



THE CARDINAL
at North Hills

A KISCO SIGNATURE COMMUNITY

Disclosure Statement

The Cardinal at North Hills Continuing Care Retirement Community

Provider: The Cardinal at North Hills, LLC

Date of Disclosure Statement: December 31, 2025

Last Date for Delivery: June 9, 2027

- **This Disclosure Statement must be delivered to a contracting party before the execution of a binding reservation agreement or residency agreement.**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure the accuracy of the information provided.**
- **This Disclosure Statement has been filed with, and recorded by, the North Carolina Department of Insurance in accordance with Article 64A of Chapter 58 of the North Carolina General Statutes (“Article 64A”).**
- **This Disclosure Statement contains all information required by Article 64A and is correct in all material respects. Knowingly delivering a disclosure statement that contains an untrue statement or omits a material fact may subject The Cardinal at North Hills, LLC to penalties under Article 64A.**

Financial Snapshot: Key Ratios for The Cardinal at North Hills, LLC

Table FS-1. Financial Snapshot – Key Statutory Financial Ratios

Fiscal Year Ended December 31, 2025 (FY), with comparative historical and prospective periods

Ratio	2023	2024	2025	2026	2027	2028	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	6	14	11	12	16	26	—	—	—
CUSH	n/a	n/a	n/a	n/a	n/a	n/a	—	—	—
OR	98.56%	98.68%	94.04%	100.20%	98.42%	96.66%	—	—	—
NOM	1.44%	1.32%	5.96%	-0.20%	1.58%	3.34%	—	—	—
NOM-A	1.44%	1.32%	5.96%	-0.20%	1.58%	3.34%	—	—	—
DSCR	n/a	n/a	n/a	n/a	n/a	n/a	—	—	—
CD	n/a	n/a	n/a	n/a	n/a	n/a	—	—	—
CED	2.73	2.36	2.03	0.92	0.95	0.98	—	—	—

Liquidity Ratios:

- **Days Cash on Hand (DCOH).** Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.
- **Cushion Ratio (CUSH).** Number of times the provider’s unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Profitability Ratios:

- **Operating Ratio (OR).** Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.
- **Net Operating Margin (NOM).** Shows the result from core resident services. Higher values mean a stronger operating result from resident services.
- **Adjusted Net Operating Margin (NOM-A).** Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Capital Structure Ratios:

- **Debt Service Coverage (DSCR).** Measures the provider’s ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
- **Unrestricted Cash & Investments to Long-Term Debt (CD).** Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.
- **Capital Expenditures to Depreciation (CED).** Compares what the provider is spending on capital improvements to the amount its assets are wearing out. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

See Appendix F for full statutory definitions of how ratios are derived.

* **NC Provider Quartiles.** Values will be compiled annually by the North Carolina Department of Insurance, stratified by community model (Entrance Fee, Rental, Equity), and are expected to be available in late 2026.

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1. Provider Identification

Legal Responsibility

The Cardinal at North Hills, LLC is the entity that enters into residency agreements with residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

Doing Business As (DBA)

The Cardinal at North Hills, LLC conducts business under the name “The Cardinal at North Hills.” The name “The Cardinal at North Hills” is a trade name only and does not represent a separate legal entity. The Cardinal at North Hills, LLC remains legally responsible for providing continuing care and performing all obligations under the residency agreements.

Item	Information
Legal Provider Name:	The Cardinal at North Hills, LLC
Doing Business As (DBA):	The Cardinal at North Hills
Business Address:	4030 The Cardinal at North Hills Street, Raleigh, North Carolina, 27609
Telephone Number:	(984) 204-8444
Legal Entity Type:	A North Carolina limited liability company
For-Profit / Nonprofit Status:	For Profit
Federal Tax Status:	Non-exempt
Ownership Type:	Privately owned and controlled for profit limited liability company. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	KSL Toledo Tenant, LLC, a North Carolina limited liability company, is the sole member and manager of The Cardinal at North Hills, LLC

2. Organizational Structure

2.1 Multi-Entity Organization Status

The Cardinal at North Hills, LLC is part of a multi-entity organization and is a wholly owned subsidiary of KSL Toledo Tenant, LLC, a North Carolina limited liability company, which serves as the controlling person.

2.2 Consolidation of Financial Statements

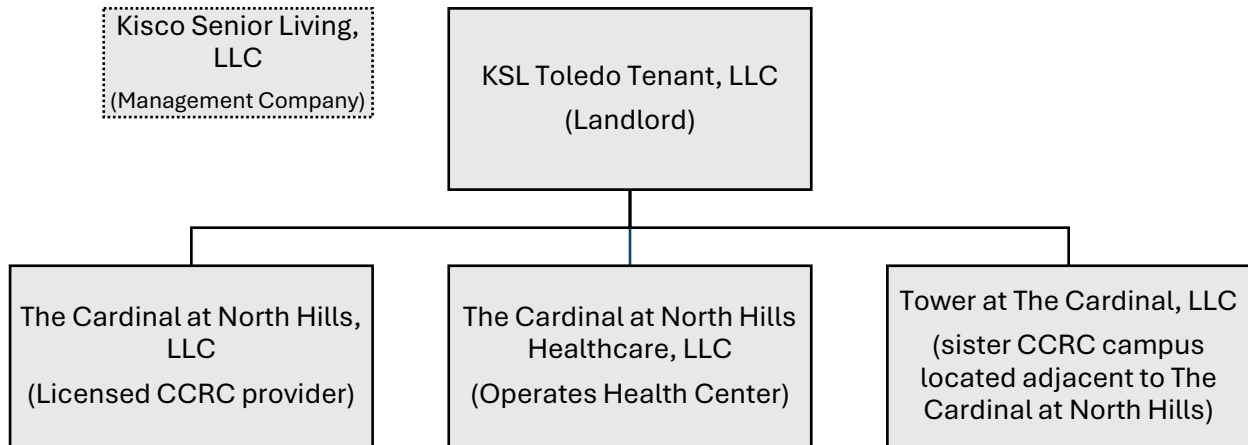
Audited financial statements are prepared on a consolidated basis for The Cardinal at North Hills, LLC, and its affiliates. Within these audited statements, consolidating schedules break out the financial position and operational results for each individual entity.

2.3 Controlling Person

Item	Information
Name:	KSL Toledo Tenant, LLC
Business Address:	5790 Fleet Street, Suite 300, Carlsbad, CA 92008
Telephone Number:	(760) 804-7030

2.4 Company Structure Chart

The organizational structure of KSL Toledo Tenant, LLC and its related entities, including The Cardinal at North Hills, LLC, is as follows:



Accessible Text Equivalent:

- **KSL Toledo Tenant, LLC** – for-profit limited liability corporation that leases the community property to The Cardinal at North Hills, LLC and the health center building to The Cardinal at North Hills Healthcare, LLC (Carlsbad, CA).
 - **The Cardinal at North Hills, LLC.** – a for-profit provider of continuing care contracts (residency agreements); for-profit operator of The Cardinal at North Hills Continuing Care Retirement Community (Raleigh, NC).
 - **The Cardinal at North Hills Healthcare, LLC** – a for-profit affiliate that holds Nursing Facility License No. NH0653, issued by the Department of Health and Human Services, authorizing the operation of 55 adult care home beds and 15 nursing care beds at the community.
 - **Tower at The Cardinal, LLC** - a for-profit operator of The East Tower at Cardinal North Hills Continuing Care Retirement Community, a sister CCRC

located adjacent to The Cardinal at North Hills Continuing Care Retirement Community.

- **Kisco Senior Living, LLC** - a for-profit related entity that provides management and administrative services to The Cardinal at North Hills, LLC, and The Cardinal at North Hills Healthcare, LLC (Carlsbad, CA).

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- **Outside Interests:** Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of \$5,000 or more. If none, the provider discloses “None.”
- **Adverse Disclosures:** Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. If none, the provider discloses “None.”

3.1 Senior Officers of The Cardinal at North Hills, LLC and KSL Toledo Tenant, LLC.

Name / Role	Education	Experience	Length of Service
Andrew S. Kohlberg – President & Chief Executive Officer	Attended University of Tennessee; completed advanced studies at the University of California, San Diego, in real estate economics and feasibility analysis, commercial real estate development, and fundamentals of construction.	36 + years in senior-living operations	36+ years; serves as President and Chief Executive Officer of The Cardinal at North Hills, LLC and KSL Toledo Tenant, LLC; employed by Kisco Senior Living, LLC.
Jason McLaughlin – Chief Operating Officer	Florida State University; BS in Psychology	20 + years in hospitality and senior living	10 years 9 months (since 08/03/2015); serves as Chief Operating Officer of The Cardinal at North Hills, LLC and KSL Toledo Tenant, LLC; employed by Kisco Senior Living, LLC.
John Hanna – Chief Financial Officer	California State University, Northridge; BS in Business Administration; CPA (CA)	20 + years in both industry and public accounting	10 years (since 06/07/2016); serves as Chief Financial Officer of The Cardinal at North Hills, LLC and KSL Toledo Tenant, LLC; employed by Kisco Senior Living, LLC.

Business Address: 5790 Fleet Street, Suite 300, Carlsbad, CA 92008

Disclosure: None of the above officers has reported any Outside Interests or Adverse Disclosures.

3.2 Community Management – The Cardinal at North Hills Continuing Care Retirement Community

Name / Role	Education	Experience	Length of Service
Amanda Klobuchar – General Manager	Colorado State University; Master’s in Business/Health Admin; Mercyhurst University; BA, Public Health	11+ years of healthcare and senior living; prior executive director of Woodland Terrace (CCRC located in Cary, NC)	4 years 9 months (since 09/13/2021)
Elizabeth Little Care Services Director	Essential School of Nursing, Miami, FL; Nursing Degree LPN	24+ years in healthcare and senior living	8 years, 6 months (since 12/7/17)
John Heath - Healthcare Administrator	East Carolina University; BA, English	22+ years in healthcare and senior living	1 year 2 months (since 4/28/25)

Business Address: 4030 The Cardinal at North Hills Street, Raleigh, NC 27609

Disclosure: The General Manager and other community management team members have reported no Outside Interests or Adverse Disclosures.

3.3 The Cardinal at North Hills, LLC - Structure

Because The Cardinal at North Hills, LLC is organized as a limited liability company, it does not have a traditional board of directors. The Cardinal at North Hills, LLC is a member-managed Delaware limited liability and is managed by its sole member and manager, KSL Toledo Tenant, LLC. Key officers of The Cardinal at North Hills, LLC included Andrew S. Kohlberg (President/CEO), Jason McLaughlin (COO), and John Hanna (CFO).

Business Address: 5790 Fleet Street, Suite 300, Carlsbad, CA 92009

Disclosure: Neither The Cardinal at North Hills, LLC, nor any of its officers, have reported any Outside Interests or Adverse Disclosures.

3.4 KSL Toledo Tenant, LLC - Structure

Because KSL Toledo tenant, LLC is a limited liability company, it does not have a traditional board of directors. KSL Toledo Tenant, LLC is a manager-managed North Carolina limited liability company. Key Officers of KSL Toledo Tenant, LLC include Andrew S. Kohlberg (President/CEO), Jason McLaughlin (COO), and John Hanna (CFO).

Business Address: 5790 Fleet Street, Suite 300, Carlsbad, CA 92008

Disclosure: Neither KSL Toledo Tenant, LLC, nor any of its officers have reported any Outside Interests or Adverse Disclosures.

3.5 Management Entity — Kisco Senior Living, LLC

- **Nature of Role:** Related for-profit supporting organization that provides management and centralized administrative services to The Cardinal at North Hills, LLC and The Cardinal at North Hills Healthcare, LLC. As a limited liability company, it does not have a traditional board of directors. Kisco Senior Living, LLC is managed by its manager, Andrew S. Kohlberg. Key officers include Andrew Kohlberg (President & CEO), Jason McLaughlin (COO), and John Hanna (CFO).
- **Business Address:** 5790 Fleet Street, Suite 300, Carlsbad, CA 92008
- **Disclosure:** Neither Kisco Senior Living, LLC, nor any of its officers have reported any Outside Interests or Adverse Disclosures.

3.6 10% + Ownership Interests

(Individuals holding ten percent (10%) or more equity or beneficial interest in the provider or any controlling person)

Andrew S. Kohlberg indirectly owns more than 10% of The Cardinal at North Hills, LLC, through his majority ownership interest in KSL Toledo Tenant, LLC.

4. Governing Body and Oversight

4.1 The Cardinal at North Hills, LLC - Governing Body

The Cardinal at North Hills, LLC is a member-managed company based in North Carolina. KSL Toledo Tenant, LLC is its sole member and manager, which has authority to participate in the daily affairs and management. The member-manager has delegated significant authority to the officers of The Cardinal at North Hills, LLC, to supervise and direct the company's business affairs. Together with Kisco Senior Living, LLC, the officers of the Cardinal at North Hills, LLC oversee the overall direction, financial health, and resident welfare of The Cardinal at North Hills Continuing Care Retirement Community. The duties include:

- Reviewing and approving budgets and monitoring financial performance.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.
- Monitoring risks to solvency and operational stability.

4.1.1 Selection of Officers

Officers of The Cardinal at North Hills, LLC are appointed by KSL Toledo Tenant, LLC, in its capacity as Manager, and serve at the discretion of the Manager.

4.1.2 Oversight of Management and Operations

The Cardinal at North Hills, LLC, has entered into a Management Agreement with Kisco Senior Living, LLC to oversee the community's day-to-day operations. At the community level, these daily operations are led by a General Manager and a dedicated on-site management team, with ongoing support and oversight from Kisco Senior Living, LLC. The officers of The Cardinal at North Hills, LLC maintain oversight through:

- Regular review of financial and operating reports.
- Approval of major contracts and capital projects.
- Evaluation of management performance and compliance with the management agreement.

4.1.3 Committees

As a North Carolina limited liability company, The Cardinal at North Hills, LLC typically does not establish standing committees.

4.2 Controlling Person Governing Body

KSL Toledo Tenant, LLC is the sole member and sole manager of each The Cardinal at North Hills, LLC and The Cardinal at North Hills Healthcare, LLC. KSL Toledo Tenant, LLC is a manager-managed North Carolina limited liability company and has delegated to its officers the power to supervise and direct the business affairs of the company. Those officers are responsible for:

- Appointing officers of The Cardinal at North Hills, LLC and The Cardinal at North Hills Healthcare, LLC.
- Consolidated financial oversight.
- Executing agreements and managing lease obligations with the community property owner.

4.2.1 Selection of Officers

The Officers of KSL Toledo Tenant, LLC are appointed by its President, Andrew S. Kohlberg and serve at his discretion.

4.2.2 Oversight of Management and Operations

Administrative and operational support is provided through Kisco Senior Living, LLC. The officers of KSL Toledo Tenant, LLC maintain oversight by monitoring the performance of

Kisco Senior Living, LLC, as well as the financial performance of The Cardinal at North Hills, LLC and its affiliates.

4.2.3 Committees

As a North Carolina limited liability company, KSL Toledo Tenant, LLC typically does not establish standing committees.

5. Related Parties

The Cardinal at North Hills, LLC maintains business relationships with related parties. Each arrangement outlined below exceeded \$5,000 during FY2025 and is disclosed in accordance with applicable reporting requirements. For purposes of this disclosure, "Actual/Probable Cost" refers to costs incurred by The Cardinal at North Hills, LLC.

5.1 Kisco Senior Living, LLC

- **Nature of Relationship:** Related for-profit supporting organization providing management and administrative services to The Cardinal at North Hills, LLC .
- **Goods/Leases/Services Provided:** Employs and provides executive leadership (CEO, COO, CFO), business office functions, human resources, information technology services and other centralized administrative services to the community under a management agreement.
- **Actual/Probable Cost:** The cost was \$1,381,574.18 in FY2025.

5.2 KSL Toledo Tenant, LLC

- **Nature of Relationship:** Related for profit entity.
- **Goods/Leases/Services Provided:** Leases community to The Cardinal at North Hills, LLC.
- **Actual/Probable Cost:** The cost/rent was \$9,616,897.58 in FY2025.

6. Relationships with Religious, Charitable, or Other Organizations

The disclosures in this section address organizational relationships and are distinct from the related-party transactions reported in Section 5.

Neither The Cardinal at North Hills, LLC, nor its controlling person, KSL Toledo Tenant, LLC, has a relationship with a sponsoring religious denomination, faith-based community, or educational institution. Memberships in industry organizations such as LeadingAge North Carolina are limited to networking and professional development and carry no governance authority or financial support.

7. Other Persons Responsible for Obligations

No other person or entity is responsible for the financial or contractual obligations of The Cardinal at North Hills, LLC.

8. Obligated Groups

The Cardinal at North Hills, LLC is not a member of an obligated group.

9. Debt Covenants and Compliance

The Cardinal at North Hills, LLC is not subject to any debt covenants.

10. Third-Party Management Arrangements

The Cardinal at North Hills, LLC does not employ a third-party manager to operate the continuing care retirement community.

11. Real Property Leases

KSL Toledo Tenant LLC has entered into lease agreements with The Cardinal at North Hills, LLC, for the community and with The Cardinal at North Hills Healthcare, LLC, for the health center building. Both leases have a duration of fifteen (15) years and include two extension options. As of the date of this Disclosure Statement, the leases have a remaining term that extends through April 2036. The Cardinal at North Hills, LLC is the entity responsible for funding the operating costs. Since the community has reached stabilization, lease payments escalate over the term in fixed increments of 0.25% annually.

12. Endowment Funds

The Cardinal at North Hills, LLC does not maintain endowment funds.

13. Description and Location of the Community

The Cardinal at North Hills Continuing Care Community is a rental CCRC located in the master planned, mixed-use neighborhood of North Hills. The community is located at 4030 The Cardinal at North Hill Street, Raleigh, NC 27609. Located adjacent to The Cardinal at North Hills is its sister community, The East Tower at Cardinal North Hills (320 St. Albans Drive, Raleigh, North Carolina 27609). The East Tower at Cardinal North Hills is a separate, but related continuing care retirement community. It consists of an 18-story tower residential building which is physically connected to The Cardinal at North Hills via an

enclosed bridge. As sister communities, residents of The Cardinal at North Hills will have full access to the amenities of The East Tower at Cardinal North Hills.

The Cardinal at North Hills Continuing Care Retirement Community includes a mix of independent living residences as well as assisted living, specialized assisted living for memory care and nursing care. The two independent living buildings contain a total of 165 residences (for an estimated 300 residents) including one, two- and three-bedroom floor plans. Parking for the independent living residences is in a garage located below the buildings with direct elevator access. There is one undesignated parking space per residence. The Cardinal at North Hills Continuing Care Retirement Community's independent living residences include walk-in closets, washers and dryers, full kitchens, a 24-hour emergency call system and a choice of upgrades.

Assisted living, memory care and nursing care are located in an adjacent health center with a separate entry and drop off to the south of the clubhouse. The health center contains a total of 55 adult care home residents (including 18 memory care rooms), as well as 15 nursing beds, including studio and one-bedroom floor plans. The health center is connected to the clubhouse for ease of shared services and access. Parking for this building is on a contiguous parking deck. Specialized memory care for Alzheimer's and related dementias is located in a "household" format on the garden level with a secure outdoor garden. The lobby level includes a clinic, OT/PT/Rehab spaces as well as nursing care and assisted living. Assisted living is also located on the mezzanine level and includes a dining room, living room and other support spaces.

14. Living Units by Level of Care

As of December 31, 2025, The Cardinal at North Hills Continuing Care Retirement Community included:

- 165 independent living units
- 55 assisted living units (including 18 memory care beds)
- 15 skilled nursing beds

15. Continuing Care at Home Program

The Cardinal at North Hills, LLC does not operate a continuing care at home program.

16. Resident Population Served

As of December 31, 2025, the resident population served by The Cardinal at North Hills Continuing Care Retirement Community under residency agreements contracts were as follows:

- 209 residents in independent living

- 25 residents in assisted living
- 16 residents in memory care
- 11 residents in skilled nursing

As of December 31, 2025, the community maintained a waitlist for admission to independent living consisting of 60 individuals¹. Individuals on the waitlist are prospective applicants and are not residents of the community unless and until they have executed a residency agreement and commenced residency.

To be placed on the independent living waitlist, prospective applicants are required to submit a \$10,000 waitlist deposit. The waitlist deposit places the prospective applicant on a waitlist, as well as providing the applicant with access to certain benefits and amenities at The Cardinal at North Hills Continuing Care Retirement Community. The waitlist deposit is not refundable, except in certain circumstances as outlined in the waitlist agreement. The waitlist deposit is also not considered an entrance fee. If the applicant later enters into a residency agreement, the waitlist deposit is applied toward the required community fee at that time.

Placement on the waitlist does not guarantee admission to the community or priority for a specific unit and does not create contractual rights unless expressly provided in a residency agreement.

17. Occupancy Rates

The 12-month daily average occupancy rates for The Cardinal at North Hills Continuing Care Retirement Community for the past five fiscal years were as follows:

Table 17.1 – Historical Occupancy Rates (12-Month Daily Average)

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
12/31/2025	98.7%	96.2%	85.2%
12/31/2024	95.5%	89.0%	84.1%
12/31/2023	95.7%	91.9%	81.0%
12/31/2022	98.4%	95.2%	89.0%
12/31/2021	99.0%	94.4%	82.1%

¹ This number reflects the number of prospective applicants for The Cardinal at North Hills, as well as its sister campus, The East Tower at Cardinal North Hills.

18. Semiannual Resident Meetings

The Cardinal at North Hills, LLC holds meetings with residents of The Cardinal at North Hills Continuing Care Retirement Community at least twice each year, as required by law.

Fiscal Year 2025 Meeting Dates

- July 20, 2025
- October 19, 2025

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of The Cardinal at North Hills Continuing Care Retirement Community. Residency and access to services are governed solely by the residency agreement.

20. Services Provided Under the Residency Agreement

The Cardinal at North Hills, LLC offers services under residency agreements for all levels of care. The following disclosures describe the services included in each agreement type, as well as those available for additional charge.

20.1 Residency Agreement

Residents living on The Cardinal at North Hills Continuing Care Retirement Community campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

20.1.1 Services Included in Monthly Fees

- Complimentary breakfast +31 meals per month (independent living); three daily meals in assisted living and skilled nursing.
- Weekly housekeeping and linen service
- Scheduled local transportation
- Basic utilities, including electricity, water, heating, air conditioning, and basic cable
- Use of community amenities (wellness center, library, auditorium, gardens, walking trails)
- Social, cultural, and recreational programming
- Care coordination for transitions between levels of care

20.1.2 Services Available at Additional Charge

- Guest meals
- Additional housekeeping or laundry services beyond standard schedule

- Expanded television, internet, and telephone packages
- Salon and barber services
- Special transportation outside scheduled routes
- Concierge services and private duty care

20.2 Health Care Services

Residents of The Cardinal at North Hills Continuing Care Retirement Community have access to assisted living, skilled nursing, and memory support care at the health center located on the campus, provided through The Cardinal at North Hills Healthcare, LLC. Health services include 24-hour nursing, medication management, rehabilitative therapies, and coordination with residents’ personal physicians. Care fees for services provided in the health center are in addition to the monthly fee and are as provided in Section 21 below.

20.3 Delivery of Services

Core residential and independent living services are provided by The Cardinal at North Hills, LLC. Assisted living, and skilled nursing services are provided directly by The Cardinal at North Hills Healthcare, LLC. Certain therapies (physical, occupational, and speech) are furnished under contract with independent third parties.

21. Resident Fees

Nonancillary fees at The Cardinal at North Hills Continuing Care Retirement Community consist of required community fees, monthly service fees, and transfer fees. The following tables show The Cardinal at North Hills LLC’s current fee schedules, along with historical information on monthly fee increases over the past five fiscal years. Narrative explanations of household composition changes and transfer fees are also included.

Note: The Cardinal at North Hills Continuing Care Retirement Community operates as a rental CCRC. Unlike traditional CCRCs, The Cardinal at North Hills, LLC does not require an upfront “entrance fee” to prepay for future long-term care. While The Cardinal at North Hills, LLC collects a community fee, this fee is not held or utilized for future resident care. Instead, The Cardinal at North Hills LLC charges ongoing monthly fees for housing and services.

21.1 Residency Agreements

Residents of The Cardinal at North Hills Continuing Care Retirement Community are required to sign residency agreement, which outlines the applicable fees and services.

Monthly Fees

Monthly Fees vary based on a number of factors, including but not limited to the size of independent living residence and the number of occupants residing in the residence. Monthly

Fees will be due regardless of whether or not the resident actually occupies the residence. The following tables detail the current Monthly Fees by type of residence.

Table 21.1: Current Monthly Fees as of 1/1/26 - Independent Living

PLAN	NAME	TYPE	APPROX. SQUARE FT.	MONTHLY FEES/SINGLE OCCUPANT*
Plan A	The Salisbury	1 Bedroom/1 Bath	800	\$7,405
Plan A+	The Salisbury Plus	1 Bedroom/1 Bath/Den	1,005	\$7,935
Plan B	The Glenwood	1 Bedroom/1 Bath/Den	950	\$8,260
Plan C	The Dawson	1 Bedroom/1.5 Bath/Den	1,110	\$8,610
Plan D	The Cameron	1 Bedroom/1.5 Bath/Den	1,220	\$9,210
Plan E	The Morgan	2 Bedroom/2 Bath	1,200	\$9,485
Plan E+	The Morgan Plus	2 Bedroom/2 Bath/Den	1,525	\$10,330
Plan F	The Marlowe	2 Bedroom/2 Bath	1,265	\$9,700
Plan F+	The Marlowe Plus	2 Bedroom/2 Bath	1,330	\$9,875
Plan J	The Hillsborough	2 Bedroom/2 Bath	1,375	\$10,005
Plan G	The Oxford	2 Bedroom/2 Bath/Den	1,555	\$10,790
Plan K	The Granville	2 Bedroom/2 Bath/Den	1,610	\$11,580
Plan H	The Churchill	2 Bedroom/2 Bath/Den	1,720	\$11,810
Plan I	The Edenton	3 Bedroom/3 Bath	2,080	\$13,240

*Amounts shown are average Monthly Fees. Fees shown are subject to change. The actual Monthly Fee will vary. Monthly Fees do not include second occupant fees or any optional or ancillary services. Details regarding the current fees associated with optional services are contained in the residency agreement. The second occupant fee for Independent Living is \$1,105. Monthly fees are reviewed annually, with no contractual cap on increases, and may be adjusted to reflect changes in operating costs, staffing, health care expenses, and capital needs.

Table 21.2: Current Monthly Fees as of 1/1/26 - Assisted Living/Memory Care/Skilled Nursing

PLAN	APPROX. SQ. FT.	MONTHLY FEE*
Assisted Living - Studio	335	\$7,750 - \$8,120
Assisted Living - 1 Bedroom	570-731	\$8,515 - \$9,890
Memory Care – Studio	330-354	\$8,465

Skilled Nursing – Studio	331-358	Daily Fee \$575
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*Amounts shown are average Monthly Fees. The actual Monthly Fee will vary. The community requires a one-time community fee. Monthly Fees do not include level of care fees, second occupant fees or any optional or ancillary services. Details regarding the current fees associated with optional services are contained in the residency agreement. The second person fee for Assisted Living and Memory Care units is \$1,300. Monthly fees are reviewed annually, with no contractual cap on increases, and may be adjusted to reflect changes in operating costs, staffing, health care expenses, and capital needs.

Level of care monthly fees for the Assisted Living units are based on a point system and are currently as follows: Level I: \$1,775; Level II: \$2,605; Level III: \$3,505; Level IV: \$4,500; and Level V: \$4,800, plus \$10 per point over 380.

Level of care monthly fees for the Memory Care units are based on a point system and are currently as follows: Level I: \$4,685; Level II: \$5,270; Level III: \$5,630, plus \$10 per point over 440.

Table 21.3: Historical Increases in Monthly Fees

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	6.9%	\$631	Annual
12/31/2024	5.3%	\$464	Annual
12/31/2023	6.8%	\$557	Annual
12/31/2022	2.0%	\$158	Annual
12/31/2021	7.2%	\$534	Annual

Table 21.4: Current Community Fees

Unit Type	Entrance Fee (Single/Double)
Independent Living	\$50,000
Assisted Living	\$25,000*
Memory Care	N/A
Skilled	N/A

*Direct admissions to assisted living are uncommon; the community fee for these cases is \$25,000.

Refundability terms are as set forth in the residence agreement and are disclosed in Section 22 – Community Fee Refund Policy.

21.2 Household Composition Changes

If a resident marries or elects to live with another resident, the two residents may occupy the residence of either resident and surrender the apartment not occupied by them. No refund will be payable with respect to the surrendered unit. The monthly fee will be adjusted to the two-person rate.

In the event a resident elects to marry or live with a person who is not a resident of The Cardinal at North Hills, LLC, the non-resident may become a resident if they meet all of the requirements for admissions and executes a residence agreement. A community fee is not required for the new resident. The monthly fee is adjusted to the two-person rate. If the additional resident does not meet admission requirements, they may not be admitted under a residency agreement.

21.3 Transfer Fees and Resale Fees

Residents have the option to request a transfer from one residence to another. The decision to approve such a request lies exclusively with The Cardinal at North Hills. If a transfer to another independent living residence is approved, a \$2,500 transfer fee will apply. No resale fees are charged because residents do not hold ownership rights in their living units.

22. Community Fee Refund Policy

The community fee is refundable only under limited circumstances.

Before occupancy: If a resident dies before occupying the residence or is precluded from occupying the residence due to illness or incapacity, The Cardinal at North Hills, LLC will refund the community fee less any costs specifically incurred by the community.

After occupancy or the commencement of services: Either party may cancel the residence agreement, with or without cause, during the thirty (30) day “Cancellation Period” (which begins on the later of the date the residence agreement is signed or the date this Disclosure Statement is provided):

- If the resident cancels during the Cancellation Period, The Cardinal at North Hills, LLC will refund the community fee less: (a) any monthly fees for the period of actual occupancy, (b) the reasonable value of services provided during occupancy, (c) costs incurred at the resident's request, and (d) a \$1,000 service charge to cover processing and other costs.
- If The Cardinal at North Hills, LLC cancels during the Cancellation Period, the same deductions apply except the \$1,000 service charge does not apply.

After the cancellation period expires, the community fee becomes the property of The Cardinal at North Hills, LLC and is not refundable under any circumstances.

23. Financial Hardship Policies

The Cardinal at North Hills Retirement Care Community does not permit residents to remain in the community after becoming unable to pay required fees.

24. Contract Termination and Refund Policies

24.1 Provider-Initiated Terminate

The Cardinal at North Hills, LLC may terminate a residency agreement at any time upon the occurrence of any of the following:

- Material misrepresentation or omission by resident during the application process;
- A material change in the resident's health occurring prior to occupancy;
- The resident's failure to pay any fees or charges due;
- Resident's failure to comply with the rules, regulations or policies of the community;
- Resident's breach of any material term or condition of the residency
- The resident's mental or physical condition is such that their continued residency would be unlawful or would present an unreasonable risk of injury to the resident or others;
- The resident has needs that cannot be met at the community for reasons such as licensing, design or a condition that cannot be accommodated at the community as determined by The Cardinal at North Hills, LLC or applicable licensing regulations; or
- The resident engages in disruptive or harmful conduct that materially impairs the rights of other residents or the orderly operation of the community.

24.2 Resident-Initiated Termination

A resident may terminate a residency agreement under the following circumstances:

- **Before occupancy (due to death or inability to occupy the residence):**
A resident may terminate at any time. The community fee and any prepaid monthly fees are refunded, less a nonrefundable \$1,000 application or processing fee retained by The Cardinal at North Hills to cover administrative costs as provided in Section 22 - Community Fee Refund Policy.
- **After occupancy or commencement of services:**
The initial term of the residency agreement is twelve (12) months. Residents have the right to terminate the residency agreement within 30 days of signing, with or without cause. If the resident terminates after the 30-day cancellation period, residents are responsible for paying the monthly fees for the entire twelve (12) month term.

24.3 Refunds Upon Termination

- Community fees are returned in accordance with Section 22 – Community Fee Refund Policy.

- Except as otherwise provided herein, prepaid monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.

24.4 Refunds Upon Death

- **Before occupancy or commencement of services:**

If a resident dies before moving into the community the community fee is refunded as provided in Section 22 – Community Fee Refund Policy.

- **After occupancy or commencement of services:**

Refunds of the community fee are made as provided in Section 22 – Community Fee Refund Policy. Prepaid monthly fees are prorated to the date of death and refunded.

25. Re-occupancy of Units

A living unit at The Cardinal at North Hills Continuing Care Retirement Community may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

- **Voluntary termination:** When a resident cancels their residency agreement and permanently vacates the living unit.
- **Transfer to a higher level of care:** When a resident moves from independent living to assisted living or skilled nursing.

25.2 Provider-Initiated Vacating

- **Contract termination by provider:** When a residency agreement is terminated by The Cardinal at North Hills, LLC under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.
- **Persistent nonpayment:** When a resident fails to meet contractual payment obligations and The Cardinal at North Hills, LLC declares the residency agreement terminated.

25.3 Temporary Absences

Hospitalizations, rehabilitative stays, or other temporary absences do not constitute a vacating of the living unit and do not permit re-occupancy by a new resident.

25.4 Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Community Fee Refund Policy.

26. Resident Relocation

Residents of The Cardinal at North Hills Continuing Care Retirement Community may be required to relocate from their current residence to another apartment within the community under the following circumstances:

26.1 Resident Needs

- **Health-Related Transfer:** When a resident's medical condition requires a move to a more supportive level of care, such as assisted living, memory care, or skilled nursing.
- **Safety and Accessibility:** When the current residence no longer meets the resident's safety or accessibility needs (for example, due to mobility limitations or inability to safely navigate stairs).

26.2 Provider Needs

- **Renovation or Construction:** When construction, renovation, or repair work requires temporary or permanent relocation.
- **Operational Necessity:** When the continued occupancy of a residence materially interferes with the orderly operation of the community and no reasonable alternative exists. This provision is applied only in limited circumstances.

26.3 Process

- Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals.
- The Cardinal at North Hills, LLC will make reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of similar size, type, and monthly fee level whenever possible.
- If relocation is required for renovation or construction purposes, The Cardinal at North Hills, LLC will inform the resident in advance and clarify whether the move is temporary or permanent.

26.4 Financial Obligations

All community fee and monthly fee obligations continue in accordance with the terms of the resident's residency agreement, regardless of relocation.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to The Cardinal at North Hills Continuing Care Retirement Community is subject to a health screening at the time of application.

27.1.1 Residence and Care Agreement

Applicants for independent living must be capable of living safely and independently at the time of entry, with or without reasonable accommodations. A current medical history and health assessment completed by the applicant's physician is required. Applicants requiring immediate assisted living, memory care, or skilled nursing are not eligible for independent living.

27.2 Continuation Requirements

Once admitted, residents may remain at the community (with certain exceptions) regardless of changes in health status. Residents may be required to relocate to a higher level of care (see Section 26 – Resident Relocation) if their health needs can no longer be met safely in their current living unit.

27.3 Changes in Condition Before Occupancy or Commencement of Services

If a resident's health materially declines between signing a residency agreement and the date of initial occupancy, The Cardinal at North Hills, LLC may re-evaluate eligibility for independent living and may require admission to a higher level of care, if available. If no suitable accommodation is available or if the applicant no longer meets entry requirements, the residency agreement may be canceled and community fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies.

28. Age and Insurance Requirements

28.1 Age Requirements

- The minimum age for admission to The Cardinal at North Hills Continuing Care Retirement Community under a residency agreement is fifty-five (55) years.
- A younger spouse or partner may also be admitted if the primary applicant meets the minimum age requirement.
- There is no maximum age limit for admission, provided the applicant meets the health eligibility standards described in Section 27 - Admission and Continuation Standards.

28.2 Insurance Requirements

The Cardinal at North Hills, LLC does not impose insurance requirements for admission or continued residency.

28.3 Special Conditions

None.

29. Reserve Funding and Refund Security

North Carolina law requires CCRCs such as The Cardinal at North Hills, LLC maintain operating reserves equal to fifty percent (50%) of the total operating costs in a given year, or twenty-five percent (25%) of such total operating costs if occupancy as of a certain date exceeds ninety percent (90%) of the community's capacity. This law provides security to residents that community fees can be refunded when applicable and that all other obligations under reservation agreements and residency agreements can be fulfilled by the community. The Cardinal at North Hills, LLC has satisfied its statutory reserve requirement (calculated as provided in Section 29.1 below) through an irrevocable standby letter of credit issued by Credit Agricole in the amount of \$6,900,000.

29.1 Statutory Operating Reserve Requirement

As of December 31, 2025, The Cardinal at North Hills Continuing Care Retirement Community’s 12-month rolling average independent living unit occupancy was 98.6%. Based on this level of occupancy, the required statutory operating reserve was 12.5% of projected operating costs for the next 12 months.

Table 29.1: Statutory Operating Reserve Calculation (as of December 31, 2025)

Component	Amount
Total projected operating expenses	\$28,087,000
Add: Debt service (principal and interest)	\$0
Less: Principal and interest (covered by Debt Service Reserve Fund)	(\$0)
Less: Depreciation and amortization	(\$515,000)
Net projected operating costs	\$27,572,000
Applicable reserve percentage based on occupancy	12.5%
Required operating reserve	\$3,446,500

Summary: The required statutory operating reserve was \$3,466,500, which is satisfied by the Credit Agricole letter of credit.

29.2 Refund Security (Community Fee Refunds)

Community fee refund obligations are supported cash on hand and the letter of credit provided by Credit Agricole. The statutory operating reserve provided by the letter of credit cannot be utilized for any purpose, including refund payments, without prior regulatory approval.

The Cardinal at North Hills, LLC is not required by statute to escrow community fees and none are maintained in escrow.

30. Expansion and Renovation Plans

The Cardinal at North Hills Continuing Care Retirement Community has no current plans for expansion or renovation.

31. Audit Opinion and Timeliness

The consolidated financial statements of The Cardinal at North Hills, LLC and its affiliates for the fiscal year ended December 31, 2025, were audited by Withum Smith+Brown, PC (Irvine, CA).

- **Timeliness:** The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.
- **Audit Opinion:** The independent auditor issued an unqualified opinion (a “clean” audit opinion) on the consolidated financial statements.

32. Audited Financial Statements

The audited consolidated financial statements of The Cardinal at North Hills, LLC and its affiliates, for the fiscal year ended December 31, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of The Cardinal at North Hills, LLC and its affiliate, The Cardinal at North Hills Healthcare, LLC, for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by Forvis Mazars, LLC, and include a summary of significant assumptions and accounting policies.

34. Variances from Prospective Financial Statements

For the fiscal year ended December 31, 2025, management reviewed the results of operations for The Cardinal at North Hills, LLC against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections. The following material variances were identified:

Table 34.1: Variance Analysis – Fiscal year ended 12/31/25

Category	Projected Amount	Actual Amount	Variance	Explanation
Independent Living Occupancy	96.4%	98.7%	2.3%	Performance exceeded forecast by approximately 3 units.
Assisted Living Occupancy	96.3%	95.0%	-1.3%	With only 27 units available, this variance represents less than one unit.
Memory Care Occupancy	94.4%	97.6%	+3.2%	With only 18 units available, this positive variance represents less than one unit.
Skilled Nursing Occupancy	73.3%	85.2%	+11.9%	SNF experienced higher acuity than forecasted.
Staffing Costs	\$8.8 million	\$8.6 million	-\$0.2 million	Fewer FTE were utilized than forecasted.
Debt Service	n/a	n/a	n/a	There is no debt on this entity.

35. Key Financial Metrics

This section presents the eight statutory financial ratios required under N.C. Gen. Stat. § 58-64A-150(a)(39). Historical values are based on audited financial statements; prospective values are derived from the provider’s five-year prospective financial statements. Comparative statewide medians will be published by the North Carolina Department of Insurance beginning in late 2026.

For the tables below, FY = the most recent fiscal year end.

Full statutory text of definitions is provided in Appendix F.

35.1 Liquidity Ratios

Days Cash on Hand (DCOH). Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.

Cushion Ratio (CUSH). Number of times unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Table 35.1: Liquidity Ratios

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	6	14	11	12	16	26
CUSH	n/a	n/a	n/a	n/a	n/a	n/a

Narrative:

Liquidity declined modestly through FY 2025 due to higher than expected expenses associated with unit turnover, memory care, and skilled nursing.

A gradual recovery is projected beginning FY 2026, restoring approximately 26 days of liquidity by FY 2028.

35.2 Profitability Ratios

Operating Ratio (OR). Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.

Net Operating Margin (NOM). Shows the result from core resident services. Higher values mean a stronger operating result from resident services.

Adjusted Net Operating Margin (NOM-A). Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Table 35.2: Profitability Ratios

Ratio	2023	2024	2025	2026	2027	2028
OR	98.56%	98.68%	94.04%	100.20%	98.42%	96.66%
NOM	1.44%	1.32%	5.96%	-0.20%	1.58%	3.34%
NOM-A	1.44%	1.32%	5.96%	-0.20%	1.58%	3.34%

Narrative:

Margins strengthened in FY 2025 due to revenue growth. Management projects an increase in expenses for FY 2026 leading to break even and then modest improvement through FY 2028.

35.3 Capital Structure Ratios

Debt Service Coverage (DSCR). Measures ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.

Unrestricted Cash & Investments to Long-Term Debt (CD). Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

Capital Expenditures to Depreciation (CED). Indicates reinvestment relative to depreciation expense. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Table 35.3: Capital Structure Ratios

Ratio	2023	2024	2025	2026	2027	2028
DSCR	n/a	n/a	n/a	n/a	n/a	n/a
CD	n/a	n/a	n/a	n/a	n/a	n/a
CED	2.73	2.36	2.03	0.92	0.95	0.98

Narrative:

This community has no debt, so DSCR and CD calculations are not applicable.

Capital-expenditure ratios are slightly below 1.0x for forecasted periods.

35.4 Overall Summary

Provider demonstrates sound liquidity and improving profitability. Projected performance indicates stable or modestly improving results through FY 2028, with sufficient capacity to fund operations and support ongoing capital renewal.

36. Actuarial Opinion and Balance

Attached as Appendix C is the Actuarial Population Projection prepared by A.V. Powell & Associates, LLC, dated March 21, 2021. Based on a comprehensive study conducted as of

December 31, 2020, the report projects independent living turnover and health care utilization for entire The Cardinal at North Hills campus, including the now completed East Tower at Cardinal North Hills expansion, over a 20-year period.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of The Cardinal at North Hills, LLC pursuant to Article 64A of the North Carolina General Statutes.

38. Other Material Information

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident's decision to contract with The Cardinal at North Hills, LLC. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that no additional material information requires disclosure at this time.

39. Contract Forms and Attachments

The Cardinal at North Hills, LLC offers residency agreements for all levels of living, including independent living, assisted living, memory care, and nursing. A representative form of these contracts is included in Appendix D.

Appendix Index

The following Appendices are incorporated into and form an integral part of this Disclosure Statement. Each Appendix begins on a separate page.

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Appendix A — Audited Financial Statements

Audited Financial Statements for Fiscal Year Ended December 31, 2026

**The Cardinal at North Hills, LLC and Affiliates
Combined Financial Statements
December 31, 2025 and 2024
With Independent Auditor's Report**

The Cardinal at North Hills, LLC and Affiliates
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December 31, 2025 and 2024

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Independent Auditor's Report

To the Members of
The Cardinal at North Hills, LLC and Affiliates:

Opinion

We have audited the combined financial statements of The Cardinal at North Hills, LLC and Affiliates (the "Company"), which comprise the combined balance sheets as of December 31, 2025 and 2024, and the related combined statements of operations, members' equity, 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 present fairly, in all material respects, the financial position of The Cardinal at North Hills, LLC and Affiliates as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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 Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Company's ability to continue as a going concern within one year after the date the combined financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2025 combined financial statements as a whole. The 2025 supplementary combining balance sheet and combining statement of operations are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2025 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2025 combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2025 combined financial statements as a whole.

Withum Smith & Brown, PC

April 24, 2026

**The Cardinal at North Hills, LLC and Affiliates
Combined Balance Sheets
December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,311,467	\$ 1,097,290
Accounts receivable, net of allowance for credit loss of \$29,242 and \$99,087 respectively	445,785	191,567
Other receivables	363,321	216,610
Due from affiliates, net	7,299	300
Prepaid and other current assets	326,493	293,003
Total current assets	<u>2,454,365</u>	<u>1,798,770</u>
Property and equipment - net	<u>3,381,955</u>	<u>2,681,123</u>
Other assets		
Right-of-use assets - operating, net	78,428,510	85,445,943
Deposits	31,048	16,411
	<u>78,459,558</u>	<u>85,462,354</u>
	<u>\$ 84,295,878</u>	<u>\$ 89,942,247</u>
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	\$ 43,647	\$ 22,603
Accrued expenses	1,175,402	1,247,558
Deferred revenue	1,160,055	349,690
Due to affiliates, net	184,033	98,426
Current portion of lease liabilities - operating	7,114,177	7,017,432
Total current liabilities	<u>9,677,314</u>	<u>8,735,709</u>
Lease liabilities - operating, net of current portion	<u>71,314,333</u>	<u>78,428,511</u>
Total liabilities	<u>80,991,647</u>	<u>87,164,220</u>
Members' equity	<u>3,304,231</u>	<u>2,778,027</u>
	<u>\$ 84,295,878</u>	<u>\$ 89,942,247</u>

The Notes to Combined Financial Statements are an integral part of these statements.

**The Cardinal at North Hills, LLC and Affiliates
Combined Statements of Operations
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Revenue		
Residential services	\$ 46,486,173	\$ 41,290,315
Healthcare services	4,579,834	3,885,885
Cardinal Advantage Program service fees	33,327	40,300
Other	2,219,266	2,380,159
Total revenue	<u>53,318,600</u>	<u>47,596,659</u>
Operating expenses		
Assisted living	2,464,282	2,040,661
Memory Care	823,118	659,328
Skilled nursing	1,562,071	1,344,194
Culinary	8,144,304	7,460,807
Housekeeping and laundry	1,341,922	1,310,697
Life enrichment	1,022,844	934,520
Utilities	1,222,202	1,241,943
Environmental services	1,920,046	1,876,705
Property taxes	1,830,689	1,817,560
Rent	21,780,572	21,143,002
General and administrative	9,420,130	9,179,384
Cardinal Advantage Program - wellness	1,212	1,497
Cardinal Advantage Program - sales and marketing	9,649	13,362
Cardinal Advantage Program - general and administrative	28,835	24,245
Depreciation	515,647	388,488
Total operating expenses	<u>52,087,523</u>	<u>49,436,393</u>
Operating income (expense)	<u>1,231,077</u>	<u>(1,839,734)</u>
Other income (expense)		
Interest income	31,231	22,984
Miscellaneous other income (expense), net	(736,094)	(173,855)
Total other income (expense)	<u>(704,863)</u>	<u>(150,871)</u>
Net income (loss)	<u>\$ 526,214</u>	<u>\$ (1,990,605)</u>

The Notes to Combined Financial Statements are an integral part of these statements.

**The Cardinal at North Hills, LLC and Affiliates
 Combined Statements of Members' Equity
 Years Ended December 31, 2025 and 2024**

	<u>The Cardinal at North Hills, LLC</u>	<u>The Cardinal at North Hills Healthcare, LLC</u>	<u>Tower at the Cardinal, LLC</u>	<u>Total Members' Equity</u>
Members' equity at January 1, 2024	\$ 1,710,320	\$ 344,623	\$ (486,311)	\$ 1,568,632
Contributions	200,000	-	3,000,000	3,200,000
Net income (loss)	(275,697)	500,962	(2,215,870)	(1,990,605)
Members' equity at December 31, 2024	<u>1,634,623</u>	<u>845,585</u>	<u>297,819</u>	<u>2,778,027</u>
Net income	520,877	475,896	(470,569)	526,204
Members' equity at December 31, 2025	<u>\$ 2,155,500</u>	<u>\$ 1,321,481</u>	<u>\$ (172,750)</u>	<u>\$ 3,304,231</u>

The Notes to Combined Financial Statements are an integral part of these statements.

**The Cardinal at North Hills, LLC and Affiliates
Combined Statements of Cash Flows
Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Operating activities		
Net income (loss)	\$ 526,204	\$ (1,990,605)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Provision for credit losses	(23,426)	192,829
Depreciation	515,647	388,488
Amortization of right-of-use assets	7,017,433	6,922,003
Change in operating assets		
Accounts receivable	(230,791)	(197,910)
Due from affiliates, net	(6,999)	(300)
Prepaid expenses	(48,128)	(97,491)
Other receivables	(146,711)	116,278
Change in operating liabilities		
Accounts payable	21,045	(31,464)
Accrued expenses	(72,157)	407,825
Due to affiliates, net	85,607	(5,068)
Lease liabilities - operating	(7,017,433)	(6,922,003)
Deferred revenue	810,365	(97,136)
Net cash provided by (used in) operating activities	<u>1,430,656</u>	<u>(1,314,554)</u>
Investing activities		
Purchase of property and equipment	(1,216,479)	(1,195,929)
Financing activities		
Distributions to members	-	3,200,000
Net change in cash, cash equivalents, and restricted cash	214,177	689,517
Cash, cash equivalents, and restricted cash		
Beginning of year	1,097,290	407,773
End of year	<u>\$ 1,311,467</u>	<u>\$ 1,097,290</u>

The Notes to Combined Financial Statements are an integral part of these statements.

The Cardinal at North Hills, LLC and Affiliates

Notes to Combined Financial Statements

December 31, 2025 and 2024

1. Summary of Significant Accounting Policies

a. Nature of Business

The Cardinal at North Hills, LLC (a Limited Liability Company) (the “Cardinal”) operates as a parent company for The Cardinal at North Hills Healthcare, LLC, a rental Continuing Care Retirement Community (“CCRC”) and Tower at the Cardinal, LLC, (“Affiliates”) both located in Raleigh, North Carolina. The Cardinal operates its communities under the “continuing care” concept in which residents enter into a residency and care agreement which requires payment of a monthly service fee. Generally, payment of these fees entitles residents to the use and privileges of the communities for life. The Cardinal at North Hills Healthcare, LLC (a Limited Liability Company) operates as a health center within the Cardinal. Tower at the Cardinal, LLC, is a rental continuing care retirement community that is physically connected to The Cardinal at North Hills, LLC. Residency and care agreements can be terminated at any time by the resident or the Cardinal with proper notice, per the agreements.

Profits and losses of the Cardinal and Affiliates (collectively the “Company”) are to be allocated to the members in accordance with the terms of the operating agreements. Members of the Company are not personally liable for any obligations of the Company. The Company will cease to exist when dissolved by the unanimous agreement of the members.

b. Principles of Combination

The combined financial statements for the years ended December 31, 2025 and 2024 include the accounts of the Cardinal and Affiliates. The carrying amounts of the affiliated entities are combined into the financial statements of The Cardinal at North Hills, LLC due to the entities being under common ownership. The combined financial statements do not represent that of a single entity. Furthermore, all significant intercompany accounts and transactions have been eliminated in combination.

c. Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents and classifies such amounts as cash.

d. Concentration of Credit Risk

The Company maintains cash deposits with a financial institution in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At times throughout the year the Company had deposits in excess of the FDIC insured amount. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Company’s financial condition, results of operations, and cash flows.

e. Accounts Receivable

Accounts receivable are unsecured and non-interest bearing. The Company bills in advance for residential services. The Company generally considers accounts receivable that are 30 days past due to be delinquent. The Company has tracked historical loss information for its residential receivables and compiled historical credit loss percentages for various ranges of days outstanding. Additionally, management assesses amounts due from residents individually and if circumstances dictate that collection is not reasonably assured, they will write off the balance.

Management believes historical loss information is a reasonable basis to determine expected credit losses for trade receivables held at December 31, 2025 and 2024. Management has determined that current supportable forecasted economic conditions have remained consistent as compared with economic conditions included in historical information. Specifically, management has observed steady occupancy as of December 31, 2025 and 2024. Management expects occupancy levels to remain relatively consistent over the next year. Management applied the applicable credit loss rates to determine the expected credit loss estimate for each range of receivable days outstanding. Accounts receivable at January 1, 2024 were \$186,486.

The Cardinal at North Hills, LLC and Affiliates
Notes to Combined Financial Statements
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Beginning allowance for expected credit loss	\$ 99,087	\$ 73,417
Adjustments to provisions for credit losses	(23,426)	192,829
Write-offs	(46,419)	(167,159)
Ending allowance for expected credit loss	<u>\$ 29,242</u>	<u>\$ 99,087</u>

f. Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation of property and equipment is calculated on the straight-line method over the following estimated useful lives:

	<u>Estimated Life (Years)</u>
Land improvements	15
Building and improvements	27.5
Equipment	5-7
Computer software	3
Furniture and fixtures	5
Automobile	5

g. Impairment of Long-Lived Assets

The Company reviews its investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flow expected to be generated by the property and equipment and any estimated proceeds from the eventual disposition of the property and equipment. If the property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property and equipment. There were no impairment losses recognized in 2025 or 2024.

h. Leases as Lessee

The Company categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Company to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the combined balance sheet. The Company had no finance leases during 2025 and 2024.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Company accounts for these other services as a component of the lease.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on the risk-free rate. Right-of-use ("ROU") assets are recognized based on the initial present value of the fixed lease payments plus any costs from executing the lease. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

The Cardinal at North Hills, LLC and Affiliates
Notes to Combined Financial Statements
December 31, 2025 and 2024

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase of the leased assets are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease. Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

i. Repairs and Maintenance

Normal costs incurred to repair and maintain the property are charged to operations as incurred. Renewals and improvements of a major nature are capitalized.

j. Revenue Recognition

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Company performs the following steps (i) identify agreements with residents; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

A performance obligation is a promise in a contract to transfer a distinct good or service to the resident and is the unit of account in Accounting Standards Codification Topic 606. The Company's performance obligations include the promise of goods and services in the resident agreement.

The Company generates revenues, primarily by providing residential and healthcare services to its residents. Revenues are thus directly dependent on the demand for residential and healthcare services. Revenues are recognized when control of the promised good or service is transferred to residents, in an amount that reflects the consideration to which the Company expects to be entitled from residents in exchange for those goods and services.

Performance obligations are determined based on the nature of the services provided. The majority of the Company's residential and healthcare services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation satisfied over time as services are rendered. The Company also provides certain ancillary services which are not included in the bundle of services, and as such, are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2025:

	Residential Services	Healthcare Services	CAP Service Fees	Other	Total
Performance obligations satisfied at a point in time	\$ -	\$ -	\$ -	\$ 2,219,266	\$ 2,219,266
Performance obligations satisfied over time	46,486,173	4,579,834	33,327	-	51,099,334
Total net sales	\$ 46,486,173	\$ 4,579,834	\$ 33,327	\$ 2,219,266	\$ 53,318,600

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2024:

	Residential Services	Healthcare Services	CAP Service Fees	Other	Total
Performance obligations satisfied at a point in time	\$ -	\$ -	\$ -	\$ 2,380,159	\$ 2,380,159
Performance obligations satisfied over time	41,290,315	3,885,885	40,300	-	45,216,500
Total net sales	\$ 41,290,315	\$ 3,885,885	\$ 40,300	\$ 2,380,159	\$ 47,596,659

The Cardinal at North Hills, LLC and Affiliates
Notes to Combined Financial Statements
December 31, 2025 and 2024

k. Revenue Streams

The Company has five separate revenue streams. The types of revenue include residential services, healthcare services, Cardinal Advantage Program (“CAP”) membership fees, CAP service fees, and other. Each revenue stream has separate performance obligations and agreements in which the residents can choose from individually or as a package.

Residential Services

Residential services revenue at the Company’s independent living and assisted living facilities consists of regular monthly charges for basic housing and support services. Fees are specified in agreements with residents and are dependent upon apartment type, level of services provided, and occupancy (single or double). Under the terms of the agreement the Company provides daily meals, weekly housekeeping, utilities, repairs and maintenance, transportation, and health and wellness classes. Residential service agreements include a lease component pursuant to Accounting Standards Codification (“ASC”), Leases, the terms of which are month-to-month and provide the resident access to a residential unit. The Company has elected the practical expedient not to separate lease and nonlease components from contracts containing a lease. The Company has determined that the prominent component in these residential service contracts is the nonlease components and accordingly, the residential services revenue is recognized as performance obligations are satisfied. Performance obligations are satisfied ratably over the year in accordance with the contracts. Revenue is recognized as the performance obligations are satisfied.

Healthcare Services

Healthcare services revenue consists of charges for health care services provided to residents. These services consist of administration of medications and personal care services. These services can be purchased as custom packages or individually. Healthcare services revenue is recognized as performance obligations are satisfied. Performance obligations are satisfied ratably over the year in accordance with the contracts. Revenue is recognized as the performance obligations are satisfied.

CAP Service Fees

CAP service fees revenue consists of monthly charges to CAP members in order to maintain their membership to the program. CAP service fees revenue is recognized as performance obligations are satisfied. Performance obligations are satisfied monthly as incurred. Revenue is recognized as the performance obligations are satisfied.

Other

Other revenues consist of charges for non-refundable community fees, additional resident meals, guest meals, recreational activities, and other healthcare related services to residents. Community fees are a onetime, non-refundable fee collected at move-in for administrative and processing move-in costs. Other revenue is recognized at the point in time which is when the resident moves in for the community fee or when the meals, activities, and services are provided.

l. Contract Balances

The payment terms and conditions within the Company’s revenue-generating contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days.

Resident service fee revenue for recurring and routine monthly residential and healthcare services is generally billed monthly in advance. Other revenue for standalone services is generally billed monthly in arrears. Additionally, non-refundable community fees are generally billed and collected in advance or upon move-in of a resident under independent living and assisted living residency agreements for independent living and assisted living services.

Amounts of revenue that are collected from residents in advance are recognized as deferred revenue until the performance obligations are satisfied.

The Company had total deferred revenue of \$1,160,055 and \$349,690 as of December 31, 2025 and 2024, respectively. Deferred revenue at January 1, 2024 was \$446,826. The Company applies the practical expedient in ASC 606-10-50-14 and does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

The Cardinal at North Hills, LLC and Affiliates
Notes to Combined Financial Statements
December 31, 2025 and 2024

m. Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

n. Advertising

The Company follows the policy of charging advertising costs to expense as incurred. Total advertising costs expensed for the years ended December 31, 2025 and 2024 were \$433,853 and \$340,027, respectively.

o. Income Taxes

The Cardinal at North Hills, LLC and Affiliates are limited liability companies. The Company's taxable income or loss is allocated to its members. Therefore, no provision or liability for income taxes has been included in the combined financial statements.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. There was no recognition of uncertain tax positions required at December 31, 2025.

The Company files income tax returns in the U.S. federal jurisdiction and the state of North Carolina. The Company believes that its tax positions comply with applicable tax law and that the Company has adequately provided for these matters.

p. 401(k) Savings and Retirement Plan

The Company has a salary deferral plan that covers employees 21 years and over with at least six months of service. The plan permits eligible employees to make voluntary contributions not in excess of the IRS limits. The Company matches 25% of the employee's contributions up to 6% of the employee's compensation. The Company contributions for the years ended December 31, 2025 and 2024 totaled \$40,066 and \$32,289, respectively.

q. Reclassification

Certain accounts were reclassified in the prior year to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

r. Subsequent Events

The Company evaluated subsequent events through April 24, 2026, the date these combined financial statements were issued. Based upon that evaluation, management determined that, with the exception of the matter disclosed in Note 4, there are no subsequent events that require disclosure in these combined financial statements.

The Cardinal at North Hills, LLC and Affiliates
Notes to Combined Financial Statements
December 31, 2025 and 2024

2. Property and Equipment

Property and equipment consist of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land improvements	\$ 83,603	\$ 52,451
Building and improvements	3,022,289	2,302,650
Equipment	1,006,157	805,770
Computer software	243,537	201,182
Furniture and fixtures	289,456	159,254
Automobile	317,679	234,907
	<u>4,962,721</u>	<u>3,756,214</u>
Less: Accumulated depreciation	(1,580,766)	(1,075,091)
	<u><u>\$ 3,381,955</u></u>	<u><u>\$ 2,681,123</u></u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$515,647 and \$388,488, respectively.

3. Accrued Expenses

Accrued expenses consist of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Salaries and wages	\$ 359,424	\$ 279,634
Vacation	314,564	264,336
Profit sharing	248,178	194,013
Other	253,236	509,575
	<u><u>\$ 1,175,402</u></u>	<u><u>\$ 1,247,558</u></u>

4. Commitments and Subsequent Events

a. Operating Lease as Lessee

The Company is party to a noncancelable sublease agreement with an affiliated company through common ownership for the use of the real and personal property present at an assisted living community with the purpose of continuing to operate the assisted living community for the foreseeable future. The lease expires in April 2036 and provides for monthly rent of \$740,759. The monthly rent is allocated amongst affiliates based on terms provided by a master lease agreement. One affiliate operates under a variable lease agreement. Lease expense to this related party for the years ended December 31, 2025, and 2024 was \$21,780,572 and \$21,143,002, respectively. Variable lease expense for the years ended December 31, 2025, and 2024 was \$13,645,772 and \$13,008,202, respectively.

The Cardinal at North Hills, LLC and Affiliates
Notes to Combined Financial Statements
December 31, 2025 and 2024

The following table reconciles the undiscounted cash flows for each of the first five years and total remaining years to the operating lease liabilities recorded on the combined balance sheet at December 31:

2027	\$ 8,134,800
2028	8,134,800
2029	8,134,800
2030	8,134,800
2031	8,134,800
Thereafter	43,385,600
Gross Payments due	<u>84,059,600</u>
Less: Imputed interest	(5,631,090)
Lease liabilities at December 31, 2025	<u><u>\$ 78,428,510</u></u>

As of December 31, 2025 and 2024, the weighted average discount rate associated with operating leases was 1.4% and the weighted average remaining lease term associated with operating leases were 10.3 years and 11.3 years, respectively. Cash flows from operating leases totaled \$8,134,800 for years ended December 31, 2025 and 2024.

b. Letter of Credit

The Company is required to maintain a statutory operating reserve pursuant to North Carolina General Statute (“NCGS”) Section 56-64-33. In December 2020, the Company became the beneficiary of a letter of credit with a bank that allows them to draw a maximum of \$5,200,000. Effective May 28, 2025, the letter of credit increased the maximum draw to \$6,402,000.

As of December 31, 2025, the Company had no outstanding advances under the letter of credit. The letter of credit expired on April 18, 2026.

5. Related Party Transactions

The Company has a management agreement with Kisco Senior Living, LLC, an affiliate of the Company through common ownership.

The management agreement provides for a fee of 5% of gross revenue. The agreement also provides for reimbursement of direct expenses in addition to the basic management fee. Management fee expenses totaled \$2,915,777 and \$2,603,103 for the years ended December 31, 2025 and 2024, respectively.

All affiliates of the Company have common ownership. Amounts due to or from affiliates are due on demand, bear no interest and are advances for operations.

Due from affiliates includes the net balances due to the Company from other affiliated entities. Amounts due from affiliates totaled \$7,299 and \$300 at December 31, 2025 and 2024, respectively.

Due to affiliates includes the net balances due from the Company to other affiliated entities. Due to affiliates totaled \$184,033 and \$98,426 at December 31, 2025 and 2024, respectively.

The Company participates in a capture insurance policy and is partially self-insured through policies managed by a related party. The Company paid premiums to the related party in the amount of \$1,221,847 and \$1,145,945 for the years ended December 31, 2025 and 2024, respectively.

The Company paid excess cash to an affiliate in the amount of \$550,000 included in other expense on the combined statement of operations for the year ended December 31, 2025

Supplementary Information

**The Cardinal at North Hills, LLC and Affiliates
Consolidating Balance Sheets
December 31, 2025**

	The Cardinal at North Hills, LLC	The Cardinal at North Hills Healthcare, LLC	Tower at the Cardinal, LLC	Eliminations Increase (Decrease)	Combined Total
Assets					
Current assets					
Cash and cash equivalents	\$ 713,408	\$ 59,174	\$ 538,885	\$ -	\$ 1,311,467
Accounts receivable, net	62,080	360,618	23,087	-	445,785
Other receivables	161,946	(35,756)	237,131	-	363,321
Due from affiliates, net	654,239	1,085,392	4,578	(1,736,910)	7,299
Prepaid and other current assets	126,099	88,756	111,638	-	326,493
Total current assets	<u>1,717,772</u>	<u>1,558,184</u>	<u>915,319</u>	<u>(1,736,910)</u>	<u>2,454,365</u>
Property and equipment - net	<u>2,795,729</u>	<u>-</u>	<u>586,226</u>	<u>-</u>	<u>3,381,955</u>
Other assets					
Right-of-use assets - operating, net	48,625,676	29,802,834	-	-	78,428,510
Deposits	16,411	-	14,637	-	31,048
	<u>48,642,087</u>	<u>29,802,834</u>	<u>14,637</u>	<u>-</u>	<u>78,459,558</u>
	<u>\$ 53,155,588</u>	<u>\$ 31,361,018</u>	<u>\$ 1,516,182</u>	<u>\$ (1,736,910)</u>	<u>\$ 84,295,878</u>

See Independent Auditor's Report on Supplementary Information.

**The Cardinal at North Hills, LLC and Affiliates
Consolidating Balance Sheets
December 31, 2025**

	The Cardinal at North Hills, LLC	The Cardinal at North Hills Healthcare, LLC	Tower at the Cardinal, LLC	Eliminations Increase (Decrease)	Combined Total
Liabilities and Members' Equity					
Current liabilities					
Due to affiliates, net	\$ 1,171,597	\$ 25,178	\$ 724,168	\$ (1,736,910)	\$ 184,033
Accounts payable	25,306	10,253	8,088	-	43,647
Accrued expenses	680,846	165,516	329,040	-	1,175,402
Deferred revenue	496,663	35,756	627,636	-	1,160,055
Current portion of lease liabilities - operating	4,410,790	2,703,387	-	-	7,114,177
Total current liabilities	<u>6,785,202</u>	<u>2,940,090</u>	<u>1,688,932</u>	<u>(1,736,910)</u>	<u>9,677,314</u>
Lease liabilities - operating, net of current portion	44,214,886	27,099,447	-	-	71,314,333
Total liabilities	<u>51,000,088</u>	<u>30,039,537</u>	<u>1,688,932</u>	<u>(1,736,910)</u>	<u>80,991,647</u>
Members' equity	2,155,500	1,321,481	(172,750)	-	3,304,231
	<u>\$ 53,155,588</u>	<u>\$ 31,361,018</u>	<u>\$ 1,516,182</u>	<u>\$ (1,736,910)</u>	<u>\$ 84,295,878</u>

See Independent Auditor's Report on Supplementary Information.

**The Cardinal at North Hills, LLC and Affiliates
Consolidating Statements of Operations
Years Ended December 31, 2025**

	The Cardinal at North Hills, LLC	The Cardinal at North Hills Healthcare, LLC	Tower at the Cardinal, LLC	Combined Total
Revenue				
Residential services	\$ 17,549,031	\$ 6,328,702	\$ 22,608,440	\$ 46,486,173
Healthcare services	-	2,788,788	1,791,046	4,579,834
Cardinal Advantage Program service fees	33,327	-	-	33,327
Other	1,018,804	29,907	1,170,555	2,219,266
Total revenue	<u>18,601,162</u>	<u>9,147,397</u>	<u>25,570,041</u>	<u>53,318,600</u>
Operating expenses				
Assisted living	5,854	1,067,191	1,391,237	2,464,282
Memory Care	500	822,618	-	823,118
Skilled nursing	-	1,562,071	-	1,562,071
Culinary	4,377,683	-	3,766,621	8,144,304
Housekeeping and laundry	678,063	2,511	661,348	1,341,922
Life enrichment	552,009	-	470,835	1,022,844
Utilities	603,124	412	618,666	1,222,202
Environmental services	987,071	1,200	931,775	1,920,046
Property taxes	776,711	-	1,053,978	1,830,689
Rent	4,540,402	4,526,496	12,713,674	21,780,572
General and administrative	4,424,009	688,239	4,307,882	9,420,130
Cardinal Advantage Program - wellness	1,212	-	-	1,212
Cardinal Advantage Program - sales and marketing	9,649	-	-	9,649
Cardinal Advantage Program - general and administrative	28,835	-	-	28,835
Depreciation	439,259	-	76,388	515,647
Total operating expenses	<u>17,424,381</u>	<u>8,670,738</u>	<u>25,992,404</u>	<u>52,087,523</u>

See Independent Auditor's Report on Supplementary Information.

**The Cardinal at North Hills, LLC and Affiliates
Consolidating Statements of Operations
Years Ended December 31, 2025**

	The Cardinal at North Hills, LLC	The Cardinal at North Hills Healthcare, LLC	Tower at the Cardinal, LLC	Combined Total
Operating income (expense)	<u>\$ 1,176,781</u>	<u>\$ 476,659</u>	<u>\$ (422,363)</u>	<u>\$ 1,231,077</u>
Other income (expense)				
Interest income	31,191	40	-	31,231
Miscellaneous other income (expense), net	(687,090)	(800)	(48,204)	(736,094)
Total other income (expense)	<u>(655,899)</u>	<u>(760)</u>	<u>(48,204)</u>	<u>(704,863)</u>
Net income (loss)	<u><u>\$ 520,882</u></u>	<u><u>\$ 475,899</u></u>	<u><u>\$ (470,567)</u></u>	<u><u>\$ 526,214</u></u>

See Independent Auditor's Report on Supplementary Information.

Appendix B — Five-Year Prospective Financial Statements

Prospective Financial Statements for Fiscal Years 2026–2030

**The Cardinal at North Hills, LLC and
The Cardinal at North Hills
Healthcare, LLC**

**Compilation of a Financial Forecast
For Each of the Five Years Ending**

December 31, 2030

(with Accountant's
Compilation Report thereon)

**The Cardinal at North Hills, LLC and
The Cardinal at North Hills Healthcare, LLC**

Compilation of a Financial Forecast

Five Years Ending December 31, 2030

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Accountant's Compilation Report

The Cardinal at North Hills, LLC and
The Cardinal at North Hills Healthcare, LLC
Raleigh, North Carolina

Management of The Cardinal at North Hills, LLC and The Cardinal at North Hills Healthcare, LLC (the "Companies"), and the day-to-day operating manager, Kisco Senior Living, LLC ("Kisco") (collectively, "Management") is responsible for the accompanying financial forecast of the Companies, which comprises the forecasted combined balance sheets as of and for each of the five years ending December 31, 2030 and the related forecasted combined statements of operations and changes in members' equity and statement of cash flows for each of the years then ending and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying forecast and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64A Continuing Care Retirement Communities and Title 11 of the North Carolina Administrative Code. Accordingly, this report should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial 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 form of assurance on this financial forecast.

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

Forvis Mazars, LLP

Atlanta, Georgia
May 29, 2026

The Cardinal at North Hills, LLC
The Cardinal at North Hills Healthcare, LLC

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

	2026	2027	2028	2029	2030
Revenues					
Residential services	\$ 25,018	\$ 26,240	\$ 27,524	\$ 28,870	\$ 30,283
Healthcare services	2,779	2,912	3,051	3,197	3,351
Cardinal Advantage Program membership fees	19	13	9	6	3
Other	216	222	229	236	243
Total revenues	28,032	29,387	30,813	32,309	33,880
Operating expenses					
Assisted living	1,097	1,130	1,164	1,198	1,234
Memory care	1,000	1,030	1,061	1,093	1,126
Skilled nursing	1,522	1,568	1,615	1,664	1,713
Culinary	4,781	4,924	5,072	5,224	5,381
Housekeeping and laundry	761	783	807	831	856
Life enrichment	745	767	791	814	839
Utilities	626	645	664	684	705
Environmental services	1,242	1,279	1,318	1,357	1,398
Property taxes	792	800	808	816	824
Rent	9,339	9,619	9,908	10,205	10,511
General and administrative	5,643	5,842	6,043	6,251	6,467
Cardinal Advantage Program - wellness	1	1	-	-	-
Cardinal Advantage Program - sales and marketing	6	5	5	4	3
Cardinal Advantage Program - general and administrative	17	15	13	11	9
Depreciation	515	515	515	515	515
Total operating expenses	28,087	28,923	29,784	30,667	31,581
Operating income (expense)	(55)	464	1,029	1,642	2,299
Other expense					
Interest expense	(15)	(16)	(16)	(17)	(17)
Miscellaneous other expense, net	(132)	(139)	(144)	(148)	(152)
Total other expense	(147)	(155)	(160)	(165)	(169)
Net income (loss)	(202)	309	869	1,477	2,130
Members' equity, beginning of year	3,478	3,276	3,585	4,454	5,931
Net income (loss)	(202)	309	869	1,477	2,130
Members' equity, end of year	\$ 3,276	\$ 3,585	\$ 4,454	\$ 5,931	\$ 8,061

See accompanying Accountant's Compilation Report and Summary of Significant Forecast Assumptions and Rationale

The Cardinal at North Hills, LLC
The Cardinal at North Hills Healthcare, LLC

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

	2026	2027	2028	2029	2030
Operating activities					
Net income (loss)	\$ (202)	\$ 309	\$ 869	\$ 1,477	\$ 2,130
Adjustments to reconcile net income (loss) to net cash provided by operating activities					
Provision for credit losses	(60)	(62)	(64)	(66)	(68)
Depreciation	515	515	515	515	515
Amortization of right-of-use assets	7,114	7,212	7,312	7,412	7,515
Change in operating assets					
Accounts receivable	250	51	52	53	55
Prepaid expenses	21	(5)	(6)	(7)	(6)
Other receivables	8	(6)	(6)	(6)	(7)
Change in operating liabilities					
Accounts payable	44	3	2	3	2
Accrued expenses	13	27	26	28	28
Lease liabilities - operating	(7,114)	(7,212)	(7,312)	(7,412)	(7,515)
Net cash provided by operating activities	589	832	1,388	1,997	2,649
Investing activities					
Purchase of property and equipment	(475)	(489)	(504)	(519)	(535)
Net cash used in investing activities	(475)	(489)	(504)	(519)	(535)
Net change in cash, cash equivalents, and restricted cash	114	343	884	1,478	2,114
Cash and cash equivalents, and restricted cash					
Beginning of year	772	886	1,229	2,113	3,591
End of year	\$ 886	\$ 1,229	\$ 2,113	\$ 3,591	\$ 5,705

See accompanying Accountant's Compilation Report and Summary of Significant Forecast Assumptions and Rationale

The Cardinal at North Hills, LLC
The Cardinal at North Hills Healthcare, LLC

Forecasted Combined Balance Sheets
At December 31,
(In Thousands)

	2026	2027	2028	2029	2030
Assets					
Current assets					
Cash and cash equivalents	\$ 886	\$ 1,229	\$ 2,113	\$ 3,591	\$ 5,705
Accounts receivable, net of allowance for credit losses	233	244	256	269	282
Other receivables	119	125	131	137	144
Due from affiliates, net	1,739	1,739	1,739	1,739	1,739
Prepaid expenses and other current assets	194	199	205	212	218
Total current assets	3,171	3,536	4,444	5,948	8,088
Property and equipment, net	2,756	2,730	2,719	2,723	2,743
Other assets					
Right-of-use assets - operating, net	71,315	64,103	56,791	49,379	41,864
Deposits	16	16	16	16	16
Total assets	\$ 77,258	\$ 70,385	\$ 63,970	\$ 58,066	\$ 52,711
Liabilities and Members' Equity					
Current liabilities					
Accounts payable	\$ 79	\$ 82	\$ 84	\$ 87	\$ 89
Accrued expenses	860	887	913	941	969
Deferred revenue	533	533	533	533	533
Due to affiliates, net	1,196	1,196	1,196	1,196	1,196
Current portion of lease liabilities - operating	7,212	7,312	7,412	7,515	7,618
Total current liabilities	9,880	10,010	10,138	10,272	10,405
Lease liabilities - operating, net of current portion	64,102	56,790	49,378	41,863	34,245
Total liabilities	73,982	66,800	59,516	52,135	44,650
Members' equity	3,276	3,585	4,454	5,931	8,061
Total liabilities and members' equity	\$ 77,258	\$ 70,385	\$ 63,970	\$ 58,066	\$ 52,711

See accompanying Accountant's Compilation Report and Summary of Significant Forecast Assumptions and Rationale

The Cardinal at North Hills, LLC
The Cardinal at North Hills Healthcare, LLC

Summary of Significant Forecast Assumptions and Rationale

Basis of Presentation

The accompanying financial forecast presents, to the best of the knowledge and belief of management of The Cardinal at North Hills, LLC and The Cardinal at North Hills Healthcare, LLC (the “Companies”) and the day-to-day operating manager, Kisco Senior Living, LLC (“Kisco”) (collectively “Management”), the expected financial position, results of operations, and cash flows of the Companies as of and for each of the five years ending December 31, 2030. Accordingly, the financial forecast reflects Management’s judgment as of May 29, 2026 the date of this forecast, based on present circumstances and the expected course of action during the forecast period.

The accompanying forecast and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64A and Title 11 of the North Carolina Administrative Code. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements. There will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

Background

The Companies are North Carolina limited liability companies, which currently sublease the real and personal property and operate the facilities of a rental continuing care retirement community (“CCRC”) known as “The Cardinal at North Hills” (the “Community”). The Community opened in 2017 and is located in the master-planned, mixed-use neighborhood of North Hills, Raleigh, North Carolina on a 5.9-acre site between Six Forks Road and St. Albans Drive at the eastern end of the North Hills Park District.

Construction of a new 18-story residential building, known as “The East Tower at Cardinal North Hills” (“The East Tower”) was completed in 2023, consisting of 151 independent living units, which opened in May 2023, and 40 assisted living units, which opened on June 1, 2023.

See Accountant’s Compilation Report

Management’s financial forecast includes the operations of the Companies, and does not include the operations and development activities of The East Tower or the following related parties:

- Tower at the Cardinal, LLC (“Tower”) is a North Carolina limited liability company formed for the purpose of subleasing the real and personal property and operating the facilities of The East Tower from KSL Toledo Tenant, LLC.
- 300 St. Albans Drive LP (the “Owner”) is a Delaware limited partnership that is the developing entity and owner of the real and personal property of the Community and The East Tower.
- KSL Toledo Tenant, LLC (the “Master Tenant” or the “Member”) is a North Carolina limited liability company, which leases the real and personal property of the Community and The East Tower from the Owner.
- Kisco Senior Living, LLC (“Kisco”) is a Delaware limited liability company, which provides management services to the Community and The East Tower.

The Community

The Community consists of two independent living buildings containing 165 independent living apartment units including one-, two-, and three-bedroom floor plans (the “Independent Living Units”). The Independent Living Units include walk-in closets, washers and dryers, full kitchens, a 24-hour emergency call system, and a choice of upgrades.

The Community also includes 27 assisted living units (the “Assisted Living Units”), 18 memory care units (the “Memory Care Units”), and 15 skilled nursing beds (the “Skilled Nursing Beds”) (collectively the “Health Care Center”).

The clubhouse commons is a three-level building connected to the buildings which house the Independent Living Units at the lobby level by enclosed walkways. The lobby level includes multiple dining venues with a full commercial kitchen, administrative offices, library, bar, and a living room/lounge area connected to a large outdoor terrace overlooking the gardens below. The garden level includes a beauty salon, fitness center, spa and wellness areas, indoor pool, and various back-of-house support areas and mechanical spaces. Outdoor amenities at this level include a terraced garden with walking paths, sitting areas, planting areas for residents, and outdoor entertainment venues. The mezzanine level includes the following: a “family room” that can be reserved for parties and gatherings; art studio; media center/chapel; card and billiard room with a pub; and a multipurpose space, which can be combined and expanded into larger spaces for specific functions such as large receptions, lectures, and meetings. Common spaces and amenities of the Community are shared with The East Tower.

See Accountant’s Compilation Report

The following table summarizes the type, number, approximate square footages, and monthly fees (“Monthly Fees”) for the Independent Living Units.

Table 1
Independent Living Unit Configuration

Independent Living Unit Type	Unit Count	Square Footage	Monthly Fees⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
The Salisbury 1 Bedroom/1 Bath	27	800	\$7,405
The Salisbury Plus 1 Bedroom/1 Bath/Den	3	1,005	\$7,935
The Glenwood 1 Bedroom/1 Bath	14	950	\$8,260
The Dawson 1 Bedroom/Den/1.5 Bath	25	1,110	\$8,610
The Cameron 1 Bedroom/Den/1.5 Bath	5	1,220	\$9,210
The Morgan 2 Bedroom/2 Bath	22	1,200	\$9,485
The Morgan Plus 2 Bedroom/2 Bath/Den	3	1,525	\$10,330
The Marlowe 2 Bedroom/2 Bath	10	1,265	\$9,700
The Marlowe Plus 2 Bedroom/2 Bath	10	1,330	\$9,875
The Hillsborough 2 Bedroom/2 Bath	6	1,375	\$10,005
The Oxford 2 Bedroom/2 Bath	15	1,555	\$10,790
The Granville 2 Bedroom/Den/2 Bath	6	1,610	\$11,580
The Churchill 2 Bedroom/Den/2 Bath	15	1,720	\$11,810
The Edenton 3 Bedroom/3 Bath	4	2,080	\$13,240
Total/Weighted Averages	165	1,237	\$9,440

Source: Management

- (1) The Monthly Fees are effective as of January 1, 2026.
- (2) Amounts shown reflect average Monthly Fees.
- (3) The Companies requires a one-time, non-refundable community fee (the “Community Fee”) of \$35,000.
- (4) The second person Monthly Fee is \$1,105.

See Accountant’s Compilation Report

The following table summarizes the unit types, approximate square footage, Monthly Fees, and daily fees (“Daily Fees”) for the Health Care Center.

	Number of Units	Square Footage	Monthly Fees ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
Assisted Living Units			
Studio	13	335	\$7,750 – 8,120
One-Bedroom	14	570 – 731	\$8,515 – 9,890
Total/Weighted Average	27	499	\$8,592
Memory Care Units			
Studio	18	330 – 354	\$8,465
Total/Weighted Average	18	342	\$8,465
Skilled Nursing Beds			Daily Fee
Studio	15	331 – 358	\$575
Total/Weighted Average	15	345	\$575

Source: Management

- (1) The Monthly Fees and Daily Fees are effective as of January 1, 2026.
- (2) Amounts shown reflect average Monthly Fees. The second person Monthly Fee for the Assisted Living Units and Memory Care Units is \$1,300.
- (3) Level of care monthly fees for the Assisted Living Units are based on a point system and are assumed as follows: Level I: \$1,775; Level II: \$2,605; Level III: \$3,505; Level IV: \$4,500; and Level V: \$4,800, plus \$10 per point over 380.
- (4) Level of care monthly fees for the Memory Care Units are based on a point system and assumed as follows: Level I: \$4,685; Level II: \$5,270; and Level III: \$5,630, plus \$10 per point over 440.

The Cardinal Advantage Program

The Companies offer The Cardinal Advantage Program, a continuing care services without lodging program, which provides an option for seniors to age in their homes and access home- and community-based services as needed. Members of The Cardinal Advantage Program (“Members”) have access to many of the amenities of the Community. The Cardinal Advantage Program supports older adults to be healthy and independent as they age through education, physical activities, socialization, and the coordination of care when necessary. Members must reside in their own home within the designated service area to continue to participate in The Cardinal Advantage Program. Members pay an initial membership fee of \$20,000 for first persons and \$25,000 for first and second persons (the “Membership Fee”) and a \$100 and \$50 monthly fee (the “The Cardinal Advantage Program Monthly Fee”) for first and second persons, respectively.

Management intends to discontinue The Cardinal Advantage Program, accepting its last new Member in April 2023, but expects the continuation of program services to existing Members who pay the respective The Cardinal Advantage Program Monthly Fee.

See Accountant’s Compilation Report

Independent Living Unit Residency Agreement

In order to reserve an Independent Living Unit, a prospective resident must execute a reservation agreement (the “Reservation Agreement”), provide a self-disclosure of their health and finances, pay the Community Fee that is the reservation deposit (“Deposit”), and upon approval, execute an Independent Living Unit residency agreement (the “IL Residency Agreement”). The first month’s Monthly Fee is due in full before the Resident (hereinafter defined) assumes occupancy (the “Occupancy Date”).

Under the terms of the IL Residency Agreement, the Companies accept persons at least 55 years of age at the time of the Occupancy Date or in the case of a couple, at least one of the Residents must be at least 55 years of age, who demonstrate the ability to live independently, and as to all levels at the Community, to meet the financial obligations as a resident of the Community (“Resident”).

Under the IL Residency Agreement, payment of the Monthly Fee entitles the Resident to occupy the selected Independent Living Unit and receive the following services and amenities:

- Complimentary breakfast, as well as thirty (30) meals per month per Resident;
- Twice monthly housekeeping and flat linen laundry service;
- All utilities, except telephone;
- Security and emergency alert system in the Independent Living Units;
- Building and grounds maintenance;
- A U.S. mailbox;
- Scheduled transportation;
- Social, recreational, educational, and cultural programs;
- Use of common areas; and
- Priority admission to the Health Center.

In addition to the items included in the Monthly Fee, certain services, including personal laundry assistance, additional housekeeping services, guest meals, additional storage lockers, landline, some social and recreational activities, furnishings, covered parking, and valet parking, are available to Residents at an additional cost. The Monthly Fee may be revised based on the experience of the Companies and estimates of its future costs, at its sole discretion. The Companies endeavor to make such adjustments not more than once a year and is expected to provide 30 days’ prior written notice of any such adjustments.

See Accountant’s Compilation Report

The Cardinal Advantage Program Membership Agreement

The Companies have a membership services agreement (the “Membership Agreement”) for individuals enrolled in The Cardinal Advantage Program. Members are expected to obtain and maintain Medicare Parts A and B (or an equivalent substitute policy approved by the Companies) and suitable supplemental medical insurance.

In exchange for payment of the Membership Fee and The Cardinal Advantage Program Monthly Fee, The Cardinal Advantage Program is to provide Members the following services and programs:

- Participation in social, recreational, educational, and cultural activities offered at the Community;
- Use of the Community campus amenities including: meeting rooms and private dining room; wellness center; spa and salon; pool; library; art studio; and family room;
- Monthly meal program at a reduced rate;
- Access to preferred partner hotels;
- Guest meals for Member visitors;
- Access to the Community’s on-site rehabilitation services (provider bills for Medicare Part B); and
- Second tier priority access to the Community’s Independent Living Units, Assisted Living Units, Memory Care Units, and Skilled Nursing Beds.

See Accountant’s Compilation Report

Summary of Significant Accounting Policies

Basis of Accounting – The Companies maintain their accounting and financial records according to the accrual basis of accounting.

Principles of Combination – The forecasted combined financial statements include the accounts of the Companies, consisting of The Cardinal at North Hills, LLC and Cardinal at North Hills Healthcare, LLC. All material intercompany accounts and transaction have been eliminated in combination.

Use of Estimates – The preparation of prospective financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the prospective financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents, excluding those classified as investments and assets whose use is limited, include cash in banks, cash on hand, and investments in highly liquid debt instruments with an original maturity of three months or less when purchased. The Companies maintain their cash in bank accounts which, at times, may exceed federally depository insurance limits. Management believes the credit risk associated with these deposits is minimal.

North Carolina Department of Insurance Operating Reserve Fund – North Carolina General Statute Section 58-64A-245 requires CCRCs to maintain an operating reserve (the “Statutory Operating Reserve”) as a percentage of the total operating costs in a given year, based on occupancy levels of the independent units. This law provides security to residents so that the Company is able to meet its contractual obligations to provide continuing care. In order to meet the North Carolina General Statutes operating reserve requirements, the Companies maintain an irrevocable standby letter of credit.

Property and Equipment – Property and equipment are stated at cost less accumulated depreciation. Donated property is recorded at its estimated fair value at the time of receipt. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	15 years
Buildings	27.5 years
Furniture and equipment	3 to 7 years

Lease Accounting – On January 1, 2022, the Companies adopted the requirements of Accounting Standards Update (“ASU”) No. 2016-02, Lease Accounting Standard in February 2016. ASU 2016-02 requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. Lease expense is recognized on a straight-line basis over the lease term.

See Accountant’s Compilation Report

Advance Admission Deposits – Potential Residents sign a binding Reservation Agreement with the Companies and pay a Deposit. The Deposits from Resident are kept in an escrow account in the Resident’s name and identification number.

Deferred Revenue – Amounts of revenue that are collected from Residents in advance are recognized as deferred revenue until the performance obligations are satisfied. The Residency Agreement includes a lease component pursuant to the Accounting Standards Codification, *Leases*, the terms of which are month-to-month and provide the Resident access to a residential unit. The Companies have elected the practical expedient not to separate lease- and non-lease components from the Residency Agreements containing a lease. The Companies have determined the prominent services component in the Residency Agreement is the non-lease components and accordingly, the residential services revenue is recognized as performance obligations are satisfied. Performance obligations are satisfied ratably over the year in accordance with the IL Residency Agreement and AL and MC Residency Agreement. Revenue is recognized as the performance obligation are satisfied.

Membership Fee – The Membership Fee revenue consists of charges for The Cardinal Advantage Program Membership Fee and access to The Cardinal Advantage Program. The Membership Fee is a one-time, non-refundable fee that a members can apply to their Deposit if they desire to move into an available unit at the Community. The Membership Fee revenue is recognized at a point in time, which is when the Member pays the Membership Fee and has access to The Cardinal Advantage Program services.

Income Taxes – The Companies file income tax returns in the U.S federal jurisdiction and the state of North Carolina. The Companies’ taxable income or loss is allocated to its members. Therefore, no provision or liability for income taxes has been included in the forecast period.

See Accountant’s Compilation Report

Summary of Operating Revenue Assumptions

Independent Living Units

Residential services fee revenue for Residents living in the Independent Living Units is based upon the assumed occupancy and Monthly Fees of the respective units. The Independent Living Unit Monthly Fees are assumed to increase 5.0 percent on January 1, 2027 and annually thereafter throughout the forecast period.

The Independent Living Units are assumed to maintain approximately 98.8 percent occupancy throughout the forecast period. The following table summarizes the assumed utilization of the Independent Living Units during the forecast period.

Fiscal Years Ending December 31,	Average Occupied	Average Available	Percent Occupied
Forecasted			
2026	163.0	165.0	98.8%
2027	163.0	165.0	98.8%
2028	163.0	165.0	98.8%
2029	163.0	165.0	98.8%
2030	163.0	165.0	98.8%

Source: Management

The second occupancy percentage for the Independent Living Units is assumed to approximate 29.7 percent throughout the forecast period.

See Accountant's Compilation Report

Assisted Living Units

Residential services fee revenue for Residents living in the Assisted Living Units is based upon the assumed occupancy and Monthly Fee of the respective units. The Assisted Living Unit Monthly Service Fees are assumed to increase 5.0 percent on January 1, 2027 and annually thereafter throughout the forecast period.

The Assisted Living Units are assumed to maintain approximately 96.3 percent occupancy throughout the forecast period. The following table summarizes the assumed utilization of the Assisted Living Units during the forecast period.

Table 4
Utilization of the Assisted Living Units

Fiscal Years Ending December 31,	Average Occupied	Average Available	Percent Occupied
Forecasted			
2026	26.0	27.0	96.3%
2027	26.0	27.0	96.3%
2028	26.0	27.0	96.3%
2029	26.0	27.0	96.3%
2030	26.0	27.0	96.3%

Source: Management

See Accountant's Compilation Report

Memory Care Units

Residential service fee revenue for Residents living in the Memory Care Units is based upon the assumed occupancy and Monthly Service Fee of the respective units. The Memory Care Unit Monthly Service Fees are assumed to increase 5.0 percent on January 1, 2027 and annually thereafter throughout the forecast period.

The Memory Care Units are assumed to maintain approximately 100.0 percent occupancy throughout the forecast period. The following table summarizes the assumed utilization of the Memory Care Units during the forecast period.

Table 5
Utilization of the Memory Care Units

Fiscal Years Ending December 31,	Average Occupied	Average Available	Percent Occupied
Forecasted			
2026	18.0	18.0	100.0%
2027	18.0	18.0	100.0%
2028	18.0	18.0	100.0%
2029	18.0	18.0	100.0%
2030	18.0	18.0	100.0%

Source: Management

Skilled Nursing Beds

Residential service fee revenue for Residents living in the Skilled Nursing Beds is based upon the assumed occupancy and the Daily Fee of the respective bed. The Daily Fees are assumed to increase 3.0 percent on January 1, 2027 and annually thereafter throughout the forecast period.

The Skilled Nursing Beds are assumed to maintain approximately 100.0 percent occupancy throughout the forecast period. The following table summarizes the assumed utilization of the Skilled Nursing Beds during the forecast period.

Table 6
Utilization of the Skilled Nursing Beds

Fiscal Years Ending December 31,	Private Pay	Medicare	Managed Care	Average Occupied	Average Available	Percent Occupied
Forecasted						
2026	9.8	4.1	1.1	15.0	15.0	100.0%
2027	9.8	4.1	1.1	15.0	15.0	100.0%
2028	9.8	4.1	1.1	15.0	15.0	100.0%
2029	9.8	4.1	1.1	15.0	15.0	100.0%
2030	9.8	4.1	1.1	15.0	15.0	100.0%

Source: Management

The Cardinal Advantage Program Utilization

Service fee revenue for The Cardinal Advantage Program is based upon the assumed utilization and The Cardinal Advantage Program Monthly Fee. The Cardinal Advantage Program Monthly Fee is assumed to remain steady throughout the forecast period. The following table summarizes the assumed utilization of The Cardinal Advantage Program during the forecast period.

Table 7
Utilization of The Cardinal Advantage Program

Fiscal Years Ending December 31,	Average Members⁽¹⁾	Contracts Available	Average Utilization
Forecasted			
2026	20.8	70.0	29.8%
2027	18.2	70.0	26.1%
2028	14.7	70.0	21.1%
2029	11.2	70.0	16.1%
2030	7.7	70.0	11.1%

Source: Management

(1) Management discontinued The Cardinal Advantage Program and has reflected reduced Member utilization during the forecast period, to include approximately three to four contract terminations per year, of which Management assumes approximately one to two contract terminations per year would move into the Community and the related Membership Fee would be applied to the associated Community Fee.

Other Revenue

Management assumes meal revenue, other miscellaneous revenue, Community Fees, beauty and barber, medical supplies, and unrestricted contributions to increase approximately 3.0 percent annually throughout the forecast period.

Level of Care Revenue

For Residents of the Assisted Living Units and Memory Care Units, additional higher levels of care are determined based on a Resident assessment. Management offers five additional levels of care to Residents in the Assisted Living Units and three additional levels of care to Residents in the Memory Care Units in which the additional fee is determined by the types of services provided. Management assumes level of care revenue to increase by 5.0 percent on January 1, 2027, and annually thereafter throughout the forecast period.

See Accountant’s Compilation Report

Summary of Operating Expense Assumptions

Management assumes all departmental, residential, assisted living, and long-term care expenses to increase approximately 3.0 percent annually throughout the forecast period.

The table below shows the total number of full-time equivalents (“FTEs”) assumed by fiscal year 2026 and thereafter.

Table 8
Community Staffing Levels by FTEs

Department	FTEs
Assisted living, memory care, and skilled nursing	45.8
Wellness	6.7
Dining services	48.6
Housekeeping and laundry	12.7
Environmental services	4.8
General and administrative	17.5
Total FTEs	136.1

Source: Management

Management assumes wellness, general and administrative, and sales and marketing expenses to increase approximately 3.0 percent annually throughout the forecast period. The cost of employee fringe benefits and payroll taxes are assumed to approximate 23.5 percent of salaries and wages.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 3.0 percent annually throughout the forecasted period.

Management Fee Expense

Under the terms of a management agreement between the Companies and Kisco, the Companies pay a management fee (the “Management Fee”) to Kisco for the day-to-day management of the Independent Living Units, Assisted Living Units, Memory Care Units, and Skilled Nursing Beds. For the purpose of Management’s forecast, the Management Fee is assumed to equal 5.0 percent of total operating revenue, with no assumed capital management fees.

The table below shows the total Management Fee assumed throughout the forecast period.

Table 9
Management Fees
(In Thousands)

Fiscal Years Ending December 31,	2026	2027	2028	2029	2030
Management Fees	\$1,401	\$ 1,469	\$ 1,540	\$ 1,615	\$ 1,694

Source: Management

Lease Expense (Operating Lease)

Under the terms of a sublease agreement (the “Sublease Agreement”) between the Companies and the Master Tenant, the Companies sublease the real and personal property of the Community from the Master Tenant. Under the terms of the Sublease Agreement, the lease expires in April 2036 and provides for monthly rent of \$677,900 plus monthly variable expenses.

As of December 31, 2025, the Companies recognized approximately \$78,429,000 in Right-of-Use assets related to the lease property and equipment under the Sublease Agreement and a corresponding lease liability of approximately \$78,429,000 (the “Present Value”). The Present Value lease payments are based on a weighted average discount rate of 1.4 percent of the Present Value lease payments due over the remaining 11.3-year term.

See Accountant’s Compilation Report

Statutory Operating Reserve

The following table summarizes the forecasted Statutory Operating Reserve, which is calculated as a percentage of the Companies' estimated cash operating expenses.

Table 10
Statutory Operating Reserve Requirement
(In Thousands)

Fiscal Years Ending December 31,	2026	2027	2028	2029	2030
Operating expenses	\$ 28,087	\$ 28,923	\$ 29,784	\$ 30,667	\$ 31,581
Less: Depreciation	(515)	(515)	(515)	(515)	(515)
Operating expenses-adjusted	27,572	28,408	29,269	30,152	31,066
Statutory Operating Reserve percent required	25%	25%	25%	25%	25%
Required Statutory Operating Reserve	\$ 6,893	\$ 7,102	\$ 7,317	\$ 7,538	\$ 7,767
Units Available ⁽¹⁾	210.0	210.0	210.0	210.0	210.0
Units Occupied ⁽¹⁾	207.0	207.0	207.0	207.0	207.0
Occupancy percentage⁽¹⁾	98.6%	98.6%	98.6%	98.6%	98.6%

Source: Management

(1) The Statutory Operating Reserve requirements include the Independent Living Units, Assisted Living Units, and Memory Care Units.

Management satisfies the Statutory Operating Reserve requirement through an irrevocable standby letter of credit with a financial institution.

Property and Equipment and Depreciation Expense

The Companies are to incur routine capital additions during the forecast period that are to be capitalized as property and equipment. The Companies' property and equipment costs, net of accumulated depreciation, during the forecast period are summarized in the table below.

Table 11
Schedule of Property and Equipment
(In Thousands)

Fiscal Years Ending December 31,	2026	2027	2028	2029	2030
Property and equipment, beginning balance	\$ 4,258	\$ 4,733	\$ 5,222	\$ 5,726	\$ 6,245
Routine capital additions	475	489	504	519	535
Property and equipment, gross	4,733	5,222	5,726	6,245	6,780
Accumulated depreciation	(1,977)	(2,492)	(3,007)	(3,522)	(4,037)
Property and equipment, ending balance	\$ 2,756	\$ 2,730	\$ 2,719	\$ 2,723	\$ 2,743

Source: Management

See Accountant's Compilation Report

Current Assets and Current Liabilities

Operating expenses exclude amortization, depreciation, other non-cash expenses, and interest expense. Operating revenues include service fees. Working capital components have been estimated based on industry standards and Management's historical experience as follows:

Table 12
Working Capital – Days on Hand

Accounts receivables, net	3	days of operating revenues
Other receivables	2	days of operating revenues
Prepaid expenses and other current assets	3	days of operating expenses
Accounts payable	1	days of operating expenses
Accrued expenses	11	days of operating expenses

Source: Management

See Accountant's Compilation Report

Appendix C — Statement of Actuarial Opinion

**ACTUARIAL
POPULATION PROJECTION
for
The Cardinal at North Hills
&
KSL Toledo Tenant, LLC, as Master Tenant
AS OF DECEMBER 31, 2020**

March 10, 2021

1604 Hilltop West Executive Ctr., Suite 311
Virginia Beach, Virginia 23451

404.845.0360
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MANAGING CONSULTANTS
AV Powell, ASA, MAAA
Molly Shaw, ASA, MAAA
Michael Hopper, CPA
David Shaw, FSA, EA, MAAA

March 10, 2021

Mr. John Hanna
Chief Financial Officer
Kisco Senior Living
5790 Fleet St. Suite 300
Carlsbad, CA 92008

Dear Mr. Hanna:

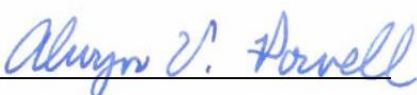
This report describes the procedures and results of the actuarial population flow projections for The Cardinal at North Hills and KSL Toledo Tenant, LLC, as Master Tenant. These actuarial population flows show projected independent living turnover and projected health care utilization over a 20-year period.

Based on the contract and occupancy assumptions provided by you, A.V. Powell & Associates LLC believes that these projections are reasonable and can be relied on for financial feasibility analysis. Any reference to A.V. Powell & Associates in the feasibility study must be approved in advance, in writing, by A.V. Powell & Associates. This report can not be included in any registration statement or offering material associated with the public offering or private placement of any security.

Thank you for providing us the opportunity to conduct this review on your behalf. Please call us if you have any questions or need additional projections.

The undersigned credentialed actuary is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained.

Sincerely,

BY: 
ALWYN V. POWELL, ASA, MAAA
FOR: A.V. POWELL & ASSOCIATES LLC

BY: 
MICHAEL K. HOPPER, CPA

Providing actuarial and financial projections to organizations serving senior populations

1604 Hilltop West Shopping Center, Suite 311 • Virginia Beach, VA 23451-6132

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OTHER OFFICES: Atlanta, GA • Wildwood, MO

OVERVIEW

We have developed a set of actuarial projections of future population flows for The Cardinal at North Hills. The population projection models are based on the rental contractholders as of December 31, 2020 and occupancy schedule provided by you for the 151 independent living and 40 assisted living unit expansion. The existing independent living units occupancy is projected at 98% (162 out of 165). The assumed opening date of the expansion independent living units is June 2023. Fill-up of the 151 independent living expansion units is assumed over the next 26 months, reaching stabilized occupancy of 94% (142 out of 151) by July 2025. New entrants are projected in order to maintain the assumed 96.2% (304 out of 316 independent living units) occupancy level after fill-up of the independent living expansion units.

Table 2.1 shows a summary of the projection results. The annual independent living turnover after fill-up in 2025 is expected to range between 44 to 46 units per year. Based on projections in Table 2.1, contractholders who were direct entrants to independent living are expected to annually utilize 68 assisted living/memory support beds and 18 nursing care beds by the end of the 20-year projection period. Variation in expected health care utilization is not likely to exceed plus-or-minus 20%.

It should be noted that future health care needs for members of the Cardinal Advantage Program are not included in this report, but instead are presented in a separate actuarial report for the program titled “Actuarial Population Projection for The Cardinal at North Hills Advantage Program as of December 31, 2020.” That report shows that individual members who remain in the Cardinal Advantage program are expected to annually need 10 assisted living/memory support beds and 10 nursing care beds by the end of the 20-year projection period. These additional bed needs would bring the total combined needs for The Cardinal at North Hills plus Cardinal Advantage Program to 78 assisted living/memory support beds and 28 nursing care beds, respectively. Also, for those members who select the Cardinal Advantage Program, but subsequently move into an independent living unit at The Cardinal at North Hills, their projected health care needs are included in this actuarial report.

This projection does not include any direct admits to assisted living/memory care or nursing care in the starting census, nor does it assume any future direct admits into these levels. The health care utilization only reflects residents who originated in independent living.

ASSUMPTIONS

The distribution of the current census by level of care and by age is shown on Tables 0.1.1 and 0.1.2. Table 0.3.1 shows the number of units by level of care. Beginning-of-year and average occupancy assumptions by unit type are shown on Tables 0.3.2 and 0.3.3. Table 0.5 contains age- and gender-specific probabilities of actuarial decrement assumptions.

Historical resident data from January 1, 2017, through December 31, 2020 is shown on Tables 1.1.x and 1.2.x. These tables reflect actual movement and utilization data for The Cardinal at North Hills's contractholders, based on individual resident movements.

Our projections are based on assumptions regarding rates of death (mortality), rates of assisted living and nursing care utilization (morbidity), and probabilities of move-out. Assuming that residents will leave The Cardinal at North Hills at these rates, we added new entrants to achieve occupancy levels defined by the community's management.

AVP used the experience of The Cardinal at North Hills and the information on The Cardinal at North Hills's contracts, along with AVP's database of continuing care retirement communities, to select mortality, morbidity (i.e., temporary and permanent transfers to health care), move-out, and new entrant assumptions. The Cardinal at North Hills's actuarial database was analyzed during the observation period of January 1, 2017 through December 31, 2020. Mortality and morbidity rates are based on a blend of this analysis and experience from AVP's database on CCRC residents, adjusted with a 5-year age set forward to reflect a rental contract mix rather than the lifecare/modified lifecare mix that is predominately in the AVP database.

We developed life expectancies for individuals and couples (Table 1.3) based on the mortality and morbidity rate assumptions for The Cardinal at North Hills. The individual life expectancies are provided in five-year intervals in total and in each level of care. For couples, the last survivor life expectancy is the number of years that at least one member of a couple is expected to live in the community.

To project new entrants into the community, we made assumptions concerning the gender, age, and double occupancy rate of future residents. These assumptions, based on The Cardinal at North Hills's experience for the past three-years, are shown in Table 1.4. We assumed that the average age at entry increases by one year for every five years of operation to correspond to the "aging in place" of the existing population and the difficulty in attracting younger entrants that most CCRCs experience.

METHODOLOGY

To simulate the future population flow, we performed the following steps 500 times for each year of the 20 -year projection period:

1. The assumptions described above were applied to the resident census at the beginning of the projection year to generate the number of deaths, withdrawals, and permanent and temporary transfers to health care. In determining turnover, only deaths or permanent transfers from single residents in independent living cause a unit turnover.
2. New entrants were generated to fill the appropriate number of double or single units.

This process produces expected values as well as a range of possible values for certain statistics. Our methodology is defined in *Continuing Care Retirement Communities: An Empirical, Financial, and Legal Analysis* by H.E. Winklevoss and A.V. Powell and the *Society of Actuaries' Textbook on Life Contingencies* by C.W. Jordan.

DETAILED RESULTS

Detailed results of the projections are presented in Tables 2.1 through 2.16.

Table 2.1 contains a *summary* of the projection results. The table shows the independent living turnover, including sales of units that were not previously occupied, the annual number of new entrants, and total deaths or move-outs. The table also shows the average number of contractholders and the assisted living/memory support and nursing care usage by permanent and temporary residents, for each year in the projection period.

Table 2.2 shows the *demographic statistics* at the beginning of each year in the projection period, including resident counts, average age, and years in the community.

Table 2.3 shows projected resident *movement statistics* by level of care.

Table 2.4 contains independent living *turnover statistics* and new entrant characteristics. Columns three and four reflect the number of new entrants and the total turnover associated with units that were previously occupied and new sales of units that were not previously occupied. This table also shows the number of deaths, move-outs, and permanent transfers that caused unit turnover. New sales represent the difference between the beginning of year occupancy from one year to the next.

Table 2.5 shows the projected average number of *contractholder days by level of care*. Permanent and temporary nursing care usage is shown separately, since temporary residents are expected to return to their permanent care level. The sum of total contractholder days will exceed the total number of residents given in Table 2.2 since residents on temporary transfer are counted in both their permanent status and their temporary status.

Table 2.13 contains the projected independent living *turnover by unit type*. Unit types are assigned to one of six groupings, as shown at the bottom of the table.

Table 2.14 contains the number of direct admissions to assisted living and transfers from independent livings to assisted living. It also contains the *projected refunds due to death or move-out* and the number of contract terminations with paid refunds. We did not calculate projected refunds in this report because The Cardinal at North Hills will only be offering rental contracts.

Table 2.15 contains the *range in independent living turnover and health care utilization*. Health care utilization is the sum of the projected assisted living and nursing care usage. The likely minimum, average, and likely maximum values are provided for turnover and health care utilization. The minimum and maximum values are also expressed as a percentage of the average.

Table 2.16 shows the number of *assisted living and nursing care contractholders per 100 independent living residents*. The likely minimum and likely maximum values are also given. We did not calculate projected refunds in this report because The Cardinal at North Hills will only be offering rental contracts.

CERTIFICATION

A.V. Powell & Associates LLC believes that these projections form a reasonable basis for financial projections of The Cardinal at North Hills. It should be noted that our projections of health care usage and independent living turnover due to resident moves are based on assumptions that residents will move to different levels of care as their needs dictate. Also, future health care usage can be influenced by several factors that may change in the future or cannot be effectively modeled such as:

- contract provisions or health screening criteria at admission
- management philosophy in regard to aging-in-place
- number and acuity mix of health care beds
- availability of home care services and private duty nurses

Therefore, based on the preceding issues and actuarially small census size, it is unlikely that actual experience will match these projections exactly. The projections should be re-evaluated from time to time to reflect updated community experience.

List of Tables

(NOTE: THE TABLE LABELING PURPOSELY SKIPS CERTAIN NUMBERS)

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Table 0.1.1

Cardinal at North Hills
Contractholder Census
as of 12/31/2020

	Number of Residents	Average Monthly Fee	Average Entry Fee
	-----	-----	-----
Independent Living			
First person	160	0	0
Second person	56	0	0
	-----	-----	-----
	216	0	0
	-----	-----	-----
Assisted Living			
First person	22	0	0
Second person	3	0	0
	-----	-----	-----
	25	0	0
	-----	-----	-----
Nursing Care			
First person	1	0	0
Second person	0	0	0
	-----	-----	-----
	1	0	0
	-----	-----	-----
Contract Type			
10 Current Rental Contract (IL)	242	0	0
20 Direct Admit to AL	0	0	0
30 Direct Admit to MC	0	0	0
40 Direct Admit to SNF	0	0	0
	-----	-----	-----
	242	0	0
	-----	-----	-----

Table 0.1.2

Age Distribution by Functional Status

Cardinal at North Hills
 Contractholder Census
 Census as of 12/31/2020

Age Group	ILU		ALU&MC		NCU		----- Totals -----			
	Female	Male	Female	Male	Female	Male	Female		Male	
	Count	Count	Count	Count	Count	Count	Count	Perct	Count	Perct
55 - 59	0	0	0	0	0	0	0	0.0%	0	0.0%
60 - 64	1	0	0	0	0	0	1	0.6%	0	0.0
65 - 69	1	0	1	0	0	0	2	1.3%	0	0.0
70 - 74	7	4	0	1	0	0	7	4.4%	5	6.0
75 - 79	25	11	2	1	0	0	27	17.1%	12	14.3
80 - 84	41	21	1	2	0	0	42	26.6%	23	27.4
85 - 89	38	24	5	1	0	0	43	27.2%	25	29.8
90 - 94	21	16	6	2	1	0	28	17.7%	18	21.4
95 - 99	5	1	3	0	0	0	8	5.1%	1	1.2
100 - 115	0	0	0	0	0	0	0	0.0%	0	0.0
Totals	139	77	18	7	1	0	158	100.0%	84	100.0%
Avg Age	83.8	84.6	87.9	83.9	94.0	0.0	84.3		84.5	

Table 0.3.1

Cardinal at North Hills
Facility Unit Configuration
Unit Capacity

Unit Type	Square Feet	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030+
Independent Living:											
Salisbury A, A+	821	30	30	30	30	30	30	30	30	30	30
Glenwood B	950	14	14	14	14	14	14	14	14	14	14
Dawson C	1,110	25	25	25	25	25	25	25	25	25	25
Cameron D	1,220	5	5	5	5	5	5	5	5	5	5
Morgan E	1,200	22	22	22	22	22	22	22	22	22	22
Morgan Plus E+	1,525	3	3	3	3	3	3	3	3	3	3
Marlowe F	1,265	10	10	10	10	10	10	10	10	10	10
Marlowe Plus F+	1,330	10	10	10	10	10	10	10	10	10	10
Oxford G	1,555	15	15	15	15	15	15	15	15	15	15
Churchill H	1,720	15	15	15	15	15	15	15	15	15	15
Edenton I	2,080	4	4	4	4	4	4	4	4	4	4
Hillsborough J	1,375	6	6	6	6	6	6	6	6	6	6
Granville K	1,610	6	6	6	6	6	6	6	6	6	6
B1-Exp	943	0	0	13	13	13	13	13	13	13	13
B2/C1-2-Exp	1,096	0	0	26	26	26	26	26	26	26	26
B3/D1,2,6,7,8,9-Exp	1,430	0	0	66	66	66	66	66	66	66	66
D5,E1,4,6,PH5-Exp	1,895	0	0	26	26	26	26	26	26	26	26
E2,5,F1,F1A-Exp	2,187	0	0	16	16	16	16	16	16	16	16
PH1,2,3,4-Exp	3,050	0	0	4	4	4	4	4	4	4	4
		165	165	316	316	316	316	316	316	316	316
Assisted Living:											
AL Studio	325	13	13	13	13	13	13	13	13	13	13
AL Alcove (B)	570	1	1	1	1	1	1	1	1	1	1
AL (AC)	712	13	13	13	13	13	13	13	13	13	13
AL (D,E,E1)	1,000	0	0	0	0	0	0	0	0	0	0
AL Alcove - Exp	616	0	16	16	16	16	16	16	16	16	16
AL 1Br - Exp	934	0	14	14	14	14	14	14	14	14	14
AL 1Br/Den - Exp	1,317	0	3	3	3	3	3	3	3	3	3
AL 2Br - Exp	1,495	0	7	7	7	7	7	7	7	7	7
MC Studio	325	18	18	18	18	18	18	18	18	18	18
		45	85	85	85	85	85	85	85	85	85
Nursing Care:											
NC Studio	340	15	15	15	15	15	15	15	15	15	15
		15	15	15	15	15	15	15	15	15	15

Table 0.3.2

Cardinal at North Hills
Facility Unit Configuration
Beginning of Year Unit Occupancy

Unit Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030+
Independent Living:										
Salisbury A, A+	28	29	29	29	29	29	29	29	29	29
Glenwood B	13	13	13	13	13	13	13	13	13	13
Dawson C	25	25	25	25	25	25	25	25	25	25
Cameron D	5	5	5	5	5	5	5	5	5	5
Morgan E	21	22	22	22	22	22	22	22	22	22
Morgan Plus E+	3	3	3	3	3	3	3	3	3	3
Marlowe F	10	10	10	10	10	10	10	10	10	10
Marlowe Plus F+	9	9	9	9	9	9	9	9	9	9
Oxford G	15	15	15	15	15	15	15	15	15	15
Churchill H	15	15	15	15	15	15	15	15	15	15
Edenton I	4	4	4	4	4	4	4	4	4	4
Hillsborough J	6	6	6	6	6	6	6	6	6	6
Granville K	6	6	6	6	6	6	6	6	6	6
B1-Exp	0	0	0	6	11	12	12	12	12	12
B2/C1-2-Exp	0	0	0	12	22	25	25	25	25	25
B3/D1,2,6,7,8,9-Exp	0	0	0	29	56	62	62	62	62	62
D5,E1,4,6,PH5-Exp	0	0	0	11	22	24	24	24	24	24
E2,5,F1,F1A-Exp	0	0	0	7	14	15	15	15	15	15
PH1,2,3,4-Exp	0	0	0	2	3	4	4	4	4	4
	160	162	162	229	290	304	304	304	304	304
Assisted Living:										
AL Studio	12	12	12	12	12	12	12	12	12	12
AL Alcove (B)	1	1	1	1	1	1	1	1	1	1
AL (AC)	12	12	12	12	12	12	12	12	12	12
AL (D,E,E1)	0	0	0	0	0	0	0	0	0	0
AL Alcove - Exp	0	0	0	8	15	15	15	15	15	15
AL 1Br - Exp	0	0	0	7	13	13	13	13	13	13
AL 1Br/Den - Exp	0	0	0	2	3	3	3	3	3	3
AL 2Br - Exp	0	0	0	4	7	7	7	7	7	7
MC Studio	17	17	17	17	17	17	17	17	17	17
	42	42	42	63	80	80	80	80	80	80
Nursing Care:										
NC Studio	14	14	14	14	14	14	14	14	14	14
	14	14	14	14	14	14	14	14	14	14

Table 0.3.3

Cardinal at North Hills
 Facility Unit Configuration
 Average Number of Unit/Beds Occupied

Unit Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030+
Independent Living:										
Salisbury A, A+	29	29	29	29	29	29	29	29	29	29
Glenwood B	13	13	13	13	13	13	13	13	13	13
Dawson C	25	25	25	25	25	25	25	25	25	25
Cameron D	5	5	5	5	5	5	5	5	5	5
Morgan E	21	22	22	22	22	22	22	22	22	22
Morgan Plus E+	3	3	3	3	3	3	3	3	3	3
Marlowe F	10	10	10	10	10	10	10	10	10	10
Marlowe Plus F+	9	9	9	9	9	9	9	9	9	9
Oxford G	15	15	15	15	15	15	15	15	15	15
Churchill H	15	15	15	15	15	15	15	15	15	15
Edenton I	4	4	4	4	4	4	4	4	4	4
Hillsborough J	6	6	6	6	6	6	6	6	6	6
Granville K	6	6	6	6	6	6	6	6	6	6
B1-Exp	0	0	2	9	12	12	12	12	12	12
B2/C1-2-Exp	0	0	3	18	24	25	25	25	25	25
B3/D1,2,6,7,8,9-Exp	0	0	9	45	60	62	62	62	62	62
D5, E1, 4, 6, PH5-Exp	0	0	3	17	23	24	24	24	24	24
E2, 5, F1, F1A-Exp	0	0	2	11	15	15	15	15	15	15
PH1,2,3,4-Exp	0	0	1	3	4	4	4	4	4	4
	161	162	182	265	300	304	304	304	304	304
Assisted Living:										
AL Studio	12	12	12	12	12	12	12	12	12	12
AL Alcove (B)	1	1	1	1	1	1	1	1	1	1
AL (AC)	12	12	12	12	12	12	12	12	12	12
AL (D,E,E1)	0	0	0	0	0	0	0	0	0	0
AL Alcove - Exp	0	0	3	14	15	15	15	15	15	15
AL 1Br - Exp	0	0	2	12	13	13	13	13	13	13
AL 1Br/Den - Exp	0	0	0	3	3	3	3	3	3	3
AL 2Br - Exp	0	0	1	6	7	7	7	7	7	7
MC Studio	17	17	17	17	17	17	17	17	17	17
	42	42	48	77	80	80	80	80	80	80
Nursing Care:										
NC Studio	14	14	14	14	14	14	14	14	14	14
	14	14	14	14	14	14	14	14	14	14

TABLE 0.5

Cardinal at North Hills
 DECREMENT ASSUMPTIONS FOR 2021 ACTUARIAL STUDY
 (Based on 12/31/2020 - Baseline w/ 5 Year Setforward Higher W/D Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
MORTALITY RATES (PER 100 LIVES) FOR Independent Living RESIDENTS										
60	0.23	0.40	0.53	0.60	0.67	0.45	1.02	1.02	1.08	1.13
65	0.48	0.83	1.10	1.24	1.38	0.66	1.48	1.48	1.56	1.64
70	0.63	1.09	1.45	1.63	1.81	1.63	3.67	3.67	3.88	4.08
75	0.81	1.38	1.84	2.07	2.30	2.30	5.18	5.18	5.47	5.75
80	1.17	2.01	2.68	3.02	3.35	2.89	6.51	6.51	6.87	7.23
85	1.94	3.33	4.45	5.00	5.56	3.32	7.46	7.46	7.88	8.29
90	3.26	5.60	7.46	8.39	9.33	4.25	9.56	9.56	10.09	10.62
95	4.03	6.91	9.21	10.36	11.51	5.40	12.16	12.16	12.83	13.51
100	6.08	10.42	13.89	15.62	17.36	9.69	21.80	21.80	23.01	24.22
105	10.50	18.01	24.01	27.01	30.01	18.40	41.39	41.39	43.69	45.99
110	26.25	45.00	60.00	67.50	75.00	32.00	72.00	72.00	76.00	80.00
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
MORTALITY RATES (PER 100 LIVES) FOR Assisted Living RESIDENTS										
60	10.13	10.13	10.13	10.13	10.13	6.77	6.77	6.77	6.77	6.77
65	10.43	10.43	10.43	10.43	10.43	9.73	9.73	9.73	9.73	9.73
70	11.25	11.25	11.25	11.25	11.25	12.83	12.83	12.83	12.83	12.83
75	13.82	13.82	13.82	13.82	13.82	16.90	16.90	16.90	16.90	16.90
80	17.00	17.00	17.00	17.00	17.00	26.96	26.96	26.96	26.96	26.96
85	20.67	20.67	20.67	20.67	20.67	37.37	37.37	37.37	37.37	37.37
90	26.88	26.88	26.88	26.88	26.88	42.62	42.62	42.62	42.62	42.62
95	44.25	44.25	44.25	44.25	44.25	71.29	71.29	71.29	71.29	71.29
100	74.71	74.71	74.71	74.71	74.71	98.02	98.02	98.02	98.02	98.02
105	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
110	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
MORTALITY RATES (PER 100 LIVES) FOR Nursing Care RESIDENTS										
60	30.95	30.95	30.95	30.95	30.95	37.64	37.64	37.64	37.64	37.64
65	31.66	31.66	31.66	31.66	31.66	44.47	44.47	44.47	44.47	44.47
70	32.75	32.75	32.75	32.75	32.75	48.62	48.62	48.62	48.62	48.62
75	33.20	33.20	33.20	33.20	33.20	53.11	53.11	53.11	53.11	53.11
80	38.14	38.14	38.14	38.14	38.14	55.31	55.31	55.31	55.31	55.31
85	48.69	48.69	48.69	48.69	48.69	58.54	58.54	58.54	58.54	58.54
90	53.53	53.53	53.53	53.53	53.53	65.78	65.78	65.78	65.78	65.78
95	68.56	68.56	68.56	68.56	68.56	74.51	74.51	74.51	74.51	74.51
100	88.02	88.02	88.02	88.02	88.02	90.13	90.13	90.13	90.13	90.13
105	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
110	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
115	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE 0.5 (CONTINUED)

Cardinal at North Hills
 DECREMENT ASSUMPTIONS FOR 2021 ACTUARIAL STUDY
 (Based on 12/31/2020 - Baseline w/ 5 Year Setforward Higher W/D Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
MOVE-OUT RATES (PER 100 LIVES) FOR Independent Living RESIDENTS										
60	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
65	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
70	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
75	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
80	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
85	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
90	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MOVE-OUT RATES (PER 100 LIVES) FOR Assisted Living RESIDENTS										
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MOVE-OUT RATES (PER 100 LIVES) FOR Nursing Care RESIDENTS										
60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE 0.5 (CONTINUED)

Cardinal at North Hills
 DECREMENT ASSUMPTIONS FOR 2021 ACTUARIAL STUDY
 (Based on 12/31/2020 - Baseline w/ 5 Year Setforward Higher W/D Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Independent Living TO Assisted Living										
60	0.55	1.10	1.10	1.10	1.10	0.26	0.53	0.53	0.53	0.53
65	0.71	1.42	1.42	1.42	1.42	0.41	0.81	0.81	0.81	0.81
70	0.69	1.38	1.38	1.38	1.38	0.47	0.95	0.95	0.95	0.95
75	1.58	3.15	3.15	3.15	3.15	0.95	1.90	1.90	1.90	1.90
80	3.23	6.45	6.45	6.45	6.45	1.75	3.50	3.50	3.50	3.50
85	5.54	11.07	11.07	11.07	11.07	4.48	8.96	8.96	8.96	8.96
90	7.27	14.54	14.54	14.54	14.54	4.74	9.49	9.49	9.49	9.49
95	3.08	6.17	6.17	6.17	6.17	2.46	4.93	4.93	4.93	4.93
100	0.18	0.36	0.36	0.36	0.36	2.21	4.43	4.43	4.43	4.43
105	0.51	1.02	1.02	1.02	1.02	1.25	2.51	2.51	2.51	2.51
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Independent Living TO Nursing Care										
60	0.03	0.07	0.10	0.12	0.17	0.05	0.15	0.24	0.24	0.26
65	0.04	0.09	0.13	0.16	0.22	0.06	0.17	0.26	0.26	0.28
70	0.06	0.11	0.17	0.20	0.28	0.07	0.20	0.32	0.32	0.34
75	0.10	0.20	0.30	0.35	0.50	0.09	0.27	0.42	0.42	0.45
80	0.18	0.36	0.54	0.63	0.91	0.19	0.56	0.89	0.89	0.94
85	0.35	0.70	1.06	1.23	1.76	0.34	1.03	1.63	1.63	1.71
90	0.50	1.01	1.51	1.76	2.51	0.28	0.85	1.34	1.34	1.41
95	0.52	1.03	1.55	1.80	2.58	0.22	0.65	1.03	1.03	1.08
100	0.49	0.98	1.46	1.71	2.44	0.23	0.69	1.10	1.10	1.16
105	0.35	0.70	1.05	1.23	1.75	0.16	0.48	0.77	0.77	0.81
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PERMANENT TRANSFER RATES (PER 100 LIVES) FOR Assisted Living TO Nursing Care										
60	0.13	0.26	0.39	0.45	0.65	0.06	0.12	0.18	0.26	0.29
65	0.17	0.35	0.52	0.61	0.87	0.18	0.36	0.54	0.81	0.90
70	0.23	0.46	0.69	0.80	1.15	0.30	0.59	0.89	1.34	1.49
75	0.41	0.83	1.24	1.45	2.07	0.36	0.71	1.07	1.61	1.78
80	0.51	1.01	1.52	1.78	2.54	0.51	1.01	1.52	2.28	2.53
85	0.79	1.58	2.38	2.77	3.96	0.69	1.39	2.08	3.13	3.47
90	0.96	1.93	2.89	3.37	4.81	1.19	2.38	3.56	5.34	5.94
95	1.04	2.09	3.13	3.66	5.22	1.33	2.67	4.00	6.01	6.67
100	0.93	1.86	2.79	3.26	4.65	0.96	1.91	2.87	4.31	4.78
105	0.61	1.22	1.82	2.13	3.04	0.61	1.22	1.82	2.73	3.04
110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE 0.5 (CONTINUED)

Cardinal at North Hills
 DECREMENT ASSUMPTIONS FOR 2021 ACTUARIAL STUDY
 (Based on 12/31/2020 - Baseline w/ 5 Year Setforward Higher W/D Decrements)

ATT AGE	FEMALE DURATION					MALE DURATION				
	1	2	3	4	ULT	1	2	3	4	ULT
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Independent Living TO Assisted Living										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
75	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
85	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
95	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
105	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
110	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Independent Living TO Nursing Care										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.4	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0
75	2.1	2.1	2.1	2.1	2.1	1.4	1.4	1.4	1.4	1.4
80	3.9	3.9	3.9	3.9	3.9	2.9	2.9	2.9	2.9	2.9
85	5.7	5.7	5.7	5.7	5.7	4.3	4.3	4.3	4.3	4.3
90	7.5	7.5	7.5	7.5	7.5	5.7	5.7	5.7	5.7	5.7
95	9.3	9.3	9.3	9.3	9.3	7.2	7.2	7.2	7.2	7.2
100	11.1	11.1	11.1	11.1	11.1	8.6	8.6	8.6	8.6	8.6
105	12.9	12.9	12.9	12.9	12.9	10.0	10.0	10.0	10.0	10.0
110	14.6	14.6	14.6	14.6	14.6	11.4	11.4	11.4	11.4	11.4
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Assisted Living TO Nursing Care										
60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
75	0.5	0.5	0.5	0.5	0.5	1.5	1.5	1.5	1.5	1.5
80	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
85	5.5	5.5	5.5	5.5	5.5	6.5	6.5	6.5	6.5	6.5
90	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
95	10.5	10.5	10.5	10.5	10.5	11.5	11.5	11.5	11.5	11.5
100	13.0	13.0	13.0	13.0	13.0	14.0	14.0	14.0	14.0	14.0
105	15.5	15.5	15.5	15.5	15.5	16.5	16.5	16.5	16.5	16.5
110	18.0	18.0	18.0	18.0	18.0	19.0	19.0	19.0	19.0	19.0
115	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 1.1.1

Historic Independent Living Turnover
for Cardinal at North Hills Contractholders
Observation period is 1/01/2017 to 12/31/2020

Calendar Year	Average Age of New Entrants	Number of New Entrants	Number of ILU Move-Ins	Estimated ILU **	-----Cause of ILU Turnover-----			
					Death	Move Out	Permanent Transfer	Other Reason
2017 ****	81.8	226	155	15	3	7	5	0
2018	82.2	52	44	22	2	8	12	0
2019	81.7	40	29	26	4	14	8	0
2020	80.8	38	28	34	5	11	18	0
Totals	81.8	356	256	97	14	40	43	0

** The values for estimated turnover are based on resident movements. These numbers may not match actual turnover during the year for several reasons such as: (1) resident movement data may be missing or inaccurate; (2) information about couples may not be properly matched, or (3) internal moves within independent living may be present but are not considered turnover.

**** This year may not reflect twelve months of operation



Table 1.1.2

Description of Actuarial Database
 for Cardinal at North Hills Contractholders
 Observation period is 1/01/2017 to 12/31/2020

Calendar Year	---- New Entrants ----			----- Deaths -----			----- Move Outs -----			Net Change
	ILU	ALU	NCU	ILU	ALU	NCU	ILU	ALU	NCU	
2017 ****	226	0	0	6	0	0	8	0	0	212
2018	52	1	0	2	2	0	12	2	0	35
2019	40	0	0	6	8	6	22	1	0	-3
2020	38	0	0	11	5	5	15	3	1	-2
Totals	356	1	0	25	15	11	57	6	1	242

**** This year may not reflect twelve months of operation

Table 1.1.3

Description of Actuarial Data Base
 for Cardinal at North Hills Contractholders
 Observation period is 1/01/2017 to 12/31/2020

Calendar Year	Perm Xfer To ALU Fm ILU	Perm Xfer To NCU Fm ILU	Perm Xfer To NCU Fm ALU	Recovery To ALU	Recovery To ILU
2017 ****	9	2	0	0	0
2018	14	1	2	0	0
2019	9	3	1	1	0
2020	16	5	0	0	1
Totals	48	11	3	1	1

**** This year may not reflect twelve months of operation



Table 1.2.1

Annualized Average Utilization in Number of Residents
for Cardinal at North Hills Contractholders
Observation Period is 1/1/2017 to 12/31/2020

Calendar Year	Independent Living	Avg IL Unit Occupancy	Assisted Living	Nursing Care	Acute Care *
2017	160.0	110.8	3.2	0.5	0.0
2018	212.4	152.6	15.2	4.7	0.0
2019	223.3	162.8	19.1	2.8	0.0
2020	217.8	161.0	20.2	1.6	0.0

* Acute care usage may be understated since all transfers from Independent Living to acute care may not be recorded in data base.

Table 1.2.2

Average Utilization in Resident Days
for Cardinal at North Hills Contractholders
Observation Period is 1/1/2017 to 12/31/2020

Calendar Year	Permanent Independent Living P-ILU	Permanent Assisted Living P-ALU	Temporary Assisted Living T-ALU	Permanent Assisted Living P-MC-MEM	Temporary Assisted Living T-MC-MEM	Permanent Nursing Care P-NCU	Temporary Nursing Care T-NCU	Temporary Acute Care *
2017	58,391	827	0	347	0	175	0	0
2018	77,512	3,549	0	2,011	0	842	872	0
2019	81,519	5,478	2	1,493	0	842	167	0
2020	79,705	5,955	0	1,444	0	572	28	0
	-----	-----	-	-----	-	-----	-----	-
Total	297,127	15,809	2	5,295	0	2,431	1,067	0
LYE	814	43	0	15	0	7	3	0

* Acute care usage may be understated since all transfers from Independent Living to acute care may not be recorded in data base.

Table 1.3

Individual Life Expectancies for 2021 Residents in
Independent Living in Cardinal at North Hills
(Based on 12/31/2020 - Baseline w/ 5 Year Setforward Higher W/D Decrements)

Current Age	Life Expectancy for Residents in Independ- ent Living	Portion of Lifetime in Independ- ent Living	Portion of Lifetime in Assisted Living	Portion of Lifetime in Nursing Care
FEMALE				
60	8.8 years	7.9 years	0.8 years	0.1 years
65	8.3	7.3	0.9	0.1
70	7.7	6.6	1.0	0.1
75	6.9	5.5	1.2	0.2
80	6.0	4.5	1.3	0.2
82 *	5.6	4.1	1.3	0.2
85	5.2	3.8	1.2	0.2
90	5.5	4.5	0.8	0.2
95	5.9	5.6	0.1	0.2
100	4.5	4.3	0.0	0.2
MALE				
60	8.1 years	7.7 years	0.4 years	0.0 years
65	7.4	6.9	0.4	0.1
70	6.4	5.9	0.4	0.1
75	5.8	5.3	0.4	0.1
80	5.0	4.4	0.5	0.1
81 *	4.9	4.3	0.5	0.1
85	4.6	4.0	0.5	0.1
90	5.1	4.7	0.3	0.1
95	4.6	4.4	0.1	0.1
100	3.1	2.9	0.1	0.1

* Average age at entry for residents of Independent Living.



Table 1.3

Individual Life Expectancies for 2021 Residents in
 Assisted Living in Cardinal at North Hills
 (Based on 12/31/2020 - Baseline w/ 5 Year Setforward Higher W/D Decrements)

Current Age	Life Expectancy for Residents in Assisted Living	Portion of Lifetime in Independ- ent Living	Portion of Lifetime in Assisted Living	Portion of Lifetime in Nursing Care
FEMALE				
60	8.4 years	0.0 years	8.2 years	0.2 years
65	7.8	0.0	7.6	0.2
70	6.8	0.0	6.6	0.2
75	5.5	0.0	5.3	0.2
80	4.5	0.0	4.3	0.2
85	3.6	0.0	3.4	0.2
88 *	3.0	0.0	2.8	0.2
90	2.6	0.0	2.5	0.1
95	1.5	0.0	1.4	0.1
100	0.8	0.0	0.8	0.0
MALE				
60	8.7 years	0.0 years	8.6 years	0.1 years
65	7.0	0.0	6.9	0.1
70	5.4	0.0	5.3	0.1
75	4.1	0.0	4.0	0.1
80	2.7	0.0	2.6	0.1
84 *	2.2	0.0	2.1	0.1
85	2.1	0.0	2.0	0.1
90	1.7	0.0	1.6	0.1
95	0.9	0.0	0.9	0.0
100	0.5	0.0	0.5	0.0

* Average age for residents of Assisted Living.



Table 1.3

Individual Life Expectancies for 2021 Residents in
Nursing Care in Cardinal at North Hills
(Based on 12/31/2020 - Baseline w/ 5 Year Setforward Higher W/D Decrements)

Current Age	Life Expectancy for Residents in Nursing Care	Portion of Lifetime in Independ- ent Living	Portion of Lifetime in Assisted Living	Portion of Lifetime in Nursing Care
FEMALE				
60	2.8 years	0.0 years	0.0 years	2.8 years
65	2.7	0.0	0.0	2.7
70	2.6	0.0	0.0	2.6
75	2.5	0.0	0.0	2.5
80	2.0	0.0	0.0	2.0
85	1.5	0.0	0.0	1.5
90	1.3	0.0	0.0	1.3
94 *	1.0	0.0	0.0	1.0
95	0.9	0.0	0.0	0.9
100	0.6	0.0	0.0	0.6
MALE				
60	2.1 years	0.0 years	0.0 years	2.1 years
65	1.7	0.0	0.0	1.7
70	1.5	0.0	0.0	1.5
75	1.4	0.0	0.0	1.4
80	1.3	0.0	0.0	1.3
85	1.2	0.0	0.0	1.2
90	1.0	0.0	0.0	1.0
94 *	0.9	0.0	0.0	0.9
95	0.8	0.0	0.0	0.8
100	0.6	0.0	0.0	0.6

* Average age for residents of Nursing Care.



TABLE 1.3 Continued

Last Survivor Life Expectancies for 2021 Residents in
Independent Living in Cardinal at North Hills
(Based on 12/31/2020 - Baseline w/ 5 Year Setfoward Higher W/D Decrements)

	M 60	M 65	M 70	M 75	M 80	M 85	M 90	M 95	M100
F 60	12.3	11.8	11.2	10.8	10.4	10.2	10.3	10.0	9.4
F 62	12.2	11.6	11.0	10.6	10.2	10.0	10.2	9.8	9.2
F 64	12.0	11.5	10.9	10.4	10.0	9.8	10.0	9.6	9.0
F 66	11.9	11.3	10.7	10.3	9.8	9.6	9.8	9.4	8.8
F 68	11.7	11.1	10.5	10.0	9.6	9.4	9.6	9.2	8.6
F 70	11.5	10.9	10.3	9.8	9.4	9.2	9.4	9.0	8.3
F 72	11.2	10.6	10.0	9.5	9.1	8.9	9.1	8.7	8.0
F 74	11.0	10.4	9.7	9.3	8.8	8.6	8.8	8.4	7.7
F 76	10.7	10.1	9.5	9.0	8.5	8.3	8.5	8.0	7.4
F 78	10.5	9.8	9.2	8.7	8.2	7.9	8.2	7.7	7.0
F 80	10.2	9.6	8.9	8.4	7.9	7.6	7.9	7.4	6.7
F 82	10.0	9.4	8.7	8.1	7.6	7.3	7.6	7.1	6.4
F 84	9.9	9.2	8.5	7.9	7.4	7.1	7.4	6.9	6.1
F 86	9.8	9.1	8.4	7.8	7.3	7.0	7.3	6.8	5.9
F 88	9.8	9.1	8.4	7.8	7.3	7.0	7.3	6.8	5.9
F 90	10.0	9.3	8.6	8.0	7.5	7.2	7.5	7.0	6.2
F 92	10.1	9.5	8.8	8.3	7.8	7.5	7.7	7.3	6.5
F 94	10.1	9.4	8.8	8.2	7.7	7.5	7.7	7.2	6.5
F 96	9.9	9.2	8.5	8.0	7.5	7.2	7.5	7.0	6.3
F 98	9.6	8.9	8.2	7.6	7.1	6.8	7.1	6.5	5.8
F100	9.3	8.6	7.8	7.2	6.6	6.3	6.6	6.1	5.2

Table 1.4

New Entrant Assumptions for Cardinal at North Hills
 Observation Period Includes Data Through 12/31/2020

Entrants to Independent Living

Entry Age	Female	Male
-----	-----	-----
55- 59	0.0 %	0.0 %
60- 64	0.0	0.0
65- 69	5.0	0.0
70- 74	10.0	15.0
75- 79	25.0	30.0
80- 84	25.0	40.0
85- 89	20.0	10.0
90 and over	15.0	5.0
	-----	-----
	100.0 %	100.0 %
 Average age at entry	 82.3	 80.5
 Unit		 Probability that New Entrants will be a Couple
-----		-----
Salisbury A, A+.....		10.0 %
Glenwood B.....		10.0
Dawson C.....		20.0
Cameron D.....		50.0
Morgan E.....		45.0
Morgan Plus E+.....		75.0
Marlowe F.....		30.0
Marlowe Plus F+.....		75.0
Oxford G.....		75.0
Churchill H.....		80.0
Edenton I.....		85.0
Hillsborough J.....		60.0
Granville K.....		70.0
B1-Exp.....		10.0
B2/C1-2-Exp.....		20.0
B3/D1,2,6,7,8,9-Exp.....		75.0
D5,E1,4,6,PH5-Exp.....		80.0
E2,5,F1,F1A-Exp.....		80.0
PH1,2,3,4-Exp.....		90.0
 Probability that:		 Gender Distribution
-----		-----
Single Entrant is Female.....		80.0 %
Coupled Entrants Same Sex.....		0.0
 Contract Selection Distribution		 Probability the New Contract will be Selected
-----		-----
Current Rental Contract (IL).....		100.0 %
Direct Admit to AL.....		0.0
Direct Admit to MC.....		0.0
Direct Admit to SNF.....		0.0



Table 1.4

Table 1.4 (Continued)
 Observation Period Includes Data Through 12/31/2020

Entrants to Assisted Living

Entry Age	Female	Male
55- 59	0.0 %	0.0 %
60- 64	0.0	0.0
65- 69	0.0	0.0
70- 74	5.9	0.0
75- 79	17.6	7.7
80- 84	11.8	15.4
85- 89	58.8	61.5
90 and over	5.9	15.4
	100.0 %	100.0 %
Average age at entry	84.6	87.1

Unit	Probability that New Entrants will be a Couple
AL Studio.....	0.0 %
AL Alcove (B).....	0.0
AL (AC).....	0.0
AL (D,E,E1).....	0.0
AL Alcove - Exp.....	0.0
AL 1Br - Exp.....	0.0
AL 1Br/Den - Exp.....	0.0
AL 2Br - Exp.....	0.0
MC Studio.....	0.0

Probability that:	Gender Distribution
Single Entrant is Female.....	65.0 %
Coupled Entrants Same Sex.....	0.0

Contract Selection Distribution	Probability the New Contract will be Selected
Current Rental Contract (IL).....	100.0 %
Direct Admit to AL.....	0.0
Direct Admit to MC.....	0.0
Direct Admit to SNF.....	0.0



Table 2.1

Cardinal at North Hills
Summary of Population Projection Statistics

Fiscal Year	Total Independent Living Units Filled	Number of New Entrants	Number of Deaths or Move-outs	Average Number Total Residents	- - - Excludes Total Assisted Living *	Direct Entrants Total Nursing Care *	- - - Total Health Care *
2021	29	40	35	247	29	5	33
2022	27	41	36	265	34	6	41
2023	96	150	40	284	38	8	45
2024	98	150	54	420	42	10	52
2025	56	83	63	477	49	11	60
2026	44	65	66	478	56	12	69
2027	44	66	67	476	62	14	76
2028	45	67	68	475	65	15	80
2029	45	68	68	474	67	15	83
2030	46	69	69	474	69	16	84
2031	46	69	69	474	69	16	85
2032	46	69	69	474	70	16	86
2033	46	68	69	473	69	17	86
2034	46	69	68	473	69	17	86
2035	46	69	68	473	70	17	86
2036	45	68	68	473	70	17	87
2037	45	67	67	473	69	17	87
2038	45	67	68	472	69	17	86
2039	45	67	67	472	69	17	86
2040	45	67	67	471	68	18	86

* The values in columns six, seven, and eight reflect the average during the year.

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.



Table 2.2
 Cardinal at North Hills
 Beginning of Fiscal Year Demographic Statistics

Fiscal Year	Units Occupied Independent Living	Number of Permanent Residents				Average Age	Yrs in Commun	Percent Female
		Independ-ent Living	Assisted Living	Nursing Care	Total			
2021 *	160	217	25	1	243	84.4	2.7	65.4 %
2022	162	212	32	3	247	84.6	3.2	65.6
2023 *	162	242	36	4	282	84.3	3.2	64.7
2024 *	229	373	39	5	417	83.4	2.6	62.4
2025 *	290	422	45	6	473	83.4	2.8	61.9
2026	304	419	53	7	478	83.8	3.3	62.1
2027	304	410	60	8	477	84.2	3.7	62.3
2028	304	403	64	9	476	84.6	4.0	62.4
2029	304	398	67	9	474	84.9	4.3	62.6
2030	304	396	68	10	474	85.1	4.5	62.6
2031	304	394	69	10	474	85.3	4.7	62.6
2032	304	394	69	10	474	85.6	4.8	62.7
2033	304	393	70	10	474	85.9	4.9	62.8
2034	304	393	69	11	473	86.1	5.0	62.8
2035	304	393	70	11	473	86.3	5.1	62.8
2036	304	393	70	11	473	86.5	5.1	62.8
2037	304	393	69	11	473	86.8	5.2	62.8
2038	304	393	69	11	473	87.0	5.2	62.8
2039	304	392	69	11	472	87.3	5.3	62.7
2040	304	392	68	11	471	87.5	5.3	62.8

* The values in column three reflect the average during the years with asterisks.

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.



Table 2.3

Cardinal at North Hills
Resident Movement Statistics

Fiscal Year	Independ-ent Living	Deaths		Permanent Transfers		
		Assisted Living	Nursing Care	Independ-ent Living to Assisted Living	Independ-ent Living to Nursing Care	Assisted Living to Nursing Care
2021	11	7	1	15	2	1
2022	11	9	2	14	2	1
2023	12	10	2	14	2	1
2024	15	11	3	18	2	1
2025	18	12	3	22	3	1
2026	20	14	4	22	3	1
2027	20	16	4	22	3	2
2028	21	17	5	21	3	2
2029	21	18	5	21	3	2
2030	21	18	5	21	3	2
2031	21	18	5	20	3	2
2032	21	18	5	20	3	2
2033	21	19	5	20	3	2
2034	22	18	5	20	3	2
2035	22	18	5	20	3	2
2036	22	18	5	20	3	2
2037	22	18	5	20	3	2
2038	22	18	6	19	3	2
2039	23	18	5	19	3	2
2040	23	17	5	19	3	2

Table 2.4
 Cardinal at North Hills
 Independent Living Turnover Statistics

Fiscal Year	Average Age of New Entrants	Number of New Entrants	Independent Living Units Filled	Cause of Units Vacated			New Sales*
				Move Out	Death	Permanent Transfer	
2021	81.1	40	29	11	6	10	2
2022	81.1	41	27	11	7	9	0
2023	81.0	150	96	11	7	11	67
2024	81.0	150	98	18	8	11	61
2025	81.0	83	56	20	9	13	14
2026	82.1	65	44	20	11	13	0
2027	82.0	66	44	19	11	14	0
2028	82.0	67	45	19	12	14	0
2029	82.0	68	45	18	13	14	0
2030	82.1	69	46	18	13	15	0
2031	83.1	69	46	18	13	15	0
2032	83.1	69	46	18	13	15	0
2033	83.1	68	46	18	14	14	0
2034	83.1	69	46	18	14	14	0
2035	83.1	69	46	17	15	14	0
2036	84.0	68	45	17	14	14	0
2037	84.1	67	45	17	14	14	0
2038	84.1	67	45	16	15	14	0
2039	84.1	67	45	16	15	14	0
2040	84.0	67	45	16	15	14	0

* This column reflects the annual change in the beginning of year occupancy for Independent Living (see Table 2.2, column 2).

Table 2.5

Cardinal at North Hills
 Projected Resident Days by Level of Care
 (All Contractholder Days)

Fiscal Year	Independent Living	Permanent Assisted Living	Temporary Assisted Living	Total Assisted Living	Permanent Nursing Care	Temporary Nursing Care	Total Nursing Care
2021	79,205	10,446	0	10,446	677	1,036	1,713
2022	82,886	12,509	0	12,509	1,234	1,061	2,295
2023	88,305	13,737	0	13,737	1,675	1,189	2,864
2024	135,979	15,261	0	15,261	1,992	1,633	3,625
2025	154,202	17,772	0	17,772	2,282	1,853	4,135
2026	151,156	20,506	0	20,506	2,632	1,921	4,553
2027	148,289	22,635	0	22,635	2,985	1,981	4,966
2028	146,250	23,905	0	23,905	3,305	2,026	5,331
2029	144,944	24,601	0	24,601	3,546	2,062	5,608
2030	144,186	25,033	0	25,033	3,709	2,091	5,800
2031	143,790	25,264	0	25,264	3,784	2,121	5,905
2032	143,647	25,412	0	25,412	3,804	2,166	5,970
2033	143,534	25,349	0	25,349	3,835	2,204	6,039
2034	143,422	25,306	0	25,306	3,854	2,236	6,090
2035	143,450	25,402	0	25,402	3,873	2,267	6,140
2036	143,488	25,370	0	25,370	3,916	2,295	6,211
2037	143,388	25,307	0	25,307	3,980	2,336	6,316
2038	143,255	25,208	0	25,208	3,975	2,370	6,345
2039	143,161	25,008	0	25,008	3,954	2,399	6,353
2040	143,023	24,876	0	24,876	3,982	2,424	6,406

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.



Table 2.13

Cardinal at North Hills
Projected Independent Living Units Filled by Unit Type

Fiscal Year	Units Filled by Unit Type						Independent Living Units Filled	Independent Living Units Filled Percent
	Group I	Group II	Group III	Group IV	Group V	Group VI		
2021	9	15	5	0	0	0	29	18.0 %
2022	8	13	6	0	0	0	27	16.7
2023	8	13	6	19	50	0	96	52.7
2024	8	13	6	18	53	0	98	37.0
2025	8	13	6	9	20	0	56	18.7
2026	7	13	6	6	12	0	44	14.5
2027	7	13	6	6	12	0	44	14.5
2028	7	13	6	6	13	0	45	14.8
2029	7	12	6	6	14	0	45	14.8
2030	8	12	6	6	14	0	46	15.1
2031	7	13	6	6	14	0	46	15.1
2032	7	12	6	6	15	0	46	15.1
2033	7	12	5	6	16	0	46	15.1
2034	7	12	6	6	15	0	46	15.1
2035	7	12	6	6	15	0	46	15.1
2036	7	12	6	6	14	0	45	14.8
2037	7	12	5	6	15	0	45	14.8
2038	7	12	5	6	15	0	45	14.8
2039	7	12	5	6	15	0	45	14.8
2040	7	12	6	6	14	0	45	14.8

Unit Type Groupings

Group I = Salisbury A, A+
Glenwood B

Group II = Dawson C
Cameron D
Morgan E
Morgan Plus E+
Marlowe F

Group III = Oxford G
Churchill H
Edenton I
Granville K

Group IV = B1-Exp
B2/C1-2-Exp

Group V = B3/D1,2,6,7,8,9-Exp
D5,E1,4,6,PH5-Exp
E2,5,F1,F1A-Exp
PH1,2,3,4-Exp

Group VI = None included



Table 2.14

Cardinal at North Hills
Move-out and Refund Statistics

Fiscal Year	Direct Entry to ALU	Transfers to ALU	Number of Refunds	Refund Amounts Due to			Total
				Death	Move-out	Permanent Transfer	
2021	0	15	0	\$ 0	\$ 0	\$ 0	\$ 0
2022	0	14	0	0	0	0	0
2023	0	14	0	0	0	0	0
2024	0	18	0	0	0	0	0
2025	0	22	0	0	0	0	0
2026	0	22	0	0	0	0	0
2027	0	22	0	0	0	0	0
2028	0	21	0	0	0	0	0
2029	0	21	0	0	0	0	0
2030	0	21	0	0	0	0	0
2031	0	20	0	0	0	0	0
2032	0	20	0	0	0	0	0
2033	0	20	0	0	0	0	0
2034	0	20	0	0	0	0	0
2035	0	20	0	0	0	0	0
2036	0	20	0	0	0	0	0
2037	0	20	0	0	0	0	0
2038	0	19	0	0	0	0	0
2039	0	19	0	0	0	0	0
2040	0	19	0	0	0	0	0

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.



Table 2.15

Cardinal at North Hills
 Projected Variation in Independent Living Turnover* and Health Care Utilization
 (Based on 500 Iterations)

Fiscal Year	- - - Independent Living Turnover* - - -			- - - - Health Care Utilization - - - -		
	Likely Minimum	Average	Likely Maximum	Likely Minimum	Average	Likely Maximum
2021	19(70%)	27	34(126%)	29(88%)	33	37(112%)
2022	20(74)	27	36(133)	32(78)	41	50(122)
2023	21(72)	29	37(128)	36(78)	46	57(124)
2024	28(76)	37	47(127)	41(79)	52	63(121)
2025	33(79)	42	53(126)	48(80)	60	72(120)
2026	34(77)	44	54(123)	57(83)	69	82(119)
2027	33(75)	44	55(125)	63(83)	76	89(117)
2028	35(78)	45	55(122)	66(83)	80	93(116)
2029	35(78)	45	55(122)	70(84)	83	96(116)
2030	36(78)	46	57(124)	72(85)	85	97(114)
2031	37(80)	46	57(124)	72(85)	85	98(115)
2032	37(80)	46	57(124)	72(84)	86	99(115)
2033	36(78)	46	56(122)	72(84)	86	100(116)
2034	36(78)	46	57(124)	72(84)	86	100(116)
2035	36(78)	46	56(122)	72(84)	86	101(117)
2036	35(78)	45	56(124)	72(83)	87	101(116)
2037	36(80)	45	55(122)	72(83)	87	101(116)
2038	34(76)	45	56(124)	72(84)	86	101(117)
2039	35(78)	45	53(118)	71(83)	86	100(116)
2040	35(78)	45	54(120)	71(83)	86	100(116)

* Apartment turnover does not include sales of units that were not occupied at beginning of year.

Table 2.16

Cardinal at North Hills
 Projected Variation in Refunds and Health Care Ratios
 (Based on 500 Iterations)

Fiscal Year	Refunds			Health Care Ratio per 100 ILU Residents		
	Likely Minimum	Average	Likely Maximum	Likely Minimum	Average	Likely Maximum
2021	\$ 0	\$ 0	\$ 0	13.5	15.4	17.2
2022	0	0	0	15.6	19.1	22.7
2023	0	0	0	15.3	18.8	22.7
2024	0	0	0	11.1	13.9	16.6
2025	0	0	0	11.8	14.3	16.8
2026	0	0	0	14.0	16.6	19.5
2027	0	0	0	15.6	18.6	21.8
2028	0	0	0	17.0	20.0	22.9
2029	0	0	0	17.8	20.8	23.9
2030	0	0	0	18.6	21.4	24.5
2031	0	0	0	18.5	21.7	24.7
2032	0	0	0	18.6	21.8	24.9
2033	0	0	0	18.5	21.9	24.8
2034	0	0	0	18.5	21.9	25.3
2035	0	0	0	18.4	22.0	25.3
2036	0	0	0	18.7	22.0	25.5
2037	0	0	0	18.7	22.0	25.5
2038	0	0	0	18.5	22.0	25.4
2039	0	0	0	18.3	21.9	25.5
2040	0	0	0	18.4	21.9	25.3

Appendix D — Representative Contract(s)

**THE CARDINAL AT NORTH HILLS
INDEPENDENT LIVING
RESIDENCE AND SERVICE AGREEMENT**

NORTH CAROLINA

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INDEPENDENT LIVING
RESIDENCE AND SERVICE AGREEMENT

This Independent Living Residence and Service Agreement (the “Agreement”) is entered into on _____ (“Effective Date”), by The Cardinal at North Hills, LLC, a North Carolina limited liability company (“The Cardinal” and/or the “Community”), and its agent, Kisco Senior Living, LLC, (“Kisco”) and _____ (“you”). (If more than one person signs this Agreement, the term “you” refers to each of you individually, and to both of you together).

RECITALS

The Cardinal at North Hills, LLC, a Continuing Care Retirement Community (hereinafter “The Cardinal or the “Community”) offers residency, care and services to qualified persons aged 62 and older. The Community is operated on a nondiscriminatory basis and affords equal treatment and access to services to all eligible persons. The Cardinal is a private, independent, for-profit limited liability company, which is not affiliated with any religious, charitable or other affinity group.

You have applied for and have been accepted for residency at The Cardinal. You desire to take up residence at The Cardinal and agree to pay the fees and other amounts required under this Agreement in consideration for the accommodations and services provided by The Cardinal.

AGREEMENT

1. LIVING ACCOMMODATIONS

The Cardinal will provide you with the following accommodations and services, subject to the terms and conditions of this Agreement. You may move into your Residence on or after the Effective Date of this Agreement, however, your financial responsibility for the Residence begins on the Effective Date of this Agreement.

- 1.1. Residence.** You have chosen to live in Residence No. _____ (the “Residence”) located at 4030 The Cardinal at North Hills, Raleigh, North Carolina 27609.
- 1.2. Furnishings.** You are responsible for furnishing your Residence with those items not provided by the Community. Your Residence will be equipped with window and floor coverings, washer/dryer, microwave oven, electric oven and range, dishwasher, refrigerator, in-sink disposal and air conditioning. Your minor appliances, special equipment and furnishings must meet the safety standards of The Cardinal and are subject to the prior approval by the Community.
- 1.3. Utilities.** Utilities included in the Monthly Fee for the Residence are electricity, water and sewer, trash removal, internet/data services, and cable TV service. You are responsible for paying for all other utilities and service charges including telephone service. A land line is available through The Cardinal for an additional monthly fee. The Cardinal reserves the right to establish maximum usage levels, and to charge you for any excessive or unreasonable usage due to waste or abuse.
- 1.4. Customized Changes to Your Residence.** You may decorate your Residence with items that are not permanent fixtures to the Residence and can be easily removed without changing or damaging the aesthetic or structural integrity of the Residence. Other modifications to your Residence must be approved, in writing, by the Executive Director and must be in compliance with the rules, regulations, policies and procedures relating to modifications to a residence contained in the Resident Handbook. The

selection and approval of a contractor for structural changes shall be made by the Community. You may be supplied with the estimated cost of changes but are required to pay the entire amount, even if it exceeds the estimate. Any structural changes or improvements to the Residence will become the Community's property. The Cardinal will not be required to refund the cost of any approved structural changes or improvements. If you have made approved modifications or changes to your Residence and you move out of The Cardinal, you or your estate must restore your Residence to its original condition, excluding ordinary wear and tear, unless otherwise agreed to in writing by the Executive Director. You or your estate will be responsible for restoration costs relating to the removal of any modifications, and all costs associated with the restoration of the Residence to its original clean condition. You or your estate must consult with The Cardinal prior to initiating any restoration and the Community may, at its sole discretion, elect to retain any approved modifications. This excludes required ADA modifications.

1.5. Maintenance and Repairs. Your Monthly Fee includes repair and maintenance of your Residence and repair and replacement of those furnishings that are provided by The Cardinal. Maintenance, repair and replacement related to ordinary wear and tear are covered under your Monthly Fee. The cost of maintenance and repairs of your Residence and furnishings made necessary by causes other than ordinary wear and tear, will be charged to you separately. You are responsible for maintaining or arranging for the maintenance and repair of your personal property.

2. COMMUNITY AREAS

You share the use of the grounds and common areas with other Residents, subject to the rules, regulations, policies and procedures contained in the Resident Handbook, which is subject to change from time to time. Common areas include space for dining, lounges, meeting rooms, a library, exercise facility, and any other common areas provided at The Cardinal. These common areas may change during your time of residency and the Community reserves the right to modify, change or expand the common areas at The Cardinal at any time, in its sole discretion.

3. INDEPENDENT LIVING SERVICES

The following services will be available to you at The Cardinal. Unless otherwise indicated, these services are included in your Monthly Fee (See **Appendix A** for a schedule of fees for services not included in your Monthly Fee).

3.1. Dining Service. Meals will be served throughout the day in the Community dining venues, with various menus, services, and options, as described in the Resident Handbook.

a. Guest Dining. Guests are welcome at any meal. Charges for guest meals will be included on your monthly statement.

b. Delivery Service. Meal delivery to your Residence shall be provided on request for an additional fee as described in Appendix A.

c. Dining Plan. As part of your Monthly Fee, you are part of the Community's Dining Plan as described in the Resident Handbook.

3.2. Laundry. Your Residence includes a washer and dryer. Personal laundry assistance is available for an additional fee (see Appendix A).

3.3. Housekeeping. You agree to maintain your Residence in a clean, sanitary, safe and orderly condition as determined by The Cardinal management. Your Monthly Fee includes scheduled standard housekeeping services for your Residence as described in the Resident Handbook. Additional housekeeping services beyond those scheduled are available for an additional fee as described in Appendix A.

3.4. Gardening and Maintenance. The Cardinal will perform gardening, maintenance and landscaping services for common areas at the Community.

- 3.5. Storage Space.** In addition to the storage space in your Residence, storage space is also available at The Cardinal in accordance with the Resident Handbook. The state fire marshal, other governmental authorities, and the Community may restrict what can be stored in the space and the manner in which it is stored. Charges for the additional storage lockers are as described in Appendix A.
- 3.6. Social and Recreational Activities.** We offer an enhanced health and wellness program called Art of Living Well®. Our philosophy encompasses a nine-dimensional wellness model supporting a holistic and fulfilling lifestyle. The Cardinal will provide programs and services designed to encourage a healthy lifestyle and will provide details to Residents through the in-house Community channel and notices distributed to Residents. There may be an additional charge for some activities, programs and special excursions.
- 3.7. Guests.** Guests must abide by the rules, regulations, policies and procedures of The Cardinal, as described in the Resident Handbook, including any limitations on the length of stay or frequency of visits. If your guest exceeds the limitations on the length of stay, he or she must apply and qualify for residency at The Cardinal. You will be responsible for assuring that your guests abide by these rules and are not disruptive to other residents, visitors or staff. Your guests may be denied access to The Cardinal if they fail to observe the Resident Handbook rules. Home Care or Personal Service Providers are not considered guests and are not entitled to the same privileges as guests. Home Care or Personal Service Providers must meet the criteria for access to The Cardinal. (See Section 4.7 regarding Home Care Service/Personal Service Provider).
- 3.8. Pets.** Subject to The Cardinal's pet policy, pets are welcome provided they meet the criteria set forth in the Resident Handbook. You shall assume financial responsibility and any obligations for any damage (to persons or property) caused by your pet. The Community reserves the right to rescind approval of the pet if it determines that your pet constitutes a nuisance or danger to the Community or threatens the quiet enjoyment of other Residents. If you wish to bring a pet to The Cardinal, you must pay a monthly pet fee, as set forth on Appendix A. Guests shall not bring pets of any kind onto the community grounds without prior written approval from the Executive Director. Service animals providing assistance to residents with disabilities shall not be subject to the pet fee or any common area restrictions.
- 3.9. Transportation.** Transportation services are provided to Residents on a scheduled basis in Community vehicles at no charge. A list of destinations, as well as departure and return times, will be established by the Community and posted in suitable locations in the community. Other transportation services (such as to medical appointments or outside the radius designated on Appendix A) may be available according to the Community's fee-for-service rates. Scheduled trips depart from the main entrance of The Cardinal unless otherwise indicated. The Cardinal reserves the right to re-schedule planned trips in the event of an emergency, equipment failure or based on minimum resident participation. If you utilize Community transportation, you agree to abide by our policy and procedures which are in place to protect the safety of our residents.
- 3.10. Parking.** Valet services are offered to all Residents on a complimentary basis. As part of your Monthly Fee, Residents are provided one (1) undesignated parking space. An assigned/designated parking space is available for Residents for an additional monthly fee (See Appendix A). Designed parking spaces are personal to the Resident and may not be transferred, leased or assigned. Any additional vehicles must be parked in public parking garages located in North Hills.
- 3.11. Emergencies: Call System, Cardiopulmonary Resuscitation and Automated External Defibrillators.**

- a. Emergency Call System: Your Residence is equipped with an emergency call system, smoke detector

and sprinkler system. The call system is monitored 24 hours per day to alert staff to emergencies if the system is activated. If a member of the staff of the Community determines, in his or her judgment, that an emergency exists, he or she will call 911. Our staff are trained to call 911 if an injury or other circumstance results in an imminent threat to a resident's health including, but not limited to, an apparent life-threatening medical crisis. This Emergency Call System should not replace your personal responsibility for calling 911, if you are able to do so as any emergency response initiated through the emergency call system may result in delays in the dispatch or arrival of emergency medical personnel. You are encouraged to contact emergency medical services directly in case of an emergency whenever possible.

- b. CPR/AEDs: (1) Staff are not required to perform CPR, but in accordance with North Carolina law, we cannot prevent a staff member who is trained in CPR from administering it. (2) An AED is available on premises. While AEDs are present in the Community, Community staff are not required to utilize them on a person unless required by law. For exact locations of the AEDs on premises please contact the Executive Director or General Manager. See Appendix G for the Community's policy on AEDs.

3.12. Assessments. Payment of the Monthly Fee shall include assessments for real estate taxes and North Hills community association fees. Payment of an allocated portion of any real estate tax assessment or other real estate related fee or assessment does not give you any interest in the land, improvements, or real estate of The Cardinal.

3.13. Wellness Services. The Cardinal will provide select preventive health services, including blood pressure, temperature and pulse checks, wellness counseling, and wellness education. Additional services may be available at an extra charge as set forth in Appendix A.

3.14. Interruption of Services. Temporary interruption of services or failure to maintain services provided for in this Agreement shall not constitute a breach of this Agreement if it results from causes beyond the reasonable control of The Cardinal, such as fire, weather related, earthquake, damage, labor disturbances, pandemics, government regulations, or acts of terrorism. In such circumstances, the Community may use commercially reasonable efforts to sustain or restore service or provide a substitute service.

4. ASSISTED LIVING, MEMORY SUPPORT AND NURSING CARE SERVICES

4.1. Summary of Health Center Agreements. If your health status changes, The Cardinal offers health care service options ("Health Center Services") at the Health Center ("Health Center") located on The Cardinal campus and operated by The Cardinal at North Hills Healthcare, LLC. Health Center Services include assisted living, memory support and nursing care. Prior to or upon moving to a residence in the Health Center, Resident must (i) sign a Assisted Living and Memory Care Residence and Care Agreement or a Skilled Nursing Admission Agreement, as applicable, in the form then required by The Cardinal at North Hills Healthcare, LLC (collectively, the "Health Center Agreements") and (ii) pay the applicable monthly fee, charges for levels of care and for all option services fees due under the Health Center Agreements (collectively, the "Health Center Fees"). The Health Center Agreements will be a binding agreement between Resident and The Cardinal at North Hills Healthcare, LLC. Generally, Assisted Living Health Center Fees are determined and billed on a monthly basis, while Skilled Nursing Health Center Fees are determined on a daily basis but billed on a monthly basis. The current forms of the Assisted Living and Memory Care Residence and Care Agreement and the Skilled Nursing Residence and Care Agreement are attached to the Disclosure Statement you received when you applied for residency at The Cardinal. Some, but not all, of the services provided and obligations set forth in these agreements are described in this Section 4. You should review the Health Center Agreement in full.

- 4.2. Assisted Living Services.** The Health Center includes assisted living apartments and services. If you need assistance with such daily activities as bathing, grooming, dressing, or medication supervision, The Community will make available these services to you in an assisted living apartment. Part of the move-in process to assisted living involves signing a separate Assisted Living Residence and Care Agreement in its then current form. The services you receive, and certain additional rights and obligations will be set forth in the Assisted Living Residence and Care Agreement. If there are no assisted living apartments available or your needs exceed the level of care that can be provided in an assisted living apartment, you may be transferred to the memory support or nursing care apartments or to an outside care center as appropriate.
- 4.3. Memory Support Services.** The Health Center includes memory support apartments and services. If you need assistance with such daily activities as bathing, grooming, dressing, or medication supervision and have Dementia or require memory enhancement services, the Community will make available these services to you in a memory support apartment. Part of the move-in process to memory support involves signing a separate Assisted Living and Memory Care Residence and Care Agreement in its then current form. The services you receive, and certain additional rights and obligations will be set forth in the Assisted Living and Memory Care Residence and Care Agreement. If there are no apartments available or your needs exceed the level of care that can be provided in the memory support apartment, you may be transferred to the nursing care apartments or to an outside care center as appropriate.
- 4.4. Nursing Care Services.** The Health Center includes nursing care apartments and services. If you need assistance with daily activities such as bathing, grooming, dressing, or medication supervision and require nursing services, the Community may make available these services to you in a nursing care apartment. Part of the move-in process to nursing care involves signing a separate Nursing Care Residence and Care Agreement in its then current form. The services you receive, and certain additional rights and obligations will be set forth in the Agreement. If there are no apartments available or your needs exceed the level of care that can be provided in the nursing care apartment, you may be transferred to an outside care center as appropriate.
- 4.5. Level of Living Determinations.** The Community care management team will determine, in consultation with you, your physician, and your representative, whether you need assisted living, memory support or nursing care, the extent of the care to be provided, and whether such care will be provided at the Community, the Health Center or an outside care community..
- 4.6. No Obligation to Prepay for Health Center Services.** You are not obligated to prepay for any future Health Center services. The Cardinal is a fee-for-service continuing care provider and does not require you to prepay for Health Center services, nor does it accept any liability to pay for your future Health Center services. In the event any other health care provider seeks payment from you for services offered under this Agreement, The Cardinal shall not assume any liability for or make any payment for any such health care services because you were not required to prepay for any Health Center services.
- 4.7. Home Care/Personal Service Providers.** All outside caregivers, companions, personal service providers and other personnel employed or retained by you to render services to you shall be subject to our policies and rules. All such personnel must obtain the security clearances required under North Carolina law, with insurance coverage, including liability and worker's compensation, satisfactory to us in our sole discretion. Our policies and rules for personal service providers were provided to you in the move-in packet as well as the Handbook, and may be updated or revised from time to time. Current policies are available at the front desk of The Cardinal. Generally speaking, these policies provide that you may utilize home health or home care agencies, or other providers of your choice provided that such

agencies or providers abide by our rules and regulations and that we may exclude providers that do not comply. Our approval of your use of any such caregiver or service provider is not to be construed as an evaluation of any such caregiver or service provider, an approval of the quality or scope of services to be provided or any representation or warranty that any such person is properly licensed or trained. The services we provide as outlined in this Agreement do not include monitoring the services of outside providers, and we are not responsible for their actions or omissions.

5. FEES

5.1. Community Fee.

The Community Fee for your Residence at The Cardinal is _____ dollars (\$ _____). Your Community Fee is payable by check, money order, or wire transfer, and is due upon signing this Agreement. If you entered into a Reservation Agreement and paid a nonrefundable Reservation Fee, your Reservation Fee will be credited against your Community Fee. Any refund of your Community Fee will be governed by Section 7 below.

5.2. Monthly Fee

- a. **Amount.** The initial Monthly Fee for your Residence for single occupancy is _____ dollars (\$ _____). If your Residence is jointly occupied there will be an additional Second Person Monthly Fee of _____ dollars (\$ _____).
- b. **Payment Procedures.** You will commence paying your Monthly Fee on _____. Thereafter, your Monthly Fee shall be payable in advance on the first (1st) day of each month. You will be billed by the Community for the Monthly Fee for the next month's services and accommodations. Payment must be made by check, money order, electronic payment, or other means prescribed by the Community. There is a check processing fee as reflected on Appendix A. Any check, money order, or other paper remittance must be mailed to The Cardinal or personally delivered to The Cardinal Administrative Office.
- c. **Late Payment Charge and Interest.** The Cardinal reserves the right to impose a late payment charge and interest at the rate described in Appendix A, if you do not pay your Monthly Fee and other fees due under this Agreement by the due date. You will be responsible for paying all attorneys' fees and costs incurred by The Cardinal related to the recovery of delinquent amounts due under this Agreement.
- d. **Obligations to Make Payment/Default/Financial Assistance.** You are required to make all payments due to the Community in a timely manner and otherwise satisfy your personal financial obligations. If you fail to pay your Monthly Fee or other charges by the tenth (10th) day of each calendar month, we may charge you a late payment of up to five percent (5%) on your then-current Monthly Fee for each delinquent payment. Returned checks/payment shall be subject to a Non-Sufficient Funds (NSF) fee penalty, as set forth in **Appendix A** in addition to any late fees that are assessed. If you fail to pay your Monthly Fee when due, we may terminate this Agreement and take legal action to regain possession of your Apartment according to the provisions in Section 7.5 upon thirty (30) days written notice. In the event of such termination, Resident is responsible to pay all unpaid fees and charges (including late payment charges and interest) due under this Agreement and may be deducted from any amounts owed to you by The Cardinal.
- e. **Adjustments.** The Cardinal reserves the right to increase or decrease the Monthly Fee or the scope or frequency of services provided upon thirty (30) days advance notice.

- f. **Absences.** You are responsible for continuing to pay your full Monthly Fee whenever you are absent from the Community.

5.3. Charges for Optional Services.

You will be billed for optional services provided to you either at the time they are rendered or with the next billing cycle. Current charges for optional services are set forth in Appendix A, which are subject to change at any time for any reason upon thirty (30) days advance notice. The payment procedures for optional service charges, including the imposition of late fees and interest, are the same as for the Monthly Fee. By signing this Agreement, you hereby acknowledge receipt of a copy of Appendix A

5.4. Joint Liability for Fees.

If two Residents are signing this Agreement, both Residents together and each Resident separately will be liable for all fees described in this Agreement. If you share your Residence with another Resident who has executed another Residence Agreement, each Resident is liable for all fees due under their respective Residence Agreement, including late payment charges and interest.

6. RELOCATIONS FROM RESIDENCE

6.1. Substitution of Residence by The Cardinal.

The Cardinal reserves the right to substitute your Residence with another comparable Residence if it is necessary to do so to meet any requirement of law or the lawful order or direction of the fire marshal or another authorized public official, or for any other reasonable purpose, as determined to be appropriate by The Cardinal.

6.2. Voluntary Relocation of Single Resident or Both Joint Residents.

If you wish, you may move to another Residence at The Cardinal, subject to Residence availability and The Cardinal's approval. You must notify the Community in writing of the Residence desired. You shall be responsible for all moving and cleaning costs and the cost of restoring your vacated Residence to its original condition, excluding ordinary wear and tear ("Unit Ready"). In addition, you shall pay the Monthly Fee on both Residences until such time that you make the vacated Residence available to The Cardinal in Unit Ready condition, after which you will then only pay the Monthly Fee on your new Residence. The parties shall sign an amendment to this Agreement that identifies your new Residence and the applicable Monthly Fee.

6.3. Subsequent Joint Occupancy by Residents of Different Residences

- a. **Existing Residence of a Resident.** If you and another Resident, residing in two separate Residences, decide to live together, one of you may release his/her residence and both residents may live together in the other residence, subject to The Cardinal's approval. The transferring Resident shall be responsible for all moving and cleaning costs and the cost of restoring the vacated residence to Unit Ready condition. The Monthly Fee for the vacated residence will cease upon it being Unit Ready. Both Residents will sign an amendment to the Residence Agreement pertaining to the continuing apartment, which identifies the occupants and the applicable Monthly Fee.
- b. **New Residence.** If you and another Resident, residing in two separate residences, decide to live together in a new residence, you may release both of your current residences and move into a new residence, subject to availability and The Cardinal's approval. Each resident shall be responsible for all moving and cleaning costs and the cost of restoring their respective residences to Unit Ready condition. The Monthly Fee for the vacated residences will cease upon it being Unit Ready. You and your joint occupant will sign a new Residence Agreement that identifies your new accommodation and the applicable Monthly Fee.

6.4. Subsequent Joint Occupancy by Resident and Non-Resident.

If you wish to live in your Residence with someone who is not a resident of The Cardinal, the non-resident must follow the standard application procedures for move-in to the Community. Both of you shall be 55 years of age or older. If the non-resident's application is rejected, (s) he shall not qualify to be a resident of The Cardinal. Such rejection will have no effect on your obligations or rights hereunder and you may remain in your Residence or terminate this Agreement in accordance with Section 7.4. If the application is approved, the new resident shall pay, on the same terms that apply to all residents, the Second Person Monthly Fee. Both of you shall sign an amendment to this Agreement that identifies the Monthly Fee for your Residence. Both Residents together and each Resident separately will be liable for all fees described in this Agreement.

6.5. Dissolution, Divorce or Separation of Residents.

If you jointly occupy your Residence, and you divorce, separate, or otherwise wish to live separately while at The Cardinal, either of you shall be entitled to relocate from your Residence to a different residence, subject to residence availability and the Community's approval. The transferring Resident shall then pay the Monthly Fees for single occupancy of his or her new residence and will sign a new Residence Agreement. The non-transferring Resident will continue to pay the single occupancy Monthly Fee for the Residence as provided by this Agreement.

6.6. Relocation Within The Cardinal for Health Center Services.

The Community care management team, in consultation with you, your physician, and your representative, shall determine whether due to a change in your health status, relocation from your Residence is necessary and whether such relocation is temporary or permanent.

a. Temporary Relocation To Health Center.

1. **Single Occupancy.** If you require temporary Health Center services, you shall continue to pay your regular Monthly Fee for your Residence as well as any Health Center Fee and ancillary charges, due under your care agreement with The Cardinal at North Hills Healthcare, LLC, as well as any charges for ancillary items and services you receive that are not covered by the Health Center Fee.
2. **Double Occupancy.** If you occupy your Residence with another Resident and one of you is temporarily transferred outside your Residence for Health Center services, the remaining Resident may continue to occupy your Residence. In that case, the remaining Resident will be obligated to pay the Monthly Fee for single occupancy and charges for optional items and services. The transferred Resident will pay the applicable Health Center Fee and any charges for ancillary items and services (s) he receives that are not covered by the Health Center Fee. If both of you simultaneously receive Health Center services, you will be responsible for continuing to pay the double occupancy Monthly Fee for your Residence and each of you shall pay (a) the applicable Health Center Fee for care received; and (b) any charges for ancillary items and services that each of you receive that are not covered by the Health Center Fee.

b. Permanent Relocation to The Cardinal Health Center

1. **Single Occupancy.** If you occupy your Residence by yourself and you require permanent Health Center services, you shall vacate your Residence and relocate to a Health Center apartment as appropriate. You will continue to pay The Cardinal the Monthly Fee until you make your Residence Unit Ready to The Cardinal. You shall be responsible for all moving and cleaning costs and the cost of restoring your former Residence to Unit Ready condition. In addition, you shall pay the applicable Health Center Fee and any charges for ancillary items and services you receive

under your Health Center Agreement. After you have made your Residence Unit Ready to The Cardinal, you shall be responsible for paying only the Health Center Fee and any charges for ancillary items and services you receive.

2. **Double Occupancy.** If you occupy your Residence with another Resident and one of you requires permanent Health Center services, the remaining Resident may continue to occupy your Residence. In that case, the remaining Resident will be obligated to pay the Monthly Fee for single occupancy and any charges for optional items and services due under this Agreement. The transferred Resident will pay the applicable Health Center Fee and any charges for ancillary items and services he/she receives under their Health Center Agreement. If both of you simultaneously require permanent Health Center services, you shall vacate your Residence and relocate to one of The Cardinal Health Center apartments. You shall continue to pay the double occupancy Monthly Fee until your Residence is Unit Ready. You shall be responsible for all moving and cleaning costs and the cost of restoring your former residence to Unit Ready condition. In addition, each of you shall pay the applicable Health Center Fee for the care received and any charges for ancillary items and services you receive under your Health Center Agreements. Once your Residence is Unit Ready, each of you shall be responsible for paying only the applicable Health Center Fee and any charges for ancillary items and services you receive.

6.7. Relocation to an Outside Health Care Facility

- a. **Temporary Relocation.** If you relocate to an outside facility for health care services because no space is available at The Cardinal Health Center, you shall continue to pay your regular Monthly Fee for your Residence until you return. In addition, you shall be responsible for paying the outside facility's charges for the housing, services and items you receive at that facility. The Cardinal is not responsible to pay such charges to the outside facility. When space becomes available at The Cardinal Health Center, and as medical circumstances allow, as determined by the Community care management team, you, your physician, and/or your representative, The Cardinal will notify you to return. All obligations regarding the provision and quality of care at the outside facility shall be the responsibility of that facility and not The Cardinal, and you agree to hold The Cardinal harmless for any injury or damage you incur at an outside care center.
 1. **Single Occupancy.** If you require temporary health care services outside The Cardinal, you shall continue to pay your regular Monthly Fee for your Residence as well as any charges for ancillary items and services you receive that are not covered by the Monthly Fee.
 2. **Double Occupancy.** If you occupy your Residence with another Resident and one of you is temporarily transferred outside The Cardinal for health care services, the remaining Resident may continue to occupy your Residence. In that case, the remaining Resident will be obligated to pay the Monthly Fee for single occupancy and charges for ancillary items and services received that are not covered by the Monthly Fee. If both of you simultaneously receive health care services outside The Cardinal, you will be responsible for continuing to pay the single occupancy Monthly Fee for your Residence and any charges for ancillary items and services that each of you receive that are not covered by the Monthly Fee. Residents shall be responsible for paying the outside facility's charges for the housing, services and items he/she receives at that facility.
- b. **Permanent Relocation.** If you occupy your Residence by yourself and you permanently relocate to an outside health care facility, this Agreement will terminate in accordance with Section 7. In the event of double occupancy, if one Resident requires permanent assisted living, memory care or nursing care at an outside facility, this Agreement will terminate with respect to the transferring

Resident and will continue only with respect to the remaining Resident in accordance with Section 7. In such event, the remaining Resident will continue to pay the single occupancy Monthly Fee as well as any charges for ancillary items and services received that are not covered by the Monthly Fee.

6.8. Conditions Pertaining to Change of Residence.

If you choose to move to a different Residence at The Cardinal, transfer to The Cardinal Health Center, or move out of The Cardinal, the cost to restore your Residence to original, Unit Ready condition, may be assessed to you. This determination will be made by the Community following a thorough inspection of the Residence after you have moved. The moving costs associated with any move will be your sole responsibility.

6.9. Required Relocation.

You may be required to relocate to a Health Center apartment at The Cardinal or an outside facility, as appropriate, if any of the following conditions exists as determined by the Community Care Management Team, in consultation with you, your physician, and/or your representative:

- a. You fail to meet the conditions of occupancy for independent residential living;
- b. The relocation is necessary to protect your welfare and The Cardinal or the Health Center, as applicable, cannot meet the needs of the Resident for reasons such as design or staffing or the program of services offered at the Community;
- c. Your safety and well-being, or the safety and well-being of other individuals at the Community is endangered;
- d. Your health, or the health of other individuals at the Community is endangered;
- e. You exhibit behaviors that violate the Community's rules, regulations, policies or procedures;
- f. You require care that cannot lawfully be provided, or require care that The Cardinal or the Health Center, as applicable, is unable to or does not routinely provide; or
- g. Your personal physician has determined that you require services and care not available at The Cardinal or the Health Center.

7. TERM, TERMINATION AND REFUNDS

7.1. Term.

Your occupancy of the Residence, and your obligation to pay the Monthly Fees and any other fees due hereunder, shall commence on _____ and shall continue for an initial term of twelve (12) months unless terminated earlier as provided herein.

7.2. Termination Due to Death or Change in Status Prior to Occupancy.

If you die before occupying your Residence, or if, on account of an illness, injury, or incapacity that occurs prior to occupying your Residence, you would be precluded from occupying your Residence under the terms of this Agreement, this Agreement will be automatically canceled. In that case, The Cardinal will pay you or your estate a refund of your Reservation Fee, Community Fee and any pre-paid fees; less any costs specifically incurred by The Cardinal at your request as set forth in writing and signed by you. In addition, you will not be entitled to receive any interest earned on monies paid to The Cardinal. You or your estate will receive the refund within thirty (30) days from the date notice of death or change in condition is received by the Community, or the date the Community sends you a notice of termination due to a change in circumstances. If you executed this Agreement with another Resident, this Agreement will remain in effect with respect to the surviving Resident, and no refunds will be issued, unless this Agreement is terminated by the surviving resident.

7.3. **Thirty (30) Day Cancellation Period (Before or After Occupancy)**

- a. **Cancellation by You.** You may cancel this Agreement with or without cause at any time during the Cancellation Period (“Cancellation Period”). The Cancellation Period is thirty (30) days following the later of (a) the date Resident signs this Agreement or (b) the date The Cardinal provides a Disclosure Statement to Resident. You must provide written notice of such cancellation decision within the Cancellation Period. You may move into the Residence during the Cancellation Period but you are not required to do so. In the event of such cancellation, you shall be entitled to a refund of monies paid to The Cardinal except that The Cardinal shall deduct from your refund (a) the portion of the Monthly Fee applicable to the period in which you actually occupied your Residence, if any, (b) the reasonable value of any ancillary services and accommodations rendered to you by The Cardinal applicable to the period in which you actually occupied your Residence; (c) any other costs specifically incurred by The Cardinal at your request as set forth in writing and signed by you; (d) any Advantage Program Fees applied to the Community Fee; and (e) a service charge in the amount of one thousand dollars (\$1,000.00) to cover the costs of processing your application, the lost business opportunity, marketing costs, carrying costs for a vacant Residence, and other damages suffered by The Cardinal resulting from your cancellation. You will not be entitled to receive any interest earned on monies paid to The Cardinal. You will receive the refund within thirty (30) days after the date of your written notice of cancellation, except that if you moved into your Residence you shall receive the refund within thirty (30) days after you have made the Residence Unit Ready. You must make your Residence Unit Ready to The Cardinal as described above within twenty (20) days after the date of the written notice of cancellation.
- b. **Cancellation by The Cardinal.** The Cardinal may cancel this Agreement, with or without cause, upon written notice within the Cancellation Period. In the event of such cancellation, you shall be entitled to a refund of monies paid to The Cardinal except that The Cardinal shall deduct from your refund (a) the portion of the Monthly Fee applicable to the period in which you actually occupied your Residence, if any, and (b) the reasonable value of any ancillary services and accommodations rendered to you by The Cardinal applicable to the period in which you actually occupied your Residence; (c) any other costs specifically incurred by The Cardinal at your request as set forth in writing and signed by you; and (d) any Advantage Program Fees applied to the Community Fee. You will not be entitled to receive any interest earned on monies paid to The Cardinal. You will receive the refund within thirty (30) days after the date of The Cardinal’s written notice of cancellation, except that if you moved into your Residence you shall receive the refund within thirty (30) days after you make your Residence Unit Ready to The Cardinal. You must make your Residence Unit Ready to The Cardinal within twenty (20) days after the date of the written notice of cancellation.
- c. **No Refund of Community Fee After Cancellation Period.** At the end of the Cancellation Period, the Community Fee will become the property of The Cardinal and will not be refundable for any reason.

7.4. **Termination by Resident After Cancellation Period/Refund.**

You may terminate this Agreement at any time after the Cancellation Period by giving The Cardinal thirty (30) days’ written notice, unless a shorter notice period is mutually agreed to in writing. If you terminate during the initial twelve (12) month term, you will be responsible for the Monthly Fees for the entire twelve (12) months. If you terminate after the initial term by providing thirty (30) days’ notice, you will pay the established Monthly Fee and other charges for accommodations and services performed by The Cardinal

through the effective date of the termination date, or the date you provide your residence to The Cardinal in Unit Ready condition. You will also be responsible for the charges described in Section 7.7. No portion of your Reservation Fee or Community Fee will be refunded.

7.5. Termination by The Cardinal After Cancellation Period.

The Cardinal may terminate this Agreement for cause at any time, upon giving you thirty (30) days written notice. You must vacate the Residence by the end of such thirty-day notice period. During the period from the date of notice to the date you make your Residence Unit Ready, you will pay the established Monthly Fee and other charges for accommodations and services performed by The Cardinal. You will also be responsible for the charges described in Section 7.7. Good cause shall include, but not be limited to, the following:

- a) Your failure to perform any of your obligations under this Agreement, including your obligation to pay your Monthly Fee and other charges;
- b) You, your guest's, or Home Care/Personal Service Provider failure to abide by the rules, regulations, policies and procedures of The Cardinal, described in the Resident Handbook as it now exists, as it may be modified in the future, as they now exist or as they may later be amended by The Cardinal in its sole discretion;
- c) Any material omission or misstatement in your Application For Residency, your Reservation Agreement and any and all other documents filed with The Cardinal by you or on your behalf;
- d) Your behavior creates an unreasonable and continuing disturbance within the Community that is detrimental to the health, safety or peaceful enjoyment of others;
- e) You have needs that cannot be met at The Cardinal for reasons such as licensing, design or staffing, or a condition that cannot be accommodated at The Cardinal as determined by the Community or as defined by licensing regulations;
- f) You refuse to relocate for appropriate care in accordance with Section 6.9 or accept services and care required in order for the Community to meet your needs;
- g) Your mental or physical condition is such that your continued occupancy of your Residence or Health Center apartment would be unlawful, or The Cardinal determines that your continued occupancy would present an unreasonable risk of injury to yourself or to The Cardinal; or
- h) Your permanent relocation (or the permanent relocation of both of you, if you are a couple) from The Cardinal premises.

7.6. Death of a Resident.

This Agreement will automatically terminate upon Resident's death. If a Resident dies during the thirty (30) day Cancellation Period, Resident shall be entitled to a refund of money as provided in Section 7.3. In the case of double occupancy, this Agreement will remain in effect and no refunds will be issued, unless the surviving Resident elects to terminate the Agreement. If a Resident dies after the Cancellation Period has expired, The Cardinal will pay a refund to Resident's estate in accordance with the provisions of Section 7.4.

7.7. Payment Obligations Upon Termination.

Except as otherwise provided herein, you will not be entitled to any refund of your Reservation Fee or Community Fee upon termination of this Agreement. The Cardinal will pay a refund to you or your estate only if The Cardinal has already received Monthly Fees with respect to the period after the date your Residence is Unit Ready, and in such case the refund will be equal to the pro rata portion of any such Monthly Fees applicable to periods following the date your Residence is made Unit Ready. You must pay, and The Cardinal will deduct from any refund owed to you under this Section 7: (a) all unpaid Monthly Fees and charges you incurred for ancillary goods and services, including any applicable late charges and

interest; (b) the cost (if any) of restoring your Residence to its original clean condition (excluding normal wear and tear), following a thorough inspection of the Residence after you have moved, including restoration costs associated with the removal of any allowed modifications pursuant to section 1.4 above (if any); (c) any other costs specifically incurred by The Cardinal at your request as set forth in writing and signed by you; and (d) any cost of the removal and storage of your property as provided in Section 7.8. Your indemnification obligation reflected in Section 10.8 survives the termination of this Agreement.

7.8. Removal and Storage.

The Cardinal shall have the right to remove promptly and store your personal property, at your expense or at the expense of your estate, when you have vacated your Residence on a permanent basis (for example, upon termination of this Agreement, permanent relocation, or death). The Cardinal shall not be liable for any damages to your property while the property is in storage. If your property is not removed from storage within sixty (60) days, The Cardinal shall dispose of your property. You or your estate shall be obligated to pay all costs for the removal or disposal of your property.

8. RIGHTS OF RESIDENTS

8.1. No Real Property Interests.

Your rights under this Agreement do not include any proprietary interests in the properties or assets of The Cardinal or in any fees once paid to The Cardinal. You shall have no estate, leasehold, or other real property interest in your Residence or in The Cardinal, and you shall have no ownership or management interest in The Cardinal or in any third-party contractor. You may not lease your Residence to any other person or allow any person to occupy it in your place. All fees paid by you to The Cardinal, including the Community Fee, shall become the sole property of The Cardinal. These fees are not held in trust for your benefit. All fees paid by you to The Cardinal, including Community Fee, may be used by The Cardinal for any purpose.

8.2. Subordination of Rights.

You understand and agree that your rights under this Agreement are and will be subordinate to the rights of a secured lender under any mortgage, deed of trust, or other senior security interest that is placed on The Cardinal property, now or in the future.

9. RESIDENT RECORDS

You consent to the release of your personal and medical records maintained by The Cardinal for treatment, payment and operational purposes as determined to be reasonably necessary by The Cardinal. Any such release may be to its employees, agents and to other health care providers from whom you receive services, to third-party payers of health care services, to any Managed Care Organization in which you may be enrolled, or to others deemed reasonably necessary by The Cardinal for purposes of treatment, payment and operations. Release of records for other purposes shall be done in accordance with applicable law, with a specific authorization from you, where required. Authorized agents of the state or federal government, including the Long-Term Care Ombudsman, may obtain your records without your written consent or authorization.

10. GENERAL PROVISIONS

10.1. Rules, Regulations, Policies and Procedures/Resident Handbook

You agree to be bound by the general rules, regulations, policies and procedures of The Cardinal contained within the Resident Handbook or in such other documents or publications, as they now exist or as it may later be amended by The Cardinal in its sole discretion. The Resident Handbook should not be construed as a contract. It does not grant any contractual rights to Residents. The Cardinal may, in its sole discretion, amend the Resident Handbook from time to time. By signing this Agreement, you hereby acknowledge **receipt of a copy** of the current Resident Handbook.

10.2. Smoking

The Cardinal is a smoke-free Community. Accordingly, smoking/vaping is not permitted in any indoor public space or outdoor common areas at any time. Smoking/vaping is not permitted in your individual Residence or on your patio/balcony.

10.3. Firearms and Weapons Prohibited

The Cardinal does not permit firearms or weapons of any nature on its premises.

10.4. Keys and Locks

The Cardinal shall provide you with a set of keys or electronic key fobs or cards to access your Residence and the common areas within The Cardinal as provided in the Resident Handbook. If you wish to make a duplicate of a key, the key must be duplicated through services provided by the Community. You are prohibited from distributing a key or a duplicate of a key to anyone without first obtaining the Community's approval. Upon its approval, the key to be distributed to an individual identified by you must be registered with the Community. The Cardinal shall not be responsible for any loss, damage or theft of any personal property belonging to you, your estate or your guests as a result of the duplication or distribution of your key(s). You agree not to install additional locks or gates on any doors or windows of the Residence without The Cardinal's express written consent. If the Community approves your request to install such locks, you shall provide Community management with a key to each lock. Upon termination, you agree to return all keys, key fobs, access cards, and other access devices for the Residence and the common areas within The Cardinal.

10.5. Power of Attorney

You agree to make reasonable advance arrangements in the event of your death or incompetence. You may want to execute a Durable Power of Attorney (POA) for Health Care and financial decision-making and we encourage you to seek appropriate professional or legal advice regarding your options. If you have a signed Power of Attorney, that is in effect, the individual(s) agree to sign this Agreement along with any Guarantor as set forth in Section 10.20. Copies of documents regarding assignment of a Durable Power of Attorney will be provided to The Cardinal.

10.6. Resident's Financial Condition

You have completed a Confidential Financial and Health Information form contained in the Application for Residency, and demonstrated therein to the satisfaction of The Cardinal that you have the financial ability to pay the Community Fee, Monthly Fee, other expenses associated with your residency and receipt of services at the Community, and expenses as may be incurred by you in The Cardinal Health Center. You agree that your financial condition is substantially the same on the date this Agreement is executed, as it was on the date you completed the Confidential Financial and Health Information form.

10.7. Residency Documents

You have submitted your Application for Residency and your Reservation Agreement which are incorporated by reference into this Agreement. You warrant that all information contained in these documents is true and correct, and you understand that The Cardinal has relied on this information in accepting you for residency at The Cardinal. You further understand that the submission of false information shall constitute grounds for the termination of this Agreement.

10.8. Other Residents or Non-Residents

The Cardinal may enter into agreements with other Residents or non-Residents that may contain terms different from those contained in this Agreement. Despite such differences, this Agreement alone sets forth your rights and obligations with respect to your care and residence at The Cardinal. We reserve the right to assign this Agreement to any successor-in-interest select by us.

10.9. No Assignment

The Cardinal reserves the right to assign this Agreement to any successor-in-interest selected by it. Your rights and privileges to use and enjoy your Residence and services of the Community are personal, and may not be transferred or assigned by you, by any proceeding at law or otherwise.

10.10. Liability and Property Matters

- a. **Liability in General.** You accept full responsibility for any injury or damage caused to others, or suffered by you, as a result of your own acts or omissions, and those of your guests or invitees, and you shall indemnify and hold harmless The Cardinal and its respective directors, agents, and employees from any and all liability for such injury or damage, including attorneys' fees. We recommend that you maintain general liability insurance in an amount and form sufficient to cover such liability. You may be required to maintain additional insurance for Home Care/ Personal Service Providers hired by you, including worker's compensation insurance, if and to the extent set forth in The Cardinal's policies and procedures.
- b. **Third Party Liability.** If you are injured as the result of an act or omission of a third party, you hereby grant the Community a lien on any judgment, settlement, or recovery in the amount of any expense incurred by The Cardinal in caring for you as the result of such injury that is not reimbursed directly to the Community by you or by another source. You agree to cooperate in the diligent prosecution of any claim or action against the third party.
- c. **Property Damage.** The Cardinal shall not be responsible for the loss of any property belonging to you due to theft, fire, water damage, or any cause beyond the control of The Cardinal, including property placed in your storage area, if any, your Residence, or on the Community property. The Community strongly encourages you to obtain insurance protection to cover the full replacement value of your personal property. You shall also be responsible for any loss or damage that you or your guests cause to Community property, excluding ordinary wear and tear. You hereby agree to indemnify and reimburse the Community for any loss or damage suffered by the Community as a result of your or your guests' or invitees' carelessness or negligence.

10.11. Right of Entry

Except in the case of emergencies, The Cardinal will attempt to contact you before entering your Residence. You agree that the Community associates and agents shall have the right to enter your Residence at reasonable times to perform the services described in this Agreement, for management purposes, any other reasonable purpose, and at any time for enforcement of applicable laws and regulations and emergency purposes.

10.12. Relationships Between Residents and Associates

The Cardinal instructs the Community associates to be cordial and helpful to Residents. The relationship between Residents and associates should at all times remain professional. Associates must not be delayed or deterred by Residents in the performance of their duties. The supervision of associates comes from the Community supervisors and not from Residents. Any complaints about associates or requests for special assistance must be made to the appropriate supervisor or to the Executive Director. Giving gratuities or bequests to associates or associate's families is not permitted under any circumstances. You agree not to hire The Cardinal associates or solicit such associates to resign to work for you without the prior written consent of the Community. You agree not to hire any former Community associate without the written consent of The Cardinal.

10.13. Waiver

The failure of The Cardinal in any instance or instances to insist upon your strict performance or

observation of, or compliance with, any of the terms or provisions of this Agreement, shall not be construed to be a waiver or relinquishment of its right to insist upon your strict compliance with all of the terms and provisions of this Agreement. In addition, acceptance by the Community of any payment from you after your breach of any term of this Agreement or after providing you with a notice of termination shall not constitute a waiver of the right of The Cardinal to insist upon full performance of all terms of this Agreement, nor shall it waive the Community's right to terminate this Agreement for any cause, including any breach previously committed.

10.14. Notices

All notices given under this Agreement shall be in writing and shall be addressed to the management. Such notices shall be effective when personally delivered to the management or when deposited in the United States first class mail, provided that they are properly addressed with postage prepaid. The address for notices follows:

Executive Director
c/o The Cardinal at North Hills, LLC
4030 Cardinal at North Hills Street
Raleigh, North Carolina 27609

10.15. Entire Agreement

This Agreement, its attachments, documents incorporated by reference, and all of your Application for Residency documents constitute the entire agreement between you and The Cardinal and may be amended only by a written instrument signed by you or your legal representative and by an authorized representative of The Cardinal. If you relocate to Health Center, you will sign an Assisted Living and Memory Care Residence and Care Agreement or Skilled Nursing Residence and Care Agreement, as applicable, which will contain additional terms relating to your occupancy of a Health Center apartment, and such agreements do not constitute amendments to this Agreement. The invalidity of any part of this Agreement shall not affect in any way the validity of the remainder of this Agreement. Oral representations and agreements are not binding on The Cardinal and you acknowledge that you are not relying on any oral representations or agreements made by any person representing or purporting to represent The Cardinal.

10.16. Governing Law

This agreement shall be governed by the laws of the State of North Carolina.

10.17. Severability

If any provision of this Agreement is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed from the Agreement and the balance of this Agreement shall remain in full force and effect.

10.18. Consent to Assignment

You consent to the collateral or other assignment by The Cardinal of its right, title and interest in this Agreement.

10.19. Right and Obligations of Legal Representative, Responsible Parties and Guarantors

a. Legal Representative. A Legal Representative is an individual who has authority to act on the Resident's behalf, under independent legal authority. Examples of a Legal Representative include a guardian, a conservator, or the holder of a Durable Power of Attorney executed by the Resident. Documents evidencing a person's Legal Representative status must be provided to us. If a Resident has a court appointed guardian or conservator, the guardian or conservator is required to sign this Agreement.

- b. **Responsible Party.** A Responsible Party is an individual who voluntarily agrees to honor certain specified obligations of the Resident under this Agreement without incurring any personal financial liability. Examples of a Responsible Party include a relative or a friend of the Resident. We will require a person to sign this Agreement as a Responsible Party if the person has legal access to or physical control of the Resident's income or resources to pay for the care and services we provide and others that you request. We may decline to admit any Resident who has no source of payment for all or part of the Resident's stay.
- c. **Guarantor.** A Guarantor is an individual who has agreed to be personally liable to pay for all amounts you owe to The Cardinal. A Responsible Party or Legal Representative is not a Guarantor unless the person serving as Responsible Party or Legal Representative also executes this Agreement as a Guarantor. If there is a Guarantor, you agree immediately to give The Cardinal Health Center written notice of any change in the Guarantor's financial condition, address, or telephone number. By signing below, Guarantor agrees promptly to pay all fees and charges incurred by you or on your behalf under this Agreement. The foregoing is a guaranty of payment and not of collection, and The Cardinal shall have no obligation to file suit or obtain a judgment against you prior to enforcing its rights against the Guarantor.
- d. **Rights and Obligations of a Legal Representative and Responsible Party under this Agreement:**
1. If you sign this Agreement as a Legal Representative or Responsible Party, you incur no personal financial liability by doing so.
 2. If you sign this Agreement as a Legal Representative or Responsible Party, you agree to use the Resident's available income and resources to pay for the Resident's care and services.
 3. By signing this Agreement as a Legal Representative or Responsible Party, you also agree to apply for benefits to which the Resident may be entitled and to furnish third party payers with information and documentation concerning the Resident which reasonably is available to you and which is necessary to the processing of the Resident's application for third party payor benefits.

10.20 Resident Acknowledgment

By signing below, you acknowledge all of the following:

1. You have received a signed copy of this Residence and Services Agreement, which specifies the services and accommodations that you will receive at the Community and the charges for such services;
2. You have received a copy of the Voluntary Arbitration Agreement.
3. You have received a copy of **Appendix A** which contains fees for optional services;
4. You have received a copy of **Appendix B**, the Resident Handbook which contains the rules for the Community's residents and the Community's grievance procedure;
5. You have received a copy of **Appendix C**, the Pet Policy;
6. You have received a copy of **Appendix D**, the Motorized Cart Policy;
7. You have received a copy of **Appendix E**, the Personal Service Provider Guidelines Waiver Release;
8. You have received a copy of **Appendix F**, the Apartment Entry Authorization form;

SIGNATURE PAGES FOLLOW

Reading and Signing of Agreement. By signing this Agreement, below I the Resident represent that I have read and agree to all of the terms of this agreement.

This Agreement will be effective as of _____

RESIDENT:

RESIDENT:

Signature

Signature

Typed or Printed Name

Typed or Printed Name

Date

Date

**RESIDENT LEGAL
REPRESENTATIVE/POWER OF
ATTORNEY/RESPONSIBLE PARTY**

COMMUNITY REPRESENTATIVE

Signature

By

Typed or Printed Name

Title

Community

Address

Address

Date

Date

By signing below, the undersigned Guarantor hereby agrees to be fully and personally liable for, and agrees to pay promptly upon request, all amounts owed to The Cardinal by the Resident. The undersigned agrees that The Cardinal shall not be obligated to pursue any legal action or obtain any judgment against the Resident or the Resident's assets as a condition to requiring payment by Guarantor.

GUARANTOR: I hereby guaranty the payment of all amounts owed by Resident hereunder.

Signature

Typed or Printed Name

Address

Date

Appendix E — Examination Report

Not Applicable

Appendix F — Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 and are provided for reference only.

Adjusted Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider and net cash proceeds from entrance fees. The quotient shall be calculated by dividing the sum of resident operating income and net proceeds from entrance fees by the sum of resident revenue and net cash proceeds from entrance fees.”* (G.S. 58-64A-145(1))

Annual Debt Service. *“The current year’s capitalized interest cost plus interest expense and scheduled principal payments, excluding any balloon principal payment amounts and any portion of the annual debt service that has been or will be funded by debt for the payment of debt service.”* (G.S. 58-64A-5(7))

Average Daily Cash Operating Expenses. *“The total expenses of a provider incurred in the conduct of the provider’s business over a defined period of time, divided by the number of days in that period. For purposes of this definition, ‘total expenses’ includes interest expense, but excludes depreciation expense, amortization expense, realized or unrealized nonoperating losses or expenses, bad debt expense, and other noncash expenses.”* (G.S. 58-64A-145(2))

Capital Expenditures as a Percentage of Depreciation Ratio. *“A capital structure ratio that indicates the level of capital reinvestment by a provider. The quotient shall be computed by dividing total purchases of property, plant, and equipment by total depreciation expense.”* (G.S. 58-64A-145(3))

Cushion Ratio. *“A liquidity ratio that measures a provider’s ability to pay its annual debt service using its unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by annual debt service.”* (G.S. 58-64A-145(4))

Days Cash on Hand Ratio. *“A liquidity ratio that measures the number of days of cash operating expenses a provider could cover using its existing unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by average daily cash operating expenses.”* (G.S. 58-64A-145(5))

Debt Service Coverage Ratio. *“A capital structure ratio that measures a provider’s ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of*

indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness.” (G.S. 58-64A-5(17))

Net Cash Proceeds from Entrance Fees. *“Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units.” (G.S. 58-64A-5(30))*

Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider. The quotient shall be calculated by dividing resident operating income by resident revenue.” (G.S. 58-64A-145(7))*

Operating Ratio. *“A profitability ratio that measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses without the inclusion of cash from entrance fee receipts. The quotient shall be computed by dividing total operating expenses, excluding depreciation expense and amortization expense, by total operating revenues, excluding amortization of entrance fees and other deferred revenue.” (G.S. 58-64A-145(8))*

Prospective Financial Statements. *“Financial forecasts or financial projections, including the summaries of significant assumptions and accounting policies prepared by an independent certified public accountant.” (G.S. 58-64A-5(38))*

Resident Expense. *“Total operating expenses excluding interest expense, depreciation expense, amortization expense, and income taxes.” (G.S. 58-64A-145(10))*

Resident Revenue. *“Total operating revenue excluding interest and dividend income, entrance fee amortization, and contributions.” (G.S. 58-64A-145(11))*

Unrestricted Cash and Investments. *“The sum of the provider's unrestricted cash, cash equivalents and investments, and any provider restricted funds that are available to pay debt or to pay operating expenses. For purposes of this definition, the assets serving as the operating reserve required by G.S. 58-64A-245 shall be considered unrestricted.” (G.S. 58-64A-145(12))*

Unrestricted Cash and Investments to Long-Term Debt Ratio. *“A capital structure ratio that (i) measures a provider's position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider's ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt.” (G.S. 58-64A-145(13))*

Source: N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). If the statutory definitions are amended, the statute as amended controls.