

# **DISCLOSURE STATEMENT**

Dated: May 26, 2022

Name of Facility: **Brookdale Carriage Club Providence**

located at 5800 Old Providence Road

Charlotte, NC 28226 (704) 365-8551

In accordance with Chapter 58, Article 64 of the North Carolina General Statutes of the State of North Carolina:

- **this Disclosure Statement may be delivered until revised, but not after October 24, 2023;**
- **delivery of the Disclosure Statement to a contracting party before execution of a contract for continuing care is required;**
- **this Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

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***DISCLOSURE STATEMENT***  
***BROOKDALE CARRIAGE CLUB PROVIDENCE***

**I. ORGANIZATION INTRODUCTION AND INFORMATION**

ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence (the “Company”) is an operator of a senior living community (the “Community”) in Charlotte, North Carolina and is wholly owned by BKD FM Holding Company, LLC (the “Member”), which through American Retirement Corporation, is a wholly owned subsidiary of Brookdale Senior Living, Inc. (“Brookdale”). Brookdale is publicly traded on the New York Stock Exchange under the symbol “BKD”. All of the aforementioned entities are for profit.

ARCLP-Charlotte, LLC  
d/b/a Brookdale Carriage Club Providence  
5800 Old Providence Road  
Charlotte, NC 28226  
Attn.: Mr. Zachary Jacobsen – Regional Director of Operations

American Retirement Corporation and Brookdale Senior Living Inc.  
111 Westwood Place - Suite 400  
Brentwood, TN 37027  
Attn: Ms. Dawn Kussow – SVP and Chief Accounting Officer

**II. FACILITY INTRODUCTION AND INFORMATION**

**A. Narrative description of the facility and its operation.**

The Company is an owner and operator of a senior living community (the “Community”) located on a 45-acre site at 5800 Old Providence Road in Charlotte, North Carolina and consisting of ten apartment buildings (one, two, and three story) and seven four-plex villas with two large lakes in the center of the Community. The Company is committed to providing senior living solutions and an exceptional living experience through a property that is designed, purpose-built, and operated to provide the highest quality service, care, and living accommodations for residents. The Community offers a variety of living arrangements and services to accommodate all levels of physical ability and health. The Community has 275 independent living units, 56 assisted living units, 34 memory care units, and 42 skilled nursing beds on one campus. The Community also has common spaces including a lobby, dining room, auditorium, game rooms, craft room, country store/snack bar, beauty/barber shop, clinic, and offices.

As a continuing care retirement community (“CCRC”) licensed by the North Carolina Department of Insurance, the Company offers a 13 month Residence Agreement, renewable for successive periods of 13 months. The Community began operation in July 1988, and ARC has managed the Community since its opening. ARC assumed ownership and responsibility for the operation in May 1996. In December 2001, the Company sold the majority of the Community property and equipment to CALF and contemporaneously entered into a long-term operating lease with a 15-year term. In April 2007, the Company purchased the property and equipment from CALF and terminated the associated lease.

**B. Non-profit/For Profit Status.**

ARCLP-Charlotte, LLC, d/b/a Brookdale Carriage Club Providence, is a for-profit limited liability corporation, and is not affiliated with any religious, charitable, or other non-profit organization.

**C. Legal description.**

See Section I above for ownership description.

**D. Identification and background of management staff and management company.**

ARCLP-Charlotte, LLC has employed Zachary Jacobsen as the District Director of Operations for Brookdale Carriage Club Providence.

Zachary Jacobsen became the District Director of Operations for Brookdale Carriage Club Providence in September 2020 and is currently serving as the Regional Director of Operations. Zachary has held multiple executive leadership positions within the senior living industry for over six years.

**E. Directors of Brookdale Senior Living Inc.**

(Address: 111 Westwood Place, Suite 400, Brentwood, TN 37027)

**Guy P. Sansone** joined Brookdale's Board in October 2019 and became Non-Executive Chairman of the Board in January 2020. For more than 25 years, he has led efforts to optimize the performance of healthcare and senior housing companies. Mr. Sansone has served as Chairman and CEO of H2 Health, a leading regional provider of physical rehabilitation services and clinician staffing solutions, since February 2020. Prior to that, he served as a Managing Director of Alvarez & Marsal, a global professional services firm specializing in performance improvement for large, high profile businesses, where he served as Chairman of the firm's Healthcare Industry Group, which he founded in 2004. Mr. Sansone also served as interim Chief Executive Officer of the Visiting Nurse Service of New York, the largest non-profit home and community-based health care organization in the United States, from November 2014 to December 2016 and, prior to that, served in various executive roles at numerous healthcare companies. His prior experience in the senior housing industry includes having served as Chief Restructuring Officer and a member of the Board of Erickson Retirement Communities and as a senior consultant to Sunrise Senior Living. Mr. Sansone has served as Chairman of the Board of Directors of Mednax, Inc. since July 2020 and also serves and has served on the Boards of Directors of numerous investor-owned and not-for-profit companies, primarily in the healthcare industry. Mr. Sansone earned a B.S. in Economics from the State University of New York at Albany.

**Lucinda M. Baier** has served as Brookdale's President and Chief Executive Officer and as a member of the Board since February 2018, after having served as Brookdale's Chief Financial Officer since December 2015. Ms. Baier joined Brookdale from Navigant Consulting, Inc., where she served as Executive Vice President and Chief Financial Officer since 2013. In addition, Ms. Baier has had multi-billion dollar operations responsibility, been the chief executive officer for a publicly-traded retailer, and served as an executive officer of a Fortune 30 company. She has served for more than a decade as a board member of public and private companies and organizations and currently serves on the board of Argentum, the National

Investment Center for Seniors Housing & Care (NIC), and the Nashville Health Care Council, where she serves as Vice Chair. She is a member of the NYSE Board Advisory Council, which identifies and connects diverse board candidates to NYSE-listed companies seeking new directors and serves on Vanderbilt University Medical Center's Audit and Compliance Committee and Quality and Safety Committee. A number of organizations have recognized Ms. Baier, including the CEO Forum Group's 2021 Top 10 CEOs Transforming Healthcare in America; Nashville Medical News' Class of 2021 "Women to Watch"; Corporate Citizenship 2020 Award from the Committee for Economic Development of The Conference Board; one of McKnight's 2020 "Women of Distinction"; and Nashville Business Journal's "Most Admired CEO" list for two consecutive years. Ms. Baier is a Certified Public Accountant and a graduate of Illinois State University, with B.S. and M.S. degrees in Accounting.

**Jordan R. Asher, MD** brings more than 20 years of expertise and a history of success in large matrixed, mission-based, national healthcare systems. Since 2018, he has served as the Chief Physician Executive and Senior Vice President of Sentara Healthcare, a large integrated delivery health system including a clinically integrated network and insurance company serving Virginia and North Carolina, where he has a wide range of responsibilities, including a focus on growth strategies for clinical care and development and implementation of value-based care and payment models. Prior to Sentara, Dr. Asher served in several executive roles with Ascension since 2006, including Chief Clinical Officer of its Ascension Care Management subsidiary from 2016 to 2018 with responsibility for network development and population and risk management, Chief Clinical Officer and Chief Innovation Officer of Ascension's MissionPoint Health Partners subsidiary from 2015 to 2016, and Chief Medical Officer and Chief Integration Officer of MissionPoint Health Partners from 2011 to 2015. Dr. Asher earned a B.S. in Biology from Emory University, an M.D. from Vanderbilt University School of Medicine, and an M.S. in Medical Management from the University of Texas at Dallas and Southwestern Medical Center.

**Marcus E. Bromley** brings more than 35 years of real estate industry leadership experience. He served as Chairman of the Board and Chief Executive Officer of Gables Residential Trust from 1993 until 2000, and then as a member of its Board until the company was acquired in 2005. Prior to joining Gables Residential Trust, Mr. Bromley was a division partner for the Southeast operation of Trammell Crow Residential Company. Mr. Bromley has served as a member of the Board of several a non-listed real estate investment trusts, including serving as Non-Executive Chairman of Cole Credit Property Trust V, Inc. from June 2015 to August 2018. Mr. Bromley currently serves as a member of the advisory board of Nancy Creek Capital Management, LLC, a private mezzanine debt and equity investment firm, and Sealy Industrial Partners, a private partnership specializing in the acquisition and operation of various industrial real estate properties. Mr. Bromley holds a B.S. in Economics from Washington & Lee University and an M.B.A. from the University of North Carolina.

**Frank M. Bumstead** has over 40 years' experience in the field of business and investment management and financial and investment advisory services, including representing buyers and sellers in a number of merger and acquisition transactions. Mr. Bumstead is a principal shareholder of Flood, Bumstead, McCready & McCarthy, Inc., a business management firm that represents artists, songwriters and producers in the music industry as well as athletes and other high net worth clients, and has been with the firm since 1989. From 1993 to December 1998, Mr. Bumstead served as the Chairman and Chief Executive Officer of FBMS Financial,

Inc., a registered investment advisor. He previously served as Chairman of the Board of Directors of the Country Music Association, Vice Chairman of the Board of Directors and Chairman of the Finance and Investment Committee of the Memorial Foundation, Inc., a charitable foundation, and as a member of the Board of Advisors of United Supermarkets of Texas, LLC and was Chairman of its Finance and Audit Committee. Mr. Bumstead received a B.B.A. degree from Southern Methodist University and a Masters of Business Management from Vanderbilt University's Owen School of Management.

**Victoria L. Freed** brings more than 25 years of executive leadership in the areas of sales, customer service, and marketing, and has earned numerous awards for outstanding achievement in sales and marketing during her career. Ms. Freed is Senior Vice President of Sales, Trade Support and Service for Royal Caribbean International, having served in that role since 2008, where she oversees the largest sales team in the cruise line industry and also manages the company's consumer outreach, reservations, group sales, and customer service functions. Prior to her service with Royal Caribbean, Ms. Freed worked for 29 years with Carnival Cruise Lines, where she served as Senior Vice President of Sales and Marketing during the last 15 years of her tenure. She is a trustee of the United Way of Miami-Dade County and serves as a member of the board of Jewish Adoption and Foster Care Options (JAFCO). Ms. Freed earned a bachelor's degree in business with an emphasis in marketing from the University of Colorado.

**Rita Johnson-Mills** is a healthcare executive, with more than 25 years of combined federal, state, and private industry experience. She has served as President (Southern Region) of CINQCARE since March 2022. Prior to that, Ms. Johnson-Mills served as founder and CEO of consulting firm RJM Enterprises from January 2018 to February 2022. From August 2014 to December 2017 she served as President and Chief Executive Officer of UnitedHealthcare Community Plan of Tennessee, a health plan serving more than 500,000 government sponsored healthcare consumers with over \$2.5 billion of annual revenue, after having previously served as Senior Vice President, Performance Excellence and Accountability for UnitedHealthcare Community & State since 2006, and was a founding member of UnitedHealthGroup's Diversity and Inclusion Council. Ms. Johnson-Mills also previously served as the Director of Medicaid Managed Care for the Centers for Medicare and Medicaid Services and as Chief Executive Officer of Managed Health Services Indiana and Buckeye Health Plan, wholly owned subsidiaries of Centene Corporation. She currently serves on the Board of Directors of Ellipsis Health, Inc. Nyxoah SA, and Quest Analytics, LLC and is a Governance Fellow with the National Association of Corporate Directors (NACD). She is a Hogan Certified Executive Coach and a Senn Delaney Certified Corporate Culture Facilitator. Ms. Johnson-Mills earned a B.S. degree from Lincoln University and an M.A. degree in Labor and Human Resource Management and M.P.A. degree in Public Policy and Management from The Ohio State University.

**Denise W. Warren** brings more than 30 years of operational, financial, and healthcare experience. Most recently, she served as Executive Vice President and Chief Operating Officer of WakeMed Health & Hospitals from October 2015 through December 2020, where she was responsible for the strategic, financial and operational performance of the organization's network of facilities in the North Carolina Research Triangle area. Prior to that, from 2005 to September 2015, Ms. Warren served as Chief Financial Officer of Capella Healthcare, Inc., an owner and operator of general acute-care hospitals, as well as its

Executive Vice President since January 2014, and as its Senior Vice President prior to that. Before joining Capella, she served as Senior Vice President and Chief Financial Officer of Gaylord Entertainment Company from 2000 to 2001, as Senior Equity Analyst and Research Director for Avondale Partners LLC and as Senior Equity Analyst for Merrill Lynch & Co. She currently serves on the Board of Directors of Computer Programs and Systems, Inc., Newport Healthcare, Straive, and Virtusa, Inc. Ms. Warren is National Association of Corporate Directors (NACD) Directorship Certified™ and received a Corporate Directors Certificate from Harvard Business School. Ms. Warren earned a B.S. degree in Economics from Southern Methodist University and a M.B.A. from Harvard University.

**Lee S. Wielansky** has more than 40 years of commercial real estate investment, management, and development experience. He currently serves as Chairman and CEO of Opportunistic Equities, which specializes in low income housing. He has also served as Chairman and CEO of Midland Development Group, Inc., which he re-started in 2003 and focused on the development of retail properties in the mid-west and southeast. Prior to Midland, he served as President and CEO of JDN Development Company, Inc. and as a director of JDN Realty Corporation. Before joining JDN, he served as Managing Director—Investments of Regency Centers Corporation, which in 1998 acquired Midland Development Group, a retail properties development company co-founded by Mr. Wielansky in 1983. Mr. Wielansky joined the Company's Board of Directors in April 2015 and served as Non-Executive Chairman of the Board from February 2018 through December 2019. He also serves as Lead Trustee of Acadia Realty Trust and served as a director of Isle of Capri Casinos, Inc. from 2007 to 2017 and Pulaski Financial Corp. from 2005 to 2016. Mr. Wielansky received a bachelor's degree in Business Administration, with a major in Real Estate and Finance, from the University of Missouri—Columbia, where he is currently a member of the Strategic Development Board of the College of Business. He also served on the Board of Directors of The Foundation for Barnes-Jewish Hospital.

**Zachary Jacobsen** - Regional Director of Operations – Brookdale Carriage Club Providence

There is not any professional service firm, association, trust, partnership, or corporation in which the Executive Director, management staff, or any member of the Board of Directors has a 10 percent or greater interest in and which it is presently intended shall currently or in the future provide goods, leases, or services to the Community or to residents of the Community, of an aggregate value of \$500 or more within any year. Further, there is not any professional service firm, association, trust, partnership, or corporation that currently provides any goods, leases, or services of an aggregate value of \$500 or more within any year to the Community or to the residents of the Community that has a 10% or greater interest in any officer, director, or management staff (including the Executive Director).

**F. Criminal violation statement.**

No officer or director has been involved in criminal or civil proceedings involving fraud, embezzlement, fraudulent conversion or misappropriation of property; none is subject to a currently effective injunction or restrictive court order or within the past five years had any state or federal license or permit suspended or revoked as a result of matters arising out of the business of retirement living or health care.

**G. Location and description of physical property.**

See Section II.A. Above

## **H. Estimated number of residents.**

At full occupancy, in its present configuration and assuming 20% of the independent living apartments are occupied by two persons, Brookdale Carriage Club Providence would expect to have approximately 462 residents in its 275 independent living units, 56 assisted living units, 34 memory care units, and 42 skilled nursing beds.

As of April 30, 2022, there were 207 independent living residents, 39 assisted living residents, 25 memory enhanced residents, and 24 residents living in the skilled nursing beds.

## **III. POLICIES**

### **A. Admission**

#### **(i) Health, financial, and insurance requirements for admission.**

Brookdale Carriage Club Providence requires that persons accepted for residence at Brookdale Carriage Club Providence be able to live independently or demonstrate that alternative arrangements have been made by the prospective resident to assure that needed assistance will be provided by and for the Resident. Financial resources sufficient to pay the monthly rent are required together with some assurance based on the financial report of the Resident that he or she will be able to continue such payment for the term of the Residency Agreement. If health or financial circumstances change between the time of signing the Residency Agreement and entry into the community, Brookdale Carriage Club Providence reserves the right, subject to all applicable laws, to decline admission to the Resident. There are no insurance requirements.

#### **(ii) Age requirements for admission.**

Residents shall be sixty-two (62) years of age or older at the time of occupancy.

### **B. Rescission privileges.**

Residents may rescind their Residency Agreement within thirty (30) days following the later of the execution of their Residency Agreement or the receipt of a disclosure statement that meets the requirements of N.C.G.S. §58-64-20. Residents are not required to move into Brookdale Carriage Club Providence before the expiration of the thirty (30) day rescission period.

If a resident dies before occupying a living unit at Brookdale Carriage Club Providence, or if, on account of illness, injury, or incapacity, is precluded from occupying a living unit at Brookdale Carriage Club Providence under the terms of his or her Residency Agreement, the Residency Agreement is automatically canceled.

For rescinded or canceled Residency Agreements under the two paragraphs immediately above, the resident or resident's legal representative shall receive a refund of all money or property transferred to Brookdale Carriage Club Providence, less (i) periodic charges specified in the Residency Agreement and applicable only to the period of time a living unit was actually occupied by the resident; (ii) those nonstandard costs specifically incurred by Brookdale Carriage Club Providence at the request of the resident and described in the Residency Agreement or any amendment to the Residency Agreement signed by the resident; and (iii) non-refundable fees, if set out in the contract. Such refund will take place within thirty (30) days of receipt of written notification.

### **C. Termination provisions.**

Since there is no entrance fee at Brookdale Carriage Club Providence, there is no provision for the refund of an entrance fee upon termination of the Residency Agreement. The membership fee is not refundable unless the Residency Agreement is terminated prior to or during the first three months of occupancy. If termination occurs, the membership fee will be prorated equally over the first three months of occupancy. The contract for continuing care (Residency Agreement) may be terminated under the following circumstances:

#### **(i) By the Resident:**

Before the Resident begins occupancy of the living unit.

Upon the death of a Resident, the Agreement will terminate thirty (30) days following the Resident's death, or when all of Resident's furnishings and personal effects are removed and the living unit's keys are returned to Brookdale Carriage Club Providence, whichever occurs later.

The Agreement will terminate sixty (60) days following Brookdale Carriage Club Providence's receipt of notice from Resident's physician that Resident requires medical, personal, or other nursing services for which Brookdale Carriage Club Providence is not licensed, or does not provide, or until personal effects are removed, whichever is later.

The Resident may terminate the Residency Agreement at the end of any thirteen (13) month period by giving forty-five (45) days advance written notice prior to the expiration of the current term.

Resident may terminate the Residency Agreement at any time by giving Brookdale Carriage Club Providence sixty (60) days' prior written notice of termination. If such notice is given, Resident will pay the monthly rent and any other charges as provided for in the Residency Agreement, until the expiration of such sixty (60) day period, or until all of Resident's furnishings and personal effects are removed and the living unit's keys are returned to Brookdale Carriage Club Providence, whichever is later.

#### **(ii) By Brookdale Carriage Club Providence:**

If the Resident is in default in the payment of the monthly rent, Brookdale Carriage Club Providence may, upon ten (10) days notice to Resident, terminate the Residency Agreement and avail itself of the remedies provided under North Carolina law.

If the Resident shall violate any of the terms, covenants, or conditions of the Residency Agreement, or the Resident Manual.

If the Resident requires services by Brookdale Carriage Club Providence for which it is not licensed or does not provide, Brookdale Carriage Club Providence shall have the right to terminate the Agreement by giving Resident thirty (30) days written notice.

Brookdale Carriage Club Providence may terminate the Residency Agreement at the end of any thirteen (13) month period by giving thirty (30) days advance written notice prior to the expiration of the current term.

### **D. Other Changes:**

#### **(i) Changing units.**

If the Resident wishes to move from one apartment to another, and the desired new apartment is available, the Resident will be allowed to move to the new apartment at the prevailing market rate for the new unit. Resident will be responsible for all moving costs and a transfer fee of \$1,000.00.

**(ii) Marriages/New second occupant.**

If a Resident marries while a resident of Brookdale Carriage Club Providence, the new spouse, upon approval of Brookdale Carriage Club Providence, will be added to the Residency Agreement and the monthly fee will be increased by the amount of the then-prevailing second person fee. The new spouse will not be charged a membership fee or moving fee. If the new spouse is not accepted for residence at Brookdale Carriage Club Providence, the Resident may cancel the Residency Agreement, effective at the end of the current month. If two (2) existing Residents marry each other or choose to cohabitate they may choose in which Resident's apartment to live. The Monthly Service Fee will stop immediately once the apartment not chosen is fully vacated and a second person fee will be added to the Residency Agreement of the Resident whose apartment was chosen.

**(iii) Inability to pay.**

Residents who face financial difficulties and are unable to pay their monthly fee will be required to leave Brookdale Carriage Club Providence after ten (10) days' notice.

**E. Making unit available to another resident.**

A living unit occupied by a Resident will not be made available to a different or new resident as long as Resident has entered into a valid Residency Agreement, is not in default of the lease or in violation of any Brookdale Carriage Club Providence policy, and is paying the monthly rent on the unit on a timely basis. In the event notice of termination is given by Brookdale Carriage Club Providence or the Resident, Resident agrees that, with twenty-four (24) hours' notice, Brookdale Carriage Club Providence may show the apartment to a potential new resident.

**F. Pet Policy**

Resident agrees not to keep dogs, cats, or other pets on the premises of Brookdale Carriage Club Providence or allow any such pets to visit Brookdale Carriage Club Providence without the prior written approval of Brookdale Carriage Club Providence management. If approved, a Two Hundred Fifty Dollar (\$250.00) non-refundable pet deposit shall be paid to Brookdale Carriage Club Providence by the Resident prior to the pet being kept by Resident. Brookdale Carriage Club Providence shall have the right to require Resident to remove any pet from the premises if, within the sole discretion of Brookdale Carriage Club Providence, the pet is deemed a nuisance.

**IV. SERVICES**

**A. Services provided under the Carriage Club Independent Residency Agreement include:**

- i. The right to occupy the living unit described in the Residency Agreement.
- ii. Meals. Every month each Resident is provided with 23 to 26 meal tickets (five less than the number of days in the month), each entitling the Resident to a meal in the

Dining Room at lunch or dinner. Free continental breakfast is provided in the Club House.

- iii. Limited housekeeping services once a week.
- iv. Maintenance services. Brookdale Carriage Club Providence is responsible for normal wear and tear, maintenance and replacement of the property, furnishings, and equipment owned by or leased to Brookdale Carriage Club Providence for use at Brookdale Carriage Club Providence. The Resident is responsible for any damage to such property, furnishings, and equipment, including the cost of repair or replacement of the diminution in value thereof, intentionally or negligently caused by the Resident or his or her guest.
- v. Health Services (See below).
- vi. Planned social and recreational services including crafts.
- vii. Scheduled transportation for shopping trips, medical appointments, and other activities and needs.
- viii. Utilities. Brookdale Carriage Club Providence furnishes heating, air-conditioning, light, water, sewer, electricity, and trash removal from designated areas. Residents are responsible for their own telephone and cable television service.
- ix. Grounds keeping. Brookdale Carriage Club Providence furnishes basic grounds keeping services, including lawn, tree, and shrubbery care. Residents may elect to plant and maintain certain areas determined by the management; however, Residents will be responsible for planting and maintaining such personal gardening areas.
- xi. 24 hour staffed reception and security. Electronically monitored emergency call system.

**B. Services provided under the Carriage Club Assisted Living Residency Agreement include:**

- i. The right to occupy the living unit described in the Residency Agreement.
- ii. Every Resident is provided with 3 meals a day.
- iii. Limited housekeeping services once a week.
- iv. Maintenance services. Brookdale Carriage Club Providence is responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned by or leased to Brookdale Carriage Club Providence for use at Brookdale Carriage Club Providence. The Resident is responsible for any damage to such property, furnishings, and equipment, including the cost of repair or replacement of the diminution in value thereof, intentionally or negligently caused by the Resident or his or her guest.
- v. Health Services (See below).
- vi. Planned social and recreational services including crafts.
- vii. Scheduled transportation for shopping trips, medical appointments, and other activities and needs.

- viii. Utilities. Brookdale Carriage Club Providence furnishes heating, air-conditioning, light, water, sewer, electricity, and trash removal from designated areas. Residents are responsible for their own telephone and cable television service.
- ix. Grounds keeping. Brookdale Carriage Club Providence furnishes basic grounds keeping services, including lawn, tree and shrubbery care. Residents may elect to plant and maintain certain areas determined by the management; however, Residents will be responsible for planting and maintaining such personal gardening areas.
- x. Medication administered by appropriately trained personnel. Assistance with bathing, dressing, and meals as needed. Availability of special diets as prescribed by a licensed physician.
- xi. Full use of amenities in the Assisted Living facility.

**C. Additional Services Available at Additional Cost:**

Additional meals may be purchased on a single meal basis or using meal plans which may be offered from time to time. Lunch and dinner are available in the Dining Room each day. Free continental breakfast is provided in the Club House. Guests may be brought to meals at the established guest meal prices.

The beauty/barber shop is operated by an independent contractor and services may be charged to the Resident’s Brookdale Carriage Club Providence account.

**Additional Service Charges are as follows:**

**Dining Room Prices per Meal (all meal prices include tax)**

|   |             |         |
|---|-------------|---------|
|   | Meal Ticket | Guest   |
| Lunch   | \$5.35      | \$6.95  |
|   | Meal Ticket | Guest   |
| Dinner  | \$5.35      | \$9.95  |
|   | Meal Ticket | Guest   |
| Brunch  | \$5.35      | \$12.95 |
| Lunch Residents/Guest Tickets - 20 Tickets @ \$125.00 |             |         |
| Dinner Guest Tickets - 10 Tickets @ \$90.00           |             |         |

**Guest Units**

|           |          |
|-----------|----------|
| One Night | \$109.00 |
|-----------|----------|

**Transportation**

|                |         |
|----------------|---------|
| Airport Charge | \$30.00 |
|----------------|---------|

**Maintenance**

|                                |              |
|--------------------------------|--------------|
| Extra Towel Bar                | \$10.00      |
| Ceiling Fan                    | \$50.00      |
| Patch Holes in Drywall (Minor) | \$40.00      |
| Patch Holes in Drywall (Major) | \$75.00      |
| Grab Bar 12”                   | \$30.00      |
| Grab Bar 18”                   | \$35.00      |
| Grab Bar 24”                   | \$40.00      |
| Closet Shelving                | \$2.00/foot  |
| Wireless Doorbell              | \$40.00      |
| Digital Thermostat             | \$75.00      |
| Additional Labor (one tech)    | \$15.00/hour |
| Extra Keys                     | \$2.00       |

|                           |                              |
|---------------------------|------------------------------|
| Extra Phone or Cable Jack | \$50.00                      |
| Light Dimmer              | \$10.00                      |
| Outdoor Carpet            | \$75.00                      |
| Door Stop                 | \$ 5.00                      |
| Programming TV's,         | \$ 7.50/hour (1hour minimum) |
| Hang TV (supply mount)    | \$65.00                      |
| Handicap Toilet           | \$100.00                     |

**Housekeeping**

|                                |                     |
|--------------------------------|---------------------|
| Laundering of Bedspreads       | \$ 10.50 - \$ 16.50 |
| Laundering of Blankets         | \$ 7.50 - \$ 14.50  |
| Bathroom Rug Cleaning          | \$ 2.50             |
| Door Mat Cleaning              | \$ 2.50             |
| Carpet Cleaning (Spot Removal) | \$20.00             |
| Carpet Cleaning (Per Room)     | \$50.00             |

**Nursing**

|         |         |
|---------|---------|
| Kleenex | \$ 1.00 |
|---------|---------|

**Beauty Shop**

|                 |              |
|-----------------|--------------|
| Shampoo and Set | \$18.00 & up |
| Cut             | \$13.00 & up |
| Manicure        | \$15.00 & up |
| Perm            | \$65.00 & up |

**Administration**

|        |                                   |
|--------|-----------------------------------|
| Copies | \$ .10/copy                       |
| Fax    | \$1.00/page (incoming & outgoing) |

**Apartment Transfer Fee**

|          |            |
|----------|------------|
| Move Fee | \$1,000.00 |
|----------|------------|

**D. Health Services Available**

Brookdale Carriage Club Providence may make available to, or may make arrangements for, Residents to receive health care services, including physical therapy, rehabilitative treatments and equipment, ambulance services, limited pharmacy services, laboratory tests, and other health care related services as may be determined by Brookdale Carriage Club Providence. Charges for these health care services are in addition to the monthly rental fee in the apartments, the Coach House, or healthcare center. Brookdale Carriage Club Providence offers skilled nursing care, therefore, it can be provided at an extra charge to those who have lived at Brookdale Carriage Club Providence for at least thirty (30) days, and who require such care, to the extent space is available.

**E. Personal Services Available.**

The Coach House assisted living unit is available to Residents and others requiring personal care. It is licensed by the North Carolina Department of Health and Human Services as a Home for the Aged. Care in this unit requires an additional monthly charge at the prevailing rate depending on the unit size.

**V. FEES CHARGED**

**A. Application, registration or entrance fees.**

There are no application, registration or entrance fees (other than a \$5,250- \$6,250

nonrefundable membership fee for independent residents and a \$4,250 - \$5,250 nonrefundable fee for assisted living residents). At the termination of the Residence Agreement, any prepaid expenses will be refunded to the Resident less amounts owed to Brookdale Carriage Club Providence at that time, and less the costs of making any repairs to the apartment beyond normal wear and tear.

The Membership Fee is a one (1) time fee which entitles residents priority access to all services and products of Brookdale Senior Living nationwide. Independent Living residents, upon completion of one year of residency, will earn fifteen (15) benefit days per year up to a maximum of 60 days. The benefit days may be used up to fifteen (15) days per year for a temporary or permanent stay at no additional charge for room and board in Assisted Living, Memory Care and/or semi-private accommodations in the Healthcare Center. All Residents will receive priority access to our multiple levels of care and specialized services which include but are not limited to: Personalized Living, Therapy and Rehabilitative treatments.

**B. Monthly Service Fees for each type of unit are:** The Monthly Service Fee entitles the resident to the services previously listed in Section IV.

| Name               | Type                         | Range of fees*  |
|--------------------|------------------------------|-----------------|
| The Magnolia       | Efficiency/Studio            | \$3,345-\$3,895 |
| The Gardenia       | One Bedroom, One Bath        | \$4,045-\$4,395 |
| The Cherry Blossom | One Bedroom, One Bath Deluxe | \$4,395-\$4,895 |
| The Dogwood        | Two Bedroom, Two Bath        | \$4,895-\$5,745 |
| The Jasmine        | Two Bedroom, Two Bath Deluxe | \$5,145-\$5,495 |
| The Villas         | Two Bedroom, Two Bath        | \$5,995-\$6,295 |
| Assisted Living    |                              | \$4,895-\$5,195 |
| Memory Care        |                              | \$7,995-\$8,695 |

*\*The amount of the fee depends on the location. Monthly Service Fees paid after the 10th day of the month shall include an additional late charge of 4%.*

**C. Fee changes.**

Periodic charges are adjusted in accordance with the terms of the Residence Agreement, which provides for the Resident to be given notice of any monthly rental fee increase sixty (60) days before the automatic renewal of the Residence Agreement. The increases are based on the best judgment of the provider based on increasing costs of operation and market factors. Over the past twenty plus years of the operation of Brookdale Carriage Club Providence, overall percentage fee increases and average monthly fee increases in dollars have been as follows:

| Year | <b>Independent Living</b><br><u>% Increase</u> | <b>Independent Living</b><br><u>\$ Increase</u> | <b>Assisted Living</b><br><u>% Increase</u> | <b>Assisted Living</b><br><u>\$ Increase</u> |
|------|--|---|---|--|
| 1988 | 0%   | \$0   | 0%  | \$0  |
| 1989 | 0%   | \$0   | 0%  | \$0  |

|      |              |               |       |       |
|------|--------------|---------------|-------|-------|
| 1990 | 4.75%        | \$73          | 5.41% | \$100 |
| 1991 | 0.00%        | \$0           | 5.13% | \$100 |
| 1992 | 4.00%        | \$55          | 4.86% | \$100 |
| 1993 | 3.20%        | \$45          | 2.33% | \$50  |
| 1994 | 3.5% to 6.5% | \$60 to \$100 | 4.50% | \$100 |
| 1995 | 3.5% to 6.0% | \$40 to \$135 | 4.35% | \$100 |
| 1996 | 3.5% to 6.0% | \$50 to \$145 | 4.12% | \$100 |
| 1997 | 3.25%        | \$65          | 3.00% | \$80  |
| 1998 | 3.75%        | \$78          | 3.25% | \$100 |
| 1999 | 4.00%        | \$90          | 3.75% | \$100 |
| 2000 | 5.00%        | \$100         | 3.00% | \$90  |
| 2001 | 4.50%        | \$120         | 0.00% | \$0   |
| 2002 | 4.75%        | \$150         | 3.00% | \$100 |
| 2003 | 3.75%        | \$130         | 4.00% | \$125 |
| 2004 | 4.00%        | \$100         | 4.50% | \$151 |
| 2005 | 4.00%        | \$100         | 4.00% | \$125 |
| 2006 | 5.00%        | \$133         | 4.50% | \$169 |
| 2007 | 5.50%        | \$152         | 5.50% | \$210 |
| 2008 | 5.50%        | \$164         | 5.50% | \$226 |
| 2009 | 4.00%        | \$124         | 4.00% | \$179 |
| 2010 | 4.00%        | \$124         | 3.50% | \$162 |
| 2011 | 2.50%        | \$95          | 4.00% | \$185 |
| 2012 | 3.00%        | \$109         | 3.00% | \$177 |
| 2013 | 3.50%        | \$117         | 3.50% | \$179 |
| 2014 | 4.00%        | \$119         | 4.50% | \$184 |
| 2015 | 5.00%        | \$125         | 5.00% | \$193 |
| 2016 | 5.50%        | \$216         | 5.50% | \$312 |
| 2017 | 5.50%        | \$229         | 5.50% | \$353 |
| 2018 | 5.00%        | \$208         | 5.00% | \$339 |
| 2019 | 5.00%        | \$217         | 5.00% | \$338 |
| 2020 | 5.50%        | \$241         | 5.50% | \$372 |
| 2021 | 4.50%        | \$202         | 5.50% | \$397 |

#### **D. Late Charges**

Monthly Service Fees paid after the tenth (10th) day of the month shall include an additional late charge of 4%.

## **VI. FINANCIAL INFORMATION**

### **A. Reserves, escrows and trusts**

In accordance with N.C.G.S. §58-64-33, ARCLP-Charlotte, LLC maintains an operating reserve. Funds serving as the operating reserve are deposited with CIBC. George Hicks, Executive Vice President – Finance will be making decisions on the account. Mr. George Hicks has been with Brookdale for over thirty years.

The forecasted financial statements indicate that total operating expenses adjusted to include principal payments on long-term debt, less depreciation and amortization for 2022 will be \$20,380,287. Based on this level of forecasted operating expenses and the 50% reserve requirement for the occupancy shortfall, the operating reserve requirement for 2022 is

\$10,190,144, which as of May 26, 2022, the Operating Reserve balance was funded to meet the requirement.

## **B. 2021 Actual vs. Financial Forecast**

**BROOKDALE CARRIAGE CLUB PROVIDENCE**  
**Actual Vs Forecasted Income Statement**  
**For the year ending December 31, 2021**

*(amounts in 000's)*

|                              | <b>2021</b>          | <b>2021</b>              | <b>Variance</b>             |          |
|------------------------------|----------------------|--------------------------|-----------------------------|----------|
|                              | <b><u>Actual</u></b> | <b><u>Disclosure</u></b> | <b><u>to Disclosure</u></b> |          |
| <b>REVENUES</b>              |                      |                          |                             |          |
| IL Income                    | \$ 9,605             | \$ 9,812                 | \$ (207)                    | <b>A</b> |
| IL Double Op Income          | 328                  | 314                      | 14                          |          |
| AL Income                    | 3,505                | 3,515                    | (10)                        |          |
| ME Income                    | 2,494                | 2,348                    | 146                         |          |
| NC Income                    | 2,199                | 2,456                    | (257)                       | <b>B</b> |
| Other Income                 | 1,071                | 695                      | 376                         | <b>C</b> |
| Total Operating Revenues     | \$ 19,202            | \$ 19,140                | \$ 62                       |          |
| Other operating income       | 56                   | -                        | 56                          |          |
| Total revenue                | \$ 19,258            | \$ 19,140                | 118                         |          |
| <b>EXPENSES</b>              |                      |                          |                             |          |
| Ancillary Expenses           | 1,167                | 793                      | 374                         | <b>D</b> |
| Administration & General     | 2,497                | 2,873                    | (376)                       | <b>E</b> |
| NC Department                | 1,695                | 1,553                    | 142                         |          |
| ME Department                | 693                  | 791                      | (98)                        |          |
| AL Department                | 1,163                | 832                      | 331                         | <b>F</b> |
| Plant Operations/Maintenance | 1,311                | 1,288                    | 23                          |          |
| Utility                      | 606                  | 676                      | (70)                        |          |
| Housekeeping & Laundry       | 427                  | 483                      | (56)                        |          |
| Resident Services            | 638                  | 544                      | 94                          |          |
| Food Service                 | 2,121                | 2,313                    | (192)                       | <b>G</b> |
| Marketing                    | 723                  | 659                      | 64                          |          |
| General Insurance            | 320                  | 291                      | 29                          |          |
| Worker's Compensation        | 53                   | 142                      | (89)                        |          |
| Property Tax                 | 511                  | 515                      | (4)                         |          |
| Depreciation & Amortization  | 3,895                | 3,734                    | 161                         |          |
| Interest Expense             | 3,423                | 3,435                    | (12)                        |          |
| Total Operating Expenses     | \$ 21,243            | \$ 20,922                | \$ 321                      |          |
| Non-Operating Income         | \$ (175)             | \$ -                     | \$ (175)                    |          |
| Management fee expense       | \$ 961               | \$ -                     | \$ 961                      | <b>H</b> |
| Net Income                   | \$ (3,121)           | \$ (1,782)               |                             |          |

**Notes on Income Statement Variances:**

Threshold: Variances greater than \$192 (~1% of revenues).

**A** - The unfavorable variance in Independent Living Income is due to lower rent rate than forecasted and discounts & incentives being \$249K higher than forecasted.

**B** - The unfavorable variance in Nursing Care Income is due to lower occupancy than forecasted. Actual avg. occupied units were 16.1 for 2021 compared to the forecast of 19.7.

**C** - The favorable variance in Other Income is primarily due to Community Fees; \$250K higher than forecast.

**D** - The unfavorable variance in Ancillary Expenses related to higher than forecasted incremental direct costs to respond to the COVID-19 pandemic.

**E** - The favorable variance in Administration and General expense is mainly due to lower than planned Employee Benefits and PTO & Holiday Wages.

**F** - The unfavorable variance in operating expenses for the Assisted Living product is mainly due to higher than forecasted compensation costs.

**G** - The favorable variance in food service costs is primarily due to lower than forecasted compensation costs.

**H** - The unfavorable variance in Management fee expense is a result of these expenses not being included in the forecast for 2021.

**BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Actual Vs Forecasted Balance Sheet  
For the year ending December 31, 2021**

*(amounts in 000's)*

|  | <b>2021</b>          | <b>2021</b>              | <b>Variance</b>             |
|--|----------------------|--------------------------|-----------------------------|
|  | <b><u>Actual</u></b> | <b><u>Disclosure</u></b> | <b><u>to Disclosure</u></b> |
| Cash - restricted                          | 664                  | 1,066                    | (402) <b>A</b>              |
| Cash - unrestricted                        | 12,003               | 12,000                   | 3                           |
| Accounts receivable, net                   | 221                  | 175                      | 46                          |
| Other current assets                       | 377                  | 420                      | (43)                        |
| <b>Total current assets</b>                | <b>13,265</b>        | <b>13,661</b>            | <b>(396)</b>                |
| Land                                       | 10,890               | 10,890                   | -                           |
| Buildings and improvements                 | 92,918               | 92,603                   | 315                         |
| Furniture and equipment                    | 13,667               | 13,619                   | 48                          |
| Construction in Progress                   | 458                  | 383                      | 75                          |
| <b>Gross property, plant and equipment</b> | <b>117,933</b>       | <b>117,495</b>           | <b>438 <b>B</b></b>         |
| Accumulated depreciation                   | (48,102)             | (47,943)                 | (159)                       |
| <b>Property, plant and equipment, net</b>  | <b>69,831</b>        | <b>69,552</b>            | <b>279</b>                  |
| <b>Long term restricted cash</b>           | <b>9,854</b>         | <b>9,522</b>             | <b>332 <b>C</b></b>         |
| <b>Assets</b>                              | <b>92,950</b>        | <b>92,735</b>            | <b>215</b>                  |
| Current portion of long-term debt          | 1,850                | 1,857                    | (7)                         |
| Accounts payable                           | 918                  | 379                      | 539 <b>D</b>                |
| Accrued expenses                           | 710                  | 810                      | (100)                       |
| Tenant deposits                            | 91                   | 128                      | (37)                        |
| Other current liability                    | 360                  | 352                      | 8                           |
| <b>Total current liabilities</b>           | <b>3,929</b>         | <b>3,526</b>             | <b>403</b>                  |
| Long-term debt                             | 87,853               | 87,846                   | 7                           |
| Other long-term liabilities                | -                    | -                        | -                           |
| <b>Liabilities</b>                         | <b>91,782</b>        | <b>91,372</b>            | <b>410</b>                  |
| <b>Equity</b>                              | <b>1,168</b>         | <b>1,363</b>             | <b>(195)</b>                |
| <b>Liabilities and Equity</b>              | <b>92,950</b>        | <b>92,735</b>            | <b>215</b>                  |

**Notes on Balance Sheet Variances:**

Threshold: Variances greater than \$232 (~0.25% of total assets).

**A** – The variance related to restricted cash is a result of a decline in current period operations.

**B** – The increase in PP&E is largely due to timing of projects that were not completed during 2020 as forecasted and moved into the 2021 period.

**C** – The increase in long-term restricted cash is due to interest income earned on the restricted cash account during the period.

**D** - The increase in accounts payable is due to timing of payments at year-end compared to forecasted amounts that were based on the December 31, 2020 balance.

**BROOKDALE CARRIAGE CLUB PROVIDENCE**  
**Statement of Cash Flows - PY Forecast to Actual**  
**For the year ending December 31, 2021**  
*(amounts in 000's)*

|  | <u>2021</u><br><u>Actual</u> | <u>2021</u><br><u>Disclosure</u> | <u>Variance</u><br><u>to Disclosure</u> |          |
|--|------------------------------|----------------------------------|---|----------|
| Net income   | (3,121)                      | (1,782)                          | (1,339)                                 | <b>A</b> |
| Adjustments to reconcile net income to operating cash: |                              |                                  |   |          |
| Depreciation   | 3,837                        | 3,677                            | 160                                     |          |
| Amortization - financing costs                         | 58                           | 58                               | -                                       |          |
| Change in operating assets                             |                              |                                  |   |          |
| Accounts receivable, net                               | (51)                         | (9)                              | (42)                                    |          |
| Other assets   | 37                           | (2)                              | 39                                      |          |
| Accounts payable                                       | 549                          | 10                               | 539                                     | <b>B</b> |
| Accrued expenses                                       | (35)                         | 58                               | (93)                                    |          |
| Tenant deposits and other restricted liabilities       | (35)                         | 2                                | (37)                                    |          |
| Other liabilities                                      | -                            | -                                | -                                       |          |
| Net cash provided by operating activities              | <u>1,239</u>                 | <u>2,012</u>                     | <u>(773)</u>                            |          |
| Cash flows from investing activities                   |                              |                                  |   |          |
| (Deposit to) withdrawals from operating reserve fund   | -                            | -                                | -                                       |          |
| Purchase of property and equipment                     | (2,306)                      | (1,868)                          | (438)                                   | <b>C</b> |
| Net cash used in investing activities                  | <u>(2,306)</u>               | <u>(1,868)</u>                   | <u>(438)</u>                            |          |
| Cash flows from financing activities                   |                              |                                  |   |          |
| Payment of long-term debt                              | (1,857)                      | (1,857)                          | -                                       |          |
| Member contributions, net                              | 2,948                        | 1,803                            | 1,145                                   | <b>D</b> |
| Net cash used in financing activities                  | <u>1,091</u>                 | <u>(54)</u>                      | <u>1,145</u>                            |          |
| Increase (decrease) in cash                            | 24                           | 90                               | (66)                                    |          |
| Cash, beginning of year                                | <u>22,497</u>                | <u>22,498</u>                    | <u>(1)</u>                              |          |
| Cash, ending of year                                   | <u>22,521</u>                | <u>22,588</u>                    | <u>(67)</u>                             |          |

**Notes on Cash Flows Variances:**

Threshold: Variances greater than \$232 (~0.25% of total assets).

**A** – See income statement analytics for explanation of change in net income.

**B** - The change in the accounts payable is due to timing of when payments were made during year end compared to the forecasted amount which was based on the December 31, 2020 balance.

**C** – The increase in capital expenditures over prior year forecast is due to timing of projects that were not completed during 2020 as forecasted moving into the 2021 period.

**D** – The majority of this increase relates to higher cash received from the parent than expected primarily due to higher than expected expenses including incremental direct costs to respond to the COVID-19 pandemic and higher capital expenditures than previously forecasted.

### **C. Facility Assumptions**

- In the financial forecast, an average occupancy rate of 80.7% (222.0 units) for independent living is assumed throughout the forecast period for the 275 independent living units.
- In the financial forecast, an average occupancy rate of 82.2% (46.0 units) for assisted living is assumed throughout the forecast period for the 56 assisted living units.
- In the financial forecast, an average occupancy rate of 84.0% (28.6 units) for memory care is assumed throughout the forecast period for the 34 memory care units.
- In the financial forecast, an average occupancy rate of 64.0% (26.9 units) for skilled nursing is assumed throughout the forecast period for the 42 skilled nursing beds.

### **ATTACHMENTS**

**Attachment 1** – Five Year Forecasted Financial Statements compiled by Lattimore Black Morgan & Cain, P.C., Certified Public Accountants and Business Advisors.

**Attachment 2** – Independent Living Residency Agreement

**Attachment 3** – Assisted Living Residency Agreement

**Attachment 4** – Audited Financial Statements

**Attachment 5** – Interim Financial Statements as of April 30, 2022

# ATTACHMENT

1

ARCLP - CHARLOTTE, LLC  
d/b/a BROOKDALE CARRIAGE  
CLUB PROVIDENCE

Compilation of Financial Forecasts

Five Years Ending  
December 31, 2026



**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

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## ACCOUNTANTS' COMPILATION REPORT

### **The Board of Directors ARCLP – Charlotte, LLC:**

Management is responsible for the accompanying forecasts of ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence (the “Company”), which comprises the forecasted balance sheets, statements of income and changes in member’s equity, and cash flows as of and for each of the five years ending December 31, 2022 through 2026, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of forecasts established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecasts 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 these forecasts. The accompanying forecasts were prepared for use by the Company for inclusion in its annual disclosure statement for the North Carolina Department of Insurance. All other information that may be included with the forecasts identified in the preceding paragraph has not been subjected to an examination, review, compilation, or preparation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it.

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

The accompanying forecasts and this report are intended solely for the information and use of the Company and the North Carolina Department of Insurance and are not intended to be and should not be used by anyone other than these specified parties.

*LBMC, PC*

Brentwood, Tennessee  
May 26, 2022

**ARCLP - Charlotte, LLC**  
**d/b/a Brookdale Carriage Club Providence**

Forecasted Balance Sheets  
For the Years Ending December 31,  
(in Thousands of Dollars)

|  | 2022             | 2023           | 2024           | 2025           | 2026           |
|--|------------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                                    |                  |                |                |                |                |
| Current assets:                                  |                  |                |                |                |                |
| Cash, restricted                                 | \$ 1,036         | 980            | 948            | 1,018          | 985            |
| Cash, unrestricted                               | 12,003           | 12,003         | 12,003         | 12,003         | 12,003         |
| Accounts receivable, net                         | 227              | 236            | 247            | 257            | 268            |
| Other current assets                             | 382              | 384            | 387            | 389            | 391            |
| <b>Total current assets</b>                      | <b>13,648</b>    | <b>13,603</b>  | <b>13,585</b>  | <b>13,667</b>  | <b>13,647</b>  |
| Property and equipment:                          |                  |                |                |                |                |
| Land and improvements                            | 10,890           | 10,890         | 10,890         | 10,890         | 10,890         |
| Building and improvements                        | 93,881           | 94,640         | 95,506         | 96,479         | 97,533         |
| Furniture and equipment                          | 14,185           | 14,594         | 15,060         | 15,584         | 16,152         |
| Construction in progress                         | 458              | 458            | 458            | 458            | 458            |
| <b>Total property and equipment</b>              | <b>119,414</b>   | <b>120,582</b> | <b>121,914</b> | <b>123,411</b> | <b>125,033</b> |
| Less accumulated depreciation and amortization   | (51,868)         | (55,693)       | (59,587)       | (63,558)       | (67,611)       |
| <b>Net property and equipment</b>                | <b>67,546</b>    | <b>64,889</b>  | <b>62,327</b>  | <b>59,853</b>  | <b>57,422</b>  |
| Operating reserve fund                           | 10,190           | 10,736         | 23,842         | 10,277         | 10,518         |
| <b>Total Assets</b>                              | <b>\$ 91,384</b> | <b>89,228</b>  | <b>99,754</b>  | <b>83,797</b>  | <b>81,587</b>  |
| <b>Liabilities and Member's Equity</b>           |                  |                |                |                |                |
| Current liabilities:                             |                  |                |                |                |                |
| Current portion of long-term debt                | \$ 1,960         | 28,074         | 1,419          | 1,449          | 55,181         |
| Accounts payable                                 | 929              | 940            | 952            | 964            | 977            |
| Accrued expenses                                 | 551              | 615            | 682            | 752            | 823            |
| Tenant deposits and other restricted liabilities | 95               | 100            | 105            | 110            | 116            |
| Other current liabilities                        | 577              | 578            | 579            | 577            | 577            |
| <b>Total current liabilities</b>                 | <b>4,112</b>     | <b>30,307</b>  | <b>3,737</b>   | <b>3,852</b>   | <b>57,674</b>  |
| Long-term debt                                   | 85,893           | 57,877         | 56,515         | 55,123         | -              |
| <b>Total liabilities</b>                         | <b>90,005</b>    | <b>88,184</b>  | <b>60,252</b>  | <b>58,975</b>  | <b>57,674</b>  |
| Member's equity, unrestricted                    | 1,379            | 1,044          | 39,502         | 24,822         | 23,913         |
| <b>Total Liabilities and Member's Equity</b>     | <b>\$ 91,384</b> | <b>89,228</b>  | <b>99,754</b>  | <b>83,797</b>  | <b>81,587</b>  |

See Summary of Significant Assumptions and Accounting Policies and Accountants' Compilation Report.

**ARCLP - Charlotte, LLC**  
**d/b/a Brookdale Carriage Club Providence**

Forecasted Statements of Income and Changes in Member's Equity  
For the Years Ending December 31,  
(in Thousands of Dollars)

|  | 2022              | 2023           | 2024          | 2025          | 2026          |
|--|-------------------|----------------|---------------|---------------|---------------|
| <b>Revenues:</b>                               |                   |                |               |               |               |
| Independent living                             | \$ 8,643          | 10,399         | 12,137        | 13,911        | 15,349        |
| Assisted living                                | 2,954             | 3,456          | 3,931         | 4,432         | 4,725         |
| Memory enhancement                             | 2,545             | 2,667          | 2,942         | 3,234         | 3,468         |
| Nursing care                                   | 2,703             | 3,254          | 3,630         | 3,950         | 4,151         |
| Second party rents                             | 314               | 363            | 406           | 451           | 491           |
| Other income                                   | 1,048             | 1,089          | 1,173         | 1,254         | 1,290         |
| <b>Total revenues</b>                          | <b>18,207</b>     | <b>21,228</b>  | <b>24,219</b> | <b>27,232</b> | <b>29,474</b> |
| <b>Expenses:</b>                               |                   |                |               |               |               |
| Ancillary expenses                             | 805               | 873            | 901           | 925           | 954           |
| General and administration                     | 2,976             | 3,056          | 3,154         | 3,251         | 3,352         |
| Nursing  | 1,398             | 1,427          | 1,479         | 1,526         | 1,578         |
| Memory enhancement                             | 969               | 988            | 1,025         | 1,058         | 1,095         |
| Assisted living                                | 850               | 866            | 899           | 928           | 960           |
| Plant operations and maintenance               | 1,432             | 1,469          | 1,518         | 1,565         | 1,615         |
| Utilities                                      | 626               | 654            | 674           | 694           | 715           |
| Housekeeping and laundry                       | 502               | 517            | 541           | 563           | 585           |
| Resident services                              | 609               | 622            | 644           | 665           | 687           |
| Food service                                   | 2,601             | 2,727          | 2,889         | 3,041         | 3,175         |
| Marketing                                      | 900               | 922            | 953           | 983           | 1,014         |
| General insurance                              | 351               | 367            | 378           | 389           | 401           |
| Workers' compensation                          | 110               | 115            | 118           | 122           | 126           |
| Property taxes                                 | 514               | 537            | 553           | 570           | 587           |
| Depreciation and amortization                  | 3,823             | 3,883          | 3,951         | 4,028         | 4,111         |
| Interest expense                               | 3,830             | 4,372          | 3,884         | 2,854         | 2,742         |
| <b>Total expenses</b>                          | <b>22,296</b>     | <b>23,395</b>  | <b>23,561</b> | <b>23,162</b> | <b>23,697</b> |
| <b>Net income (loss)</b>                       | <b>\$ (4,089)</b> | <b>(2,167)</b> | <b>658</b>    | <b>4,070</b>  | <b>5,777</b>  |
| <b>Member's Equity:</b>                        |                   |                |               |               |               |
| Beginning of year                              | \$ 1,168          | 1,379          | 1,044         | 39,502        | 24,822        |
| Net income (loss)                              | (4,089)           | (2,167)        | 658           | 4,070         | 5,777         |
| Contributions/(distributions) from (to) member | 4,300             | 1,832          | 37,800        | (18,750)      | (6,686)       |
| End of year                                    | \$ 1,379          | 1,044          | 39,502        | 24,822        | 23,913        |

See Summary of Significant Assumptions and Accounting Policies and Accountants' Compilation Report.

**ARCLP - Charlotte, LLC**  
**d/b/a Brookdale Carriage Club Providence**

Forecasted Statements of Cash Flows  
For the Years Ending December 31,  
(in Thousands of Dollars)

|   | 2022             | 2023           | 2024           | 2025            | 2026           |
|---|------------------|----------------|----------------|-----------------|----------------|
| <b>Cash flows from operating activities:</b>  |                  |                |                |                 |                |
| Net income (loss)   | \$ (4,089)       | (2,167)        | 658            | 4,070           | 5,777          |
| Adjustments to reconcile net income (loss) to net cash provided<br>by operating activities: |                  |                |                |                 |                |
| Depreciation  | 3,766            | 3,825          | 3,894          | 3,970           | 4,054          |
| Loan fee amortization   | 58               | 58             | 58             | 58              | 58             |
| Changes in:   |                  |                |                |                 |                |
| Accounts receivable, net  | (9)              | (10)           | (10)           | (11)            | (11)           |
| Other current assets  | (2)              | (2)            | (2)            | (3)             | (2)            |
| Accounts payable  | 11               | 11             | 12             | 12              | 13             |
| Accrued expenses and other current liabilities  | 60               | 66             | 65             | 71              | 69             |
| Tenant deposits and other restricted liabilities  | 2                | 5              | 5              | 5               | 6              |
| <b>Total adjustments</b>  | <b>3,886</b>     | <b>3,953</b>   | <b>4,022</b>   | <b>4,102</b>    | <b>4,187</b>   |
| <b>Net cash provided by (used in) operating activities</b>                                  | <b>(203)</b>     | <b>1,786</b>   | <b>4,680</b>   | <b>8,172</b>    | <b>9,964</b>   |
| <b>Cash flows from investing activities:</b>  |                  |                |                |                 |                |
| Purchases of property and equipment   | (1,482)          | (1,168)        | (1,332)        | (1,498)         | (1,621)        |
| <b>Net cash used in investing activities</b>  | <b>(1,482)</b>   | <b>(1,168)</b> | <b>(1,332)</b> | <b>(1,498)</b>  | <b>(1,621)</b> |
| <b>Cash flows from financing activities:</b>  |                  |                |                |                 |                |
| Payment of long-term debt   | (1,907)          | (1,960)        | (28,074)       | (1,419)         | (1,449)        |
| Contributions/(distributions) from (to) member  | 4,300            | 1,832          | 37,800         | (18,750)        | (6,686)        |
| <b>Net cash provided by (used in) financing activities</b>                                  | <b>2,393</b>     | <b>(128)</b>   | <b>9,726</b>   | <b>(20,169)</b> | <b>(8,135)</b> |
| <b>Annual cash flow</b>   | <b>708</b>       | <b>490</b>     | <b>13,074</b>  | <b>(13,495)</b> | <b>208</b>     |
| <b>Beginning balance of cash and restricted cash</b>  | <b>22,521</b>    | <b>23,229</b>  | <b>23,719</b>  | <b>36,793</b>   | <b>23,298</b>  |
| <b>Ending balance of cash and restricted cash</b>   | <b>\$ 23,229</b> | <b>23,719</b>  | <b>36,793</b>  | <b>23,298</b>   | <b>23,506</b>  |

See Summary of Significant Assumptions and Accounting Policies and Accountants' Compilation Report.

**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence (the “Company”) is an operator of a senior living community (the “Community”) in Charlotte, North Carolina and is wholly owned by BKD FM Holding Company, LLC (the “Member”), which through American Retirement Corporation, is a wholly owned subsidiary of Brookdale Senior Living, Inc. All of the aforementioned entities are for profit. The financial forecasts present to the best of the knowledge and belief of management (“Management”) of the Company’s forecasted balance sheets, statements of income and changes in Member’s equity, and cash flows as of and for each of the five years ending December 31, 2022 through 2026 based on the assumptions described herein.

The forecasts reflect Management’s judgment as of May 26, 2022, the date of these forecasts, of the expected conditions, and its expected course of action assuming that the assumptions included herein occur. The forecasts do not reflect projected government funding not yet received and the related COVID-19 expenses for which the government funding is intended to reimburse, which Management estimates will have no material net impact.

The COVID-19 pandemic significantly disrupted the senior living industry and the Company’s business beginning in March 2020. The health and wellbeing of the Company’s residents and associates has been and continues to be its highest priority.

Community operating expense for the years ended December 31, 2021 and 2020 includes \$0.5 million and \$0.6 million, respectively, of incremental direct costs to respond to the pandemic, including costs for: acquisition of additional personal protective equipment (“PPE”), medical equipment, and cleaning and disposable food service supplies; enhanced cleaning and environmental sanitation; increased employee-related costs, including labor, workers compensation, and health plan expense; and COVID-19 testing of residents and associates where not otherwise covered by government payor or third-party insurance sources.

During the years ended December 31, 2021 and 2020, the Company recognized \$0.1 million and \$0.9 million, respectively, as other operating income from grants received and credits recognized related to the pandemic based upon its estimates of its satisfaction of the conditions of the grants and credits during such periods and the cash received for grants and credits has been presented within net cash provided by operating activities within the Company's statements of cash flows.

During the year ended December 31, 2020, the Company received \$0.2 million under the Accelerated and Advance Payment Program administered by the Centers for Medicare & Medicaid Services (“CMS”). Recoupment of advanced payments began in April 2021 at a rate of 25% of Medicare payments for the first eleven months following the anniversary of issuance and at a rate of 50% of Medicare payments for the next six months. Any outstanding balance of advanced

**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

payments will be due following such recoupment period. During the year ended December 31, 2021, \$0.1 million of the advanced payments were recouped. As of both December 31, 2021 and 2020 \$0.1 million was included in current portion of deferred revenue and \$0.1 million was included in other long-term liabilities as of December 31, 2020 within the Company's balance sheets. The \$0.2 million received and the \$0.1 million recouped has been presented within net cash provided by operating activities within the Company's statement of cash flows.

The Company cannot predict with reasonable certainty the impacts that COVID-19 ultimately will have on its business, results of operations, cash flow, and liquidity. The ultimate impacts of COVID-19 will depend on many factors, some of which cannot be foreseen, including the duration, severity, and breadth of the pandemic and any resurgence or variants of the disease; the impact of COVID-19 on the nation's economy and debt and equity markets and the local economies in its markets; the development, availability, utilization, and efficacy of COVID-19 testing, therapeutic agents, and vaccines and the prioritization of such resources among businesses and demographic groups, government financial and regulatory relief efforts that may become available to business and individuals, including its ability to qualify for and satisfy the terms and conditions of financial relief; perceptions regarding the safety of senior living communities during and after the pandemic; changes in demand for senior living communities and the Company's ability to adapt its sales and marketing efforts to meet that demand; the impact of COVID-19 on its residents' and their families' ability to afford its resident fees, including due to changes in unemployment rates, consumer confidence, housing markets, and equity markets caused by COVID-19; changes in the acuity levels of its new residents; the disproportionate impact of COVID-19 on seniors generally and those residing in the Company's community; the duration and costs of its response efforts, including increased equipment, supplies, labor, litigation, testing, vaccination clinic, health plan, and other expenses; potentially greater use of contract labor and overtime due to COVID-19 and general labor market conditions; the impact of COVID-19 on its ability to complete financings and re-financings of various assets or to generate sufficient cash flow to cover required debt and interest payments and to satisfy financial and other covenants in its debt documents; increased regulatory requirements, including the costs of unfunded, mandatory testing of residents and associates and provision of test kits to the Company's health plan participants; increased enforcement actions resulting from COVID-19; government action that may limit its collection or discharge efforts for delinquent accounts; and the frequency and magnitude of legal actions and liability claims that may arise due to COVID-19 or the Company's response efforts.

This report was prepared for use by the Company for inclusion in its annual disclosure statement for the North Carolina Department of Insurance ("DOI"). Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the forecasts. Even if the assumptions stated above occur, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

***Description of the Property and Facilities***

The Company is an owner and operator of a senior living community (the “Community”) located on a 45-acre site at 5800 Old Providence Road in Charlotte, North Carolina and consisting of ten apartment buildings (one, two, and three story) and seven four-plex villas with two large lakes in the center of the Community. The Company is committed to providing senior living solutions through a property that is designed, purpose-built, and operated to provide the highest quality service, care, and living accommodations for residents. The Community offers a variety of living arrangements and services to accommodate all levels of physical ability and health. The Community has 275 independent living units, 56 assisted living units, 34 memory care units, and 42 skilled nursing beds on one campus. The Community also has common spaces including a lobby, dining room, auditorium, game rooms, craft room, country store/snack bar, beauty/barber shop, and offices. See Tables 1, 2, 3, and 4 following for further detail of unit types and historical occupancy.

As a continuing care retirement community (“CCRC”) licensed by the North Carolina DOI, the Company offers a 13-month Residence Agreement, renewable for successive periods of 13 months. The Community began operation in July 1988, and ARC has managed the Community since its opening. ARC assumed ownership and responsibility for the operation in May 1996. In December 2001, the Company sold the majority of the Community property and equipment to CALF and contemporaneously entered into a long-term operating lease with a 15-year term. In April 2007, the Company purchased the property and equipment from CALF and terminated the associated lease.

***Significant Accounting Policies***

*Accounts Receivable* – Accounts receivable are reported net of an allowance for credit losses to represent the Company’s estimate of inherent losses at the balance sheet date. The adequacy of the Company’s allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, as well as a review of specific accounts, and adjustments are made to the allowance as necessary. Late or interest charges on delinquent accounts are not recorded until collected.

**ARCLP – CHARLOTTE, LLC d/b/a  
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**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

*Property and Equipment* – Property and equipment are recorded at cost. Renovations and improvements, which improve and/or extend the life of an asset, are generally capitalized and depreciated over the estimated useful life of the renovations or improvements. Maintenance and repair expenditures that do not improve or extend the life of assets are expensed as incurred. Depreciation is computed using the straight-line method using the following estimated useful lives:

|                            |              |
|----------------------------|--------------|
| Buildings and improvements | 3 - 40 years |
| Furniture and equipment    | 3 - 10 years |
| Resident lease intangibles | 1 - 2 years  |

*Statement of Cash Flows* – The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash. Restricted cash is made up of the operating reserve fund, which is further discussed within the Operating Reserve Fund section, as well as debt service reserve accounts required by the Company’s lender under its mortgage debt agreement.

*Other Current Assets* – Other assets primarily consist of supplies inventory, prepaid expenses, and deferred move-in incentives.

*Tenant Deposits* – Represents fully refundable tenant deposits maintained in separate bank depository accounts or certificates of deposit and are classified as “cash – restricted” on the balance sheet.

*Income Taxes* – No provision for federal or state income taxes has been made as income is reported on the tax returns of the investors, as the Company is a limited liability company.

***Assumptions***

The occupancy rates are based on historical utilization and the experience of Management when operating similar units at other properties it owns and/or manages and current events, such as COVID-19, that are expected to impact future occupancy. Historical occupancy percentages, as presented by Management, are summarized in Table 1.

**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

**Table 1  
Historical Average Occupancy**

|                          | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>As of<br/>April 30, 2022</b> |
|--------------------------|-------------|-------------|-------------|-------------|---------------------------------|
| Independent Living Units | 92.4%       | 88.4%       | 74.7%       | 67.1%       | 65.7%                           |
| Assisted Living Units    | 93.9%       | 95.1%       | 72.3%       | 73.1%       | 61.3%                           |
| Memory Enhanced Units    | 94.0%       | 81.8%       | 83.3%       | 77.2%       | 74.6%                           |
| Skilled Nursing Units    | 58.1%       | 59.6%       | 52.8%       | 38.4%       | 47.9%                           |
| Overall Community        | 89.2%       | 85.8%       | 72.8%       | 65.8%       | 64.0%                           |

**Independent Living Utilization** - The Company achieved stabilized independent living occupancy of 95% in 1997. The Company projects an average of 68.7% occupancy during 2022 and 83.7% throughout the remainder of the forecasted period which includes a lease up assumption for 2023 through 2026. Average monthly rents were \$4,664 per unit during 2021 and are assumed to increase 3.5% in 2022 and each year thereafter.

**Assisted Living Utilization** – The Company achieved stabilized assisted living occupancy of 95% in 1997. The Company projects an average of 68.6% occupancy during 2022 and 85.6% throughout the remainder of the forecasted period which includes a lease up assumption for 2023 through 2026. Average monthly rents were \$7,566 per unit during 2021 and are assumed to increase 3.5% in 2022 and each year thereafter.

**Memory Care Utilization** – The Company achieved stabilized memory-enhanced occupancy of 94.1% in 2002. The Company projects an average of 76.8% occupancy during 2022 and 85.8% throughout the remainder of the forecasted period which includes a lease up assumption for 2023 through 2026. Average monthly rents were \$8,261 per unit during 2021 and are assumed to increase 3.5% in 2022 and each year thereafter.

**Skilled Nursing Utilization** – Skilled nursing beds are sheltered under CCRC regulations in the State of North Carolina and are not available to the outside community. The Company projects an average of 49.9% occupancy during 2022 and 67.5% throughout the remainder of the forecasted period which includes a lease up assumption for 2023 through 2026. Average monthly rents were \$11,553 per unit during 2021 and are assumed to increase 2.5% in 2022 and each year thereafter.

**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

**Revenue Recognition**

The Company is a rental community, and as such, the rate structure does not include entrance fees. Prior to the time of occupancy, the resident enters into a Residence Agreement and pays a non-refundable membership fee of \$5,250 - \$6,250 for independent residents and \$4,250 - \$5,250 for assisted living residents. At the termination of the Residence Agreement, any prepaid expenses will be refunded to the resident, less amounts owed to the Company at that time and the costs of making any repairs to the apartment beyond normal wear and tear.

Independent living revenue is based upon the expected occupancy of the independent living units and the monthly service fees expected to be charged to the resident of the units. Effective for the year 2022, the monthly service fees charged to the residents of the independent living units, as provided by Management, are summarized in Table 2.

**Table 2  
Unit Configuration - Independent Living**

| Type of Unit                      | Number of Units | 2022 Range of Monthly Fees <sup>(1)</sup> |
|-----------------------------------|-----------------|---|
| Magnolia (1 BR Efficiency/Studio) | 29              | \$3,345 - \$3,895                         |
| Gardenia (1 BR + 1 Bath)          | 102             | 4,045 - 4,395                             |
| Cherry Blossom (1 BR Deluxe)      | 39              | 4,395 - 4,895                             |
| Dogwood (2 BR + 2 Bath)           | 54              | 4,895 - 5,745                             |
| Jasmine (2 BR Deluxe)             | 23              | 5,145 - 5,495                             |
| Villa (2 BR Deluxe)               | <u>28</u>       | 5,995 - 6,295                             |
| Total Independent Living Units    | <u>275</u>      |   |
| Weighted Average Monthly Fees     |                 | \$4,721                                   |

<sup>(1)</sup> 2022 monthly fees represent base rent and do not include full care services offered which vary by resident.

Monthly service fees vary based upon the location and view of the units. A second person monthly fee of \$925 is charged in the independent living units. As provided by Management, monthly service fees are assumed to increase 3.5% in 2022 and each year thereafter.

**ARCLP – CHARLOTTE, LLC d/b/a  
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**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

Assisted living and memory enhanced revenue are based upon the expected occupancy of the existing home for the aged beds, the assisted living units and the monthly service fees expected to be charged to the residents of the units. Effective for the year 2022, the monthly service fees charged to the residents of the assisted living units, as provided by Management, are summarized in Table 3.

**Table 3  
Unit Configuration - Assisted Living and Memory Care**

| Type of Unit                  | Number of Units | 2022 Monthly Fees <sup>(1)</sup> |
|-------------------------------|-----------------|----------------------------------|
| <b>Assisted Living Units:</b> |                 |                                  |
| Studio                        | 42              | \$4,895                          |
| Deluxe Apartment              | 6               | 5,095                            |
| Alcove                        | 6               | 5,195                            |
| AL/HC Semi-Private            | <u>2</u>        | <u>5,195</u>                     |
| Total Units/Weighted Average  | <u>56</u>       | <u>4,959</u>                     |
| <b>Memory Enhanced Units:</b> |                 |                                  |
|                               | 34              | \$8,530                          |

<sup>(1)</sup> 2022 monthly fees represent base rent and do not include full care services offered which vary by resident.

The monthly service fees for the assisted living units are assumed by Management to increase 3.5% annually beginning in January 2022. The monthly service fees for the memory-enhanced units are assumed by Management to increase 3.5% annually beginning in January 2022.

Skilled nursing revenue is based upon the expected occupancy of the existing nursing center and the monthly service fees expected to be charged to the residents of the units. Effective for the year 2022, the monthly service fees charged to the residents of the nursing center units, as provided by Management, are summarized in Table 4.

**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

**Table 4  
Unit Configuration - Skilled Nursing Center**

| Type of Unit   | Number of Beds <sup>(1)</sup> | 2022 Daily Room Rate | 2022 Monthly Fees |
|--|-------------------------------|----------------------|-------------------|
| Skilled - Semi-Private Beds<br>(Medicare-certified beds) | 14                            | \$377                | \$11,467          |
| ICF - Private Room                                       | 8                             | 376                  | 11,437            |
| ICF - Semi-Private Beds                                  | <u>20</u>                     | 305                  | 9,277             |
| Total Nursing Units                                      | <u>42</u>                     |                      |                   |
| Weighted Average Rate and Monthly Fees                   |                               | \$343                | \$ 10,447         |

<sup>(1)</sup> Skilled Nursing Center beds are licensed as Sheltered Beds and are only available for occupancy by residents transferring from Independent Living or Assisted Living units.

The monthly service fees for the nursing center units are assumed by Management to increase 2.5% annually beginning in January 2022.

Other revenue consisting of income from therapy services, guest meals, processing fees, and other miscellaneous items has been estimated by Management based on historical experience of the Company. Beyond 2022, other revenue is expected to vary based on overall facility occupancy as well as an inflation rate of approximately 1.8%.

**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

***Operating Expenses***

Management has estimated operating expenses based on historical operating experience of the Company and the experience of other similar ARC retirement communities. Salaries and wages are based on historical salary and wage rates at the Company.

**Table 5  
Staffing Levels and Average Salary - 2022**

| Department                     | FTE's<br>End of<br>Year |
|--------------------------------|-------------------------|
| Ancillary                      | 17.9                    |
| General & Administrative       | 7.5                     |
| Nursing                        | 21.6                    |
| Memory Enhanced                | 21.9                    |
| Assisted Living                | 16.3                    |
| Plant Operations & Maintenance | 14.9                    |
| Housekeeping & Laundry         | 13.4                    |
| Resident Services              | 8.3                     |
| Food Services                  | 41.1                    |
| Marketing                      | 4.9                     |
| <b>Total FTE's</b>             | <b>167.8</b>            |
| <b>Average Salary</b>          | <b>\$41,142</b>         |

The expected number of full-time equivalents (“FTE’s”) in Table 5 is based on Management’s historical experience and has been adjusted to meet the needs of the Community as the nursing beds reach stabilized occupancy. Salary and wages are assumed to increase 3.5% beginning in January 2022 and throughout the remainder of the forecasted period.

The cost of employee benefits, consisting of payroll taxes, health care insurance, and other miscellaneous items is estimated by Management to be 27.8% of salaries and wages. The assumed increase in fringe benefits is based on the assumed increase in staffing, salaries, and wage rates.

Estimated dietary expense consists of raw food and dietary supplies costs. These costs are based on the historical experience of the Company. Management assumes raw food and dietary supplies would vary according to the number of residents in the Community. Raw food costs and dietary supplies are assumed by Management to increase 4.0% in 2022 and 3.0% annually throughout the remainder of the forecasted period.

**ARCLP – CHARLOTTE, LLC d/b/a  
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**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

The cost of utilities is based on the operating experience of the Company. Utility costs are assumed to increase 3.4% annually in 2022 and throughout the remainder of the forecasted period.

The cost of insurance is estimated by Management based upon historical experience and is assumed to decrease 2.5% in 2022, then increase 3.4% annually throughout the remainder of the forecasted period.

The cost of other non-salary expenses including supplies, accounting, legal, and other miscellaneous expenses is estimated by Management based on its experience at the Company and the experience of other similar ARC retirement communities. Non-salary expenses are assumed by Management to increase 3.0% annually in 2022 and throughout the remainder of the forecasted period.

The Company utilizes various management services provided by ARC. ARC collects management service fees of 5.0% of total Company revenues, related to services, which ARC has performed on behalf of the Company. Management fees to be paid to ARC by the Company are not reflected within the accompanying forecasted financial statements.

Management does not anticipate an extraordinary or significant amount of uncollectible fees during the forecasted period.

***Property and Equipment***

Management estimates capital additions to approximate 7.8% of annual revenue during 2022 and 5.5% for the remaining forecasted period. Such capital additions are depreciated using the straight-line method over the estimated useful lives of the related assets.

***Operating Reserve Fund***

The North Carolina DOI under Article 64 requires that CCRCs establish an Operating Reserve Fund in the form of cash, investments, or other assets as permitted by the DOI, consisting of 50% of the following year's forecasted operating expenses until they achieve a 90% occupancy level, at which time they are required to establish an Operating Reserve Fund consisting of 25% of the following year's forecasted operating expenses, which has been achieved in the past. As of the date of this report, the Company did not achieve the 90% occupancy level and the Operating Reserve Fund is funded at 50% of the forecasted operating costs, less certain deductions as defined by law and the Insurance Commissioner, for a 12-month period as of the date of this report.

**ARCLP – CHARLOTTE, LLC d/b/a  
BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Five Years Ending December 31, 2026**

Summary of Significant Assumptions and Accounting Policies

Management's assumed Operating Reserve Fund amounts for each year during the forecasted period are based on projected occupancy rates below 90%, indicating an Operating Reserve Fund equal to 50% of the forecasted annual operating expenses adjusted to include principal payments on long-term debt, less depreciation and amortization.

***Long-Term Debt***

On August 31, 2017, the Company obtained \$95.8 million of mortgage financing secured by the Community. Sixty percent of the principal amount bears interest at a fixed rate, with one half of such amount bearing interest at 4.43% and maturing in 2024 and the other one half bearing interest at 4.47% and maturing in 2027. Forty percent of the principal amount bears interest at a variable rate equal to the 30-day LIBOR plus a margin of 241.5 basis points and matures in 2027.

***Distributions to and Contributions from Member***

Management assumes distributions may be made to its Member. Such distributions are assumed to be conditional upon the Company's compliance with all minimum Operating Reserve Fund requirements as set forth by the DOI. Management has assumed the Company may distribute unrestricted cash balances that exceed twenty days of operating cash on hand. Contributions from its Member may occur to fund the Company's Operating Reserve Fund requirements, to make debt payments on the Company's outstanding amounts including final maturity payments, and to fund operations as needed.

# ATTACHMENT

2



## INDEPENDENT LIVING RESIDENCY AND SERVICES AGREEMENT

This Residency and Services Agreement (“Agreement”) is made and entered into as -- --, -- by and between -- d/b/a -- (“Community,” “us,” “we” or “our”) a residential community located at -- and -- (“Resident,” “you” or “your”). The terms and conditions of the Agreement are as follows:

### I. ACCOMMODATIONS & SERVICES.

#### A. Accommodations.

1. **Community.** The Community is a licensed Continuing Care Retirement Community with independent living.
2. **Apartment.** You have elected to live in the apartment noted on Exhibit A (“Apartment”). The Apartment contains such furnishings and amenities as described in the Addendum to this Agreement.
3. **Common Areas.** You are entitled to use and enjoy, on a non-exclusive basis, the Community’s grounds and common areas, subject to our rules and regulations. You agree that your use of the common areas will not unreasonably interfere with its normal and customary use by any other person entitled to use such areas. We may eliminate, modify or expand common areas in our sole discretion and without notice. You acknowledge that not all common areas may be available at all times. Unavailability of the common areas does not constitute a breach of this Agreement.
4. **Furnishings.** You may furnish your Apartment with your own furniture, small appliances, special equipment, and personal property, provided that our safety standards are met. You will be responsible for removing all furnishings and personal belongings after you vacate your Apartment.

#### B. Basic Services. We will provide you with the following Basic Services, which are included in the Monthly Fee, subject to the terms of this Agreement:

1. **Meals.** We will provide meals as set forth in the Addendum to this Agreement. Other meals and meal delivery are available for an additional charge as listed on Exhibit X. The meals served are not designed for any specific diet or dietary restrictions.
2. **Utility Service.** Unless otherwise noted in the Addendum to this Agreement, the cost of gas, electricity, water and sewer service, basic cable, satellite or comparable television service is included. You are responsible for paying any other utility charges including, but not limited to, telephone, internet charges or premium cable charges.
3. **Housekeeping Service.** We will provide light housekeeping in your Apartment as set forth in the Addendum to this Agreement. Other housekeeping services are available for an additional charge as listed on Exhibit X.
4. **Laundry.** We will provide laundry services and facilities as set forth in the Addendum to this Agreement. Additional personal laundry service is available for an additional charge as listed on Exhibit X.

5. **Grounds Keeping.** We will provide grounds keeping care, including landscaping, snow removal, external painting and outside window cleaning, as we deem appropriate.
  6. **Social & Wellness Programming.** We will provide planned social, recreational and wellness programs. An additional charge may apply to certain activities.
  7. **Transportation.** We will make available scheduled transportation as set forth in the Addendum to this Agreement. All other transportation costs, including taxi and ambulance charges, are your responsibility.
  8. **Parking.** You may have access to an unreserved parking space on a first-come, first-serve basis. Additional parking will be available as set forth in the Addendum to this Agreement.
  9. **Emergency Call System.** Your Apartment will be equipped with an emergency call system that can be activated to alert staff to emergencies. In the event of an emergency, you may also call local emergency personnel (police, fire, ambulance) by dialing 911.
  10. **Select Services.** Select Services are available to you at your request. Such services may include, but are not limited to additional meals, guest meals, transportation beyond that which is included in the Monthly Fee or special events. Such additional services are not included in the Monthly Fee. A list of the available Select Services as well as the associated prices is found on Exhibit X to this Agreement.
- C. **Change in Services.** We will provide thirty (30) days written notice of any change in the scope of services we provide.
- D. **Condition and Use of Premises.** If you incur mental or physical illness which makes it medically necessary for you to be transferred to the Assisted Living residency, Memory Care, Health Care, or another appropriate facility, then you will be transferred to the appropriate level of care. This is determined and based on the opinions of our medical staff and in consultation with your personal physician. The Community maintains a policy on our levels of care and services that are offered. These policies serve as a guide for determining when a change in level of care is necessary. Except in an emergency, a transfer or change in level of care will be made only after consulting with you or your Legal Representative.

## II. **TERM.**

- A. **Right of Occupancy.** You understand and agree that you are not acquiring any ownership, leasehold, or management interest in your Apartment, the Community, our assets including furnishings and fixtures in your Apartment and in the common areas, or any part thereof. This Agreement provides a right of occupancy of the Apartment and non-exclusive use of specified common areas of the Community. The right of occupancy and use is personal to you and cannot be transferred, assigned or pledged to any other person or entity, except as otherwise provided herein. Your right of occupancy is also subject to termination as provided herein. You agree that the Community and the Apartment are in satisfactory, habitable condition, and you accept occupancy of the Apartment in its current condition.
- B. **Term.** The initial term of this Agreement shall be for thirteen (13) months from the date listed in Exhibit A (“Commencement Date”) and shall continue until either party terminates in accordance with the termination provisions stated herein (“Term”).

Residents may rescind their Agreement within thirty (30) days following the later of the execution of their Residency Agreement or the receipt of a disclosure statement that meets

the requirements of N.C.G.S. §58-64-20. Residents are not required to move into the Carriage Club Providence before the expiration of the thirty (30) day rescission period.

If a resident dies before occupying a living unit at the Community, or if, on account of illness, injury, or incapacity, is precluded from occupying a living unit at the Community under the terms of his or her Agreement, the Agreement is automatically canceled.

For rescinded or canceled Agreements under the two paragraphs immediately above, the resident or resident's legal representative shall receive a refund of all money or property transferred to the Community, less (i) Periodic charges specified in the Agreement and applicable only to the period the Agreement is in effect; (ii) those nonstandard costs specifically incurred by the Community at the request of the resident and described in the Agreement or any amendment to the Agreement signed by the resident; and (iii) non-refundable fees, if set out in the contract. Such refund will take place within thirty (30) days of receipt of written notification.

**III. THIS RESIDENCY AGREEMENT WILL AUTOMATICALLY BE RENEWED FOR SUCCESSIVE PERIODS OF THIRTEEN (13) MONTHS UNLESS EITHER PARTY SHALL PROVIDE FORTY-FIVE (45) DAYS ADVANCE WRITTEN NOTICE OF TERMINATION PRIOR TO THE EXPIRATION OF THE CURRENT TERM.**

**IV. FEES.**

- A. **Community Fee.** A one-time non-refundable Community Fee in the amount indicated in Exhibit A must be paid at the time this Agreement is signed. The Community Fee is neither a security deposit nor an application fee and does not excuse you from financial responsibility for any damage caused to the Apartment or the Community other than reasonable wear and tear, or any other outstanding fees and charges.
- B. **Monthly Fee.** You agree to pay the Monthly Fee ("Monthly Fee") indicated on Exhibit A. If this Agreement is for two residents, you are responsible for paying the Second Person Fee ("Second Person Fee") set forth on Exhibit A. You are responsible for paying all applicable sales and use taxes, if any. The Monthly Fee, the Second Person Fee, if applicable, and any other recurring charges included on the monthly statement are collectively called the "Total Monthly Fee."
- C. **Select Services.** You agree to pay the established charges for any Select Services we provide to you.
- D. **Resident Absence.** Unless otherwise noted in the Addendum to this Agreement, if you are absent from the Community for any reason, the Agreement will remain effective and you will be charged the full Total Monthly Fee. If you provide written notice of your intent to terminate the Agreement pursuant to Section VII, termination will be effective and charges will cease the later of the end of any applicable notice period or the removal of all of your personal belongings.
- E. **Payment.** The Total Monthly Fee, plus any applicable sales and use taxes, are due and payable, without offset, on or before the first day of each calendar month. The Total Monthly Fee, which shall be made payable to Brookdale Senior Living Inc., shall be mailed to the address on the invoice or such other address as we may designate. The Total Monthly Fee for the first month will be pro-rated if occupancy commences on a day other than the first day of the month. We will issue a statement for any Select Services you have received during the prior month. Payment is due within 10 days of the issuance of such invoice.

We will charge a \$250.00 late fee if payment is not received when due. We will also charge a \$50.00 returned payment fee for each check or automatic withdrawal that is returned by a financial institution for any reason. After a financial institution returns two payments to the Community, you must pay the Total Monthly Fee and any other amounts due by cashier's check or such other method specified by us. You agree to pay interest on all amounts not paid by the due date. The interest rate will be the lesser of 1.5% per month or the highest rate permitted by law.

- F. **Fee Changes.** The Monthly Fee and Second Person Fee may be changed at our sole discretion. We will give at least **thirty (30) days** written notice of an increase to the Monthly Fee, Second Person Fee, and Total Monthly Fee. If you do not accept the proposed fee changes, you may terminate this Agreement by providing written notice of termination, which termination notice must be received within **thirty (30) days** of the date of our fee change notice. We may increase the fees for Select Services at any time upon **thirty (30)** days prior written notice.

V. **MAINTENANCE, REPAIRS AND ALTERATIONS.**

- A. **Maintenance and Repairs.** We will be responsible for making all necessary repairs to your Apartment. However, you will be responsible for reimbursing us for the cost of any repairs to your Apartment that are not the result of normal wear and tear. You agree to use appliances provided by us only in the manner described in the manufacturer's instructions. To the extent we agree to perform maintenance on your personal property, you shall agree to pay the cost thereof.
- B. **Structural and Non-Structural Alterations.** You may make reasonable alterations, additions, or modifications to your Apartment, whether based on a disability or not, provided that: (1) you obtain prior written approval from the Executive Director to make the specific alterations, additions, or modifications; (2) you contract for these changes prior to beginning alterations directly with us or with a contractor approved by us; and (3) you assume sole financial responsibility for these changes. All such changes must be in compliance with applicable safety and government codes and regulations. If you have a disability and need a reasonable modification (a structural change to afford you equal opportunity to use and enjoy your home), please contact the Executive Director and he/she will review our Reasonable Accommodation/Modification Request process with you. The cost of any alterations made by you shall be paid by you unless otherwise agreed to in writing. You shall not make holes in the floors, walls or fixtures of the Apartment without our prior written approval. You agree that you will bear the cost of restoring the apartment to its original condition, reasonable wear and tear excepted, upon termination of this Agreement, unless we specifically exempt you from this requirement in writing. We may enter and make any modifications or alterations to the Apartment to meet the requirements of any applicable laws.
- C. **Damages.** You agree to maintain your Apartment in a clean, sanitary and orderly condition, normal wear and tear accepted. You are liable for any damages to the Apartment or any other part of the Community that are beyond normal wear and tear or caused by the negligence or misconduct of you or your guests (including any agent, employee, contractor, or other invitee) including any related costs, expenses and reasonable attorneys' fees. If your non-compliance or breach of this Agreement can be remedied by repair or replacement of a damaged item or cleaning and you fail to remedy such non-compliance or breach as promptly as circumstances require in the case of an emergency or, in any event, within

fourteen (14) days after written notice from us to you specifying the non-compliance or breach and requesting that you remedy such non-compliance or breach within that period of time, you agree that (i) we may enter the Apartment and cause the work to be done in a workmanlike manner and (ii) we may invoice you for the actual and reasonable cost. This provision will survive termination of this Agreement.

- D. **Right of Entry.** Our associates must be permitted to enter your Apartment to provide services under the terms of this Agreement, to respond to emergencies, to make repairs and improvements, or if there is reasonable belief that your safety or safety of others is in question or that our policies and procedures are being violated, as we deem necessary or advisable. Therefore, you may not change the locks or install additional locks to your Apartment's entrance door. When feasible, our associates will attempt to give you reasonable notice before entering your Apartment.
- E. **Transfers from Apartment.** If you relocate to a different apartment, you are responsible for paying the then-current transfer fee. The transfer fee will not apply if the transfer is initiated at our request to comply with any law or lawful order of any authorized public official, or for any other reasonable purpose, as determined by us. You agree to such substitution, and to pay the Monthly Fee for your new Apartment and any Second Person Fee if applicable. We shall make reasonable efforts to substitute your Apartment with a substantially similar Apartment.
- F. **No Tenancy Interest.** You have none of the rights of a tenant under this Agreement, subject to applicable laws of the State of --.

## VI. **RESIDENT RESPONSIBILITIES AND REPRESENTATIONS.**

- A. **Conditions of Residency.** You understand and agree that, to be accepted into the Community, you must be at least sixty-two (62) years of age. You are required to meet the conditions of residency, independently or with the assistance of a third party.
- B. **Rule & Regulations Compliance.** You acknowledge receipt of and agree to abide by our rules and regulations including our general policies contained in the Resident Handbook ("Rules and Regulations"), as they now exist or as they may be amended in our sole and absolute discretion. If you have a disability and need a reasonable accommodation (a change in our rules or policies to equally use and enjoy your home), please contact the Executive Director and he/she will review our Reasonable Accommodation/Modification Request process with you. You understand that failure to abide by the Rules and Regulations may result in termination of this Agreement. The Rules and Regulations are incorporated by reference into this Agreement. In the event of a conflict between the terms of this Agreement and the Rules and Regulations, the terms of this Agreement shall control.
- C. **Responsibility for Resident's Care.** You shall be responsible for your personal care and health care needs. You hereby indemnify, hold harmless and release us and our directors, agents, and employees, from any and all liability, cost and responsibility for injury and damage, including attorneys' fees, arising from your failure to obtain, or from others' failure to furnish (excepting a corporate affiliate solely with respect to any services required to be provided by such affiliate pursuant to a fully executed service agreement), appropriate personal care or health care services, and from all injury and damage which could have been avoided or reduced if such services had been obtained or furnished.
- D. **Obligatory Information.** You agree to provide accurate, complete and current information about yourself and about any emergency contact, including but not limited to addresses,

phone numbers, and email address. You understand that you must promptly notify us of changes to the information stated above. If you do not have advance directives in place, you understand that a court may appoint a guardian to make decisions on your behalf if you are no longer able to do so. Neither we nor any of our associates or agents may be your guardian. If it is necessary for us to petition the court for appointment of a guardian, you agree to pay any costs associated therein.

- E. **Motorized Vehicles and Carts.** You may use a motorized vehicle, subject to the following:
1. Your ability to walk is substantially limited due to a disability;
  2. Your operation of the vehicle does not pose a threat to the health and safety of yourself or others;
  3. The vehicle is operated at a low speed setting; and
  4. You agree to abide by our safety guidelines for the use of motorized vehicles on the premises, which may be modified from time to time.

Reasonable accommodations will be made to the rules, policies and practices (upon a showing of necessity) so long as the requested accommodation does not constitute a threat to the health or safety of you, the other residents, our associates or visitors.

You agree to pay for all damages to others or to the Community, which are caused by you or your motorized vehicle and that we may invoice you for such costs. You further understand and agree that we may, at our sole discretion, prohibit your further use of a motorized vehicle at any time.

- F. **Guests.** You may have guests overnight in the Apartment, but if you desire to have guests overnight for more than seven (7) days in any one month, you must obtain the Executive Director's prior written consent. You are responsible for the charges incurred by and actions of any guest. No more than two (2) overnight guests may be present in your Apartment without our prior written consent. No guests are permitted overnight in your Apartment if you are not present, unless you obtain approval from us. You may not charge guests for the use of the Apartment. Your guests shall abide by our Rules and Regulations. When visiting the Community, guests have the right to park only in the area designated by us. You may bring guests to the dining room to the extent space is available, with Community residents having first preference. The charge for guests' meals is listed in Exhibit X. Any private duty personnel providing services to you are not considered guests and are not entitled to the same privileges as guests.

If your guests become disruptive to our operations and/or are verbally or physically abusive to staff, residents or others, we may request that they leave the Community until their behavior is under control or may place limitations upon the location and time of their visitation. You understand that, where circumstances warrant, we may exclude such individuals from the Community.

- G. **Financial Requirements.** You agree that we have the right to require you to provide financial information and to be approved by us as having sufficient assets and income to pay the Total Monthly Fees and other charges related to occupancy. We also reserve the right to require updated financial information prior to the effective date of this Agreement.
- H. **Joint Occupancy.** If more than one Resident is residing in the Apartment, each Resident is responsible for any payments due to us and is entitled to all the benefits and services under this Agreement. In the event that one resident moves out, or one resident's occupancy is

otherwise terminated for whatever reason, the remaining Resident may continue to reside in the Apartment so long as he/she pays the market rate then in effect for the Apartment as a single occupancy. Alternatively, the remaining Resident may move to a smaller Apartment, if available, and pay the market rate then in effect for a smaller Apartment or may find another resident to occupy the Apartment provided such resident meets all requirements for such occupancy in the Apartment. In these circumstances, to add a new occupant to the Apartment, you must obtain our prior written approval and we will require such person to sign a Residency Agreement and pay the Second Person Fee then in effect. Each potential resident must meet all age and financial requirements before being accepted.

- I. **Use of Apartment.** You agree to use the Apartment only for residential purposes and not for business purposes or the practice of any profession without our express prior written consent. You agree not to conduct an auction or sale in the Apartment which is improper, offensive, or contrary to law or ordinance.

## VII. SERVICES NOT COVERED BY AGREEMENT.

- A. **Excluded Services.** We are not responsible for furnishing or paying for any health care items or services not expressly included in this Agreement. If the service is not something that we have agreed to provide you, then it will be considered an excluded service, and you must furnish it at your own expense.
- B. **Third Party Providers.** All outside caregivers, companions, private duty aides and other personnel employed or retained by you to provide services at the Community (“Private Duty Personnel”) shall be subject to the Rules and Regulations, and other policies, including, without limitation, the Standards of Performance & Conduct for Private Duty Personnel Employed by Residents, available upon request. If you retain or otherwise use the services of Private Duty Personnel, you agree to indemnify and hold harmless us and our officers, directors, shareholders, affiliates, employees, contractors, representatives and agents and their respective successors and assigns, from and against all losses, costs, damages and liabilities (including reasonable attorneys’ fees) arising out of the acts or omissions of any such Private Duty Personnel. We reserve the right to refuse to permit certain Private Duty Personnel from entering the Community if we have reason to believe that such Private Duty Personnel fails to adhere to our standards or poses a threat to residents or others. We are not responsible for screening or evaluating the competence or ability of any Private Duty Personnel.
- C. **Hiring of Associates.** You may not hire our current associates to provide services in the Community. You may contract with former associates to perform any services at the Community only with our consent. We reserve the right to refuse entry to (1) former associates; (2) persons whose actions may be disruptive to the Community; or (3) persons whose actions may threaten the safety of any resident or associate.

## VIII. TERMINATION.

- A. **Termination by Either Party.** Either party may terminate this Agreement:
  1. Upon sixty (60) days advance written notice.
  2. Immediately in the event of your death.

For terminations under this Section, you will be responsible for paying all amounts due under this Agreement until the later of the expiration of the notice period, or until all of your belongings are removed and the Apartment keys are returned to the Community.

- B. **Breach by Resident.** We may terminate this Agreement upon ten (10) days written notice:
1. If you are in default of payment of any amounts due under this Agreement and you fail to cure such default within ten (10) days' notice;
  2. You violate any of the terms, covenants or conditions of this Agreement, or the Rules and Regulations;
  3. You or your guests are habitually disruptive, create unsafe conditions, are physically or verbally abusive to other residents or individuals or otherwise impair the welfare of yourself or others;
  4. You acquire a condition or engage in conduct that interferes with or jeopardizes the health, safety, and/or peaceful lodging of any other individual at the Community or interferes with the performance of Community staff members' duties;
  5. You engage in conduct constituting a nuisance, illegal use of the premises, or waste;
  6. You materially damage the Residence and/or property of the Community;
  7. For your welfare or the welfare of others;
  8. If the Community ceases to operate.
- C. **Immediate Termination.** We may, upon written notice to you, immediately terminate the Agreement, and transfer you or require you to move if:
1. You engage in conduct that poses a danger to yourself or others;
  2. You engage in criminal activity in your unit or you, members of your household or your guests have engaged in criminal activity on or in the immediate vicinity of the Community;
  3. You require emergency relocation to a hospital; or
  4. You become incapable of providing or fail to provide for your health care or personal care needs.
- Any determination that you are required to move for the reasons set forth in this paragraph shall be made in our sole judgment.
- D. **Vacating Apartment.** You will vacate the premises, removing all of your personal property on or before the effective date of termination. If you fail to remove your belongings by the effective date of termination, you understand and agree that we will continue to charge you the Monthly Fee for your Apartment. If the amount of belongings does not preclude renting the Apartment, we may clear the Apartment and charge you for moving and storing the items. If your possessions are not claimed within thirty (30) days after notification, we may dispose of them. You will provide written notice of a forwarding address where you can be reached and receive mail.
- E. **Condition of Apartment.** Upon termination of the Agreement, you will leave the Apartment in a clean and tenantable condition and in the same condition as it existed at the beginning of the Agreement, except for reasonable wear and tear and any alterations or additions made that we elect to retain. You agree to reimburse us for any and all costs of restoring the Apartment to the condition existing at the beginning of your occupancy.
- F. **Effect of Termination.** Termination will not release either party from any liability or obligation to the other party under the terms of this Agreement.

- G. **Services Pending Termination.** You acknowledge and agree that, pending termination of the Agreement due to requiring services or staff not available in the Community, we may arrange for the provision of one-on-one care and you will pay for such care if we determine that such care is needed to protect your health or safety or the health or safety of others

#### IX. AGREEMENT TO ARBITRATE.

**SHOULD ANY OF SUBSECTIONS A & B PROVIDED BELOW, OR ANY PART THEREOF, BE DEEMED VOID OR INVALID, THE VALIDITY OF THE REMAINING SUBSECTIONS, OR PARTS THEREOF, WILL NOT BE AFFECTED.**

##### A. **Arbitration Proceedings.**

1. Any and all claims or controversies arising out of, or in **any** way relating to, this Agreement or any of your stays at the Community, excluding any action for eviction or involuntary discharge, and including disputes regarding interpretation, scope, enforceability, unconscionability, waiver, preemption and/or violability of this Agreement, whether arising out of Local, State or Federal law, whether existing or arising in the future, whether for statutory, compensatory or punitive damages and whether sounding in breach of contract, tort or breach of statutory duties, or otherwise, irrespective of the basis for the duty or the legal theories upon which the claim is asserted, shall be submitted to binding individual arbitration, as provided below, and shall not be filed in a court of law. **The parties to this Agreement further understand that a judge and/or jury will not decide their case.**
2. The parties hereby expressly agree that this Agreement, the Admission Agreement and the Resident's stays at the Community substantially involve interstate commerce, and stipulate that the Federal Arbitration Act ("FAA") shall exclusively apply to the interpretation and enforcement of this Agreement, and shall preempt any inconsistent State law and shall not be reverse preempted by the McCarran-Ferguson Act; United States Code Title 15, Chapter 20, or other law. Any party who demands arbitration must do so for all claims or controversies that are known, or reasonably should have been known, by the date of the demand for arbitration, and if learned of during the course of the arbitration proceeding shall amend the claims or controversies to reflect the same. All current damages and reasonably foreseeable damages arising out of such claims or controversies shall also be incorporated into the initial demand or amendment thereto. Except as otherwise stated explicitly herein, this Arbitration Provision is entered into pursuant to, is governed by, and must be interpreted and enforced under the Federal Arbitration Act, 9 U.S.C. §§ 1 *et seq.*
3. **You and the Company agree that each of us may bring claims against the other only on an individual basis and not as a named or putative class member in any purported class, or representation action or proceeding.** Unless both you and the Community agree otherwise in writing, the arbitrator may not consolidate or join more than one person's or party's claims, and may not otherwise preside over any form of a consolidated representative or class action or proceeding. Also, the arbitrator may award relief (including monetary, injunctive, and declaratory relief to the same extent as a court that would have jurisdiction over the claims in absence of this agreement to arbitrate) only in favor of the individual party seeking relief and only to the extent necessary to provide relief (if any) necessitated by the party's individual claim(s). If a court decides that applicable law precludes enforcement of any of this subparagraph's limitations as to a particular claim for relief, then the arbitrator will have jurisdiction

only over those claims (if any) to which this subparagraph may lawfully apply. Under no circumstances whatsoever should this Section VIII be interpreted to allow for a class or representative proceeding in arbitration. You and the Company understand, agreed, and intend that this may result in (i) some claims being arbitrated on an individual basis and (ii) other claims proceeding in court on a putative class or representative basis (to the extent that operative law prohibits compelling the latter claims to individual arbitration).

4. A demand for Arbitration by you, your legal representative, a person or organization acting on your behalf with your consent, or the personal representative of your estate (collectively "Resident Party") shall be made in writing and submitted to Legal Department, Brookdale Senior Living Inc., 6737 W. Washington St. #2300, Milwaukee, WI 53214, via certified mail, return receipt requested. Demand for Arbitration by us shall be made in writing and submitted to you or your agent, representative, successor or assign and/or your legal representative via certified mail, return receipt requested.
5. The arbitration proceedings, including the hearing, shall take place in the county in which the Community is located, unless agreed to otherwise by mutual consent of the parties or otherwise ordered by the arbitrator.
6. The arbitration panel shall be composed of one (1) arbitrator. Subject to the requirements of Section VIII.A.7. below, the parties shall agree upon an arbitrator that must be a member of the -- Bar with at least ten (10) years of experience as an attorney. If the parties cannot reach an agreement on an arbitrator within twenty (20) days of receipt of the Demand for Arbitration, then each party will select an arbitrator. These arbitrators will act only for the purpose of appointing a sole arbitrator to hear the case, subject to the criteria above. If either party fails to select their arbitrator within the (20) days mentioned above, they effectively forfeit their right to choose an arbitrator.
7. The arbitrator shall be independent of all parties, witnesses, and legal counsel. No past or present officer, director, affiliate, subsidiary, or employee of a party, witness, or legal counsel may serve as an arbitrator in the proceeding.
8. The arbitrator shall designate a time and place within the county in which the Community is located, for the arbitration hearing and shall provide thirty (30) days' notice to the parties of the arbitration hearing.
9. The arbitrator shall apply the -- Rules of Evidence and -- Rules of Civil Procedure in the arbitration proceeding except where otherwise stated in this Agreement. Also, the arbitrator shall apply, and the arbitration decision shall be consistent with, -- law except as otherwise stated in this Arbitration Provision.
10. The arbitration decision should be signed by the arbitrator and delivered to the parties and their counsel within thirty (30) days following the conclusion of the arbitration. The decision shall be in writing and shall set forth in detail the arbitrator's findings of fact and conclusions of law.
11. The arbitrator's decision shall be final and binding and such decision may only be vacated or modified as allowed by the Federal Arbitration Act.
12. The arbitrator's fees and costs associated with the arbitration shall be divided equally among the parties, unless the Resident Party is proven indigent or otherwise provided for by state or federal statute or case law. The parties shall bear their own attorneys'

fees and costs and hereby expressly waive any right to recover attorney fees or costs, unless otherwise provided for by state or federal statute.

13. Except to the extent otherwise required by applicable law, the arbitration proceeding shall remain confidential in all respects, including the Demand for Arbitration, all arbitration filings, deposition transcripts, documents produced or obtained in discovery, or other material provided by and exchanged between the parties and the arbitrator's findings of fact and conclusions of law. Following receipt of the arbitrator's decision, each party agrees to return to the producing party within thirty (30) days the original and all copies of documents exchanged in discovery and at the arbitration hearing, except those documents required to be retained by counsel pursuant to law. Further, the parties to the arbitration also agree not to discuss the amount of the arbitration award or any settlement, the names of the parties, or name/location of the Community except as required by law. Notwithstanding the confidentiality agreement, nothing prohibits Residents from reporting to local or state governments.
  14. This Arbitration Provision binds third parties not signatories to this Arbitration Provision, including any spouse, children, heir, representatives, agents, executors, administrators, successors, family members, or other persons claiming through the Resident, or persons claiming through the Resident's estate, whether such third parties make a claim in a representative capacity or in a personal capacity. Any claims or grievances against the Community or the Community's corporate parent, subsidiaries, affiliates, employees, officers or directors shall also be subject to and resolved in accordance with this Arbitration Provision.
  15. Except as otherwise stated in Section VIII(A)(3), the terms of this Arbitration Provision are severable, such that should any part of VIII(A) through VIII(B) be deemed invalid, the validity of the remaining sub-sections, or parts thereof, will not be affected.
  16. The Arbitration Provision shall survive the termination of this Agreement and/or your death.
- B. **BENEFITS OF ARBITRATION.** The parties' decision to select arbitration is supported by the potential cost-effectiveness and time-savings offered by selecting arbitration, which may avoid the expense and delay of judicial resolution in the court system. The parties' decision to select arbitration is supported by the potential benefit of preserving the availability, viability, and insurability of a long term care company for the elderly and disabled in --, by limiting such company's exposure to liability. With this Agreement, we are better able to offer our services and accommodations at a rate that is more affordable to you. In terms of the potential time-savings offered by selecting arbitration, the parties recognize that selecting a quick method of resolution is potentially to a resident's advantage.
- You and/or your legal representative understand that other long term care companies' Agreements may not contain an arbitration provision. The parties agree that the reasons stated above are proper consideration for the acceptance of the Arbitration Provision. **The undersigned acknowledges that he or she has been encouraged to discuss this Agreement with an attorney.**
- The parties to this Agreement further understand that a judge and/or a jury will not decide their case.**

## X. MISCELLANEOUS.

- A. **Waiver of Jury Trial.** If a court determines that the Arbitration Provision provided in this Agreement is invalid, the parties expressly waive a jury trial and agree to resolve their claims in the appropriate court solely before a judge.
- B. **Risk Agreement.** You are responsible for your personal, financial and health care decisions. In addition, you are responsible for maintaining at all times your own health, personal property, liability, automobile (if applicable), and other insurance coverages in adequate amounts. You agree to obtain insurance with coverage for your personal property and your general liability. You acknowledge that we are not an insurer of your person or property. You understand and agree that:

1. You may be encouraged to participate in Community, leisure, and social activities and to maintain an appropriate level of independence in activities of daily living, as well as your personal and financial affairs;
2. Independent activities, responsibility for personal, financial, and health care decisions, and lifestyle and care preferences may involve risks of personal injury and/or property damage or loss;
3. Throughout the Community, there may be public balconies and/or a balcony in your Apartment. If you choose to use such balcony, you do so at your own risk. We are not responsible for any injury that may result from use of a balcony. We are also not responsible for damage or loss of any property used or placed on a balcony;
4. The services we provide may not meet all of your personal, social, or health care needs;
5. We make no representations or guarantees that the Community is secure from theft or any other criminal act perpetrated by any other Resident or person; it is recommended that valuables, including but not limited to, jewelry and large amounts of money, not be brought into the Community. If you choose to bring in such valuables, you are doing so at your own risk and we will not be responsible for any theft or loss of these items;

You understand and agree to assume the risks inherent in this Agreement. You agree to hold us and our employees and agents harmless for any damages or injury or other loss resulting from: (1) reasonable acts or omissions made in good faith; (2) action of any third party, fire, water, theft or the elements; (3) loss of personal property; (4) your failure to obtain appropriate health care or personal care services; (5) the failure of your chosen provider of health care or personal care services to furnish such services; or (6) injury and damage which could have been avoided or reduced if health care or personal care services had been obtained or furnished. We will only be liable for damages, injuries or other losses to you or any third party entering an Apartment, or any other part of the Community, if due to our willful misconduct or negligence.

We reserve the right to recover from you any loss caused by fire, vandalism or any other acts by you or your invitees or guests. We may assign such right to our insurance carrier.

- C. **Smoking.** Smoking is not permitted in any part of the Community, including your Apartment. Smoking is permitted outside in designated areas.
- D. **Pets.** You may have a household pet in your Apartment, subject to (1) our prior written approval, (2) execution of a Pet Agreement, which is available upon request and (3) payment of any applicable pet fee. You agree to pay for any damage to our property or the property of others caused by your pet. We reserve the right to require the permanent removal of your pet for failure to adhere to the Pet Agreement or our applicable policies

and rules, or if we have reason to believe that your pet poses a threat to others or the Community.

- E. **Waiver**. Our failure in any instance or instances to insist upon your strict performance or observation of or compliance with, any of the terms or provisions of this Agreement, shall not be construed to be a waiver or relinquishment of its right to insist upon your strict compliance with all of the terms and provisions of this Agreement.
- F. **Remedies**. In the event of any termination of this Agreement, and in addition to any other remedies set forth in this Agreement or available at law or in equity, we may enter into an agreement with others for occupancy of the Apartment, and you will remain obligated for all fees, charges and other obligations incurred or accrued through the date of such termination.
- G. **Notices**. Notices, other than for arbitration, will be written and given by personal delivery or mailing by regular mail, postage pre-paid to the following or such other persons or places as the parties may notify each other. Notices shall be deemed given based upon the date personally delivered or upon the date postmarked.

**The Community:**

Executive Director at Community

**Resident:**

(as noted at end of this Agreement)

- H. **Captions**. The captions of the Sections hereof are for convenience only and in no way shall limit, enlarge, define or otherwise affect the scope or intent of this Agreement or any provisions hereof.
- I. **Non-Discrimination**. We do not discriminate on the basis of race, religion, national origin, gender or disability. We are not affiliated with any religious organization.
- J. **Federal Law**. Nothing in this Agreement shall be construed to violate any provision of Title VI of the Housing and Community Development Act.
- K. **Subordination**. This Agreement and the parties' rights under it will be subordinate to any ground lease, mortgage or deed of trust now or hereafter placed upon the Community, but your right to remain in possession of your Apartment will not be disturbed so long as you comply with all of the provision of this Agreement. Resident shall, within ten (10) days of receipt thereof, promptly execute and deliver such written instruments as shall be necessary to show the subordination of this Agreement to said mortgage, lease, land use restriction or other such instrument in the nature thereof.
- L. **Heirs and Successors**. This Agreement is for the benefit of and binds the parties and their respective heirs, representatives, successors and assigns.
- M. **Time of the Essence**. Time is of the essence hereunder.
- N. **Amendments**. Except for our right to modify fees, rates and charges, amend services provided and establish reasonable operating procedures and rules for the general welfare and safety of the residents, this Agreement may be amended only in writing signed by both parties.
- O. **Assignment**. We may engage another person or entity to perform any or all of the services under this Agreement.
- P. **Indemnification**. You shall indemnify, defend and hold harmless us and our officers, directors, shareholders, affiliates, employees, representatives and agents, and their respective heirs, legal representatives, successors and assigns, from and against any and all

losses, costs, damages and expenses incurred, whether in the Apartment, in any portion of the Community or on our grounds or while in transit thereto or therefrom, or for any injury to person or property of others, resulting from the negligence, recklessness or intentional act or omission of you or your guests. Further, if you retain, or otherwise use, the services of private duty aides or other third party care givers, you shall indemnify and hold harmless us and our officers, directors, employees, contractors, representatives and agents and their respective successors and assigns, from and against all reasonable losses, costs, damages and liabilities (including reasonable attorneys' fees and costs) arising out of the acts or omissions of any private duty aide or other third party care giver or their officers, directors, employees, contractors, representatives and agents and their respective successors and assigns. We are not responsible for payment or reimbursement of health care costs that you incur resulting from the acts or omissions of any third party provider.

- Q. **Reliance**. You warrant that all information contained in the documents supplied by you as part of the application and admission process are true and correct, and that, in your judgment, your income and assets are and will remain adequate to meet your financial obligations under this Agreement and you understand that we have relied on this information in accepting you at the Community. All personal and other information required to be submitted by you constitutes a material part of this Agreement and any material misrepresentation or omission renders this Agreement terminable at our option.
- R. **Severability**. Should any part of this Agreement or the Exhibits be invalid, the validity of the other parts of this Agreement or Exhibits will not be affected.
- S. **Entire Agreement**. This Agreement, including the Exhibits any attachments and the Resident Handbook constitute the entire agreement between Resident and the Community. We are not liable for and not bound in any manner by any statement made by any person representing or claiming to represent the Community, unless those statements are expressly set forth in this Agreement.
- T. **Acknowledgement**. By the signature(s) below, you acknowledge this Agreement in its entirety, acknowledge receipt of the Exhibits hereto and certify that they have read this entire Agreement in full, together with the Exhibits. You further acknowledge that you have been encouraged to discuss this Agreement with an attorney.

This agreement is delivered electronically. The parties consent to entering into this agreement in electronic form and using an electronic signature to sign this agreement. The parties also acknowledge and agree that an electronic signature will have the same legal force and effect as a handwritten signature.





# ATTACHMENT

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## RESIDENCY AGREEMENT

This Agreement (“Agreement”) dated \_\_ \_\_, \_\_ is made by and between \_\_ d/b/a \_\_ (the “Company,” “us,” “we” or “our”) -- and \_\_ (“Resident,” “you” or “your”).

We operate the community located at \_\_ (the “Community”) which is licensed by the State of -- as a/an \_\_ and residency in the Community has been requested by you or on your behalf. The terms and conditions of this Agreement are as follows:

### I. SERVICES AND ACCOMMODATIONS.

A. **BASIC SERVICES**. We will provide you with the following Basic Services, which are included in the Basic Service Rate, subject to the terms of this Agreement:

- ◆ **Accommodations** – You have elected to live in the Suite described in Exhibit A. You are also entitled to use and enjoy with all other residents the common areas of the Community. You are to provide your own furnishings and personal property; however, we reserve the right to limit the number and type of furnishings/small appliances. You agree that you are responsible for the maintenance and repair of any personal belongings you bring to the Community.
- ◆ **Dining Services** – Unless otherwise noted in the Addendum to the Residency Agreement, we will furnish three meals daily. Snacks are available 24 hours a day.
- ◆ **Utility Service** – Unless otherwise noted in the Addendum to the Residency Agreement, the cost of gas, electric, heat, air conditioning water, basic cable, satellite or comparable television service is included. You are responsible for paying any other utility charges including, but not limited to, telephone, internet or premium cable charges.
- ◆ **Housekeeping Service** – Unless otherwise noted in the Addendum to the Residency Agreement, we will provide light housekeeping once a week.
- ◆ **Laundry and Linen Service** – We will launder your personal belongings and bed linens as set forth in the Addendum to the Residency Agreement.
- ◆ **Activities Program** – We will provide planned social and recreational programs.
- ◆ **Parking** – Each Suite (whether occupied by one or two Residents) will have access to shared and uncovered parking spaces. Covered parking may be available as set forth in the Addendum to the Residency Agreement.
- ◆ **Transportation** – We will make available scheduled routine transportation services as described in the Addendum to the Residency Agreement.
- ◆ **Staffing 24 hours a day** – Associates are available 24 hours a day, seven days a week.
- ◆ **Wellness Assessments** – We will provide limited periodic wellness assessments to help you monitor your physical health.

We will provide thirty (30) days written notice of any change in Basic Services.

B. **PERSONAL SERVICE PLAN**. Prior to moving in and periodically throughout your residency, we will use a personal service assessment to determine the personal services you

require. The personal service assessment will be used to develop your Personal Service Plan. The results of the assessment and the cost of providing the additional personal services (the “Personal Service Rate”) will be shared with you. Your initial Personal Service Rate is set forth in Exhibit A.

If you qualify for Medicaid services, you may receive some or all of your personal services through Medicaid’s Personal Care Services (“PCS”) Program. Qualifying for Medicaid does not necessarily mean that you will qualify to receive Medicaid PCS or that the Medicaid PCS program will meet all of your personal service needs. If you are Medicaid eligible but Medicaid determines that you do not qualify for Medicaid PCS services or you only qualify for a limited number of Medicaid PCS services, the Community may determine, based on its personal services assessment, that you require personal services not provided by the Medicaid PCS program.

If the Community’s personal service assessment determines that personal services that are not covered by Medicaid are required, you will be responsible for the personal service charges for such uncovered services in accordance with the Personal Service Rate set forth in Exhibit A.

You understand that the Personal Service Rate for uncovered personal services can be implemented by the Community at any time after a personal service assessment has been provided and it has been determined by the Community that you require personal services that you are not eligible to receive under the Medicaid PCS program.

**C. AVAILABLE SELECT AND THERAPEUTIC SERVICES.** Select Services and Therapeutic Services are available to you at your request. Such additional services are not included in the Basic Service Rate or the Personal Service Rate. Where available, such services may include, but are not limited to guest meals, transportation beyond that which is included in the Basic Service Rate, transportation escort services, enhanced cable television, special events or certain clinical services. The available Select Services and Therapeutic Services as well as the associated prices are found on Exhibit X and Exhibit Y to this Agreement.

**D. SERVICES NOT COVERED BY RESIDENCY AGREEMENT.** In addition to any Select or Therapeutic Services you may receive, in some circumstances, you may need the services of other third party providers in order to continue to safely remain at the Community. An outside agency or individual will be permitted to provide these services or any related personal services only if we have given prior approval.

You are responsible for obtaining and paying for all third party provider services, whether provided by Company affiliates, our subcontractors, third party health care and medical providers, or others. These services may include, but are not limited to, pharmacy, therapy, podiatry, dentistry, ophthalmology, home health, hospice, private companion, beauty/barber or other health care services. These third party provider services are not included in the Basic Service Rate, Personal Service Rate or rates for Select Services and Therapeutic Services. Fees for such services will be billed to you directly by the third party service provider, unless otherwise agreed to by the parties. All third party service providers (including, but not limited to, health care service providers) must agree to adhere to our standards for outside providers prior to being permitted to provide services in the Community.

You may not hire our current associates to provide services in the Community. You may contract with former associates to perform any services at the Community only with our consent. We reserve the right to refuse entry to (1) former associates; (2) persons whose

actions may be disruptive to the Community; or (3) persons whose actions may threaten the safety of any resident or associate.

## **II. YOUR RESPONSIBILITIES AND REPRESENTATIONS.**

- A. CARE OF SUITE.** You agree that the Community and the Suite are in satisfactory, habitable condition and we have made no promise to decorate, alter or improve the Community or Suite unless otherwise provided in writing and attached as part of this Agreement. You agree to maintain the Suite and to leave the Suite upon termination of this Agreement in good condition, except for normal wear and tear. You agree to pay all damages, beyond normal wear and tear, which you (including your agent, employee, contractor, or other invitee) cause to our property. The Community may invoice you for the cost of such repairs.
- B. ALTERATIONS.** You may make reasonable alterations, additions or modifications to your Suite whether based on a disability or not, provided that: (1) you obtain prior approval from the Executive Director to make the specific alterations, additions, or modifications; (2) you contract for these changes prior to beginning alterations directly with us or with a contractor approved by us; and (3) you assume sole financial responsibility for these changes. All such changes must be in compliance with applicable safety and government codes and regulations. If you have a disability and need a reasonable modification (a structural change to afford you equal opportunity to use and enjoy your home), please contact the Executive Director and he/she will review our Reasonable Accommodation/Modification Request process with you. The cost of any alterations made by you shall be paid by you unless otherwise agreed to in writing. You agree that you will bear the cost of restoring your Suite to its original condition, reasonable wear and tear excepted, upon the termination of this Agreement, unless we specifically exempt you from this requirement in writing. We may enter and make any modifications or alterations to your Suite to meet the requirements of any applicable law.
- C. RIGHT OF ENTRY.** For your safety and comfort, our associates must be permitted to enter your Suite to provide services under the terms of this Agreement, to respond to emergencies, to make repairs and improvements, or if there is reasonable belief that your safety or the safety of others is in question or that our policies and procedures are being violated, as we deem necessary or advisable. Therefore, it is not permissible to change the locks or add additional locks to the entrance door to your Suite. When feasible, our associates will attempt to give you reasonable notice before entering your Suite.
- We reserve the right to relocate you to a more appropriate Suite within the Community as required for your health or safety, or because the residents of a companion Suite are incompatible.
- D. HEALTH ASSESSMENT.** The Community will only admit and retain residents who meet the criteria established from time to time by §§ 131 D-2 of the North Carolina General Statutes and Chapter 13, Subchapter 13F, Title 10A of the North Carolina Administrative Code, for Adult Care Homes.

You agree that we may assess your health to create and update a Personal Service Plan and/or to determine whether you are appropriate to remain at the Community. Not more than thirty (30) days prior to the date of this Agreement, and at least annually thereafter or upon our request, you agree to undergo an examination by your physician (or other licensed provider as allowed by law). You agree to undergo examination by a particular specialist, at your cost,

as we determine is warranted by your current physical or mental status. You will request the examiner to provide us with recommendations, including a statement attesting to the appropriateness of your continued placement. Based upon the assessment(s) and our judgment, we may determine your appropriateness to remain in the Community. You will request the examiner to perform any tests and complete any forms required by us or applicable law.

If you qualify for Medicaid and it is determined that an independent assessment by the Medicaid program or its contractor is required to determine whether you are eligible to receive Medicaid PCS services, you agree that the Medicaid agency or its contractors may assess your condition to determine if you qualify for the Medicaid PCS program. You agree to undergo an examination as required by the Medicaid program to receive such services as long as you are Medicaid eligible. Should the Medicaid program determine that you are not eligible to receive PCS services, the Community will conduct a health assessment as specified above to determine whether or not you meet the criteria established for continued admission as set forth in §131 D-2 of the North Carolina General Statutes in Chapter 13 Subchapter 13F and Chapter 13, Subchapter F Title 10A of the North Carolina Administrative Code.

- E. HEALTH CARE PROVIDER NOTIFICATION.** You authorize us to contact your legal representative/family, health care providers, and/or other persons listed in your records (1) if it is necessary in our judgment to advise them of your situation; (2) to arrange for required health care services and other assistance; or (3) in case of an emergency.

If your designated health care providers are unavailable, you authorize us to arrange for the services of other health care providers. You agree we may provide such persons with copies of your records, including, but not limited to, resident records, advance directives, living will, and the names of persons empowered to make health care decisions.

- F. SUBSTITUTE DECISION MAKERS/ADVANCE DIRECTIVES.** You will provide us with accurate, complete and current information about yourself, substitute decision-makers and health care providers, including but not limited to addresses and phone numbers, and your health care status and needs. You will provide us with copies of any power of attorney, guardianship, living will, or conservator documents, or other legal documents relating to the making of health or financial decisions or decision-makers. You authorize us to rely on the instructions of such designees or appointees or on the instructions found within such documents. You further agree to immediately notify us of changes relating to the information stated above.

In the event of hospitalization, you understand that form FL-2 or a patient transfer form must be provided to the Community by the hospital prior to readmission.

It is strongly suggested that you have advance directives in place in the event you become incapacitated. If you do not have such advance directives in place, you understand that a court may name a guardian upon application of any interested party (including the Company). Neither we nor any of our associates or agents may be your guardian. If it is necessary for us to petition the court for appointment of a guardian, any costs associated therein shall be paid by you and we may invoice you for such costs.

- G. MOTORIZED VEHICLES AND CARTS.** Individual motorized vehicles such as electric scooters, wheelchairs, or carts and similar vehicles may be used, subject to the following:

1. Your ability to walk is substantially limited due to a disability;

2. Your operation of the vehicle does not pose a threat to the health and safety of yourself or others;
3. The vehicle is operated at a low speed setting; and
4. You agree to abide by our safety guidelines for the use of motorized vehicles on the premises, which may be modified from time to time.

Reasonable accommodations will be made to the rules, policies and practices (upon a showing of necessity) so long as the requested accommodation does not constitute a threat to the health or safety of you, the other residents, our associates or visitors.

You agree to pay for all damages to others or to the Community, which are caused by you or your motorized vehicle and that we may invoice you for such costs. You further understand and agree that we may, at our sole discretion, prohibit your further use of an electric scooter or similar vehicle at any time.

**H. EXAMINATION OF RECORDS.** You acknowledge that we are licensed by the State of - - as an --. You understand that regulatory officials having jurisdiction over the Community may inspect your records as part of an evaluation of the Community. You have the right to review and access your health care records in accordance with the requirements of applicable law.

**I. RULE AND REGULATION COMPLIANCE.** You understand that the Community has shared common areas, and you agree to honor all rules of courtesy and respect for others. You agree to abide by and conform to our rules, regulations, handbook, policies and procedures as they now exist and as amended from time-to-time. If you have a disability and need a reasonable accommodation (a change in our rules or policies to equally use and enjoy your home), please contact the Executive Director and he/she will review our Reasonable Accommodation/Modification Request process with you. You understand that failure to abide by such policies may result in your discharge from the Community.

**J. GUESTS.** You have the right to associate with your friends and family during reasonable hours. Because the Community is a licensed building, overnight guests are generally not permitted in a resident's room. Limited exceptions may be granted by the Executive Director based upon the circumstances.

You acknowledge and understand that your guests are subject to our rules and regulations, and if your guests become disruptive to the operations of the Community and/or are verbally or physically abusive to residents, our associates or others, we may request that they leave the Community until their behavior is under control or may restrict their visitation. Where circumstances warrant, we may exclude such individuals from the Community.

**K. RELEASE OF INFORMATION.** We will keep your health, medical, personal and other information that identifies you (collectively, "Resident Data") confidential in compliance with applicable law. You agree that we may use and disclose Resident Data for purposes of treatment, to provide to you services covered by this Agreement (collectively "Services"), to obtain payment for our Services, in connection with our operations, including training, care management and quality assessment and improvement, to coordinate with any third party providers you select, and as otherwise permitted by law.

**L. ONE-ON-ONE SERVICES.** You acknowledge and agree that we may arrange for the provision of one-on-one care and you will pay for such care if we determine that such care is needed to protect your health or safety or the health or safety of others

### III. RATES.

A. **COMMUNITY FEE.** We require a one-time non-refundable Community Fee in an amount indicated in Exhibit A to be paid at the time this Agreement is signed. The Community Fee does not excuse you from financial responsibility for any damage caused to your Suite beyond normal wear and tear upon move-out.

B. **MONTHLY SERVICE RATE.**

1. **Rate.** You agree to pay the Basic Service Rate and, if applicable, the Personal Service Rate as indicated in Exhibit A (together the “Monthly Service Rate”).

If you are Medicaid eligible and it is determined that you do not qualify for the Medicaid PCS program, you agree to pay the Personal Services Rate if applicable as indicated in Exhibit A.

2. **Refund.** In accordance with Section IV, we will refund a prorated share of the Monthly Service Rate if this Agreement is terminated before the end of a month:

- a. following fourteen (14) days written notice;
- b. because you require care that is not offered by us; or
- c. by reason of death.

Refunds will be prorated (using 30.5 days to calculate the Daily Rate) from the later of the termination date or the date by which you have vacated and all of your belongings are removed from Community. Unless prohibited by law, you agree we may offset such refunds by any amount due under the terms of this Agreement.

C. **ABSENCES.**

1. **Notice of Absence.** Except for an emergency medical absence, if you will be absent from the Community for any period of time, you must inform us of your plans prior to leaving and sign the Sign In/Sign Out Book upon exiting and re-entering the Community. We assume no responsibility or liability for your welfare during times that you are away from the Community.

2. **Fees during Absence.** If you are absent from the Community for any reason, such as, for a hospitalization, vacation, temporary nursing home care or rehabilitation, the Residency Agreement will remain effective and you will be charged the full Monthly Service Rate. If you provide written notice of your intent to terminate the Agreement pursuant to Section IV, termination will be effective and charges will cease the later of the end of any applicable notice period or the removal of all of your personal belongings.

D. **SELECT & THERAPEUTIC SERVICES.** In addition to the Monthly Service Rate, you agree to pay the established charges for any Select Services or Therapeutic Services provided to you by us.

E. **PAYMENT.** We will issue a monthly statement before the first day of the month itemizing the Monthly Service Rate for the upcoming month and, if any, charges incurred for Select Services and Therapeutic Services provided during the prior month. Payment for all charges shown on the statement is due on the first (1<sup>st</sup>) calendar day of each month. The first payment of the Monthly Service Rate is due prior to taking occupancy. If you move in after the first

of the month, your first Monthly Service Rate will be prorated (using 30.5 days to calculate the Daily Rate).

We will charge a \$250.00 late fee if we have not received all fees when due. We will also charge a \$50.00 returned payment fee for each check or automatic withdrawal that is returned or denied for any reason. After two such occurrences, you agree to pay all amounts due by cashier's check or such other method specified by us. You also agree to pay interest on all outstanding amounts based upon the lesser of 1.5% per month or the highest rate permitted by law.

- F. **RATE CHANGES.** We will provide thirty (30) days written notice of any change in the rates or pricing method for Basic Services, Personal Services, Select Services and Therapeutic Services. We may offer or require a change in the Personal Service Plan when we determine additional services are requested or required. **The new Personal Service Rate resulting from a change in your Personal Service Plan is effective immediately after written notice is given.**

#### IV. TERM AND TERMINATION.

- A. **TERM.** This Agreement begins on the date set forth above and continues until terminated as provided below.
- B. **TERMINATION BY RESIDENT.** You may terminate this Agreement upon fourteen (14) days written notice to us. Termination occurs on the later of the end of the notice period or upon the removal of all of your personal belongings.
- C. **TERMINATION BY THE COMPANY.** We may terminate this Agreement, upon providing you thirty (30) days written notice, for any of the following events, as determined by us:
1. The discharge is necessary for your welfare and your needs cannot be met in the Community as documented by your physician, physician assistant or nurse practitioner.
  2. Your health has improved sufficiently so you no longer need the services provided by the Community as documented by your physician, physician assistant or nurse practitioner.
  3. The safety of other individuals in the Community is endangered.
  4. The health of other individuals in the Community is endangered as documented by a physician, physician assistant or nurse practitioner.
  5. Failure to pay the cost of services and accommodations by the payment due date after receiving written notice of warning of discharge for failure to pay.
  6. The discharge or transfer is mandated by state law.

We may, upon written notice to you, immediately terminate this Agreement, and transfer or discharge you for emergency medical or welfare reasons that would endanger the health and safety of yourself or others. If the emergency requires your immediate transfer, we will notify your legal representative as soon as practical. We will provide a written explanation for termination with less than thirty (30) days' notice.

- D. **TERMINATION BY EITHER PARTY.** Either party may terminate this Agreement immediately upon written notice in the event of your death or if you must be relocated due to your health. The Community may request a physician to certify in writing that based upon his/her examination, you must be relocated to facility which offers a higher level of care.

In the event of your death, your estate will be charged the Monthly Service Rate through the later of the seventh (7th) day after your death or the day on which all of your belongings are removed from the Community. If you must relocate due to your need for a higher level of care, you will be charged the Monthly Service Rate through the later of fourteen (14) days after the date of your written notice of termination or the day on which all of your belongings are removed from the Community.

- E. COMMUNITY CEASES TO OPERATE.** If the Community's license is revoked or the Community otherwise ceases to operate, this Agreement shall terminate upon written notice from the Community on the date as stated in the notice. Any advance payment for services not received shall be refunded to the Resident.
- F. RESPONSIBILITIES UPON TERMINATION.** You will vacate premises, removing all belongings on or before the effective date of termination. If you fail to remove your belongings by the effective date of termination, you understand and agree that we may continue to charge you for the Basic Service Rate of your Suite, or have your belongings placed in storage at your cost. You further agree that we may donate any unclaimed property after forty-five (45) days. You will provide written notice of a forwarding address where you can be reached and receive mail. Termination will not release you or us from any liability or obligation to the other party under the terms of this Agreement.

## **V. AGREEMENT TO ARBITRATE.**

Should any of sub-sections A & B provided below, or any part thereof, be deemed void or invalid, the validity of the remaining sub-sections, or parts thereof, will not be affected.

### **A. ARBITRATION PROCEEDINGS.**

1. Any and all claims or controversies arising out of, or in **any** way relating to, this Agreement or any of your stays at the Community, excluding any action for involuntary transfer or discharge or eviction, and including disputes regarding interpretation, scope, enforceability, unconscionability, waiver, preemption and/or violability of this Agreement, whether arising out of Local, State or Federal law, whether existing or arising in the future, whether for statutory, compensatory or punitive damages and whether sounding in breach of contract, tort or breach of statutory duties, or otherwise, irrespective of the basis for the duty or the legal theories upon which the claim is asserted, shall be submitted to binding individual arbitration, as provided below, and shall not be filed in a court of law. **The parties to this Agreement further understand that a judge and/or jury will not decide their case.**
2. The parties hereby expressly agree that this Arbitration Provision, the Residency Agreement and the Resident's stays at the Community substantially involve interstate commerce, and stipulate that the Federal Arbitration Act ("FAA") shall exclusively apply to the interpretation and enforcement of this Agreement, and shall preempt any inconsistent State law and shall not be reverse preempted by the McCarran-Ferguson Act; United States Code Title 15, Chapter 20, or other law. Any party who demands arbitration must do so for all claims or controversies that are known, or reasonably should have been known, by the date of the demand for arbitration, and if learned of during the course of the arbitration proceeding shall amend the claims or controversies to reflect the same. All current damages and reasonably foreseeable damages arising out of such claims or controversies shall also be incorporated into the initial demand or amendment thereto.

Except as otherwise stated explicitly herein, this Arbitration Provision is entered into pursuant to, is governed by, and must be interpreted and enforced under the Federal Arbitration Act, 9 U.S.C. §§ 1 *et seq.*

3. **You and the Company agree that each of us may bring claims against the other only on an individual basis and not as a named or putative class member in any purported class, or representation action or proceeding.** Unless both you and the Community agree otherwise in writing, the arbitrator may not consolidate or join more than one person's or party's claims, and may not otherwise preside over any form of a consolidated representative or class action or proceeding. Also, the arbitrator may award relief (including monetary, injunctive, and declaratory relief to the same extent as a court that would have jurisdiction over the claims in absence of this agreement to arbitrate) only in favor of the individual party seeking relief and only to the extent necessary to provide relief (if any) necessitated by the party's individual claim(s). If a court decides that applicable law precludes enforcement of any of this subparagraph's limitations as to a particular claim for relief, then the arbitrator will have jurisdiction only over those claims (if any) to which this subparagraph may lawfully apply. Under no circumstances whatsoever should this Section V be interpreted to allow for a class or representative proceeding in arbitration. You and the Company understand, agreed, and intend that this may result in (i) some claims being arbitrated on an individual basis and (ii) other claims proceeding in court on a putative class or representative basis (to the extent that operative law prohibits compelling the latter claims to individual arbitration).
4. A demand for Arbitration by you, your legal representative, a person or organization acting on your behalf with your consent, or the personal representative of your estate (collectively "Resident Party") shall be made in writing and submitted to Legal Department, Brookdale Senior Living Inc., 6737 W. Washington St. #2300, Milwaukee, WI 53214, via certified mail, return receipt requested. Demand for Arbitration by us shall be made in writing and submitted to you or your agent, representative, successor or assign and/or your legal representative via certified mail, return receipt requested.
5. The arbitration proceedings, including the hearing, shall take place in the county in which the Community is located, unless agreed to otherwise by mutual consent of the parties or otherwise ordered by the arbitrator.
6. The arbitration panel shall be composed of one (1) arbitrator. Subject to the requirements of section A.7, the parties shall agree upon an arbitrator that must be a member of the -- Bar with at least ten (10) years of experience as an attorney. If the parties cannot reach an agreement on an arbitrator within twenty (20) days of receipt of the Demand for Arbitration, then each party will select an arbitrator. These arbitrators will act only for the purpose of appointing a sole arbitrator to hear the case, subject to the criteria above. If either party fails to select their arbitrator within the (20) days mentioned above, they effectively forfeit their right to choose an arbitrator.
7. The arbitrator shall be independent of all parties, witnesses, and legal counsel. No past or present officer, director, affiliate, subsidiary, or employee of a party, witness, or legal counsel may serve as an arbitrator in the proceeding.
8. The arbitrator shall designate a time and place within the county in which the Community is located, for the arbitration hearing and shall provide thirty (30) days' notice to the parties of the arbitration hearing.

9. The arbitrator shall apply the -- Rules of Evidence and -- Rules of Civil Procedure in the arbitration proceeding except where otherwise stated in this Agreement. Also, the arbitrator shall apply, and the arbitration decision shall be consistent with, -- law except as otherwise stated in this Arbitration Provision.
10. The arbitration decision should be signed by the arbitrator and delivered to the parties and their counsel within thirty (30) days following the conclusion of the arbitration. The decision shall be in writing and shall set forth in detail the arbitrator's findings of fact and conclusions of law.
11. The arbitrator's decision shall be final and binding and such decision may only be vacated or modified as allowed by the Federal Arbitration Act.
12. The arbitrator's fees and costs associated with the arbitration shall be divided equally among the parties, unless the Resident Party is proven indigent or otherwise provided for by state or federal statute or case law. The parties shall bear their own attorneys' fees and costs and hereby expressly waive any right to recover attorney fees or costs, unless otherwise provided for by state or federal statute.
13. Except as otherwise required by applicable law, the arbitration proceeding shall remain confidential in all respects, including the Demand for Arbitration, all arbitration filings, deposition transcripts, documents produced or obtained in discovery, or other material provided by and exchanged between the parties and the arbitrator's findings of fact and conclusions of law. Following receipt of the arbitrator's decision, each party agrees to return to the producing party within thirty (30) days the original and all copies of documents exchanged in discovery and at the arbitration hearing, except those documents required to be retained by counsel pursuant to law. Further, the parties to the arbitration also agree not to discuss the amount of the arbitration award or any settlement, the names of the parties, or name/location of the Community except as required by law. Notwithstanding the confidentiality agreement, nothing prohibits the parties from reporting to local or state governments.
14. This Arbitration Provision binds third parties not signatories to this Arbitration Provision, including any spouse, children, heir, representatives, agents, executors, administrators, successors, family members, or other persons claiming through the Resident, or persons claiming through the Resident's estate, whether such third parties make a claim in a representative capacity or in a personal capacity. Any claims or grievances against the Community or the Community's corporate parent, subsidiaries, affiliates, employees, officers or directors shall also be subject to and resolved in accordance with this Arbitration Provision.
15. Except as otherwise stated in Section V(A)(3), the terms of this Arbitration Provision are severable, such that should any part of V(A) through V(B) be deemed invalid, the validity of the remaining sub-sections, or parts thereof, will not be affected.
16. The Arbitration Provision shall survive your death.

**B. BENEFITS OF ARBITRATION.** The parties' decision to select arbitration is supported by the potential cost-effectiveness and time-savings offered by selecting arbitration, which may avoid the expense and delay of judicial resolution in the court system. The parties' decision to select arbitration is supported by the potential benefit of preserving the availability, viability, and insurability of a long term care company for the elderly and disabled in --, by limiting such company's exposure to liability. With this Agreement, we are better able to offer

our services and accommodations at a rate that is more affordable to you. In terms of the potential time-savings offered by selecting arbitration, the parties recognize that selecting a quick method of resolution is potentially to a resident's advantage.

You and/or your legal representative understand that other long term care companies' Agreements may not contain an arbitration provision. The parties agree that the reasons stated above are proper consideration for the acceptance of the Arbitration Provision. **The undersigned acknowledges that he or she has been encouraged to discuss this Agreement with an attorney.**

**The parties to this Agreement further understand that a judge and/or a jury will not decide their case.**

## VI. MISCELLANEOUS.

- A. **WAIVER OF TRIAL BY JURY.** If a court determines that the Arbitration Provision provided above is invalid, the parties express their desire to waive a jury trial and resolve any claims in the appropriate court solely before a judge.
- B. **NON-DISCRIMINATION.** We operate on a non-discriminatory basis and afford equal treatment and access to services to eligible persons regardless of race, religion, color, national origin, sex, disability or any other category protected by applicable law. The Company and the Community agree to comply with State regulations requiring the completion of DSS Form-1464 as an assurance of compliance with Title VI of the Civil Rights Act. The Company and the Community acknowledge that failure to comply with this regulation will jeopardize the Company's ability to receive supportive services from the County Department of Social Services and State-County Special Assistance for Adults.
- C. **RISK AGREEMENT.** You are responsible for your personal, financial and health care decisions. You are also responsible for maintaining health, personal property, liability, automobile (if applicable), and other insurance coverages in adequate amounts. You agree to obtain insurance in an amount adequate to cover your personal property and your general liability. You acknowledge that we do not insure your person or property. You understand and agree that:
1. We may encourage you to participate in community, leisure, and social activities and to maintain an appropriate level of independence in activities of daily living, as well as your personal and financial affairs;
  2. Independent activities, responsibility for personal, financial, and health care decisions, and lifestyle and care preferences may involve risks of personal injury and/or property damage or loss;
  3. Throughout the Community, there may be public balconies and/or a balcony in your Apartment. If you choose to use such balcony, you do so at your own risk. We are not responsible for any injury that may result from use of a balcony. We are also not responsible for damage or loss of any property used or placed on a balcony;
  4. The standard of service for an assisted living community does not include one-on-one care, assistance or supervision, e.g., one resident assistant for each Resident, or immediate response to non-emergent needs. There may be short and long periods of time in which

you will be left alone, unsupervised such as while watching television, listening to music, reading, and sleeping at night;

5. We make no representations or guarantees that our associates can prevent falls. We do not represent or guarantee that your health condition will not change or deteriorate;
6. We make no representations or guarantees that our associates can prevent the onset of skin break down or the worsening of existing skin break down;
7. Our services may not meet all of your personal, social, or health care needs and we will attempt to assist you in arranging for such services which are not included in this Agreement;
8. Many residents suffer from cognitive impairment, including Alzheimer's disease and dementia. This condition can cause unexpected behavior such as wandering, forgetfulness, agitation towards others and confusion. We make no representations or guarantees that we can predict the behavior of our residents. Therefore, we also make no representations or guarantees that we can always prevent a resident from wandering or attempting to wander from the Community, entering into a private area, misplacing or losing items or engaging in physical contact with another resident;
9. We make no representations or guarantees that we can prevent the loss of personal items, including but not limited to clothing, jewelry, dentures, hearing aides or other medical equipment. We will not be responsible for the loss of such items. We make no representations or guarantees that we can prevent theft or other criminal acts perpetrated by another resident or person; therefore, we recommend that valuables such as jewelry and large sums of money, not be kept at the Community. If you choose to bring in valuables, you do so at your own risk and we will not be held responsible for any theft or loss of such items;
10. Due to state regulations and fire code, we may not lock our exterior doors against exiting. Therefore, we cannot guarantee that a resident will not wander from the Community. Some buildings have exterior doors that are alarmed with a delayed egress feature and our systems are designed to alert our associates to respond and assist a resident if they wander from the building.
11. Living in a congregate setting may increase your chance for exposure to and contracting of a communicable disease. You agree to report symptoms or a new diagnosis of communicable disease to the community. In the event of a pandemic or an outbreak of communicable disease, you agree to follow all applicable public health guidance as well as restrictions or measures mandated by the community. Subject to regulatory requirements, these restrictions or measures may include but are not limited to social distancing, self-quarantine, temporary relocation to another room or community, testing for communicable disease, restriction of visitation, changes in dining services, scheduled activities, or other services and amenities.

You understand and agree to assume the risks inherent in this Agreement. You agree to hold us, our associates and agents harmless for any damages, injury or other loss resulting from: (1) reasonable acts or omissions made in good faith; (2) action by a third party, fire, water, theft or the elements; or (3) loss of personal property.

**D. PETS.** The Community's pet policy is described in the Addendum to the Residency Agreement.

- E. **SMOKING.** Except as otherwise set forth in the Addendum to the Residency Agreement, smoking is not permitted in any part of the Community.
- F. **INTERRUPTION OF SERVICES.** Interruption of services, modifications to services or failure to maintain services provided in this Agreement shall not constitute a breach of this Agreement if it results from causes beyond our reasonable control, including, but not limited to, strikes, lockouts or other labor disturbances, government orders, embargoes, shortages of labor or materials, inclement weather, fire, flood, hurricane, earthquake, pandemic, other casualty, or conduct of residents. We shall, in any such event, use our best efforts to sustain or restore services or provide substitute services.
- G. **EMERGENCY RELOCATION/USE OF APARTMENT.** You acknowledge and agree that in the event of strikes, lockouts or other labor disturbances, government orders, embargoes, shortages of labor or materials, inclement weather, fire, flood, hurricane, earthquake, pandemic, other casualty, or other emergency or circumstances requiring immediate attention, and subject to regulatory requirements, you agree that you may be temporarily relocated from your Apartment either to another apartment in the community or to an outside location. You further agree that your Apartment may be utilized in a temporary manner to house other residents, employees, officials, or other persons.
- H. **WEAPONS.** Weapons, as defined by us, are not allowed in the Community or on Community property. This includes but is not limited to firearms, explosive materials, ammunition, and collectible or antique weapons.
- I. **NO TENANCY INTEREST.** You have none of the rights of a tenant under this Agreement, subject to applicable state law.
- J. **ASSIGNMENT.** This Agreement is not assignable without our prior written consent. Our rights and obligations may be assigned to any person or entity which will be responsible to ensure our obligations under this Agreement are satisfied in full from the date of notification. We may engage another person or entity to perform any or all of the services under this Agreement.
- K. **AMENDMENTS.** This Agreement and any written amendments constitute the entire agreement between the parties and supersede all prior and contemporaneous discussions, representations, correspondence, and agreements whether oral or written. Except for our right to modify fees, rates and charges, amend services provided and establish and modify reasonable operating procedures and rules for the general welfare and safety of the residents, this Agreement may be amended only in writing signed by both parties.
- L. **SEVERANCE.** Should any part of this Agreement be invalid, the validity of the other parts of this Agreement will not be affected.
- M. **FINANCIAL RESPONSIBILITY.** You have designated a Guarantor, who has agreed to the terms of the Statement of Financial Responsibility.
- N. **SUBORDINATION.** This Agreement and the parties' rights hereunder are subordinate to any lease, mortgage or deed of trust placed upon the Community, but you may remain in your Suite so long as you comply with the provision of this Agreement.
- O. **REPRESENTATION AND WARRANTY.** By executing this Agreement you represent and warrant that all representations made by you or on your behalf, whether written or verbal, with respect to your application for admission to the Community were true when made. You understand that we rely upon the truthfulness of this information in making our decision to

enter into this Agreement. Your application forms, including personal data forms, statement of financial condition (if applicable), health history and medical reports submitted by you or on your behalf to us, are incorporated by reference into this Agreement and made an express part of it. You understand and agree that any material misrepresentation or omission made by you or on your behalf in connection with these documents shall make this Agreement voidable at our option, to the extent permitted by law.

- P. CHOICE.** You have a choice of providers for private sitters, therapy, rehabilitation, home health, hospice and other health care services. As part of the complement of services offered by the Company and its affiliates, therapy, rehabilitation, home health, hospice or other services may be available at the Community through Company affiliates. If you require such services, Community associates will assist you in obtaining such services from Company affiliates or another service provider of your choice.
- Q. OBLIGATORY INFORMATION.** You agree to provide accurate, complete and current information about yourself and about any emergency contact, including but not limited to addresses, phone numbers, and email address. You understand that you must promptly notify us of changes to the information stated above. If you do not have advance directives in place, you understand that a court may appoint a guardian to make decisions on your behalf if you are no longer able to do so. Neither we nor any of our associates or agents may be your guardian. If it is necessary for us to petition the court for appointment of a guardian, you agree to pay any costs associated therein.
- R. ASSIGNMENT OF BENEFITS.** To the extent that the Community participates in a government payor program (e.g. Medicaid, PACE, or Medicare) of which you may be a beneficiary, you authorize us to disclose any medical or administrative information to such government program to process your application for benefits. You certify that the information given in applying for such government benefits is correct. You further authorize the release of all medical and administrative records for such government payor to process any claims for payment and further direct that payment of authorized benefits be made to us on your behalf. For all other insurance programs, you authorize us to disclose any medical or administrative information required for the insurance carrier to process (1) your application for insurance benefits coverage and (2) your claims for payment for services rendered by us. You are required to file with the insurance carrier any applications for benefits or claims for payment. While you may authorize direct payment of any applicable insurance benefits to us, you understand that you remain fully financially responsible for any charges incurred during your stay.
- S. COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.
- T. NOTICES.** Notices will be written and given by personal delivery or mailing by regular mail, postage pre-paid to the following or such other persons or places as the parties may notify each other. Notices shall be deemed given based upon the date personally delivered or upon the date postmarked.

**Company:**  
Executive Director at Community  
(At the Community)

**Resident:**  
(At the Community)

**Legal Representative/Responsible Party:**  
(as noted below)





\_\_\_\_\_  
For Company Title Date

**Exhibit B  
Pharmacy Services Agreement**

We work closely with pharmacy providers to meet the needs of our residents. Preferred Pharmacy providers are chosen based upon their ability to provide services to our residents to enhance their health and wellness. Important services include:

- Medication packaging that meets our safety standards
- Ongoing medication regimen reviews to include potential negative drug or allergic interactions
- Recommending therapeutic substitutions and offering generic substitutions when appropriate
- Alerts for Physicians and our Associates when there is duplication of prescriptions
- Accept most insurance plans and will bill you directly\*
- Routine (daily) and emergency delivery 24-hours a day, 7 days a week.

-- is our Preferred Provider for pharmacy services (“Preferred Provider”). Our Preferred Provider strives to have competitive prices and allows us to use one distribution system within our community.

Participation with our community’s Preferred Provider is strongly encouraged. Should you choose not to use the community’s pharmacy provider, you may incur fees as set forth in Exhibit X:

- Non Preferred Pharmacy Fee (additional administrative oversight required)
- Non-Standard Packaged Medications Fee (additional administrative oversight required) if the pharmacy is unable to provide medications in a unit dose packaging system

You also assume responsibility for the following:

- Medications packaged in a unit dose packaging system to meet our medication management standards
- Ordering, re-ordering and pick up of medications

If medications are not delivered within two days prior to their depletion, the community will reorder medications from the Preferred Provider.

MY SIGNATURE BELOW INDICATES THAT I HAVE READ, UNDERSTAND AND AGREE TO ABIDE BY THE TERMS OF THIS PHARMACY SERVICE AGREEMENT.

\_\_\_\_\_  
Resident Print Name Date

\_\_\_\_\_  
Legal Representative Print Name Date

For Legal Representative signature, indicate legal authority: --

\*Some prescribed medications may not be covered by your insurance or Med D plan. Payment of these medication charges is the responsibility of the resident.

Rev. 3/22/2016

DRAFT

# ATTACHMENT

4

**ARCLP – Charlotte, LLC**  
**d/b/a Brookdale Carriage Club Providence**

Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)



# ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence

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## **INDEPENDENT AUDITORS' REPORT**

To the Member of  
ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence:

### *Opinion*

We have audited the accompanying financial statements of ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence (the “Company”), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in member’s equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis of Opinion*

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

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

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

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

### *Auditors’ Responsibilities for the Audit of Financial Statements*

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

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

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

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

*LBMC, PC*

Brentwood, Tennessee

May 26, 2022

**ARCLP – Charlotte, LLC**  
**d/b/a Brookdale Carriage Club Providence**  
**Balance Sheets**  
**December 31, 2021 and 2020**  
*(in thousands)*

| <b>Assets</b>   |    | <b><u>2021</u></b>   | <b><u>2020</u></b>      |
|---|----|----------------------|-------------------------|
| Current assets:   |    |                      |                         |
| Cash and cash equivalents   | \$ | 12,003               | \$ 12,000               |
| Cash and escrow deposits - restricted                             |    | 664                  | 659                     |
| Accounts receivable, net  |    | 221                  | 170                     |
| Other current assets  |    | <u>377</u>           | <u>414</u>              |
| Total current assets  |    | 13,265               | 13,243                  |
| Restricted cash   |    | 9,854                | 9,838                   |
| Property and equipment, net                                       |    | <u>69,831</u>        | <u>71,361</u>           |
| Total assets  | \$ | <u><u>92,950</u></u> | \$ <u><u>94,442</u></u> |
| <b>Liabilities and Member's Equity</b>                            |    |                      |                         |
| Current liabilities:  |    |                      |                         |
| Current portion of long-term debt, less deferred financing costs  | \$ | 1,850                | \$ 1,800                |
| Accounts payable  |    | 918                  | 369                     |
| Accrued expenses  |    | 710                  | 751                     |
| Tenant deposits   |    | 91                   | 126                     |
| Deferred revenue  |    | <u>360</u>           | <u>290</u>              |
| Total current liabilities   |    | 3,929                | 3,336                   |
| Long-term debt, less current portion and deferred financing costs |    | 87,853               | 89,703                  |
| Other long-term liabilities                                       |    | <u>-</u>             | <u>62</u>               |
| Total liabilities   |    | 91,782               | 93,101                  |
| Member's equity   |    | <u>1,168</u>         | <u>1,341</u>            |
| Total liabilities and member's equity                             | \$ | <u><u>92,950</u></u> | \$ <u><u>94,442</u></u> |

See accompanying notes to financial statements.

**ARCLP – Charlotte, LLC**  
**d/b/a Brookdale Carriage Club Providence**  
**Statements of Operations**  
**For the years ended December 31, 2021 and 2020**  
*(in thousands)*

| Revenue:                                 | <u>2021</u>       | <u>2020</u>     |
|--|-------------------|-----------------|
| Net resident services                    | \$ 19,202         | \$ 21,000       |
| Other operating income                   | 56                | 873             |
| Total revenue, net                       | <u>19,258</u>     | <u>21,873</u>   |
|  |                   |                 |
| Operating expenses:                      |                   |                 |
| Community operating expense              | 13,618            | 13,155          |
| Depreciation                             | 3,837             | 3,777           |
| Real estate tax                          | 511               | 507             |
| Management fee expense                   | 961               | 1,052           |
| Total operating expenses                 | <u>18,927</u>     | <u>18,491</u>   |
| Income from operations                   | <u>331</u>        | <u>3,382</u>    |
|  |                   |                 |
| Non operating expenses (income):         |                   |                 |
| Non operating income                     | (11)              | (60)            |
| Interest expense, net:                   |                   |                 |
| Debt                                     | 3,423             | 3,685           |
| Amortization of deferred financing costs | 58                | 58              |
| Interest income                          | (18)              | (41)            |
| Total non operating expenses             | <u>3,452</u>      | <u>3,642</u>    |
| Net loss                                 | <u>\$ (3,121)</u> | <u>\$ (260)</u> |

See accompanying notes to financial statements.

**ARCLP – Charlotte, LLC**  
**d/b/a Brookdale Carriage Club Providence**  
**Statements of Changes in Member's Equity**  
**For the years ended December 31, 2021 and 2020**  
*(in thousands)*

|                              |    | <u>Member's Equity</u> |
|------------------------------|----|------------------------|
| Balance at January 1, 2020   | \$ | (16,884)               |
| Member contributions, net    |    | 18,485                 |
| Net loss                     |    | <u>(260)</u>           |
| Balance at December 31, 2020 |    | 1,341                  |
| Member contributions, net    |    | 2,948                  |
| Net loss                     |    | <u>(3,121)</u>         |
| Balance at December 31, 2021 | \$ | <u><u>1,168</u></u>    |

See accompanying notes to financial statements.

**ARCLP – Charlotte, LLC**  
**d/b/a Brookdale Carriage Club Providence**  
**Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**  
*(in thousands)*

|  | <u>2021</u>      | <u>2020</u>      |
|--|------------------|------------------|
| Cash flows from operating activities:  |                  |                  |
| Net loss   | \$ (3,121)       | \$ (260)         |
| Adjustments to reconcile net loss to net cash provided<br>by operating activities: |                  |                  |
| Depreciation   | 3,837            | 3,777            |
| Amortization of deferred financing costs   | 58               | 58               |
| Provision for credit losses  | 111              | 135              |
| Changes in operating assets and liabilities:                                       |                  |                  |
| Accounts receivable, net   | (162)            | 193              |
| Other current assets   | 2                | (220)            |
| Accounts payable, accrued expenses and other liabilities                           | 514              | (595)            |
| Net cash provided by operating activities  | <u>1,239</u>     | <u>3,088</u>     |
| Cash flows used in investing activities - purchases of property and<br>equipment   | <u>(2,306)</u>   | <u>(3,082)</u>   |
| Cash flows from financing activities:  |                  |                  |
| Repayment of long-term debt  | (1,857)          | (1,802)          |
| Contributions from member, net   | 2,948            | 18,485           |
| Net cash provided by financing activities  | <u>1,091</u>     | <u>16,683</u>    |
| Net change in cash, cash equivalents and restricted cash                           | 24               | 16,689           |
| Cash, cash equivalents and restricted cash at beginning of year                    | <u>22,497</u>    | <u>5,808</u>     |
| Cash, cash equivalents and restricted cash at end of year                          | <u>\$ 22,521</u> | <u>\$ 22,497</u> |
| Supplemental disclosure of cash flow information - cash paid for interest          | <u>\$ 3,427</u>  | <u>\$ 3,689</u>  |

See accompanying notes to financial statements.

**ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**  
*(dollars in thousands except as where otherwise stated)*

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**(1) Organization**

ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence (the “Company”) is an operator of a senior living community (the “Community”) in Charlotte, North Carolina, and is wholly-owned by BKD FM Holding Company, LLC (the “Member”), which through American Retirement Corporation, is a wholly-owned subsidiary of Brookdale Senior Living, Inc. (“Brookdale”). The Company is committed to providing senior living solutions through a property that is designed, purpose-built and operated to provide the highest quality service, care and living accommodations for residents. The Community offers a variety of living arrangements and services to accommodate all levels of physical ability and health. The Community has 275 independent living units, 56 assisted living units, 34 memory care units, and 42 skilled nursing beds on one campus.

**(2) Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The significant accounting policies have been summarized below.

**Use of Estimates and Assumptions**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported and disclosures of contingent assets and liabilities in the financial statements and accompanying notes. Although these estimates are based on management’s best knowledge of current events and actions that the Company may undertake in the future, actual results may be different from the estimates.

**Revenue Recognition**

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

Under the Company's senior living residency agreements, which are generally for a contractual term of 30 days to one year, the Company provides senior living services to residents for a stated daily or monthly fee. The Company has elected the lessor practical expedient within Financial Accounting Standards Board Accounting Standards Codification (“ASC”) ASC 842, *Leases* (“ASC 842”) and recognizes, measures, presents, and discloses the revenue for services under the Company's senior living residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts. The Company has determined that the services included under the Company's independent living, assisted living, and memory care residency agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time.

**ARCLP – Charlotte, LLC d/b/a Brookdale Carriage Club Providence**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**  
**(dollars in thousands except as where otherwise stated)**

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The Company recognizes revenue under ASC 606, *Revenue Recognition from Contracts with Customers* ("ASC 606") for its independent living, assisted living, and memory care residency agreements for which it has estimated that the nonlease components of such residency agreements are the predominant component of the contract.

The Company receives payment for services under various third-party payor programs which include Medicare, Medicaid, and other third-party payors. Estimates for settlements with third-party payors for retroactive adjustments from estimated reimbursements due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Company estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends. Changes to these estimates for retroactive adjustments are recognized in the period the change or adjustment becomes known or when final settlements are determined. Approximately 3% and 4% of the Company's resident services revenue for the years ended December 31, 2021 and 2020, respectively, was attributable to various third-party payor programs, including Medicare and Medicaid programs.

**Government Grants**

The Company recognizes income for government grants on a systematic and rational basis over the periods in which the Company recognizes the related expenses or loss of revenue for which the grants are intended to compensate when there is reasonable assurance that the Company will comply with the applicable terms and conditions of the grant and there is reasonable assurance that the grant will be received.

**Restricted Cash**

Restricted cash is made up of the operating reserve fund required by the North Carolina Department of Insurance ("DOI") and debt service reserve accounts required by the Company's lender under its mortgage debt agreement.

**Cash Management**

The Company does not maintain operating cash accounts as all operating cash activities are transacted by the Member and settled to the Company through net Member contributions (distributions) on the statements of changes in member's equity. Given the Company's cash management and the Member's organizational structure the Member intends to continue to fund Member contributions to the Company as needed. The Company maintains an unrestricted cash account that is not used in operations.

**Accounts Receivable**

Accounts receivable are reported net of an allowance for credit losses to represent the Company's estimate of expected losses at the balance sheet date. As of December 31, 2021 and 2020, the allowance for credit losses was \$54 and \$91, respectively. The adequacy of the Company's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of

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specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Billings for services under third-party payor programs are recorded net of estimated retroactive adjustments, if any. At December 31, 2021 and 2020, approximately 15% and 11%, respectively, of the Company's accounts receivable was covered by various third-party payor programs, including Medicare and Medicaid.

**Property and Equipment**

Property and equipment, which include leasehold intangibles, are recorded at cost or fair value on the date of acquisition or contribution. The fair value of the contributed lease-related intangibles associated with the relationship with the Community's residents reflects the estimated value of in-place leases as represented by the cost to obtain residents and an estimated absorption period to reflect the value of the rent and recovery costs foregone during a reasonable lease-up period as if the space was vacant. The Community amortizes any acquired in-place lease intangibles to depreciation and amortization expense over the average remaining length of stay of the residents. Renovations and improvements, which improve and/or extend the useful life of the asset, are capitalized and depreciated over their estimated useful life of the renovations and improvements. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

|                            |              |
|----------------------------|--------------|
| Buildings and improvements | 3 – 40 years |
| Furniture and equipment    | 3 – 10 years |
| Resident lease intangibles | 1 – 2 years  |

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If this comparison indicates that the carrying amount of an asset group is not recoverable, the Company is required to recognize an impairment loss. The impairment loss is measured by the amount by which the carrying amount of the asset exceeds its estimated fair value, with any amount in excess of fair value recognized as an expense in the current period. Undiscounted cash flow projections and estimates of fair value amounts are based on a number of assumptions such as revenue and expense growth rates, estimated holding periods, and estimated capitalization rates.

**Deferred Financing Costs**

Third-party fees and costs incurred to obtain debt are recorded as a direct adjustment to the carrying amount of debt and amortized on a straight-line basis, which approximates the effective yield method, over the term of the related debt. Unamortized deferred financing fees are written-off if the associated debt is retired before the maturity date. Upon the refinancing of mortgage debt,

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unamortized deferred financing fees and additional financing costs incurred are accounted for in accordance with ASC 470-50, *Debt Modifications and Extinguishments*.

**Income Taxes**

The Company is treated as a limited liability company for tax purposes. Generally, no provision for federal and state income taxes has been recorded as payment for income taxes is the responsibility of the individual member.

**Subsequent Events**

The Company has evaluated events subsequent to December 31, 2021 through the date the financial statements were available to be issued, May 26, 2022, and determined that no events have occurred which would require additional disclosure.

**(3) COVID-19 Pandemic**

The COVID-19 pandemic significantly disrupted the senior living industry and the Company's business beginning in March 2020. The health and wellbeing of the Company's residents and associates has been and continues to be its highest priority.

Community operating expense for the years ended December 31, 2021 and 2020 includes \$493 and \$633, respectively, of incremental direct costs to respond to the pandemic, including costs for: acquisition of additional personal protective equipment ("PPE"), medical equipment, and cleaning and disposable food service supplies; enhanced cleaning and environmental sanitation; increased employee-related costs, including labor, workers compensation, and health plan expense; and COVID-19 testing of residents and associates where not otherwise covered by government payor or third-party insurance sources.

During the years ended December 31, 2021 and 2020, the Company recognized \$56 and \$873, respectively, as other operating income from grants received and credits recognized related to the pandemic based upon its estimates of its satisfaction of the conditions of the grants and credits during such periods and the cash received for grants and credits has been presented within net cash provided by operating activities within the Company's statements of cash flows.

During the year ended December 31, 2020, the Company received \$202 under the Accelerated and Advance Payment Program administered by the Centers for Medicare & Medicaid Services ("CMS"). Recoupment of advanced payments began in April 2021 at a rate of 25% of Medicare payments for the first eleven months following the anniversary of issuance and at a rate of 50% of Medicare payments for the next six months. Any outstanding balance of advanced payments will be due following such recoupment period. During the year ended December 31, 2021, \$118 of the advanced payments were recouped. As of December 31, 2021 and 2020, \$84 and \$140, respectively, was included in current portion of deferred revenue and \$62 was included in other long-term liabilities as of December 31, 2020 within the Company's balance sheets. The \$202 received and the \$118 recouped has been presented within net cash provided by operating activities within the Company's statements of cash flows.

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The Company cannot predict with reasonable certainty the impacts that COVID-19 ultimately will have on its business, results of operations, cash flow, and liquidity. The ultimate impacts of COVID-19 will depend on many factors, some of which cannot be foreseen, including the duration, severity, and breadth of the pandemic and any resurgence or variants of the disease; the impact of COVID-19 on the nation’s economy and debt and equity markets and the local economies in its markets; the development, availability, utilization, and efficacy of COVID-19 testing, therapeutic agents, and vaccines and the prioritization of such resources among businesses and demographic groups, government financial and regulatory relief efforts that may become available to business and individuals, including its ability to qualify for and satisfy the terms and conditions of financial relief; perceptions regarding the safety of senior living communities during and after the pandemic; changes in demand for senior living communities and the Company’s ability to adapt its sales and marketing efforts to meet that demand; the impact of COVID-19 on its residents’ and their families’ ability to afford its resident fees, including due to changes in unemployment rates, consumer confidence, housing markets, and equity markets caused by COVID-19; changes in the acuity levels of its new residents; the disproportionate impact of COVID-19 on seniors generally and those residing in the Company’s community; the duration and costs of its response efforts, including increased equipment, supplies, labor, litigation, testing, vaccination clinic, health plan, and other expenses; potentially greater use of contract labor and overtime due to COVID-19 and general labor market conditions; the impact of COVID-19 on its ability to complete financings and re-financings of various assets or to generate sufficient cash flow to cover required debt and interest payments and to satisfy financial and other covenants in its debt documents; increased regulatory requirements, including the costs of unfunded, mandatory testing of residents and associates and provision of test kits to the Company’s health plan participants; increased enforcement actions resulting from COVID-19; government action that may limit its collection or discharge efforts for delinquent accounts; and the frequency and magnitude of legal actions and liability claims that may arise due to COVID-19 or the Company’s response efforts.

**(4) Property and Equipment**

Net property and equipment and leasehold intangibles as of December 31, 2021 and 2020, consisted of the following:

|                             | 2021      | 2020      |
|-----------------------------|-----------|-----------|
| Land                        | \$ 10,890 | \$ 10,890 |
| Buildings & improvements    | 90,462    | 88,933    |
| Leasehold intangibles       | 2,456     | 2,456     |
| Furniture and equipment     | 13,667    | 12,965    |
| Construction in progress    | 458       | 383       |
|                             | 117,933   | 115,627   |
| Accumulated depreciation    | (48,102)  | (44,266)  |
| Property and equipment, net | \$ 69,831 | \$ 71,361 |

For the years ended December 31, 2021 and 2020, the Company evaluated property and equipment for impairment and no charge was recorded.

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**(5) Accrued Expenses**

Accrued expenses as of December 31, 2021 and 2020 consisted of the following components:

|                            | 2021   | 2020   |
|----------------------------|--------|--------|
| Accrued salaries and wages | \$ 220 | \$ 263 |
| Accrued vacation           | 119    | 139    |
| Accrued interest           | 214    | 218    |
| Other accrued expenses     | 157    | 131    |
|                            | \$ 710 | \$ 751 |

**(6) Long-Term Debt**

On August 31, 2017, the Company obtained \$95.8 million of mortgage financing secured by the Community. Sixty percent of the principal amount bears interest at a fixed rate, with one half of such amount bearing interest at 4.43% and maturing in 2024 and the other one half bearing interest at 4.47% and maturing in 2027. Forty percent of the principal amount bears interest at a variable rate equal to the 30-day LIBOR plus a margin of 241.5 basis points and matures in 2027. The interest rate of the variable rate portion of the loan at December 31, 2021 was 2.51%.

Deferred financing costs related to the loan of approximately \$1.2 million are amortized on a straight-line basis over the term of the loan, which approximates the interest method. Amortization expense for deferred financing costs which is recorded within interest expense in the accompanying statement of operations was \$58 for both the year ended December 31, 2021 and 2020.

The annual aggregate scheduled principal payments of long-term debt obligations outstanding as of December 31, 2021, are as follows:

| <u>Years ending December 31,</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 2022                             | \$ 1,907      |
| 2023                             | 1,960         |
| 2024                             | 28,074        |
| 2025                             | 1,419         |
| 2026                             | 1,449         |
| Thereafter                       | 55,225        |
| Total                            | 90,034        |
| Less deferred financing costs    | (331)         |
| Total long-term debt             | \$ 89,703     |

As of December 31, 2021, management believes that the Company was in compliance with the financial covenants of its outstanding debt.

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**(7) Related-Party Transactions**

**Management Agreement**

On April 1, 2007, the Company entered into a long-term management agreement with ARC Management, LLC (“ARC”), a related party. Subject to the terms of the agreement, ARC will receive a management fee equal to 5% of gross revenues plus incentives fees as defined in the agreement. Furthermore, out-of-pocket costs and expenses incurred on behalf of the Company by ARC are subject to reimbursement to ARC. The management contract extends through 2032 and may continue on a month-to-month basis thereafter. The amount incurred for management fees was \$961 and \$1,052 for the years ended December 31, 2021 and 2020, respectively.

**(8) Credit Risk**

The Company generally maintains cash on deposit at banks in excess of federally insured amounts. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk related to cash.

**(9) Commitments and Contingencies**

**Litigation**

The Company is subject to legal proceedings and claims that arise in the ordinary course of business.

**Insurance**

Through Brookdale, a related party, the Company currently maintains professional and general liability insurance. Brookdale’s current policies provide for deductibles for each and every claim and as a result they are, in effect, self-insured for claims that are less than the deductible amounts. In addition, the Company participates in Brookdale’s large-deductible workers compensation program and a self-insured employee medical program. Estimated costs related to the self-insured program are accrued at Brookdale based on known claims and projected settlement of unasserted claims incurred but not reported to the Company. The Company records an allocated monthly fee for insurance costs. Subsequent changes in actual experience (including claim costs, claim frequency, and other factors) could result in additional costs to the Company.

**Health Care Regulations**

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

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compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

As a result of the Company's participation in the Medicare and Medicaid programs, the Company is subject to various government reviews, audits and investigations to verify the Company's compliance with these programs and applicable laws and regulations. CMS has engaged a number of third party firms, including Recovery Audit Contractors ("RAC"), Zone Program Integrity Contractors ("ZPIC"), and Unified Program Integrity Contractors ("UPIC") to conduct extensive reviews of claims data to evaluate the appropriateness of billings submitted for payment. Audit contractors may identify overpayments based on coverage requirements, billing and coding rules or other risk areas. In addition to identifying overpayments, audit contractors can refer suspected violations of law to government enforcement authorities. An adverse determination of government reviews, audits and investigations may result in citations, sanctions and other criminal or civil fines and penalties, the refund of overpayments, payment suspensions, or termination of participation in Medicare and Medicaid programs. The Company's costs to respond to and defend any such audits, reviews and investigations may be significant and are likely to increase in the current enforcement environment, and any resulting sanctions or criminal, civil or regulatory penalties could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow. While management believes all billings are proper and support is maintained, certain aspects of billing, coding and support are subject to interpretation and may be viewed differently by audit contractors. As amount of any recovery is unknown, management has not recorded any reserves related to audits and investigations at this time.

**Health Care Reform**

The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic and regulatory influences. Notably, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act") resulted in expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the U.S. health care system. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursements for various health care providers, including skilled nursing facilities, as well as certain other changes to Medicare payment methodologies. This comprehensive health care legislation has resulted and will continue to result in extensive rulemaking by regulatory authorities, and also may be altered, amended, repealed, or replaced. It is difficult to predict the full impact of the Affordable Care Act due to the complexity of the law and implementing regulations, as well as the Company's inability to foresee how CMS and other participants in the health care industry will respond to the choices available to them under the law. The Company also cannot accurately predict whether any new or pending legislative proposals will be adopted or, if adopted, what effect, if any, these proposals would have on the Company's business. Similarly, while the Company can anticipate that some of the rulemaking that will be promulgated by regulatory authorities will affect the Company's business and the manner in which the Company is reimbursed by the federal health care programs, the Company cannot accurately predict today the impact of those regulations on the Company's business. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act or any amended or replacement legislation may increase costs,

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decrease revenues, expose the Company to expanded liability or require the Company to revise the ways in which it conducts business.

In addition to its impact on the delivery and payment for health care, the Affordable Care Act and the implementing regulations have resulted and may continue to result in increases to the Company's costs to provide health care benefits to its employees. The Company also may be required to make additional employee-related changes to its business as a result of provisions in the Affordable Care Act or any amended or replacement legislation impacting the provision of health insurance by employers, which could result in additional expense and adversely affect the Company's results of operations and cash flow.

**Operating Reserve Fund**

The North Carolina DOI under Article 64 requires that CCRCs establish an Operating Reserve Fund in the form of cash, investments, or other assets as permitted by the DOI, consisting of 50% of the following year's forecasted operating expenses until they achieve a 90% occupancy level, at which time they are required to establish an Operating Reserve Fund consisting of 25% of the following year's forecasted operating expenses, which has been achieved in the past. As of December 31, 2021 and 2020, the Company did not achieve the 90% occupancy level and the Operating Reserve Fund is funded at 50% of the forecasted operating costs, less certain deductions as defined by law and the Insurance Commissioner, for a 12-month period as of the date of this report.

The Company's assumed Operating Reserve Fund amounts for each year during the forecasted period are based on projected occupancy rates below 90%, indicating an Operating Reserve Fund equal to 50% of the forecasted annual operating expenses adjusted to include principal payments on long-term debt, less depreciation. Contributions from its Member may occur to fund the Company's Operating Reserve Fund requirements, to make debt payments on the Company's outstanding amounts including final maturity payments, and to fund operations as needed.

As of December 31, 2021 and 2020, the Company's reserve balance was \$9.9 million and \$9.8 million, respectively.

# ATTACHMENT

5

**BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Balance Sheet**

**As of April 30, 2022**

**Assets**

|                          |                   |
|--------------------------|-------------------|
| Cash - restricted        | 605,771           |
| Cash - unrestricted      | 12,004,872        |
| Accounts receivable, net | 221,232           |
| Other current assets     | 134,915           |
| Total current assets     | <u>12,966,790</u> |

|                            |                   |
|----------------------------|-------------------|
| Land                       | 10,890,000        |
| Buildings and improvements | 90,904,178        |
| Furniture and equipment    | 16,354,861        |
| Construction in Progress   | 115,990           |
| Gross PPE                  | 118,265,029       |
| Accumulated depreciation   | (49,362,137)      |
| Net PPE                    | <u>68,902,892</u> |

|                     |                          |
|---------------------|--------------------------|
| Restricted Cash--LT | 9,858,522                |
| <b>Total Assets</b> | <u><u>91,728,204</u></u> |

**Liabilities**

|                                   |                  |
|-----------------------------------|------------------|
| Current portion of long-term debt | 1,862,424        |
| Accounts payable                  | 409,753          |
| Accrued expenses                  | 353,768          |
| Tenant deposits                   | 90,196           |
| Deferred revenue                  | 281,065          |
| Total current liabilities         | <u>2,997,206</u> |

|                             |                   |
|-----------------------------|-------------------|
| Long-term debt              | 87,224,997        |
| Other Long Term Liabilities | -                 |
| <b>Total Liabilities</b>    | <u>90,222,203</u> |

|                     |           |
|---------------------|-----------|
| <b>Total Equity</b> | 1,506,001 |
|---------------------|-----------|

|                                     |                          |
|-------------------------------------|--------------------------|
| <b>Total Liabilities and Equity</b> | <u><u>91,728,204</u></u> |
|-------------------------------------|--------------------------|

**BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Income Statement**

**For the four months ended April 30, 2022**

**REVENUES**

|                          |    |                  |
|--------------------------|----|------------------|
| Independent living       | \$ | 3,176,506        |
| Second Party Rents:      |    | 94,962           |
| Assisted living          |    | 1,054,472        |
| Memory Enhancement       |    | 837,448          |
| Nursing care             |    | 778,507          |
| Other Incomes            |    | 362,284          |
| Total Operating Revenues | \$ | <u>6,304,179</u> |

Other operating income -

Total Revenue 6,304,179

**EXPENSES**

|                              |    |                  |
|------------------------------|----|------------------|
| Ancillary Expenses           |    | 292,716          |
| Administration & General     |    | 818,099          |
| Nursing                      |    | 571,750          |
| Memory Enhancement           |    | 187,327          |
| Assisted Living              |    | 725,595          |
| Plant Operations/Maintenance |    | 401,248          |
| Utility                      |    | 198,659          |
| Housekeeping & Laundry       |    | 139,415          |
| Resident Services            |    | 178,757          |
| Food Service                 |    | 730,776          |
| Marketing                    |    | 276,198          |
| General Insurance            |    | 101,928          |
| Worker's Compensation        |    | 8,526            |
| Depreciation & Amortization  |    | 1,278,822        |
| Interest Expense             |    | 1,131,191        |
| Property Tax                 |    | 162,535          |
| Total Operating Expenses     | \$ | <u>7,203,542</u> |

Non-Operating Income \$ (6,803)

Management fee expense \$ (315,209)

Net Income \$ (1,207,769)

**BROOKDALE CARRIAGE CLUB PROVIDENCE**

**Statement of Cash Flows**

**For the four months ended April 30, 2022**

|  |                          |
|--|--------------------------|
| Net income   | (1,207,769)              |
| Adjustments to reconcile net income to operating cash: |                          |
| Depreciation   | 1,259,641                |
| Amortization of deferred financing costs               | 19,181                   |
| Provision for credit losses                            | 11,952                   |
| Changes in operating assets                            |                          |
| Accounts receivable                                    | (12,466)                 |
| Other assets   | 242,093                  |
| Accounts payable                                       | (508,287)                |
| Accrued expenses                                       | (355,142)                |
| Tenant deposits and other restricted liabilities       | (454)                    |
| Deferred revenue                                       | (78,615)                 |
| Net cash provided by operating activities              | <u>(629,866)</u>         |
| Cash flows from investing activities                   |                          |
| Purchase of property and equipment                     | <u>(332,764)</u>         |
| Net cash used in investing activities                  | (332,764)                |
| Cash flows from financing activities                   |                          |
| Payment of long-term debt                              | (634,601)                |
| Member distributions, net                              | <u>1,545,737</u>         |
| Net cash used in financing activities                  | 911,136                  |
| Increase (decrease) in cash                            | (51,494)                 |
| Beginning cash balance                                 | <u>22,520,659</u>        |
| Ending cash balance                                    | <u><u>22,469,165</u></u> |