,728 43,728 <u>33,412</u>
Total Less: present value discount		166,175 (12,003)
Total lease liability	<u>\$</u>	154,172

# Note 9. Transactions With Affiliates and Management Company

Pursuant to the Management Agreement entered into between the Club and the Company, as well as the Membership Agreement between each member, the Club and the Company, the Company receives a management fee (overhead payment) from the Club based on 10% of the adjusted operating costs of the Club. For the years ended December 31, 2024 and 2023, the management fees (overhead payment) totaled \$2,194,232 and \$2,039,453, respectively. During the year ended December 31, 2024, the Company contributed \$80,676 to the Club and the Club forgave the amount due from the Association of \$402,688. These transactions are recorded as equity transfers in the financial statements. During the year ended December 31, 2023, the Company contributed \$149,999 to the Club and the Club forgave the amount due from the Association of \$731,025. These transactions are recorded as equity transfers in the financial statements. Separately, the Company reimburses the Club when the Club processes operating transactions on the Company's behalf. There was \$70,833 and \$147,556 due from the Company for reimbursable transactions at December 31, 2024 and 2023, respectively.

The Club provides the Association with all services related to the Association's stewardship over the common property of the Association. Accordingly, the Club allocates income and expenses incurred in performance of these functions to the Association. The allocation is based on management's estimate of the percentage of each income and expense category incurred on behalf of the Association. These estimates are adjusted annually based on historical data. For the years ended December 31, 2024 and 2023, fee income and all of the Association's housekeeping, plant and general and administrative expenses were allocated from the Club. The Club also transferred \$322,012 and \$352,767 to the Association's Reserve for Replacements for the years ended December 31, 2024 and 2023, respectively. A receivable or liability is then recorded for the net amount allocated to the Association. There was no amount due from the Association at December 31, 2024 or 2023. For the year ended December 31, 2024, the Club contributed \$80,676 to the Association to reimburse for expenses paid on the Club's behalf. For the year ended December 31, 2023, the Club contributed \$149,999 to the Association to reimburse for expenses paid on the Club's behalf. These transactions are recorded as an equity transfer in the financial statements.

The Club retains Life Care Services, LLC (Life Care) for their expertise in continuing care retirement communities to assist in managing the Club. The agreement dated March 26, 2014 expired on March 26, 2019 and was subsequently renewed for 60 months, which expired on March 27, 2024. The agreement was renewed for another 24 months expiring on March 31, 2026 unless sooner terminated in accordance with the agreement. For the years ended December 31, 2024 and 2023, amounts paid to Life Care totaled \$1,952,959 and \$1,858,594, respectively. For the years ended December 31, 2024 and 2023, the Club allocated expenses of \$246,794 and \$221,888, respectively, representing the Association's share of costs related to the contract with Life Care. The Club owed \$9,724 and \$19,130 to Life Care at December 31, 2024 and 2023, respectively, which are included in accounts payable on the statements of operations.

# Note 10. Retirement Plan

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

Retirement expense for the plan was approximately \$84,000 and \$72,000 for the years ended December 31, 2024 and 2023, respectively.

#### Note 11. Regulatory Matters

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

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90% maintain an operating reserve equal to 25% of total operating costs projected for the 12-month period following the most recent annual statement filed with the Department of Insurance, upon approval of the Commissioner. These reserves are to be used for the benefit of the Club in the event of emergencies or unexpected shortfalls. The facility had occupancy greater than 90% at December 31, 2024.

To meet this obligation, at closing, the Club requires that each purchaser shall be responsible for paying a reserve deposit of \$7,500 to the Club. So long as it is not necessary for the Club to use proceeds or assets from the reserve account, interest and/or dividends shall be paid to each purchaser on a pro rata basis in February of each year. For the years ended December 31, 2024 and 2023, the Club did not use proceeds or assets from the reserve account and the balance of interest and dividends is shown as due to homeowners.

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

Based on the Club's 2025 forecasted statements, the required operating reserve is \$7,003,252 at December 31, 2024. The balance held in the restricted investment account was \$2,590,469 at December 31, 2024. The North Carolina Department of Insurance had no objection to the proposal that the Cypress be permitted to fund any shortfalls in the Department of Insurance Operating Reserve with funds from the Association's Reserve for Replacements, which had a balance of \$2,380,153 at December 31, 2024. Additionally, during the year ended December 31, 2024, the Club entered into a letter of credit agreement under which the Club could borrow up to \$3 million to fund any shortfalls in the Department of Insurance Operating Reserve.

During the year ended December 31, 2017, the Association utilized \$2,000,000 from the Reserve for Replacement account to fund a construction project. The Association members have guaranteed annual contributions to the Reserve for Replacement account over a ten-year period to replenish the reserve. The construction project was completed in 2018 and the Association members began making contributions to the Reserve for Replacement account. The Association members contributed \$237,324 during 2024 and 2023, including interest, and anticipate making monthly payments of \$19,777 over a ten-year period to replenish the reserve.

# Note 12. Fair Value of Financial Instruments

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

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the Club has the ability to access at the measurement date. The quoted price for these investments is not adjusted, even in situations where the Club holds a large position and a sale could reasonably be expected to impact the quoted price.

- Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and the fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, certain over-the-counter derivatives and certain general and limited partnership and membership interests in funds that calculate net asset value per share, or its equivalent. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
- Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

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

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

During the years ended December 31, 2024 and 2023, there were no changes to the Club's valuation techniques that had, or are expected to have, a material impact on its balance sheets or results of operations.

#### Mutual funds

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

The tables below present the balances of financial instruments measured at fair value on a recurring basis by level within the hierarchy at December 31, 2024 and 2023:

	Fair Value Measurements as of December 31, 2024						
	Level 1	Level 2	Level 3	Total			
Assets limited as to use, Designated for Department of Insurance: Mutual funds	<u>\$ 2,228,873</u>	<u>\$ -</u>	<u>\$</u>	<u>\$ 2,228,873</u>			
	Fair Valu	e Measurements	as of December	· 31, 2023			
	Level 1	Level 2	Level 3	Total			
Assets limited as to use, Designated for Department of Insurance: Mutual funds	<u>\$ 2,222,678</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,222,678</u>			

The Club has \$361,596 and \$232,995 of cash and cash equivalents as of December 31, 2024 and 2023, respectively, which were not classified as a level.

#### Note 13. Concentration of Credit Risk

The Club grants credit without collateral to its residents, some of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2024 and 2023, was as follows:

	2024	2023
Self-pay	71%	67%
Medicare	14%	19%
Other third-party payors	15%	14%
Totals	100%	100%

# Note 14. Contingencies

#### Medical malpractice

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

#### Sales and Use Tax

In May 2020, the North Carolina Department of Revenue completed an examination of the Club's sales and use tax for the period October 1, 2015 to September 30, 2018. The examining agent proposed adjustments related to additional sales tax of approximately \$3,000,000 plus penalties and interest of approximately \$761,000 and \$481,000, respectively. The Club did not agree with the adjustments and filed a formal "Objection and Request for Departmental Review" (under NC-242) with the Department of Revenue. The Department has put a hold on any further prosecution of the assessments pending legislative action. New legislation was passed in October of 2023 addressing only periods going forward and excluded periods prior to October 2023. During the year ended December 31, 2024, the Department of Revenue issued a response to the Objection and Request for Department Review, which required the Club to pay approximately \$154,000.

Exhibit A-4

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

**Forecasted Combined Financial Report (Compiled)** 

Each of the Five Years Ending December 31, 2029



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#### Accountant's Compilation Report

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

Management is responsible for the accompanying financial forecast of The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. (collectively, the Cypress), which comprises the combined forecasted balance sheets as of each of the five years ending December 31, 2029, and the related combined statements of operations, changes in net assets and members' equity and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA.

The accompanying financial forecast and this report are intended solely for the information and use of North Carolina General Statutes, Chapter 58, Article 64 and are not intended to be and should not be used for any other purpose.

We did not examine or review the forecast, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, or provide any other form of assurance on this financial forecast.

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

# Forvis Mazars, LLP

Charlotte, North Carolina June 24, 2025

	2025	2026	2027	2028	2029
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,565,594	\$ 932,233	\$ 1,090,124	\$ 1,145,958	\$ 1,909,263
Accounts receivable, net	925,024	909,914	955,410	1,003,181	1,053,340
Due from affiliate	74,375	78,094	81,999	86,099	90,404
Inventory	170,706	179,241	188,203	197,613	207,494
Prepaid expenses	567,872	596,266	626,079	657,383	690,252
Total Current Assets	3,303,571	2,695,748	2,941,815	3,090,234	3,950,753
Assets Limited as to Use					
Internally designated for Department of Insurance operating reserve	2,325,000	2,325,000	2,325,000	2,325,000	2,325,000
Reserve for replacements	2,156,768	1,691,107	2,483,444	4,017,544	5,050,804
	4,481,768	4,016,107	4,808,444	6,342,544	7,375,804
Other Assets					
Other investments	25,000	25,000	25,000	25,000	25,000
Property and equipment, net	31,499,957	34,499,957	35,699,957	36,399,957	37,099,957
Refundable deposits	25,000	25,000	25,000	25,000	25,000
Right-of-use operating lease assets	114,241	74,326	32,795		
Total Assets	\$ 39,449,537	\$ 41,336,138	\$ 43,533,011	\$ 45,882,735	\$ 48,476,514
LIABILITIES, NET ASSETS AND MEMBERS' EQUITY					
Current Liabilities					
Accounts payable and accrued expenses	\$ 2,560,755	\$ 2,688,793	\$ 2,823,233	\$ 2,964,395	\$ 3,112,615
Current portion of operating lease obligations	39,914	41,532	32,795	-	-
Current portion of long-term debt	642,840	667,695	685,316	712,689	740,402
Total Current Liabilities	3,243,509	3,398,020	3,541,344	3,677,084	3,853,017
Other Liabilities					
Operating lease liabilities, less current portion	74,326	32,795	_	_	_
Notes payable, less current portion	7,525,253	6,882,413	6,214,718	5,529,402	4,816,712
	10,843,088	10,313,228	9,756,062	9,206,486	8,669,729
		· · · · ·			· · · ·
Net Assets					
Without donor restrictions	12,253,276	12,674,885	13,317,605	14,071,390	14,978,475
Total Net Assets	12,253,276	12,674,885	13,317,605	14,071,390	14,978,475
Members' Equity					
Members' equity, undesignated	14,196,405	16,656,918	17,975,900	18,587,315	19,777,506
Members' equity, designated asset replacement and repair	2,156,768	1,691,107	2,483,444	4,017,544	5,050,804
Total Members' Equity	16,353,173	18,348,025	20,459,344	22,604,859	24,828,310
Total Liabilities, Net Assets and Members' Equity	\$ 39,449,537	\$ 41,336,138	\$ 43,533,011	\$ 45,882,735	\$ 48,476,514

# The Cypress of Charlotte Club, Inc. and

The Cypress of Charlotte Owners' Association, Inc.

Forecasted Combined Statements of Operations

Each of the Five Years Ending December 31, 2025 through 2029

	2025	2026	2027	2028	2029
Revenues, Gains, and Other Support					
Member fees and assessments	\$ 23,023,372	\$ 24,064,155	\$ 25,143,117	\$ 26,145,353	\$ 27,240,179
Health Center	8,888,269	9,398,349	9,822,268	10,298,344	10,740,340
Home Health	4,002,100	4,149,740	4,305,310	4,477,615	4,635,050
Investment income, net	62,161	54,437	46,439	42,000	42,840
Total Revenues, Gains, and Other Support	35,975,902	37,666,681	39,317,134	40,963,312	42,658,409
Expenses and Losses					
Food and beverage	6,199,422	6,461,614	6,739,587	7,038,281	7,333,103
Health Center	6,401,883	6,704,037	6,922,066	7,163,754	7,383,683
Home Health	3,300,638	3,398,300	3,525,862	3,667,129	3,796,216
Plant	5,225,905	5,605,712	5,801,616	6,021,530	6,242,123
Resident services	482,672	497,535	514,727	532,994	551,907
Housekeeping	2,052,070	2,124,026	2,201,586	2,287,480	2,367,181
General and administrative	6,700,943	7,009,604	7,341,663	7,706,166	8,071,576
Overhead fee	2,780,172	2,890,984	2,938,957	3,050,664	3,166,722
Depreciation	1,373,325	1,428,258	1,471,106	1,515,239	1,560,696
Debt service	315,985	292,650	268,425	243,275	217,166
Total Expenses and Losses	34,833,015	36,412,720	37,725,595	39,226,512	40,690,373
Excess of Revenues, Gains, and Other Support Over Expenses and Losses	\$ 1,142,887	\$ 1,253,961	\$ 1,591,539	\$ 1,736,800	\$ 1,968,036

The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Forecasted Combined Statements of Changes in Net Assets and Members' Equity Each of the Five Years Ending December 31, 2025 through 2029

Net Assets	Total Net Assets
Net Assets, January 1, 2025	\$ 11,558,241
Change in net assets	695,035
Net Assets, December 31, 2025	12,253,276
Change in net assets	421,609
Net Assets, December 31, 2026	12,674,885
Change in net assets	642,720
Net Assets, December 31, 2027	13,317,605
Change in net assets	753,785
Net Assets, December 31, 2028	14,071,390
Change in net assets	907,085
Net Assets, December 31, 2029	\$ 14,978,475

Members Equity	Une	designated	Re	ignated Asset eplacement and Repair	Total Members' Equity	
Members' Equity, January 1, 2025		12,362,668	\$	2,380,153	\$	14,742,821
Excess of revenues, gains, and other support over						
expenses and losses		447,852		-		447,852
Assessment revenue		-		1,162,500		1,162,500
Transfer from Asset Replacement to Operating		1,000,000		(1,000,000)		-
Amounts allocated to designated asset replacement and repair		385,885		(385,885)		-
Members' Equity, December 31, 2025		14,196,405		2,156,768		16,353,173
Excess of revenues, gains, and other support over		, ,		_,,		,,
expenses and losses		832,352		_		832,352
Assessment revenue				1,162,500		1,162,500
Transfer from Asset Replacement to Operating		1,250,000		(1,250,000)		-
Amounts allocated to designated asset replacement and repair		378,161		(378,161)		_
Members' Equity, December 31, 2026		16,656,918	-	1,691,107		18,348,025
Excess of revenues, gains, and other support over		10,030,910		1,091,107		10,040,020
expenses and losses		948,819				948,819
Assessment revenue		940,019		- 1,162,500		1,162,500
		-				1,102,500
Amounts allocated to designated asset replacement and repair		370,163		(370,163)		-
Members' Equity, December 31, 2027		17,975,900		2,483,444		20,459,344
Excess of revenues, gains, and other support over						
expenses and losses		983,015		-		983,015
Assessment revenue		-		1,162,500		1,162,500
Transfer from Operating to Asset Replacement		(500,000)		500,000		-
Amounts allocated to designated asset replacement and repair		128,400		(128,400)		-
Members' Equity, December 31, 2028		18,587,315		4,017,544		22,604,859
Excess of revenues, gains, and other support over						
expenses and losses		1,060,951		-		1,060,951
Assessment revenue		-		1,162,500		1,162,500
Amounts allocated to designated asset replacement and repair		129,240		(129,240)		-
Members' Equity, December 31, 2029	\$	19,777,506	\$	5,050,804	\$	24,828,310

# The Cypress of Charlotte Club, Inc. and

The Cypress of Charlotte Owners' Association, Inc.

Forecasted Combined Statements of Cash Flows

Each of the Five Years Ending December 31, 2025 through 2029

		2025		2026		2027		2028	2029	
Operating Activities										
Excess of revenues, gains and other support over expenses and losses	\$	1,142,887	\$	1,253,961	\$	1,591,539	\$	1,736,800	\$ 1,968,036	
Adjustments to reconcile excess of revenues, gains, and other support										
over expenses and losses to net cash provided by operating activities:										
Depreciation		1,373,325		1,428,258		1,471,106		1,515,239	1,560,696	
Change in operating assets and liabilities:										
Accounts receivable		1,587,950		15,110		(45,496)		(47,771)	(50,159)	
Due from affiliates		(3,542)		(3,719)		(3,905)		(4,100)	(4,305)	
Inventory		(8,129)		(8,535)		(8,962)		(9,410)	(9,881)	
Prepaid expenses		(27,042)		(28,394)		(29,813)		(31,304)	(32,869)	
Accounts payable and accrued expenses		121,941		128,038		134,440		141,162	148,220	
Repayment of operating lease liabilities		(39,914)		(41,532)		(32,795)		-	-	
Net Cash Provided by Operating Activities		4,147,476		2,743,187		3,076,114		3,300,616	3,579,738	
Investing Activities										
Purchase of property and equipment		(2,273,071)		(2,268,047)		(3,042,865)		(4,093,566)	(3,137,004)	
Net change of assets whose use is limited		(618,374)		(465,661)		792,337		1,534,100	1,033,260	
Net Cash Used in Investing Activities		(2,891,445)		(2,733,708)		(2,250,528)		(2,559,466)	(2,103,744)	
Financing Activities										
Payments of principal on long-term debt		(618,913)		(642,840)		(667,695)		(685,316)	(712,689)	
Net Cash Used In Financing Activities		(618,913)		(642,840)		(667,695)		(685,316)	(712,689)	
Cash and Cash Equivalents										
Increase (decrease)		637,118		(633,361)		157,891		55,834	763,305	
Beginning of year		928,476		1,565,594		932,233		1,090,124	1,145,958	
End of Year	\$	1,565,594	\$	932,233	\$	1,090,124	\$	1,145,958	\$ 1,909,263	

# Summary of Significant Accounting Policies and Forecast Assumptions

#### Note 1. General

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

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

#### Nature of Business

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

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

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

#### **Principles of Combination**

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

# Note 2. Significant Accounting Policies

#### **Basis of Presentation**

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

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Summary of Significant Accounting Policies and Forecast Assumptions Each of the Five Years Ending December 31, 2029

*Net assets with donor restrictions* – Net assets with donor restrictions are those net assets whose use by the Club have been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes or (c) maintained in perpetuity. The Club did not have any net assets with donor restrictions in 2024 and does not anticipate having any during the forecast period.

*Net assets without donor restrictions* – Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

#### Cash and Cash Equivalents

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

#### Accounts Receivable

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

#### Inventory

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

#### **Prepaid Expenses**

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

#### Assets Limited as to Use

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

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

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

#### **Property and Equipment**

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

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

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

#### Right-of-Use Operating Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service.

#### **Revenue Recognition**

Revenue is measured as the amount of consideration the Cypress expects to receive in exchange for transferring services. Member fees and assessments are recorded on the accrual basis of accounting and represent amounts charged to residents under the terms of the Membership Agreement. Health Center and Home Health revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Revenues under third-party payor agreements are subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

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

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

#### Income Tax Status

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

#### The Cypress of Charlotte Club, Inc. and The Cypress of Charlotte Owners' Association, Inc. Summary of Significant Accounting Policies and Forecast Assumptions Each of the Five Years Ending December 31, 2029

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

#### Use of Estimates

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

# Note 3. Significant Forecast Assumptions

The accompanying financial forecast presents, to the best of the knowledge and belief of management of the Cypress, the expected financial position, results of operations, and cash flows as of and for each of the five years ending December 31, 2029. Accordingly, the accompanying financial forecast reflects the Cypress' judgment, as of June 24, 2025 the date of this forecast, of the expected conditions and its expected course of action during the projection period. However, even if the assumptions described below occur, there will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Additionally, the assumptions described below are not an all-inclusive list of those used in the financial forecast.

The accompanying forecast and this report were prepared for inclusion in the Cypress' 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 the Cypress believes are significant to the financial projection.

#### Assets and Liabilities

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

#### Cash and Cash Equivalents

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

#### **Property and Equipment**

Property and equipment has been calculated based on historical data adjusted for estimated capital expenditures of 2% over the term of the forecast.

#### Assets Limited as to Use

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

#### Long-Term Debt

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

#### Revenues

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

Member fees, a portion of the monthly fees, are the weighted-average service fees and condominium fees for the villas and cottages. Member fees and Health Center fees are based upon expected budget. Revenue for member fees are calculated based upon the occupancy numbers and adjusted for an average fee increase of 4-5% for 2025 through 2029. Health Center revenues are based on projected occupancy rates with prices for services adjusted for an average inflation rate of 3-6%. Home Health revenues are projected to remain approximately the same in 2025 and increase by 4-5% in 2025 through 2028.

#### **Operating Expenses**

Expenses for program services are based on the Cypress' 2025 and 2026 projections adjusted annually for estimated inflation of 3-6% over the term of the forecast.

#### Investment Income

Investment income has been forecasted based on the value of investments and an average rate of return of 1-3% according to investment allocation strategies and is consistent for 2025 through 2029.

#### Depreciation

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

#### Income Taxes

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

#### **Members Equity**

In 2024 the Homeowners Association board approved an annual assessment to fund additional asset replacement needs of the community. The assessment averaged \$3,750 per unit with each individual assessment based on the owner's statutory ownership percentage. The assessment was approved for 5 years beginning in March 2025.

## Note 4. Department of Insurance Operating Reserve

Based on the Club's 2025 forecasted statements, the required operating reserve is \$7,003,252 at December 31, 2024. The balance held in the restricted investment account was \$2,590,469 at December 31, 2024. The North Carolina Department of Insurance had no objection to the proposal that the Cypress be permitted to fund any shortfalls in the Department of Insurance Operating Reserve with funds from the Association's Reserve for Replacements, which had a balance of \$2,380,153 at December 31, 2024. Additionally, during the year ended December 31, 2024, the Club entered into a letter of credit agreement under which the Club could borrow up to \$3 million to fund any shortfalls in the Department of Insurance Operating Reserve. During the year ended December 31, 2017, the Association utilized \$2,000,000 from the Reserve for Replacement account to fund a construction project. The Association members have guaranteed annual contributions to the Reserve for Replacement account over a ten-year period to replenish the reserve. The construction project was completed in 2018 and the Association members began making contributions to the Reserve for Replacement account. The Association members contributions to the Reserve for Replacement account. The Association members contributed \$237,324 during 2024 and 2023, including interest, and anticipate making monthly payments of \$19,777 over a ten-year period to replenish the reserve.

## Exhibit A-5



#### Cypress of Charlotte Combined Balance Sheet May 31, 2025 and December 31, 2024

	Current Month	Prior Yr End
ASSETS:		
Current Assets		
Cash and cash equivalents	3,036,449	799,649
Accounts Receivable resident services - net	685,702	880,973
Accounts Receivable - Owner & other	81,803	1,632,000
Prepaid expenses and inventories	408,192	703,405
Total current assets	4,212,147	4,016,027
Assets limited as to use:		
DOI Reserve	2,641,888	2,590,469
Asset Replacement Reserve	3,737,241	2,380,153
	6,379,129	4,970,622
Condo Insurance fund	154,241	128,827
Property and equipment, net	29,909,068	28,337,477
Other assets - deposits	50,000	50,000
Right-of-use operating lease assets	137,662	154,173
TOTAL ASSETS	40,842,246	37,657,125
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable & accruals - Trade	530,025	438,130
Accrued liabilities	1,820,521	2,000,684
COVID-19 testing advance	0	0
Current portion of operating lease liabilities	39,859	39,931
Current portion of notes payable	654,969	634,040
Total Current Liabilities	3,045,374	3,112,785
Operating lease liabilities, less current portion	97,802	114,241
Construction Loan payable	7,851,460	8,129,039
Total liabilities	10,994,637	11,356,065
Net assets:		
Without member restrictions	11,543,753	10,381,253
Total net assets	11,545,755	10,301,233
Members' equity		
Members' equity, undesignated	14,566,615	13,539,654
Members' equity, designated asset replacement and repair	3,737,241	2,380,153
Total net assets	18,303,856	15,919,807
TOTAL LIABILITIES AND EQUITY	40,842,246	37,657,125

For Internal Use Only

	IVIA	41-25				
	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
Operating Revenue						
Independent Living Revenue						
Apartments:						
4001001 First Person Fees	1,654,070	1,652,069	(2,001)	8,270,351	8,261,609	(8,742)
4001501 Second Person Fees	257,300	268,043	10,743	1,286,500	1,325,355	38,855
4002501 Garage Fees	1,701	1,692	(9)	8,505	8,582	77
4053001 Apt. Disc Absence	(17,250)	(14,470)	2,780	(86,250)	(73,289)	12,961
4071001 Additional Meals Income	600	125	(475)	3,000	793	(2,207)
4072001 Guest Meals Income	5,000	5,682	682	25,000	31,440	6,440
4073001 Employee Meals Income	- 2,500	- 4,433	- 1,933	- 12,500	- 19,991	- 7,491
4074001 Lounge Income 4075001 Catering Income	6,708	4,435 38,277	31,569	33,542	49,117	15,575
4083001 Transportation	1,200	1,166	(34)	6,000	4,910	(1,091)
4084001 Laundry - Non Taxable	-	-	(31) -	-	-	-
4085001 Maintenance - Non Taxable	2,708	508	(2,201)	13,542	5,576	(7,966)
4101001 Arts & Crafts	-	-	-	-	-	-
4103001 Beauty & Barber - Non Taxable	20,000	15,988	(4,012)	100,000	85,123	(14,877)
4103099 Beauty & Barber - Contra	(16,000)	(15,204)	796	(80,000)	(71,630)	8,370
4109001 Other Income	100	-	(100)	500	-	(500)
Total Apartments	1,918,638	1,958,309	39,671	9,593,189	9,647,576	54,387
Total Independent Living Revenue	1,918,638	1,958,309	39,671	9,593,189	9,647,576	54,387
Health Center						
Private Pay:						
4006001 Community Fee	-	-	-	10,000	-	(10,000)
4201001 Semi Private	19,073	-	(19,073)	92,906	19,296	(73,609)
4202001 Private Room	97,873	139,453	41,580	476,734	620,555	143,821
4242001 Contractual - Room and Board		-	-	-	-	-
Total Room & Board - Private	116,946	139,453	22,507	579,640	639,852	60,212
4071001 Additional Meals Income	-	-	-	-	-	-
4072001 Guest Meals Income	333	560	227	1,667	902	(765)
4075001 Catering Income	-	80	80	-	382	382
4083001 Transportation	1,000	1,826	826	5,000	5,283	283
4084001 Laundry - Non Taxable	-	-	-	-	-	-
4103001 Beauty & Barber	-	-	-	-	-	-
4109001 Other Income	25	-	(25)	125	-	(125)
4269001 Medical Supplies - Other	9,713	8,031	(1,682)	47,576	40,159	(7,417)
4281001 Occupational Therapy	3,949	1,328	(2,621)	18,242	6,255	(11,987)
4282001 Physical Therapy	9,810	6,465	(3,345)	47,640	35,200	(12,440)
4283001 Speech Therapy 4292001 Ambulance	632	45	(587)	3,739	2,755	(984)
4294001 Oxygen	- 237	- 54	(183)	- 1,206	- 350	(856)
Total Ancillaries - Private	16,061	13,948	(2,113)	79,279	65,165	(14,114)
	133,007		20,394	658,919	705,016	46,097
Total Private Pay	155,007	153,401	20,394	030,919	705,010	40,097
Life Care/Continuing Care:						
4071001 Additional Meals Income	6,250	5,040	(1,210)	31,250	25,340	(5,910)
4201001 Semi Private	63,637	76,364	12,727	309,973	335,428	25,455
4202001 Private Room	788,977	743,244	(45,732)	3,843,080	3,762,098	(80,982)
4244001 Life Care	(336,988)	(297,839)	39,149	(1,641,457)	(1,528,995)	112,462
Total Life Care/Continuing Care	521,876	526,810	4,934	2,542,846	2,593,870	51,024
Medicare Part A:						
4201001 Semi Private	45,172	-	(45,172)	220,031	33,666	(186,365)
4242001 Contractual - Room and Board	7,559	5,323	(2,236)	36,820	34,253	(2,567)
Total Room & Board - Medicare Part A	52,731	34,131	(18,600)	256,851	162,243	(94,608)
4243001 Contractual - Ancillaries	(25,362)	(13,265)	12,097	(126,601)	(63,253)	63,348
4263001 Drugs	3,675	430	(3,245)	18,375	4,051	(14,324)
	0,0.0		(-)0)	,0.0	.,	(= ))= ()

	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
4269001 Medical Supplies - Other	298	305	7	1,488	647	(841)
4281001 Occupational Therapy	8,284	5,550	(2,734)	41,529	23,380	(18,149)
4282001 Physical Therapy	8,876	6,100	(2,776)	44,031	23,280	(20,751)
4283001 Speech Therapy	4,034	800	(3,234)	20,204	11,450	(8,754)
4292001 Laboratory	100	79	(20)	493	198	(295)
4294001 Oxygen	-	-	(===)	-	-	(200)
4296001 Xray	96	-	(96)	481	248	(233)
Total Ancillaries - Medicare A	0	0	(0)	0	0	(0)
Total Medicare Part A	52,731	34,131	(18,600)	256,851	162,243	(94,608)
Madisers Dart D.						i
Medicare Part B: 4243001 Contractual - Ancillaries	(27.407)	(20.274)	(10.067)	(120 702)	(202 700)	(72.008)
	(27,407)	(38,374)	(10,967)	(129,792)	(202,700)	(72,908)
4269001 Medical Supplies - Other	-		-	-	-	
4281001 Occupational Therapy	16,077	21,310	5,233	72,432	103,380	30,948
4282001 Physical Therapy	34,560	48,730	14,170	167,772	243,520	75,748
4283001 Speech Therapy	5,762	5,350	(412)	26,397	61,500	35,103
Total Ancillaries - Medicare Part B	28,993	37,016	8,023	136,809	205,700	68,891
Total Medicare Part B	28,993	37,016	8,023	136,809	205,700	68,891
HMO/Managed Care:						
4201001 Private	-	-	-	-	4,927	4,927
4202001 Semi Private	7,529	-	(7,529)	36,672	-	(36,672)
4242001 Contractual - Room and Board	(166)	21	187	(809)	686	1,495
Total Room & Board - HMO/Managed Care	7,363	21	(7,342)	35,863	5,612	(30,250)
4243001 Contractual - Ancillaries	(11,031)	(9,187)	1,844	(53,466)	(42,353)	11,113
4263001 Drugs	-	-	-	-	213	213
4269001 Medical Supplies - Other	-	-	-	-	25	25
4281001 Occupational Therapy	6,244	2,400	(3,844)	29,897	15,540	(14,357)
4282001 Physical Therapy	14,636	10,160	(4,476)	73,540	55,940	(17,600)
4283001 Speech Therapy	2,542	5,050	2,508	12,711	14,300	1,589
4292001 Laboratory	-	-	-	-	26	26
						20
4294001 Oxygen 4296001 Xray	-	-	-	-	-	-
Total Ancillaries - Medicare Part B	12,391	8,423	(3,969)	62,682	43,691	(18,991)
Total HMO/Managed Care	19,754	8,444	(11,310)	98,545	49,303	(49,241)
Hospice						
Other Insurance:						
4242001 Contractual - Room and Board	-	-	-	-	-	-
Total Room & Board - Other	-	-	-	-	-	-
4243001 Contractual - Ancillaries	-	-	-	-	-	-
4281001 Occupational Therapy	-	-	-	-	-	-
4282001 Physical Therapy	-	-	-	-	-	-
4283001 Speech Therapy	-	-	-	-	-	-
4294001 Oxygen	-	-	-	-	-	-
Total Ancillaries - Other Insurance		-	-	-	-	-
Total Other Insurance	-	-	-	-	-	-
4011099 Bad Debts - Contra	(4,167)	(4,167)	-	(20,833)	(20,833)	-
Total Health Center Revenue	752,194	755,634	3,441	3,673,136	3,695,298	22,162
Home Health						
Private Pay:						
4341000 Home Health Revenue	333,342	317,557	(15,785)	1,666,708	1,614,929	(51,780)
Total Private Pay	333,342	317,557	(15,785)	1,666,708	1,614,929	(51,780)

	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
Total Home Health Revenue	333,342	317,557	(15,785)	1,666,708	1,614,929	(51,780)
Other Operating Revenue 4903001 Interest & Dividends 4904001 Miscellaneous	167 -	162 -	(5) -	833 -	887 -	54
Total Other Operating Revenue	167	162	(5)	833	887	54
Total Operating Revenue	3,004,340	3,031,662	27,322	14,933,866	14,958,690	24,824
Operating Expenses General & Administrative						
Total G&A Wages	86,685	88,317	(1,632)	422,669	433,166	(10,497)
Labor - Outside Contract: 5104000 Labor O/S - Other		-	-	-	-	-
Total Labor O/S:	-	-	-	-	-	-
Benefits and Taxes:						
5031000 FICA	6,631	6,104	528	32,334	32,714	(380)
5032000 FUTA 5033000 SUTA	19 73	7 87	12 (13)	784 659	739 6,026	45 (5,368)
5034000 Workers Comp	364	594	(230)	1,773	7,682	(5,909)
5121001 Employee Insurance - Health	130,000	104,026	25,974	650,000	541,583	108,417
5121003 Employee Insurance - Life	3,430	2,164	1,266	17,150	13,516	3,634
121004 Employee Insurance - STD	9,150	7,781	1,369	45,750	39,793	5,957
121005 Employee Insurance - LTD	4,218	3,850	368	21,088	19,621	1,467
5122000 401k/403b Administration	438	(322)	760	2,190	(1,411)	3,601
5122500 401k/403b Employer Match	7,500	7,787	(287)	37,500	35,090	2,410
125000 Flex Benefits	555	506	49	2,777	2,532	245
5129000 Employee Benefits - Miscellaneou	9,204	6,255	2,949	46,020	39,152	6,868
Total Benefits and Taxes	171,583	138,838	32,745	858,024	737,037	120,987
Other Expenses: 5131000 Recruiting	5,175	3,120	2,055	25,875	15 /65	10.410
5131500 Vientation, EEO & Other	525	5,120	525	23,873	15,465 2,430	10,410 195
5132000 Relocation	525	-	-	2,025	- 2,430	-
5132500 Uniforms	-	-	_	-	_	-
5132700 Employee Badges	175	1,275	(1,100)	875	1,275	(400)
5133500 Pre-Employment Screenings	5,400	1,262	4,138	27,000	12,883	14,117
5134000 Education Assistance	208	-	208	1,042	-	1,042
5134300 Outside Training & Seminars	583	-	583	2,917	965	1,951
5134500 Training	1,138	2,575	(1,437)	10,848	10,031	817
5137001 Employee Amenities - Coffee/Tea	250	243	7	1,250	1,404	(154)
5138000 Flowers & Memorials	158	-	158	788	22	765
5151000 Safety Program Training Materia	150	-	150	750	-	750
5152000 Safety Program Awards	517	-	517	2,583	-	2,583
5171000 Travel - Airlines/Hotel/Car Rent	1,213	495	718	6,063	3,203	2,859
5172000 Travel - Meals	331	102	229	1,654	345	1,309
5191000 Professional Dues & Fees	1,342	1,408	(67)	6,708	7,042	(333)
5201000 Bad Debts - Resident	-	-	- (102)	-	-	-
5211000 Bank Charges 5217000 Late Fees	636 83	738	(102) 83	3,181 417	2,193	989 417
5221000 Consultants	7,000	5,875	1,125	40,600	36,095	417
5251000 Copy Machine	500	27	473	9,500	10,453	(953)
5252000 Copy Service	158	365	(207)	788	3,146	(2,358)
5262000 Subscriptions - News Papers	390	393	(207)	1,950	2,043	(93)
5271000 Licenses & Fees	1,000	1,000	-	1,000	1,000	-
5301000 Audit Fees	5,520	5,520	-	27,600	27,600	-
5301500 Tax Returns	1,050	1,050	-	5,250	5,250	-
5302000 Cost Report Preparation	250	250	-	1,250	1,250	-
	230	200	-	1,230	1,230	

SDBS00 (part lenge income seminor         2,083         -         2,083         10,477         -         0,407           SDB00 On trugge income seminor         2,500         2,500         -         11,500         11,500         -           SDB00 On trugge income seminor         800         146         6.64         4,000         18,785         11,875         (37)           SSD00 Instrance - Gener (Professional         3,741         3,741         0         18,678         18,785         (37)         0         13,300         16,305		MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
Sh1000 Parkage <sup>-</sup> 800         146         6.64         4.000         2,960         1,040           SS1000 Insurance -General/Vertexisional         3,741         3,741         0         13,701         13,00         10,00           SS1000 Insurance -General/Vertexisional         2,762         2,062         0         13,00         10,025         10,025         10,025         10,025         10,025         10,00         10,	5303500 Legal Fees - Retainer	2,083	-	2,083	10,417	-	10,417
512000 cyberset S51000 huranter Genery/Professional         3,41         3,241         0         818,678         18,679         13,010         0           551000 huranter Genery/Professional         3,441         3,241         0         13,673         13,200         0         13,010         0           551000 huranter - Crime         2,672         2,662         0         13,010         10,023         8,33         8,344         1,001           55100 huranter - Crime         2,783         2,203         100         10,223         8,33         8,344         1,001           55100 huranter - Directry         3,713         2,713         2,723         1,333         6,563         - </td <td>5309000 Other Legal &amp; Professional</td> <td>2,250</td> <td>2,250</td> <td>-</td> <td>11,250</td> <td>11,250</td> <td>-</td>	5309000 Other Legal & Professional	2,250	2,250	-	11,250	11,250	-
55.1000 Insurance - General/Worksshaml         3,741         3,741         1         18,778         17,705         17,705           552000 Insurance - Chine Insu	5321000 Postage	800	146	654	4,000	2,960	1,040
Sis2000 insurance: Crime         2,602         2,602         0         13,010         13,010         83,000           Sis3000 insurance: Crime         67         50         17         333         3200         83,330           Sis3000 insurance: Cubility         10,07         10,70         20,0         9,333         8,534         10,00           Sis5000 insurance: Departing         - </td <td>5323000 Federal Express</td> <td>88</td> <td>222</td> <td>(135)</td> <td>438</td> <td>986</td> <td>(548)</td>	5323000 Federal Express	88	222	(135)	438	986	(548)
S1322000 Insurance - Crime         67         50         17         313         220         81           S53000 Insurance - Auto         2045         2010         10.225         10.226         10.1           S54000 Insurance - Bredors & Offlers         27.38         2.363         4.25         13.340         11.316         2.124           S5500 Insurance - Property         38.721         38.721         01         13.305         13.500         1.50	5351000 Insurance - General/Professional	3,741	3,741	0	18,678	18,705	(27)
3533000 insurance - Auto         2.045         00         10.226         10.226         10.226           3554000 insurance - Usefort & Offfers         2.788         2.363         4425         13.340         11.816         2.142           355500 insurance - Property         38.721         38.721         38.721         0.025         1.0256         1.0256           355500 insurance - Micelinenous         -	5352000 Insurance - Umbrella	2,602	2,602	0	13,010	13,010	0
534000 Insurance - Lieblity         1,007         1,707         200         9.533         8.334         1,000           535000 Insurance - Property         38,721         38,721         00         193,607         0,0           535000 Insurance - Property         38,721         38,721         00         193,607         0,0           537000 Insurance - Property         38,721         38,721         0,0         13,31         -	5352500 Insurance - Crime	67	50	17	333	250	83
355500 invariance - Property         3,788         2,383         425         1,300         1,145         2,124           555500 invariance - Property         3,721         3,872         3,873         3,533         -	5353000 Insurance - Auto	2,045	2,045	(0)	10,225	10,226	(1)
SISSED Insurance - Property         38,221         (0)         193,605         193,607         (1)           S372000 Insurance - Micrellaneous         -	5354000 Insurance - Liability	1,907	1,707	200	9,533	8,534	1,000
S35300 insurance - Property         38,721         38,721         (0)         193,605         193,607         (.)           S372000 insurance - Mixellineoux         .<	5355000 Insurance - Directors & Officers	2,788	2,363	425	13,940	11,816	2,124
35375000 Interact Spense - Operating       -       -       -       -       -       -         3534000 Miniteriance Charges       1,313       -       1,313       -       -       -       -         3534000 Miniteriance Charges       1,313       -       1,313       -<	5355500 Insurance - Property	38,721	38,721	(0)	193,605		(2)
5172000 Interest Expanse Operating         -	. ,						
5344000 Maintenance Charges         1.313         -         1.313         6.563         5.563           538500 37 April Services         1.000         1.515         (2,515)         55.00         66,848         4.165         2,644         34,242         2,8425         5,807           538500 11 Intermet Hardware and Repairs         2,275         711         1.534         11,375         6,136         5,239           538500 01 Intermet Access and VPN         -		-	-	-	-	-	-
5385000 ad Party IT Services         11.000         13.515         (2.515)         55.000         60.878         (5.878)           5385001 optication Software and Repairs         2.275         741         1.334         11.375         6.136         5.239           5385000 conjucter Hardware and Repairs         2.275         741         1.334         11.375         6.136         5.239           5385000 conjucter Hardware and Repairs         8.844         8.004         4.880         4.418         35.175         9.233           5430000 Management Free         108.156         107.022         1.135         537.619         537.865         (2.46)           5400000 Marine Repairs         8.884         8.004         4.880         4.418         35.175         9.243           5400000 Starter S Reparter         10.00         9.8         2         10.43         1.457.37         (2.43)           5400000 Rental & tassing - spinnent         7.77         391         336         3.33         3.237         1.306           550000 Marine Resider Schice         7.73         1.36         5.750         3.0417         5.933           5600000 Marine Resider Schice         7.50         6.21         1.059         5.750         3.0417         5.933		1.313	-	1.313	6.563	-	6.563
538000 Application Software         6.848         4.105         2.684         9.4,242         28.435         5.807           538000 Compute Irachware and VPN         -	5		13,515			60.878	
538300 computer lardware and Repairs         2,275         74.1         1,334         1,375         5,136         5,239           538000 tringer lardwares and Repairs         1,000         2,000         1(1,000)         5,000         -           538000 tringer lardwares         8,884         8,004         4,880         4,413         35,175         9,243           543000 Stanters & Reenfer LCS Employ         24,2734         22,9943         12,21,246         1,147,53         66,811           541000 Stanters & Reenfer LCS Employ         42,900         41,395         1,505         214,500         188,512         25,588           560000 Menter & Resider - Stanters & Stancer & S	-		-				
535500 Internet Access and VPN         - <td< td=""><td></td><td></td><td>-</td><td>-</td><td></td><td></td><td>-</td></td<>			-	-			-
5385000 cluside Tech Support         1.000         2.000         (1.000)         5.000         -           5385000 Support Agreements         8,884         80.004         880         44.81         5.517,519         5.200           540000 Management Fee         103,155         107,022         1.135         537,619         537,865         (246)           540000 Marketing & Sales - Mice         242,774         229,943         1.203,05         214,050         1.803,12         25,588           5509500 Marketing & Sales - Mice         827         -         827         5,48         -         3,548           560000 Rental & Leasing - Equipment         727         391         36         3,633         2,327         1,305           560000 Rental & Leasing - Equipment         733         512         61         2,865         2,560         304           570000 Telephone - Reguipment - Other         -					-		
5385000 Support Agreements         8.884         8.004         8.00         44.41.8         35.175         9243           5940000 Nareperent Fee         108.156         107/022         1.135         537.619         537.856         [246]           5940000 Nareperent Fee         242,724         229.943         1.2790         1.24.364         1.147.553         666.811           5411000 Statues & Benefits - LSE mploy         242,724         229.943         1.2070         1.368         -         .548           5602000 Rental & Leasing - Equipment         827         -         8.74         .539         348         2.4,250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .304         .5250         .5260         .304         .5230         .5250         .5260         .204         .8311         .20000         .5250         .5260         .204         .20300         .508         .2013         .1,508         .204         .20300         .2013         .1,508         .2013         .2014 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td>							-
5403000 Management Fee         106,155         107,022         1,135         537,619         537,865         (246)           5404000 Salaries & Benefits - LCS Employ         42,900         41,395         1,506         214,364         1,47,553         66,811           5411000 Salaries & Benefits - LCS Employ         42,900         41,395         1,505         214,560         1,88,912         25,88           5603000 Rental & Leasing - Storage Space         100         98         2         500         492         8           5603000 Rental & Leasing - Storage Space         100         98         2         500         492         8           5603000 Rental & Leasing - Storage Space         733         512         61         2,465         2,560         304           573000 Telephone - Regulpment         7,30         6,291         1,099         36,750         30,817         5,328           574000 Telephone - Regulpment         7,30         6,291         1,050         3,660         30,017         5,358         1,833         2,404           593000 Taxes - Genoms         718         122         555         3,588         1,183         2,404           593000 Taxes - Sersonal Property         1,050         1,050         1,552         5,250 </td <td></td> <td></td> <td>-</td> <td></td> <td>-</td> <td>-</td> <td>-</td>			-		-	-	-
5404000 Starup         24,774         229,943         12,74,964         1,147,553         66,811           5411000 Salrup & Benefits - 1C Employ         42,900         41,395         1,505         214,500         188,912         2,588           5605000 Antatia & Lessing - Storage Space         100         98         2         500         492         8           5605000 Bental & Lessing - Storage Space         100         98         2         500         492         8           5605000 Bental & Lessing - Other         4.887         4.539         348         2,433         19,143         5,292           5605000 Bental & Lessing - Other         4.887         4.539         348         2,433         19,143         5,292           575000 Telephone - Regular Service         7,330         6,291         1,055         36,570         30,817         5,933           5750000 Telephone - Cellular Phone         2,730         3,216         1,468         13,550         16,075         (2,427)           503000 Telephone - Cellular Phone         7,18         122         593         3,588         1,183         2,001         5,06         5,250         -         -           503000 Taxes - Other         10,603         2,017         6,724			-		-	-	-
5411000 staries & Benefits - LCS Employ       42,900       41,395       1.505       224,500       188,912       25,584         5609000 Arental & Leasing - Storage Space       100       98       2       3.548       -       3.548         5602000 Rental & Leasing - Storage Space       100       98       2       500       492       8         5602000 Rental & Leasing - Storage Space       100       98       2       500       492       8         5602000 Rental & Leasing - Storage Space       733       512       61       2,465       2,560       304         5602000 Rental & Leasing - Storage Space       7,350       6,291       1,059       36,750       30,817       5,323         574000 Telephone - Regular Service       7,350       6,291       1,059       3,500       16,075       (2,425)         5801000 Supplies - Expendable/Durable Go       30,19       817       2,202       15,044       6,782       8,311         5932000 Taxes - Other       403       249       133       2,013       1,508       540         5032000 Taxes - Other       593,0071       67,924       3,993,506       3,680,546       312,960         70tal General and Administrative Expense       111,127       97,733       13,394 </td <td>_</td> <td></td> <td></td> <td>-</td> <td>-</td> <td></td> <td></td>	_			-	-		
5095000 Marketing & Sales - Misc         827         -         827         3,548         -         3,548           560000 Rental & Leasing - Storage Space         100         98         2         500         620         86           560000 Rental & Leasing - Storage Space         100         98         2         500         620         86           560000 Rental & Leasing - Storage Space         100         98         2         500         620         86           560000 Rental & Leasing - Storage Space         100         98         2         500         620         304         2,227         1,306           57000 Ditelophane - Cellular Phone         7.3         512         61         2,865         36,610         16,075         2,4259           5801000 Supplies - Paper & Forms         718         122         595         3,588         1,183         2,404           593000 Takes - Personal Property         1,050         -         5,250         -			,				
5602000 Rental & Leasing - Storage Space         100         98         2         500         492         8           5603000 Rental & Leasing - Cuber         727         391         336         3.633         2.327         1.306           5603000 Interior Plant Maintenance         737         512         61         2.865         2.560         3.04           5703000 Telephone - Regular Service         7.350         6.291         1.059         36,750         30,817         5.933           5750000 Telephone - Regular Service         7.350         6.291         1.059         36,750         30,817         5.933           593000 Telephone - Regular Service         7.350         6.291         1.059         35,858         118,38         2.404           593000 Tages - Paper & Form         718         122         595         3588         1.183         2.404           5933000 Taxes - Other         1.050         1.050         -         5.250         -           5933000 Taxes - Other         204.27         503,615         36,812         2.712,813         2.510,344         202,470           Total General and Administrative Expense         111,127         97,733         13,394         552,676         488,544         64,132	5411000 Salaries & Benefits - LCS Employ	42,900	41,395	1,505	214,500	188,912	25,588
5603000 Rental & Leasing - Equipment         777         391         336         3,633         2,327         1,306           5603000 Rental & Leasing - Other         4,887         4,539         348         2,435         19,143         5,292           570300 Interior Plant Malinteance         573         5,12         61         2,665         2,560         304           570300 Telephone - Regular Service         7,350         6,291         1,099         36,750         30,817         5,933           575000 Telephone - Celular Phone         2,730         3,216         (466)         13,650         16,075         (2,425)           580000 Supplies - Paper & Forms         718         122         595         3,588         1,183         2,404           5933000 Taxes - Other         403         249         153         2,013         1,508         504           704 Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           704 Other Expenses         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         Wages:         -         -         -         -         -         -         -         -	5509500 Marketing & Sales - Misc	827	-	827	3,548	-	3,548
5600000 Rental & Lessing - Other         4,887         4,539         348         24,435         19,143         5,292           5675000 Interior Plant Maintenance         573         512         61         2,865         2,560         304           575000 Telephone - Regular Service         7,350         6,291         1,059         36,750         30,817         5,335           570000 Telephone - Regular Service         7,350         6,291         1,059         36,750         30,817         5,335           580000 Supplies - Expendable/Durable Go         3,019         817         2,202         15,094         6,782         8,311           803000 Supplies - Expendable/Durable Go         3,019         817         2,202         15,094         6,782         8,311           803000 Supplies - Expendable/Durable Go         3,019         1,050         -         5,250         -         -           593000 Taxes - Personal Froperty         1,050         1,050         -         5,250         5,250         -           Total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Total General and Administrative Expense         111,127         97,733         13,394         552,676         4	5602000 Rental & Leasing - Storage Space	100	98	2	500	492	8
5675000 Interior Plant Maintenance         573         512         61         2,865         2,560         304           5702009 MRR - Reguipmet - Other         -<	5603000 Rental & Leasing - Equipment	727	391	336	3,633	2,327	1,306
5702000 M&R - Equipment - Other         .          . <t< td=""><td>5609000 Rental &amp; Leasing - Other</td><td>4,887</td><td>4,539</td><td>348</td><td>24,435</td><td>19,143</td><td>5,292</td></t<>	5609000 Rental & Leasing - Other	4,887	4,539	348	24,435	19,143	5,292
5753000 Telephone - Regular Service         7,350         6,231         1,059         36,750         30,817         5,733           5754000 Telephone - Cellular Phone         2,730         3,216         (486)         13,650         16,075         (2,425)           580000 Supplies - Faper & Forms         718         122         595         3,588         1,183         2,404           593000 Takes - Personal Property         1,050         1,050         -         5,250         -           5933000 Takes - Other         403         249         153         2,013         1,508         504           7 total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Total Other Expenses         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         -	5675000 Interior Plant Maintenance	573	512	61	2,865	2,560	304
5753000 Telephone - Regular Service         7,350         6,231         1,059         36,750         30,817         5,733           5754000 Telephone - Cellular Phone         2,730         3,216         (486)         13,650         16,075         (2,425)           580000 Supplies - Faper & Forms         718         122         595         3,588         1,183         2,404           593000 Takes - Personal Property         1,050         1,050         -         5,250         -           5933000 Takes - Other         403         249         153         2,013         1,508         504           7 total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Total Other Expenses         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         -	5702090 M&R - Equipment - Other	-	-	-	-		-
5754000 Telephone - Cellular Phone         2,730         3,216         (486)         13,650         16,075         (2,425)           5801000 Supplies - Expendable/Durable Go         3,019         817         2,202         15,094         6,782         8,311           5801000 Supplies - Expendable/Durable Go         3,019         817         2,202         15,094         6,782         8,311           5801000 Taxes - Personal Property         1,050         1,050         -         5,250         5,250         -           5939000 Taxes - Other         403         249         153         2,013         1,508         504           Total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Total General and Administrative Expense         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         Wages:         -		7,350	6,291	1,059	36,750	30,817	5,933
SR01000 Supplies - Expendable/Durable Go         3,019         817         2,202         15,094         6,782         8,311           S803000 Supplies - Papen & Forms         718         1.22         595         3,588         1,183         2,404           S93000 Taxes - Other         403         249         153         2,013         1,508         504           Total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Total General and Administrative Expense         798,695         730,771         67,924         3,993,306         3,680,546         312,960           Plant         Wages:         701,1127         97,733         13,394         552,676         488,544         64,132           Labor O/S - Other         -			-		-	-	-
5803000 Supplies - Paper & Forms         718         122         595         3,588         1,183         2,404           5933000 Taxes - Personal Property         1,050         1,050         -         5,250         -         -           393000 Taxes - Other         403         249         153         2,013         1,508         504           Total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Plant         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         Wages:         - <td< td=""><td>•</td><td></td><td>-</td><td>. ,</td><td>-</td><td>-</td><td></td></td<>	•		-	. ,	-	-	
5932000 Taxes - Personal Property         1,050         1,050         -         5,250         5,250         -           5939000 Taxes - Other         403         249         153         2,013         1,508         504           Total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Total General and Administrative Expense         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         Wages:							
5939000 Taxes - Other         403         249         153         2,013         1,508         504           Total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Total General and Administrative Expense         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         Wages:         - <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>							
Total Other Expenses         540,427         503,615         36,812         2,712,813         2,510,344         202,470           Total General and Administrative Expense         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         Wages:                 3,933,506         3,680,546         312,960           3,993,506         3,680,546         312,960             3,993,506         3,680,546         312,960             3,993,506         3,680,546         312,960                  3,993,506         3,680,546         64,132			-	153			504
Total General and Administrative Expense         798,695         730,771         67,924         3,993,506         3,680,546         312,960           Plant         Wages:         - <t< td=""><td></td><td></td><td></td><td></td><td></td><td>· · · · ·</td><td></td></t<>						· · · · ·	
Plant Wages:         Total Plant Wages         111,127         97,733         13,394         552,676         488,544         64,132           Labor - Outside Contract: 5104000 Labor O/S - Other         -							
Wages:         -           Total Plant Wages         111,127         97,733         13,394         552,676         488,544         64,132           Labor - Outside Contract:         -			, 30, 71	07,521	3,555,500	3,000,510	
Total Plant Wages         111,127         97,733         13,394         552,676         488,544         64,132           Labor - Outside Contract:         -							
Labor - Outside Contract:         - <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
5104000 Labor O/S - Other       -<	Total Plant Wages	111,127	97,733	13,394	552,676	488,544	64,132
Total Labor O/S:         -	Labor - Outside Contract:						
Benefits and Taxes:       5031000 FICA       8,501       7,459       1,042       42,280       37,191       5,089         5032000 FUTA       114       86       28       1,419       1,321       98         5033000 SUTA       195       174       21       1,011       971       40         5034000 Workers Comp       1,648       1,183       466       8,030       6,109       1,920         5129000 Employee Benefits - Misc       205       429       (224)       1,023       1,044       (21)         Total Benefits and Taxes       10,663       9,330       1,333       53,762       46,637       7,125         Other Expenses:       5132500 Uniforms       1,488       794       693       7,438       3,696       3,742         5134500 Outside Training & Seminars       290       -       290       1,450       -       1,450         5134500 Flowers & Memorials       53       -       53       263       54       208	5104000 Labor O/S - Other		-	-	-	-	-
5031000 FICA       8,501       7,459       1,042       42,280       37,191       5,089         5032000 FUTA       114       86       28       1,419       1,321       98         5033000 SUTA       195       174       21       1,011       971       40         5034000 Workers Comp       1,648       1,183       466       8,030       6,109       1,920         5129000 Employee Benefits - Misc       205       429       (224)       1,023       1,044       (21)         Total Benefits and Taxes       10,663       9,330       1,333       53,762       46,637       7,125         Other Expenses:       114       794       693       7,438       3,696       3,742         5132500 Uniforms       1,488       794       693       7,438       3,696       3,742         5134300 Outside Training & Seminars       290       -       290       1,450       -       1,450         5134500 Training       113       -       113       1,547       1,140       407         5137001 Employee Amenities - Coffee/Tea/       -       -       -       -       -       -       -       -       -       -       -       -       -	Total Labor O/S:	-	-	-	-	-	-
5032000 FUTA11486281,4191,321985033000 SUTA195174211,011971405034000 Workers Comp1,6481,1834668,0306,1091,9205129000 Employee Benefits - Misc205429(224)1,0231,044(21)Total Benefits and Taxes10,6639,3301,33353,76246,6377,125Other Expenses:5132500 Uniforms1,4887946937,4383,6963,7425134300 Outside Training & Seminars290-2901,450-1,4505134500 Training113-1131,5471,1404075137001 Employee Amenities - Coffee/Tea/5138000 Flowers & Memorials53-5326354208							
5033000 SUTA       195       174       21       1,011       971       40         5034000 Workers Comp       1,648       1,183       466       8,030       6,109       1,920         5129000 Employee Benefits - Misc       205       429       (224)       1,023       1,044       (21)         Total Benefits and Taxes       10,663       9,330       1,333       53,762       46,637       7,125         Other Expenses:       -       -       -       -       -       -       -       -       1,450       3,742       3,696       3,742       5134300 Outside Training & Seminars       290       -       290       1,450       -       1,450       1	5031000 FICA	8,501	7,459	1,042	42,280	37,191	5,089
5034000 Workers Comp       1,648       1,183       466       8,030       6,109       1,920         5129000 Employee Benefits - Misc       205       429       (224)       1,023       1,044       (21)         Total Benefits and Taxes       10,663       9,330       1,333       53,762       46,637       7,125         Other Expenses:       -       -       -       -       -       -       -         5132500 Uniforms       1,488       794       693       7,438       3,696       3,742         5134300 Outside Training & Seminars       290       -       290       1,450       -       1,450         5134500 Training       113       -       113       1,547       1,140       407         5137001 Employee Amenities - Coffee/Tea/       -       -       -       -       -       -         5138000 Flowers & Memorials       53       -       53       263       54       208	5032000 FUTA	114	86	28	1,419	1,321	98
5129000 Employee Benefits - Misc       205       429       (224)       1,023       1,044       (21)         Total Benefits and Taxes       10,663       9,330       1,333       53,762       46,637       7,125         Other Expenses:       1,488       794       693       7,438       3,696       3,742         5132500 Uniforms       1,488       794       693       7,438       3,696       3,742         5134300 Outside Training & Seminars       290       -       290       1,450       1,450         5134500 Training       113       -       113       1,547       1,140       407         5137001 Employee Amenities - Coffee/Tea/       -       -       -       -       -       -         5138000 Flowers & Memorials       53       -       53       263       54       208	5033000 SUTA	195	174	21	1,011	971	40
5129000 Employee Benefits - Misc       205       429       (224)       1,023       1,044       (21)         Total Benefits and Taxes       10,663       9,330       1,333       53,762       46,637       7,125         Other Expenses:       1,488       794       693       7,438       3,696       3,742         5132500 Uniforms       1,488       794       693       7,438       3,696       3,742         5134300 Outside Training & Seminars       290       -       290       1,450       1,450         5134500 Training       113       -       113       1,547       1,140       407         5137001 Employee Amenities - Coffee/Tea/       -       -       -       -       -       -         5138000 Flowers & Memorials       53       -       53       263       54       208	5034000 Workers Comp	1,648	1,183	466	8,030	6,109	1,920
Total Benefits and Taxes10,6639,3301,33353,76246,6377,125Other Expenses:5132500 Uniforms1,4887946937,4383,6963,7425134300 Outside Training & Seminars290-2901,450-1,4505134500 Training113-1131,5471,1404075137001 Employee Amenities - Coffee/Tea/5138000 Flowers & Memorials53-5326354208	·						
Other Expenses:       1,488       794       693       7,438       3,696       3,742         5132500 Uniforms       1,488       794       693       7,438       3,696       3,742         5134300 Outside Training & Seminars       290       -       290       1,450       -       1,450         5134500 Training       113       -       113       1,547       1,140       407         5137001 Employee Amenities - Coffee/Tea/       -       -       -       -       -       -         5138000 Flowers & Memorials       53       -       53       263       54       208							
5132500 Uniforms1,4887946937,4383,6963,7425134300 Outside Training & Seminars290-2901,450-1,4505134500 Training113-1131,5471,1404075137001 Employee Amenities - Coffee/Tea/5138000 Flowers & Memorials53-5326354208		,		,		,	, -
5134300 Outside Training & Seminars       290       -       290       1,450       -       1,450         5134500 Training       113       -       113       1,547       1,140       407         5137001 Employee Amenities - Coffee/Tea/       -       -       -       -       -       -       -       513800 Flowers & Memorials       53       -       53       263       54       208		4 400	704	<b>600</b>	7 400	2.000	2 742
5134500 Training       113       -       113       1,547       1,140       407         5137001 Employee Amenities - Coffee/Tea/       -       -       -       -       -       -       -       -       -       -       513       513       53       -       53       263       54       208			/94		-	3,696	-
5137001 Employee Amenities - Coffee/Tea/       -       -       -       -       -       -       -       -       -       -       5138000 Flowers & Memorials       53       -       53       263       54       208	-		-			-	
5138000 Flowers & Memorials     53     -     53     263     54     208			-	113		1,140	
			-	-		-	
5271000 Licenses & Fees3,2955,163(1,868)16,47422,353(5,879)			-				
	5271000 Licenses & Fees	3,295	5,163	(1,868)	16,474	22,353	(5,879)

	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
5609000 Rental & Leasing - Other	115	-	115	575	-	575
5641000 Auto & Bus Expense	5,000	2,188	2,812	25,000	15,634	9,366
5651000 Regular Disposal	6,800	6,721	79	34,000	30,361	3,639
5701001 M&R - Bldg - Fire Protection-Sec	8,190	7,035	1,155	40,950	37,647	3,303
5701010 M&R - Bldg - Elevator Service	11,025	10,458	567	55,125	52,292	2,833
5701015 M&R - Bldg - Scheduled Refurbish	-	-	-	-	-	-
5701020 M&R - Bldg - Extermination Servi	4,117	3,680	436	20,583	17,741	2,842
5701090 M&R - Bldg - Other	26,667	51,641	(24,974)	133,333	190,610	(57,277)
5702015 M&R - Equipment - HVAC	17,500	13,711	3,789	87,500	70,487	17,013
5702090 M&R - Equipment - Other	3,500	548	2,952	17,500	30,108	(12,608)
5703001 M&R - Grounds - Snow Removal	833	-	833	4,167	7,250	(3,083)
5703005 M&R - Grounds - Lawn Care	29,167	28,869	298	145,833	144,345	1,488
5703090 M&R - Grounds - Other	15,417	23,623	(8,206)	77,083	91,061	(13,978)
5781000 Cable TV	24,795	24,832	(37)	123,975	120,638	3,337
5801000 Supplies - Expendable/Durable Go	6,563	11,331	(4,769)	32,813	51,298	(18,485)
5801700 Supplies - Pool	2,450	1,271	1,179	12,250	3,977	8,273
5803000 Supplies - Paper & Forms	208	-	208	1,042	-	1,042
5804000 Supplies - Repair - Equipment	-	-	-	-	-	-
5805500 Supplies - Inventory Adjustment	-	2,583	(2,583)	-	1,900	(1,900)
5991001 Vendor Rebates	-	-	-	-	-	-
Total Non-Utility Other Expenses	167,584	194,449	(26,865)	838,899	892,591	(53,692)
Utilities:						
5771000 Utilities - Gas	8,625	6,137	2,488	43,125	36,071	7,054
5772000 Utilities - Electric	52,236	43,939	8,297	261,179	280,362	(19,182)
5773000 Utilities - Water	18,375	16,536	1,839	91,875	85,119	6,756
5775000 Utilities - Fuel Oil	700	488	212	3,500	488	3,012
Total Utilities	79,936	67,101	12,835	399,679	402,040	(2,361)
Total Other Expenses	247,520	261,550	(14,031)	1,238,579	1,294,632	(56,053)
Total Plant Expenses	369,310	368,613	697	1,845,017	1,829,813	15,204
Environmental Services						
Wages:						
Total EVS Wages	134,537	107,988	26,549	655,458	546,350	109,108
Labor - Outside Contract:						
5104000 Labor O/S - Other	5,500	21,653	(16,153)	27,500	50,993	(23,493)
Total Labor O/S:	5,500	21,653	(16,153)	27,500	50,993	(23,493)
Benefits and Taxes:						
5031000 FICA	10,292	7,779	2,513	50,143	40,548	9,594
5032000 FUTA	91	50	41	2,056	1,796	260
5033000 SUTA	239	203	35	1,317	1,130	187
5034000 Workers Comp	2,119	1,360	759	10,320	6,976	3,344
5129000 Employee Benefits - Misc		-	-	800	953	(153)
Total Benefits and Taxes	12,740	9,393	3,348	64,636	51,404	13,232
Other Expenses:						
-	1,750	2,065	(315)	8,750	9,807	(1,057)
5132500 Uniforms	-	-	-	-	-	-
			-	2,280	2,280	-
5134300 Outside Training & Seminars	-	-				
5134300 Outside Training & Seminars 5134500 Training		-		131	-	131
5134300 Outside Training & Seminars 5134500 Training 5138000 Flowers & Memorials	26	-	26	131 5,250		131 599
5134300 Outside Training & Seminars 5134500 Training 5138000 Flowers & Memorials 5609000 Rental & Leasing - Other				131 5,250 417	- 4,651 377	131 599 39
5134300 Outside Training & Seminars 5134500 Training 5138000 Flowers & Memorials 5609000 Rental & Leasing - Other 5631000 Damage Claims Paid	26 1,050 83	- 825 -	26 225	5,250 417	4,651 377	599 39
5134300 Outside Training & Seminars 5134500 Training 5138000 Flowers & Memorials 5609000 Rental & Leasing - Other 5631000 Damage Claims Paid 5671090 Housekeeping Service Other	26 1,050 83 5,583	- 825 - 5,050	26 225 83 533	5,250 417 27,917	4,651 377 23,377	599
5134300 Outside Training & Seminars 5134500 Training 5138000 Flowers & Memorials 5609000 Rental & Leasing - Other 5631000 Damage Claims Paid 5671090 Housekeeping Service Other 5702090 M&R - Equipment - Other	26 1,050 83 5,583 1,000	- 825 - 5,050 203	26 225 83 533 797	5,250 417 27,917 5,616	4,651 377 23,377 5,177	599 39 4,540 439
5134300 Outside Training & Seminars 5134500 Training 5138000 Flowers & Memorials 5609000 Rental & Leasing - Other 5631000 Damage Claims Paid 5671090 Housekeeping Service Other 5702090 M&R - Equipment - Other 5801000 Supplies - Expendable/Durable Go	26 1,050 83 5,583 1,000 6,333	- 825 - 5,050 203 5,819	26 225 83 533 797 515	5,250 417 27,917 5,616 31,667	4,651 377 23,377 5,177 32,379	599 39 4,540 439 (713)
5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5138000 Flowers & Memorials 5609000 Rental & Leasing - Other 5631000 Damage Claims Paid 5671090 Housekeeping Service Other 5702090 M&R - Equipment - Other 5801000 Supplies - Expendable/Durable Go 5801500 Supplies - Chemicals 5802000 Supplies - Linen & Etc.	26 1,050 83 5,583 1,000	- 825 - 5,050 203	26 225 83 533 797	5,250 417 27,917 5,616	4,651 377 23,377 5,177	599 39 4,540 439

5805500 Supplies - Inventory Adjustment	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
Total Environmental Service Expense         Food Service         Wages:         Total Food Service Wages         Labor - Outside Contract:         5104000 Labor O/S - Other         Total Labor O/S         Benefits and Taxes:         5031000 FICA         5032000 FUTA         5034000 Workers Comp         5129000 Employee Benefits - Misc         Total Benefits and Taxes         Other Expenses:         5132500 Uniforms         5134300 Outside Training & Seminars         5134500 Training         5171000 Travel - Airlines/Hotel/Car Rent	-	(3)	3	-	(303)	303
Food Service Wages: Total Food Service Wages Labor - Outside Contract: 5104000 Labor O/S - Other Total Labor O/S Benefits and Taxes: 5031000 FICA 5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	19,492	18,671	821	100,354	91,805	8,549
Wages: Total Food Service Wages Labor - Outside Contract: 5104000 Labor O/S - Other Total Labor O/S Benefits and Taxes: 5031000 FICA 5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	172,269	157,704	14,564	847,947	740,552	107,395
Total Food Service Wages Labor - Outside Contract: 5104000 Labor O/S - Other Total Labor O/S Benefits and Taxes: 5031000 FICA 5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent						
Labor - Outside Contract: 5104000 Labor O/S - Other Total Labor O/S Benefits and Taxes: 5031000 FICA 5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent						
5104000 Labor O/S - Other Total Labor O/S Benefits and Taxes: 5031000 FICA 5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	267,406	271,312	(3,906)	1,302,849	1,224,970	77,879
Total Labor O/S Benefits and Taxes: 5031000 FICA 5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent						
Benefits and Taxes: 5031000 FICA 5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	-	-	-	-	-	-
5031000 FICA 5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	-	-	-	-	-	-
5032000 FUTA 5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	20 457	20 (22	(166)	00.000	02.008	6 670
5033000 SUTA 5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	20,457 341	20,622 376	(166) (35)	99,668 3,941	92,998 3,869	6,670 72
5034000 Workers Comp 5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	461	494	(33)	2,686	2,458	72 228
5129000 Employee Benefits - Misc Total Benefits and Taxes Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	401	3,492	662	20,233	15,716	4,517
Other Expenses: 5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	466	-	466	2,329	3,339	(1,010)
5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	25,878	24,984	894	128,858	118,380	10,478
5132500 Uniforms 5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent						
5134300 Outside Training & Seminars 5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	2,333	1,073	1,261	11,667	5,331	6,336
5134500 Training 5171000 Travel - Airlines/Hotel/Car Rent	-	-	-	-	-	-
5171000 Travel - Airlines/Hotel/Car Rent	338	-	338	4,728	3,378	1,350
	-	-	-	-	25	(25)
	-	-	-	-	-	-
5271000 Licenses & Fees	1,892	1,694	199	9,461	11,099	(1,637)
5551000 Food - Fresh Bakery	1,107	486	622	5,535	1,745	3,790
5552000 Food - Fresh Dairy/Eggs	19,329	15,960	3,369	96,644	83,792	12,852
5553000 Food - Meat	73,929	88,888	(14,959)	369,645	385,192	(15,547)
5554000 Food - Produce	24,127	25,221	(1,094)	120,635	116,219	4,416
5554500 Food - Frozen	19,227	24,379	(5,152)	96,135	94,342	1,793
5554700 Food - Beverages	6,925	6,208	717	34,625	38,270	(3,645)
5555000 Food - Food - Other	26,692	25,816	876	133,460	120,804	12,656
5559000 Food - Inventory Adjustment	-	(4,168)	4,168	-	(2,091)	2,091
5571000 Lounge Beverage Supply	3,028	7,136	(4,108)	15,140	17,909	(2,769)
5571099 Lounge Inventory Adjustment 5591000 Catering Expense	- 675	(1,060) 13,136	1,060 (12,461)	- 3,375	(573) 14,877	573 (11,502)
5603000 Rental & Leasing - Equipment	921	974	(12,401)	4,605	4,877	(11,502) (265)
5609000 Rental & Leasing - Other	41	42	(1)	205	209	(203)
5702090 M&R - Equipment - Other	3,003	4,678	(1,675)	15,015	13,709	1,306
5801000 Supplies - Expendable/Durable Go	22,475	21,331	1,144	112,375	103,452	8,923
5801500 Supplies - Chemicals	5,995	5,835	160	29,975	24,439	5,536
5802000 Supplies - Linen & Etc.	7,169	6,776	393	35,845	36,992	(1,147)
5803000 Supplies - Paper & Forms	21	-	21	104	-	104
5805000 Supplies - Silverware & Dishes	675	-	675	3,375	5,013	(1,638)
5805400 Supplies - Other	3,000	3,735	(735)	15,000	12,583	2,417
5805500 Supplies - Inventory Adjustment 5991001 Vendor Rebates	-	(1,783) (794)	1,783	-	(357) (19,346)	357 10 346
—	-	· · ·	(20.264)	1 126 000		19,346
Total Other Expenses	226,774	247,037	(20,264)	1,136,909	1,080,283	56,626
Total Food & Beverage Service Expense			/	a		
Resident Services	520,057	543,334	(23,276)	2,568,616	2,423,633	144,982
Wages:	520,057	543,334	(23,276)	2,568,616	2,423,633	144,982
Total Resident Services Wages						
Labor - Outside Contract: 5104000 Labor O/S - Other	520,057 27,272	28,859	(23,276)	2,568,616	2,423,633 131,310	144,982
Total Labor O/S:						

	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
Benefits and Taxes:						
5031000 FICA	2,086	1,873	213	10,170	10,064	106
5032000 FUTA	9	-,	9	347	209	138
5033000 SUTA	46	18	27	271	251	20
5034000 Workers Comp	450	216	234	2,191	1,223	968
5129000 Employee Benefits - Misc	23	-	23	115	-	115
Total Benefits	2,614	2,108	506	13,093	11,748	1,346
Other Expenses:						
5134300 Outside Training & Seminars	-	-	-	-	-	-
5134500 Training	40	-	40	523	380	143
5137001 Emploee Amenities	-	-	-	-	-	-
5171000 Travel - Airlines/Hotel/Car Rent	-	-	-	-	58	(58)
5172000 Travel - Meals	-	-	-	-	-	-
5191000 Professional Dues & Fees 5221000 Consultants	-	-	-	-	-	-
5271000 Licenses & Fees	2,800	3,178	(378)	14,000	18,228	(4,228)
5609000 Rental & Leasing-Equipment	834	834	(578)	4,170	4,170	(4,220)
5801000 Supplies - Expendable/Durable Go	-	-	-	-	805	(805)
5803000 Supplies - Paper & Forms	312	-	312	1,560	-	1,560
5810001 Resident Personal Expense	-	(45)	45	-,	(350)	350
5821000 Activities - Arts and Crafts	4,133	4,300	(166)	20,667	17,925	2,741
5822000 Activities - Recreation	(3,300)	(3,316)	16	(16,500)	(18,432)	1,932
5825000 Activities - Wellness	4,473	3,101	1,373	22,367	15,484	6,882
5829000 Activities - Other	1,217	-	1,217	6,083	-	6,083
Total Other Expenses	10,510	8,051	2,459	52,870	38,269	14,601
Total Resident Services Expense	40,396	39,018	1,377	198,906	181,327	17,579
Health Center Wages:						
Total Health Center Wages	405,990	380,470	25,520	1,964,768	1,881,707	83,061
Labor - Outside Contract:						
Total Labor O/S:	2,000	2,864	(864)	10,000	9,347	653
Penofits and Taylor						
Benefits and Taxes: 5031000 FICA	31,058	29,267	1,792	150,305	143,370	6,935
5032000 FUTA	320	160	161	4,542	4,053	489
5033000 SUTA	494	513	(20)	3,691	3,656	35
5034000 Workers Comp	6,274	6,093	181	30,560	29,873	687
5129000 Employee Benefits - Misc	642	2,532	(1,890)	3,208	7,265	(4,057)
Total Benefits	38,788	38,564	224	192,306	188,203	4,103
HC Administrative Expanses						
HC Administrative Expense: 5132500 Uniforms	_	_	-	-	-	_
5134300 Outside Training & Seminars	_	-	-	-	900	(900)
5134500 Training	175	40	135	3,535	5,275	(1,740)
5138000 Flowers & Memorials		-	-	-	-	-
5171000 Travel - Airlines/Hotel/Car Rent	105	2,152	(2,047)	525	7,222	(6,697)
5172000 Travel - Meals	-	240	(240)	-	835	(835)
5191000 Professional Dues & Fees	55	831	(776)	275	1,079	(804)
5221000 Consultants	5,600	9,728	(4,128)	28,000	32,305	(4,305)
5271000 Licenses & Fees	3,826	3,316	511	19,130	17,352	1,778
5603000 Rental & Leasing - Equipment	-	-	-	-	-	-
5609000 Rental & Leasing - Other	-	-	-	-	-	-
5652000 Hazardous Waste	794	809	(15)	3,970	3,930	40
5702090 M&R - Equipment - Other	1,334	1,990	(657)	6,668	6,103	565
5801000 Supplies - Expendable/Durable Go 5801500 Supplies - Chemicals	8,636	6,033 -	2,603	43,181	42,197 -	985
	-	-	-	-	-	-

	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
5803000 Supplies - Paper & Forms	175	-	175	875	180	695
5804000 Supplies - Repair - Equipment	-	-	-	-	-	-
5805400 Supplies - Other	-	-	-	-	112	(112)
5805500 Supplies - Inventory Adjustment 5810001 Resident Personal Expense	- 125	-	- 125	- 625	-	- 625
5822000 Activities - Recreation	-	-	-		-	- 025
5829000 Activities - Other	3,675	4,412	(737)	18,375	18,897	(522)
5841000 Medical Director Fees	1,783	1,570	213	8,915	7,850	1,065
5875000 Drugs - House Use	388	142	245	1,938	846	1,092
Total HC Administrative Expense	26,670	31,414	(4,744)	136,011	145,509	(9,498)
Ancillary Expenses:						
Private Pay:						
5831000 Physician Services Expense	-	-	-	-	-	-
5853000 Medical Supplies - Supplements/N	-	-	-	-	-	-
5854000 Medical Supplies - Chargeable	11,684	10,131	1,554	57,625	51,888	5,738
5855000 Medical Supplies - Non Chargeabl	-	-	-	-	274	(274)
5873000 Drugs - Legend	-	-	-	-	-	-
5881000 Other Ancillaries - Ambulance	-	-	-	-	-	-
5882000 Other Ancillaries - Laboratory	- 804	- 1 024	- (220)	-	- 4 092	-
5901000 Occupational Therapy 5902000 Physical Therapy	6,943	1,034 4,562	(230) 2,381	4,024	4,982 24,707	(957) 9,092
5903000 Speech Therapy	529	4,502	494	33,799 2,512	608	1,904
Total Private Pay	19,960	15,762	4,198	97,960	82,458	15,502
Total Flivate Fay	19,900	15,702	4,150	57,500	82,438	13,302
Medicare Part A:						
5854000 Medical Supplies - Chargeable	153	407	(253)	850	5,781	(4,931)
5855000 Medical Supplies - Non Chargeable	-	903	(903)	-	1,583	(1,583)
5873000 Drugs - Legend	3,397	736	2,662	17,579	6,388	11,191
5874000 Drugs - Non-Legend	-	-	-	-	-	-
5876000 Drugs - Other	-	-	-	-	-	-
5882000 Other Ancillaries - Laboratory	-	-	-	-	-	-
5886000 Other Ancillaries - Xray 5901000 Occupational Therapy	- 3,416	- 2,087	- 1,329	- 16,591	- 8,985	- 7,606
5902000 Physical Therapy	2,695	2,087	518	13,455	9,066	4,389
5903000 Speech Therapy	741	305	436	3,854	3,442	413
Total Medicare Part A	10,402	6,614	3,788			17,084
	10,402	0,014	5,766	52,329	35,244	17,064
Medicare Part B:						
5901000 Occupational Therapy	8,370	9,082	(712)	37,187	45,956	(8,769)
5902000 Physical Therapy	15,492	19,954	(4,463)	72,664	100,494	(27,830)
5903000 Speech Therapy	4,295	2,437	1,858	22,518	31,203	(8,685)
Total Medicare Part B	28,157	31,473	(3,316)	132,369	177,653	(45,283)
HMO/Managed Care:						
5876000 Drugs - Other	-	-	-	-	-	-
5901000 Occupational Therapy	2,950	1,708	1,242	14,830	7,647	7,183
5902000 Physical Therapy 5903000 Speech Therapy	6,743 1,835	5,530 3,512	1,213 (1,678)	33,900 9,224	29,470 9,707	4,430 (483)
Total HMO/Managed Care	11,527	10,750	777	57,955	46,825	11,130
Total Ancillary Expense	70,046	64,599	5,447	340,613	342,180	(1,567)
Total Health Center Expense	543,494	517,911	25,583	2,643,698	2,566,946	76,752
Community Home Health						
Wages:						
Total Home Health Wages	250,889	232,556	18,333	1,222,554	1,189,968	32,586
Benefits and Taxes:	10 103	17 600	1 гог	02 525	00.047	A 470
5031000 FICA	19,193	17,608	1,585	93,525	89,047	4,479

	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
5032000 FUTA	177	135	42	3,846	3,507	339
5033000 SUTA	449	423	27	2,495	2,391	104
5034000 Workers Comp	3,909	3,034	875	19,041	15,159	3,882
5129000 Employee Benefits - Misc	638	110	528	3,188	2,445	743
Total Benefits	24,366	21,309	3,058	122,095	112,548	9,547
Other Expenses:	271		271	1 250	54	1 202
5132500 Uniforms	271	-	271	1,356	54	1,302
5134300 Outside Training & Seminars 5134500 Training	- 292	- 90	- 202	- 3,359	- 3,157	- 201
5137001 Employee Amenities - Coffee/Tea/	-	-	-	-	52	(52)
5171000 Travel - Airlines/Hotel/Car Rent	-	230	(230)	-	268	(268)
5172000 Travel - Meals	-	-	-	-	-	-
5191000 Professional Dues & Fees	-	-	-	125	100	25
5221000 Consultants	500	540	(40)	2,500	2,400	100
5271000 Licenses & Fees	-	-	-	-	-	-
5509500 Marketing	-	-	-	-	-	-
5609000 Rental & Leasing - Other	919	1,056	(137)	4,594	4,975	(381)
5801000 Supplies - Expendable/Durable Go	219	-	219	1,094	-	1,094
5803000 Supplies - Paper & Forms	50	307	(257)	250	307	(57)
5805400 Supplies - Other	200	47	153	1,000	352	648
Total Other Expenses	2,450	2,270	180	14,277	11,665	2,613
Private Pay: 5855000 Medical Supplies - Non Chargeabl	417	-	417	2,083	1,077	1,006
	278,123	256,135			1,315,258	45,752
Total Community Home Health			21,988	1,361,010		
Total Operating Expense	2,722,343	2,613,486	108,857	13,458,699	12,738,075	720,624
Net Operating Income	281,997	418,175	136,179	1,475,167	2,220,615	745,448
Other Income		72.000	72.000		40 772	40 772
8100001 Income/Loss in Equity Investment	-	73,996	73,996	-	48,772	48,772
8150200 Working Capital 8150300 Assessment/Reserve Income Other	2,860 7,020	4,290 4,491	1,430 (2,529)	14,300	25,356 38,732	11,056
8201000 Interest Income - Intercompany	1,680	1,760	(2,529) 80	35,100 8,400	9,320	3,632 920
8205000 Interest Income - Non Operating	3,500	207,025	203,525	17,500	224,149	206,649
8401000 Gain/Loss on sale of assets	-	-	-	-	-	-
Total Other Income	15,060	291,563	276,503	75,300	346,330	271,029
Other Expenses						
9151000 Depreciation Expense	-	-	-	-	-	-
9201000 Interest Expense - Intercompany	2,378	1,760	618	12,397	9,320	3,077
9205000 Interest Expense - Non-Operating	26,945	26,685	260	134,723	136,103	(1,379)
9207000 Letter of Credit Fee	2,500	-	2,500	12,500	-	12,500
9401000 Professional Non-Operating	-	-	-	-	-	-
9801000 Misc. Expense	-	-	-	-	300	(300)
9881000 Income Tax	1,667	-	1,667	8,333	37,173	(28,840)
Total Other Expenses	33,489	28,445	5,045	167,954	182,896	(14,942)
Net Income/(Loss)	263,567	681,293	417,726	1,382,514	2,384,049	1,001,535
SUMMARY						
Operating Revenue						
Total Independent Living Revenue	1,918,638	1,958,309	39,671	9,593,189	9,647,576	54,387
Total Health Center Revenue	752,194	755,634	3,441	3,673,136	3,695,298	22,162
Total Home Health Revenue	333,342	317,557	(15,785)	1,666,708	1,614,929	(51,780)
Total Other Operating Revenue	167	162	(5)	833	887	54
Total Operating Revenue	3,004,340	3,031,662	27,322	14,933,866	14,958,690	24,824

	MAY-25 Budget	MAY-25 Actual	MAY-25 Variance	YTD Budget	YTD Actual	YTD Variance
Operating Expense						
Total General and Administrative Expense	798,695	730,771	67,924	3,993,506	3,680,546	312,960
Total Plant Expenses	369,310	368,613	697	1,845,017	1,829,813	15,204
Total Environmental Service Expense	172,269	157,704	14,564	847,947	740,552	107,395
Total Food & Beverage Service Expense	520,057	543,334	(23,276)	2,568,616	2,423,633	144,982
Total Resident Services Expense	40,396	39,018	1,377	198,906	181,327	17,579
Total Health Center Expense	543,494	517,911	25,583	2,643,698	2,566,946	76,752
Total Community Home Health Expense	278,123	256,135	21,988	1,361,010	1,315,258	45,752
Total Operating Expense	2,722,343	2,613,486	108,857	13,458,699	12,738,075	720,624
Net Operating Income	281,997	418,175	136,179	1,475,167	2,220,615	745,448
Total Other Income	15,060	291,563	276,503	75,300	346,330	271,029
Total Other Expenses	33,489	28,445	5,045	167,954	182,896	(14,942)
Net Income/(Loss)	263,567	681,293	417,726	1,382,514	2,384,049	1,001,535
						6/12/2025

## Exhibit A-5a

The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc. Combined 2024 Forecast to Actual - Balance Sheet Material Variance Analysis

	<b>F</b>		Over / (Under)	Over / (Under)	
•	Forecast	Actual	Variance	Variance	
Assets					
Current Assets	6027 740	6020 476	600 7CC	440/	
Cash and cash equivalents	\$837,710	\$928,476	\$90,766	11%	
Accounts receivable, net	\$754,980	\$880,975	\$125,995	17%	
Employee retention credit receivable	\$0	\$1,561,166	\$1,561,166		1
Due from affliates	\$154,934	\$70,833	(\$84,101)	-54%	
Inventory	\$163,594	\$162,577	(\$1,017)	-1%	
Other current assets	\$556,698	\$540,830	(\$15,868)	-3%	
	\$2,467,916	\$4,144,857	\$1,676,941		
Assets Limited to Use					
Internally designated for DOI operating reserve	\$2,325,000	\$2,590,469	\$265,469	11%	2
Reserve for Replacements	\$2,457,085	\$2,380,153	(\$76,932)	-3%	
	\$4,782,085	\$4,970,622	\$188,537		
		4			
Other Investments	\$25,000	\$25,000	\$0		
Property and Equipment, Net	\$29,286,884	\$28,337,475	(\$949,409)	-3%	
Refundable deposits	\$25,000	\$25,000	\$0	0%	
Right-of-use operating lease assets	\$154,173	\$154,173	\$0	0%	
	\$36,741,058	\$37,657,127	\$916,069		
Liabilities and Net Assets and Members' Equity					
Current Liabilities					
Accounts Payable and accrued expenses	\$2,581,922	\$2,438,814	(\$143,108)	-6%	
Due to Affiliate	\$0	\$0	\$0	#DIV/0!	
Provider relief advance	\$0	\$0	\$0	NMR	
Due to homeowners	\$0	\$0	\$0	NMR	
Current portion of operating lease liabilities	\$39,932	\$39,931	(\$1)	0%	
Current portion of long-term debt	\$624,998	\$618,913	(\$6,085)	-1%	
Total current liabilities	\$3,246,852	\$3,097,658	(\$149,194)		
Operating lease liablities, less current portion	\$114,241	\$114,241	\$0	0%	
Long-Term Debt, less current portion	\$8,145,085	\$8,144,166	(\$919)	0%	
Total Liabilities	\$11,506,178	\$11,356,065	(\$150,113)		
Net Assets					
Unrestricted	\$10,875,295	\$11,558,241	\$682,946	6%	
Total net assets	\$10,875,295	\$11,558,241	\$682,946	070	
	210,072,235	γ11,330,241	۶062 <i>,3</i> 40		
Members' Equity	¢11 002 гоо	¢10 260 660	\$A60.160	40/	
Members' equity, undesignated	\$11,902,500	\$12,362,668	\$460,168 (\$76,022)	4% -3%	
Members' equity, designated asset replacement and repair	\$2,457,085	\$2,380,153	(\$76,932)	-3%	
Total Members' Equity	\$14,359,585	\$14,742,821	\$383,236		
	\$36,741,058	\$37,657,127	\$916,069		

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

1 Final ERC money not received as of December 31, 2024

2 Actual balance includes investment gains not distributed

#### The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc. Combined 2024 Forecast to Actual - Operations

Material Variance Analysis

		_	Over / (Under)	Over / (Under)	
	Forecast	Actual	Variance	Variance	
Revenues					
Member fees and assessments	\$21,273,396	\$22,073,081	\$799,685	4%	
Health Center	\$8,046,182	\$8,670,586	\$624,404	8%	
Home Health	\$3,487,228	\$3,817,679	\$330,451	9%	
Other	\$0	\$12,592	\$12,592	NMR	
Investment Income	\$41,865	\$399,058	\$357,193	853% <b>1</b>	
Total Revenues	\$32,848,671	\$34,972,996	\$2,124,325		
Expenses					
Food and beverage	\$5,924,765	\$5,761,497	(\$163,268)	-3%	
Health Center	\$5,766,382	\$6,043,510	\$277,128	5%	
Home Health	\$2,763,177	\$3,131,814	\$368,637	13% <b>2</b>	
Plant	\$5,102,884	\$5,289,917	\$187,033	4%	
Resident Services	\$447,850	\$455,635	\$7,785	2%	
Housekeeping	\$1,928,910	\$1,924,910	(\$4,000)	0%	
General and administrative	\$8,682,849	\$9,401,315	\$718,466	8%	
Depreciation and amortization	\$1,287,824	\$1,373,325	\$85,501	7%	
Total Expenses	\$31,904,641	\$33,381,923	\$1,477,282		
Change in net assets and members' equity	\$944,030	\$1,591,073	\$647,043		

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

1 Investment account gains due to market fluctuations

2 Revenues higher than expected resulting in higher labor cost

The Cypress of Charlotte Club, Inc and The Cypress of Charlotte Owners' Association, Inc. Combined 2024 Forecast to Actual - Cash Flows

Combined 2024 Polecast to Actual - Cash

Material Variance Analysis

	Forecast	Actual	Over / (Under) Variance	Over / (Under) Variance	
Cash Flows From Operating Activities					•
Change in net assets and excess of revenues over expenses	\$605,567	\$1,591,073	\$985,506	163%	1
Adjustments to reconcile changes in net assets and excess of rev	renues				
over expenses to net cash provided by operating activities					
Depreciation	\$1,287,824	\$1,373,325	\$85,501	7%	
Unrealized (Gain) Loss on assets limited as to use	\$0	(\$302,817)	(\$302,817)	NMR	
Transfer from designated asset replacement and repair	\$300,000	\$0	(\$300,000)	NMR	
Provision for credit losses on accounts receivable	\$0	\$84,829	\$84,829		
Amortization of right-of-use assets	\$0	\$40,890	\$40,890		
Change in operating assets and liabilities					
Accounts receivables, net	(\$35,951)	(\$246,775)	(\$210,824)	586%	
Employee retention credit receivable	\$1,561,166	\$0	(\$1,561,166)	100%	2
Due from and to affiliate	(\$7,378)	\$76,723	\$84,101	100%	
Inventories	(\$7,790)	(\$6,773)	\$1,017	-13%	
Other current assets	(\$26,509)	(\$10,641)	\$15,868	-60%	
Accounts payable and accrued expenses	\$122,949	(\$40,145)	(\$163,094)	-133%	
COVID-19 testing advance	\$0	\$0	\$0		
Due to homeowners	\$0	(\$5,779)	(\$5,779)		
Repayment of operating lease liabilities	(\$39,932)	(\$40,892)	(\$960)	NMR	
Net Cash provided by operating activities	\$3,759,946	\$2,513,018	(\$1,246,928)		
Cash Flows From Investing Activities					
Purchase of property and equipment	(\$2,862,034)	(\$745,936)	\$2,116,098	-74%	2&3
Proceeds from sale of assets limited as to use	\$0	\$225,300	\$225,300	NMR	
Purchase of assets whose use is limited	(\$646,244)	(\$1,723,629)	(\$1,077,385)	167%	4
Net Cash used in investing activities	(\$3,508,278)	(\$2,244,265)	\$1,264,013		
Cash Flows From Financing Activities					
Payments of principal on long-term debt	(\$613,828)	(\$620,823)	(\$6,995)	1%	
Capital contributions	\$0	\$80,676	\$80,676	NMR	
Net Cash used in financing activities	(\$613,828)	(\$540,147)	(\$6,995)		
Net Cash increase in cash and cash equivalents	(\$362,160)	(\$271,394)	\$10,090		
	(7302,100)	(727 1,334)	\$10,030		
Cash and cash equivalents Beginning	\$1,199,870	\$1,199,870	\$0		
	\$837,710	\$928,476	\$90.766		
Ending	οος/,/10	<i>3320,410</i>	\$90,700		

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

- 1 Higher revenue than forecasted-see Operating Statement for details of revenue and expense variances
- 2 Final ERC Installment not received
- 3 Equipment purchased delayed due to higher than expected expenses
- 4 Higher than expected non-budgeted asset purchases

Exhibit A-6

## The Cypress of Charlotte, LLC

Financial Report December 31, 2024

## Contents

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Financial statements	
Balance sheets	3
Statements of income and members' equity (deficit)	4
Statements of cash flows	5
Notes to financial statements	6-11



**RSM US LLP** 

#### Independent Auditor's Report

Members The Cypress of Charlotte, LLC

#### Opinion

We have audited the financial statements of The Cypress of Charlotte, LLC (the Company), which comprise the balance sheet as of December 31, 2024, the related statements of income and members' equity (deficit), and cash flows for the period from December 3, 2024 (inception) to December 31, 2024, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Cypress of Charlotte, LLC as of December 31, 2024, and the results of its operations and its cash flows for the period from December 3, 2024 (inception) to December 31, 2024 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

#### **Other Matter**

The financial statements of the Company, as of December 2, 2024 and for the period from January 1, 2024 to December 2, 2024, and as of and for the year ended December 31, 2023, were audited by other auditors, whose reports, dated April 22, 2025 and May 21, 2024, respectively, expressed an unmodified opinion on those statements.

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud
  or error, and design and perform audit procedures responsive to those risks. Such procedures include
  examining, on a test basis, evidence regarding the amounts and disclosures in the financial
  statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

RSM US LLP

Des Moines, Iowa May 30, 2025

#### Balance Sheets December 31, 2024 (Successor), December 2, 2024 (Predecessor), and December 31, 2023 (Predecessor)

	Successor December 31, 2024			Prede	cessor		
			D	ecember 2, 2024	D	ecember 31, 2023	
Assets							
Current assets:							
Cash and cash equivalents—operating	\$	662,384	\$	2,075,158	\$	438,076	
Due from related parties Accounts receivable		- 220,954		403,750		-	
Prepaid expenses		13,158		- 3,846		-	
Total current assets		896,496		2,482,754		438,076	
Restricted assets:							
Cash and cash equivalents—debt reserve		1,102,376		-		-	
Cash and cash equivalents—wait list deposits		405,773		395,456		371,482	
Cash and cash equivalents—real estate trust		-		98		516,598	
Total restricted assets		1,508,149		395,554		888,080	
Intangible assets:							
Goodwill		7,601,105		-		-	
Trade names		536,000		-		-	
Contractual rights		39,463,390		-		-	
Less accumulated amortization		(190,069)		-		-	
Total intangible assets, net		47,410,426		-		-	
Property and equipment:							
Furniture, fixtures, and equipment		-		16,764		16,764	
Less accumulated depreciation		-		(16,764)		(16,764)	
Total property and equipment, net		-		-		-	
Total assets	\$	49,815,071	\$	2,878,308	\$	1,326,156	
Liabilities and Members' Equity (Deficit)							
Current liabilities:							
Accounts payable	\$	422,245	\$	204,170	\$	22,172	
Due to related parties		25,220		21,300		155,447	
Accrued expenses		52,261		-		42,889	
Accrued interest payable		133,688		-		1,520	
Distributions payable Deposits—real estate trust		-		-		114,363 516,500	
Current portion of note payable		-		-		116,139	
Total current liabilities		633,414		225,470		969,030	
Noncurrent liabilities:							
Note payable		19,000,000		-		299,299	
Less debt issuance costs, net		(138,447)		-		(4,594)	
Note payable, net		18,861,553		-		294,705	
Deposits—wait list		404,000		395,000		361,800	
Total noncurrent liabilities		19,265,553		395,000		656,505	
Total liabilities		19,898,967		620,470		1,625,535	
Members' equity (deficit)		29,916,104		2,257,838		(299,379)	
Total liabilities and members' equity	<u>\$</u>	49,815,071	\$	2,878,308	\$	1,326,156	

See notes to financial statements.

### Statements of Income and Members' Equity (Deficit) Periods from December 3, 2024 to December 31, 2024 (Successor), January 1, 2024 to December 2, 2024 (Predecessor), and Year ended December 31, 2023 (Predecessor)

		Successor	Predecessor				
	Dece	Period from mber 3, 2024 to ember 31, 2024		from January 1, to December 2, 2024		Year ended ecember 31, 2023	
Revenues:							
Membership fees	\$	212,000	\$	2,203,000	\$	3,955,400	
Management fees		204,915		2,557,284		2,607,635	
Commission revenues		85,995		941,340		1,508,172	
Interest income—operating and escrow funds		2,386		17,338		16,885	
Miscellaneous revenue		1,500		18,103		20,000	
Total revenues		506,796		5,737,065		8,108,092	
Expenses:							
Sales incentives and developer costs		4,455		293,722		222,887	
Insurance		1,709		46,768		48,506	
Management fees		25,220		154,000		168,000	
Marketing/advertising		13,692		290,944		273,282	
Miscellaneous expenses		12,301		18,212		34,184	
Office expenses and rent		924		56,334		60,618	
Professional fees		110		70,560		24,784	
Salaries, wages and payroll taxes		21,971		433,341		438,749	
Total operating expenses other than amortization		80,382		1,363,881		1,271,010	
Interest		133,688		26,814		37,183	
Debt issuance amortization		2,346		4,594		1,411	
Amortization		190,069		-		-	
Total other expenses		326,103		31,408		38,594	
Net income		100,311		4,341,776		6,798,488	
Members' equity (deficit):							
Beginning balance		29,740,793		(299,379)		302,089	
Members' contributions		75,000		-		-	
Members' distributions		-		(1,784,559)		(7,399,956)	
Ending balance	\$	29,916,104	\$	2,257,838	\$	(299,379)	

See notes to financial statements.

### Statements of Cash Flows Periods from December 3, 2024 to December 31, 2024 (Successor), January 1, 2024 to December 2, 2024 (Predecessor), and Year ended December 31, 2023 (Predecessor)

	Year ended mber 31, 2023 6,798,488 1,411 -
Net income\$100,311\$4,341,776\$Adjustments to reconcile net income to net cash provided by operating activities: Debt issuance amortization2,3464,594Debt issuance amortization2,3464,594Amortization expense190,069-(Increase) decrease in: Accounts receivable(220,954)-Prepaid expenses(2,433)(3,846)Increase (decrease) in: Accounts payable and accrued expenses121,081139,109Due to/(from) related parties25,220(537,897)Accounds payable133,688(1,520)Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities-(415,438)Members' contributions-(1,784,553)Net cash provided by (used) in financing activities75,000-Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	
Adjustments to reconcile net income to net cash provided by operating activities: Debt issuance amortization2,3464,594Debt issuance amortization2,3464,594Amortization expense190,069-(Increase) decrease in: Accounts receivable(220,954)-Accounts receivable(2,433)(3,846)Increase (decrease) in: Account payable and accrued expenses121,081139,109Due to/(from) related parties25,220(537,897)Account payable133,688(1,520)Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities-(415,438)Note payable repayments-(1,784,559)Net cash provided by (used) in financing activities75,000-Net cash provided by (used) in financing activities75,0002(,199,997)Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	
operating activities: Debt issuance amortization2,3464,594Amortization expense190,069-(Increase) decrease in: Accounts receivable(220,954)-Prepaid expenses(2,433)(3,846)Increase (decrease) in: Accounts payable and accrued expenses(2,433)(3,846)Due to/(from) related parties25,220(537,897)Accrued interest payable133,688(1,520)Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities-(415,438)Members' ontributions75,000-Members' distributions75,000(2,199,997)Net cash provided by (used) in financing activities75,000(2,199,997)Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	1,411 -
Debt issuance amortization2,3464,594Amortization expense190,069-(Increase) decrease in: Accounts receivable(220,954)-Prepaid expenses(2,433)(3,846)Increase (decrease) in: Accounts payable and accrued expenses121,081139,109Due to/(from) related parties25,220(537,897)Accounds payable and accrued expenses121,081139,109Due to/(from) related parties25,220(537,897)Accrued interest payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities146,3283,344,553Cash flows from financing activities: Note payable repayments-(415,438)Members' contributions75,000-Members' distributions75,000-Net cash provided by (used) in financing activities75,000-Net cash provided by (used) in financing activities75,000-Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: 	1,411 -
Amortization expense190,069-(Increase) decrease in:(220,954)-Accounts receivable(220,954)-Prepaid expenses(2,433)(3,846)Increase (decrease) in:Accounts payable and accrued expenses121,081139,109Due to/(from) related parties25,220(537,897)Accrued interest payable133,668(1,520)Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities-(415,438)Note payable repayments-(1,784,559)Net cash provided by (used) in financing activities75,000-Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents:1949,2051,326,156	1,411 -
(Increase) decrease in: Accounts receivable(220,954)-Prepaid expenses(2,433)(3,846)Increase (decrease) in: Accounts payable and accrued expenses121,081139,109Due to/(from) related parties25,220(537,897)Accrued interest payable133,688(1,520)Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities146,3283,344,553Cash flows from financing activities: Note payable repayments-(415,438)Members' contributions75,000-Members' distributions-(1,784,559)Net cash provided by (used) in financing activities75,000(2,199,997)Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	-
Accounts receivable(220,954)Prepaid expenses(2,433)Increase (decrease) in:-Accounts payable and accrued expenses121,081Due to/(from) related parties25,220Accrued interest payable133,688Obstributions payable-Obstributions payable-Obstributions payable-Obstributions payable-Obstributions payable-Obstributions payable-Obstributions payable-Obstributions payable-Cash flows from financing activities:(203,000)Net cash provided by operating activities-Note payable repayments-Members' contributions-Members' distributions-Members' distributions-Net cash provided by (used) in financing activities75,000Net increase in cash and cash equivalents221,328Cash and cash equivalents:-Beginning of period1,349,2051,326,156-	
Prepaid expenses(2,433)(3,846)Increase (decrease) in:Accounts payable and accrued expenses121,081139,109Due to/(from) related parties25,220(537,897)Accrued interest payable133,688(1,520)Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities146,3283,344,553Cash flows from financing activities:-(415,438)Members' contributions-(1,784,559)Net cash provided by (used) in financing activities75,000-Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents:Beginning of period1,949,2051,326,156	
Increase (decrease) in: Accounts payable and accrued expenses Due to/(from) related parties Accrued interest payable Distributions payable Distributions payable Deposits—real estate trust and wait list (203,000) Net cash provided by operating activities Note payable repayments Members' contributions Members' distributions Net cash provided by (used) in financing activities Net cash provided by (used) in financing activities Accound and cash equivalents Cash and cash equivalents: Beginning of period Accound expenses 121,081 133,688 (1520) (537,897) Accrued interest payable (114,363) (203,000) (483,300) (483,300) (483,300) (483,300) (483,300) (483,300) (483,300) (483,300) (483,300) (483,300) (483,300) (483,300) (483,300) (415,438) (1,784,559) Net cash provided by (used) in financing activities (1,784,559) Net increase in cash and cash equivalents (21,328 1,326,156	1,240,053
Accounts payable and accrued expenses       121,081       139,109         Due to/(from) related parties       25,220       (537,897)         Accrued interest payable       133,688       (1,520)         Distributions payable       -       (114,363)         Deposits—real estate trust and wait list       (203,000)       (483,300)         Net cash provided by operating activities       146,328       3,344,553         Cash flows from financing activities:       -       (415,438)         Note payable repayments       -       (415,438)         Members' contributions       -       (1,784,559)         Net cash provided by (used) in financing activities       75,000       -         Net increase in cash and cash equivalents       221,328       1,144,556         Cash and cash equivalents:       -       1,949,205       1,326,156	-
Due to/(from) related parties25,220(537,897)Accrued interest payable133,688(1,520)Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities146,3283,344,553Cash flows from financing activities:-(415,438)Note payable repayments-(415,438)Members' contributions75,000-Members' distributions-(1,784,559)Net cash provided by (used) in financing activities75,000-Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	
Accrued interest payable133,688(1,520)Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities146,3283,344,553Cash flows from financing activities:-(415,438)Note payable repayments-(415,438)Members' contributions75,000-Members' distributions-(1,784,559)Net cash provided by (used) in financing activities75,000(2,199,997)Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	2,642
Distributions payable-(114,363)Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities146,3283,344,553Cash flows from financing activities: Note payable repayments-(415,438)Members' contributions75,000-Members' distributions-(1,784,559)Net cash provided by (used) in financing activities75,000-Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	(396,717)
Deposits—real estate trust and wait list(203,000)(483,300)Net cash provided by operating activities146,3283,344,553Cash flows from financing activities: Note payable repayments-(415,438)Members' contributions75,000-Members' distributions-(1,784,559)Net cash provided by (used) in financing activities75,000(2,199,997)Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	(1,840)
Net cash provided by operating activities146,3283,344,553Cash flows from financing activities: Note payable repayments-(415,438)Members' contributions75,000-Members' distributions-(1,784,559)Net cash provided by (used) in financing activities75,000(2,199,997)Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	114,363
Cash flows from financing activities: Note payable repayments-(415,438)Members' contributions75,000-Members' distributions-(1,784,559)Net cash provided by (used) in financing activities75,000(2,199,997)Net increase in cash and cash equivalents221,3281,144,556Cash and cash equivalents: Beginning of period1,949,2051,326,156	467,400
Note payable repayments       -       (415,438)         Members' contributions       75,000       -         Members' distributions       -       (1,784,559)         Net cash provided by (used) in financing activities       75,000       (2,199,997)         Net increase in cash and cash equivalents       221,328       1,144,556         Cash and cash equivalents:       -       -         Beginning of period       1,949,205       1,326,156	8,225,800
Members' contributions       75,000       -         Members' distributions       -       (1,784,559)         Net cash provided by (used) in financing activities       75,000       (2,199,997)         Net increase in cash and cash equivalents       221,328       1,144,556         Cash and cash equivalents:       1,949,205       1,326,156	
Members' distributions       -       (1,784,559)         Net cash provided by (used) in financing activities       75,000       (2,199,997)         Net increase in cash and cash equivalents       221,328       1,144,556         Cash and cash equivalents:       1,949,205       1,326,156	(107,080)
Members' distributions       -       (1,784,559)         Net cash provided by (used) in financing activities       75,000       (2,199,997)         Net increase in cash and cash equivalents       221,328       1,144,556         Cash and cash equivalents:       1,949,205       1,326,156	-
Net cash provided by (used) in financing activities       75,000       (2,199,997)         Net increase in cash and cash equivalents       221,328       1,144,556         Cash and cash equivalents:       1,949,205       1,326,156	(7,399,956)
Cash and cash equivalents: Beginning of period 1,949,205 1,326,156	(7,507,036)
Beginning of period <b>1,949,205</b> 1,326,156	718,764
Beginning of period <b>1,949,205</b> 1,326,156	
End of period \$ 2,170,533 \$ 2,470,712 \$	607,392
	1,326,156
Summary of cash accounts per balance sheets:	
Cash and cash equivalents—operating \$ 662,384 \$ 2,075,158 \$	438,076
Cash and cash equivalents—debt reserve 1,102,376 -	-
Cash and cash equivalents—wait list deposits 405,773 395,456	371,482
Cash and cash equivalents—real estate trust - 98	516,598
Total cash per balance sheets\$ 2,470,712 \$	1,326,156
Supplemental disclosures of noncash investing and financing activities:	
Cash consideration paid for acquisition \$ 47,500,000 \$ - \$	-
Member contributions to fund acquisition \$29,740,793 \$-\$	
Proceeds from note payable \$ 19,000,000 \$ - \$	
Payment of debt issuance costs \$ 140,793 \$ - \$	
Supplemental disclosure:	
Cash paid during the year for interest \$ 31,408 \$	38,594

See notes to financial statements.

#### **Notes to Financial Statements**

#### Note 1. Nature of Organization

The Cypress of Charlotte, LLC (the Company), was organized on April 16, 1996 in compliance with laws of the State of South Carolina. The Company's general purpose is to engage in the business of purchasing, developing and managing real property and related facilities specifically for a continuing care retirement community geographically located in Charlotte, North Carolina (The Cypress of Charlotte).

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

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

The basis of presentation for this report is as follows:

#### Predecessor

The year ended December 31, 2023 and the period from January 1, 2024 to December 2, 2024 reflect the historical cost basis of accounting of the Company that existed prior to the Equity Purchase Agreement ("EPA", see Note 4). These periods are referred to as "Year Ended December 31, 2023 (Predecessor)" and "Period from January 1, 2024 through December 2, 2024 (Predecessor)".

#### Successor

The period from December 3, 2024 to December 31, 2024 is referred to as the "Successor period" and "Period from December 3, 2024 to December 31, 2024 (Successor)". The Successor period reflects the costs and activities as well as the recognition of assets and liabilities of the Company at their fair values pursuant to the election of pushdown accounting whereby the acquirer's transaction cost basis is reported at the Company level as of the consummation of the EPA in a change in control event (see Note 4).

Due to the election and application of pushdown accounting by the acquirer, Life Care Services Communities LLC (LCSC) and the conforming of significant accounting policies, the statements of income and members' equity, cash flows, and other financial information for the Successor period are not comparable to the Predecessor periods.

#### **Notes to Financial Statements**

#### Note 2. Summary of Significant Accounting Policies

Revenue and cost recognition: The Company's primary sources of revenues include the following:

**Management fees:** Pursuant to the management agreement between the LLC and the Club, as well as the membership agreement between each member and the LLC, the LLC receives an annual management fee from the Club and the Association. The amount received by the Company is based on the total operating costs of both the Club and the Association. The Company recognizes revenue for management services in accordance with Accounting Standards Codification (ASC) 606. Although there are various management and operational activities performed by the Company under the contracts, the Company has determined that all management activities are a single performance obligation, which is satisfied over time as the services are rendered. For the Successor period, the amount earned by the LLC totaled \$204,915 and were included in accounts receivable at December 31, 2024. For the period from January 1, 2024 through December 2, 2024 (Predecessor) and the year ended December 31, 2023 (Predecessor), the amounted earned by the LLC was \$2,557,284 and \$2,607,635, respectively.

**Membership fees:** Membership fees are received from the buyer of a residential unit as a result of the resale of a residential unit and equates to 10% of the unit's gross sales price. This revenue is recognized at a point in time at the time when the parties are bound by the terms of the contract, consideration has been exchanged, and title and other attributes of ownership have been conveyed to the buyer by means of a closing.

**Commission revenues:** Commission revenues are received from the seller of a residential unit as a result of the resale of a residential unit and generally equates to 5% of the unit's gross sales price. This revenue is recognized at a point in time at the time when the parties are bound by the terms of the contract, consideration has been exchanged, and title and other attributes of ownership have been conveyed to the buyer by means of a closing.

**Cash and cash equivalents:** Cash and cash equivalents consist of cash on hand and depository accounts. The Company considers investments with maturities of three months or less when purchased to be cash equivalents.

**Restricted assets—debt reserve:** The Company is required to establish a debt reserve in the minimum amount of \$1,100,000 in a depository account held with the lender related to the note payable to fund the acquisition described in Note 4. The debt reserve was funded with note proceeds at consummation of the EPA.

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

**Concentration of credit risk:** The Company maintains their cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts due to this concentration.

#### **Notes to Financial Statements**

#### Note 2. Summary of Significant Accounting Policies (Continued)

**Accounts receivable:** Accounts receivable are stated net of credit losses to represent the Company's estimate of expected losses at the balance sheet date. The adequacy of the Company's allowance for credit losses is reviewed on an ongoing basis using analyses of receivable aging, a review of specific accounts, as well as expected future economic conditions and market trends. Accounts are routinely reviewed, and specific provisions established as necessary. Accounts receivable are written off when deemed uncollectible. The Company determined that no allowance was necessary as of December 31, 2024, December 2, 2024, and December 31, 2023.

**Intangible assets:** Intangible assets recognized upon the application of pushdown accounting for the EPA described in Note 4 were certain trade names valued at \$536,000 which will be amortized over 10 years. Further, contractual rights that provide for the management and membership fees were valued at \$39,463,390 and will be amortized over a period of 25 years.

**Goodwill:** Goodwill represents the excess of purchase price over the fair value of the identified underlying assets acquired under the EPA. The Company accounts for goodwill under Accounting Standards Update (ASU) No. 2014-02, which provides an accounting alternative for private companies. Accordingly, the Company amortizes goodwill on a straight-line basis over a period of 10 years.

**Debt issuance costs:** The Company incurred a total of \$140,793 of debt issuance costs as part of the debt proceeds used to fund the acquisition described in Note 4. These costs are being amortized over the term of the note payable utilizing the straight-line method of calculation which does not vary materially from the generally accepted effective interest method. For the Successor period, amortization expense totaled \$2,346. As of December 31, 2024, accumulated amortization was \$2,346.

For the predecessor period, amortization expense totaled \$4,594 for the period from December 1, 2024 to December 2, 2024 and \$1,411 for the year ended December 31, 2023.

**Income taxes:** The Company is a disregarded entity for income tax purposes. Therefore, the income or loss of the Company is included in the income tax return of the unitholders of the parent company of LCSC.

The Company follows the accounting guidance for uncertainty in income tax positions as required by the Income Taxes Topic of the ASC. Management has evaluated their material tax positions and determined there are no income tax effects with respect to the financial statements. The Company has not been notified of any impending examinations by tax authorities and no examinations are in process.

**Advertising costs:** The Company expenses advertising costs as incurred. Advertising costs were \$13,692 for the Successor Period. Advertising costs for the period from January 1, 2024 to December 2, 2024 and year ended December 31, 2023 were \$232,256 and \$215,343, respectively.

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

#### **Notes to Financial Statements**

#### Note 3. Related-Party Transactions.

As managing member, an affiliate of LCSC receives compensation and reimbursements for daily management services provided to the Company. For the Successor period, the Company incurred \$25,220 in fees which were payable at December 31, 2024. For the period from January 1, 2024 through December 2, 2024 (Predecessor) and the year ended December 31, 2023 (Predecessor), the amount earned by the previous managing members was \$154,000 and \$168,000, respectively.

#### Note 4. Equity Purchase Agreement, Change in Control and Pushdown Accounting

On December 3, 2024, LCSC, through its ownership in Cypress CLT GP Investor LLC (CLT GP) and Cypress CLT LP Investor LLC (CLT LP), acquired 100% of the equity interests in the Company through the terms of the EPA which resulted in a change in control. The purchase price was determined based on a negotiated value, which resulted in recognition of \$7,601,105 of goodwill.

Pursuant to the transaction described in Note 1, the equity of the Company was acquired on December 3, 2024. The Successor period of the Company is reflected in the Company's statement of income and members' equity (deficit) from the transaction date forward.

The transaction was accounted for under pushdown accounting with the purchase price allocated to the Company based on the fair value of the individual assets acquired and liabilities assumed, with the remainder recorded as goodwill. The fair value of the trade names and contractual rights was determined through an external valuation process. The total consideration paid by LCSC through CLT GP and CLT LP was \$47,658,923, which included cash paid totaling \$47,500,000 funded through capital contributions and proceeds from a note payable. The total fair value of the Company on the acquisition date \$47,658,923 allocated as follows:

Cash and cash equivalents—operating Cash and cash equivalents—wait list deposits Prepaid expenses Trade names Contractual rights Goodwill Accrued expenses Deposits—real estate trust Deposits—wait list	\$ 241,904 607,301 10,725 536,000 39,463,390 7,601,105 (194,502) (212,000) (395,000) 47,658,923
Note payable Cash and cash equivalents—debt reserve Debt issuance costs Post-closing purchase price adjustments	19,000,000 (1,100,000) (140,793) <u>158,923</u> 17,918,130
Members' equity at application of push down accounting	\$ 29,740,793

In accordance with the terms of the EPA, the buyer and seller have a designated period of time after closing to true-up proration amounts or agreed upon net working capital or post-closing adjustments for a period defined in the EPA. As of December 31, 2024, the post-closing adjustments were \$158,923 owed to the seller which is included in accounts payable on the balance sheet and the additional consideration to be paid increased goodwill.

#### **Notes to Financial Statements**

#### Note 5. Intangible Assets and Goodwill

The following is a summary of goodwill and intangible assets and the associated amortization expenses as of December 31, 2024:

	D	ecember 31, 2024	De	ecember 2, 2024	Dec	ember 31, 2023	Weighted Average Amortization Period (in Years)
Goodwill	\$	7,601,105	\$	-	\$	_	10.00
Trade names	Ŧ	536,000	Ŧ	-	Ŧ	-	25.00
Contractual rights		39,463,390		-		-	25.00
-		47,600,495		-		-	-
Less accumulated amortization, goodwill		(60,392)		-		-	
Less accumulated amortization, trade names		(4,259)		-		-	
Less accumulated amortization, contractual rights		(125,418)		-		-	_
	\$	47,410,426	\$	-	\$	-	_

Amortization expense recognized on the intangible assets and goodwill was \$190,069 for the period from December 3, 2024 to December 31, 2024.

Remaining amortization expense is as follows on December 31, 2024:

Years ended December 31:	
2025	\$ 2,360,086
2026	2,360,086
2027	2,360,086
2028	2,360,086
2029	2,360,086
Thereafter	35,609,996
Total	\$ 47,410,426

#### Note 6. Note Payable

On December 2, 2024, the Company entered into a credit agreement with a lender as part of the acquisition described in Note 4 for a borrowing in the amount of \$19,000,000. The note payable bears interest at 30 day average Secured Overnight Financing Rate (SOFR) plus an applicable margin of 3.25% (7.92% at December 31, 2024) and matures on December 3, 2038. The loan agreement requires monthly interest only payments until January 2027, when a fixed monthly principal payment totaling \$131,944 is due in addition to monthly interest payments.

As of December 31, 2024, aggregate maturities of the note payable are as follows:

Years ended December 31:		
2025	\$ -	
2026	-	
2027	1,583,333	3
2028	1,583,333	3
2029	1,583,333	3
Thereafter	14,250,002	1
Total	\$ 19,000,000	)

#### **Notes to Financial Statements**

#### Note 6. Note Payable (Continued)

The Loan and Security Agreement is secured by substantially all assets of the Company and its rights under the declaration of condominium, and contains various restrictive covenants requiring adherence to be in compliance with its terms.

During 2017, the Company through a Predecessor Note payable to provide the Association a \$1,000,000 contribution towards the construction of an updated aquatic and fitness center. Both the Company and the Association were listed as co-debtors on the note agreement. The Predecessor Note payable was paid off during the period from January 1, 2024 to December 2, 2024.

#### Note 7. Commitments and Contingencies

The Company in the normal course of operations is exposed to risk and involvement in legal actions and proceedings. To the extent available at costs believed reasonable by the Company, it maintains insurance overages for various types of risk. Based on the Company's past experience, management believes that any legal actions or proceedings will not have a material effect on the financial position of the Company.

#### Note 8. Subsequent Events

The Company has evaluated subsequent events through May 30, 2025, the date which the financial statements were available to be issued. There were no subsequent events requiring accrual or disclosure.

# Exhibit A-7

## May-25

## BALANCE SHEET

## The Cypress of Hilton Head Island Associates, LP

	May-25
Cash and Cash Equivalents	2,767,666
Restricted Cash and Cash Equivalents	913,604
Accounts Receivable	412,619
Other Current Assets	15,622
+ Current Assets	4,109,511
Restricted and Escrowed Funds	426,800
Intangible Assets and Goodwill	39,842,436
+ Total Assets	44,378,747
Accrued Expenses	134,271
Accounts Payable	94,528
Intercompany Payables	66,770
+ Current Liabilities	295,569
Refundable Deposits	421,500
Long-Term Community Debt, less current portion	16,046,204
+ Long-Term Community Liabilities	16,467,704
+ Total Liabilities	16,763,273
+ Unitholder's Equity	27,615,475

#### INCOME STATEMENT

Entity	The Cypress of Hilton Head Island Associates, LP
Date	May-25

		YTD
1000001		Actua
4006001	Community Fee	1,684,000
4007001	Working Capital Fees	4,900
4547001	Operations Consulting Fees Revenue	1,327,243
4901501	Commissions	1,049,940
Total_Revenue	Total Revenue	4,066,083
5001000	Salaries and Wages	243,546
5031000	FICA	19,010
5032000	FUTA	168
5033000	SUTA	34
5121000	Employee Insurance	20,346
5045001	Payroll Allocation	
5129000	Miscellaneous Benefits	60
5134000	Education Assistance	140
5134200	Employee Assistance Program	500
5601000	Rental and Leasing - Office Space	400
5603000	Rental and Leasing - Equipment	8,761
5351000	Insurance - General/Professional Liability	7,738
5352000	Insurance - Umbrella	
5754000	Telephone - Cellular Phone	1,616
5801000	Supplies - Expendable / Durable Goods	1,964
5321000	Postage	3,166
5501500	Promo and Sales - Advert. Agency Rel	11,660
5502000	Promo and Sales - Site Events -Leads and Prospect	135,055
5504100	Promo and Sales - Resident Related Expenses	
5504200	Promo and Sales - Referrals	
5504300	Promo and Sales - Printing	5,383
5506000	Promo and Sales -Sales Incentives	5,014
5501501	Promo and Sales - Advert. Agency Rel - Digital	32,818
5508000	Marketing & Sales - Model Units	4,900
5301000	Audit Fees	19,000
5309000	Other Legal and Professional	16,422
5211000	Bank Charges	1,671
5217000	Late Fees	5
5221000	Consultants	55
5231000	Contributions	166,951
5271000	Licenses and Fees	645
5383000	Connect Charges	757
5409000	Management Fee - Other	203,304
Operating Expe	ns Operating Expenses	911,090
	Operating Income	3,154,993
9101000	Amortization Expense	886,182
Amortization	Total Amortization	000,102
	Amortization	886,182
Acquisition Dive	st Acquisition / Divestiture Costs	7,861
· –	E Interest Income (Expense)	509,596
	merese meanie (Expense)	303,390

## Exhibit A-8

## THE CYPRESS OF CHARLOTTE, LLC

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## FORECASTED FINANCIAL STATEMENTS

FOR THE YEARS ENDING DECEMBER 31, 2025 THROUGH DECEMBER 31, 2029

## THE CYPRESS OF CHARLOTTE, LLC

## CHARLOTTE, NORTH CAROLINA

## FORECASTED FINANCIAL STATEMENTS

## FOR THE YEARS ENDING DECEMBER 31, 2025 THROUGH DECEMBER 31, 2029

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Summary of Significant Accounting Policies and Forecast Assumptions	5-7

# Robinson Grant© Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS MEMBERS OF THE AMERICAN INSTITUTE OF CPAS & S.C. ASSOCIATION OF CPAS

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#### **Accountant's Compilation Report**

May 30, 2025

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

Management is responsible for the accompanying financial forecast of The Cypress of Charlotte, LLC which complises the forecasted balance sheets as of December 31, 2025 through 2029, and the related forecasted statements of income, members' equity and cash flows for the years then ending, and the related summailes of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Celiified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standai ds for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perfolm any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any folm of assurance on this financial forecast.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be matelial. We have no responsibility to update this report for events and circumstances occIDring after the.date of this rep01i.

Robinson Shant Ela P.A.

Robinson Grant & Co., P.A. Bluffton, South Cai·olina

## **THE CYPRESS OF CHARLOTTE, LLC** FORECASTED BALANCE SHEETS AS OF DECEMBER 31, 2025 THROUGH 2029

ASSETS											
		2025		2026		2027		2028		2029	
Current assets											
Cash		567,021	\$	561,362	\$	505,702	\$	504,161	\$	682,912	
Total current assets		567,021	561,362			505,702		504,161		682,912	
Restricted assets - cash deposits		406,379		406,379		406,379		406,379	406,379		
Restricted assets - debt reserve		1,102,376		1,102,376		1,079,845		1,015,979	948,174		
Intangible assets											
Goodwill		7,601,105		7,601,105		7,601,105		7,601,105	7,601,105		
Trade names		536,000		536,000		536,000		536,000		536,000	
Contractual rights	2	39,463,390	ŝ	39,463,390		39,463,390		39,463,390		39,463,390	
Less: accumulated amollization		(2,550,156)		(4,910,243)		(7,270,330)		(9,630,417)	(	11,990,504)	
Total intangible assets	2	45,050,339		42,690,252		40,330,165		37,970,078		35,609,991	
<b>Property and equipment</b> Furniture, fixtures & equipment		16,700		16,700		16,700		16,700		16,700	
Less: accumulated depreciation Total Propet1y and equipment, net		(16,700)		(16,700)		(16,700)		(16,700)		(16,700)	
Total assets		\$47,126,115		\$44,760,369		\$42,322,091		\$ 39,896,597		\$ 37,647,456	
LIABILITIES AND MEMBERS' EQU	ITY										
Current liabilities											
Payables and deposits	\$	853,400	\$	853,400	\$	853,400	\$	853,400	\$	853,400	
Current pollion of note payable		,		1,002,590		1,064,428		1,130,079		1,199,780	
Total current liabilities		853,400	1,855,990		1,917,828		1,983,479		2,053,180		
Noncurrent liabilities											
Note payable	19,000,000		19,000,000		17,997,410		16,932,982		15,802,903		
Less debt issuance costs, net	1	(124,368)		(110,289)		(96,210)		(82,131)		(68,052)	
Less current portion of note payable		(121,500)	(1,002,590)		(1,064,428)		(1,130,079)		(1,199,780)		
Long term note payable, net	1	8 875 632	17,887,121		16,836,772		15,720,772		14,535,071		
Deposits - wait list	18,875,632 400,000		400,000		400,000		400,000		1	400,000	
Total noncurrent liabilities	19,275,632		18,287,121		17,236,772		16,120,772		1	4,935,071	
Total noncurrent habilities		,215,052		10,207,121	1	17,230,772		10,120,772	1	4,755,071	
Total liabilities		20,129,032		20,143,111		19,154,600		18,104,251		16,988,251	
Members' equity		26,997,083		24,617,258		23,167,491		21,792,346	20,659,205		
Total liabilities and members' equity		\$47,126,115		\$ 44,760,369		2,322,091	\$ 3	9,896,597	\$ 37,647,456		

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

## **THE CYPRESS OF CHARLOTTE, LLC** FORECASTED STATEMENTS OF INCOME AND MEMBERS' EQUITY FOR THE YEARS ENDING DECEMBER 31, 2025 THROUGH 2029

Revenues		2025		2026		2027	2028		2029
Overhead fees		2,860,445	\$	2,946,258	\$	3,034,646	\$ 3,125,686	\$	3,219,456
Membership fees		2,496,769		2,571,672		2,648,822	2,728,286		2,810,135
Resale commissions		1,067,986		1,100,026		1,133,027	972,515		1,001,690
Interest and other income		27,906		28,743		29,605	30,493		31,408
Total revenue		6,453,106		6,646,699		6,846,100	6,856,980		7,062,689
Expenses									
Marketing and advertising		295,590		304,458		313,592	322,999		332,689
Payroll		395,274		407,132		419,346	431,926		444,884
Office expenses		72,237		74,404		76,636	78,935		81,303
Professional fees		57,523		59,248		61,026	62,857		64,742
Insurance		53,996		55,616		57,284	59,003		60,773
Discretionaiy costs		463,500		477,405		491,727	506,479		521,673
Asset Management fee 5%		322,655		332,335		342,305	342,849		353,134
Interest		1,198,517		1,063,507		1,037,759	982,805		924,613
Amortization - intangibles		2,360,087		2,360,087		2,360,087	2,360,087		2,360,087
Total expenses		5,219,379	9 5,134,192 5,159,762		5,147,940	5,143,898			
Net income		1,233,727		1,512,507		1,686,338	1,709,040		1,918,791
Members' equity, beginning of year		29,916,104		26,997,083		24,617,258	23,167,491		21,792,346
Distributions		(4,152,748)		(3,892,332)		(3,136,105)	 (3,084,185)		(3,051,932)
Members' equity, ending of year		26,997,083	\$ 2	24,617,258	\$	23,167,491	\$ 21,792,346	\$ 2	20,659,205

See accompanying summaiy of significant accounting policies and forecast assumptions and accountant's compilation report.

## **THE CYPRESS OF CHARLOTTE, LLC** FORECASTED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDING DECEMBER 31, 2025 THROUGH 2029

	:	2025		2026		2027		2028		2029
Cash provided by operating activities:										
Net income	\$ 1	,233,727	\$	1,512,507	\$ 1	1,686,338	\$	1,709,040	\$	1,918,791
Adjustments to reconcile net income to net										
cash provided by operating activities		192,055				22,531		63,866		67,805
Intangibles amortization	2	,360,087	,	2,360,087	2	2,360,087	,	2,360,087		2,360,087
Debt issuance amortization		14,079		14,079		14,079		14,079		14,079
Net cash provided by operating activities		,799,948		3,886,673	2	4,083,035	4	4,147,072		4,360,762
Cash used in financing activities:										
Principal repayment of note payable					(	1,002,590)	(	1,064,428)	(	(1,130,079)
Member distributions	<u>(</u> 4	,152,748)	(	3,892,332)	(.	3,136,105)	(.	3,084,185)	(	3,051,932)
Net cash used in financing activities	<u>(4</u>	,152,748)	(	3,892,332)	(4	4,138,695)	(	4,148,613)	(	4,182,011)
Net increase (decrease) in cash		(352,800)		(5,659)		(55,660)		(1,541)		178,751
Beginning cash	_1	,326,200		973,400		967,741		912,081		910,540
Ending cash	\$_	973,400	\$	967,741	\$	912,081	\$	910,540	\$	1,089,291
Summarx of cash accounts □er balance sheets:										
Cash	\$	567,021	\$	561,362	\$	505,702	\$	504,161	\$	682,912
Restricted assets - cash deposits	_	406,379		406,379		406,379		406,379		406,379
Total Cash	\$	973,400	\$	967,741	\$	912,081	\$	910,540	\$ 1	1,089,291

See accompanying summaty of significant accounting policies and forecast assumptions and accountant's compilation repolt.

#### THE CYPRESS OF CHARLOTTE, LLC SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND FORECAST ASSUMPTIONS FOR THE YEARS ENDING DECEMBER 31, 2025 THROUGH 2029

These financial forecasts present, to the best of management's knowledge and belief, the expected financial position, results of operations, and cash flows for the forecast periods. Accordingly, the forecasts reflect management's judgment as of May 30, 2025, the date of these forecasts, of the expected conditions and management's expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. Generally, because events and circumstances frequently do not occur as expected, there will be differences between forecasted and actual results and those differences may be material.

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS

#### **Nature of Organization**

The accompanying forecasted financial statements include the accounts of The Cypress of Charlotte, LLC (the Company), a Limited Liability Company organized on April 16, 1996 under the laws of the State of South Carolina. The Company to engaged in the business of purchasing, developing, and managing real property and related facilities, more specifically a residential and health care center in Charlotte, North Carolina comprised of the both the Cypress of Charlotte Club, Inc (the Club) and the Cypress of Charlotte Owners' Association, Inc. (the Association). Development of the property is substantially complete, and the managing member is Life Care Services Communities, LLC (LCSC) as of December 3, 2024.

#### **Nature of Operations**

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

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

#### **Accounting Method**

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

#### **Use of Estimates**

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

#### Cash and Cash Equivalents

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

#### **THE CYPRESS OF CHARLOTTE, LLC** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND FORECAST ASSUMPTIONS FOR THE YEARS ENDING DECEMBER 31, 2025 THROUGH 2029

# NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (CONTINUED)

#### **Intangible Assets**

Intangible assets recognized upon the application of pushdown accounting for the exchange of membership interests that took place December 3, 2024. Certain trade names will be amortized over 10 years and contractual rights that provide for the management and membership fees were valued at \$39,463,390 and will be amortized over a period of 25 years.

#### Goodwill

Goodwill represents the excess of purchase price over the fair value of the identified underlying assets of the membership interests acquired. The Company accounts for goodwill under Accounting Standards Update (ASU) No. 2014-02, which provides an accounting alternative for private companies. Accordingly, the Company amortizes goodwill on a straight-line basis over a period of 10 years.

#### **Debt issuance costs**

The Company incurred a total of \$140,793 of debt issuance costs as part of the debt proceeds used to fund the acquisition of the membership interests. Thes costs are being amortized over the term of the note payable utilizing the straight-line method of calculation which does not vaiy materially from the generally accepted effective interest method.

#### **Property and Equipment**

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

#### **Deposits**

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

#### Advertising Costs

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

#### **Distributions**

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

#### THE CYPRESS OF CHARLOTTE, LLC SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND FORECAST ASSUMPTIONS FOR THE YEARS ENDING DECEMBER 31, 2025 THROUGH 2029

# NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS (CONTINUED)

#### **Income Taxes**

The Company is a disregarded entity for income tax purposes. Therefore, the taxable income or losses are included in the tax return of the unit holders of the parent company of LCSC.

#### Note Pavable

During 2024, the Company entered into a credit agreement with a lender in the amount of \$19,000,000 as partial funding of the acquisition of membership interests. The note bears interest at the 30-day average SOFR plus an applicable margin of 3.25% (7.92% as of December 31, 2024) and maturity is December 3, 2038. Debt issuance costs in the amount of \$140,793 is being amortized over the ten-year term of the loan.

#### Members' Equity

Members' Equity consists of contributions from the managing member along with retained earnings. In the event of cash:flow sh01tfalls, the managing member may contribute additional capital.

# Exhibit A-9

#### The Cypress of Charlotte, LLC Schedule of 2023 Forecast versus Historical Comparison Balance Sheet As of December 31, 2024

	Historical					
	Forecast		(Proforma)		Variance	_
Assets						
Current assets:						
Cash and cash equivalents—operating Due from related parties	\$ 966,221	\$	662,384	\$	(303,837)	(6)
Accounts receivable	-		220,954		220,954	(3)
Prepaid expenses	-		13,158		13,158	(3)
Total current assets	 966,221		896,496		(69,725)	_(0)
Restricted assets:						
Cash and cash equivalents—debt reserve	-		1,102,376		1,102,376	(2)
Cash and cash equivalents—wait list deposits	361,379		405,773		44,394	(4)
Cash and cash equivalents—real estate trust	-		-		-	( )
Total restricted assets	 361,379		1,508,149		1,146,770	_
Long Term Assets:						
Goodwill	-		7,601,105		7,601,105	(1)
Trade names	-		536,000		536,000	(1)
Contractual rights	-		39,463,390		39,463,390	(1)
Less accumulated depreciation	-		(190,069)		(190,069)	(1)
Total property and equipment, net	 -		47,410,426	_	47,410,426	_``
Total assets	\$ 1,327,600	\$	49,815,071	\$	48,487,471	=
Liabilities and Members' Equity						
Current liabilities:						
Accounts payable	\$ 853,400	\$	422,245	\$	(431,155)	(3)
Due to related parties	-		25,220		25,220	(3)
Accrued Expenses	-		52,261		52,261	(3)
Accured interest payable	-		133,688		133,688	(2)
Current portion of note payable	126,400		-		(126,400)	(2)
Total current liabilities	 979,800		633,414	_	(346,386)	_``
Noncurrent liabilities:						
Note payable, let current portion of note payable	172,900		19,000,000		18,827,100	(2)
Less debt issuance costs, net	(3,200)		(138,447)		(135,247)	(2)
Note payable, net	 169,700		18,861,553		18,691,853	_ ` `
Deposits—wait list	 361,379		404,000		42,621	_(4)
Total noncurrent liabilities	531,079		19,265,553		18,734,474	
Total liabilities	 1,510,879		19,898,967		18,388,088	-
	 1,010,070		10,000,001		10,000,000	-
Members' equity: Members' equity	(183,279)		20 016 104		30 000 202	(1)
Net members' equity	 (183,279) (183,279)		29,916,104 29,916,104		30,099,383 30,099,383	_(1)
Net members equity	 (103,279)		23,310,104		30,033,303	_
Total liabilities and members' equity	\$ 1,327,600	\$	49,815,071	\$	48,487,471	=

#### The Cypress of Charlotte, LLC Schedule of 2023 Forecast versus Historical Comparison Statement of Income and Members' Equity For the year ended December 31, 2024

	Forecast (Proforma)		Variance	
Revenues:				
Membership fees	\$ 2,430,000	\$ 2,415,000	\$ (15,000)	
Management fees	2,800,000	2,762,199	(37,801)	
Commission revenues	1,038,800	1,027,335	(11,465)	
Interest income—operating and escrow funds	4,000	19,724	15,724	
Miscellaneous revenue	-	19,603 19,6		_
Total revenues	6,272,800	6,243,861	(28,939)	_
Expenses:				
Sales incentives and developer costs	300,000	298,177	(1,823)	
Other operating expenses	1,100,000	1,146,086	46,086	(4)
Total operating expenses	1,400,000	1,444,263	44,263	- ` ´
Interest	32,260	160,502	128,242	(2)
Debt issuance amortization	-	6,940	6,940	(2)
Amortization	-	190,069	190,069	(1)
Total other expenses	32,260	357,511	325,251	
Net income	4,840,540	4,442,087	(398,453)	
Beginning Balance	(299,379)	(299,379)	-	
Pushdown of successor consideration	-	28,004,462	28,004,462	(1)
Member's contributions	-	75,000	75,000	(5)
Member's distributions and prorations	(4,724,440)	(2,306,066)	2,418,374	(6)
Ending Balance	<u>\$ (183,279)</u>	\$ 29,916,104	\$ 30,099,383	=

#### The Cypress of Charlotte, LLC Schedule of 2023 Forecast versus Historical Comparison Statement of Cash Flow For the year ended December 31, 2024

	Forecast	Historical (Proforma)	Variance	
Cash flows from operating activities:				
Net income (loss)	\$ 4,840,540	\$4,442,087	\$ (398,453)	
Adjustments to reconcile net income to net cash provided by				
(used by) operating activities:				
Debt issuance amortization	1,400	6,940	5,540	(2)
Amortization expense	-	190,069	190,069	(1)
(Increase) decrease in:				
Accounts receivable	-	(220,954)	(220,954)	(3)
Prepaid expenses	-	(6,279)	(6,279)	(3)
Increase (decrease) in:				
Accounts payable and accrued expenses	-	260,190	260,190	(3)
Due to/(from) related parties	-	(512,677)	(512,677)	(3)
Accrued interest payable	-	132,168	132,168	(2)
Distributions payable	-	(114,363)	(114,363)	(5)
Deposits—real estate trust and wait list		(686,300)	(686,300)	(7)
Net cash provided by (used in) operating activities	4,841,940	3,490,881	(1,351,059)	_
Cash flows from financing activities:				
Note payable principal proceeds (repayments)	(116,100)	(415,438)	(299,338)	(2)
Member contributions	-	75,000	75,000	(6)
Member distributions and prorations	(4,724,440)	(2,306,066)	2,418,374	(5)
Net cash provided by (used in) financing activities	(4,840,540)	(2,646,504)	2,194,036	_ ` `
Net increase (decrease) in cash and cash equivalents	1,400	844,377	842,977	
Cash and cash equivalents:				
Beginning of period	1,326,200	1,326,156	(44)	_
End of Period	\$ 1,327,600	\$2,170,533	\$ 842,933	=
Summary of cash accounts per balance sheets:				
Cash and cash equivalents—operating	\$ 966,221	\$ 662,384	\$ (303,837)	
Cash and cash equivalents—debt reserve	-	1,102,376	1,102,376	(5)
Cash and cash equivalents—wait list deposits	361,379	405,773	44,394	_
Total cash per balance sheets	\$ 1,327,600	\$2,170,533	\$ 842,933	=

#### The Cypress of Charlotte, LLC

Schedule of 2023 Forecast Versus Historical Comparison – Difference Explanations

- (1) In connection with an Equity Purchase Agreement (EPA) executed on December
   3, 2024, there was a change in control resulting in the pushdown of the successor ownership's basis in the assets and liabilities of the Company
- (2) In connection with refinancing, the Predecessor Note was paid off and a new Loan and Security Agreement was entered into with borrowings of \$19,000,000 and a required reserve of \$1,102,376
- (3) Working capital amounts varied from prior year forecast primarily due to timing of receipts and payments.
- (4) Additional advertising, marketing, and promotional expenditures than planned
- (5) Distributions to ownership were lower than planned due to the need to carry a debt reserve for the new Loan and Security Agreement
- (6) During December 2024, a new bank account was opened and ownership contributed \$75,000 for the opening balance.
- (7) There was a reduction in real estate trust deposits from December 31, 2023 to December 31, 2024

# Exhibit B

#### EXHIBIT B SENIOR LIVING COMMUNITIES MANAGED BY LIFE CARE SERVICES AS OF 5/28/2024

Alabama, Birmingham – Galleria Woods Alabama, Hoover – Danberry at Inverness Arizona, Chandler – Clarendale of Chandler Arizona, Fountain Hills - Fountain View Village Arizona, Phoenix - Clarendale of Arcadia Arizona, Phoenix - Sagewood Arizona, Tempe (Phoenix) – Friendship Village of Tempe California, Cupertino - Forum at Rancho San Antonio, The California, Palo Alto – Moldaw Residences California, San Diego – Casa de las Campanas California, San Rafael – Aldersly California, Santa Rosa – Arbol Residences of Santa Rosa California, Santa Rosa – Oakmont Gardens Connecticut, Essex - Essex Meadows Connecticut, Mystic - StoneRidge Connecticut, Southbury – Pomperaug Woods Delaware, Newark – Millcroft Living Delaware, Wilmington – Foulk Living Delaware, Wilmington – Shipley Living Florida, Aventura – Sterling Aventura Florida, Bradenton - Freedom Village of Bradenton Florida, Celebration – Windsor at Celebration Florida, Clearwater - Regency Oaks Florida, Hollywood – Presidential Place Florida, Jacksonville – Cypress Village Florida, Leesburg – Lake Port Square Florida, Naples – The Glenview at Pelican Bay Florida, Naples – The Arlington of Naples Florida, Palm City – Sandhill Cove Florida, Port Charlotte – South Port Square Florida, Seminole – Freedom Square of Seminole Florida, Seminole – Lake Seminole Square Florida, Sun City Center – Freedom Plaza Florida, The Villages – Freedom Point at The Villages Georgia, Evans - Brandon Wilde Georgia, Savannah - Marshes of Skidaway Island, The Illinois, Addison - Clarendale of Addison Illinois, Algonquin - Clarendale of Algonquin Illinois, Chicago - Clare, The Illinois, Chicago - Clarendale Six Corners Illinois, Godfrey – Asbury Village Illinois, Lincolnshire – Sedgebrook Illinois, Mokena – Clarendale of Mokena Illinois, Naperville – Monarch Landing Illinois, Wheaton – Wyndemere

Indiana, Carmel – Rose Senior Living – Carmel Indiana, Greenwood (Indianapolis) – Greenwood Village South Indiana, Indianapolis – Marquette Indiana, West Lafayette – Westminster Village West Lafayette Iowa, Ames – Green Hills Community Iowa, Cedar Rapids – Cottage Grove Place Kansas, Atchison - Dooley Center Kentucky, Lexington - Richmond Place Senior Living Maryland, Columbia - Residences at Vantage Point Maryland, Timonium – Mercy Ridge Maryland, Towson (Baltimore) - Blakehurst Massachusetts, Woburn – The Delaney at The Vale Michigan, Auburn Hills – The Avalon of Auburn Hills Michigan, Battle Creek – NorthPointe Woods Michigan, Bloomfield Township – The Avalon of Bloomfield Township Michigan, Clinton Township – Rose Senior Living – Clinton Township Michigan, East Lansing - Burcham Hills Michigan, Holland - Freedom Village Michigan, Kalamazoo - Friendship Village Michigan, Novi – Rose Senior Living at Providence Park Michigan, Auburn Hills – The Avalon of Auburn Hills Michigan, Commerce Township - The Avalon of Commerce Township Minnesota, Buffalo - Havenwood of Buffalo Minnesota, Burnsville - Havenwood of Burnsville Minnesota, Maple Grove – Havenwood of Maple Grove Minnesota, Minnetonka – Havenwood of Minnetonka Minnesota, Richfield - Havenwood of Richfield Minnesota, Plymouth – Trillium Woods Minnesota, Vadnais Heights - Gable Pines Missouri, St. Peters - Clarendale of St. Peters New Jersey, Bridgewater - Delaney of Bridgewater, The New Jersey, Bridgewater – Laurel Circle New Jersey, Burlington – Masonic Village at Burlington New Jersey, Florham Park – The Delaney at The Green New York, Rye Brook - Broadview Senior Living at Purchase College New York, Staten Island – Brielle at Seaview, The North Carolina, Chapel Hill – Cedars of Chapel Hill, The North Carolina, Charlotte – Cypress of Charlotte, The North Carolina, Durham – Croasdaile Village North Carolina, Greensboro – WhiteStone North Carolina, Greenville – Cypress Glen North Carolina, Lumberton – Wesley Pines North Carolina, Raleigh – Cypress of Raleigh, The North Carolina, Wilmington – Porters Neck Village Ohio, Avon – Rose Senior Living – Avon Ohio, Beachwood - Rose Senior Living - Beachwood Ohio, Lewis Center – The Avalon of Lewis Center Ohio, New Albany – The Avalon of New Albany Oklahoma, Bartlesville – Green Country Village Oregon, Dallas – Dallas Retirement Village Oregon, Salem – Capital Manor

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

THE CYPRESS of Charlotte



#### **MEMBERSHIP AGREEMENT**

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

whose address is

(hereinafter referred to as the "Member").

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

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

NOW, THEREFORE, the parties hereby agree as follows:

#### **DEFINED TERMS**

1. <u>Definitions</u>. The following terms used herein are defined as follows:

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

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

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

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

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

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

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

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

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



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

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

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

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

#### CYPRESS IS A CONTINUING CARE RETIREMENT COMMUNITY

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

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#### ALL CYPRESS RESIDENTS MUST BE MEMBERS

#### MEMBERSHIP FEE IS INCLUDED IN PURCHASE PRICE

#### ADDITIONAL MEMBERS

#### MEMBERSHIP IS NON-TRANSFERABLE

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

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

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

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

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



#### WHEN MEMBER IS NOT THE UNIT OWNER

6. Provisions Applicable Where Member is Not the Unit Owner. In those circumstances where a Unit Owner has acquired a Unit to be used by someone other than himself, that Unit Owner must designate the person or persons who shall use the Membership which must be acquired at the time the Unit is purchased. That designated person or persons: (a) must meet the basic eligibility requirements for Membership in The Cypress; (b) must be approved by The Club; and (c) must have complied with the provisions of Paragraph 7 hereof regarding assurances with respect to the Monthly Payment. In this instance, the Membership expires when that designated person or persons ceases to use the Membership by ceasing to occupy the Unit unless residing in the Health Care Facility. Any subsequent users of the Unit, including the Unit Owner, must acquire a Membership for their use prior to occupying such Unit. Since under these circumstances there is no sales price to use in establishing what the cost of the Membership would have been, the value of the Unit shall be established by determining the gross fair market value, including Membership Fee, by a Qualified Appraisal as defined herein, with the cost of any appraisals being borne solely by the transferring Member. The Membership Fee will then be assessed at 10% of the Unit's gross fair market value, and must be paid prior to re-occupancy of the Unit. This procedure regarding change of Member due to circumstances other than a sale of the Unit shall be followed with regard to each subsequent user until there is a resale of the Unit in which event the provisions of Paragraph 5 shall apply.

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

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

MONTHLY PAYMENT INCLUDES CYPRESS SERVICES AND CONDOMINIUM FEE 7. <u>Monthly Payment</u>. All Members shall be responsible for a Monthly Payment (also known as Monthly Fees) which covers the cost of the various standard services provided to Members by The Club as more particularly described herein, and also includes the monthly contribution to the Cypress of Charlotte Condominium for the Unit owned or occupied by



the Member (the "Condominium Fee"). The Monthly Payment will be as set forth on the schedule attached hereto as Schedule A, and/or as amended and published by the Club from time to time.

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

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

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

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



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

#### OPTIONAL SERVICES AVAILABLE FOR ADDITIONAL COST

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

#### SERVICES INCLUDED IN MONTHLY PAYMENT

HOUSEKEEPING

**MEALS** 

LAUNDRY

Payment:

a. <u>Meals</u>. One (1) meal credit for each day of the month.

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

The following services and features are included in the Monthly

c. <u>Weekly Flat Laundry</u>. The weekly flat laundry service includes sheets, pillowcases, towels, face cloths and dish cloths. The flat laundry will be washed, dried, folded and returned at the next scheduled housekeeping visit.

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

**GROUNDS CARE** 



#### **CLUB ACTIVITIES**

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

f. <u>Transportation</u>. Scheduled local transportation services will be provided.

g. <u>Security</u>. The Club will provide security personnel.

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

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

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

#### TRANSPORTATION

SECURITY

UTILITIES

#### **HEALTH CARE**



In the unlikely event accommodations are not immediately available in the Health Care Facility, the Member agrees to relocate to another health care facility arranged by the Club to provide such care until accommodations at the Health Care Facility are available. The Club shall be responsible for any increased charge associated with the alternate health care accommodations. Admissions to the Health Care Facility is subject to certain standards and conditions based upon licensing requirements of the facility. Not all health conditions can be treated, e.g., no psychiatric care is available. Continued occupancy of the Health Care Facility is subject to the termination provisions described in paragraph 12 below. LICENSING Licensing Standards. The operation of the Health i. Care Facility of The Club shall be governed by the applicable **STANDARDS** regulations and licensing standards of the State of North Carolina, including the North Carolina Department of Insurance ("NCDI") and the North Carolina Department of Health and Human Services ("NCDHHS"). ABSENCE CREDIT Absence Credit. In the event that a Member k. provides prior written notice to the Club that the Unit will be unoccupied for a period of not less than fourteen (14) consecutive days, Member may be entitled to an "absence credit" in an amount as may be determined at the sole discretion of the Club. **ADDITIONAL** 8. Additional Amenities and Services. Additional amenities and SERVICES services that may be available to Members at an additional cost include, but may not be limited to, additional meals, additional housekeeping, beauty parlor, barber shop, personal transportation and assistance-in-living or home health care services in the Member's Unit. **ADDITIONAL HEALTH** 9. Additional Health Services. **SERVICES** (a) General. Special services and supplies which may include physical therapy, pharmacy, special duty nurses, personal hygiene, personal laundry, rental of equipment, home health care and other services upon special arrangement will be available at an extra charge. These services and supplies are not included in the charges for care outlined in Section 7 above.



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

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

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

#### MEMBER'S VOLUNTARY TERMINATION RIGHTS

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



of Charlotte

#### 11. <u>Termination Rights of the Company and/or Club.</u>

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

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

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

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

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

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

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

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

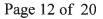
#### FAILURE TO PAY CHARGES DUE

#### DETRIMENTAL DISTURBANCES

#### INFECTION WITH DANGEROUS OR CONTAGIOUS DISEASE

MEMBER REFUSES MEDICAL TREATMENT

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





of Charlotte

by The Club until repaid as further outlined.

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

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

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

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

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

d. Prior to any termination of the Agreement by The Club, The Club will give the Member notice in writing of the reasons for termination and the Member will have thirty (30) days thereafter within which the problem may be corrected. If the problem is corrected within such specified time, this Agreement

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

**IF THE MEMBER HAS** 

FINANCIAL DIFFICULTIES

UNPAID CHARGES AND FEES MAY BECOME A LIEN ON THE UNIT

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shall not be then terminated. If the problem is not corrected within such time this Agreement will be terminated and the Member must leave The Cypress. Notwithstanding such termination, however, the Member will continue to pay his Monthly Payment and all other charges, until his Unit has been sold, transferred or otherwise conveyed to a new Owner who assumes the ownership rights and obligations of the Member with respect to the Unit and the Monthly Payment.

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

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

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

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

#### UNITS ARE FOR RESIDENTIAL PURPOSES ONLY



#### PETS ARE PERMITTED WITH STRICT GUIDELINES

#### **OCCUPANCY OF UNITS**

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

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

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

# THE CYPRESS

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

#### MEMBER MUST OBTAIN INSURANCE FOR PERSONAL PROPERTY

#### FUTURE PURCHASERS MUST MEET CYPRESS RESIDENCY REQUIREMENTS

ASSOCIATE MEMBERSHIPS

#### DISAGREEMENT SETTLED BY ARBITRATION

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

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

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

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

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



#### 16. <u>Amendments</u>.

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

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

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

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

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

17. Cancellation Rights.

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

#### AMENDMENTS TO AGREEMENT MUST BE IN WRITING

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

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



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

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

#### 18. Miscellaneous Legal Provisions.

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

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

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

#### AUTOMATIC TERMINATION OF AGREEMENT

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

NORTH CAROLINA LAW GOVERNS

#### AGENTS OF THE CYPRESS NOT PERSONALLY LIABLE



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

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

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

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

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

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

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



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

MEMBER ACKNOWLEDGES RECEIPT OF ALL DOCUMENTS AND EXHIBITS

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

(The remainder of this page intentionally left blank.)

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THE	CYPRESS of Charlotte	1

#### SIGNED IN THE PRESENCE OF:

"MEMBER(S)"

PURCHASER (if different from Member)

SIGNED IN THE PRESENCE OF:

SIGNED IN THE PRESENCE OF:

"COMPANY"

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

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

By:\_\_\_\_\_ Its:

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

By:\_\_\_\_\_

Its:

Attest:\_\_\_\_\_\_
Its:

Unit Type:\_\_\_\_\_ Unit Number:\_\_\_\_\_



Schedule A

Monthly Payment 2023

Unit #:	
Unit Type:	
Monthly Payment:	
Second Person Fee:	
Parking Space Fee:	÷
Total Monthly Payment:	

Purchaser's Initials

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

### Exhibit D



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THE CYPRESS of Charlotte

#### RESALE

#### PURCHASE AND SALE AGREEMENT

**PURCHASER:** 

PURCHASER: \_\_\_\_\_\_,
Whose address is \_\_\_\_\_\_,

(hereinafter called "Purchaser")

**SELLER:** 

SELLER:

Whose address is \_\_\_\_\_

(hereinafter called "Seller")

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

#### WITNESSETH:

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

**RESIDENTIAL UNITS** ARE CONDOMINIUMS

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

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

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

The Club Facilities consisting of the Clubhouse, and the Health Care Facility are operated by the Cypress of Charlotte Club, Inc., a notfor-profit and non-proprietary corporation (hereinafter referred to as "The Club"). The purchase of a Unit requires that it be coupled with the rights, privileges and responsibilities of membership in The Club to be utilized by the Unit Owner or by his designee approved by The Club who meets the various requirements set forth in The Cypress Membership Agreement. Each Unit Owner or his approved designee must acquire membership simultaneously with the purchase of a Unit and each member shall execute The Cypress Membership Agreement and become eligible for permanent

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

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

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

**PROPERTY:** The Property which is the subject of this

#### SPECIFIC RESIDENCE TO BE ACQUIRED

#### GARAGE OR COVERED PARKING

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

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

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

THE CYPRESS = of Charlotte

(a) The Condominium Purchase Price, equal to 90% of the Gross Purchase Price, (\$\_\_\_\_\_), and
(b) The Membership Fee, equal to 10% of the Gross

Purchase Price (\$\_\_\_\_\_);

Together, the amounts will be payable as follows:

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

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

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

5. <u>CASH PURCHASE</u>: This Agreement does not contain a financing contingency.

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

MEMBERSHIP FEE INCLUDED

NO FINANCING CONTINGENCY

#### DEVELOPER MAY DEVELOP ADDITIONAL UNITS

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

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

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

10. <u>CONVEYANCE OF TITLE</u>: The Property shall be conveyed free and clear of all encumbrances save and except:

(a) taxes and assessments not yet due;

(b) the recorded Declaration, By-Laws and related documents establishing THE CYPRESS OF CHARLOTTE CONDOMINIUM, and all amendments thereto (hereinafter referred to as the "Condominium" or "Declaration");

(c) all facts and conditions which may be shown by survey and physical examination of the Property;

(d) any applicable zoning and/or development laws and ordinances, including those of Mecklenburg County and the City of Charlotte.

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

LIMITED WARRANTY DEED GIVEN

SELLER AND PURCHASER RESPONSIBLE FOR CERTAIN CLOSING EXPENSES

**PRORATIONS** 

**TITLE CONDITIONS** 

CYPRESS CONDOMINIUM DOCUMENTS

PURCHASER ACCEPTS UNIT AS IS

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#### CYPRESS MEMBER HAS ACCESS TO HEALTH FACILITY

12. <u>CLUBHOUSE AND HEALTH CARE FACILITY</u>: The Cypress Clubhouse consisting of the dining facilities, activity rooms and clubroom, library, beauty and barber shop, and the Health Care Facility housing sixty (60) beds is complete.

The Clubhouse and Health Care Facilities are part of the Condominium and therefore are owned by the members as common elements of the Condominium. The Company may negotiate and execute original and subsequent management agreements for the Club and Health Care Facilities with a qualified operator. Pursuant to the terms of the Membership Agreement the Purchaser, or his designee approved for Membership by The Club, as a benefit and membership right under his membership, will be entitled to admission to the health care facility so long as his attending physician or the Medical Director determine that this type of care is needed.

#### 13. <u>RISK OF LOSS</u>:

(a) Partial loss or damage to the Property by fire and storm or other casualties between the date hereof and closing hereunder shall not void or impair this Agreement, but all such damage by way of fire and storm or other casualty is to be the responsibility of Seller.

(b) In the event of total or substantial loss as a result of the hazards mentioned above, Seller shall have the option to repair all damage at its own cost or through insurance proceeds from the Homeowners Association, or to cancel this Agreement and refund all monies paid hereunder.

(c) In the event of loss or damage as a result of the hazards mentioned, the time for Closing shall be extended for such time as may be reasonably required to repair the damage.

14. <u>WARRANTY</u>: At Closing, Seller shall transfer to Purchaser all of Seller's right, title and interest in and to any manufacturer's warranty furnished to Seller covering any equipment or appliance installed in the Property, and Seller makes no warranty or agreement of any kind with respect to any such equipment or appliance.

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

#### WARRANTIES ARE TRANSFERRED TO PURCHASER



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MONTHLY PAYMENT INCLUDES CONDOMINIUM FEE AND SERVICES FEE

#### CONDOMINIUM OPERATIONS AND EXPENSES

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

THE SERVICES FEE

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#### 15. MONTHLY PAYMENT:

(a) As of the closing date, Purchaser agrees to accept responsibility for the Monthly Payment which term includes both the cost of condominium common expenses (the "Condominium Fee") and the cost of services (the "Services Fee") provided to Members as described in the Membership Agreement. If the Member is not the Purchaser of the Unit, the Member shall be considered jointly and severally responsible for the Monthly Payment of the Purchaser and the Purchaser shall likewise be jointly and severally responsible for the Monthly Payment with the Member. In such circumstances, the Member and the Purchaser shall execute a guaranty agreement in a form approved by The Club further evidencing this joint and several responsibility;

(b) Purchaser acknowledges and agrees to accept responsibility for his continuing obligation pursuant to the Declaration as a Unit owner in the Condominium, to pay his Condominium Fee consisting of his pro-rata share of any common expenses, operating expenses, capital expenses and debt service, if any, assessed against the Property purchased hereby. Such assessments shall be for authorized purposes, including but not limited to, expenses incurred for landscaping, maintenance, repairs, general area maintenance, administration supplies, professional services, utilities, garbage services, insurance, etc. Cottage Unit owners will be directly responsible for the payment of electricity and gas for their own Units.

(c) At Closing, Purchaser shall also be responsible for paying to the Condominium Association (the "Association") the equivalent of two (2) month's common expenses as the Property's contribution for the purpose of establishing a working capital fund for the Condominium and Purchaser shall also pay to the Association twelve (12) month's hazard and flood insurance premiums for the Property. The current scheduled amounts are:

Working Capital \$\_\_\_\_\_, Insurance \$\_\_\_\_\_

(d) Purchaser acknowledges his continuing obligation as a Member to pay his share of the cost of club services (the Services Fee) in accordance with the Cypress Membership Agreement to contribute toward the expenses of operating The Club Facilities, as well as any capital purchases and debt service, if any, necessary for repair, maintenance and modification of The Club Facilities.

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PERSONAL MODIFICATIONS AND UPGRADES

GARAGE OR COVERED PARKING

SPECIAL OPERATING RESERVE ACCOUNT REQUIRED BY N.C. DEPARTMENT OF INSURANCE

#### PURCHASER TO MAKE A DEPOSIT INTO THE OPERATING RESERVE ACCOUNT

(e) Maintenance and repairs to appliances and modifications which are existing or future upgrades to The Cypress standard items, and items which are the personal property of the Purchaser, will be made at the request of Purchaser and Purchaser agrees to pay the additional cost of this maintenance and repair. This provision also applies to any increased costs for the maintenance of landscape additions to cottages. Addendum A is a listing of modifications and upgrades. Purchaser acknowledges that this listing may not be all-inclusive.

(f) If a garage or covered parking space is a part of the "Property," per paragraph 2 above, Purchaser shall be responsible for an additional periodic assessment to cover the actual pro-rata costs of maintenance and repair of the covered parking space, all as set forth in Seller's Garage/Covered Parking Space Agreement which will be assigned to Purchaser and which Purchaser will consent. The current amount for a Garage or Covered parking space is \$9.00 a month.

16. **OPERATING RESERVE DEPOSIT**: The State of North Carolina Department of Insurance, in accordance with Article 64, Chapter 58 of the North Carolina General Statutes, requires that all continuing care facilities maintain operating reserves equal to 50% of the total operating costs projected for a twelve (12) month period following the period covered by the most recent annual statement filed with the Department. Facilities that maintain an occupancy level in excess of 90% shall only be required to maintain a 25% operating reserve upon approval of the Commissioner. These reserves are to be used for the benefit of the Club as required by the State of North Carolina in the event of emergencies and/or unexpected operating shortfalls.

At closing, Purchaser shall be responsible for paying to the Club an Operating Reserve Deposit in the amount of \$7,500. This deposit, along with deposits in the same amount from all other purchasers will be held in a separate interest-earning account (the "Operating Reserve Account") for the benefit of all purchasers. So long as it is not necessary for the Club to use proceeds or assets from this Operating Reserve Account, interest and/or dividends shall be paid to each purchaser on a pro rata basis in February of each year.

Each subsequent unit buyer shall be obligated to pay \$7,500 into the Operating Reserve Account so that upon resale of the unit, any unused

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portion of the \$7,500 deposit paid by Purchaser shall be returned to Purchaser with available interest and/or dividends prorated since the last distribution from the account.

17. **INSURANCE ON PERSONAL PROPERTY:** Purchaser is responsible for insuring his personal property (i.e. furniture, clothing, jewelry, china, silver, etc.) located in his Unit, and for carrying liability insurance for any occurrences within his Unit.

18. **OCCUPANCY:** Purchaser may purchase a Unit for use by another individual who meets The Cypress Residency requirements and who is approved by the Company and who agrees to execute The Cypress Membership Agreement and to abide by the rights, obligations and responsibilities outlined in The Cypress Membership Agreement. This individual who becomes a Member shall be jointly and severally liable for the Monthly Payment and all other obligations outlined in The Cypress Membership Agreement.

**DEFAULT:** If Purchaser defaults in the performance of 19. any obligation of this Agreement, the sole remedy of Seller for such default shall be to receive and retain the earnest money deposit as liquidated damages, in which event Seller shall have no further obligation to Purchaser under this Agreement, it being further agreed that Seller's damages in the event of such default by Purchaser will be difficult to estimate precisely and that the earnest money deposit constitutes the party's best estimate of such damages and is intended as liquidated damages and not a penalty or forfeiture. In the event of a default in the performance of any of the obligations of the Seller pursuant to this Agreement, Purchaser shall be entitled to terminate this Agreement and receive a refund of the earnest money deposit or to seek to recover all damages resulting from Seller's default. Either Seller or Purchaser is hereby allowed ten (10) days to cure any default prior to termination hereof by the non-defaulting party as provided herein. The Company shall be authorized to release the earnest money deposit to the appropriate party as set forth above. In any situation where litigation is required to enforce rights hereunder, the prevailing party shall be entitled to recover its legal costs incurred from the non-prevailing party.

20. **<u>NOTICES</u>**: Any notice to Seller or Purchaser shall be in writing and shall be delivered to the address of the appropriate party stated above, or such other address as shall subsequently be provided by appropriate notice, with copies to the Company. Notice may be either

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NOTICES SHALL BE IN

WRITING

PURCHASER MUST INSURE PERSONAL PROPERTY

#### OCCUPANCY BY SOMEONE OTHER THAN OWNER

#### PURCHASER AND SELLER HAVE RIGHTS IN CASE OF DEFAULT

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hand delivered or deposited in the U.S. Mail. If mailed, any written notice shall be deemed received on the second calendar day following the date of mailing if addressed and mailed by certified or registered mail, postage paid, to the addressee set forth above.

21. **<u>RIGHT OF FIRST REFUSAL</u>**: The Purchaser hereby acknowledges that the Declaration provides that in the event that the Purchaser desires to sell the Property and any improvements thereon, that, once a written bona fide offer has been made, it shall be offered for sale to Company, its successors or assigns, for the same price at which the highest bona fide offer has been made for the Property and improvements, and Company shall have thirty (30) days within which to exercise its option to purchase the Property and improvements at this price, and should Company fail or refuse, within thirty (30) days after receipt of written notice of the price and terms, to exercise its option to purchase the Property and improvements at the offered price, then Purchaser shall have the right to sell the Property, subject, however, to all Covenants, Restrictions, Limitations and Affirmative Obligations and other Agreements referenced and contained in this Agreement. This Section shall not be construed to impair the right of foreclosure of a mortgage on the Property and improvements thereon.

#### 22. <u>MEMBERSHIP FEE FOR NEW BUYER UPON</u> <u>RESALE TO BE PART OF NEW BUYER'S GROSS PURCHASE</u> <u>PRICE:</u>

Purchaser understands that, in accordance with this Agreement and the Membership Agreement, when the Purchaser, or Purchaser's heirs or assigns (all referred to as "Purchaser"), eventually sells the Unit, the Membership Fee for the new buyer of the unit (to be paid by the new buyer to the Company at the new buyer's closing) will be part of the new buyer's Gross Purchase Price, with such Gross Purchase Price agreed-to by Purchaser. The Membership Fee is calculated as 10% of the Gross Purchase Price. Any real estate commission due upon such resale will be based solely on the Condominium component of the Gross Purchase Price, excluding any amount for the new buyer's Membership Fee.

#### MEMBERSHIP FEE WILL BE BASED ON FAIR MARKET VALUE IF PURCHASER GIVES UNIT TO SOMEONE ELSE

**RESALE GROSS PRICE** 

**INCLUDE THE NEXT** 

**BUYER'S MEMBERSHIP** 

WILL

UNIT

OF

FEE

THE COMPANY

REFUSAL

HAS RIGHT OF FIRST

In the event the Purchaser gives or wills his Unit to a family member, or to anyone else, the Membership Fee paid shall be based on the fair market value when the gift or devise is made and the property ownership is transferred and a new member is designated. Member is defined in the Declaration of Condominium. The Purchaser acknowledges

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

23. <u>SALES OFFICE</u>: It is disclosed to Purchaser that the Company is entitled to use one or more of the Units as models for purposes of a sales model and/or office. Further, as provided in the Declaration, the Company is entitled to the use of offices in the Clubhouse for administrative and sales purposes, including resales.

#### 24. MISCELLANEOUS:

(a) This Agreement is binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties. The rights of Purchaser pursuant to this Agreement may not be assigned or transferred without the express written consent of Seller. Any attempt by Purchaser to assign this Agreement without such consent may be deemed by Seller a default of Purchaser, and Seller shall not be bound by any such assignment. Notwithstanding the foregoing, in the event of an untimely death of Purchaser prior to closing, the Purchaser's obligations shall cease, the Agreement will be terminated, and all deposits returned to the Purchaser's estate. If there will be more than one Purchaser, the Agreement will continue to be binding on the surviving Purchaser.

(b) The terms of this Agreement shall survive the Closing of the transaction contemplated hereby and shall thereafter continue to bind the parties and their successors to this Agreement. This Agreement may be executed in duplicate counterparts, each of which shall constitute one and the same instrument. Signatures of the parties transmitted electronically or by facsimile shall be deemed to be original signatures.

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

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

#### UNITS MAY BE USED AS SALES MODELS

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

# TERMS SURVIVE THE CLOSING

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

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

HILTONHEAD 801452v2 111989-00027 1/27/13

216001



#### THE CYPRESS of Charlotte

(e) This Agreement supersedes any and all understandings and agreements between the parties regarding the Property and constitutes the sole agreement between the parties regarding the Property. No oral statements or representations shall be deemed to modify this Agreement or bind either party.

#### 25. ACKNOWLEDGEMENT OF RECEIPT:

By execution of this Agreement Purchaser acknowledges receipt, review and approval of the form and content of the documents listed below, some of which are packaged in a booklet entitled "The Cypress of Charlotte Project Documentation - Book of Exhibits," and agrees to be bound by the terms and provisions thereof together with such amendments as are authorized herein:

Condominium Public Offering Statement	
CCRC Disclosure Statement	
Membership Agreement	
Declaration of Condominium	
Articles of Incorporation	
By-laws of Condominium Owners' Association	
Campus and Floor Plan Book	
Condominium Management Agreement	
Club Management Agreement	

26. <u>**PURCHASER'S**</u> <u>**RIGHT**</u> <u>TO</u> <u>**CANCEL:**</u> (Notwithstanding the fact that North Carolina law provides for a seven (7) day cancellation period for condominium acquisitions, this Agreement provides for a longer cancellation as set forth in this paragraph 26.) Purchaser shall have the absolute right to cancel this Agreement at any time by delivering written notice to Seller with copies to the Company during the thirty (30) calendar day period immediately following the full execution of the Agreement and delivery of the Disclosure Statement. Purchaser is not required to move into The Cypress until after expiration of this 30 day period. Purchaser's cancellation of this Agreement during the Cancellation Period is without penalty, and all payments made by the Purchaser before such cancellation shall be refunded by Seller with ten (10) days after the expiration of the Cancellation Period.

THIS AGREEMENT SUPERSEDES OTHER AGREEMENTS CONCERNING THE CYPRESS

PURCHASER ACKNOWLEDGES RECEIPT OF DOCUMENTS

#### PURCHASER'S RIGHT TO CANCEL



of Charlotte

27. <u>AUTOMATIC CANCELLATION PROVISIONS:</u> If Purchaser dies before closing, or if, on account of illness, injury, or incapacity, Purchaser would be precluded from occupying the unit under the terms of the Membership Agreement, the contract is automatically cancelled. In such a case, all monies will be refunded less any nonstandard expenditures incurred on behalf of purchaser and signed by purchaser.

28. **BROKERAGE**: Seller has an Agreement for the listing and sale of the Property with the resale division of the Company. The Company has earned its commission and the Seller agrees to pay said commission in accordance with the Listing Agreement at Closing. In the event of a default by Purchaser with resulting forfeiture of earnest money deposit as described above in Paragraph 19, the Company shall be entitled to one-half (1/2) of said forfeited deposit as its full compensation from Seller.

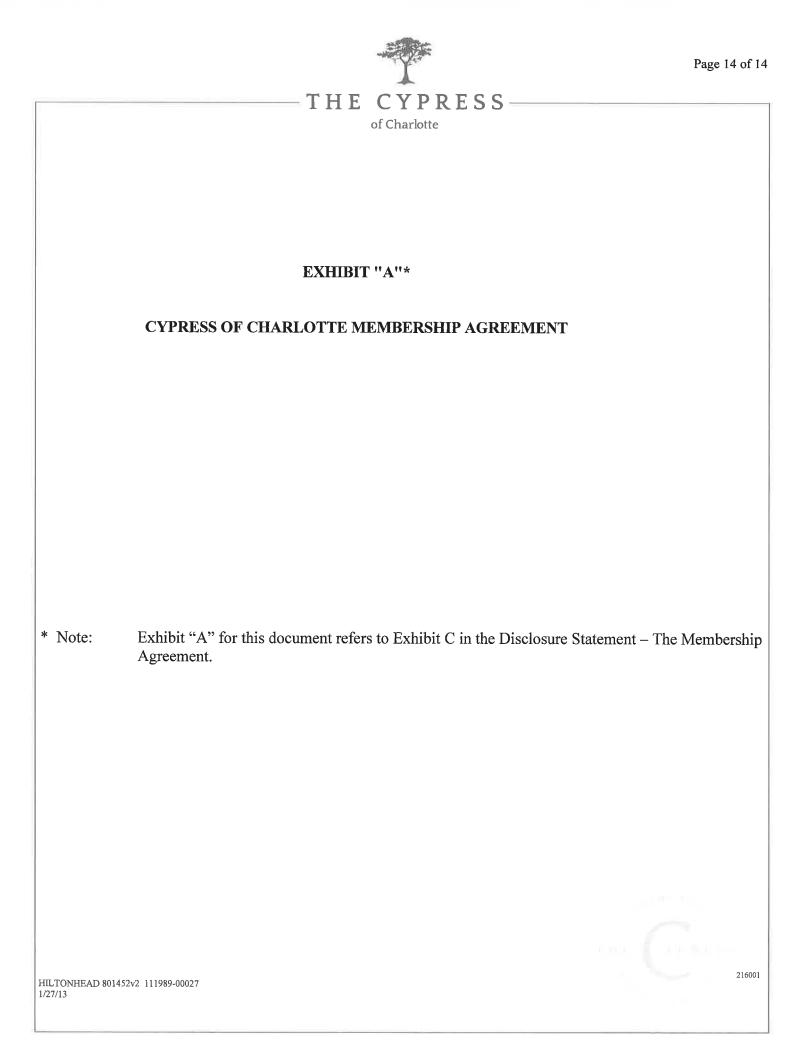
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#### BROKERAGE COMMISSION

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216001

	Page 13 of 1
SIGNED AND SEALED by	Purchaser in duplicate originals as of the day and year first above written.
WITNESSES:	<b>PURCHASER:</b> (IF MORE THAN ONE, EACH SHOULD SIGN)
	<u>ck</u> the way you would like to take title:
In indivit.	ual name of
Tenants	n common (each spouse owns one-half).
Tenants i Joint ten	n common (each spouse owns one-half). ants with right of survivorship (each spouse owns one-half, but in the case o
Tenants i Joint ten death, the	n common (each spouse owns one-half). Ints with right of survivorship (each spouse owns one-half, but in the case of survivor automatically becomes the sole owner).
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Tenants i Joint ten death, the SIGNED AND SEALED BY	n common (each spouse owns one-half). Ints with right of survivorship (each spouse owns one-half, but in the case o survivor automatically becomes the sole owner).
Tenants i Joint ten death, the SIGNED AND SEALED BY	n common (each spouse owns one-half). ants with right of survivorship (each spouse owns one-half, but in the case o survivor automatically becomes the sole owner). SELLER in duplicate originals this day of,
Tenants i Joint ten death, the SIGNED AND SEALED BY	n common (each spouse owns one-half). ants with right of survivorship (each spouse owns one-half, but in the case o survivor automatically becomes the sole owner). SELLER in duplicate originals this day of,
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Tenants i Joint ten death, the	n common (each spouse owns one-half). Ints with right of survivorship (each spouse owns one-half, but in the case of survivor automatically becomes the sole owner). SELLER in duplicate originals this day of,, SELLER:  ER PARAGRAPH 3. TTE, LLC ity Company. , LLC,
Tenants i Joint ten death, the SIGNED AND SEALED BY WITNESSES: JOINDER BY COMPANY ACKNOWLEDGED: THE CYPRESS OF CHARLC a South Carolina Limited Liab By: THE CYPRESS GROUI a South Carolina Limited	<pre>n common (each spouse owns one-half). mts with right of survivorship (each spouse owns one-half, but in the case of survivor automatically becomes the sole owner). SELLER in duplicate originals this day of, SELLER: PER PARAGRAPH 3. TTE, LLC ity Company. , LLC, Liability Company,</pre>



This form is required for use in all sales transactions, including residential and commercial.



Working With Real Estate Agents Disclosure (For Sellers)

#### IMPORTANT

This form is not a contract. Signing this disclosure only means you have received it.

- In a real estate sales transaction, it is important that you understand whether an agent represents you.
  Real estate agents are represented in (1)
- Real estate agents are required to (1) review this form with you at first substantial contact before asking for or receiving your confidential information and (2) give you a copy of the form after you sign it. This is for your own protection.
- Do not share any confidential information with a real estate agent or assume that the agent is acting on your behalf until you have entered into a written agreement with the agent to represent you. Otherwise, the agent can share your confidential information with others.

Note to Agent: Check all relationship types below that may apply to this seller.

Seller's Agency (listing agent): The agent who gave you this form (and the agent's firm) must enter into a written listing agreement with you before they begin to market your property for sale. If you sign the listing agreement, the listing firm and its agents would then represent you. The buyer would either be represented by an agent affiliated with a different real estate firm or be unrepresented.

**Dual Agency:** Dual agency will occur if your listing firm has a buyer-client who wants to purchase your property. If you agree in a written agency agreement, the real estate firm, and any agent with the same firm (company), would be permitted to represent you and the buyer at the same time. A dual agent's loyalty would be divided between you and the buyer, but the firm and its agents must treat you and the buyer fairly and equally and cannot help you gain an advantage over the other party.

**Designated Dual Agency:** If you agree in a written agency agreement, the real estate <u>firm</u> would represent both you and the buyer, but the firm would designate one agent to represent you and a different agent to represent the buyer. Each designated agent would be loyal only to their client.

Buyer Agent Working with an Unrepresented Seller (For Sale By Owner, "FSBO"): The agent who gave you this form will not be representing you and has no loyalty to you. The agent will represent only the buyer. Do not share any confidential information with this agent.

Note to Seller: For more information on an agent's duties and services, refer to the NC Real Estate Commission's "Questions and Answers on: Working With Real Estate Agents" brochure at ncrec.gov (Publications, Q&A Brochures) or ask an agent for a copy of it.

Seller's Signature

Seller's Signature

Date

Agent's Name

Agent's License No.

Firm Name

REC. 4.27 • 4/6/2021



Working With Real Estate Agents Disclosure (For Buyers)

# IMPORTANT

This form is <u>not</u> a contract. Signing this disclosure only means you have received it.

- In a real estate sales transaction, it is important that you understand whether an agent represents you.
- Real estate agents are required to (1) review this form with you at first substantial contact before asking for or receiving your confidential information and (2) give you a copy of it after you sign it. This is for your own
  Do not share only can fidential in formation and (2) give you a copy of it after you sign it. This is for your own
- Do <u>not</u> share any confidential information with a real estate agent or assume that the agent is acting on your behalf until you have entered into an agreement with the agent to represent you. Otherwise, the agent can share your confidential information with others.

Note to Agent: Check all relationship types below that may apply to this buyer.

**Buyer Agency:** If you agree, the agent who gave you this form (and the agent's firm) would represent you as a buyer agent and be loyal to you. You may begin with an oral agreement, but your agent must enter into a written buyer agency agreement with you before preparing a written offer to purchase or communicating an oral offer for you. The seller would either be represented by an agent affiliated with a different real estate firm or be unrepresented.

**Dual Agency:** Dual agency will occur if you purchase a property listed by the firm that represents you. If you agree, the real estate firm <u>and</u> any agent with the same firm (company), would be permitted to represent you <u>and</u> the seller at the same time. A dual agent's loyalty would be divided between you and the seller, but the firm and its agents must treat you and the seller fairly and equally and cannot help you gain an advantage over the other party.\*

**Designated Dual Agency:** If you agree, the real estate <u>firm</u> would represent both you and the seller, but the firm would designate one agent to represent you and a different agent to represent the seller. Each designated agent would be loyal only to their client.\*

\*Any agreement between you and an agent that permits dual agency must be put in writing no later than the time you make an offer to purchase.

**Unrepresented Buyer** (Seller subagent): The agent who gave you this form may assist you in your purchase, but will <u>not</u> be representing you and has no loyalty to you. The agent will represent the seller. Do not share any confidential information with this agent.

Note to Buyer: For more information on an agent's duties and services, refer to the NC Real Estate Commission's "Questions and Answers on: Working With Real Estate Agents" brochure at ncrec.gov (Publications, Q&A Brochures) or ask an agent for a copy of it.

Buyer's Signature

Buyer's Signature

Date

Agent's Name

REC, 4.27 • 4/6/2021

Agent's License No.

Firm Name



#### Instructions to Property Owners

- 1. The Residential Property Disclosure Act (G.S. 47E) ("Disclosure Act") requires owners of residential real estate (single-family homes, individual condominiums, townhouses, and the like, and buildings with up to four dwelling units) to furnish purchasers a Residential Property and Owners' Association Disclosure Statement ("Disclosure Statement"). This form is the only one approved for this purpose. A disclosure statement must be furnished in connection with the sale, exchange, option, and sale under a lease with option to purchase where the tenant does not occupy or intend to occupy the dwelling. A disclosure statement is not required for some transactions, including the first sale of a dwelling which has never been inhabited and transactions of residential property made pursuant to a lease with option to purchase where the lessee occupies or intends to occupy the dwelling. For a complete list of exemptions, see G.S. 47E-2.
- 2. You must respond to each of the questions on the following pages of this form by filling in the requested information or by placing a check ( $\sqrt{}$ ) in the appropriate box. In responding to the questions, you are only obligated to disclose information about which you have actual knowledge.
  - a. If you check "Yes" for any question, you must explain your answer and either describe any problem or attach a report from an attorney, engineer, contractor, pest control operator or other expert or public agency describing it. If you attach a report, you will not be liable for any inaccurate or incomplete information contained in it so long as you were not grossly negligent in obtaining or transmitting the information.
  - b. If you check "No," you are stating that you have no actual knowledge of any problem. If you check "No" and you know there is a problem, you may be liable for making an intentional misstatement.
  - c. If you check "No Representation," you are choosing not to disclose the conditions or characteristics of the property, even if you have actual knowledge of them or should have known of them.
  - d. If you check "Yes" or "No" and something happens to the property to make your Disclosure Statement incorrect or inaccurate (for example, the roof begins to leak), you must promptly give the purchaser a corrected Disclosure Statement or correct the problem.
- 3. If you are assisted in the sale of your property by a licensed real estate broker, you are still responsible for completing and delivering the Disclosure Statement to the purchasers; and the broker must disclose any material facts about your property which he or she knows or reasonably should know, regardless of your responses on the Disclosure Statement.
- 4. You must give the completed Disclosure Statement to the purchaser no later than the time the purchaser makes an offer to purchase your property. If you do not, the purchaser can, under certain conditions, cancel any resulting contract (See "Note to Purchasers" below). You should give the purchaser a copy of the Disclosure Statement containing your signature and keep a copy signed by the purchaser for your records.

Note to Purchasers: If the owner does not give you a Residential Property and Owners' Association Disclosure Statement by the time you make your offer to purchase the property, you may under certain conditions cancel any resulting contract without penalty to you as the purchaser. To cancel the contract, you must personally deliver or mail written notice of your decision to cancel to the owner or the owner's agent within three calendar days following your receipt of the Disclosure Statement, or three calendar days following the date of the contract, whichever occurs first. However, in no event does the Disclosure Act permit you to cancel a contract after settlement of the transaction or (in the case of a sale or exchange) after you have occupied the property, whichever occurs first.

5. In the space below, type or print in ink the address of the property (sufficient to identify it) and your name. Then sign and date. Property Address: \_\_\_\_\_

Owner'sName(s):\_\_\_

Owner(s) acknowledge(s) having examined this Disclosure Statement before signing and that all information is true and correct as of the date signed.

Owner Signature:	Date
Owner Signature:	Oate
Owner Signature:	Data

Purchasers acknowledge receipt of a copy of this Disclosure Statement; that they have examined it before signing; that they understand that this is not a warranty by owners or owners' agents; that it is not a substitute for any inspections they may wish to obtain; and that the representations are made by the owners and not the owners' agents or subagents. Purchasers are strongly encouraged to obtain their own inspections from a licensed home inspector or other professional. As used herein, words in the plural include the singular, as appropriate. Purchaser Signature:

Date\_\_\_

Date

a dionaber orginature.\_

Purchaser Signature:\_\_\_\_

PropertyAddress/Description:\_

The following questions address the characteristics and condition of the property identified above about which the owner has <u>actual knowledge</u>. Where the question refers to "dwelling," it is intended to refer to the dwelling unit, or units if more than one, to be conveyed with the property. The term "dwelling unit" refers to any structure intended for human habitation.

1	In what year was the dwelling constructed? Explain if necessary:	<u>Yc.</u>	e <u>No</u>	<u>No</u> Representation
2				
3	Ine dwelling's exterior walls are made of what type of material? □ Brick Veneer □ Wood □ Stone □ Viny □ Synthetic Stucco □ Composition/Hardboard □ Concrete □ Fiber Cement □ Aluminum □ Asbestos □ Othe	r r	] []	
4,	(Check all that apply)			
5.	Is there any leakage or other problem with the dwelling's roof?			
6.	Is there any water seepage, leakage, dampness or standing water in the dwelling's basement, crawl space, or slab			
7.	Is there any problem multimation on defines it is to the two in the dwelling's basement, crawl space, or slabi			
	Is there any problem, malfunction or defect with the dwelling's electrical system (outlets, wiring, panel, switches, fixtures, generator, etc.)?	-		_
8.	Is there any problem, malfunction or defect with the dwelling's plumbing system (pipes, fixtures, water heater, etc.)?			
9.	Is there any problem, malfunction or defect with the dwelling's heating and/or air conditioning?			
10	What is the dwelling's heat source? The Furness Theorem Theorem Theorem			
	Age of system: (Check all that apply)			
11	Where is the dealer of the second sec			
11				
	Age of system:			D
12,	what are the dwelling's fuel sources?			
	identify whether the tank is □ above ground or □ below ground, and whether the tank is □ lased by seller or			
13.	What is the dwelling's water supply source?  City/County  Community System  Private Well  Shared Well  Other			
14.	The dwelling's water pipes are made of what type of material?  Other Galvanized  Plastic  Polybutylene Check all that apply)			
15.	Is there any problem, malfunction or defect with the dwelling's water supply (including water quality, quantity, or water pressure)?	Ē	-	
16.	What is the dwelling's sewage disposal system? System Connected to City/County System City/County System City/County System available Straight pipe (wastewater does not go into a septic or other sewer system process of this paper of average side of a septic or other sewer system process of this paper of average side of a septic or other sewer system process of this paper of average side of a septic or other sewer system process of the severage of the se			
17.	If the dwelling is serviced by a septic system, do you know how many bedrooms are allowed by the septic system permit?			
	If your answer is "yes," how many bedrooms are allowed? □ No records available			
18.	Is there any problem, malfunction or defect with the dwelling's sewer and/or septic system?	п		
19.	Is there any problem, malfunction or defect with the dwelling's central vacuum, pool, hot tub, spa, attic fan, exhaust fan, ceiling fans, sump pump, irrigation system, TV cable wiring or satellite dish, garage door openers, gas logs, or other systems?			
20.	Is there any problem, malfunction or defect with any appliances that may be included in the conveyance (range/oven, attached microwave, hood/fan, dishwasher, disposal, etc.)?			
Purc	her Initials and Date Owner Initials and Date haser Initials and Date Purchaser Initials and Date			
	- distribution initials and Dalo			

21	Is there any problem with proves to Contract the second	<u>Yes</u>	No	No. Representation
	. Is there any problem with present infestation of the dwelling, or damage from past infestation of wood destroying insects or organisms which has not been repaired?			
22	2. Is there any problem, malfunction or defect with the drainage, grading or soil stability of the property?		D	
23	Are there are structure in the state of the property?	Ď		
	Are there any structural additions or other structural or mechanical changes to the dwelling(s) to be conveyed		۵	
	. Is the property to be conveyed in violation of any local zoning ordinances, restrictive covenants, or other land- use restrictions, or building codes (including the failure to obtain proper permits for room additions or other changes/improvements)?			
25	Are there any hazardous or toxic substances, materials, or products (such as asbestos, formaldehyde, radon gas, methane gas, lead-based paint) which exceed government safety standards, any debris (whether buried or covered) or underground storage tanks, or any environmentally hazardous conditions (such as contaminated soil or water, or other environmental contamination) which affect the property?	1077.0		
26.	Is there any noise, odor, smoke, etc. from commercial, industrial, or military sources which affects the property?			
27.	Is the property subject to any utility or other easements, shared driveways, party walls or encroachments from or on adjacent property?			
28.	Is the property the subject of any lawsuits, foreclosures, bankruptcy, leases or rental agreements, judgments, tax liens, proposed assessments, mechanics' liens, materialmens' liens, or notices from any governmental agency that lie to the property?			
29.	Is the property subject to a flood hazard or is the property located in a federally-designated flood hazard area?			
30.	Does the property abut or adjoin any private road(s) or street(s)?			
31	If there is a private read			
<i>2</i> 11	If there is a private road or street adjoining the property, is there in existence any owners' association or maintenance agreements dealing with the maintenance of the road or street?			
	u answered "yes" to any of the questions listed above (1-31) please explain (attach additional sheets if nec	essa	ry):	

In lieu of providing a written explanation, you may attach a written report to this Disclosure Statement by a public agency, or by an attorney, engineer, land surveyor, geologist, pest control operator, contractor, home inspector, or other expert, dealing with matters within the scope of that public agency's functions or the expert's license or expertise.

The following questions pertain to the property identified above, including the lot to be conveyed and any dwelling unit(s), sheds, detached garages, or other buildings located thereon.

2. To your knowledge, is the property subject to regulation by one or more owners' association(s) or governing documents which impose various mandatory covenants, conditions, and restrictions upon the lot, including, but not limited to obligations to pay regular assessments or dues and special assessments? If your answer is "yes," please provide the information requested below as to each owners' association to which the property is subject [insert N/A into any blank that does not apply]:		<u>№</u>	No Representation
•(specify name) whose regular assessments ("dues") are \$ The name, address, and telephone number of the president of the owners' association or the association manager are			
•(specify name) whose regular assessments ("dues") are \$ per The name, address, and telephone number of the president of the owners' association or the association manager are		×	
you answered "Yes" to question 32 above, you must complete the remainder of this Disclosure Statement. o" or "No Representation" to question 32 above, you do not need to answer the remaining questions on thi tement. Skip to the bottom of the last page and initial and date the page.	If yc s Di	ou ar sclo	iswered sure

Owner Initials and Date	Owner Initials and Date
Purchaser Initials and Date	Purchaser Initials and Date

	Are any fees charged by the association or by the association's management company in connection with the conveyance or transfer of the lot or property to a new owner? If your answer is "yes," please state the amount of the fees:	ne nt	(cs )	<u>No</u> <u>Representation</u>
34.	As of the date this Disclosure Statement is signed, are there any dues, fees, or special assessments which hav been duly approved as required by the applicable declaration or bylaws, and that are payable to an associatio to which the lot is subject? If your answer is "yes," please state the nature and amount of the dues, fees, or special assessments to which the property is subject:	ve .		
		-		
35.	As of the date this Disclosure Statement is signed, are there any unsatisfied judgments against, or pendin lawsuits <i>involving the property or lot to be conveyed</i> ? If your answer is "yes," please state the nature of each pending lawsuit, and the amount of each unsatisfied judgment:	g n		
	As of the date this Disclosure Statement is signed, are there any unsatisfied judgments against, or pending lawsuits <i>involving the planned community or the association to which the preserve and lot are subject</i> , with the exception of any action filed by the association for the collection of deling issessments on lots other that the property and lot to be conveyed? If your answer is "yes," please state the nature of each pending lawsuit and the amount of each unsatisfied judgment:	, C 3	] []	
7. \ c	Which of the following services and amenities are paid for by the owners' association(s) identified above out of the association's regular assessments ("dues")? (Check all that apply).		D	
				No
	Management Fees	<u>Yes</u>	<u>No</u>	Representation
	Management Fees Exterior Building Maintenance of Property to be Conveyed	П	<u>№</u>	Representation
	Exterior Building Maintenance of Property to be Conveyed			Representation
	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed			Representation
	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance			Representation
	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal			
5	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered)			
102	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination			
	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights			
	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights			
	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights			
:	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights Water			
	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal. Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights Water Sewer			
: : : : : : : : : : : : : : : : : : :	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights Water Sewer Storm water Management/Drainage/Ponds			
: : : : : : : : : : : : : : : : : : :	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights Water Storm water Management/Drainage/Ponds Internet Service			
: : : : : : : : : : : : : : : : : : :	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights Water Sewer Storm water Management/Drainage/Ponds Internet Service			
: : : : : : : : : : : : : : : : : : :	Exterior Building Maintenance of Property to be Conveyed Exterior Yard/Landscaping Maintenance of Lot to be Conveyed Common Areas Maintenance Trash Removal Recreational Amenity Maintenance (specify amenities covered) Pest Treatment/Extermination Street Lights Water Sewer Storm water Management/Drainage/Ponds Internet Service Cable			

Owner Initials and Date\_\_\_\_\_ Purchaser Initials and Date\_\_\_\_\_

Owner Initials and Date\_\_\_\_\_ Purchaser Initials and Date\_\_\_\_\_

# Exhibit F

# Declaration of Condominium (Under Separate Cover)

# A. Current Cypress of Charlotte Fee Schedule

Member and Guest Meal Charges	
Guest Meals using Monthly Meal Credits	\$ 5.00
Holiday Guest Meals no member meal credits may be used \$40	).00
(Holidays included: Easter, Thanksgiving, and December Holiday	/ Party)
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 25.00
Additional Member Meals (Dinner/Brunch)	\$ 25.00
Additional Guest Meals (Lunch)	\$ 25.00
Additional Guest Meals (Dinner/Brunch)	\$ 25.00
• All guest meals will be plus tax	
Catering Service Charge	
Cost Per Server / Per Hour	\$ 35.00
Bartender Fee / Per Hour	\$ 50.00
Chef Fee / Per Hour	\$ 50.00
Sunday Private Event	\$ 1,500.00
• A catered event is considered any group larger than	2.8.
Bar Charges	
Domestic Beer	\$ 4.50
Imported/Micro	\$ 5.50
House Wine, per Glass	\$ 6.00
Signature Wine	\$ 9.00
Premium Wine	\$12.00
House Liquor Mixed Drinks	\$ 9.00
Signature Liquor Mixed Drinks	\$12.00
Premium Mixed Drinks	Market
Wine, per bottle (750 ml)	Market
• All bar charges will be plus tax	
Transportation	
Transportation to or from Airport	\$ 30.00
(If there are flight delays or the driver has to wait beyond 4:30)	\$ 8.00 per 15 minutes
Valet Transportation (Round Trip)	\$ 8.00 per 15 minutes
Bus Rental (3 Hour Minimum)	\$ 70.00 per hour
Housekeeping Services	
Additional Housekeeping Services	\$ 8.00 per 15 minutes
(First carpet cleaning is complimentary, then normal	
Additional housekeeping charges apply)	
Bio-Hazard clean up (\$5.00 minimum)	\$ 8.00 per 15 minutes
<b>**Taxes May Apply to Some Items**</b>	

Maintenance Services	
Additional Maintenance Services	\$ 8.00 per 15 minutes
Copies of keys – house and mailbox	\$ 5.00 per key
Replacement for lost key fobs	\$ 15.00 each
Replacement for lost SARA pendant	\$ 205.00 each
Replacement and extra Gate Tags	\$ 25.00 each
Home Care Services	
Caregiver (CNA)	\$ 31.00 per hour
Caregiver (CNA) – Couples Care	\$46.50 per hour
COVID, Contagion or inclement weather rate	\$ 40.00 per hour
(rate is effective until contagion or inclement weather resolve	-
Regular Home Care less than 6-hour block of time	\$ 37.00 per hour
Skilled Nurse Visit	\$ 50.00 per hour
Short Notice Shift Setup Fee	\$ 100.00
Assistance in Living Program	\$ 145 per day
Assistance in Living Program – Couples	\$ 217.50 per day
RN Assessments Initial One Time Charge upon sign up	\$ 100.00
Medication reminder (15-minute visit)	\$ 20.00
(CNA reminds and ensures member takes medications	¢ 20.00
from prefilled container (must be prefilled by RN, pharmacy,	or family)
Medication management by a nurse	\$ 50.00 per week
(Registered Nurse places medications in pillboxes with	
doctor's orders, manages refills and promotes compliance)	
Long term care insurance billing	\$ 75.00 per month
Friends Club	\$ 65.00 per session
(no charge for members receiving 24/7 care except the utilization of the second	±
*Couples Care, Overtime and Holidays are billed at time and a half	)

#### **Member Absence Credits**

(Applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement) Absence Credit

\$ 10.00 per day/per person

#### Miscellaneous

Activities Charges	As Presented
Fitness classes or events outside of standard classes	As Presented
Personal Fitness Training	As Presented
Return Check Fee	\$ 42.00 each

# **Styling Center Clubhouse Services 2025**

Ladies Hair Services	
Shampoo Set	\$ 45.00
Shampoo Set with Haircut	\$ 80.00
Haircut	\$ 60.00
Helix Designer Cut (Elasticity Treatment \$5)	\$ 90.00
Weekly Color Rinse or Special Treatment	\$ 10.00 and up
Men's Services	
Haircut (with or without shampoo)	\$ 35.00
Pedicure*	\$ 50.00
Fingernail Clipping*	\$ 30.00
Toenail Clipping*	\$ 40.00
Beard Trim	\$ 15.00
Chemical Services	¢ 110.00
Permanent Wave	\$ 110.00
Hair Color (Highlight based on consultation)	\$ 110.00
Haircut with chemical service	\$ 50.00
Eyebrow Wax	\$ 15.00
Chin and Upper Lip (In home Service \$20)	\$ 30.00
Eyebrow Color	\$ 15.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	\$ 85.00
Manicure & Pedicure Combo Gel Polish	\$ 90.00
Gel Manicure	\$ 50.00
French Gel Manicure	\$ 60.00
Basic Manicure	\$ 45.00
Basic French Manicure	\$ 50.00
Basic Pedicure	\$ 50.00
French Pedicure**	\$ 60.00
Nail Repair**	\$ 15.00
Gel Polish Removal	\$ 15.00
SNS or Gel Set	\$ 85.00

\*Price will vary based on condition and/or length of nails \*\* If appointments are not cancelled 24 hours in advance a charge will be incurred.

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



October 9th, 2024

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

During the budgeting process for the 2025 fiscal year, it was determined that the cost of providing quality care at the Stewart Health Center has increased. In an effort to meet the expenses and maintain the quality of care expected for our members, effective January 1, 2025 the current Stewart Health Center daily room rates will increase by 6%. The Member discount will be 30% to stay in accordance to the member vote in 2019 for The Stewart Health Center expansion.

The daily room rate includes charges for room and board, nursing services, activities, social services, housekeeping, maintenance, dietitian services, linens, television, utilities, and local phone use. Please see the rate schedule for 2025 in the table below:

	2024 Daily Rates	2025 Daily Rates 6.0% Increase	2025 Member Rates with 30% discount
Room Type/Category			
Private Assisted Living	\$320.43	\$339.66	\$237.76
Semi-Private-Skilled Nursing	\$387.32	\$410.56	\$287.39
Pvt- Skilled Nursing(existing)	\$438.35	\$464.65	\$325.26
Large-Private Skilled Nursing	\$484.07	\$513.11	\$359.18
Pvt- Skilled Nursing (expansion)	\$508.92	\$539.46	\$377.62
Pvt-Memory Care (existing)	\$493.87	\$523.50	\$366.45
Pvt-Memory Care(expansion)	\$527.76	\$559.43	\$391.60

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

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

With best regards,

. Akhtan Braun

Ashton Brown Administrator

# Current Cypress Fee Schedule The Stewart Health Center

January 1, 2025

Member and Guest Meal Charges Guest Meals in the SHC dining room Guest Meals for Children aged 6 and younger Private Parties Charges	\$ 15.00 No Charge As Agreed Upon
Transportation	<b>4 20 00</b>
Transportation to Airport (If there are flight delays or the driver has to wait beyond 4:30)	\$ 30.00 \$ 8.00 per 15 minutes
Valet Transportation (Round Trip)	\$ 8.00 per 15 minutes
Wheelchair Transport	Determined by Company
Home Care Services	
Caregiver (CNA)	\$ 31.00 per hour
Caregiver (CNA) – Couples Care in SHC	\$39.00 per hour
COVID, Contagion or inclement weather rate	\$ 40.00 per hour
(rate is effective until contagion or inclement weather resolv	,
Regular Home Care less than 6-hour block of time	\$ 37.00 per hour \$ 100.00
Short Notice Shift Setup Fee <b>PN</b> Aggestments Initial One Time Charge upon sign up	\$ 100.00 \$ 100.00
RN Assessments Initial One Time Charge upon sign up Long term care insurance billing	\$ 75.00 per month
*Overtime and Holidays are billed at time and a half	\$ 75.00 per monur
Member Absence Credits	
(Applicable for member absences of 14 consecutive days or longer Membership Agreement)	, in accordance with the
Absence Credit - One Person	\$ 10.00 per day/per person
Rehab	
Private Therapy provided by Heritage	\$ 45.00 per 30 min
Miscellaneous Charges	
Hair Salon Charges	As Presented
Typing Services	Based on number of
Medical Supplies	Pages/time Based on Usage
meateur supplies	Dubou on Obugo

# **Styling Center Stewart Health Center Services**

Ladies Hair Services	
Shampoo Set	\$45.00
Shampoo Set with Haircut	\$ 80.00
Haircut	\$ 60.00
Weekly Color Rinse	\$ 15.00 and up
Men's Services	
Haircut	\$ 35.00
Pedicure	\$ 50.00
Fingernail Clipping *	\$ 30.00
Toenail Clipping*	\$ 40.00
Beard Trim	\$ 15.00
Chemical Services	
Permanent Wave	\$110.00
Hair Color (Highlight based on consultation)	\$110.00
Haircut with chemical service	\$ 50.00
Eyebrow Wax	\$ 15.00
Chin and Upper Lip (In Room Service \$20.00)	\$ 30.00
Eyebrow Color	\$ 15.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	\$ 85.00
Gel Manicure & Pedicure	\$ 90.00
Gel Manicure	\$ 50.00
French Gel Manicure	\$ 60.00
Basic Manicure	\$ 45.00
Basic French Manicure	\$ 50.00
Basic Pedicure	\$ 50.00
French Pedicure	\$ 60.00
Nail Repair	\$ 15.00
Gel Polish Removal	\$ 15.00
SNS or Gel Set	\$ 95.00

\*Price will vary based on condition and/or length of nails \*\* If appointments are not cancelled 24 hours in advance a charge will be incurred.

# Exhibit G

\$ 8.00 per 15 minutes

\$ 8.00 per 15 minutes

#### APPENDICES

January 2024

### A. Current Cypress of Charlotte Fee Schedule

#### Member and Guest Meal Charges

Guest Meals using Monthly Meal Credits	\$ 5.00
Holiday Guest Meals no member meal credits may be used	\$ 40.00
(Holidays included: Easter, Thanksgiving, and December Holida	ay Party)

Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 24.00
Additional Member Meals (Dinner/Brunch)	\$ 24.00
Additional Guest Meals (Lunch)	\$ 24.00
Additional Guest Meals (Dinner/Brunch)	\$ 24.00

• All guest meals will be plus tax

#### **Catering Service Charge**

Cost Per Server / Per Hour	\$ 25.00
Sunday Private Event	\$ 1,500.00

- *A catered event is considered any group larger than 8.*
- The member will be responsible for any bank fees as a result of a returned guest payment.

#### **Bar Charges**

Domestic Beer	\$ 4.50
Imported/Micro	\$ 5.25
Wine, per Glass	\$ 5.00
Mixed Drinks	\$ 8.00
Premium Mixed Drinks	\$ 11.00
Wine, per bottle (750 ml)	As Presented
• All bar charges will be plus tax	

**Transportation** 

Transportation to or from Airport	\$ 30.00
Valet Transportation (Round Trip)	\$ 8.00 per 15 minutes
Bus Rental (3 Hour Minimum)	\$ 70.00 per hour

# **Housekeeping Services**

Additional Housekeeping Services
(First carpet cleaning is complimentary, then normal
Additional housekeeping charges apply)
Bio-Hazard clean up (\$5.00 minimum)

#### \*\*Taxes May Apply to Some Items\*\*

# **Maintenance Services**

Additional Maintenance Services	\$ 8.00 per 15 minutes
Copies of keys – house and mailbox	\$ 5.00 per key

# **Home Care Services**

Caregiver (CNA)	\$ 29.00 per hour	
COVID, Contagion or inclement weather rate	\$ 40.00 per hour	
(rate is effective until contagion or inclement weather resolves)		
Regular Home Care less than 6-hour block of time	\$ 35.00 per hour	
Skilled Nurse Visit	\$ 50.00 per hour	
Short Notice Shift Setup Fee	\$ 100.00	
Assistance in Living Program	\$ 145 /per day	
RN Assessments Initial One Time Charge upon sign up	\$ 50.00	
Medication reminder (15-minute visit)	\$ 18.00	
Long term care insurance billing	\$ 50.00 per month	
Friends Club	\$ 65.00/per session	

#### **Member Absence Credits**

(Applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement) Absence Credit - One Person \$ 10.00 per day

Absence Credit - One Person	\$10.00 per day
Absence Credit - Two Persons	\$ 14.00 per day

# Miscellaneous

Activities Charges	As Presented
Fitness classes or events outside of standard classes	As Presented
Personal Fitness Training	As Presented
Replacement for lost key fobs	\$ 15.00 each
Replacement for lost SARA pendant	\$ 205.00 each
Replacement and extra Gate Tags	\$ 25.00 each
Return Check Fee	\$ 42.00 each

# **Styling Center Clubhouse Services**

Ladies Hair Services	
Shampoo Set	\$ 45.00
Shampoo Set with Haircut	\$ 80.00
Haircut	\$ 60.00
Helix Designer Cut (Elasticity Treatment \$5)	\$ 90.00
Weekly Color Rinse or Special Treatment	\$ 10.00 and up
	-
Men's Services	
Haircut (with or without shampoo)	\$ 35.00
Pedicure*	\$ 50.00
Fingernail Clipping*	\$ 30.00
Toenail Clipping*	\$ 40.00
Beard Trim	\$ 15.00
Chemical Services	
Permanent Wave	\$ 110.00
Hair Color (Highlight based on consultation)	\$ 110.00
Haircut with chemical service	\$ 50.00
Eyebrow Wax	\$ 15.00
Chin and Upper Lip (In home Service \$20)	\$ 30.00
Eyebrow Color	\$ 15.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	¢ 95 00
	\$ 85.00 \$ 00.00
Manicure & Pedicure Combo Gel Polish	\$ 90.00 \$ 50.00
Gel Manicure	\$ 50.00
French Gel Manicure	\$ 60.00
Basic Manicure	\$ 45.00
Basic French Manicure	\$ 50.00
Basic Pedicure	\$ 50.00
French Pedicure**	\$ 60.00
Nail Repair**	\$ 15.00
Gel Polish Removal	\$ 15.00
SNS or Gel Set	\$ 85.00

\*Price will vary based on condition and/or length of nails \*\* If appointments are not cancelled 24 hours in advance a charge will be incurred.



October 13, 2023

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

During the budgeting process for the 2024 fiscal year, it was determined that the cost of providing quality care at the Stewart Health Center has increased. In an effort to meet the expenses and maintain the quality of care expected for our members, effective January 1, 2024 the current Stewart Health Center daily room rates will increase by 7.5%. The Member discount will be 30% to stay in accordance to the member vote in 2019 for The Stewart Health Center expansion.

The daily room rate includes charges for room and board, nursing services, activities, social services, housekeeping, maintenance, dietitian services, linens, television, utilities, and local phone use. Please see the rate schedule for 2023 in the table below:

	2023 Daily Rates	2024 Daily Rates 7.5% Increase	2024 Member Rates with 30% discount
Room Type/Category			
Private Assisted Living	\$298.07	\$320.43	\$224.30
Semi-Private-Skilled Nursing	\$360.30	\$387.32	\$271.12
Pvt- Skilled Nursing(existing)	\$407.77	\$438.35	\$306.85
Large-Private Skilled Nursing	\$450.30	\$484.07	\$338.85
Pvt- Skilled Nursing (expansion)	\$473.41	\$508.92	\$356.24
Pvt-Memory Care (existing)	\$459.41	\$493.87	\$345.71
Pvt-Memory Care(expansion)	\$490.94	\$527.76	\$369.43

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

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

With best regards,

Ashton Brown

Ashton Brown Administrator

# Current Cypress Fee Schedule The Stewart Health Center

January 1, 2024

#### **Member and Guest Meal Charges**

Guest Meals in the SHC dining room	\$ 14.00
Guest Meals for Children aged 6 and younger	No Charge
Private Parties Charges	As Agreed Upon

#### Transportation

Transportation to Airport Valet Transportation (Round Trip) Wheelchair Transport

#### **Home Care Services**

CNA Companion \$ 30.00

\$ 8.00 per 15 minutes Determined by Company

\$ 29.00 per hour \$ 18.00 per hour

#### **Member Absence Credits**

(Applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

Absence Credit - One Person	\$ 10.00 per day
Absence Credit - Two Persons	\$ 14.00 per day

#### Rehab

Private Therapy provided by Heritage

#### **Miscellaneous Charges**

Hair Salon Charges Typing Services

**Medical Supplies** 

\$ 45.00 per 30 min

As Presented Based on number of Pages/time Based on Usage

# **Styling Center Stewart Health Center Services**

Ladies Hair Services	
Shampoo Set	\$ 45.00
Shampoo Set with Haircut	\$ 80.00
Haircut	\$ 60.00
Weekly Color Rinse	\$ 15.00 and up
Men's Services	
Haircut	\$ 35.00
Pedicure	\$ 50.00
Fingernail Clipping*	\$ 30.00
Toenail Clipping*	\$ 40.00
Beard Trim	\$ 15.00
Chemical Services	
Permanent Wave	\$110.00
Hair Color (Highlight based on consultation)	\$110.00
Haircut with chemical service	\$ 50.00
Eyebrow Wax	\$ 15.00
Chin and Upper Lip (In Room Service \$20.00)	\$ 30.00
Eyebrow Color	\$ 15.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	\$ 85.00
Gel Manicure & Pedicure	\$ 90.00
Gel Manicure	\$ 50.00
French Gel Manicure	\$ 60.00
Basic Manicure	\$ 45.00
Basic French Manicure	\$ 50.00
Basic Pedicure	\$ 50.00
French Pedicure	\$ 60.00
Nail Repair	\$ 15.00
Gel Polish Removal	\$ 15.00
SNS or Gel Set	\$ 95.00

\*Price will vary based on condition and/or length of nails \*\* If appointments are not cancelled 24 hours in advance a charge will be incurred.

# APPENDICES

# A. Current Cypress of Charlotte Fee Schedule

Member and Guest Meal Charges Guest Meals using Monthly Meal Credits	\$ 5.00
Holiday Guest Meals <b>no member meal credits may be used</b>	\$ 40.00
(Holidays included: Easter, Thanksgiving, and December Holid	
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 23.00
Additional Member Meals (Dinner/Brunch)	\$ 23.00
Additional Guest Meals (Lunch)	\$ 23.00
Additional Guest Meals (Dinner/Brunch)	\$ 23.00
• All guest meals will be plus tax	
Catering Service Charge	
Cost Per Server / Per Hour	\$ 25.00
Sunday Private Event	\$ 1,500.00
• A catered event is considered any group larger that	un 8.

• The member will be responsible for any bank fees as a result of a returned guest payment.

#### **Bar Charges**

Domestic Beer	\$ 3.50
Imported/Micro	\$ 5.25
Wine, per Glass	\$ 4.00
Mixed Drinks	\$ 8.00
Premium Mixed Drinks	\$ 11.00
Wine, per bottle (750 ml)	As Presented
• All hav charges will be plug tax	

• All bar charges will be plus tax

Transportation	
Transportation to Airport	\$ 30.00
Valet Transportation (Round Trip)	\$ 8.00 per 15 minutes
White Bus Rental (3 Hour Minimum)	\$ 70.00 per hour
Housekeeping Services Additional Housekeeping Services (First carpet cleaning is complimentary, then normal	\$ 5.00 per 15 minutes
Additional housekeeping charges apply) Bio-Hazard clean up (\$5.00 minimum)	\$ 5.00 per 15 minutes

#### **Maintenance Services**

Additional Maintenance Services Copies of keys – house and mailbox

#### **Home Care Services**

Caregiver (CNA) Skilled Nurse Visit Assistance in Living Program RN Assessments Initial One Time Charge upon sign up Friends Club

#### **Member Absence Credits**

(Applicable for member absences of 14 consecutive days or longer, in accordance with the<br/>Membership Agreement)Absence Credit - One Person\$ 9.00 per day<br/>\$ 13.00 per dayAbsence Credit - Two Persons\$ 13.00 per day

# Miscellaneous

Activities Charges	As Presented
Fitness classes or events outside of standard classes	As Presented
Personal Fitness Training	As Presented
Replacement for lost fob	\$ 15.00 each
Replacement for lost SARA pendant	\$ 100.00 each
Replacement and extra Gate Tags	\$ 25.00 each
Return Check Fee	\$ 42.00 each

\$ 7.25 per 15 minutes \$ 2.50 per key

\$ 27.00 per hour
\$ 50.00 per hour
\$ 135 /per day
\$ 50.00
\$ 65.00/per session

# **Styling Center Clubhouse Services**

Shampoo Set	\$ 45.00
Shampoo Set with Haircut	\$ 80.00
Haircut	\$ 55.00/\$ 60.00
Helix Designer Cut (Elasticity Treatment \$5)	\$ 90.00
Weekly Color Rinse or Special Treatment	\$ 10.00 and up
Men's Services	
Haircut (with or without shampoo)	\$ 35.00
Pedicure*	\$ 50.00
Fingernail Clipping*	\$ 25.00-\$ 30.00
Toenail Clipping*	\$ 40.00
Beard Trim	\$ 15.00

#### **Chemical Services**

Permanent Wave	\$ 110.00 and up
Hair Color (Highlight based on consultation)	\$ 110.00 and up
Haircut with chemical service	\$ 50.00
Eyebrow Wax	\$ 15.00
Chin and Upper Lip (In home Service \$20)	\$ 30.00
Eyebrow Color	\$ 15.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	\$ 85.00
Manicure & Pedicure Combo Gel Polish	\$ 90.00
Gel Manicure	\$ 50.00
French Gel Manicure	\$ 60.00
Basic Manicure	\$ 40 00

Basic Manicure	\$ 40.00
Basic French Manicure	\$ 50.00
Basic Pedicure	\$ 50.00
French Pedicure**	\$ 60.00
Nail Repair**	\$ 15.00
Gel Polish Removal	\$ 15.00
SNS or Gel Set	\$ 85.00

\*Price will vary based on condition and/or length of nails \*\* If appointments are not cancelled 24 hours in advance a charge will be incurred.



October 10, 2022

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

During the budgeting process for the 2023 fiscal year, it was determined that the cost of providing quality care at the Stewart Health Center has increased. In an effort to meet the expenses and maintain the quality of care expected for our members, effective January 1, 2023 the current Stewart Health Center daily room rates will increase by 9.5%. The Member discount will be 30% to stay in accordance to the member vote in 2019 for The Stewart Health Center expansion.

The daily room rate includes charges for room and board, nursing services, activities, social services, housekeeping, maintenance, dietitian services, linens, television, utilities, and local phone use. Please see the rate schedule for 2023 in the table below:

	2022 Daily Rates	2023 Daily Rates 9.5% Increase	2023 Member Rates with 30% discount
Room Type/Category			
Private Assisted Living	\$272.21	\$298.07	\$208.65
Semi-Private-Skilled Nursing	\$329.04	\$360.30	\$252.21
Pvt- Skilled Nursing(existing)	\$372.39	\$407.77	\$285.44
Large-Private Skilled Nursing	\$411.23	\$450.30	\$315.21
Pvt- Skilled Nursing (expansion)	\$432.34	\$473.41	\$331.39
Pvt-Memory Care (existing)	\$419.55	\$459.41	\$321.59
Pvt-Memory Care(expansion)	\$448.35	\$490.94	\$343.66

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

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

With best regards,

Ashton Brown

Ashton Brown Administrator

### Current Cypress Fee Schedule The Stewart Health Center

January 1, 2023

#### **Member and Guest Meal Charges**

Guest Meals in the SHC dining room	\$ 14.00
Guest Meals for Children age 6 and younger	No Charge
Private Parties Charges	As Agreed Upon

• All guest meals will be plus tax

#### **Transportation**

Transportation to Airport	\$ 30.00
Valet Transportation (Round Trip)	\$ 8.00 per 15 minutes
Wheelchair Transport	Determined by Company

#### **Home Care Services**

Caregiver (CNA)

#### Rehab

Private Therapy provided by Heritage

#### **Miscellaneous Charges**

Hair Salon Charges Typing Services

**Medical Supplies** 

\$ 27.00 per hour

\$ 50.00 per 30 min

As Presented Based on number of Pages/time Based on Usage

# **Styling Center Stewart Health Center Services**

Ladies Hair Services	
Shampoo Set	\$ 50.00
Shampoo Set with Haircut	\$ 90.00
Haircut	\$ 70.00
Weekly Color Rinse	\$ 15.00 and up
Men's Services	
Haircut	\$ 40.00
Pedicure	\$ 70.00
Fingernail Clipping*	\$ 40.00
Toenail Clipping*	\$ 50.00
Beard Trim	\$ 20.00
Chemical Services	
Permanent Wave	\$115.00 and up
Hair Color (Highlight based on consultation)	\$115.00 and up
Haircut with chemical service	\$ 55.00
Eyebrow Wax	\$ 15.00
Chin and Upper Lip (In Room Service \$20.00)	\$ 30.00
Eyebrow Color	\$ 15.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	\$ 95.00
Gel Manicure & Pedicure	\$ 100.00
Gel Manicure	\$ 60.00
French Gel Manicure	\$ 70.00
Basic Manicure	\$ 45.00
Basic French Manicure	\$ 50.00
Basic Pedicure	\$ 70.00
French Pedicure	\$ 80.00
Nail Repair	\$ 20.00
Gel Polish Removal	\$ 20.00
SNS or Gel Set	\$ 95.00

\*Price will vary based on condition and/or length of nails \*\* If appointments are not cancelled 24 hours in advance a charge will be incurred.

### APPENDICES

# A. Current Cypress of Charlotte Fee Schedule

Member and Guest Meal Charges	<b>(</b> ) 1 4 0 0
Guest Meals using Monthly Meal Credits	\$ 14.00
Holiday Guest Meals no member meal credits may be used	\$ 40.00
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 23.00
Additional Member Meals (Dinner/Brunch)	\$ 23.00
Additional Guest Meals (Lunch)	\$ 23.00
Additional Guest Meals (Dinner/Brunch)	\$ 23.00
Catering Service Charge	
Cost Per Server	\$ 50.00
Sunday Private Event	\$ 1,500.00
A catered event is considered any group larger than 8.	÷ = )- = = = = =
A $$25.00$ fee will be charged to the member for any	
transaction that generates a bank fee by a guest of the me	ember.
Bar Charges	
Domestic Beer	\$ 3.00
Imported/Micro	\$ 5.00
House Wine, per Glass	\$ 3.00
Premium Wine, per Glass	\$ 5.00
Premium Wine & Champagne, per Glass	\$ 8.00
Mixed Drinks	\$ 8.00
Premium Mixed Drinks	\$ 11.00
Premium Wine, per bottle (750 ml)	As Presented
House Wine, per Bottle (750 ML)	\$ 20.00
Transportation	
Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
White Bus Rental (3 Hour Minimum)	\$ 50.00 per hour
Big Red Bus Rental (3 Hour minimum)	\$ 80.00 per hour
Housekeeping Services	
Additional Housekeeping Services	\$ 5.00 per 15 minutes
(First carpet cleaning is complimentary, then normal	*
Additional housekeeping charges apply)	
Bio-Hazard clean up (\$5.00 minimum)	\$ 5.00 per 15 minutes
**Taxes May Apply to Some Items**	Rev: 10.18.21

Maintenance Services	Ф <i>С</i> 50 15 ° с
Additional Maintenance Services	\$ 6.50 per 15 minutes
Copies of keys – house and mailbox	\$ 2.50 per key
Home Care Services	
CNA	\$ 25.50 per hour
Companion	\$ 18.00 per hour
Pet Care (Walk, Feed, Cat box clean)	\$ 9.00 15 min-30 min
Skilled Nurse Visit	\$ 50.00 per hour
Assistance in Living Program	\$ 135 / \$ 145 per day
	-
RN Assessments Initial One Time Charge upon sign up	\$ 50.00
Friends Club	\$ 65.00/per session
Member Absence Credits	
(Applicable for member absences of 14 consecutive days or longer, in acco	ordance with the Membership
Agreement)	-
Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day
	1
Miscellaneous	
Activities Charges	As Presented
Fitness classes or events outside of standard classes	As Presented
Personal Fitness Training	As Presented
Replacement for lost access cards	\$ 10.00 each
Replacement for lost PERS pendant	\$ 100.00 each
Replacement and extra Gate Tags	\$ 25.00 each
Return Check Fee	
Return Uneuk Fee	\$ 42.00 each

# **Styling Center Clubhouse Services**

### Ladies Hair Services

Ladies Hair Services	
Shampoo Set	\$ 40.00
Shampoo Set with Haircut	\$ 70.00
Haircut	\$ 50.00
Helix Designer Cut (Elasticity Treatment \$5)	\$ 80.00
Weekly Color Rinse or Special Treatment	\$ 5.00 and up
	1
Men's Services	
Haircut (with or without shampoo)	\$ 25.00
Pedicure*	\$ 45.00
Fingernail Clipping*	\$ 20.00
Toenail Clipping*	\$ 30.00
Beard Trim	\$ 10.00
Chemical Services	
Permanent Wave	\$ 100.00
Hair Color (Highlight based on consultation)	\$ 100.00
Haircut with chemical service	\$ 40.00
Eyebrow Wax	\$ 10.00
Chin and Upper Lip (In home Service \$20)	\$ 20.00
Eyebrow Color	\$ 10.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	\$ 80.00
Manicure & Pedicure Combo Gel Polish	\$ 85.00
Gel Manicure	\$ 40.00
French Gel Manicure	\$ 47.00
Basic Manicure	\$ 35.00
Basic French Manicure	\$ 42.00
Basic Pedicure	\$ 45.00
French Pedicure**	\$ 52.00
Nail Repair**	\$ 10.00
Gel Polish Removal	\$ 10.00
SNS or Gel Set	\$ 65.00
	•

\*Price will vary based on condition and/or length of nails \*\* If appointments are not cancelled 24 hours in advance a charge will be incurred.



October 19, 2021

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

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

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

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

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

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

With best regards,

Ashton Brown

Ashton Brown Administrator

### \*\*Taxes May Apply to Some Items\*\*

# Current Cypress Fee Schedule The Stewart Health Center

January 1, 2022

### Member and Guest Meal Charges

Guest Meals in the SHC dining room	\$ 14.00
Guest Meals for Children age 6 and younger	No Charge
Private Parties Charges	As Agreed Upon

### **Transportation**

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
Wheelchair Transport	Determined by Company

### **Home Care Services**

CNA Companion \$ 25.50 per hour \$ 18.00 per hour

### **Member Absence Credits**

(Applicable for member absences of 14 consecutive days or longer, in accordance with the Membership Agreement)

Absence Credit - One Person	\$ 9.00 per day
Absence Credit - Two Persons	\$ 13.00 per day

#### Rehab

Private Therapy provided by Heritage

### **Miscellaneous Charges**

Hair Salon Charges Typing Services

**Medical Supplies** 

\$ 45.00 per 30 min

As Presented Based on number of Pages/time Based on Usage

Ladies Hair Services	
Shampoo Set	\$ 45.00
Shampoo Set with Haircut	\$ 80.00
Haircut	\$ 60.00
Helix Designer Cut (Elasticity Treatment)	\$ 95.00
Weekly Color Rinse	\$ 5.00 and up
Men's Services	
Haircut	\$ 35.00
Pedicure	\$ 60.00
Fingernail Clipping*	\$ 35.00
Toenail Clipping*	\$ 45.00
Beard Trim	\$ 15.00
Chemical Services	
Permanent Wave	\$105.00
Hair Color (Highlight based on consultation)	\$105.00
Haircut with chemical service	\$ 45.00
Eyebrow Wax	\$ 10.00
Chin and Upper Lip (In Room Service \$20.00)	\$ 20.00
Eyebrow Color	\$ 10.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	\$ 90.00
Gel Manicure & Pedicure	\$ 95.00
Gel Manicure	\$ 50.00
French Gel Manicure	\$ 57.00
Basic Manicure	\$ 40.00
Basic French Manicure	\$ 47.00
Basic Pedicure	\$ 60.00
French Pedicure	\$ 67.00
Nail Repair	\$ 15.00
Gel Polish Removal	\$ 15.00

# **Styling Center Stewart Health Center Services**

\*Price will vary based on condition and/or length of nails \*\* If appointments are not cancelled 24 hours in advance a charge will be incurred.

SNS or Gel Set

\$75.00

### **APPENDICES**

# A. Current Cypress of Charlotte Fee Schedule

Member and Guest Meal Charges	
Guest Meals using Monthly Meal Credits	\$ 14.00
Holiday Guest Meals no member meal credits may be used	\$ 40.00
Guest Meals for Children age 6 and younger	No Charge
Additional Member Meals (Lunch)	\$ 23.00
Additional Member Meals (Dinner/Brunch)	\$ 23.00
Additional Guest Meals (Lunch)	\$ 23.00
Additional Guest Meals (Dinner/Brunch)	\$ 23.00
Catering Service Charge	
Cost Per Server	\$ 50.00
Sunday Private Event	\$ 1,500.00
A catered event is considered any group larger than 8.	
A \$25.00 fee will be charged to the member for any	
transaction that generates a bank fee by a guest of the me	mber.

# **Bar Charges**

\$ 3.00
\$ 5.00
\$ 3.00
\$ 5.00
\$ 8.00
\$ 8.00
\$ 11.00
As Presented
\$ 20.00

Transp	ortation
_	

Transportation to Airport	\$ 25.00
Valet Transportation (Round Trip)	\$ 6.00 per 15 minutes
White Bus Rental (3 Hour Minimum)	\$ 50.00 per hour
Big Red Bus Rental (3 hour minimum)	\$ 80.00 per hour

Housekeeping Services Additional Housekeeping Services (First carpet cleaning is complimentary, then norma Additional housekeeping charges carely)	\$ 5.00 per 15 minutes al	
Additional housekeeping charges apply) Bio-Hazard clean up (\$5.00 minimum)	\$ 5.00 per 15 minutes	
Maintenance Services		
Additional Maintenance Services	\$ 6.50 per 15 minutes	
Copies of keys – house and mailbox	\$ 2.50 per key	
Home Care Services		
CNA	\$ 23.50 per hour	
Companion	\$ 18.00 per hour	
Pet Care (Walk, Feed, Cat box clean)	\$ 9.00 15 min-30 min	
Skilled Nurse Visit	\$ 50.00 per hour	
Assistance in Living Program	\$ 135 / \$ 145 per day	
RN Assessments Initial One Time Charge upon sign up \$ 50.00		
Friends Club	\$ 89.00/per session	
Member Absence Credits		
(Applicable for member absences of 14 consecutive days or longer, in accordance with the		
Membership Agreement) Absence Credit - One Person	<b>#</b> 0.00 1	
Absence Credit - Two Persons	\$ 9.00 per day	
Absence Credit - 1 wo Persons	\$ 13.00 per day	
Miscellaneous		
Activities Charges	As Presented	
Fitness classes or events outside of standard classes		
Personal Fitness Training	As Presented	
Replacement for lost access cards	\$ 10.00 each	
Replacement for lost PERS pendant	\$ 100.00 each	
Replacement and extra Gate Tags	\$ 25.00 each	
Datum Chaol- End	φ <u>10</u> 00 1	

Return Check Fee

\$42.00 each

# Styling Center Clubhouse Services

Ladies Hair Services	
Shampoo Set	\$ 40.00
Shampoo Set with Haircut	\$ 70.00
Haircut	\$ 50.00
Helix Designer Cut (Elasticity Treatment \$5)	\$ 80.00
Weekly Color Rinse or Special Treatment	\$ 5.00 and up
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Men's Services	
Haircut (with or without shampoo)	\$ 25.00
Pedicure*	\$ 40.00
Fingernail Clipping*	\$ 20.00
Toenail Clipping*	\$ 30.00
Beard Trim	\$ 10.00
	\$ 10.00
Chemical Services	
Permanent Wave	\$ 100.00
Hair Color (Highlight based on consultation)	
Haircut with chemical service	\$ 100.00
Eyebrow Wax	\$ 40.00
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Chin and Upper Lip (In home Service \$20)	\$ 20.00
Eyebrow Color	\$ 10.00
Ladies Manicure & Pedicure*	
Manicure & Pedicure Combo	<b>• • •</b> • •
	\$ 75.00
Manicure & Pedicure Combo Gel Polish	\$ 80.00
Gel Manicure	\$ 40.00
French Gel Manicure	\$ 47.00
Basic Manicure	\$ 35.00
Basic French Manicure	\$ 42.00
Basic Pedicure	\$ 45.00
French Pedicure**	\$ 52.00
Nail Repair**	\$ 10.00
Gel Polish Removal	\$ 10.00
SNS or Gel Set	\$ 65.00

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

### Current Cypress Fee Schedule The Stewart Health Center January 1, 2021

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CNA Companion

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As Presented Based on number of Pages/time Based on Usage

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Toenail Clipping*	\$ 45.00		
Beard Trim	\$ 15.00		
Chemical Services			
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French Gel Manicure	\$ 57.00		
Basic Manicure	\$ 40.00		
Basic French Manicure	\$ 47.00		
Basic Pedicure	\$ 60.00		
French Pedicure	\$ 67.00		
Nail Repair	\$ 15.00		
Gel Polish Removal	\$ 15.00		
SNS or Gel Set	\$ 75.00		

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