

DISCLOSURE STATEMENT (INFORMATION BOOKLET)



**2400 Appalachian Boulevard Arden, North Carolina 28704
(828) 684-0041**

The Community must deliver a Disclosure Statement to a prospective Resident prior to or at the time a prospective Resident executes a Residency Agreement to provide Continuing Care, or prior to or at the time a prospective Resident transfers any money or other property to the Community, whichever occurs first.

The Community, like all other Continuing Care facilities in the State of North Carolina, is subject to an act concerning registration and disclosure by Continuing Care facilities (the "Act"). Registration under the Act does not constitute approval, recommendation, or endorsement of the Community by any government agency or representative, nor does such registration evidence the accuracy or completeness of the information in this Disclosure Statement.

May 27, 2022

Unless earlier revised, the Community intends this Disclosure Statement to remain effective until October 24, 2023

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INTRODUCTION

We appreciate the opportunity to provide the many details and finer points of Ardenwoods with you and welcome any questions you may have. Many have made Ardenwoods their home and we welcome you as you are considering a new home.

Ardenwoods (the "Community") is organized and licensed as a Continuing Care Retirement Community. Ardenwoods is part of a larger regional, state and national industry wherein Continuing Care Retirement Communities (CCRC) are providing a full range of lifestyle and health planning options. This focus has led to a new name for this industry which is Life Plan Community. We believe both terms fit Ardenwoods and are pleased with the program we provide. The Residents have full opportunity to pursue their personal interests. Ardenwoods provides important components: a private Residence, a wide array of amenities and personal services, and the security of access to Assisted Living services in Heather Glen at Ardenwoods (hereafter "Heather Glen"). Arden Retirement, LLC was formed in 2017 as part of the purchase of Ardenwoods ("we," "us," "our," or "the Provider"). Arden Retirement, LLC is a North Carolina limited liability company and conducts business as Ardenwoods. As the Provider, we are committed to providing a quality adult community that is fiscally sound and genuinely responsive to Resident needs.

One of the purposes of this Disclosure Statement is to explain to prospective Residents, their families, and their advisors who and what is involved in the operation of the Community. This Disclosure Statement was prepared on the basis of information available at the time of its publication and assumptions and estimates which were believed to be reasonable as of that date. Such information and assumptions are, of course, subject to change, particularly in the areas of economics and design. Ardenwoods can be significantly affected by changes in inflation and interest rates even though our projections are conservative and are formulated to take into account those influences. Because of these and other influences, future changes may be necessary, and we reserve the right to make those changes in the operation of Ardenwoods.

Although we have prepared this Disclosure Statement carefully and tried to use nontechnical language, it is possible there may be some differences between the text of this Disclosure Statement and the language of the Residency Agreement or other documents which are summarized herein. Although this Disclosure Statement details the provisions of the Residency Agreement, the Residency Agreement serves as the sole binding contract between the Resident and us. Copies of the actual documents should be inspected to fully understand all of its terms and provisions. In the event of any differences, the provisions of the language of the Residency Agreement or other documents which are summarized herein shall govern. Capitalized terms used herein shall have the same meaning as the term in the Residency Agreement.

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

I. The People

ARDEN RETIREMENT, LLC

Arden Retirement, LLC is a North Carolina limited liability company organized on February 1, 2017 for the purpose of owning and operating Ardenwoods. Its business address is 2304 Wesvill Court, Suite 100, Raleigh, NC 27607. It is not affiliated with any religious, charitable, or other not-for-profit organization.

Arden Retirement, LLC is comprised of two members: AW Equity, LLC and Ammons 2021 Irrevocable GST Trust.

1. AW Equity, LLC (a North Carolina limited liability company) has an 80 percent interest. AW Equity, LLC is a manager-managed LLC and David W. Ammons is the Manager.

Address: 2304 Wesvill Court, Suite 100
Raleigh, NC 27607

2. Ammons 2021 Irrevocable GST Trust has a 20 percent interest. Ammons 2021 Irrevocable GST Trust is a North Carolina Trust and David W. Ammons is the Grantor to the Trust.

Address: 2304 Wesvill Court, Suite 100
Raleigh, NC 27607

Arden Retirement, LLC is a manager-managed LLC and Mr. Ammons is the Manager of the LLC.

Arden Retirement, LLC has overall responsibility for the Community. Some of our primary duties involve the review and approval of capital expenditures, operating budgets, and monitoring the Community's financial condition. We also adopt and approve the personnel policies for the Community employees, annually review the insurance coverages on the Community's property and personnel, and contract for and supervise the provision of legal and accounting services to the Community. Operational policies for the Community and criteria for Resident admissions are subject to approval and periodic review by us. We also approve and monitor all building and expansion programs. We monitor financial results by comparison with the budget as well as the management of the Community.

ARDEN RETIREMENT, LLC IS SOLELY RESPONSIBLE FOR ITS OBLIGATIONS, INCLUDING ITS OBLIGATIONS UNDER THE RESIDENCY AGREEMENT. NO OTHER PERSON OR ENTITY REFERRED TO HEREIN HAS ASSUMED ANY FINANCIAL RESPONSIBILITY FOR THE FULFILLMENT OF THE COMMUNITY'S AGREEMENTS, EXCEPT AS OTHERWISE EXPRESSLY STATED.

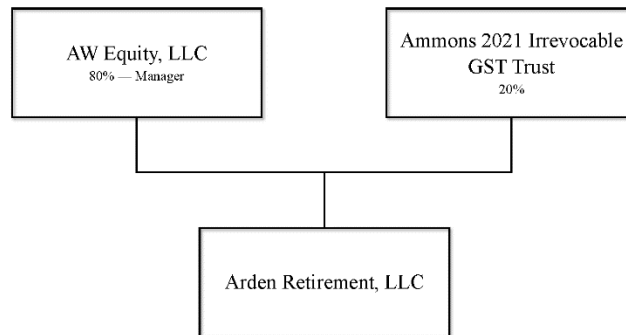
Neither the Executive Director nor any officer or member of Arden Retirement, LLC (i) has been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment for a felony or civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunction or restrictive court order, or within the past five years has had any State or Federal license or permit suspended or revoked as a result of an action brought by a

governmental agency or department, arising out of or relative to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Section 58-64, North Carolina General Statutes, or similar law in another state.

Other than David W Ammons, there is no professional service firm, association, trust, partnership or corporation, in which the Executive Director or any officer or member of (i) Arden Retirement, LLC, (ii) AW Equity, LLC or (iii) Ammons 2021 Irrevocable GST Trust has, or which has in the Executive Director, or any officer or member of Arden Retirement, LLC AW Equity, LLC or Ammons 2021 Irrevocable GST Trust a 10 percent or greater interest that it is presently, or in the future will provide goods, leases, or services to Ardenwoods or to Residents of Ardenwoods, of \$500 or more within any year.

In 2016, the owners of Ardenwoods wished to sell the community. Through a nationwide brokerage firm, the community was publicized as for sale and a group led by David W. Ammons bid and was awarded the purchase contract. Arden Retirement, LLC was formed for the sole purpose of purchasing Ardenwoods and has no previous history as an entity. However, with Mr. Ammons as the Manager of the LLC and his related companies as described in this statement Ardenwoods was purchased via financing with First Citizens bank and private investment.

Following is an organizational chart of Arden Retirement LLC:



RESIDENTS FORUM AND RESIDENTS COUNCIL

Residents Forum

The Residents Forum provides a means of communication among all Residents and between Residents and the leadership of the Community. All Residents of the Community are automatically members of the Residents Forum. Meetings are held monthly as scheduled by the Residents and are open to all Residents of the Community. By-laws of the Residents Forum are available through Residents Council members and are located in the library. In addition, semi-annual meetings are held by the managing member with the Residents Forum.

Residents Council

The Residents of the Community have established a Residents Council to advise on such matters and activities that are relevant to the common welfare of the Residents of the Community,

as well as maintaining effective communication and cooperation with the leadership of Ardenwoods. The Residents Council serves as a liaison between the Residents Forum (all Residents) and the Leadership Team (Executive Director and Department Directors). The Residents Council is advisory in nature and is intended to consolidate majority opinions and advise on general interest topics related to the quality of life at Ardenwoods, which are presented to the Provider for consideration and action. The Provider retains full decision-making authority for the operations of Ardenwoods. The Residents elect seven members-at-large. The Residents Council members then select a chairman, vice chairman, and secretary. The term of a Residents Council member is two years. Each year, there is an election of three or four members, depending on the rotation of the members. Vacancies between elections are filled as needed according to the by-laws. The Council meets monthly.

Advisory Committees

Resident Advisory Committees have been established to offer feedback to Administration through the Residents Council regarding key operational areas that include: Activities, Food & Beverage, Building & Grounds, and Wellness. Minutes of all Resident meetings are recorded and filed in a Resident notebook that is located in the Clubhouse library.

ARDENWOODS – RLA, INC.

The Provider has retained Ardenwoods-RLA, Inc. (ARLA) ("Ardenwoods-RLA") to manage the Community. This management contract covers day to day responsibilities but does not include overall responsibility for the community, which remains with Arden Retirement, LLC. Ardenwoods-RLA is wholly owned by David W. Ammons. Mr. Ammons owns Retirement Living Associates, Inc. (RLA) which is a related entity. ARLA was formed for the sole purpose of managing Ardenwoods. ARLA is, via Mr. Ammons, a related and affiliated entity with the Provider.

Since 1993, RLA has been instrumental in the planning, developing, and managing of senior living communities throughout the Southeast United States. RLA has been involved directly or through a related entity with ownership by David W Ammons in approximately ten other developments or communities in NC, SC, GA, and FL.

David W Ammons is the President of Ardenwoods-RLA, Inc. In this role, he provides both strategic and hands-on leadership to all employees and aspects at Ardenwoods. Under the guidance of Mr. Ammons who has been involved in the North Carolina retirement industry for over 35 years, RLA has grown in numbers and in reputation for positive living environments in the communities where RLA is involved. Mr. Ammons was originally involved in a community, Springmoor, where he still serves in an oversight role in Raleigh. Mr. Ammons has been an active member on the Seniors Housing Council of the Urban Land Institute and is currently a member of Argentum. Mr. Ammons holds a Bachelor of Science degree in Business and Accounting from Wake Forest University.

Mr. Kyle W. Dilday is the Vice-President of Ardenwoods-RLA, Inc. and has worked with Mr. Ammons and RLA for over 35 years. He is responsible for the day-to-day operating activities and sees that the company vision, strategy, and financial plan is successfully executed. Kyle joined with David in 1987 as a Nursing Home Administrator and served as the Executive Director of

Springmoor, a 580 Resident CCRC in Raleigh, NC. He earned a Bachelor of Science degree from East Carolina University in Public Health.

Mr. Rusty Mizelle serves as Chief Financial Officer of RLA and oversees the finance and accounting functions of Ardenwoods. He has worked with RLA, Kyle, and David in several different capacities including serving as CFO at two different CCRCs managed by RLA related companies. He holds a dual degree in Accounting and Business Management from North Carolina State University and has been a CPA since 1983.

Mr. David Coster, as the Vice-President of Development for RLA, is involved with Ardenwoods in a support and planning role. He dual majored with a Bachelor of Arts degree in Political Science and Communications from University of North Carolina, Chapel Hill. He is also a Certified Senior Estate Planner.

Management of the Community is administered by Ardenwoods-RLA under contract with Arden Retirement, LLC. Ardenwoods-RLA responsibilities include: recruiting and employing the Executive Director; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community, including comparative analyses with other facilities; approving the annual marketing plan; governing food service and quality accommodations provided by the Community; maintaining the physical plant and operating the Heather Glen Assisted Living operation.

Ardenwoods-RLA is not financially responsible for contractual obligations or any other obligations of Arden Retirement, LLC, which retains the ultimate responsibility for hiring managers and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of the Community.

EXECUTIVE DIRECTOR

Pam Pate is the Executive Director at the Community. Mrs. Pate holds a Bachelor of Science degree in Financial Management from Clemson University. Mrs. Pate has served as the Executive Director of the Community since February 2018. She previously held the position of Accounting Director at the Community since 2002. Her business address is 2400 Appalachian Boulevard, Arden, NC 28704.

ASSISTED LIVING DIRECTOR

Pam Slater is the Assisted Living Director at Heather Glen. Mrs. Slater holds a Bachelor of Science degree in Business Management from Wingate University. She has been the Administrator since February of 2015. Mrs. Slater has been a licensed administrator in North Carolina since 2010 and has held preceptor positions for Administrators in Training. Her business address is 103 Appalachian Boulevard, Arden, NC 28704.

II. The Community

THE LOCATION

The Community is located on 48 acres of land and is approximately 12 miles south of downtown Asheville, in Buncombe County. It is situated halfway between Asheville and Hendersonville. The Community has views of the mountains of Western North Carolina.

ARDENWOODS

The Community is a Continuing Care Retirement Community designed to create an environment that will enrich the lives of the people who live and work there. It has two buildings containing Residences and an Adult Care Home known as Heather Glen at Ardenwoods which is licensed for Assisted Living. Ardenwoods has approximately 95 Independent Living units and 47 Assisted Living units with 147 residents.

The types of Residences available include one, two and three-bedroom apartments, with full kitchens and one or two baths. In addition, there is a selection of ground level Residences that have patios. All of the residences are equipped with a wireless emergency call system and a motion detector system for added safety.

The Community contains approximately 28,000 square feet of common space. Some of the amenities that Residents can currently enjoy include:

- Main lobby/mail area
- Lounges
- Mountain View Dining Room with a panoramic view of the mountains
- Lunch dining in The Mountain Laurel Grille
- Creative Arts Studio
- Salon and spa services
- Shuffleboard
- Private storage
- Personal laundry facilities
- Conference and meeting room
- Library with computers and printers
- Indoor heated pool
- Fitness room with state-of-the-art equipment
- Raised beds for outdoor gardening
- Several nature trails
- Putting green
- Wood-working shop

MISSION, VISION AND VALUES

Our Mission: The mission of Ardenwoods is to enrich the lives of those who live and work here.

Our Vision: Our vision is to be a vibrant, friendly mountain community with a small-town atmosphere well known as the best value in Western North Carolina.

Our Values: Ardenwoods strives for excellence by:

- Respecting the integrity and dignity of our Residents and employees through recognizing individual differences and needs and delivering services in a personalized fashion.
- Designing and providing services which are Resident-centered and by promoting choices which are Resident-directed in all aspects of senior living.
- Delivering our services in a consistent, dependable, and fiscally responsible manner.
- Building lasting relationships with our Residents and their families, our employees, and our surrounding community with an eye toward future generations.

THE PERSONNEL

With approval of the Provider, Ardenwoods-RLA employs all staff at Ardenwoods. These employees include the Executive Director and all other personnel including nurses and other caregivers, Marketing and Sales Staff, Receptionists, Wellness Director, Community Life Services Director, Food & Beverage Director, Maintenance Staff, Security Personnel, Housekeeping Personnel, Kitchen Staff, Dining Room Personnel, Accounting & Clerical Staff, Human Resources Director, and Transportation Personnel.

The Leadership Team of the Community carries out the day-to-day activities of the Community under the direction of the Executive Director. The Leadership Team includes all Department directors.

THE SERVICES

The decision to move into a senior living community demands careful consideration of many factors, including the services to be provided. The services to be provided to Residents are listed in the Residency Agreement, which governs all such obligations. Briefly, in accordance with the terms of the Residency Agreement, the Community will provide the following: (1) A number of meals equal to the number of days in the month; (2) Air conditioning, heating, electricity, water

and sewer; (3) Wiring and jack for telephone service; Residents are responsible for providing their own telephones and telephone service; (4) Basic cable television and wireless internet; (5) Basic building and grounds maintenance; (6) Bi-weekly housekeeping service; (7) Bi-weekly flat linen service; (8) Availability of laundry facilities so that you can wash and dry personal laundry; (9) As part of the Pathways Program, with optional participation, in fitness, nutrition, active life, and well-being activities to enhance your lifestyle; (10) Planned activities; social, cultural, spiritual and recreational—for those who wish to participate; (11) Full-time Wellness Director to oversee and coordinate all health related services for Residents residing at Ardenwoods; (12) Scheduled security services; (13) Parking for Residents and their guests; (14) Carpeting (except in kitchen and bath where there is alternate floor covering) and light fixtures; (15) A kitchen including refrigerator, stove, microwave and dishwasher; (16) Scheduled local transportation, as well as transportation to medical offices; and (17) Use of residential common areas.

Pathways to Wellness

Pathways provides tools and choices to Residents to celebrate the many dimensions of wellness. Pathways is a whole-person wellness approach that encourages each Resident to pursue individual and community wholeness through diverse services and activities. The eight dimensions of wellness are: **Physical, Emotional, Vocational, Nutritional, Social, Environmental, Spiritual, and Intellectual**. Led by the Community Life Services Director, Pathways involves personal interaction with each Resident by a team of staff members whose goal is to identify ways for Residents to find joy by enhancing engagement and abilities.

Services Available for an Extra Charge

Additional services are provided to Residents for an extra charge, added to the monthly billing statement. Such services include guest accommodations, dining & beverage services in excess of the monthly Dining Allocation, guest meals, salon/spa services, additional housekeeping, maintenance, personal transportation, and other reasonable services as requested.

ASSISTED LIVING SERVICES

Assisted Living services are provided through Heather Glen at Ardenwoods, the licensed Assisted Living portion of the Community. Under the Residency Agreement, Residents are given priority admission to Heather Glen and do not pay an additional Entrance Payment.

A Resident may be recommended to Heather Glen if the Resident is determined to need such care either on a short-term or long-term basis. Assisted Living accommodations may be in a private or semi-private suite, depending on the availability of suites at the stated per diem charge.

Payment for care in Heather Glen is outlined as follows:

1. Residents may retain their Residence, continue the Residency Agreement, and relocate to Heather Glen. The Monthly Fee for the Residence will continue less a meal credit for the absence. The Resident will also pay the per diem charge for care in Heather Glen; or
2. Residents may release their Residence, cancel the Residency Agreement, and relocate to Heather Glen. The Monthly Fee for the Residence will cease when all furniture and other

property are removed from the Residence and the keys have been returned. The Resident will pay the per diem charge for care in Heather Glen. The Resident will also receive a repayment of the Loan as set forth in the Loan Agreement. If the Resident moves from Heather Glen and Ardenwoods, the Resident shall no longer have access to the benefits, services and amenities granted under the Residency Agreement.

If there are two Residents occupying the Residence, and one Resident relocates to Heather Glen, the other Resident may continue to occupy the Residence under the terms of the Residency Agreement and the Second Person Monthly Fee shall cease. In addition, the Residents will pay the per diem charge for Assisted Living services at Heather Glen at Ardenwoods. If both Residents are relocated to Heather Glen at Ardenwoods, the Monthly Charges for the Residents shall depend on whether the Residents choose to retain or release the Residence.

RESIDENT HANDBOOK

A copy of all of the Community's policies and procedures can be found in the Resident Handbook (Your Guide to Living at Ardenwoods), which is provided following execution of the Residency Agreement or upon request.

CONTRACTS AND FEES

Ardenwoods-RLA has been contracted to manage the Community pursuant to a management agreement. Ardenwoods-RLA is the day-to-day manager of Ardenwoods. Under the management agreement, we pay Ardenwoods-RLA a monthly fee for management of the Community. The management fee is subject to annual adjustment.

III. The Proposal

THE CONTINUING CARE CONCEPT

The Continuing Care concept provides an individual lifetime use of a private Residence for as long as he or she is capable of living in a Residence, a wide array of support services, and access to on-site Assisted Living. This concept has grown as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional senior living. Continuing Care ensures a Resident of lifetime access to Heather Glen at Ardenwoods, while enjoying the comfort and security of a familiar environment, surrounded by friends, family, neighbors, and a highly trained, supportive staff. With the Continuing Care program at Ardenwoods, the Resident has peace of mind, knowing that long-term health care needs will be met with unparalleled quality and service. For those services and accommodations, a Resident pays a First Person Fee, a one-time Working Capital Fee, and makes a Loan to the Provider in accordance with the terms of the Residency Agreement.

RETURN OF ENTRANCE FEE PLAN

Continuing Care has evolved over the years in many ways. Probably the most dramatic is the handling of the historical, one-time "Entrance Payment." Originally, this Entrance Payment became the property of the provider the day the Resident assumed occupancy. This appeared to some to be inequitable for an individual who was only a Resident for a short time, despite the balancing effect for the long-term Resident. As a consequence, providers began offering partial repayments to the Residents or their estates. In other words, the provider "earned" the Entrance Payment over a period of time until the repayment became zero.

Our Return of Entrance Fee Residency Agreement for Ardenwoods provides an additional benefit. Under the Residency Agreement, a Resident pays an Entrance Payment consisting of a First Person Fee and a Loan.

In anticipation of meeting the needs of Residents over time, the Provider recognizes the need to be able to modify and develop new forms of Residency Agreements. To meet those needs, the Community reserves the right to offer new prospective Residents alternative forms of Residency Agreements from time to time, without said change being applied to existing Residents.

The Residency Agreements is attached to this Disclosure Statement as Exhibit A. We reserve the right to offer to new prospective Residents alternative forms of Residency Agreements from time to time.

SUMMARY OF RESIDENCY AGREEMENT

Upon deciding to become a Resident of the Community, a future Resident will execute a Residency Agreement to reserve the Residence selected. Residency Agreements are subject to acceptance by the Community. At the time of executing a Residency Agreement, a determination will be made as to whether a prospective Resident meets the residency criteria: age, financial qualifications, and the ability to live in a Residence with or without reasonable accommodation or reasonable modification. To determine if the prospective Resident meets these residency

guidelines: a Confidential Data Application and Resident Health Information Form is completed, and a memory health assessment may be conducted. The Application requires the prospective Resident's birth date as well as a summary of assets and monthly income, and information regarding the Resident's ability to live in a Residence with or without reasonable accommodation or reasonable modification. The prospective Resident's signature on the Confidential Data Application and Resident Health Information form is an acknowledgment that the information provided is correct.

A summary of the Residency Agreement and terms of residency are set forth below. This summary explanation of the Residency Agreement contained herein is qualified by reference to the Residency Agreements (Exhibit A) which shall prevail in any conflict. The basic terms and conditions of the Residency Agreement are summarized as follows:

1. **Payment of the Entrance Payment.** The Resident is required to pay an Entrance Payment to us. The Entrance Payment is comprised of two payments: the First Person Fee (which is 10% of the Entrance Payment and is repayable before occupancy), and the Loan (which is equal to 90% of the Entrance Payment, and is repayable after occupancy as set forth in the Loan Agreement).

A listing of current and historical Entrance Payments can be found under Section 4, Payment of the Monthly Fee on pages 17 of this Disclosure Statement.

- 1.1 **Payment of the First Person Fee.** At the time the Residency Agreement is executed, the Resident is required to pay the First Person Fee in an amount currently equal to 10 percent of the total Entrance Payment. After occupancy, the First Person Fee is not repayable and will be the unrestricted property of the Provider and may be used for any purpose related or unrelated to the Community. The Provider may distribute any non-repayable First Person Fee to its Members. More information can be found in Section 5.2 of the Residency Agreement.

- 1.2 **Payment of the Loan.** A Resident is required to make a non-interest-bearing Loan to us on the earlier of the date the Resident moves into Ardenwoods or within 90 days of the date the Resident executed the Residency Agreement. In exchange for paying the First Person Fee, Second Person (Entrance) Fee if applicable, one-time Working Capital Fee, making the Loan, and paying the Monthly Fee (Second Person Monthly Fee if applicable), the Residency Agreement grants Resident a license to the lifetime use of a Residence and to the facilities and services provided at the Community. The Loan is repayable, without interest, at the times set forth in the Loan Agreement. All of the terms of the Loan are set forth in the Loan Agreement attached as Exhibit A to the Residency Agreement. Further information can be found in Sections 5.1 and 5.3 in the Residency Agreement.

- 1.3 **Second Person (Entrance) Fee.** A Second Person (Entrance) Fee is required to be paid at the time the Residents make the Loan described in Paragraph 1.2 above. After occupancy, the Second Person Fee is not repayable and will be the unrestricted property of the Provider and may be used for any purpose related or unrelated to the Community. The Provider may distribute any non-repayable

Second Person Fee to its Members. Information about the Second Person Entrance Fee can be found in Section 5.4 of the Residency Agreement.

2. **Payment of a Working Capital Fee.** A Resident is required to pay a one-time Working Capital Fee. The Working Capital Fee will be an amount equal to the then current Monthly Fee, including the Second Person Monthly Fee if there are two (2) Residents for the Residence. The one-time Working Capital Fee will be used by us only for purposes related to the Community and is not repayable. Section 5.5 in the Residency Agreement details the Working Capital Fee.
3. **Repayment of the First Person Fee and Second Person Fee.**
 - 3.1 **Prior to Occupancy.** The First Person Fee paid is repayable prior to occupancy. The Community will repay all amounts paid by the Resident if the Residency Agreement is canceled because of (i) nonacceptance, (ii) during the right of rescission period, or (iii) due to a substantial change in the Resident's physical, mental, or financial condition. The repayment will be without interest, within 30 days following cancellation. After the thirty (30) day right of rescission period, the Community will repay all amounts paid by the Resident, without interest, less those costs incurred by the Community pursuant to a written resident request or written addendum to the Residency Agreement. In addition, a cancellation fee of \$1,000 will be due within 60 days following cancellation. Any Second Person Fee paid prior to occupancy would be fully repayable within 30 days. For more explanation on the repayment of the First Person Fee and the Second Person Fee prior to occupancy, see Section 7.1 through 7.4 of the Residency Agreement.
 - 3.2 **After Occupancy.** After occupancy, the First Person Fee and Second Person Fee are not repayable. In the case where a Resident moves into the Community during the 30-day rescission period, the First Person Fee and Second Person Fee (less the charge for living in the Residence) would be fully repaid, without interest, to the Resident during that period minus any charges incurred by the Resident during occupancy and a service charge equal to the greater of \$1,000 or 2% of the Entrance Payment. For more explanation of the Repayment of the First Person Fee and Second Fee, see Section 7.5 of the Residency Agreement.
4. **Payment of a Monthly Fee.** The Resident is required to pay a Monthly Fee, which is determined annually by the Provider. The amount of the Monthly Fee in effect at the time the Residency Agreement is executed will be clearly stated in the Agreement. If there are two Residents, a Second Person Monthly Fee will also be paid. For a more complete description of the Monthly Fee, see the section title "Monthly Fee" in this Disclosure Statement and Section 6 of the Residency Agreement, "Monthly Charges."

A listing of current and historical Entrance Payments and Monthly Fees follows:

ENTRANCE FEES

Type of Residence	2018	2019	2020	2021	2022
One Bedroom	\$172,000	\$174,000	\$176,000	\$179,000	\$181,000
One Bedroom w/Patio	\$202,000	\$204,000	\$206,000	\$209,000	\$211,000
Two Bedroom	\$242,000	\$245,000	\$248,000	\$253,000	\$255,000
Two Bedroom w/Patio	\$272,000	\$275,000	\$278,000	\$283,000	\$285,000
Three Bedroom	\$297,000	\$301,000	\$304,000	\$310,000	\$313,000
Three Bedroom w/Patio	\$327,000	\$331,000	\$334,000	\$340,000	\$343,000
Second Person	\$8,000	\$8,000	\$8,000	\$8,000	\$9,000

MONTHLY FEES

Type of Residence	2018	2019	2020	2021	2022
One Bedroom	\$2,549	\$2,599	\$2,651	\$2,717	\$2,812
One Bedroom w/Patio	\$2,549	\$2,599	\$2,651	\$2,717	\$2,812
Two Bedroom	\$3,007	\$3,067	\$3,128	\$3,206	\$3,318
Two Bedroom w/Patio	\$3,007	\$3,067	\$3,128	\$3,206	\$3,318
Three Bedroom	\$3,218	\$3,282	\$3,348	\$3,432	\$3,552
Three Bedroom w/Patio	\$3,218	\$3,282	\$3,348	\$3,432	\$3,552
Second Person	\$800	\$816	\$832	\$853	\$883

AVERAGE INCREASE IN MONTHLY FEES

	2018	2019	2020	2021	2022
First Person	\$74	\$59	\$60	\$77	\$110
Second Person	\$25	\$16	\$16	\$21	\$30

ASSISTED LIVING MONTHLY FEES

Type of Residence	2018	2019	2020	2021	2022
Base Level, Private	\$4,745	\$4,795	\$4,867	\$4,867	\$4,989
Level 1 Care	\$500	\$500	\$500	\$500	\$500
Level 2 Care	\$750	\$750	\$750	\$750	\$750
Second Person Fee	\$1,455	\$1,470	\$1,492	\$1,492	\$1,529
One-Time Community Fee	\$4,745	\$2,500	\$2,500	\$2,500	\$2,500

AVERAGE INCREASE IN ASSISTED LIVING MONTHLY FEES (BASE LEVEL)

	2018	2019	2020	2021	2022
Base Level, Private	\$0	\$50	\$72	\$0	\$122
Level 1 Care	\$95	\$0	\$0	\$0	\$0
Level 2 Care	\$100	\$0	\$0	\$0	\$0
Second Person Fee	\$40	\$15	\$22	\$0	\$37

5. **Services and Features.** Section 1 of the Residency Agreement describes the services and features provided to the Residents for the Monthly Fees. Additional services and amenities may be provided for an extra charge and are listed in Section 2 of the Residency Agreement. The services are also described in this Disclosure Statement under "The Services," beginning on page 9. The current list of items available for an extra charge, including the fees for such items, is included in the Disclosure Statement as Exhibit B.

6. **Assisted Living.** The Residency Agreement grants the Resident priority access to Heather Glen at Ardenwoods. The terms governing care in Heather Glen are outlined in Section 4 of the Residency Agreement.
7. **Criteria for Resident Acceptance.** Residency in the Community is governed by the Community's current Residency Policy and Residency Agreements are subject to acceptance by us. At the time of the execution of a Residency Agreement, the Resident must be 62 years of age or older, capable of living in a Residence with or without reasonable accommodation or modification, able to pay the Entrance Payment, the Working Capital Fee, and the Monthly Fees. The Resident must also have sufficient financial resources to permit payment of these amounts, plus other personal expenses which may reasonably be expected and to meet anticipated increases in the cost of living and increases in the Monthly Fee. More information can be found in Section 11 of the Residency Agreement and in the first paragraph of this section "Summary of the Residency Agreement" of the Disclosure Statement starting on page 13.
8. **Financial Difficulty.** In cases where a Resident's financial resources prove inadequate, the Resident may apply for special financial consideration from the Provider. It is the policy of the Provider not to require a Resident to leave Ardenwoods because of justifiable inability to pay the full Monthly Fee as long as it does not impair the Provider's ability to operate on a sound financial basis. If this occurs, any deferred charges will be offset against any Loan repayment due the Resident. The circumstances under which a Resident will be allowed to remain at Ardenwoods in the event of financial difficulty are set forth in Section 9.2 of the Residency Agreement.
9. **Provisions for New Second Resident.** No person other than the Resident may occupy the Residence without our written approval. If a second person, who is not a party to the Residency Agreement, wishes to become a Resident of the Community in a Residence already occupied by one Resident, that person's acceptance will be in accordance with our then current Residency Policy. A Second Person (Entrance) Fee will be paid upon our approval and the second person's occupancy. In addition, each month the then current Monthly Fee for Second Persons will be paid. If the second person does not meet the requirements for residency based on our then current Residency Policy, he or she will not be permitted to occupy the Residence for more than 30 days (except with our written approval). The information on provisions for a new Second Resident can be found in Section 10.2 of the Residency Agreement. If two current Residents residing in separate Residences wish to establish joint residency, they may release one Residence and reside together in the other or release both Residences, re-qualify for residency, and move into a Residence under a new Residency Agreement. No repayment of the Entrance Payments previously paid will be given until cancellation of all Residency Agreements involving the two Residents. If the sum of the original Entrance Payments is less than the current Entrance Payment for the desired Residence, the Residents shall pay the difference as an additional Entrance Payment. In all events, an amendment to the Residents' respective Residency Agreements shall be executed by the Resident and approved by Ardenwoods. The Residents will be charged the applicable current First and Second Person Monthly Fees upon joint residency of the Residence.

- 10. Resident's Cancellation Rights and Repayment of the Loan.** Prior to occupancy, the Residency Agreement may be canceled at any time by the Resident. In such event, the Residency Agreement will be canceled upon our receipt of the notice of cancellation. A Right-of- Rescission Period exists within 30 days following the later of the execution of the contract or the receipt of the Disclosure Statement. The Resident is not required to move into the Residence during the Right of Rescission Period. Repayment rights during and after the Right of Rescission Period are explained in Section 3.1 (page 15) of this Disclosure Statement and defined in Sections 7.2-7.4 of the Residency Agreement. After the Resident assumes occupancy at the Community, they may cancel the Residency Agreement at any time by giving us 120 days' advance written notice executed by the Resident (both Residents if there are two) and sent by registered or certified mail or delivered in person to the Executive Director. If the Resident gives such notice, the Residency Agreement will cancel on the later of (i) 120 days following the date of written notice of cancellation or (ii) the date the Resident vacates the Residence and removes all furniture and other property. The Resident will continue to pay the Monthly Fee until the cancellation date specified above. The Loan will be repaid, without interest, in accordance with the Loan Agreement. A Resident's repayment rights after occupancy can be found in Section 8.2 of the Residency Agreement.

Upon a Resident's death (if there are two Residents, the death of the surviving Resident), if, on account of illness, injury or incapacity, a Resident would be precluded from occupying the Residence, the Residency Agreement will automatically cancel. The Monthly Fee will continue until the later of (i) the date of death (or the death of both Residents if there are two) or (ii) the removal of all furniture and other property from the Residence. We will repay the Loan, without interest, to the Resident (or their estate), as described in the Loan Agreement. The Loan shall become due and payable upon 14 days from the date the Entrance Payment is collected for the Residence from a new Resident to Ardenwoods. Section 8.3 in the Residency Agreement defines the rights of the Resident in the event of their death. Should the Residence be re-occupied by an existing Resident of Ardenwoods who transfers from another Residence, the Loan shall be due and payable upon the date we receive the next Entrance Payment (First Person Fee plus Loan) for the Residence vacated by the existing Resident who transferred to the Residence. If more than one internal transfer of existing Residents occurs, repayment of the Loan will be tied to the last vacated Residence. However, in no event shall such date be more than 36 months from the date of cancellation of the Resident's Residency Agreement. If the Residency Agreement is not canceled within 30 years from the date of the Residency Agreement, the Loan shall become immediately due and payable. The Resident shall look solely to the assets of Arden Retirement, LLC for the repayment of the Loan. We may offset against any Loan repayment any amounts then due by the Resident.

- 11. Our Cancellation Rights.** We may cancel a Residency Agreement after it has been accepted only for just cause, as set forth in the Residency Agreement. Just cause shall exist if (i) the Resident does not comply with the terms of the Residency Agreement including payment of fees; (ii) the Resident fails to comply with the reasonable published operating procedures, covenants, rules, regulations or policies established for Residents of the Community; (iii) there is a change in Resident's health status or behavior which constitutes a substantial threat to the health or safety of the Resident, other Residents, or others or

would result in the physical damage of property; and/or (iv) the Resident is not capable of living in a Residence in the Community with or without in home services.

Ardenwoods is not licensed to provide licensed skilled nursing care, therefore a Resident requiring such care will be required to relocate. Ardenwoods will assist with this process as is reasonably possible.

Before canceling a Residency Agreement, we will give the Resident written notice of the reasons and will give the Resident 30 days to respond or correct the reason for cancellation. However, if it is determined that the 30 days is detrimental to the Resident or other Residents or staff of the Community, this waiting period will not be required. The terms defining the Community's cancellation rights can be found in Section 9 of the Residency Agreement.

12. **Tax Considerations.** Each person considering executing a Residency Agreement should consult with his or her tax advisor regarding any tax considerations associated with the Residency Agreement.

TRANSFERS TO ANOTHER ARDENWOODS RESIDENCE

Residents may determine that a transfer to another Residence may better meet their needs. A transfer policy has been developed to support aging in place and to meet the financial needs of the Residents and Ardenwoods. If so desired, Residents who have already taken occupancy of a Residence at Ardenwoods may transfer to another available Residence in accordance with our then-current policy and practices. Any transfers to a new Residence are subject to management approval and will require an Amendment to a Resident's Residency Agreement. Based upon the repayable amount of the Resident's Entrance Payment under the Residency Agreement, a Resident desiring to transfer may be required to pay an additional Entrance Payment and Second Person Fee if the then current Entrance Payment is higher than the repayable amount of the Entrance Payment. A resident may need to complete a new Confidential Data Application and meet Ardenwoods' financial qualifications to occupy the new Residence. A Refurbishment Fee to restore the condition of the previous Residence will be charged for each transfer. The Monthly Fee will also be adjusted to the then current Monthly Fee for the new Residence. All repayments of the Entrance Payment paid by the Resident (previous or new Residence) will be repaid upon cancellation and pursuant to the terms of the Residency Agreement.

MONTHLY FEE

On the earlier of the date the Resident moves into Ardenwoods, or within 90 days of the date of the Provider's approval of the Residency Agreement, the Resident is required to pay the Second Person Fee, if applicable, the one-time Working Capital Fee, make the Loan, and begin paying the Monthly Fee (due upon receipt of a billing statement), as explained in Section 6 of the Residency Agreement.

The amount of the Monthly Fee in effect at the time the Residency Agreement is executed will be clearly stated in the Residency Agreement. The total Monthly Fee is higher when a Second

Person also shares a Residence. The amount of the Monthly Fee is determined by the operating cash requirements for the preceding year, which shall mean all recurring and nonrecurring costs, expenses, and outlays incurred in connection with the operation and administration of Ardenwoods. Operating cash requirements shall be determined by Ardenwoods management and shall include, but not be limited to, salaries and wages and all fringe benefits paid to employees of Ardenwoods and other persons stationed at Ardenwoods and other persons having day-to-day administrative, marketing and/or management responsibilities; company telephone; utilities; license fees; occupational taxes, payroll taxes, property taxes, sales taxes, permits, etc., associated with Ardenwoods; lease payments, if any; legal and accounting services; bad debts and other losses; deductibles related to insurance claims; consulting fees for specialists such as dietitians and medical directors; food and supplies; marketing and sales expenses; capital improvements; costs of repair, maintenance, replacement, and improvements to equipment, furniture, fixtures, and buildings; management fees and other reimbursable costs, including costs of reasonable expenses incurred in performing management services for Ardenwoods, such as transportation, living expenses, telephone expense, and photocopying expense; cost of maintenance and normal replacement of landscaping; principal and interest payments on all loans except Loans from Residents; and other similar items related to Ardenwoods. Operating cash requirements shall not include income taxes.

The Monthly Fee is adjusted upon 30 days' written notice to the Residents. The Monthly Fee will be increased only if it is necessary to meet the operating cash requirements of Ardenwoods. Adjustments are intended to reflect anticipated changes in operating cash requirements and anticipated inflation related to the operating cash requirements during the coming year. Each Resident's monthly increase will be computed by the Provider. Any adjustment to the Monthly Fee will take into account the amount of reserves and working capital necessary to assure Ardenwoods' financial independence and the ability to deal with unforeseen circumstances.

ESTATE PLANNING

The Return of Entrance Fee Residency Agreements provide for the payment of the Entrance Fee in two (2) parts: a First Person Fee (including a Second Person Fee, if applicable) and a Loan. The First Person Fee, equal to 10% of the Entrance Fee, is paid upon executing the Residency Agreement. A Resident is then required to pay the Second Person Fee, if applicable a one-time Working Capital Fee, and make the Loan on the earlier of the date the Resident moves into Ardenwoods or within 90 days of the Provider's approval of the Residency Agreement. The Loan is repayable to a Resident's estate upon the death of the Resident, or in the case of a double occupied Residence, upon the death of the surviving Resident, in accordance with the terms of the Loan Agreement.

In the absence of any agreement between the Residents of a double occupied Residence which has been provided to the Provider, the Loan repayment will be paid to the estate of the surviving Resident. Residents who wish to make other provisions as to whom the Loan repayment is to be repayable should consult their attorney for an appropriate agreement. It is the responsibility of the Resident to make the Provider aware of the existence of any such agreement and to provide a copy of the agreement to the Provider. No other rights under the Residency Agreement are assignable. Forms of Assignment of Rights of Repayment are available for review by the Resident or by the Resident's financial or legal advisor upon request.

PROVIDER'S COMPENSATION

The Provider's compensation for the risks of ownership of the Community is comprised of the Entrance Payments, including the First Person and Second Person Fees (if there are two (2) Residents), the Loans (subject to Provider's obligation to repay the Loans under the Return of Entrance Fee Residency Agreements), positive net operating income, the potential appreciation of the Community, and the tax benefits generally associated with the ownership of real estate. The Provider may make distributions to the Members that will be loaned or paid as cash to the extent there is excess cash. In order to maximize the appreciation of the Community, there must be substantial future demand for the Community's accommodations and services. This demand will, in part, be dependent upon the Provider maintaining viable, competitive Monthly Fees in connection with providing services and facilities in the Community.

IV. Regulatory Matters

REGISTRATION

North Carolina law requires registration of Continuing Care facilities pursuant to an act to continue registration and disclosure by Continuing Care facilities, and to provide for financial evaluation of Continuing Care facilities (the "Act"). The Community is subject to the provisions of this Act and has received a license to provide Continuing Care thereunder. Pursuant to North Carolina General Statute ("G.S.") 58-64-20(a), the Community is required to deliver a Disclosure Statement to a prospective Resident upon the earlier of the execution of a Residency Agreement to provide Continuing Care or the transfer of any money or other property to the Community. Pursuant to G.S. 58-64-30(a), within 150 days following the end of each fiscal year, the Community is required to file with the Department of Insurance an annual Disclosure Statement, which includes updated financial information.

RESERVES

An Operating Reserve exists to ensure funds are available during periods of unforeseen financial need. North Carolina General Statute ("G.S.") 58-64-33 sets forth minimum operating reserve requirements. The GS requires an operating reserve in the amount of 25% of annual operating expenses, less depreciation and amortization, at an occupancy level of 90% or higher. The operating reserve requirement increases to 50% of annual operating expenses, less depreciation and amortization, when occupancy is below 90%. Such operating reserves may only be released upon approval by the North Carolina Commission of Insurance.

At December 31, 2021 the Company's occupancy was above 90 percent. The minimum required operating reserve for fiscal year 2021 was \$1,454,000. The amount of the operating reserve at December 31, 2021 was \$2,090,827. The 2022 minimum required operating reserve based on occupancy at December 31, 2021 was \$1,526,250.

Amounts deposited to the Operating Reserve may be invested in permitted investments consisting of certificates of deposit, United States Treasury obligations, or other investment obligations selected by us. The Operating Reserve Account is held at First Citizens, which will be investing the amounts deposited in accordance with instructions received from us, as directed by Rusty Mizelle, the Chief Financial Officer for RLA, Inc.

FUTURE PLANS

Ownership of Arden Retirement, LLC is currently exploring expanding the community. This consideration involves possible increase in Independent Living, Assisted Living, or adding Memory Care or Skilled Nursing facilities.

V. Financial

FINANCIAL STATEMENTS

Financial statements (audited) for Arden Retirement, LLC for the period January 1, 2021-December 31, 2021 can be found in Exhibit C.

Five-year Compilation of Financial Projections for Arden Retirement, LLC can be found in Exhibit D.

2022 Interim Financial Statement for Arden Retirement, LLC (January 1-April 30, 2022) can be found in Exhibit E.

EXPLANATION OF MATERIAL DIFFERENCES

Pursuant to Section 58-64-30(a) of the North Carolina General Statutes, we are required to provide a narrative explaining any material differences between the previous forecasted financial statements and the actual results of operations. Please see Exhibit F for a summary and explanation of material differences between forecasted financials and operating results.

VI. Exhibits

Exhibit A
Residency Agreement – 90% Return of Entrance Payment



Arden, North Carolina

**Residency Agreement
90% Return of Entrance Payment**

5/28/2021

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Glossary

The following terms are described as used in the accompanying Agreement. Reference to the Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

"Agreement" refers to this Residency Agreement between the Resident and Arden Retirement, LLC, which delineates the contractual obligations of Arden Retirement, LLC to the Resident for the accommodations, services, and amenities provided by us at Ardenwoods.

"Ardenwoods" refers to the Continuing Care senior living community including the residences, Heather Glen at Ardenwoods, common areas, and all site amenities associated with these areas located in Arden, North Carolina.

"Arden Retirement LLC," "we," "us," or "our" refers to the owner and operation of a Continuing Care community that conducts business as Ardenwoods, which includes the Residences, Heather Glen at Ardenwoods, and all common areas and site amenities associated with these areas. Arden Retirement, LLC is a limited liability company qualified to do business in the State of North Carolina. It is not affiliated with any religious or charitable organizations.

"Assisted Living Residency Agreement" refers to that agreement entered into between Arden Retirement, LLC and a Resident prior to or at the time of relocation to Heather Glen at Ardenwoods, a licensed adult care home at the Community, which outlines the service obligations to be provided in Heather Glen at Ardenwoods.

"Community" refers to that senior living community known as Ardenwoods.

"Community Related Costs" refers to the operating costs to provide the accommodations, services and amenities

listed in Section 1 of this Agreement and provided as a part of the Monthly Fee and the current and anticipated financial needs related to Ardenwoods including, but not limited to, operating costs, working capital, capital expenditures, reserves, and debt service payments.

"Disclosure Statement" refers to that document that outlines in detail the services and amenities to be provided by Arden Retirement, LLC.

"Entrance Payment" refers to the sum of (i) the First Person Fee paid to Arden Retirement, LLC and (ii) the Loan made to Arden Retirement LLC pursuant to this Agreement.

"Extra Charges" refers to the charges payable in consideration for the additional services and amenities requested by the resident, as set forth in Section 2 of this Agreement in addition to those set forth in the Monthly Fee.

"Financial Assistance Amendment to Residency Agreement" refers to that amendment that allows the Resident to remain at Ardenwoods in the event of a change in the Resident's financial condition.

"First Person Fee" refers to that fee identified in Paragraph 5.2 of this Agreement and paid in advance to Arden Retirement, LLC. The First Person Fee is 10% of the Entrance Payment.

"Heather Glen at Ardenwoods" refers to the adult care home licensed by the State of North Carolina (referred to herein as Assisted Living) where Assisted Living care will be provided on the Ardenwoods campus.

"Loan" refers to the Loan made to Arden Retirement, LLC pursuant to Paragraph 5.3 of this Agreement. The Loan is 90% of the Entrance Payment.

"Monthly Charges" refers to all those Monthly Charges payable by the Resident pursuant to the terms of the Agreement, including the Monthly Fee, the Extra Charges for additional services, the additional Monthly Charges for Assisted Living care, if any, and all other fees and charges payable monthly pursuant to the terms of the Agreement, as appropriate in the particular instance.

"Monthly Fee" refers to that monthly fee outlined in Paragraph 6.1, payable in consideration for the accommodations, amenities, and services provided to all residents, as set forth in Section 1 of this Agreement and the financial needs related to Ardenwoods, as set forth in Section 6. The Monthly Fee includes a Second Person Monthly Fee if there are two Residents.

"Occupancy" refers to the earlier of (i) the date the Resident moves into Ardenwoods or (ii) the date the Resident pays the balance of the Entrance Payment, the Second Person Fee, if applicable, and makes the Loan to Arden Retirement, LLC pursuant to Paragraph 5.3 of this Agreement.

"Personal Service Provider" refers to a private employee, an independent contractor, or a licensed home care or home health agency that may be contracted by the Resident to provide personal services requested or required by the Resident that are not covered by the Agreement.

"Residence" refers to the apartment at Ardenwoods identified in this Agreement in

which the Resident is entitled to occupy a Residence pursuant to the Agreement in exchange for paying the First Person Fee, the Second Person Fee, if applicable, the one-time Working Capital Fee, the Monthly Fee, and making the Loan.

"Residence Modification Agreement" refers to that agreement between Arden Retirement, LLC and the Resident which outlines the terms and conditions under which the Resident may make modifications to his/her Residence.

"Residency Policy" refers to that policy issued by us, which outlines the requirements of the Resident to live in a Residence at Ardenwoods.

"Resident" or "you" refers to the Resident or Residents who sign this Agreement. Sometimes a second Resident (if there are two Residents) is referred to in the Agreement as the "second person." Unless otherwise indicated, "you" refers to both of you if there are two Residents.

"Second Person Fee" refers to the additional fee identified in Paragraph 5.4, payable if there are two Residents under the Agreement.

"Transfer Policy" refers to that policy issued by Arden Retirement, LLC that outlines the process for a Resident to relocate to another Residence in Ardenwoods.

"Working Capital Fee" means a one-time fee paid by the Resident (both Residents if there are two) at the time the Loan is made as outlined in Paragraph 5.5. The Working Capital Fee is placed in a Working Capital Account to be used by Arden Retirement, LLC only for purposes related to Ardenwoods.



90% Return of Entrance Payment Residency Agreement

This 90% Return of Entrance Payment Residency Agreement ("Agreement") is entered into by ("we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Ardenwoods is a Continuing Care Retirement Community located in Arden, North Carolina, whose purpose is to provide Continuing Care to individuals of a qualifying age.

Ardenwoods will provide quality residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the residence (hereafter "Residence") described as follows:

Residence Number: _____
Residence Style: _____

Ardenwoods is designed to offer an environment that enriches your life. The objective of Ardenwoods is to offer a lifestyle with services and programs based on your interests that will complement or augment your current lifestyle and well-being. The design of Ardenwoods allows for creative and healthy lifestyle activities in a comfortable environment.

In addition, there are health care benefits and convenient access to on-site long-term health care facilities including Assisted Living care if needed. As a Resident of a Continuing Care senior living community, you are offered lifetime use of a Residence, services and amenities, and an onsite Assisted Living center. To be accepted for residency, you must meet our residency criteria that include: age guidelines, financial guidelines, and ability to meet the requirements of Residence occupancy.

The purpose of this Residency Agreement is to set forth your rights and duties as a Resident of Ardenwoods and to delineate the services to be provided at Ardenwoods.

1. SERVICES AND AMENITIES PROVIDED TO ALL RESIDENTS.

We will furnish at the Community, so long as you reside in a Residence therein, the following services and amenities, which are included in the Monthly Fee:

1.1 A number of meals equal to the number of days in the month. These meals may be taken at any scheduled time during the month. If there are two Residents, each person may share their monthly allotment of meals with the other Resident. Additional meals are available to Residents at an extra charge which will be billed monthly. Monthly Fees are not reduced for meals not taken unless the Resident is absent for more than 15 days. In such instances, the Monthly Fee will be reduced by an amount determined through the Community's annual budgeting process.

1.2 Air conditioning, heating, electricity, water and sewer, wireless internet, expanded basic cable television;

1.3 Wiring and jack for telephone service; Residents are responsible for providing their own telephones and telephone service;

1.4 Basic building and grounds maintenance; maintenance of the Residences includes: (1) installed appliances; (2) plumbing; (3) heating, ventilation, and air conditioning systems; (4) windows; (5) installed lighting; and (6) cabinetry.

1.5 Bi-weekly housekeeping service; The Community will maintain all common areas and provides bi-weekly housekeeping services for all Residences.

Housekeeping services include cleaning, dusting, and vacuuming the interior of the Residence; cleaning the bathroom; washing of hard surface floors; and cleaning of ovens and windows (as needed). As needed, carpets are professionally cleaned every 12 months as part of annual deep-cleaning services, and at other times, spot cleaning will be done at the Resident's expense.

1.6 Bi-weekly flat laundry service; Flat laundry includes sheets, pillow cases, towels, facecloths, dishcloths, and table linens and these will be washed, dried, folded and returned to the Resident.

1.7 Availability of laundry facilities so that you can wash and dry personal laundry;

1.8 As part of the Pathways Program, you may choose to participate in fitness, nutrition, active life, and well-being activities to enhance your lifestyle;

1.9 Planned activities; social, cultural, spiritual, and recreational – for those who wish to participate;

1.10 Full-time Wellness Director to oversee and coordinate all health-related services for Residents residing in Ardenwoods;

1.11 Scheduled security service; Ardenwoods is a gated community, which is secured and monitored by employed security personnel from 5:00 p.m. each evening through 7:00 a.m. the next day. For the Residents' added safety, all buildings are locked in the evening, requiring the Resident to use a key to gain entrance. The main gate

is typically closed in the evenings and overnight. Residents with automobiles are provided with a remote gate opener. No one other than a Resident with a registered vehicle, or registered guests/family members, and Ardenwoods parking permit may receive a gate opener.

1.12 Parking for you and your guests; Ample surface parking is provided for each Residence. Resident parking spaces are labeled as such. Handicap spaces are identified and are available for use by anyone with a handicap sticker.

1.13 Carpeting (except in kitchen and bath where there is alternate floor covering) and light fixtures;

1.14 A kitchen, including refrigerator, stove, microwave and dishwasher;

1.15 Scheduled local transportation; Scheduled van or other local transportation services are provided Monday through Friday, excluding holidays. The cost for this service is included in the Monthly Fee if utilized according to the posted route schedule. Areas of regularly scheduled transportation generally include shopping centers, medical offices, and other professional offices within a 15-mile radius of the Community, including all medical offices located in Asheville and Hendersonville. Group transportation for events scheduled by the Community Life Services Director is also included in the Monthly Fee; and

1.16 Use of residential common areas.

2. ADDITIONAL SERVICES AND AMENITIES PROVIDED FOR AN EXTRA CHARGE. We may also make available at Ardenwoods, at your request, for as long as you reside in a Residence at the Community, at the then prevailing rates the following additional services and amenities:

2.1. Meals in the dining room over those provided in consideration for the Monthly Fee;

2.2. Guest meals;

2.3. Special wellness activities and programs including services or programs offered under the Pathways Program;

2.4. Personal transportation;

2.5. Guest accommodations, if available;

2.6. Services provided in Heather Glen at Ardenwoods; and

2.7. Other optional services as approved by us.

3. DURATION OF YOUR RIGHT TO OCCUPY THE RESIDENCE. You may reside in your Residence for as long as you live, or until this Agreement is canceled by you or by us. If, in the opinion of your attending physician or Ardenwoods, your physical or mental health requires that Assisted Living be provided, you will be offered the opportunity to relocate to Heather Glen at Ardenwoods (if a suite is available), where we are licensed to provide such care or to secure the services from a Personal Service Provider. If there are two of you

under this Agreement and one of you dies or permanently relocates to Heather Glen at Ardenwoods, or for some other reason is unable to occupy the Residence, the remaining person may continue to occupy the Residence under the terms of this Agreement.

4. HEATHER GLEN AT ARDENWOODS. Arden Retirement, LLC will provide Assisted Living Services in a designated area of Ardenwoods known as Heather Glen at Ardenwoods.

4.1. Priority Admission to Heather Glen at Ardenwoods. If, in the opinion of your attending physician, it is determined that you require Assisted Living services, we will provide you with priority admission to Heather Glen at Ardenwoods where we are licensed to provide such services. If you relocate to Heather Glen at Ardenwoods, you agree to enter into a separate Assisted Living Residency Agreement with us.

The services and accommodations provided in Heather Glen at Ardenwoods include: a semi-private or private suite; three meals a day; weekly housekeeping; weekly flat laundry and personal laundry; regularly planned activities; and assistance with daily living. Assisted Living services are available if you are no longer capable of living in a residence and you need assistance with the normal activities of daily living, such as ambulation, dressing, bathing, personal hygiene, and supervision of medications.

4.2. Assisted Living When There is One of You. If there is one of you

and you relocate to Heather Glen at Ardenwoods, charges for your care will depend upon whether you choose to cancel the Agreement, thereby releasing your Residence, or continue the Agreement, thereby retaining your Residence:

4.2.1. Cancel Agreement and Release Residence. If you choose to cancel this Agreement and release your Residence for occupancy by someone else, you shall give us 30 days' advance written notice of cancellation as outlined in Paragraph 8.2 of this Agreement. Your Monthly Fee will continue in until the later of (i) the expiration of the 30 day written notice of cancellation period, or (ii) the date you vacate your Residence and remove all your furniture and other property. You will receive a repayment of your Loan as set forth in the Loan Agreement.

You will be responsible for paying the per diem charge for care in Heather Glen at Ardenwoods. You will also be responsible for any additional services and supplies described in Paragraph 4.4. Once this Agreement is canceled, you shall no longer be given priority admission over nonresidents to Heather Glen at Ardenwoods.

4.2.2. Continue Agreement and Retain Residence. You may continue this Agreement and retain your Residence. In such event, you will continue to pay the Monthly Fee for your Residence, less a credit for the absence as determined through the Community's budgeting process. You will also be responsible for paying the per diem charge for care in Heather Glen at

Ardenwoods. In addition, you will pay for any additional services and supplies described in Paragraph 4.4.

4.3. Assisted Living When There are Two of You. When there are two of you and one of you relocates to Heather Glen at Ardenwoods, the other of you may continue to occupy the Residence under the terms of this Agreement. You will continue to pay the first- person Monthly Fee and the Second Person Monthly Fee shall cease upon written notice of permanent relocation to Heather Glen. You will pay the per diem charge for Assisted Living care. In addition, you will pay for any additional services and supplies described in Paragraph 4.4.

If there are two of you and both of your require Assisted Living care and you choose to relocate to Heather Glen at Ardenwoods, charges for your care will depend upon whether you choose to cancel the Agreement, thereby releasing your Residence, or continue the Agreement, thereby retaining your Residence:

4.3.1. Cancel Agreement. If you choose to cancel this Agreement and release your Residence for occupancy by someone else, you shall give us 30 days' advance written notice of cancellation as outlined in Paragraph 8.2 of this Agreement. Your Monthly Fee will continue until the later of (i) the expiration of the 30-day written notice of cancellation period, or (ii) the date you vacate your Residence and remove all your furniture and other property. You will receive a repayment of your Loan as set forth in the Loan Agreement.

You will be responsible for paying the per diem charge for care in Heather Glen at Ardenwoods. You will also be responsible for any additional services and supplies described in Paragraph 4.4.

4.3.2. Continue Agreement and Retain Residence. You may continue this Agreement and retain your Residence. In such event, you will continue to pay the Monthly Fee for your Residence (First and Second Person), less a credit for the absence as determined through the Community's budgeting process. You will also be responsible for paying the per diem charge for care in Heather Glen at Ardenwoods. In addition, you will pay for any additional services and supplies as described in Paragraph 4.4.

4.4. Additional Services and Supplies. We may also provide additional services and supplies at Heather Glen at Ardenwoods, such as pharmaceutical supplies, rental of equipment, guest accommodations, and other optional services related or unrelated to care at Heather Glen at Ardenwoods. These additional services and supplies are not included in the per diem charge but will be available for an Extra Charge.

4.5. Return to Residence from Heather Glen at Ardenwoods. If you have canceled this Agreement and released your Residence in accordance with Paragraphs 4.2.1 or 4.3.1, you may return to your Residence at Ardenwoods if we have not entered into a Residency Agreement with a new resident. We will consult with your attending physician that you are able to

return to your Residence. Upon re-occupancy of your Residence, your Monthly Fee will be based on the then current Monthly Fee for the residence. You will be responsible for paying any alterations or refurbishments required to reoccupy your Residence.

4.6. Health Care Outside Ardenwoods. In the event you choose to receive care at another health care facility, we shall not be responsible for charges incurred by you during your absence.

5. ENTRANCE PAYMENT AND WORKING CAPITAL FEE.

5.1. Entrance Payment. To assure you a Residence in Ardenwoods in accordance with all the terms of this Agreement, you will pay to us an Entrance Payment of \$_____. Your Entrance Payment is comprised of two payments: (i) the First Person Fee (which may be repayable as outlined in Section 7); and (ii) the Loan (which is repayable as outlined in the Loan Agreement-Exhibit A). Payment of your First Person Fee at the time of executing this Agreement will reserve your Residence referenced on page 1 of this Agreement. Payment of your First Person Fee, Second Person Fee if there are two of you, Working Capital Fee, Monthly Charges (described below), and making a Loan entitles you to live in a Residence at Ardenwoods. You may live in a Residence for as long as you are capable of living in a Residence, and in Heather Glen at Ardenwoods when you are no longer capable of living in a Residence as defined in our Aging-in-Community Policy, and you will

receive services that we are licensed to provide or we have contracted with another party to provide, all in accordance with the terms of this Agreement.

5.2. First Person Fee. An amount equal to 10% of your Entrance Payment, or \$_____ is paid herewith to reserve your Residence and is known as the First Person Fee. Subject to our repayment obligations outlined in Section 7, any amounts paid to us as a First Person Fee will be the unrestricted property of Arden Retirement, LLC or its owners and may be used by Arden Retirement, LLC or its owners for any purpose related or unrelated to the Community, at the sole discretion of Arden Retirement, LLC and its owners. Arden Retirement, LLC may distribute any such funds to its owners for purposes unrelated to the Community.

5.3. Loan. Your Loan of \$_____ (an amount equal to 90% of the Entrance Payment) will be made to us on the earlier of (i) within 90 days of the date this Agreement is executed by you; or (ii) upon the date of occupancy (as defined in the Glossary). Your loan will be evidenced by the Loan Agreement attached as Exhibit A.

5.4. Second Person Fee. If there are two of you, a Second Person Fee will be paid to us on the earlier of (i) the 90th day following the date this Agreement is executed by you; or (ii) upon the date of occupancy (as defined in the Glossary). Subject to our repayment obligations outlined in Section 7, any amounts paid to us as a Second Person Fee will be the

unrestricted property of Arden Retirement, LLC or its owners and may be used by Arden Retirement, LLC or its owners for any purpose related or unrelated to the Community, at the sole discretion of Arden Retirement, LLC and its owners. Arden Retirement, LLC may distribute any such funds to its Members.

5.5. Working Capital Fee. At the same time you make your Loan and commence paying your Monthly Fee for your Residence, you will pay to us a one-time, Working Capital Fee in the amount equal to the Monthly Fee for your Residence (including a Second Person Monthly Fee if there are two of you). This is a one-time non-repayable charge, which we will place in a Working Capital Account to be used by us only for purposes related to Ardenwoods.

6. MONTHLY CHARGES.

6.1. Monthly Fee. You will pay the following Monthly Fee for accommodations, services and amenities provided under Section 1 and for the financial needs related to the Community (e.g., operating costs, working capital, capital expenditures, reserves, and debt service payments) (collectively, the "Community Related Costs"). The current Monthly Fee is \$_____. Additional services requested by you will be paid by the 15th day of each month for the additional services obtained during the preceding month.

6.2. Extra Charges. You will pay Extra Charges for the additional services and amenities provided under Section 2 as

requested by you.

6.3. Payment. On or before the 90th day following the date this Agreement is executed by you or upon the date of occupancy (as defined in the Glossary), whichever occurs first, you are obligated to pay a pro rata portion of the Monthly Fee for that month. Thereafter, you are obligated to pay the Monthly Fee by the 15th day of each month for that particular month during the term of this Agreement. Any Extra Charges for additional services requested by you will be paid by the 15th day of each month for the additional services obtained during the preceding month.

6.4. Late Payment. A late payment charge will be assessed if the Monthly Fee and Extra Charges are not received by the end of the month at the rate of 1% per month on the total delinquent amounts due. The late payment charge will cease on the date we receive payment of the total delinquent amount. However, we do not waive our right to cancel this Agreement for nonpayment of fees subject to Section 9 of this Agreement.

6.5. Changes in Monthly Fees and Extra Charges. Adjustments to the Monthly Fee are intended to cover the current and anticipated changes in Community Related Costs or as may be required by local, state or federal laws and regulations. We may adjust your Monthly Fee for current and anticipated Community Related Costs upon 30 days advance written notice or immediately without notice if change in Monthly Fee is required by local, state or federal laws or regulations.

6.6. Reserve Funds. The amount of the Monthly Fee is and will continue to be affected by our policy of maintaining reserve funds in accordance with North Carolina laws and for the financial security of the Community.

6.7. Adjustments for Absence. You will receive a credit towards your Monthly Fee if you are absent from Ardenwoods for 15 consecutive days or more. The amount of credit shall be determined by us in our sole discretion based on our then current policy regarding absences from Ardenwoods. You are required to notify administration of any absences of 15 consecutive days or more in order to qualify for the reduction in the Monthly Fee.

6.8. Cease Payment of Monthly Fee for Residence. The Monthly Fee for your Residence will cease in accordance with Section 8 or 9 if you (or both of you if there are two of you) or we cancel this Agreement in accordance with paragraph 8.4 if you die (or if there are two of you, the death of the survivor. In the event there are two of you who occupy the Residence and only one of you cancels this Agreement or dies, the Second Person Monthly Fee will cease as described in Section 6.1 and the remaining person will continue to pay the First Person Monthly Fee.

7. REPAYMENT OF FIRST PERSON FEE, SECOND PERSON FEE, AND LOAN.

7.1. Non-acceptance. If we do not accept you for residency, we will repay

to you the First Person Fee you have paid, without interest, within 30 days following our notice to you of non-acceptance.

7.2. Right of Rescission Period. You have the right to change your mind and rescind this Agreement by providing us with written notice of rescission within 30 days following the later of your execution of this Agreement or receipt by you of a Disclosure Statement. In such event, this Agreement will automatically cancel. We will return to you any amounts you have paid to us, without interest, within 30 days following your notice of rescission. Should you occupy the Residence during the rescission period, any money or property transferred to us will be repaid in full, without interest, within 60 days following your notice of rescission, except we will retain those periodic charges (including Monthly Fees) set forth in this Agreement which are applicable to the period of time you actually occupied the Residence. We cannot require you to move into the Community prior to the expiration of your thirty (30) day right of rescission period.

7.3. Change in Condition. If, prior to occupancy, (i) you (or either of you, if there are two of you) die or become unable to occupy the Residence because of illness, injury, or incapacity, or (ii) you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition, this Agreement will cancel automatically upon our receipt of your written notice of cancellation. In such event, we will repay to you (or to your legal representative or estate), without interest, the First Person Fee you have paid to us within

60 days of our receipt of your written notice of cancellation, except that we will retain an amount equal to any costs specifically incurred by us at your request, if any, and which are set forth in an separate addendum to this Agreement.

7.4. Cancellation for Reasons Other Than Set Forth in 7.1, 7.2 or 7.3 Above. If, prior to occupancy, you give us written notice of cancellation by registered or certified mail and neither paragraphs 7.1, 7.2, or 7.3 are applicable, this Agreement will be canceled upon our receipt of your written notice. In such event, we will retain \$1,000 from the amount of the First Person Fee you paid, plus an amount equal to any costs specifically incurred by us at your request, if any, and which are set forth in an addendum to this Agreement, and the balance will be repaid to you, without interest, within 60 days following our receipt of your notice of cancellation.

7.5. Repayment After Occupancy. After occupancy, your First Person Fee and Second Person Fee (if applicable) are not repayable. Should you or we cancel this Agreement, or upon the death of the surviving Resident, the repayment of your Loan will be made in accordance with the Loan Agreement, attached hereto as Exhibit A.

7.6. Right of Offset. We have the right to offset against any Loan repayment due to you or your estate: (i) any unpaid Monthly Charges owed by you, (ii) any unreimbursed expenses or charges for care in Heather Glen at Ardenwoods which we have advanced on your behalf, (iii) any amounts

deferred by us under Paragraph 9.2, and (iv) any other sums owed by you to us (including but not limited to removal of alterations to your Residence and restoring your Residence to its original condition). Any amounts owed by you to us will be payable with interest.

7.7. Beneficiary Designation. You may designate a beneficiary for receipt of the repayment of your Loan if the designation is in writing, is witnessed, is noncontingent, is specified in percentages and accounts for 100%, and has received our approval. An Assignment of Rights to Repayment may be obtained from the Executive Director.

8. YOUR CANCELLATION RIGHTS.

8.1. Prior to Occupancy. You may cancel this Agreement for any reason at any time before occupancy by giving us written notice executed by you (both of you, if there are two of you) and received by the Executive Director. If you give any such notice prior to occupancy of Ardenwoods, the cancellation will be effective as described in Section 7.

8.2. After Occupancy.

8.2.1. Written Notice. After you assume occupancy at Ardenwoods, you may cancel this Agreement at any time by giving us 120 days' advance written notice executed by you (both of you if there are two of you) and received by the Executive Director.

8.2.2. Monthly Fee. You will continue to pay your Monthly Fee until the later of (i) the expiration of the 120 day written notice of cancellation period, or (ii) the date you vacate your Residence and remove all your furniture and other property.

8.2.3. Removal of Property. If removal of your furniture and other property is not accomplished within 120 days of your written notice of cancellation, we may continue to charge the Monthly Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.2.4. Cancellation. This Agreement will cancel, and the services provided under this Agreement will cease, upon the later of (i) 120 days following the date you give us written notice of cancellation, or (ii) the date you vacate your Residence and remove all your furniture and other property.

8.2.5. Repayment of Entrance Payment. Your First Person Fee and Second Person Fee, if there are two of you, are not repayable. Your Loan will be repaid in accordance with the Loan Agreement.

8.3. Death.

8.3.1. Monthly Fee. You will continue to pay your Monthly Fee until the later of (i) your death (if there are two of you, the death of the survivor), or (ii) your vacancy of the Residence at Ardenwoods, if applicable, and removal of all your furniture and other property.

8.3.2. Removal of Property. If removal of your furniture and other property is not accomplished within 30 days of your death (if there are two of you, the death of the survivor), we may continue to charge the Monthly Fee or we may remove and store your furniture and other property at the expense and risk of you or your estate.

8.3.3. Cancellation. This Agreement will cancel, and the services provided under this Agreement will cease, upon the later of (i) your death (if there are two of you, the death of the survivor), or (ii) your vacancy of the Residence and remove all your furniture and other property.

8.3.4. Repayment of Entrance Payment. Your First Person Fee and Second Person Fee, if there are two of you, are not repayable. Your Loan will be repaid in accordance with the Loan Agreement.

9. OUR CANCELLATION RIGHTS.

9.1. Just Cause. After we have accepted you for residency, we will not cancel this Agreement except for just cause. Just cause is defined as:

9.1.1. Failure to Comply. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended or developed by us; or

9.1.2. Nonpayment. Except as set forth below, nonpayment of fees or charges; or

9.1.3. Threat to Health and Safety. Health status or behavior which constitutes a substantial threat to the health or safety of yourself, other residents, or others, including your refusal to consent to relocation, or would result in physical damage to the property of others; or

9.1.4. Change in Condition. There is a major change in your physical or mental condition that would preclude caring for you in Heather Glen at Ardenwoods within the limits of our license.

9.2. Financial Difficulty. If, after you have paid the Entrance Payment, you encounter financial difficulties making it impossible for you to pay the full Monthly Charges, then:

9.2.1. Permitted to Stay. You shall be permitted to remain at the Community for 120 days after the date of failure to pay, during which time you shall continue to pay reduced Monthly Charges based on your current income. Pursuant to paragraph 7.4, any amounts owed by you to us will be payable with interest; and

9.2.2. Terms of Stay. After the 120 days, you shall be permitted to remain at the Community at reduced Monthly Charges based on your ability to pay for so long as you establish facts to justify deferral of such charges, and the deferral of such charges can, in our sole discretion, be granted without impairing our ability to operate on a sound financial basis. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets,

after assuming residency, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, and/or supplemental insurance coverages. To evidence these agreements based on the circumstances at the time, you agree to enter into a special Financial Assistance Amendment to Residency Agreement with us at the time of any such deferrals to reflect the deferred charges currently payable and the interest rate to be applied to the deferrals and to provide us with a perfected first security interest in your Loan repayment rights. Any payments otherwise due to you from us, including the repayment of your Loan, will be offset against any such deferred charges; and

9.2.3. Guarantor. Paragraphs 9.2.1 and 9.2.2 are not applicable if, to initially qualify for residency at the Community, a third party(ies) with adequate resources agreed in writing, prior to your acceptance for residency, to guarantee payment of your obligations and is fulfilling their obligations pursuant to a guaranty of fees and other payments under the Residency Agreement.

9.3. Notice of Cancellation. Prior to any cancellation of this Agreement by us, we will give you notice in writing of the reasons and you will have 30 days thereafter to correct the problem. If we determine the problem is corrected within such time, this Agreement shall remain in effect. If the problem is not corrected within such time, we will notify you that this Agreement will be canceled, and you must leave the Community. You will continue to pay your

Monthly Fee until removal of your furniture and other property has occurred. If removal of your furniture and other property is not accomplished, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel upon the removal of your furniture and other property. Your Loan will be repaid in accordance with the Loan Agreement.

9.4. Emergency Notice. Should your continued residency pose an imminent threat of serious harm to you or other residents, and we determine that either the giving of notice or the waiting period described in Paragraph 9.3 above might be detrimental to you or other residents, then such notice and/or waiting period shall not be required before relocation to a hospital or other appropriate facility. Under such circumstances, we are expressly authorized to transfer you to such hospital or other facility, and we will promptly notify your responsible party and your attending physician. After transferring you to such hospital or other facility, we will provide you with a notice of cancellation if you will be unable to return to the Community or to Heather Glen at Ardenwoods. You will continue to pay the Monthly Fee until removal of your furniture and other property has occurred. If removal of your furniture and other property is not accomplished, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel upon the removal of your furniture and other property. If there are two of you under this Agreement and one of you is transferred to a hospital or other appropriate facility under

the circumstances described in this section, the other of you may continue to occupy the Residence or Heather Glen at Ardenwoods under the terms of this Agreement as the First Person. We are not responsible for any charges related to such transfer or relocation to a hospital or other appropriate facility. Your Loan will be repaid in accordance with the Loan Agreement.

10. MISCELLANEOUS PROVISIONS REGARDING YOUR RESIDENCE.

10.1. Use of Residence. The Residence is for living only and shall not be used for carrying on any business or profession, nor in any manner in violation of the zoning restrictions. This Agreement is not a lease and grants you only a license to the lifetime use of the Residence and other amenities of Ardenwoods, and to available services, subject to the terms and conditions of this Agreement.

10.2. Occupants of the Residence. Except as hereinafter provided, no person other than you (or both of you, if there are two of you) may occupy the Residence except with our express written approval. In the event that a second person who is not a party to this Agreement wishes to be accepted for residency under this Agreement after the date we execute this Agreement, said second person's acceptance will be based upon our then current Residency Policy. If accepted, payment of a Second Person Fee, as determined by us, and payment of the then current additional Monthly Fee for Second Persons shall be due. If such second person does not meet the

requirements for residency, such second person will not be permitted to occupy the Residence for more than 30 days (except with our express written approval), and you may cancel this Agreement as provided in Paragraph 8.2.

10.3. Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health and safety or the health and safety of other residents. If relocation is recommended by your attending physician, we will request that you relocate to another residence within Ardenwoods or to Heather Glen at Ardenwoods for the protection of your health or safety or for the health or safety of the other residents. Should it be necessary to modify facilities to meet the requirements of any applicable law or regulation which necessitate temporary vacation of your Residence, we will provide alternate facilities for you without additional cost within or outside the Community.

10.4. Furnishings. Furnishings within the Residence will not be provided by us except as stated in Section 1. Furnishings provided by you shall not interfere with the health or safety of you, other Residents, or others.

10.5. Alterations by You. You may undertake alterations to your Residence with our prior written approval as set forth in a separate Residence Modification Agreement.

10.6. Refurbishment of the Residence. Customary and normal refurbishment costs of your Residence will be borne by all

residents of Ardenwoods as part of the Monthly Fee. Any necessary refurbishment costs beyond those which are customary and normal are your responsibility and will be offset against any Loan repayment. Further, should you relocate to another residence in Ardenwoods, you may be subject to a transfer fee as set forth in our current Residence Transfer Policy.

11. YOUR REPRESENTATIONS. By executing this Agreement, you represent and warrant that: (i) you are at least 62 years of age or older at the time of occupancy or you will share a residence with another person who is at least 62 years of age; (ii) you are capable of living in a residence in accordance with our Residency Policy; (iii) you have assets and income which are sufficient under foreseeable circumstances, and after provisions for payment of your obligations under this Agreement, to meet ordinary and customary living expenses after assuming occupancy; and (iv) all written representations made to us with respect to such matters by you or on your behalf during the residency process are true.

12. MISCELLANEOUS LEGAL PROVISIONS.

12.1. Nature of Rights. You understand and agree that (i) this Agreement, or your rights (including the use of the Residence) under it, may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees or representatives, except as to receipt of the amounts described in Section 7; (ii) this Agreement and your contractual right to occupy the Community

shall exist and continue to exist during your lifetime unless canceled by you or us as provided herein; (iii) this Agreement grants you the right to occupy and use space in the Community, but does not give you exclusive possession of the Residence against us; (iv) you will not be entitled to any rights of specific performance, but will be limited to such remedies as set forth herein and as provided by Continuing Care law; (v) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by Arden Retirement, LLC; and (vi) this Agreement grants to us complete decision-making authority regarding the management and operation of the Community.

12.2. Transfers. We may from time to time issue additional equity interests or sell or transfer interest in the Community, provided that, in such latter event, the buyer will agree to assume this Agreement and all other existing Residency Agreements with the approval of the Commissioner of the North Carolina Department of Insurance. In addition, we may sell or otherwise transfer the land or other portions of the Community and lease back such land or other portions. Your signature hereto constitutes your acknowledgment that such transfer could occur.

12.3. Release. We are not responsible for loss of or damage to your personal property, and you hereby release us from such liability. You should obtain, at your own expense, insurance to protect against such losses.

12.4. Indemnity. To the extent

allowed by law, we will not be liable for, and you agree to indemnify, defend, and hold us harmless from claims, damages and expenses, including attorney's fees and court costs, resulting from any injury or death to persons and any damages to property to the extent caused by, resulting from, attributable to, or in any way connected with your negligent or intentional act or omission.

12.5. Tax Considerations. Each person considering executing this Agreement should consult with his or her tax advisor regarding the tax considerations associated with this Agreement and the Loan Agreement.

12.6. Private Employees of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency ("Personal Service Provider"). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home care agency.

12.7. Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages, permitted encumbrances as described in the Loan Agreement, or other documents creating liens encumbering the Community, which have been or will be executed by us. Upon request, you agree to sign, acknowledge, and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require.

12.8. This Agreement. This

Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement will be valid unless in writing and signed by you and us.

12.9. All Agreements. In addition, with the approval of (i) 67% or more of the residents of the Residences in Ardenwoods, who have this type of Residency Agreement, and (ii) us, all residency agreements of this type may be amended in any respect. However, no such amendment shall:

12.9.1. Reduce the percentage of residents required to consent to any such amendment; or

12.9.2. Permit the preference or priority of any resident without the consent of each resident. Upon our approval and upon our receipt of evidence of the approval of 67% or more of the residents of Residences, such amendment shall be effective, and any designated residency agreements, which may include this Agreement, will automatically be amended. Accordingly, any of the terms of this Agreement may be amended, including the scope and type of services provided, upon our approval of 67% or more of the residents of the Residences. Amendments beyond the scope and type of services provided are contingent upon the approval of the North Carolina Department of Insurance.

12.10. Law Changes. This Agreement may be modified by us at any time in order to comply with applicable federal or state laws and regulations.

12.11. Governing Law. This Agreement will be interpreted according to

the laws of the State of North Carolina and will become effective upon acceptance and execution by us. The Glossary which sets forth the definitions of certain terms used in this Agreement is by this reference incorporated herein and made a part of this Agreement.

12.12. Entire Agreement. This Agreement and any addenda or exhibits hereto contain our entire understanding with respect to your residency.

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

12.14. Residents. When Resident consists of more than one person, the rights and obligations of each of you are joint and several, except as the context of this Agreement otherwise requires.

12.15. Capacity. This Agreement has been signed by our duly authorized agent, and no officer, member, director, agent or employee of ours will have any personal liability to you hereunder under any circumstance. This Agreement will become effective upon acceptance and execution by us.

12.16. Collection Fees. You agree to pay the reasonable attorney's fees of any attorney we engage to collect any unpaid amounts you owe us under this Agreement.

12.17. Responsible Party. You agree to execute and deliver to us within 60

days after assuming residency in your Residence a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us. You agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Community.

12.18. Residents Council. Residents have the right to organize and operate a Residents Council at the Community, and to meet privately to conduct business of the Residents Council. It is our policy to encourage the organization and operation of a Residents Council.

12.19. Arbitration.

12.19.1. Voluntary Arbitration of Negligent Health Care Claims. For personal injury or wrongful death actions based on negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration after the action has occurred. N.C.G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate negligent health care claims. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90- 21.60, et seq.

12.19.2. Arbitration for Other Claims. You agree that any dis-

pute, claim or controversy of any other kind between the parties arising out of, in connection with, or relating to this Agreement and any amendment hereof, or the breach hereof, which cannot be resolved by mutual agreement or in small claims court, will be submitted to and determined by arbitration in Buncombe County, North Carolina in accordance with the Federal Arbitration Act and the then current commercial arbitration rules of the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in State law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of the Community, provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

12.19.3. Withdrawal of Agreement to Arbitrate. You may withdraw your agreement to arbitrate within 30 days after signing this Agreement by giving written notice of your withdrawal to us.

12.19.4. Binding Effect of Arbitration. This arbitration clause binds all parties to this Agreement and

their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

12.20. Funeral and Burial Services. Funeral or burial services or expenses will not be provided by us pursuant to this Agreement.

12.21. Acknowledgment of Receipt of Documents. You hereby certify that you (i) received a copy of this Agreement; (ii) received a copy of our most current Disclosure Statement; and (iii) have been permitted to inspect any additional

relevant materials requested to be reviewed by you or your representatives prior to executing this Agreement. The Disclosure Statement includes information on the organizational structure of Arden Retirement, LLC, including compensation, regulatory matters, and financial matters.

13. BENEFITS TO ARDEN RETIREMENT, LLC. Ardenwoods property is owned by Arden Retirement, LLC, a North Carolina limited liability company, qualified to do business in the State of North Carolina. Arden Retirement, LLC is not affiliated with any religious or charitable group or association. Arden Retirement, LLC is solely responsible for all financial and contractual obligations related to the community.

14. ARDENWOODS RESIDENCY AGREEMENT FEE SUMMARY.

First Person Fee (equal to 10% of the Entrance Payment) which is paid upon execution of this Agreement

\$ _____

Loan (to be paid within 90 days of the date you execute this Agreement or upon occupancy, whichever is earlier, equal to 90% of the Entrance Payment)

\$ _____

Entrance Payment (First Person Fee plus Loan)

\$ _____

Second Person Fee (to be paid within 90 days of the date you execute this Agreement or upon occupancy, whichever is earlier)

\$ _____

Working Capital Fee (to be paid within 90 days of the date you execute this Agreement or upon occupancy, whichever is earlier, equal to Monthly Fee plus Second Person Fee if applicable)

\$ _____*

Monthly Fee \$ _____*

Second Person Monthly Fee (if applicable) \$ _____*

*Working Capital Fee, Monthly Fee and Second Person Monthly Fee will be adjusted per Section 6.5.

Executed this _____ day of _____, 20_____.

RESIDENT

Witness

RESIDENT

Witness

Approved this _____ day of _____, 20_____.

ARDEN RETIREMENT, LLC
d/b/a Ardenwoods

By: _____
Authorized Representative

Residence Type _____

Residence Number _____

Entrance Payment \$ _____

Attachment:

Exhibit A – Loan Agreement



EXHIBIT A
LOAN AGREEMENT

Return of Entrance Payment Residency Agreement (6-30-2020)

Pursuant to your Residency Agreement with Arden Retirement, LLC ("we," "us," or "our"), you agreed to loan \$ _____ to us, and we hereby promise to repay your Loan upon the terms and conditions hereinafter set forth in this Loan Agreement ("Agreement"). Capitalized terms used herein shall have the same meanings as set forth in the Residency Agreement.

1. Making of Loan. Your Loan shall be made to us on the earlier of (i) the 90th day following the date the Residency Agreement is executed by you; or (ii) upon the date of occupancy (as defined in the Residency Agreement).

2. Repayment. In the event you or we cancel your Residency Agreement and remove your furniture and other property, your Loan shall become due and payable in accordance with paragraph 7.5 of your Residency Agreement upon 14 days from the date the Entrance Payment is collected for your Residence from a new resident to Ardenwoods. If your Residence is re-occupied by an existing resident of Ardenwoods who transfers from another residence ("Transferring Resident"), your Loan shall be due and payable upon the date we receive the next Entrance Payment (First Person Fee plus Loan) for the residence vacated by the Transferring Resident. If more than one internal transfer of existing residents occurs, repayment of your Loan will be tied to the last vacated residence. However, in no event shall such date be more than 36 months from the date of cancellation of your Residency Agreement at which time your loan shall become immediately due and payable to you or your estate. If your Residency Agreement is not canceled within 30 years from the date of this Agreement, your Loan shall become immediately due and payable by us. You agree to look solely to the assets of Arden Retirement, LLC for the repayment of your Loan. We may offset against any Loan repayment any amounts then due by you to us pursuant to paragraph 7.6 of your Residency Agreement.

3. Right of Offset. You agree that we have the right to offset against any Loan repayment due you or your estate (i) any unpaid Monthly Charges, per diem charges or extra charges owed by you; (ii) any unreimbursed expenses or charges for care in Heather Glen at Ardenwoods which we have advanced on your behalf; (iii) any amounts deferred by us under Paragraph 9.2 of the Residency Agreement; and (vi) any other sums owed by you to us (including but not limited to removal of alterations to your Residence and restoring the Residence to its original condition).

4. No Assignment of Loan; Successors and Assigns. Your rights under this Loan Agreement may not be sold, assigned or otherwise transferred, except to your estate, another individual(s) or to certain trusts established for your benefit, subject to our prior approval in our sole discretion. All terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Executed this _____ day of _____, 20_____.

RESIDENT

Approved this _____ day of _____, 20_____.

Witness

ARDEN RETIREMENT, LLC
d/b/a Ardenwoods

RESIDENT

By: _____

Witness

Its: _____

Exhibit B
List of Extra Charges

Fee Schedule

Dining Services

Guest Meals

- Lunch and Dinner - Adult (13 years of age & older).....\$13.00
 - Child (5 to 12 years of age).....\$8.00
 - Child (Under 5 years of age).....Free
- Sunday Brunch
 - Adult.....\$16.00
 - Child.....\$8.00
- Special Event Dinners
 - Adult.....\$18.00
 - Child.....\$8.00
- Additional Resident Meals.....\$10.00
- Meal Delivery Service (delivery per apartment).....\$3.00
 - Complimentary 3 meal deliveries per month.
 - Inclement weather deliveries not charged.
- For private parties of more than 8 an additional service fee will apply
Catering available upon request

Maintenance/Housekeeping

- Maintenance/Housekeeping.....\$25.00/hour

Business Office

- Book of stamps (20).....USPS regulation
- Greeting Cards.....\$2.00 each

Guest Apartment

- Guest apartment (1 Bedroom).....\$90.00/Night
- Guest apartment (2 Bedroom).....\$100.00/Night
- Guest apartment (3 Bedroom).....\$110.00/Night

Transportation

- Private driving (30 min. increments).....Mileage plus \$20.00/hr.
- Asheville Airport Flat Rate (To or From).....\$15.00

Replacement Costs

- Pendants.....\$165.00
- Cable TV Remote.....\$25.00
- Gate Remote.....\$45.00
- Keys.....\$5.00
- Key Rings.....\$3.00
- Name Badges.....\$10.00
- Storage Unit Lock.....\$15.00
- Vehicle Permit.....\$3.00

Exhibit C
Financial Statements

ARDEN RETIREMENT, LLC

Financial Statements
For the Calendar Year Ended December 31, 2021

ARDEN RETIREMENT, LLC
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

Contents

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"B"	Statement of Income
"C"	Statement of Members' Equity (Deficit)
"D"	Statement of Cash Flows

Notes to Financial Statements

JAMES A. LUCAS AND COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

4909 Western Boulevard, Suite 200
Raleigh, North Carolina 27606
www.jalucas.com

Telephone: 919-851-4696
Facsimile: 919-859-5598
Email: info@jalucas.com

Independent Auditors' Report

To the Members
Arden Retirement, LLC
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Arden Retirement, LLC (the Company), which comprise the balance sheet as of December 31, 2021, and the related statements of operations, members' equity, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

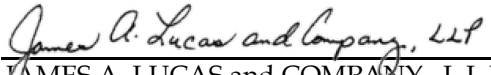
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arden Retirement, LLC as of December 31, 2021 and the results of its operations and its cash flows for the calendar year then ended in conformity with accounting principles generally accepted in the United States of America.

Sincerely,



JAMES A. LUCAS and COMPANY, L.L.P.
Certified Public Accountants
May 10, 2022

ARDEN RETIREMENT, LLC
BALANCE SHEET
DECEMBER 31, 2021

<u>ASSETS</u>	<u>December 31, 2021</u>
<u>Current Assets</u>	
Cash and cash equivalents	\$ 901,582
Accounts receivable	33,010
Accounts receivable, affiliate	63,007
Inventories	26,369
Prepaid expenses and other	34,867
Total current assets	<u>1,058,835</u>
<u>Assets whose use is limited or restricted</u>	
Resident funds	1,964
Statutory operating reserve fund-Money Market	56,507
Statutory operating reserve fund-Investment	2,034,320
Total assets whose use is limited or restricted	<u>2,092,791</u>
<u>Fixed Assets</u>	
Operating property, net of accumulated depreciation	12,008,005
<u>Other Assets</u>	
Goodwill, net of accumulated amortization	11,924,306
Total other assets	<u>11,924,306</u>
	<u><u>\$ 27,083,937</u></u>

See Accompanying Notes and Independent Auditors' Report

<u>LIABILITIES AND MEMBERS' EQUITY</u>	<u>December 31, 2021</u>
<u>Current Liabilities</u>	
Accounts payable, trade	\$ 176,893
Accrued expenses	131,260
Refundable deposits	113,550
Loans from residents, current portion	1,647,900
Notes payable-First Citizens, current portion	319,494
Total current liabilities	<u>2,389,097</u>
<u>Long-Term Liabilities</u>	
Personal accounts, assisted living residents	1,964
Deferred revenue	936,407
Loans from residents, less current portion	17,633,848
Notes payable-First Citizens, less current portion	10,592,603
Total long-term liabilities	<u>29,164,822</u>
Total liabilities	31,553,919
<u>Members' Equity</u>	
Members' equity (deficit)	<u>(4,469,982)</u>
	<u><u>\$ 27,083,937</u></u>

See Accompanying Notes and Independent Auditors' Report

ARDEN RETIREMENT, LLC
STATEMENT OF INCOME
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

	December 31, 2021	
	Amounts	Percent Of Revenue
Revenues:		
Apartment revenues	\$ 3,386,215	53.46 %
Assisted living revenues	2,405,005	37.97
Amortization of nonrefundable entrance payments	325,318	2.97
Working capital fees	82,268	1.30
Other revenues	134,840	2.13
Total revenues	6,333,646	97.83
Operating expenses:		
Payroll costs and employee benefits	3,019,095	47.67
Utilities	319,366	5.04
Maintenance and supplies	98,158	1.55
Expendable furnishings and equipment	7,451	0.12
Landscape maintenance and improvements	10,424	0.16
Vehicle costs	16,680	0.26
Apartment turnover maintenance	121,219	1.91
Information technology	83,916	1.32
Promotion and sales costs	243,338	3.84
Resident activities and entertainment	31,734	0.50
Resident dining	429,420	6.78
Health care services	16,507	0.26
Wellness program	19,813	0.31
Penalties paid	4,500	0.07
Professional fees	52,038	0.82
Postage and shipping	2,742	0.04
Equipment leases	13,222	0.21
Licenses and permits	6,648	0.10
Professional membership dues	1,515	0.02
Miscellaneous expenses	4,529	0.07
Office supplies and printing	13,134	0.21
Subscriptions	405	0.01
Supplies	7,171	0.11
Bank fees, late fees and finance charges	4,897	0.08
Employee travel	1,512	0.02
Insurance	86,737	1.37
Service contracts	469,061	7.41
Property taxes	103,262	1.63
Interest expense	438,637	6.93
Depreciation	916,468	14.47
Amortization	1,125,462	17.77
Total operating expenses	7,669,061	121.06

Continued-

See Accompanying Notes and Independent Auditors' Report

ARDEN RETIREMENT, LLC
STATEMENT OF INCOME
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

	December 31, 2021	
	<u>Amounts</u>	<u>Percent Of Revenue</u>
Loss from operations	\$ (1,335,415)	(23.23) %
Other income (expense):		
Provider Relief funds	87,703	1.38
Interest income	218	0.00
Dividend income	5,950	0.09
Realized gain on investments	130,277	2.06
Unrealized gain on investments	176,796	2.79
Total other income (expense)	<u>400,944</u>	<u>6.32</u>
Net loss	<u>\$ (934,471)</u>	<u>(16.91) %</u>

See Accompanying Notes and Independent Auditors' Report

ARDEN RETIREMENT, LLC
STATEMENT OF MEMBERS' EQUITY (DEFICIT)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

Members' equity, January 1, 2021	\$ (2,613,761)
Net loss	(934,471)
Distribution to members	<u>(921,750)</u>
Members' equity (deficit), December 31, 2021	<u><u>\$ (4,469,982)</u></u>

See Accompanying Notes and Independent Auditors' Report

ARDEN RETIREMENT, LLC
STATEMENT OF CASH FLOWS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021

	December 31, 2021
Cash Flows From Operating Activities	
Net income from operations	\$ (934,471)
Add (deduct) items not affecting cash	
Depreciation and amortization	2,041,930
Unrealized gain on investments	(176,796)
Realized gain and earnings on investments	(136,242)
(Increase) Decrease in:	
Accounts receivable	45,490
Accounts receivable, affiliate	4,775
Inventories	(1,681)
Prepaid expenses and other	(18)
Increase (Decrease) in:	
Accounts payable	(15,704)
Accrued expenses	24,188
Refundable deposits	22,850
Personal accounts, assisted living residents	(519)
Deferred revenue	45,982
Net cash flow from operating activities	919,784
Cash Flows From Investing Activities	
Purchase of property and equipment	(293,986)
Cash (used) provided by investing activities	(293,986)
Cash Flows From Financing Activities	
Loan proceeds	3,053,700
Principal payments on notes	(2,852,401)
Member distributions	(921,750)
Cash provided (used) by financing activities	(720,451)
Net (decrease) increase in cash	(94,653)
Cash and cash equivalents - beginning of year	1,054,706
Cash and cash equivalents - end of year	\$ 960,053
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest (net of amounts capitalized)	\$ 437,637
Income taxes	\$ -

See Accompanying Notes and Independent Auditors' Report

ARDEN RETIREMENT, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Arden Retirement, LLC is presented to assist in understanding the company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted standards.

Nature of Operations

Arden Retirement, LLC, a North Carolina limited liability company (the Company), was formed in 2017 to acquire, own and operate a continuing care retirement community located in Arden, North Carolina. The original members were Western NC Retirement II, LLC, a North Carolina company owning a 20% interest, and AW Equity, LLC, a North Carolina company owning an 80% interest. Western NC Retirement II, LLC is solely owned by David Ammons. Mr. Ammons gifted his entire 20% interest in Arden Retirement, LLC to Ammons 2021 Irrevocable GST Trust on December 13, 2021. The retirement community consists of a 48 acre campus with 92 available residential units and a 48 bed assisted living facility.

Accounting Estimates

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

Accounting for Uncertainty in Income Taxes

The Company files income tax returns in the U.S. federal and North Carolina jurisdictions. The Company is subject to U.S. federal and North Carolina income tax examinations by tax authorities for its 2019, 2020 and 2021 tax years.

Management has evaluated the effect of the guidance provided by U.S. generally accepted accounting principles on Accounting for Uncertainty in Income Taxes. The Company's policy is to record a liability of any tax position taken that is beneficial to the company, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination.

Management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Company had no uncertain tax positions at December 31, 2021 and, accordingly, no liability has been recorded.

Cash and Cash Equivalents

Cash and cash equivalents is defined as cash and other amounts readily convertible into cash in three months or less with no significant change in value.

continued -

ARDEN RETIREMENT, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivable

Accounts receivable are stated net of the allowance for doubtful accounts. Management determines the allowance for doubtful accounts by reviewing each account for its potential for collection. Accounts are routinely reviewed and are written off when deemed uncollectible. At December 31, 2021 management determined that no allowance was required.

Assets Whose Use is Limited or Restricted

The North Carolina Department of Insurance (DOI) General Statute Chapter 58, Article 64 sets forth minimum operating reserve requirements. This legislation requires an operating reserve in the amount of 25% of forecasted annual operating expenses, less depreciation and amortization, at an occupancy level of 90% or higher. The operating reserve requirement increases to 50% of annual operating expenses, less depreciation and amortization, when occupancy is below 90%.

At December 31, 2021 the Company's occupancy was above 90 percent. The amount of the operating reserve at December 31, 2021 was \$2,090,827. The minimum required operating reserve based on occupancy at December 31, 2021 was \$1,454,000.

The company holds funds for residents living in the assisted living center in cash and in a separate bank account. These funds remain the property of the individual resident. The total amount of these funds at 12/31/21 was \$1,964.

Inventory

Inventory consists primarily of food and beverage supplies. Inventory is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. Inventory is periodically analyzed for potential obsolescence and slow-moving items based upon numerous factors. Inventory that is designated as obsolete or slow-moving is reduced to its net realizable value.

Operating Property

Operating property is carried at cost less accumulated depreciation. Costs incurred related to the acquisition of land, buildings and equipment and furnishings have been capitalized and are being depreciated using the straight-line method over the life of the respective assets or period of anticipated benefits. The cost of maintenance and repairs is expensed as incurred while significant renovations are capitalized.

Fair value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables and other assets approximate fair value. Investments are recorded at fair value as of the date of the financial statements. The carrying amount of accounts payable, accrued expenses and other liabilities approximate fair value.

continued -

ARDEN RETIREMENT, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - continued

Goodwill

Arden Retirement LLC purchased the retirement facility on September 1, 2017 from Ardenwoods LLC. Of the total purchase price, \$16,771,618 was designated as goodwill. Accumulated amortization was \$4,847,312 at December 31, 2021.

Goodwill is being amortized over a 15-year life (180 months), which is estimated to be the useful life. Amortization expense of \$1,118,108 was recorded for the year ended 2021.

Compensated Absences

While employed by the Company, employees are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. Accrued vacation at December 31, 2021 was \$75,115 and is included in accrued expenses.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenues from Contracts with Customers (Topic 606.) The objective of ASU 2014-09 is to establish a single, comprehensive, five-step model for entities to use in accounting for revenue arising from contracts with customers that supersedes nearly all prior revenue recognition guidance, including industry-specific guidance. The standard requires entities to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time based on when control of good and services transfer to a customer.

The residents pay an Entrance Payment, net of funds previously paid, consisting of a First Person Fee (and Second Person Fee, if applicable) and a Loan. The First Person Fee (and Second Person Fee, if applicable) are recorded as deferred revenue and are amortized into income over the estimated life expectancy of the individuals occupying the unit. When the last resident of a particular unit moves out of the Community, the unamortized portion of the deferred revenue is earned and reclassified to revenue. This treatment was allowed under the previous revenue recognition standard as well as the current standard and management believes it is the best method for measuring revenue recognition from nonrefundable entrance fees.

The residents pay a working capital fee equal to the then-current monthly fee (described below). When the right to access a residential unit is established, this one-time non-refundable fee is recognized as income. Its use is restricted for purposes specified in the Residency Agreements.

Monthly fees and other amenity fees entitle residents to use the residential facilities and other amenities. This fee periodically changes based on inflation or increased operating costs. Because a resident has the right to move out and discontinue paying the monthly fee at any time, the monthly fee is recorded as monthly revenue and is generally a monthly contract with the option to renew.

continued -

ARDEN RETIREMENT, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - continued

Significant Judgements Applied

The amortization of nonrefundable entrance fees into revenue is based on life expectancy of the resident using actuarial assumptions provided by Continuing Care Retirement Community industry demographic and transfer mortality tables. At present, these values appear reasonable and appropriate, but actual life expectancies depend on events and environmental influences outside the Company's control.

Advertising

Arden Retirement, LLC expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

NOTE B - RESIDENCY AGREEMENTS

The Company has entered into Residency Agreements (Agreements) with occupants and prospective occupants. The resident pays an Entrance Payment consisting of a First Person Fee (and Second Person Fee, if applicable) and a Loan. Prior to occupancy, Entrance Payments are refundable, subject to certain limitations in the Agreements. As of December 31, 2021, refundable Entrance Payments were \$113,550. At the time of occupancy, the portion of the Entrance Payment that is ultimately non-refundable is recorded as deferred revenue and is amortized to revenue as described in Note A.

The Agreements also provide that the resident will, upon occupancy or within a period of time as defined in the Agreements, make a Loan to the Company. The Loans bear no interest and shall be repaid per the terms of the Agreements. The Loans of residents who entered into their Agreement prior to October 18, 2008 are secured by a deed of trust, subject to certain permitted encumbrances, on the real estate owned by the Company. As of December 31, 2021, Loans were \$19,281,748. Included in the long-term portion of the Loans from Residents balance were \$1,647,900 related to unoccupied units not yet resold as of December 31, 2021.

Residents also pay a monthly fee for services as provided in their agreement.

NOTE C - CONTRACT COSTS

Following is an analysis of the activity in the contract balances during the year. Contract revenues arise when the Company transfers goods or services to a resident in advance of receiving consideration from the resident. Contract liabilities represent the Organization's obligation to transfer services to a resident when consideration has already been received by the resident.

Contract Assets	
Balance, beginning of year	\$78,500
Effects of cumulative revenue adjustments	<u>(45,490)</u>
Balance, end of year	<u><u>\$33,010</u></u>

continued -

ARDEN RETIREMENT, LLC
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE C - CONTRACT COSTS- continued

Contract Liabilities	
Balance, beginning of year	\$ 890,425
New fees	371,300
Amortization	<u>(325,318)</u>
Balance, end of year	<u><u>\$ 936,407</u></u>

NOTE D - INVESTMENTS

The investments consist of cash and marketable securities and are presented in the financial statements at fair value based on quoted prices in active markets (all Level 1 measurements). Market risk could occur and is dependent on the future changes in market prices of the various investments held. An analysis of the investments held as of December 31, 2021 is as follows:

	Fair Value	Cost
Mutual Funds	<u>\$ 2,034,320</u>	<u>\$ 1,857,525</u>

Net investment income from these investments for the year ended December 31, 2021 is summarized as follows:

Interest and dividend income	\$ 23,792
Investment expenses	\$ (17,826)
Net realized and unrealized gains/ (losses)	<u>307,073</u>
Net investment income/ (loss)	<u><u>\$ 313,039</u></u>

NOTE E - FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification topic 820 related to Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2- Financial instruments valued using inputs that include quote prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3- Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

continued -

ARDEN RETIREMENT, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE E - FAIR VALUE OF INVESTMENTS - continued

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Below are the Company's financial instruments carried at fair value on a recurring basis at December 31, 2021:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
First Citizens Wealth Management	\$2,034,320	\$ -	\$ -	\$2,034,320
Total	\$2,034,320	\$ -	\$ -	\$2,034,320

NOTE F - NOTES PAYABLE

A schedule of notes payable at December 31, 2021, follows:

	Current Portion	Long-Term Portion	Total
First Citizens Bank Loan Secured by a deed of trust on the property and equipment. Payable \$64,480 monthly including interest at 3.90%, maturing September 1, 2024.	319,494	10,592,603	10,912,097
Totals	\$ 319,494	\$ 10,592,603	\$ 10,912,097

The following is a schedule by years of the principal maturities of notes payable:

Maturing Year	Maturity Amount
2022	319,494
2023	361,435
2024	10,231,168
Thereafter	-
	<u>\$ 10,912,097</u>

Interest expense for the year ended December 31, 2021 totaled \$438,637.

The loan agreement with First Citizens Bank requires that the Company's simple cash flow remain at or greater than a ratio of 1.25 to 1.00. At December 31, 2021, this ratio was calculated at 2.01 to 1.00.

The Company also has a revolving line of credit at First Citizens Bank in the maximum amount of \$767,000 with interest payable monthly at Libor plus 2% that had a zero balance at December 31, 2021. This revolving line of credit matures on August 1, 2022.

continued -

ARDEN RETIREMENT, LLC
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE G - RELATED PARTY TRANSACTIONS

The retirement community is managed by Ardenwoods-RLA, Inc., which is solely owned by David Ammons. The Company paid Ardenwoods-RLA, Inc. \$304,706 under the management agreement for calendar year 2021. As reflected on Exhibit A, at December 31, 2021, there was an amount due from Ardenwoods-RLA, Inc. of \$63,007.

NOTE H - INCOME TAXES

The Company is not subject to income taxes. Each member is taxed on its share of the Company's taxable income, whether or not distributed, and reports on its tax return, its share of any net income or loss of the Company. As a consequence, no provision is made in these financial statements for income taxes, or penalties and interest thereon.

NOTE I - OPERATING PROPERTY

Operating property consists of the following at December 31:

	Estimated Useful Lives	2021
Land	Indefinite	\$ 705,600
Building and building improvements	5 - 27 years	13,081,909
Equipment and furnishings	3 - 10 years	3,129,891
		<u>16,917,400</u>
Less accumulated depreciation		4,909,395
Total operating property		<u><u>\$ 12,008,005</u></u>

NOTE J - EMPLOYEE BENEFIT PLAN

Available to all eligible employees of the Company is a 401(K) plan under which the Company provides a 40% matching contribution on up to 4% of salary deferrals. The Company made matching contributions of \$19,825 in 2021.

NOTE K - CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash balances in multiple bank accounts at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of December 31, 2021. As of December 31, 2021, \$756,424 was not insured. All of this amount was on deposit at First Citizens Bank and results in part from the mortgage loan requirement that Arden Retirement, LLC maintain its primary operating accounts at First Citizens Bank for the life of the loan.

continued -

ARDEN RETIREMENT, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE L - COMMITMENTS AND CONTINGENCIES

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

NOTE M - OTHER INCOME

During 2021, the company received a grant in the amount of \$87,703 from the Department of Health and Human Services Provider Relief Fund for being a health care provider.

NOTE N - SUBSEQUENT EVENTS

The company has evaluated subsequent events through May 10, 2022 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. The COVID-19 Pandemic continues to disrupt the US and Global economy. The effects of the pandemic are unknown. An estimate of the effect on these financial statements cannot be made.

Exhibit D
Compilation of Financial Projections

ARDEN RETIREMENT, LLC
Forecasted Financial Statements

For the Calendar Years Ending
December 31, 2022, 2023, 2024, 2025 and 2026

Arden Retirement, LLC
For the Calendar Years Ending December 31, 2022 through 2026

Contents

Accountants' Compilation Report

Exhibits

"A"	Forecasted Balance Sheets
"B"	Forecasted Statements of Income and Members' Equity
"C"	Forecasted Statements of Cash Flows

Summary of Significant Forecast Assumptions and Accounting Policies

JAMES A. LUCAS AND COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Management
Arden Retirement, LLC
Raleigh, North Carolina

Management is responsible for the accompanying forecast of Arden Retirement, LLC which comprises the forecasted balance sheets as of December 31, 2022 through December 31, 2026 and the forecasted statements of income and changes in members' equity and cash flows for the calendar years then ending, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the 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 forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

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

Sincerely,

James A. Lucas and Company, LLP

James A. Lucas and Company, LLP
Certified Public Accountants
Raleigh, North Carolina
May 13, 2022

Arden Retirement, LLC
Forecasted Balance Sheets
As of December 31, 2022 through 2026
(Dollars in thousands)

	December 31, 2022	December 31, 2023
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 2,357	\$ 3,211
Accounts receivable	99	102
Inventory	27	28
Prepaid expenses	36	37
Total Current Assets	2,519	3,378
<u>Restricted Assets</u>		
Personal funds-assisted living	2	2
Statutory operating reserve fund	1,526	1,590
Total Restricted Assets	1,528	1,592
<u>Fixed Assets</u>		
Operating property, net of accumulated depreciation	11,307	10,883
<u>Other Assets</u>		
Goodwill, net of accumulated amortization	10,806	9,688
Total Other Assets	10,806	9,688
Total Assets	\$ 26,160	\$ 25,541
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 183	\$ 188
Accrued expenses	136	140
Refundable deposits	117	121
Current maturities of long-term debt	361	377
Loans from residents, current portion	2,026	2,055
Total Current Liabilities	2,823	2,881
<u>Long-Term Liabilities</u>		
Personal accounts, assisted living	2	2
Deferred revenue - non-refundable entrance payments	1,142	1,321
Entrance payment loans from residents	17,486	17,741
Long-term debt, less current maturities	10,231	9,855
Total Long-Term Liabilities	28,861	28,919
Total Liabilities	31,684	31,800
<u>Members' Equity</u>		
Members' equity	(5,524)	(6,259)
Total Members' Equity	(5,524)	(6,259)
Total Liabilities and Members' Equity	\$ 26,160	\$ 25,541

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

Exhibit "A"

December 31, 2024	December 31, 2025	December 31, 2026
\$ 4,206	\$ 5,319	\$ 6,674
105	108	111
29	30	30
38	39	41
<u>4,378</u>	<u>5,496</u>	<u>6,856</u>
2	2	2
1,632	1,675	1,695
<u>1,634</u>	<u>1,677</u>	<u>1,697</u>
10,489	10,109	9,745
8,570	7,452	6,334
<u>8,570</u>	<u>7,452</u>	<u>6,334</u>
<u>\$ 25,071</u>	<u>\$ 24,734</u>	<u>\$ 24,632</u>
\$ 195	\$ 201	\$ 207
144	149	153
124	128	132
396	412	429
2,090	2,130	2,174
<u>2,949</u>	<u>3,020</u>	<u>3,095</u>
2	2	2
1,471	1,633	1,767
18,042	18,384	18,764
9,458	9,045	8,617
<u>28,973</u>	<u>29,064</u>	<u>29,150</u>
31,922	32,084	32,245
<u>(6,851)</u>	<u>(7,350)</u>	<u>(7,613)</u>
<u>(6,851)</u>	<u>(7,350)</u>	<u>(7,613)</u>
<u>\$ 25,071</u>	<u>\$ 24,734</u>	<u>\$ 24,632</u>

Arden Retirement, LLC
Forecasted Statements of Income and Changes in Members' Equity
For the Calendar Years Ending December 31, 2022 through 2026
(Dollars in thousands)

	December 31, 2022	December 31, 2023
<u>Revenues</u>		
Independent living service fees	\$ 3,635	\$ 3,744
Assisted living service fees	2,634	2,713
Other revenue	225	233
Amortization of entrance payments	173	211
Interest and dividend income	71	97
Investment gain or loss	-	-
Total Revenues	6,738	6,998
<u>Expenses</u>		
Payroll costs and employee benefits	3,140	3,250
Utilities	332	344
Maintenance, supplies and equipment	264	273
Information technology	87	90
Promotion and sales costs	253	262
Resident services	517	536
Administrative expenses	224	232
Insurance	90	93
Service contracts	488	505
Interest expense	390	412
Depreciation	882	611
Amortization	1,125	1,125
Total Expenses	7,792	7,733
Net Income (Loss) from Operations	(1,054)	(735)
Increase (decrease) in Members' equity	(1,054)	(735)
Members' equity(deficit) - beginning of year	(4,470)	(5,524)
Members' equity(deficit) - end of year	\$ (5,524)	\$ (6,259)

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

Exhibit "B"

December 31, 2024	December 31, 2025	December 31, 2026
\$ 3,857	\$ 3,972	\$ 4,091
2,795	2,879	2,965
241	249	258
251	251	292
125	156	191
-	-	-
<u>7,269</u>	<u>7,507</u>	<u>7,797</u>
3,347	3,448	3,551
354	365	376
282	290	299
93	96	99
270	278	286
552	568	585
239	246	154
96	99	102
520	536	552
397	377	362
586	578	569
1,125	1,125	1,125
<u>7,861</u>	<u>8,006</u>	<u>8,060</u>
(592)	(499)	(263)
<u>(592)</u>	<u>(499)</u>	<u>(263)</u>
<u>(6,259)</u>	<u>(6,851)</u>	<u>(7,350)</u>
<u>\$ (6,851)</u>	<u>\$ (7,350)</u>	<u>\$ (7,613)</u>

Arden Retirement, LLC
Forecasted Statements of Cash Flows
For the Calendar Years Ending December 31, 2022 through 2026
(Dollars in thousands)

	December 31, 2022	December 31, 2023
	<u> </u>	<u> </u>
Cash Flows from Operating Activities		
Increase (Decrease) in Members' Equity	\$ (1,054)	\$ (735)
Adjustments to reconcile increase (decrease) in members' equity to net cash provided by (used in) operating activities		
Depreciation	882	611
Amortization	1,125	1,125
Amortization of nonrefundable entrance payments	(173)	(211)
Proceeds from entrance payments - non-refundable	379	390
(Increase) Decrease in:		
Accounts receivable	(3)	(3)
Inventories	(1)	(1)
Prepaid expenses and other	(1)	(1)
Increase (Decrease) in:		
Accounts payable	6	5
Accrued expenses	5	4
Net cash provided by (used in) operating activities	<u>1,165</u>	<u>1,184</u>
 Cash Flows from Investing Activities		
(Increase) decrease in assets whose use is limited	(72)	(64)
Purchase of property and equipment	(188)	(194)
Net cash provided by (used in) investing activities	<u>(260)</u>	<u>(258)</u>
 Cash Flows from Financing Activities		
Proceeds from entrance payments - refundable	2,920	3,007
Repayment of entrance payment loans	(2,691)	(2,723)
Net proceeds from wait list deposits	3	4
Principal payments on bank loan	(320)	(360)
Net cash provided by (used in) financing activities	<u>(88)</u>	<u>(72)</u>
 Increase (Decrease) in cash	817	854
 Cash and cash equivalents - beginning of year	<u>1,540</u>	<u>2,357</u>
 Cash and cash equivalents - end of year	<u>\$ 2,357</u>	<u>\$ 3,211</u>
 Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	<u>\$ 390</u>	<u>\$ 412</u>

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

Exhibit "C"

December 31, 2024	December 31, 2025	December 31, 2026
\$ (592)	\$ (499)	\$ (263)
586	578	569
1,125	1,125	1,125
(251)	(251)	(292)
401	413	427
(3)	(3)	(3)
(1)	(1)	-
(1)	(1)	(2)
7	6	6
4	5	4
<u>1,275</u>	<u>1,372</u>	<u>1,571</u>
(42)	(43)	(20)
<u>(200)</u>	<u>(206)</u>	<u>(212)</u>
(242)	(249)	(232)
3,098	3,191	3,286
(2,762)	(2,809)	(2,862)
3	4	4
<u>(377)</u>	<u>(396)</u>	<u>(412)</u>
<u>(38)</u>	<u>(10)</u>	<u>16</u>
995	1,113	1,355
<u>3,211</u>	<u>4,206</u>	<u>5,319</u>
<u>\$ 4,206</u>	<u>\$ 5,319</u>	<u>\$ 6,674</u>
<u>\$ 397</u>	<u>\$ 377</u>	<u>\$ 362</u>

Arden Retirement, LLC
Summary of Significant Forecast Assumptions and Accounting Policies
December 31, 2022 through 2026

Note A - Nature of the Forecasts

This financial forecast presents, to the best of management's knowledge and belief, the Company's expected financial position, results of activities and changes in members' equity and cash flows for the forecast period. Accordingly, the forecast reflects management of the Company's ("Management") judgment as of May 13, 2022, the date of this forecast, of the expected conditions and its expected course of action.

There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Management's purpose in releasing this financial projection is for inclusion in the Company's disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose.

Note B - Background of the Entity

The Entity is a North Carolina manager-managed for-profit limited liability company formed for the purpose of acquiring and owning a retirement community known as Ardenwoods Continuing Care Retirement Community (the "Community"). The Entity is 80 percent owned by AW Equity LLC ("AW Equity") with the remaining 20 percent owned by Ammons 2021 Irrevocable GST Trust. David W. Ammons is the Grantor of the trust and the sole owner of Ardenwoods-RLA, Inc., a North Carolina corporation that manages and develops retirement communities.

The Community is located on approximately 48 acres in Arden, North Carolina at 2400 Appalachian Boulevard and provides a continuum of residential accommodations that currently include 96 independent living apartments (the "Independent Living Units"), and 48 assisted living units (the "Assisted Living Units"). The Community includes two campuses that separately house the Independent Living Units (the "Upper Campus"), the Assisted Living Units (the "Lower Campus"), and a main common area (the "Clubhouse").

The following table summarizes the type, number, approximate square footage, monthly fees ("Monthly Fees") and entrance payments ("Entrance Payments") for the Independent Living Units and the Assisted Living Units.

continued -

Arden Retirement, LLC
Summary of Significant Forecast Assumptions and Accounting Policies
December 31, 2022 through 2026

Note B - Background of the Entity - continued

Table 1				
Unit Configuration and Fees				
Unit Type	Number of Units/Beds	Square Footage	Monthly Fees⁽¹⁾⁽²⁾⁽³⁾	Entrance Payment⁽⁴⁾
The Upper Campus:				
<i>Independent Living Apartments</i>				
<i>Azalea:</i>				
One bedroom	20	680	\$ 2,812	\$ 181,000
One bedroom with Patio	3	680	2,812	211,000
<i>Laurel:</i>				
Two bedroom	41	1,039	3,318	255,000
Two bedroom with Patio	6	1,039	3,318	285,000
<i>Dogwood:</i>				
Three bedroom	20	1,203	3,552	313,000
Three bedroom with Patio	6	1,203	3,552	343,000
Total/Weighted Average	96	997	\$ 3,260	\$ 257,667
The Lower Campus:				
<i>Assisted Living Units</i>				
<i>Studio/Private</i>				
	48	360	\$ 4,989	\$ 2,500
Total/Weighted Average	48	360	\$ 4,989	\$ 2,500
Total	144			

Source: Management

(1) Monthly fees in effect for fiscal year ending December 31, 2022.

(2) The second person monthly fee for Independent Living Units and Assisted Living Units is \$883 and \$1,529 respectively.

(3) Level I & Level II Care Fees for Assisted Living Units are \$500 and \$750, respectively.

(4) Entrance Payments for the Independent Living Units are comprised of a non-refundable fee (the "First Person Fee") equal to 10 percent of the Entrance Payment and a non-interest bearing loan (the "Loan") equal to 90 percent of the Entrance Payment, repayable under terms outlined in the Residency Agreement (hereinafter defined).

continued -

Arden Retirement, LLC
Summary of Significant Forecast Assumptions and Accounting Policies
December 31, 2022 through 2026

Note C - Residency Agreement

The residency agreement (“Residency Agreement”) is a contract under which the Company is obligated, upon payment by the Resident of an Entrance Payment (and a “Second Person Fee”, if applicable) and ongoing payments of the monthly fee to the Company, to provide certain services to the Resident. While the Resident occupies an Independent Living Unit, services provided include: food service including one meal for each day in the month at no additional cost; all utilities, including basic cable and wi-fi and excluding telephone; maintenance of both the unit and the grounds and equipment; security service; housekeeping and laundry services, with laundry facilities; fitness and well-being activities; scheduled local transportation; planned social, recreational and cultural activities; health navigator for all residents; and use of the community areas and other common activity facilities.

The Entrance Payment is comprised of the First Person Fee, which is equal to 10 percent of the total Entrance Payment and is nonrefundable upon occupancy of the Independent Living Unit. The noninterest bearing Loan is equal to 90 percent of the Entrance Payment and is repayable upon (1) termination of the Residency Agreement or vacancy of the Independent Living Unit and transfer to an Assisted Living Unit; and (2) the earlier of reoccupancy of the Independent Living Unit or 36 months from the date of termination of the Residency Agreement. The Second Person Fee is non-refundable upon occupancy of the Independent Living Unit.

Note D - General Accounting Policies

Basis of Accounting

The Company maintains its accounting and financial records according to the accrual basis of accounting.

Deferred Costs

Costs associated with the issuance of the related financing are assumed to be capitalized and amortized over the expected life of the 2017 Bank Loan using the effective interest method. Management has implemented ASU No. 2015-03 “Interest - Imputation of Interest” and simplified the presentation of debt issuance costs. Under the new Standard, the debt issuance costs are netted against the related debt on the balance sheet and the amortization is included in interest expense on the statement of income and changes to member's equity.

Property, Equipment and Depreciation Expense

Property and equipment are recorded at cost. Depreciation expense is calculated on the double and 150 percent declining balance methods over the estimated useful lives of depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.

continued -

Arden Retirement, LLC
Summary of Significant Forecast Assumptions and Accounting Policies
December 31, 2022 through 2026

Note D - General Accounting Policies - continued

Assets Limited as to Use

Assets limited as to use are assumed to be carried at fair value, which, based on the nature of the underlying securities, is assumed to approximate historical cost. Management assumes no material changes in fair values that result in material net realized or unrealized gains or losses during the forecast period.

Investment Income

Investment income, other than that capitalized as part of Community costs, is reported as operating revenue unless restricted by donor or law. Management's goal is to achieve a conservative rate of return that protects the residents' assets to fully comply with North Carolina Department of Insurance statutory requirements. A 3 percent return is projected.

Deferred Revenue from Entrance Payments

The non-refundable portion of Entrance Payments received are recorded as deferred revenue and are recognized as operating income using the straight-line method over the estimated remaining life expectancy of the residents in the Independent Living Units.

Entrance Payment Loans from Residents

The Entrance Payment Loans are repayable without interest upon the earlier of reoccupancy of the Resident's Independent Living Unit or after a specified period of time from death or cancellation of the Residency Agreement and is maintained as a liability, reflecting the Company's future obligation for repayment.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid securities with an original maturity of three months or less when purchased.

continued -

Arden Retirement, LLC
 Summary of Significant Forecast Assumptions and Accounting Policies
 December 31, 2022 through 2026

Note E - Summary of Significant Accounting Policies

Independent Living Revenue

Resident service revenue for residents living in the Independent Living Units is based upon the assumed occupancy and the Monthly Fees of the respective units. The Independent Living Units' Monthly Fees are assumed to increase 3.5% for 2022 and 3% annually thereafter.

The Independent Living Units are assumed to achieve and maintain a 96.8 percent occupancy level in 2022 and remain at that level throughout the remainder of the projection period. The following table summarizes the assumed utilization of the Independent Living Units.

Table 2			
Utilization of the Independent Living Units			
Year Ending December 31,	Occupied	Available	% Occupied
Projected:			
2022	90.0	93.0	96.8%
2023	90.0	93.0	96.8%
2024	90.0	93.0	96.8%
2025	90.0	93.0	96.8%
2026	90.0	93.0	96.8%

Source: Management

Double occupancy percentages in the Independent Living Units are assumed to remain stable at 23.3 percent during the projection period.

continued -

Arden Retirement, LLC
 Summary of Significant Forecast Assumptions and Accounting Policies
 December 31, 2022 through 2026

Note E - Summary of Significant Accounting Policies - continued

The following table summarizes the assumed move-in pattern for the Independent Living Units.

Table 3			
Monthly Move-in Pattern for the Independent Living Units (Net of Move-Outs)			
Fiscal Yr./Mo.	Monthly Move-Ins	Cumulative Unit Total	Cumulative Unit Percentage
FY 2022			
Jan	-1	85	92.39%
Feb	1	86	93.48%
Mar	-3	83	90.22%
Apr	2	85	92.39%
May	1	86	93.48%
June	1	87	94.57%
July	0	87	94.57%
Aug	1	88	95.65%
Sept	0	88	95.65%
Oct	1	89	96.74%
Nov	1	90	96.77%
Dec	0	90	96.77%
FY 2023			
Jan	0	90	96.77%
Feb	0	90	96.77%
March	0	90	96.77%
April	0	90	96.77%
May	0	90	96.77%
June	0	90	96.77%
July	0	90	96.77%
Aug	0	90	96.77%
Sept	0	90	96.77%
Oct	0	90	96.77%
Nov	0	90	96.77%
Dec	0	90	96.77%
Total	4		

Source: Management

continued -

Arden Retirement, LLC
Summary of Significant Forecast Assumptions and Accounting Policies
December 31, 2022 through 2026

Note E - Summary of Significant Accounting Policies - continued

Assumed Independent Living Turnover

The assumed turnover for the Independent Living Units due to death, withdrawal or transfer to assisted living accommodations, and double occupancy of the Independent Living Units has been based, in part, on historical experience of the Entity.

Refunds of Entrance Payment Loans are generated upon termination of the residency agreement (the "Residency Agreement") and withdrawal from the Community or permanent transfer to the Assisted Living Units, subject to the reoccupancy of the vacated Independent Living Units. The assumed number of repayments on the Independent Living Units is provided by Management.

The following table presents the assumed attrition Entrance Payments received and the total repayment of Entrance Payment Loans.

Table 4					
Attrition Entrance Payment Receipts and Total Repayment of Entrance Payment Loans					
(In Thousands)					
Fiscal Year Ending December 31	2022	2023	2024	2025	2026
<i>Number of Entrance Payments Received</i>					
Independent Living Units (vacant units)	0	0	0	0	0
<i>Entrance Payments Received</i>					
Independent Living Units (vacant units)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Number of Entrance Payments Received</i>					
Independent Living Units (attrition)	12.0	12.0	12.0	12.0	12.0
<i>Entrance Payments Received</i>					
Independent Living Units (attrition)	\$ 3,244	\$ 3,342	\$ 3,442	\$ 3,545	\$ 3,652
<i>Entrance Payment Loans Repaid</i>					
Independent Living Units	(2,461)	(2,525)	(2,592)	(2,663)	(2,736)
Entrance Payments Received, Net of					
Entrance Payment Loan Repayment	\$ 783	\$ 817	\$ 850	\$ 882	\$ 916

Source: Management

Entrance Payments for the Independent Living Units are assumed to increase 3 percent per year.

Assumed Assisted Living Utilization

The Monthly Fees are generated from assisted living services provided to residents transferring from the Independent Living Units as well as direct admissions from the surrounding area to the Assisted Living Units. Residents permanently transferring from the Independent Living Units to the Assisted Living Units are assumed to pay the then current Monthly Fee. Assisted Living Monthly Fees are assumed to increase 2.5 percent for 2022 and increase 3.0 percent annually thereafter.

continued -

Arden Retirement, LLC
 Summary of Significant Forecast Assumptions and Accounting Policies
 December 31, 2022 through 2026

Note E - Summary of Significant Accounting Policies - continued

The Community currently has accommodations, equipment, staffing, programs, services, and supervision necessary for the Assisted Living Units, with these accommodations available to residents on a priority basis. However, the Community cannot guarantee access to these areas.

The Assisted Living Units are assumed to maintain a 95.7 percent occupancy level in 2022 and remain constant at that level throughout the projection period. The following table summarizes the assumed utilization of the Assisted Living Units.

Table 5			
Utilization of the Assisted Living Units			
Year Ending December 31,	Occupied	Available	% Occupied
Projected:			
2022	44.0	46.0	95.7%
2023	44.0	46.0	95.7%
2024	44.0	46.0	95.7%
2025	44.0	46.0	95.7%
2026	44.0	46.0	95.7%

Source: Management

Other Income

Other income consists of revenues from guest apartment rentals, home care services, application fees, food services and other miscellaneous sources. Other revenue is assumed to increase 3.5 percent annually throughout the forecast period.

Interest Income

The average annual rate of return on the Company's interest earning cash is assumed to be 1.0 percent.

Operating Expenses

Operating expenses are estimated by Management based on its experience with the development and operation of other similar retirement communities. Staff salaries and benefits are based on prevailing local salary and wage rates and are assumed to increase 4 percent for 2022, 3.5 percent for 2023 and 3 percent for the remainder of the projection 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, legal and accounting fees, and other miscellaneous expenses and are assumed to increase 4.0 percent for 2022, 3.5 percent for 2023 and 3 percent for the remainder of the projection period.

continued -

Arden Retirement, LLC
 Summary of Significant Forecast Assumptions and Accounting Policies
 December 31, 2022 through 2026

Note F - Assets Limited as to Use

Assets Limited as to Use include internally restricted funds for the Statutory Operating Reserve (hereinafter defined).

Statutory Operating Reserve Requirement

North Carolina General Statute § 58-64-33 requires CCRC's to maintain an operating reserve (the "Statutory Operating Reserve") equal to 50 percent of the total operating costs in a given year, or 25 percent of such total operating costs if occupancy as of a certain date exceeds 90 percent of the independent living unit capacity. This law provides security to residents that the Community is able to meet its contractual obligations to provide continuing care. Management's projection shows sufficient cash and investment balances to comply with the Statutory Operating Reserve requirement throughout the projection period.

Note G - Long-Term Debt and Interest Expense

The Company entered into a loan agreement with First Citizens Bank on September 1, 2017 to pay for the Community Acquisition. The loan consists of a revolving line of credit in the maximum amount of \$767,000 with interest payable monthly at Libor plus 2% until maturity on August 1, 2022. It also consists of a term loan in the amount of \$12,272,000 amortized over 25 years with a rate of 3.9% and a balloon payment due on September 1, 2024. The Company assumes both loans will be refinanced at maturity.

For purposes of this projection, the company assumes the payment amount and interest rate will remain the same at \$64,480 per month at 3.9% respectively and the repayment period will be extended for another 84 months.

The following table presents the assumed annual debt service during the projection period and thereafter.

Table 6
Principal and Interest Payments on the Bank Loan

Year Ending December 31,	Principal	Interest	Total Payments
Projected:			
2022	\$ 320	\$ 390	\$ 710
2023	361	412	773
2024	377	397	774
2025	396	377	773
2026	412	362	774
Thereafter	9,045	1,482	10,527
Total	\$ 10,911	\$ 3,420	\$ 14,331

Source: Management

continued-

Arden Retirement, LLC
Summary of Significant Forecast Assumptions and Accounting Policies
December 31, 2022 through 2026

Note H - Equity Distributions

Distributions to equity members may be determined, at the discretion of Management, from excess funds available after payment of debt service, Entrance Payment Loan repayment, funding of the Statutory Operating Reserve, and funding of the Repair and Replacement Reserve. For the purpose of Management's projection, no distributions have been assumed during the projection period.

Note I - Covid-19 Effect

These forecasted financial statements were compiled as the Covid-19 global pandemic continued. It is not possible to measure the future effects on the financial position of the company since so much uncertainty remains as to duration and impact. Accordingly, these financial forecasts have not been adjusted to reflect any adverse effects of Covid-19.

Exhibit E
Interim Financials for Arden Retirement, LLC for
the period January 1, 2022-April 2022

Arden Retirement, LLC
Statement of Income
April 30, 2022

	Period to Date	Year to Date
Operating Revenue		
Entrance and life care fees	\$ 8,952	\$ 101,076
Dividend & interest income	495	4,184
Monthly fee revenue	520,470	2,087,595
Special services revenue	14,598	52,004
Food service revenue	3,540	9,931
Other income	309	1,236
Total Operating Revenue	548,364	2,256,026
Operating Expenses		
Wages and benefits	272,568	1,069,966
Utilities	27,302	118,150
Repairs, Supplies and Equipment	14,469	68,164
Information Technology	5,234	33,348
Advertising and promotion	19,993	71,132
Resident services	45,951	177,109
Administrative expenses	20,882	77,173
Insurance	7,615	30,459
Service contracts	40,729	169,984
Total Operating Expenses	454,743	1,815,486
Total Operating Income (Loss)	\$ 93,621	\$ 440,540
Other Income/Expenses		
Investment (gains)/loss	147,755	260,308
Interest expense	35,181	141,290
Other - non controllable	185,549	740,166
Other expenses	1,600	6,235
Total other income/expenses	370,085	1,147,999
Total Net Income	\$ (276,464)	\$ (707,459)

Arden Retirement, LLC
Balance Sheet
April 30, 2022

Assets

Cash and cash equivalents	\$ 1,133,129
Escrows and reserves	1,828,408
Other current assets	50,563
Accounts receivable	75,732
Fixed assets	11,690,283
Other assets	<u>11,551,604</u>
Total Assets	\$ 26,329,719

Liabilities and Capital / Equity

Liabilities

Accounts Payable	\$ 215,709
Accrued liabilities	223,369
Other current liabilities	2,291,686
Long term debt	28,067,514
Other liabilities	<u>950,631</u>
Total liabilities	\$ 31,748,909

Capital/Equity

Total capital / equity	<u>(5,419,190)</u>
Total Liabilities and Capital / Equity	\$ 26,329,719

Arden Retirement, LLC
Statement of Cash Flows
April 30, 2022

Net Income		\$ (707,459)
Adjustments to Net Income		
Other Current Assets & Prepaid Expenses	30,957	
Accounts Payable	38,817	
Other Current Liabilities	1,641	
Accrued Liabilities	101,041	
Deferred Revenues & Amortized Entrance Fees	(101,076)	
Amortization and Depreciation	<u>740,166</u>	
Net cash provided by Operating Activities		811,546
Investing Activities		
Change in Fixed Assets	(49,741)	
Change in Assets Limited as to Use	<u>262,418</u>	
Net Cash provided by Investing Activities		212,677
Financing Activities		
Long Term Financing	(116,631)	
Short Term Financing	-	
Resident Deposits & Wait List	71,300	
Loan Refunds in Process	446,400	
Resident Loans	(361,800)	
Deferred Revenue-Turnover	115,300	
Refundable Entrance Fees & Resident Loans	-	
Change in Owners Equity	<u>(241,750)</u>	
Net cash provided by Financing Activities		(87,181)
Net Cash Increase(decrease) for period		<u>\$ 229,583</u>
Cash at Beginning of period		903,546
Cash at end of period		<u><u>\$ 1,133,129</u></u>

Exhibit F

Explanation of Material Differences

Pursuant to Section 58-64-30(a) of the North Carolina General Statutes, we are required to provide a narrative explaining any material differences between the previous forecast financial statements and the actual results of operations. All differences between forecasted results and actual results of \$100,000 or more are deemed material and the Provider has provided an explanation of each line item herein.

Arden Retirement, LLC
Balance Sheet
Year ended December 31, 2021

	<u>2021</u> <u>Actual</u>	<u>Disclosure</u> <u>2021</u> <u>Forecast</u>	<u>Difference</u>	<u>Notes</u>
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 901,582	\$ 2,782,000	\$ (1,880,418)	(a)
Accounts receivable	33,010	81,000	(47,990)	
Accounts receivable, affiliate	63,007	-	63,007	
Inventories	26,369	25,000	1,369	
Prepaid expenses and other	34,867	35,000	(133)	
Assets whose use is limited or restricted			-	
Total Current Assets	<u>1,058,835</u>	<u>2,923,000</u>	<u>(1,864,165)</u>	
Assets limited as to use				
Entrance fee reserve fund and resident funds	1,964	2,000	(36)	
Operating reserve fund	<u>2,090,827</u>	<u>1,454,000</u>	<u>636,827</u>	(b)
Total assets limited for use	<u>2,092,791</u>	<u>1,456,000</u>	<u>636,791</u>	
Property and equipment, net	12,008,005	11,909,000	99,005	
Goodwill, net of accumulated amortization	11,924,306	11,916,000	8,306	
Total Assets	<u>\$ 27,083,937</u>	<u>\$ 28,204,000</u>	<u>\$ (1,120,063)</u>	
<u>Liabilities and Stockholders' Equity</u>				
<u>Current Liabilities</u>				
Accounts payable, trade	\$ 176,893	\$ 198,000	\$ (21,107)	
Accrued expenses	131,260	110,000	21,260	
Refundable deposits	113,550	93,000	20,550	
Bank loan - FCB, current portion	319,494	347,000	(27,506)	
Loans from residents, current portion	<u>1,647,900</u>	<u>2,003,000</u>	<u>(355,100)</u>	(c)
Total current liabilities	2,389,097	2,751,000	(361,903)	
<u>Long-Term Liabilities</u>				
Personal accounts, assisted living residents	1,964	2,000	(36)	
Deferred revenue	936,407	1,204,000	(267,593)	(d)
Loans from residents, less current portion	17,633,848	17,290,000	343,848	(e)
Bank loan - FCB	<u>10,592,603</u>	<u>10,593,000</u>	<u>(397)</u>	
Total long-term liabilities	<u>29,164,822</u>	<u>29,089,000</u>	<u>75,822</u>	
Total liabilities	31,553,919	31,840,000	(286,081)	
<u>Members' Equity (Deficit)</u>				
Member's equity (deficit)	(4,469,982)	(3,636,000)	(833,982)	
Total liabilities and Equity	<u>\$ 27,083,937</u>	<u>\$ 28,204,000</u>	<u>\$ (1,120,063)</u>	

Arden Retirement, LLC
Statement of Income
Year ended December 31, 2021

	<u>2021 Actual</u>	<u>2021 Forecast</u>	<u>Difference</u>	<u>Notes</u>
Revenue				
Apartment revenues	\$ 3,386,215	\$ 3,512,000	\$ (125,785)	(f)
Assisted living revenues	2,405,005	2,570,000	(164,995)	(g)
Amortization of nonrefundable entrance payments	325,318	140,000	185,318	(h)
Working capital fees	82,268	-	82,268	
Other revenue	134,840	199,000	(64,160)	
Total Revenue	<u>6,333,646</u>	<u>6,421,000</u>	<u>(87,354)</u>	
Operating expenses:				
Payroll costs and employee benefits	3,019,095	2,937,000	82,095	
Utilities	319,366	316,000	3,366	
Maintenance, supplies and equipment	253,932	280,000	(26,068)	
Information technology	83,916	99,000	(15,084)	
Promotion and sales costs	243,338	223,000	20,338	
Resident activities and entertainment	497,474	485,000	12,474	
Administrative expenses	215,575	224,000	(8,425)	
Insurance	86,737	82,000	4,737	
Service contracts	469,061	460,000	9,061	
Interest expense	438,637	402,000	36,637	
Depreciation	916,468	872,000	44,468	
Amortization	1,125,462	1,125,000	462	
Total operating expenses	<u>7,669,061</u>	<u>7,505,000</u>	<u>164,061</u>	
Loss from Operations	(1,335,415)	(1,084,000)	(251,415)	
Other income (expenses)				
Paycheck Protection loan forgiveness	-	-	-	
Provider Relief funds	87,703	-	87,703	
Interest income and dividend income	6,168	62,000	(55,832)	
Realized gain on investments	130,277	-	130,277	(i)
Unrealized gain on investments	176,796	-	176,796	(i)
Total other income (expenses)	<u>400,944</u>	<u>62,000</u>	<u>338,944</u>	
Net loss	<u>\$ (934,471)</u>	<u>\$ (1,022,000)</u>	<u>\$ 87,529</u>	
Members' equity January 1, 2020	(2,613,761)	(2,614,000)	239	
Net loss	(934,471)	(1,022,000)	87,529	
Distribution to members	(921,750)	-	(921,750)	(j)
Members' equity December 31, 2021	<u>\$ (4,469,982)</u>	<u>\$ (3,636,000)</u>	<u>\$ (833,982)</u>	

ARDEN RETIREMENT, LLC
Statement of Cash Flows
For the Calendar year ended December 31, 2021

	December 31, 2021	Forecast December 31, 2021	Difference	Notes
Cash Flows From Operating Activities				
Net income from operations	\$ (934,471)	\$ (1,022,000)	\$ 87,529	
Add (deduct) items not affecting cash				
Depreciation and amortization	2,041,930	1,997,000	44,930	
Amortization of nonrefundable entrance payments	(183,516)	(140,000)	(43,516)	
Proceeds from entrance payments - nonrefundable	371,300	453,000	(81,700)	
Unrealized gain on investments	(176,796)	-	(176,796)	(k)
Realized gain and earnings on investments	(136,242)	-	(136,242)	(k)
(Increase) Decrease in:				
Accounts receivable	45,490	65,000	(19,510)	
Accounts receivable, affiliate	4,775	-	4,775	
Inventories	(1,681)	-	(1,681)	
Prepaid expenses and other	(18)	-	(18)	
Increase (Decrease) in:				
Accounts payable	(15,704)	5,000	(20,704)	
Accrued expenses	(24,188)	3,000	(27,188)	
Personal accounts, assisted living residents	(519)	-	(519)	
Net cash flow from operating activities	<u>990,360</u>	<u>1,361,000</u>	<u>(370,640)</u>	
Cash Flows From Investing Activities				
Assets whose use is limited or restricted	-	13,000	(13,000)	
Purchase of property and equipment	(293,986)	(142,000)	(151,986)	(l)
Cash (used) provided by investing activities	<u>(293,986)</u>	<u>(129,000)</u>	<u>(164,986)</u>	
Cash Flows From Financing Activities				
Proceeds from entrance payments - refundable	2,983,124	3,539,000	(555,876)	(m)
Repayment of entrance payment loans	(2,517,275)	(2,991,000)	473,725	(n)
Net proceeds from wait list deposits	-	2,000	(2,000)	
Principal payments on notes	(335,126)	(307,000)	(28,126)	
Member distributions	(921,750)	-	(921,750)	(o)
Cash provided (used) by financing activities	<u>(791,027)</u>	<u>243,000</u>	<u>(1,034,027)</u>	
Net (decrease) increase in cash	(94,653)	1,475,000	(1,569,653)	
Cash and cash equivalents - beginning of period	1,054,706	1,307,000	(252,294)	
Cash and cash equivalents - end of year	<u>\$ 960,053</u>	<u>\$ 2,782,000</u>	<u>\$ (1,821,947)</u>	
Interest(Net of amounts capitalized)	<u>\$ 438,637</u>	<u>\$ 402,000</u>	<u>\$ 36,637</u>	

Arden Retirement, LLC
Narrative of Material Variances
Comparison between Forecast and Actual
For the Calendar year 2021

Notes:

- a) Cash was less than expected in forecast due to less revenue attributable to COVID-19 and investor distributions not anticipated in forecast.
- b) Investment fund growth was greater than anticipated in the forecast.
- c) Fewer Independent Living resident loan repayments in process at end of year than anticipated in the forecast.
- d) Non-refundable entrance fees forfeited from early resident move outs.
- e) Value of new loans were higher than the weighted average of loans anticipated in forecast.
- f) Less occupancy in Independent Living due to COVID-19
- g) Less occupancy in Assisted Living due to COVID-19.
- h) Independent Living move outs earlier than planned in the forecast.
- i) Investment activity was not assumed in forecast.
- j) Distributions to members were not assumed in forecast.
- k) Investment activity not assumed in operating activities.
- l) Flooring replacement in Independent Living apartment buildings not assumed in the forecast and more heating and cooling units purchased than assumed in the forecast.
- m) Average closing entrance payments lower than expected in the forecast.
- n) Repayment of entrance fee less than planned due to average balance of refundable loans.
- o) Distributions to members not assumed in forecast. Member distributions are considered after review of quarterly financials.