



# **Disclosure Statement**

## **The East Tower at Cardinal North Hills Continuing Care Retirement Community**

**Provider: Tower at The Cardinal, 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 Tower at The Cardinal, LLC to penalties under Article 64A.**

## Financial Snapshot: Key Ratios for Tower at The Cardinal, 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 <sup>th</sup> %*	NC 50 <sup>th</sup> %*	NC 75 <sup>th</sup> %*
<b>DCOH</b>	0	2	8	2	3	11	—	—	—
<b>CUSH</b>	n/a	n/a	n/a	n/a	n/a	n/a	—	—	—
<b>OR</b>	1404.14%	109.74%	101.65%	99.78%	98.17%	96.44%	—	—	—
<b>NOM</b>	-40.43%	-9.74%	-1.65%	0.22%	1.83%	3.56%	—	—	—
<b>NOM-A</b>	-40.43%	-9.74%	-1.65%	0.22%	1.83%	3.56%	—	—	—
<b>DSCR</b>	n/a	n/a	n/a	n/a	n/a	n/a	—	—	—
<b>CD</b>	n/a	n/a	n/a	n/a	n/a	n/a	—	—	—
<b>CED</b>	-	8.95	4.25	4.20	4.32	4.46	—	—	—

### 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

Tower at The Cardinal, 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)

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

Item	Information
<b>Legal Provider Name:</b>	Tower at The Cardinal, LLC
<b>Doing Business As (DBA):</b>	The East Tower at Cardinal North Hills
<b>Business Address:</b>	320 St. Albans Drive, Raleigh, North Carolina, 27609
<b>Telephone Number:</b>	(984) 204-8444
<b>Legal Entity Type:</b>	A North Carolina limited liability company
<b>For-Profit / Nonprofit Status:</b>	For Profit
<b>Federal Tax Status:</b>	Non-exempt
<b>Ownership Type:</b>	Privately owned and controlled for profit limited liability company. The provider is not part of any publicly held or publicly traded corporate system.
<b>Tax Filing Status:</b>	Current on all required federal and state tax filings
<b>Ownership / Control:</b>	KSL Toledo Tenant, LLC, a North Carolina limited liability company, is the sole member and manager of Tower at The Cardinal, LLC

## 2. Organizational Structure

### 2.1 Multi-Entity Organization Status

Tower at The Cardinal, 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 Financial Statements

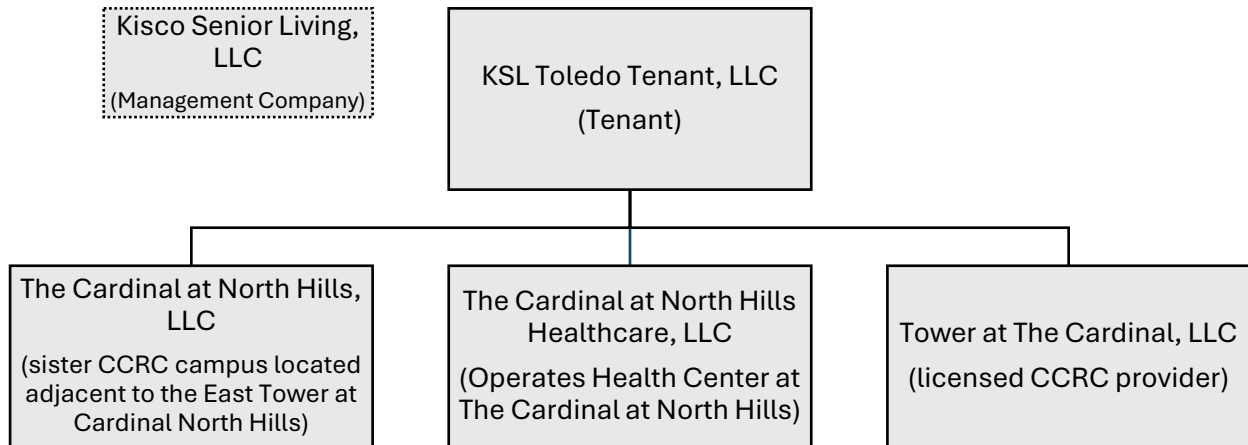
Audited financial statements are prepared on a consolidated basis for The Cardinal at North Hills, LLC, and its affiliates, including Tower at The Cardinal, LLC. Within these audited statements, supplement schedules break out the financial position and operational results for each individual entity. However, for purposes of this Disclosure Statement, a standalone audited financial statement for Tower at The Cardinal, LLC is provided.

### 2.3 Controlling Person

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

## 2.4 Company Structure Chart

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



### Accessible Text Equivalent:

- **KSL Toledo Tenant, LLC** – for-profit limited liability corporation that leases the community property to Tower at The Cardinal, LLC. (Carlsbad, CA).
  - **Tower at The Cardinal, LLC** – provider of continuing care contracts (residency agreement); for-profit operator of The East Tower at Cardinal North Hills Continuing Care Retirement Community.
  - **The Cardinal at North Hills, LLC.** – a for-profit operator of The Cardinal at North Hills Continuing Care Retirement Community, a sister CCRC located adjacent to Tower at The Cardinal 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 Cardinal at North Hills Continuing Care Retirement Community (Raleigh, NC).
- **Kisco Senior Living, LLC** - a for-profit related entity that provides management and administrative services to Tower at The Cardinal, 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 Tower at The Cardinal, LLC and KSL Toledo Tenant, LLC.

Name / Role	Education	Experience	Length of Service
<b>Andrew S. Kohlberg – President &amp; Chief Executive Officer</b>	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 Tower at The Cardinal, LLC and KSL Toledo Tenant, LLC; employed by Kisco Senior Living, LLC.
<b>Jason McLaughlin – Chief Operating Officer</b>	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 Tower at The Cardinal, LLC and KSL Toledo Tenant, LLC; employed by Kisco Senior Living, LLC.
<b>John Hanna – Chief Financial Officer</b>	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 Tower at The Cardinal, 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 East Tower at Cardinal North Hills Continuing Care Retirement Community

Name / Role	Education	Experience	Length of Service
<b>Amanda Klobuchar – General Manager</b>	Colorado State University; Master’s in Business/ Health Admin; Mercyhurst University; B.A. 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)
<b>Elizabeth Little Care Services Director</b>	Essential School of Nursing, Miami, FL; Nursing Degree LPN	24+ years in healthcare and senior living	8 years 6 months (since 12/7/17)
<b>John Heath - Healthcare Administrator</b>	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 Tower at The Cardinal, LLC - Structure

Because Tower at The Cardinal, LLC is organized as a limited liability company, it does not have a traditional board of directors. Tower at The Cardinal, LLC is a member-managed Delaware limited liability and is managed by its sole member and manager, KSL Toledo Tenant, LLC. Key officers of Tower at The Cardinal, 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 Tower at The Cardinal, 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 Tower at The Cardinal, 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 Tower at The Cardinal, LLC, through his majority ownership interest in KSL Toledo Tenant, LLC.

## **4. Governing Body and Oversight**

### **4.1 Tower at The Cardinal, LLC - Governing Body**

Tower at The Cardinal, 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 Tower at The Cardinal, LLC, to supervise and direct the company's business affairs. Together with Kisco Senior Living, LLC, the officers of Tower at The Cardinal, LLC oversee the overall direction, financial health, and resident welfare of The East Tower at Cardinal 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 Tower at The Cardinal, 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**

Tower at The Cardinal, 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 Tower at The Cardinal, 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, Tower at The Cardinal, 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 Tower at The Cardinal, 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 Tower at The Cardinal, 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 Tower at The Cardinal, 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

Tower at The Cardinal, 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 Tower at The Cardinal, LLC.

### 5.1 Kisco Senior Living, LLC

- **Nature of Relationship:** Related for-profit supporting organization providing management and administrative services to Tower at The Cardinal, 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 \$1,534,202.59 in FY2025.

### 5.2 KSL Toledo Tenant, LLC

- **Nature of Relationship:** Related for profit entity.
- **Goods/Leases/Services Provided:** Leases community to Tower at The Cardinal, LLC.
- **Actual/Probable Cost:** The cost/rent paid directly to property owner was \$12,713,673.99 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 Tower at The Cardinal, 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 Tower at The Cardinal, LLC.

## **8. Obligated Groups**

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

## **9. Debt Covenants and Compliance**

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

## **10. Third-Party Management Arrangements**

Tower at The Cardinal, 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 a lease agreement with Tower at The Cardinal, LLC for the community. The lease has a duration of (15) years and included two extension options. As of the date of this Disclosure Statement, the lease has a remaining term that extends through April 2036. Tower at The Cardinal, 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**

Tower at The Cardinal, LLC does not maintain endowment funds.

## **13. Description and Location of the Community**

The East Tower at Cardinal North Hills Continuing Care Retirement Community is a rental CCRC located in the master planned, mixed-use neighborhood of North Hills. The community is located at 320 St. Albans Drive, Raleigh, North Carolina and consists of an 18-story residential tower. Situated adjacent to The East Tower at Cardinal North Hills is its sister community, The Cardinal at North Hills, a distinct yet complimentary continuing care retirement community. For ease and convenience, the two communities are physically connected via an enclosed bridge. As sister communities, residents of The East Tower at

Cardinal North Hills will have full access to all the amenities and services of The Cardinal at North Hills.

The East Tower at North Hills Continuing Care Retirement Community includes a mix of independent living residences as well as assisted living. The community has a total of 151 the independent living residences including one and two- bedroom floor plans, as well as 5 penthouse units. Parking for the independent living residences is in a garage located below the building with direct elevator access. There is one undesignated parking space per residence. The East Tower at Cardinal North Hills' independent living residences include walk-in closets, washers and dryers, full kitchens, a 24-hour emergency call system.

For Residents who require additional support with the activities of daily living, a range of services are provided on the assisted living floors at The East Tower at Cardinal North Hills. The community has a total of 49 adult care home apartments, including one and two-bedroom floor plans. For residents who require skilled nursing or cognitive support, services are available in the licensed health center located at the adjacent The Cardinal at North Hills continuing care retirement community. If a move to the health center becomes necessary, residents can transfer their residency and become a resident of The Cardinal at North Hills.

## **14. Living Units by Level of Care**

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

- 151 independent living units
- 49 assisted living units

## **15. Continuing Care at Home Program**

Tower at The Cardinal, 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 East Tower at Cardinal North Hills Continuing Care Retirement Community under residency agreements contracts were as follows:

- 224 residents in independent living
- 43 residents in assisted living

As of December 31, 2025, the community maintained a waitlist for admission to independent living consisting of 60 individuals<sup>1</sup>. 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 access to certain benefits and amenities at The East Tower at Cardinal 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 East Tower at Cardinal 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) – Note, The East Tower at Carinal North Hills opened on June 1, 2023**

Fiscal Year-End	Independent Living (%)	Assisted Living (%)
12/31/2025	98.9%	88.0%
12/31/2024	90.2%	84.4%
12/31/2023	32.7%	20.8%
12/31/2022	n/a	n/a
12/31/2021	n/a	n/a

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

## **18. Semiannual Resident Meetings**

Tower at The Cardinal, LLC holds meetings with residents of The East Tower at Cardinal 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 East Tower at Cardinal 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**

Tower at The Cardinal, LLC offers services under residency agreement for its independent and assisted living residents. The following disclosures describe the services included in each contract type, as well as those available for additional charge.

### **20.1 Residency Agreement**

Residents living on The East Tower at Cardinal 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 East Tower at Cardinal North Hills Continuing Care Retirement Community have access to assisted living services on campus. Health services include 24-hour nursing, medication management, rehabilitative therapies, and coordination with residents' personal physicians. Care fees for services are in addition to the monthly fee and are as provided in Section 21 below.

Memory care and skilled nursing services are offered at the adjacent health center, provided through affiliate The Cardinal at North Hills Healthcare, LLC. Fees for the services provided are as outlined in the agreement with The Cardinal at North Hills upon transfer to the health center.

## **20.3 Delivery of Services**

Core residential, independent living and assisted living services are provided by Tower at The Cardinal, LLC. Memory care and skilled nursing services are provided 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 East Tower at Cardinal 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 community fee and monthly fee increases over the past five fiscal years. Narrative explanations of household composition changes and transfer fees are also included.

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

## 21.1 Residency Agreements

Residents of The East Tower at Cardinal North Hills Continuing Care Retirement Community are required to sign a residency agreement, which outlines 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	APPROX. SQ. FT.	MONTHLY FEE*
1 Bedroom/1 Bath	1,000	\$7,653
1 Bedroom/1 Bath/Den	1,146-1,532	\$8,656
2 Bedroom/ 2 Bath	1,284-1,575	\$10,666
2 Bedroom/2 Bath/Den	1,466-2,199	\$10,787
2 Bedroom/2.5 Bath/Den	1,979-2,097	\$12,816
2 Bedroom/2.5 Bath/Den Deluxe	2,297-2,439	\$12,455
Penthouse	2,062-3,511	\$15,515

\*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**

PLAN	APPROX. SQ. FT.	MONTHLY FEE**
Studio	575-803	\$8,816
1 Bedroom/1 Bath	913-1,001	\$10,950
1 Bedroom/1 Bath/Den	902	\$10,935
2 Bedroom/1 Bath	1,085-1,506	\$11,937
2 Bedroom/2 Bath	1,407-1,446	\$12,315

2 Bedroom/2 Bath/Den	1,471-1,545	\$12,703
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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 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.

**Table 21.3: Historical Increases in Monthly Fees**

<b>Fiscal Year-End</b>	<b>Average % Increase</b>	<b>Average \$ Increase</b>	<b>Frequency</b>
12/31/2025	7.2%	\$708	Annual
12/31/2024	6.0%	\$561	Annual
12/31/2023	N/A	N/A	N/A
12/31/2022	N/A	N/A	N/A
12/31/2021	N/A	N/A	N/A

**Table 21.4: Current Community Fees**

<b>Unit Type</b>	<b>Entrance Fee (Single/Double)</b>
Independent Living	\$50,000
Assisted Living	N/A

Refundability terms vary by contract 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 Tower at The Cardinal, 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, Tower at The Cardinal, LLC will refund the community fee less any costs specifically incurred by the community.

**After occupancy or 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, Tower at The Cardinal, 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 Tower at The Cardinal, 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 Tower at The Cardinal, 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**

Tower at The Cardinal, 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 Tower at The Cardinal, 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 East Tower at Cardinal 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 Tower at The Cardinal, 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 Tower at The Cardinal, 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 East Tower at Cardinal 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.
- Tower at The Cardinal, 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, Tower at The Cardinal, 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 East Tower at Cardinal 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, Tower at The Cardinal, 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 East Tower at Cardinal 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**

Tower at The Cardinal, 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 Tower at The Cardinal, 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. Tower at The Cardinal, 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 \$6,800,000.

### 29.1 Statutory Operating Reserve Requirement

As of December 31, 2025, The East Tower at Cardinal North Hills Continuing Care Retirement Community's 12-month rolling average independent living unit occupancy was 99.3%. 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)**

<b>Component</b>	<b>Amount</b>
Total projected operating expenses	\$27,167,000
Add: Debt service (principal and interest)	\$0
Less: Principal and interest (covered by Debt Service Reserve Fund)	(\$0)
Less: Depreciation and amortization	(\$96,000)
<b>Net projected operating costs</b>	<b>\$27,071,000</b>
Applicable reserve percentage based on occupancy	12.5%
<b>Required operating reserve</b>	<b>\$3,383,875</b>

**Summary:** The required statutory operating reserve was \$6,768,000, 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.

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

## **30. Expansion and Renovation Plans**

The East Tower at Cardinal 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, including Tower at The Cardinal, LLC 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 Tower at The Cardinal, LLC 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 Tower at The Cardinal, 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 Tower at The Cardinal, 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	98%	98.9%	.9%	IL occupancy was just slightly higher than forecasted.
Assisted Living Occupancy	92.5%	88.0%	-4.5%	AL occupancy missed forecast by 4.5%. Because there are only 40 units total, this difference was less than 2 units
Staffing Costs	\$6.3 million	\$6.8 million	-\$0.4 million	Staffing exceeded forecast due to shortages necessitating overtime and agency labor.
Debt Service	n/a	n/a	n/a	This community does not have debt.

### 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	2023	2024	2025	2026	2027	2028
DCOH	0	2	8	2	3	11
CUSH	n/a	n/a	n/a	n/a	n/a	n/a

**Narrative:**

This community opened in mid-2023 and DCOH has been strengthening. Management believes there may be a dip in future periods, but the community should rebound through 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	1404.14%	109.74%	101.65%	99.78%	98.17%	96.44%
NOM	-40.43%	-9.74%	-1.65%	0.22%	1.83%	3.56%
NOM-A	-40.43%	-9.74%	-1.65%	0.22%	1.83%	3.56%

**Narrative:**

This community opened in mid-2023 and the operating ratio has been improving each year since with continued improvement expected in the future.

The NOM-A ratios are the same as the NOM ratios because this community does not take entrance fees, so there is no adjustment to NOM.

**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	-	8.95	4.25	4.20	4.32	4.46

**Narrative:**

This community does not have any debt so the DSCR and CD ratios are not applicable.

This community opened in mid-2023 so no capital expenditures were needed in 2023.

**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 Tower at The Cardinal, 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 Tower at The Cardinal, 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**

Tower at The Cardinal, LLC offers residency agreements for independent living and assisted living. 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*

**Tower at the Cardinal, LLC  
Financial Statements  
December 31, 2025 and 2024  
With Independent Auditor's Report**

**Tower at the Cardinal, LLC**  
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**December 31, 2025 and 2024**

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## Independent Auditor's Report

To the Members of  
Tower at the Cardinal, LLC:

### Opinion

We have audited the financial statements of Tower at the Cardinal, LLC and its subsidiary (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tower at the Cardinal, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

*Withum Smith + Brown, PC*

April 24, 2026

**Tower at the Cardinal, LLC**  
**Balance Sheets**  
**December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 538,885	\$ 140,186
Accounts receivable	23,087	18,996
Other receivables	237,131	150,861
Due from affiliates, net	4,578	372,378
Prepaid expense and other current assets	111,638	127,220
<b>Total current assets</b>	<u>915,319</u>	<u>809,641</u>
Property and equipment, net	586,226	338,325
<b>Other assets</b>		
Deposits	14,637	-
	<u>\$ 1,516,182</u>	<u>\$ 1,147,966</u>
<b>Liabilities and Members' Equity (Deficit)</b>		
<b>Current liabilities</b>		
Due to affiliates, net	\$ 724,168	\$ 263,053
Accounts payable	8,088	-
Accrued expenses	329,040	419,690
Deferred revenue	627,636	167,404
<b>Total current liabilities</b>	<u>1,688,932</u>	<u>850,147</u>
Members' equity (deficit)	(172,750)	297,819
	<u>\$ 1,516,182</u>	<u>\$ 1,147,966</u>

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

**Tower at the Cardinal, LLC**  
**Statements of Operations**  
**Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Revenues</b>		
Residential services	\$ 22,608,440	\$ 19,516,013
Healthcare services	1,791,046	1,502,265
Other	1,170,555	1,308,666
<b>Total revenues</b>	<u>25,570,041</u>	<u>22,326,944</u>
<b>Operating expenses</b>		
Assisted living	1,391,237	1,089,988
Culinary	3,766,621	3,696,664
Housekeeping and laundry	661,348	565,925
Life Enrichment	470,835	318,862
Utilities	618,666	601,082
Environmental services	931,775	895,410
Property taxes	1,053,978	1,048,035
Rent	12,713,674	12,340,189
General and administrative	4,307,882	3,902,514
Depreciation	76,388	42,546
<b>Total operating expenses</b>	<u>25,992,404</u>	<u>24,501,215</u>
<b>Operating loss</b>	<u>(422,363)</u>	<u>(2,174,271)</u>
<b>Other income (expense)</b>		
Other	(48,204)	(41,599)
<b>Total other income (expense)</b>	<u>(48,204)</u>	<u>(41,599)</u>
<b>Net loss</b>	<u>\$ (470,567)</u>	<u>\$ (2,215,870)</u>

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

**Tower at the Cardinal, LLC**  
**Statements of Changes in Members' Equity (Deficit)**  
**Years Ended December 31, 2025 and 2024**

	<b>Total Members' Equity (Deficit)</b>
Members' deficit at January 1, 2024	\$ (486,311)
Contributions	3,000,000
Net loss	(2,215,870)
<b>Members' equity at December 31, 2024</b>	<u>297,819</u>
Net loss	(470,569)
<b>Members' deficit at December 31, 2025</b>	<u><u>\$ (172,750)</u></u>

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

**Tower at the Cardinal, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Operating activities</b>		
Net loss	\$ (470,569)	\$ (2,215,870)
<b>Adjustments to reconcile net loss to net cash provided by (used in) operating activities</b>		
Depreciation	76,388	42,546
Provision for credit losses	21,776	-
<b>Changes in assets and liabilities</b>		
Accounts receivable	(25,868)	5,594
Other current assets	-	(110,016)
Due from affiliates	367,800	(372,378)
Prepaid expenses and other current assets	945	-
Other receivables	(86,269)	87,351
Accounts payable	(82,562)	(6,713)
Due to affiliates	461,114	59,013
Accrued expenses	-	139,846
Deferred revenue	460,232	(143,389)
<b>Net cash provided by (used in) operating activities</b>	<u>722,987</u>	<u>(2,514,016)</u>
<b>Investing activities</b>		
Purchase of property and equipment	(324,288)	(380,871)
<b>Net cash used in investing activities</b>	<u>(324,288)</u>	<u>(380,871)</u>
<b>Financing activities</b>		
Contributions	-	3,000,000
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>3,000,000</u>
<b>Net change in cash</b>	398,699	105,113
<b>Cash</b>		
Beginning of year	140,186	35,073
<b>End of year</b>	<u>\$ 538,885</u>	<u>\$ 140,186</u>

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

**Tower at the Cardinal, LLC**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**1. Nature of Operations and Summary of Significant Accounting Policies**

**a. Nature of Business**

Tower at the Cardinal, LLC, more commonly known as The East Tower at Cardinal North Hills (the "Tower"), is a rental continuing care retirement community located in Raleigh, North Carolina. The Tower consists of a newly constructed 18 story residential building which includes 191 residential units. The Tower was completed during 2023 and is now operating. The Tower is physically connected to The Cardinal at North Hills, LLC.

**b. Concentration of Credit Risk**

The Tower 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 Tower had deposits in excess of the FDIC insured amount. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

**c. 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. 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. 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 balance was \$262,802 at January 1, 2024.

Allowance for expected credit losses consist of the following at December 31, 2025 and 2024.

<b>Description</b>	<b>2025</b>	<b>2024</b>
Beginning allowance for expected credit loss	\$ -	\$ -
Adjustments to provisions for credit losses	21,776	-
Write-offs	(21,776)	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>

**d. 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:

	<b>Estimated Life (Years)</b>
Land improvements	15
Building and improvements	27.5
Equipment	5-7
Automobile	5

**Tower at the Cardinal, LLC**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**e. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**f. Leases as a 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 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.

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.

**g. 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.

**Tower at the Cardinal, LLC**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

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

	<u>Residential Services</u>	<u>Healthcare Services</u>	<u>Other</u>	<u>Total</u>
Performance obligations satisfied at a point in time	\$ -	\$ -	\$ 1,170,555	\$ 1,170,555
Performance obligations satisfied over time	22,608,440	1,791,046	-	24,399,486
<b>Total net sales</b>	<u>\$ 22,608,440</u>	<u>\$ 1,791,046</u>	<u>\$ 1,170,555</u>	<u>\$ 25,570,041</u>

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

	<u>Residential Services</u>	<u>Healthcare Services</u>	<u>Other</u>	<u>Total</u>
Performance obligations satisfied at a point in time	\$ -	\$ -	\$ 1,308,666	\$ 1,308,666
Performance obligations satisfied over time	19,516,013	1,502,265	-	21,018,278
<b>Total net sales</b>	<u>\$ 19,516,013</u>	<u>\$ 1,502,265</u>	<u>\$ 1,308,666</u>	<u>\$ 22,326,944</u>

**h. 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 \$627,636 and \$167,404 at December 31, 2025 and 2024, respectively. There was \$310,793 deferred revenue at January 1, 2024. 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.

**i. 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 \$221,442 and \$162,115, respectively

**j. Income Taxes**

The Tower is a limited liability company, and the taxable income or loss is allocated to its members. Therefore, no provision or liability for income taxes has been included in the financial statements.

**Tower at the Cardinal, LLC**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

The Tower 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 Tower to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. There was no recognition of uncertain tax positions required at December 31, 2025.

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

**k. 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 Internal Revenue Service limits. The Company matches 25% of the employee's contributions up to 6% of the employee's compensation. The Company made matching contributions of \$10,173 for the year ended December 31, 2025. The Company made \$8,615 matching contributions for the year ended December 31, 2024.

**l. 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.

**m. Subsequent Events**

The Tower evaluated subsequent events through April 24, 2026, the date these financial statements were available to be issued. Based upon that evaluation, management determined that there are no subsequent events that require disclosure in these financial statements

**2. Property and Equipment**

The historical costs of the Company's property and equipment and related accumulated depreciation balances at December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Land improvements	\$ 37,152	\$ 6,000
Buildings and improvements	381,539	182,615
Equipment	115,950	21,737
Automobile	170,519	170,519
	<u>705,160</u>	<u>380,871</u>
Less: Accumulated depreciation and amortization	(118,934)	(42,546)
	<u>\$ 586,226</u>	<u>\$ 338,325</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$76,388 and \$42,546, respectively.

**Tower at the Cardinal, LLC**  
**Notes to Financial Statements**  
**December 31, 2025 and 2024**

**3. Related Party Transactions - Net**

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 6% of gross revenue. The agreement also provides for reimbursement of direct expenses in addition to the basic management fee. Management fee expenses totaled \$1,534,203 and \$1,339,617 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 to affiliates, which includes cash advances from other affiliated entities, totaled \$724,168 and \$263,053 as of December 31, 2025 and 2024, respectively. Due to affiliates is due on demand and bears no interest.

Due from affiliates totaled \$4,578 and \$372,378 as of December 31, 2025 and 2024, respectively.

The Company participates in a captive 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 \$446,957 and \$358,012 for the years ended December 31, 2025 and 2024, respectively

The Company is party to a 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. The lease expires at the earlier of the stabilization date which is determined by occupancy, or in April 2036, and provides for variable monthly rent. Lease expense to this related party for the years ended December 31, 2025 and 2024 was \$12,713,674 and \$12,340,189, respectively.

**4. Accrued Expenses**

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

	<b>2025</b>	<b>2024</b>
Accrued commissions	\$ 35,651	\$ 37,580
Salaries and wages	142,162	109,396
Vacation	103,751	82,055
Bonus	9,647	6,272
Profit sharing	9,263	6,539
Property tax	-	156,049
Other	28,566	21,799
	\$ 329,040	\$ 419,690

**Appendix B — Five-Year Prospective Financial Statements**

*Prospective Financial Statements for Fiscal Years 2026–2030*

**Tower at the Cardinal, LLC**  
**Compilation of a Financial Forecast**  
**For Each of the Five Years Ending**  
**December 31, 2030**

(with Accountant's  
Compilation Report thereon)

**Tower at the Cardinal, LLC**  
**Compilation of a Financial Forecast**  
**Five Years Ending December 31, 2030**

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## **Accountant's Compilation Report**

Tower at the Cardinal, LLC  
Raleigh, North Carolina

Management of Tower at the Cardinal, LLC (“Tower”) and the day-to-day operating manager, Kisco Senior Living, LLC (“Kisco”) (collectively, “Management”) is responsible for the accompanying financial forecast of Tower, which comprises the forecasted balance sheets as of and for each of the five years ending December 31, 2030 and the related forecasted statements of operations and changes in members’ equity (deficit) and cash flows for each of the years then ending and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial 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

## Tower at the Cardinal, LLC

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

	2026	2027	2028	2029	2030
<b>Revenues</b>					
Residential services	\$ 24,922	\$ 26,164	\$ 27,467	\$ 28,836	\$ 30,273
Healthcare services	2,097	2,201	2,311	2,427	2,548
Other	207	214	219	224	229
<b>Total revenues</b>	<b>27,226</b>	<b>28,579</b>	<b>29,997</b>	<b>31,487</b>	<b>33,050</b>
<b>Operating expenses</b>					
Assisted living	1,375	1,416	1,458	1,502	1,547
Culinary	4,053	4,176	4,301	4,430	4,563
Housekeeping and laundry	664	684	705	726	748
Life enrichment	543	559	576	593	611
Utilities	605	624	642	662	681
Environmental services	1,134	1,168	1,204	1,240	1,277
Property taxes	1,078	1,110	1,143	1,178	1,213
Rent	13,095	13,488	13,893	14,309	14,739
General and administrative	4,524	4,735	4,911	5,094	5,284
Depreciation	96	96	96	96	96
<b>Total operating expenses</b>	<b>27,167</b>	<b>28,056</b>	<b>28,929</b>	<b>29,830</b>	<b>30,759</b>
<b>Operating income</b>	<b>59</b>	<b>523</b>	<b>1,068</b>	<b>1,657</b>	<b>2,291</b>
<b>Other expense</b>					
Other	(102)	(104)	(105)	(107)	(109)
<b>Total other expense</b>	<b>(102)</b>	<b>(104)</b>	<b>(105)</b>	<b>(107)</b>	<b>(109)</b>
<b>Net income (loss)</b>	<b>(43)</b>	<b>419</b>	<b>963</b>	<b>1,550</b>	<b>2,182</b>
Members' equity (deficit), beginning of year	(172)	(215)	204	1,167	2,717
Net income (loss)	(43)	419	963	1,550	2,182
<b>Members' equity (deficit), end of year</b>	<b>\$ (215)</b>	<b>\$ 204</b>	<b>\$ 1,167</b>	<b>\$ 2,717</b>	<b>\$ 4,899</b>

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

## Tower at the Cardinal, LLC

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

	2026	2027	2028	2029	2030
<b>Operating activities</b>					
Net income (loss)	\$ (43)	\$ 419	\$ 963	\$ 1,550	\$ 2,182
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>					
Depreciation	96	96	96	96	96
Provision for credit losses	-	22	22	23	24
<b>Changes in assets and liabilities</b>					
Accounts receivable	(52)	(25)	(26)	(27)	(29)
Due from affiliate	(1)	-	-	-	-
Prepaid expenses and other current assets	(37)	(8)	(7)	(9)	(8)
Other receivables	(61)	(15)	(16)	(16)	(17)
Accounts payable	67	3	4	4	5
Due to affiliates	1	-	-	-	-
Accrued expenses	44	18	20	20	22
Deferred revenue	-	-	-	-	-
<b>Net cash provided by operating activities</b>	<b>14</b>	<b>510</b>	<b>1,056</b>	<b>1,641</b>	<b>2,275</b>
<b>Investing activities</b>					
Purchase of property and equipment	(403)	(415)	(428)	(440)	(454)
<b>Net cash used in investing activities</b>	<b>(403)</b>	<b>(415)</b>	<b>(428)</b>	<b>(440)</b>	<b>(454)</b>
<b>Net change in cash</b>	<b>(389)</b>	<b>95</b>	<b>628</b>	<b>1,201</b>	<b>1,821</b>
<b>Cash</b>					
Beginning of year	540	151	246	874	2,075
<b>End of year</b>	<b>\$ 151</b>	<b>\$ 246</b>	<b>\$ 874</b>	<b>\$ 2,075</b>	<b>\$ 3,896</b>

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

## Tower at the Cardinal, LLC

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

	2026	2027	2028	2029	2030
<b>Assets</b>					
<b>Current assets</b>					
Cash	\$ 151	\$ 246	\$ 874	\$ 2,075	\$ 3,896
Accounts receivable	75	78	82	86	91
Other receivables	298	313	329	345	362
Due from affiliates, net	5	5	5	5	5
Prepaid expenses and other current assets	149	157	164	173	181
<b>Total current assets</b>	<b>678</b>	<b>799</b>	<b>1,454</b>	<b>2,684</b>	<b>4,535</b>
Property and equipment, net	893	1,212	1,544	1,888	2,246
<b>Other assets</b>					
Deposits	15	15	15	15	15
<b>Total assets</b>	<b>\$ 1,586</b>	<b>\$ 2,026</b>	<b>\$ 3,013</b>	<b>\$ 4,587</b>	<b>\$ 6,796</b>
<b>Liabilities and Members' Equity (Deficit)</b>					
<b>Current liabilities</b>					
Due to affiliate, net	\$ 725	\$ 725	\$ 725	\$ 725	\$ 725
Accounts payable	75	78	82	86	91
Accrued expenses	373	391	411	431	453
Deferred revenue	628	628	628	628	628
<b>Total current liabilities</b>	<b>1,801</b>	<b>1,822</b>	<b>1,846</b>	<b>1,870</b>	<b>1,897</b>
Members' equity (deficit)	(215)	204	1,167	2,717	4,899
<b>Total liabilities and members' equity (deficit)</b>	<b>\$ 1,586</b>	<b>\$ 2,026</b>	<b>\$ 3,013</b>	<b>\$ 4,587</b>	<b>\$ 6,796</b>

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

## **Tower at the Cardinal, LLC**

### **Summary of Significant Forecast Assumptions and Rationale**

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#### **Basis of Presentation**

The accompanying financial forecast presents, to the best of the knowledge and belief of management of Tower at the Cardinal, LLC (“Tower”) and the day-to-day operating manager, Kisco Senior Living, LLC (collectively “Management”), the expected financial position, results of operations and changes in members’ equity (deficit), and cash flows of Tower as of and for each of the five years ending December 31, 2030. Accordingly, the accompanying 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**

Tower is a North Carolina limited liability company formed for the purpose of subleasing the real and personal property and operating the facilities of Tower from KSL Toledo Tenant, LLC.

Construction of an 18-story residential building, known as “The East Tower at Cardinal North Hills” (“The East Tower”), was completed in May 2023, consisting of 151 independent living units (the “Independent Living Units”), which opened in May 2023, and 40 assisted living units (the “Assisted Living Units”), which opened on June 1, 2023. The East Tower is adjacent to the existing continuing care retirement community known as “The Cardinal at North Hills”, which is under the same ownership and management as The East Tower.

**See Accountant’s Compilation Report**

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

- 320 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 Cardinal at North Hills and The East Tower.
- KSL Toledo Tenant, LLC (the "Master Tenant" or the "Member") is a North Carolina limited liability company that leases the real and personal property of The Cardinal at North Hills and The East Tower.
- The Cardinal at North Hills, LLC ("The Cardinal") is a North Carolina limited liability company that currently subleases the real and personal property and operates the facilities of the Cardinal from the Master Tenant.
- The Cardinal at North Hills Healthcare, LLC ("The Cardinal Healthcare") is a North Carolina limited liability company that currently subleases the real and personal property and operates the healthcare facilities of The Cardinal at North Hills from the Master Tenant.
- Kisco Senior Living, LLC ("Kisco") is a Delaware limited liability company that provides management services to The Cardinal and Tower.

### **The Cardinal at North Hills**

The Cardinal at North Hills is a rental continuing care retirement community ("CCRC") located in the master-planned, mixed-use neighborhood of North Hills, Raleigh, North Carolina. The Cardinal at North Hills is located on a 5.9-acre site located between Six Forks Road and St. Albans Drive at the eastern end of the North Hills Park District and consists of two independent living buildings containing 165 independent living apartments, 27 assisted living units, 18 memory care units, and 15 skilled nursing beds.

The clubhouse commons is a three-level building connected to the buildings which house The Cardinal at North Hills' 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 the 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 Cardinal at North Hills are shared with The East Tower.

**See Accountant's Compilation Report**

## The East Tower

The East Tower is located on a 2.2-acre site adjacent to The Cardinal at North Hills. The East Tower is physically connected to The Cardinal at North Hills via an enclosed bridge and the residents of The East Tower have full access to all the amenities and services of The Cardinal at North Hills. The East Tower consists of:

- Floor 2 including dining venues, library, bar, living room, family area, and outdoor terrace;
- Floor 3 including 14 “Club Level” of the Independent Living Units featuring an elevated exterior courtyard for use by Club Level and Penthouse Residents (hereinafter defined);
- Floors 4-5 including 40 of the Assisted Living Units, with one- and two-bedroom floor plans;
- Floors 6-18 including 132 of the Independent Living Units, with one- and two-bedroom floor plans, as well as 5 “Penthouse” Independent Living Units; and
- Covered parking on two levels.

The East Tower and The Cardinal at North Hills are collectively referred to as the “Communities”.

**See Accountant’s Compilation Report**

The following table summarizes the unit types, approximate square footage, and the monthly fees (“Monthly Fees”) for the Independent Living Units and Assisted Living Units.

**Table 1**  
**The East Tower Unit Configuration**

<b>Unit Type</b>	<b>Number of Units</b>	<b>Square Footage</b>	<b>Monthly Fees<sup>(1)(2)(3)(4)</sup></b>
<b>Independent Living Units</b>			
1 Bedroom/1 Bath	13	1,000	\$7,653
1 Bedroom/1 Bath, Den	26	1,146 – 1,532	\$8,656
2 Bedroom/2 Bath	27	1,284 – 1,575	\$10,666
2 Bedroom/2 Bath, Den	45	1,466 – 2,199	\$10,787
2 Bedroom/2.5 Bath, Den Deluxe	13	2,297 – 2,439	\$12,816
2 Bedroom/2.5 Bath, Den	22	1,979 – 2,097	\$12,455
Penthouse	5	2,062 – 3,511	\$15,515
<b>Total/Weighted Average</b>	<b>151</b>	<b>1,615</b>	<b>\$10,596</b>
<b>Assisted Living Units</b>			
Studio	16	575 – 803	\$8,816
1 Bedroom/1 Bath	8	913 – 1,001	\$10,950
1 Bedroom/1 Bath/Den	1	902	\$10,935
2 Bedroom/1 Bath	5	1085 – 1,506	\$11,937
2 Bedroom/2 Bath	4	1,407 – 1,446	\$12,315
2 Bedroom/2 Bath, Den	6	1,471 – 1,545	\$12,703
<b>Total/Weighted Average</b>	<b>40</b>	<b>999</b>	<b>\$10,619</b>

Source: Management

- (1) The Monthly Fees are effective as of January 1, 2026.
- (2) Amounts shown reflect average Monthly Fees.
- (1) Tower requires a one-time, non-refundable community fee (the “Community Fee”) of \$65,000.
- (3) The second person Monthly Fee for the Independent Living Units and Assisted Living Units is \$1,105 and \$1,300, respectively.
- (4) Level of care monthly fees for the Assisted Living Units 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.

**See Accountant’s Compilation Report**

## 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 a Residency Agreement (the “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 Residency Agreement, Tower accepts persons at least 55 years of age at the time 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 Communities, to meet the financial obligations as a resident of the Communities (“Resident”).

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

- Continental 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 at The Cardinal at North Hills.

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 Management and estimates of its future costs, at its sole discretion. Management endeavors to make such adjustments not more than once a year and is expected to provide 30 days’ prior written notice of any such adjustments.

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## Summary of Significant Accounting Policies

Basis of Accounting – Tower maintains its accounting and financial records according to the accrual basis of accounting.

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 Tower maintains its 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 and assisted living units. This law provides security to residents so that the Tower is able to meet its contractual obligations to provide continuing care.

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

Land improvements	15 years
Buildings	27.5 years
Equipment, computer software, furniture & fixtures, and automobiles	3 to 7 years

Lease Accounting – The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Lease Accounting Standard in February 2016. ASU 2016-02 requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. Variable lease payments are excluded from the initial measurement of the lease liability and recognized in profit or loss in the period during which the payments occur. Management is currently in the process of determining the timeline and structure of conversion of its Sublease Agreement to a long-term lease. Therefore, for purposes of the forecast, ASU 2016-02 has not been implemented.

Income Taxes – Tower is a limited liability company, and the taxable income or loss is allocated to its members. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

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**Summary of Operating Revenue Assumptions***Independent Living Units*

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

The Independent Living Units are assumed to maintain approximately 99.3 percent occupancy throughout the forecast period. The following table summarizes the assumed utilization of the Independent Living Units during the forecast period.

<b>Fiscal Years Ending December 31,</b>	<b>Average Occupied</b>	<b>Average Available</b>	<b>Percent Occupied</b>
<b>Forecasted</b>			
2026	150.0	151.0	99.3%
2027	150.0	151.0	99.3%
2028	150.0	151.0	99.3%
2029	150.0	151.0	99.3%
2030	150.0	151.0	99.3%

Source: Management

The double occupancy percentage for the Independent Living Units is assumed to approximate 59.6 percent throughout the forecast period.

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*Assisted Living Units*

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

The Assisted Living Units are assumed to maintain approximately 97.5 percent occupancy throughout the forecast period. The following table summarizes the assumed utilization of the Assisted Living Units during the forecast period.

Fiscal Years Ending December 31,	Average Occupied	Average Available	Percent Occupied
<b>Forecasted</b>			
2026	39.0	40.0	97.5%
2027	39.0	40.0	97.5%
2028	39.0	40.0	97.5%
2029	39.0	40.0	97.5%
2030	39.0	40.0	97.5%

Source: Management

*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, five additional levels of care are determined based on a Resident assessment. Management assumes level of care revenue to increase 5.0 percent on January 1, 2027 and annually thereafter throughout the forecast period.

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## Summary of Operating Expense Assumptions

Management assumes all departmental, residential, and assisted living 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.

<b>Department</b>	<b>FTEs</b>
Assisted living	20.1
Wellness	5.8
Dining services	46.5
Housekeeping and laundry	11.8
Environmental services	5.7
General and administrative	13.8
<b>Total FTEs</b>	<b>103.7</b>

Source: Management

Management assumes wellness, general and administrative, and sales and marketing expenses to increase approximately 3.0 percent annually throughout the forecast period. Cost of employee fringe benefits are assumed to approximate 19.9 percent of salaries and wages during the forecast period.

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, property taxes, legal and accounting fees, and other miscellaneous expenses and are assumed to increase approximately 3.0 percent annually throughout the forecast period.

### *Management Fee Expense*

Under the terms of the management agreement between Tower and Kisco, Tower pays a management fee (the “Management Fee”) to Kisco for the day-to-day management of the Independent Living Units and Assisted Living Units. For the purpose of Management’s forecast, the Management Fee is assumed to equal 6.0 percent of total operating revenue, with no assumed capital management fees.

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

**Table 5**  
**Tower Management Fees**  
**(In Thousands)**

Fiscal Years Ending December 31,	2026	2027	2028	2029	2030
Management Fees	\$ 1,634	\$ 1,715	\$ 1,800	\$ 1,889	\$ 1,983

Source: Management

*Lease Expense (Operating Lease)*

Under the terms of a sublease agreement (the “Sublease Agreement”) between Tower and the Master Tenant, Tower sublease the real and personal property of Tower from the Master Tenant. Under the terms of the Sublease Agreement, the lease expires at the earlier of the stabilization date, which is determined by occupancy, or in April 2036, and providing for variable monthly rent. For purposes of the forecast, Management assumes a lease expense of approximately \$13,095,000 for the fiscal year ending December 31, 2026, which is assumed to increase 3.0 percent annually thereafter.

Management is reviewing the impact of converting the Sublease Agreement to a long-term lease. For purposes of the forecast, Management has assumed no long-term lease.

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**Statutory Operating Reserve**

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

**Table 6**  
**Statutory Operating Reserve Requirement**  
**(In Thousands)**

Fiscal Years Ending December 31,	2026	2027	2028	2029	2030
Operating expenses	\$ 27,167	\$ 28,056	\$ 28,929	\$ 29,830	\$ 30,759
Less: Depreciation	(96)	(96)	(96)	(96)	(96)
<b>Operating expenses-adjusted</b>	<b>27,071</b>	<b>27,960</b>	<b>28,833</b>	<b>29,734</b>	<b>30,663</b>
Statutory Operating Reserve percent required	25%	25%	25%	25%	25%
<b>Required Statutory Operating Reserve</b>	<b>\$ 6,768</b>	<b>\$ 6,990</b>	<b>\$ 7,208</b>	<b>\$ 7,434</b>	<b>\$ 7,666</b>
Units Available	191.0	191.0	191.0	191.0	191.0
Units Occupied	189.0	189.0	189.0	189.0	189.0
<b>Occupancy percentage</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>

Source: Management

Management satisfies the Statutory Operating Reserve requirement through an irrevocable standby letter of credit ("Letter of Credit") and is assumed to pay a fee ("Letter of Credit Fee") equal 0.75 percent of the annual required reserve amount.

**Property and Equipment and Depreciation Expense**

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

**Table 7**  
**Schedule of Property and Equipment**  
**(In Thousands)**

Fiscal Years Ending December 31,	2026	2027	2028	2029	2030
Property and equipment, beginning balance	\$ 705	\$ 1,108	\$ 1,523	\$ 1,951	\$ 2,391
Routine capital additions	403	415	428	440	454
Property and equipment, gross	1,108	1,523	1,951	2,391	2,845
Accumulated depreciation	(215)	(311)	(407)	(503)	(599)
<b>Property and equipment, ending balance</b>	<b>\$ 893</b>	<b>\$ 1,212</b>	<b>\$ 1,544</b>	<b>\$ 1,888</b>	<b>\$ 2,246</b>

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 8**  
**Working Capital – Days on Hand**

---

Accounts receivables, net	1	days of operating revenues
Other receivables	4	days of operating revenues
Prepaid expenses and other current assets	2	days of operating expenses
Accounts payable	1	days of operating expenses
Accrued expenses	5	days of operating expenses

---

Source: Management

**See Accountant's Compilation Report**

## **Appendix C — Statement of Actuarial Opinion**

*See attached*

**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

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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:

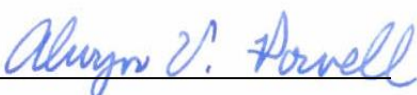
This report describes the procedures and results of the actuarial population flow projections for The Cardinal at North Hills and KSL Toledo Tenant, LLC, as Master Tenant. These actuarial population flows show projected independent living turnover and projected health care utilization over a 20-year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

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## **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
	-----	-----	-----
<b>Independent Living</b>			
First person . . . . .	160	0	0
Second person . . . . .	56	0	0
	-----	-----	-----
	216	0	0
	-----	-----	-----
<b>Assisted Living</b>			
First person . . . . .	22	0	0
Second person . . . . .	3	0	0
	-----	-----	-----
	25	0	0
	-----	-----	-----
<b>Nursing Care</b>			
First person . . . . .	1	0	0
Second person . . . . .	0	0	0
	-----	-----	-----
	1	0	0
	-----	-----	-----
<b>Contract Type</b>			
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
<b>Totals</b>	<b>139</b>	<b>77</b>	<b>18</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>158</b>	<b>100.0%</b>	<b>84</b>	<b>100.0%</b>
<b>Avg Age</b>	<b>83.8</b>	<b>84.6</b>	<b>87.9</b>	<b>83.9</b>	<b>94.0</b>	<b>0.0</b>	<b>84.3</b>		<b>84.5</b>	

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+
<b>Independent Living:</b>											
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
<b>Assisted Living:</b>											
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
<b>Nursing Care:</b>											
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+
<b>Independent Living:</b>										
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
<b>Assisted Living:</b>										
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
<b>Nursing Care:</b>										
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+
<b>Independent Living:</b>										
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
<b>Assisted Living:</b>										
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
<b>Nursing Care:</b>										
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
<b>MORTALITY RATES (PER 100 LIVES) FOR Independent Living RESIDENTS</b>										
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
<b>MORTALITY RATES (PER 100 LIVES) FOR Assisted Living RESIDENTS</b>										
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
<b>MORTALITY RATES (PER 100 LIVES) FOR Nursing Care RESIDENTS</b>										
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
<b>MOVE-OUT RATES (PER 100 LIVES) FOR Independent Living RESIDENTS</b>										
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
<b>MOVE-OUT RATES (PER 100 LIVES) FOR Assisted Living RESIDENTS</b>										
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
<b>MOVE-OUT RATES (PER 100 LIVES) FOR Nursing Care RESIDENTS</b>										
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
<b>TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Independent Living TO Assisted Living</b>										
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
<b>TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Independent Living TO Nursing Care</b>										
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
<b>TEMPORARY TRANSFER (DAYS PER YEAR PER LIFE) FOR Assisted Living TO Nursing Care</b>										
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
<b>FEMALE</b>				
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
<b>MALE</b>				
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
<b>FEMALE</b>				
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
<b>MALE</b>				
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)**

*See attached*

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

NORTH CAROLINA

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**The East Tower**

at Cardinal North Hills

A KISCO COMMUNITY

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**INDEPENDENT LIVING**  
**RESIDENCE AND SERVICE AGREEMENT**

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

**RECITALS**

The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills. You desire to take up residence at The East Tower at Cardinal North Hills and agree to pay the fees and other amounts required under this Agreement in consideration for the accommodations and services provided by The East Tower at Cardinal North Hills.

**AGREEMENT**

**1. LIVING ACCOMMODATIONS**

The East Tower at Cardinal North Hills 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 320 St. Albans Drive, 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills for an additional monthly fee. The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills, 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills. 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 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 Community. These common areas may change during your time of residency and the Community reserves the right to modify, change or expand the common areas of the Community at any time in its sole discretion.

## **3. INDEPENDENT LIVING SERVICES**

The following services will be available to you at The East Tower at Cardinal North Hills. 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 the guest meal will be included on the Resident's monthly statement.
- b. Delivery Service.** Meal delivery to your Residence shall be provided upon 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills, 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 East Tower at Cardinal North Hills. 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills (See Section 4.6 regarding Home Care Service/Personal Service Providers).
- 3.8. Pets.** Subject to The East Tower at Cardinal North Hills'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 your pet if it determines that your pet constitutes a nuisance or danger to others or the quiet enjoyment of the Community's residents, visitor or staff. If you wish to bring a pet to The East Tower at Cardinal North Hills, you must pay a monthly pet fee as set forth in 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 locations 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 East Tower at Cardinal North Hills unless otherwise indicated. The East Tower at Cardinal North Hills reserves the right to re-schedule planned trips in the event of an emergency, an equipment failure or based on minimum resident participation.
- 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. A designated parking space is available for Residents for an additional monthly fee (See Appendix A). Any additional vehicles must be parked in public parking garages located in North Hills. Your designated parking space at the Community is

personal and you may not transfer, lease, or assign your parking space. Vehicles must be registered as set forth in the Resident Handbook.

**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 East Tower at Cardinal North Hills.

**3.13. Wellness Services.** The East Tower at Cardinal North Hills provide select preventive health services are available, 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 East Tower at Cardinal North Hills, 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**

If your health status changes, The East Tower at Cardinal North Hills offers assisted living services to its Residents on-site at the Community. For Residents that require memory care or nursing care, such services are available through our affiliated entity, The Cardinal at North Hills Healthcare, LLC, which operates The Cardinal Health Center ("Health Center"). These services, including ancillary services such as supplies, medications and therapy services, will be provided upon the termination of this Agreement and the execution of a new Assisted Living, Memory Care or Skilled Nursing Residence and Care Agreement (as applicable).

**4.1. Assisted Living Services.** The East Tower at Cardinal North Hills offers 40 assisted living apartments. 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. The move-in process requires that you transfer to an assisted living apartment and execute a separate Assisted Living Residence and Care Agreement in its then current form. The services you receive, the fees

for the services, and certain additional rights and obligations will be set forth in the Assisted Living Residence and Care Agreement.

- 4.2. Memory Support Services.** Memory Support Services are provided at the Health Center, by The Cardinal at North Hills Healthcare, LLC. If you need assistance with such daily activities as bathing, grooming, dressing, or medication supervision and have dementia or require memory enhancement services, such services will be made available to you in a memory support apartment at the Health Center. The move-in process to memory support requires that you transfer to an apartment located in the Health Center and involves signing a separate Memory Care Residence and Care Agreement in its then current form with The Cardinal at North Hills Healthcare, LLC. Thereafter, this Agreement will be terminated. The services you receive, and certain additional rights and obligations will be set forth in the new agreement. If there are no memory care apartments available or your needs exceed the level of care that can be provided in the memory support apartment, you may be transferred to an outside care center as appropriate.
- 4.3. Nursing Care Services.** Nursing Care Services are provided at the Health Center by The Cardinal at North Hills Healthcare, LLC. If you need assistance with daily activities such as bathing, grooming, dressing, or medication supervision and require nursing services, such services will be made available to you in a nursing care apartment at the Health Center. The move-in process to nursing care requires that you transfer to an apartment located in the Health Center and involves signing a separate Nursing Care Agreement in its then current form with The Cardinal at North Hills Healthcare, LLC. Thereafter, this Agreement will be terminated. The services you receive, and certain additional rights and obligations will be set forth in the new agreement. If there are no nurse care apartments available or your needs exceed the level of care that can be provided in a nursing care apartment, you may be transferred to an outside care center as appropriate.
- 4.4. Level of Living Determinations.** The Community care management team will determine, in consultation with you, your physician, and your representative, and in accordance with Section 6.12 herein, 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 center.
- 4.5. No Obligation to Prepay for Health Center Services.** You are not obligated to prepay for any future Health Center services. The Cardinal at North Hills Healthcare, LLC 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.
- 4.6. 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. . 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. Current policies are available at the front desk of The East Tower at Cardinal North Hills. 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. 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 East Tower at Cardinal North Hills 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 toward 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 East Tower at Cardinal North Hills or personally delivered to The East Tower at Cardinal North Hills' Administrative Office.

#### c) Late Payment Charge and Interest.

The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 the Monthly Fee or other charges in a timely fashion, The East Tower at Cardinal North Hills may, in its discretion, terminate this Agreement under 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 Community, if any.

#### e) Adjustments.

The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills**

The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills.

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

If you wish, you may move to another Residence at The East Tower at Cardinal North Hills, subject to Residence availability and The East Tower at Cardinal North Hills'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 Community in Unit Ready condition, after which you will then only pay the Monthly Fee on your new Residence. You will 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 East Tower at Cardinal North Hills'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 East Tower at Cardinal North Hills's approval. Each Resident shall be responsible for all moving and cleaning costs and the cost of restoring their respective former residences to Unit Ready condition. The Monthly Fees for the vacated Residences will cease upon being Unit Ready. You and your joint occupant will sign a new Residence Agreement that identifies your new accommodation and identifies 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 East Tower at Cardinal North Hills, 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 East Tower at Cardinal North Hills. 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. 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 East Tower at Cardinal North Hills, 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 to Assisted Living**

The Community care management team, in consultation with you, your physician, and your representative, and in accordance with Section 6.10 below, shall determine whether due to a change in your health status, a relocation from your Residence to assisted living is necessary.

- a) **Single Occupancy.** If you occupy your Residence by yourself and you require assisted living services, you shall vacate your Residence and relocate to an appropriate assisted living apartment at The East Tower at Cardinal North Hills. You will be required to sign a separate Residence and Care Agreement in its then current form with The East Tower at Cardinal North Hills. The services you receive, and certain additional rights and obligations will be set forth in the new agreement, as well as the applicable Monthly Fee and charges for ancillary items/services. You will continue to pay the Monthly Fee for the vacated Residence until you make delivery the apartment back to The East Tower at Cardinal North Hills in Unit Ready condition. You shall be responsible for all moving and cleaning costs and the cost of restoring your former residence to Unit Ready condition. Thereafter this Agreement will terminate.
- b) **Double Occupancy.** If you occupy your Residence with another Resident and one of you requires assisted living 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 transferring Resident will be required to sign a separate Residence and Care Agreement in its then current form with The East Tower at Cardinal North Hills. The services the transferring Resident will receive, and certain additional rights and obligations will be set forth in the new agreement, as well as the applicable Monthly Fee and charges for ancillary items/services. If both of Residents simultaneously require assisted living services, both Residents shall vacate the Residence and relocate to an appropriate assisted living apartment. Residents will be required to sign a separate Residence and Care Agreement in its then current form.. The services Residents will receive, and certain additional rights and obligations will be set forth in the new agreement, as well as the applicable Monthly Fee and charges for ancillary items/services. Transferring Residents shall continue to pay the double occupancy Monthly Fee due under this Agreement until your vacated Residence is returned to The East Tower at Cardinal North Hills in Unit Ready condition. You shall be responsible for all moving and cleaning costs and the cost of restoring your former Residence to Unit Ready condition. Thereafter this Agreement will terminate.

#### **6.7. Relocation to The Health Center**

The Community care management team, in consultation with you, your physician, and your representative, and in accordance with Section 6.10 below, shall determine whether due to a change in your

health status, a relocation from your Residence is necessary, and whether such relocation is temporary or permanent.

**a) Temporary Relocation to The Health Center**

- a. **Single Occupancy.** If you require temporary services at the Health Center, you shall continue to pay your regular Monthly Fee for your Residence as well as any Health Center fees and ancillary charges due under your care agreement with The Cardinal at North Hills Healthcare, LLC.
- b. **Double Occupancy.** If you occupy your Residence with another Resident and one of you is temporarily transferred outside your Residence to the Health Care for Health Center services, the remaining Resident may continue to occupy the 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 transferring Resident will pay the applicable Health Center fees and any charges for ancillary items and services (s)he receives under the care agreement with The Cardinal at North Hills Healthcare, LLC. If both of you simultaneously receive Health Center services, you will be responsible for continuing to pay the full double occupancy Monthly Fee for your Residence and each of you shall pay (a) the applicable Health Center fees for care received; and (b) any charges for ancillary items and services that each of you receive under your care agreement with The Cardinal at North Hills, LLC.

**b) Permanent Relocation to The Health Center**

- a. **Single Occupancy.** If you occupy your Residence by yourself and you require permanent Health Center services, you shall vacate your Residence and relocate to an appropriate apartment at the Health Center. You will be required to sign a separate Residence and Care Agreement in its then current form with The Cardinal at North Hills Healthcare, LLC. The services you receive, and certain additional rights and obligations will be set forth in the new agreement, as well as the applicable Monthly Fee and charges for ancillary items/services. You will continue to pay the Monthly Fee for the vacated Residence until it is returned to The East Tower at Cardinal North Hills in Unit Ready condition. You shall be responsible for all moving and cleaning costs and the cost of restoring your former residence to Unit Ready condition. Thereafter this Agreement will terminate.
- b. **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 transferring Resident will be required to sign a separate Residence and Care Agreement in its then current form with The Cardinal at North Hills Healthcare, LLC. The services the transferring Resident will receive, and certain additional rights and obligations will be set forth in the new agreement, as well as the applicable Monthly Fee and charges for ancillary items/services. If both of Residents simultaneously require permanent Health Center services, both Residents shall vacate your Residence and relocate to an appropriate Health Center apartment. Residents will be required to sign a separate Residence and Care Agreement in its then current form with The Cardinal at North Hills Healthcare, LLC. The services the transferring Residents will receive, and certain additional rights and obligations will be set forth in the new agreement, as well as the applicable Monthly Fee and charges for ancillary items/services. Transferring Residents shall continue to pay the double occupancy Monthly Fee due under this Agreement until your vacated Residence is returned to The East

Tower at Cardinal North Hills in Unit Ready condition. You shall be responsible for all moving and cleaning costs and the cost of restoring your former Residence to Unit Ready condition. Thereafter this Agreement will terminate.

#### **6.8. 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 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 East Tower at Cardinal North Hills is not responsible to pay such charges to the outside facility. When space becomes available at the Health Center, and as medical circumstances allow, as determined by the Community care management team, you, your physician, and/or your representative, The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills, and you agree to hold The East Tower at Cardinal North Hills harmless for any injury or damage you incur at an outside care center.
  - a. **Single Occupancy.** If you require temporary health care services outside The East Tower at Cardinal North Hills, 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.
  - b. **Double Occupancy.** If you occupy your Residence with another Resident and one of you is temporarily transferred outside The East Tower at Cardinal North Hills 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. The transferring Resident shall be responsible for paying the outside facility's charges for the housing, services and items he/she receives at that facility. If both of Residents simultaneously receive health care services outside The East Tower at Cardinal North Hills, you will each be responsible for continuing to pay the double 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 relocation to an outside facility, this Agreement will terminate with respect to the transferring Resident and will continue only with respect to the remaining Resident. 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.

#### **6.9. Conditions Pertaining to Change of Residence**

If you choose to move to a different Residence at The East Tower at Cardinal North Hills, transfer to the Health Center, or move out of The East Tower at Cardinal North Hills, the cost of refurbishment of your former Residence that is over and above normal wear and tear 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.

## **6.10. Required Relocation**

You may be required to relocate to an assisted living apartment, an apartment at the Health Center or an outside facility, as appropriate, if any of the following conditions exist 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills. 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 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) date the Resident signs the Residence and Service Agreement and pays the applicable Community Fee, or (b) the date The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills except that The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills applicable to the period in which you actually occupied your Residence; (c) any other costs specifically incurred by The East Tower at Cardinal North Hills at your request as set forth in writing and signed by you; (d) the costs associated with the restoration of the Residence to its original clean condition, including restoration costs associated with the removal of any allowed modifications pursuant to section 1.4 above (if any); and (d) 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 East Tower at Cardinal North Hills resulting from your cancellation. In addition, you will not be entitled to receive any interest earned on monies paid to The East Tower at Cardinal North Hills. 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 East Tower at Cardinal North Hills as described above within twenty (20) days after the date of the written notice of cancellation.

- b) Cancellation by The East Tower at Cardinal North Hills.** The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills except that The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills applicable to the period in which you actually occupied your Residence; (c) any other costs specifically incurred by The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills. You will receive the refund within thirty (30) days after the date of The East Tower at Cardinal North Hills'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 East Tower at Cardinal North Hills. You must make your Residence Unit Ready to The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills and will not be refundable for any reason.

#### **7.4. Termination by Resident After Cancellation Period**

You may terminate this Agreement at any time after the Cancellation Period by giving The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills through the effective date of the

termination date, or the date you make your Residence Unit Ready, whichever is later. You will also be responsible for applicable charges described in Section 7.7. No portion of your Reservation Fee or Community Fee will be refunded.

#### **7.5. Termination by The East Tower at Cardinal North Hills After Cancellation Period**

The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills. You will also be responsible for applicable 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 guests or invitees' failure to abide by the rules, regulations, policies and procedures of The East Tower at Cardinal North Hills, described in the Resident Handbook as it now exists, as it may be modified in the future by The East Tower at Cardinal North Hills in its sole discretion;
- c) Any material omission or misstatement in your Application For Residency, your Reservation Agreement and any and all other documents delivered to The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills for reasons such as licensing, design or staffing, or a condition that cannot be accommodated at The East Tower at Cardinal North Hills as determined by the Community or as defined by licensing regulations;
- f) You refuse to relocate for appropriate care in accordance with Section 6.10 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 would be unlawful or would present an unreasonable risk of injury to yourself or others; or
- h) Your permanent relocation (or the permanent relocation of both of you, if you are a couple) from The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills will pay a refund to you or your estate only if The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills at your request as set forth in writing and signed by you; and (d) the cost of the removal and storage of your property as provided in Section 7.8 below. Your indemnification obligation reflected in Section 10.8 survives the termination of this Agreement.

#### **7.8. Removal and Storage**

The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills or in any fees once paid to The East Tower at Cardinal North Hills. You shall have no estate, leasehold, or other real property interest in your Residence or in The East Tower at Cardinal North Hills, and you shall have no ownership or management interest in The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills, including the Community Fee, shall become the sole property of The East Tower at Cardinal North Hills. These fees are not held in trust for your benefit. All fees paid by you to The East Tower at Cardinal North Hills, including Community Fee, may be used by The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills property, now or in the future.

### **9. RESIDENT RECORDS**

You consent to the release of your personal and medical records maintained by The East Tower at Cardinal North Hills for treatment, payment and operational purposes as determined to be reasonably necessary by The East Tower at Cardinal North Hills. 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 East Tower at Cardinal North Hills 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 East Tower at

Cardinal North Hills 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 East Tower at Cardinal North Hills in its sole discretion. The Resident Handbook should not be construed as a contract. It does not grant any contractual rights to Residents. The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills does not permit firearms or weapons of any nature on its premises.

#### **10.4. Keys and Locks**

The East Tower at Cardinal North Hills shall provide you with a set of keys or electronic key fobs or cards to access your Residence and the common areas within The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills'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 East Tower at Cardinal North Hills.

#### **10.5. Power of Attorney**

You agree to make reasonable advance arrangements in the event of your death or incompetence. You may want to sign 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 signed a Power of Attorney, the individual(s) agree to sign this Agreement along with any Guarantor as set forth in Section 10.20.

#### **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 East Tower at Cardinal North Hills 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. 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 East Tower at Cardinal North Hills has relied on this information in accepting you for residency at The East Tower at Cardinal North Hills. 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 East Tower at Cardinal North Hills 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 residency at The East Tower at Cardinal North Hills.

#### **10.9. No Assignment**

The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills'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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills, 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 East Tower at Cardinal North Hills will attempt to contact you before entering your Residence. You agree that the Community's 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 East Tower at Cardinal North Hills instructs the Community associates to be cordial and helpful to Residents. The relationship between Residents and associates should at all times remain professional. 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills.

#### **10.13. Waiver**

The failure of The East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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 Tower at The Cardinal, LLC  
320 St. Albans Drive  
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 East Tower at Cardinal North Hills and may be amended only by a written instrument signed by you or your legal representative and by an authorized representative of The East Tower at Cardinal North Hills. If you relocate to the Health Center, you will sign an Assisted Living, Memory Care or Skilled Nursing Residence and Care Agreement, as applicable, which will contain 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 East Tower at Cardinal North Hills and you acknowledge that you are not relying on any oral representations or agreements made by any person representing or purporting to represent The East Tower at Cardinal North Hills.

#### **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 East Tower at Cardinal North Hills 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 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 an individual 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.
- c) **Guarantor.** A Guarantor is an individual who has agreed to be personally liable to pay for all amounts you owe to The East Tower at Cardinal North Hills. 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 East Tower at Cardinal North Hills 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 East Tower at Cardinal North Hills 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:**
  - a) If you sign this Agreement as a Legal Representative or Responsible Party, you incur no personal financial liability by doing so.
  - b) 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.
  - c) 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 East Tower at Cardinal North Hills by the Resident. The undersigned agrees that The East Tower at Cardinal North Hills 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.

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**Signature**

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**Typed or Printed Name**

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**Address**

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**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.