



Disclosure Statement

Quail Haven Village

**Provider: Quail Haven of Pinehurst, LLC; Quail Haven
Healthcare Center of Pinehurst, LLC; and Quail Haven
Properties of Pinehurst, LLC (Co-Providers)**

Date of Disclosure Statement: 12/31/2025

Last Date for Delivery: 6/08/2027

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

Financial Snapshot: Key Ratios for Quail Haven Village

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

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

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	8	98	20	65	63	60	—	—	—
CUSH	0.45	10.46	2.11	7.39	7.39	7.39	—	—	—
OR	92%	92%	91%	89%	90%	90%	—	—	—
NOM	9.52%	11.38%	12.11%	13.31%	13.26%	13.13%	—	—	—
NOM-A	9.52%	11.38%	12.11%	13.31%	13.26%	13.13%	—	—	—
DSCR	2.12	5.02	5.31	6.55	6.72	6.85	—	—	—
CD	0.03	0.26	0.05	0.19	0.20	0.20	—	—	—
CED	3.49	12.58	0.95	2.90	2.72	2.56	—	—	—

Liquidity Ratios:

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

Profitability Ratios:

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

Capital Structure Ratios:

- **Debt Service Coverage (DSCR).** Measures the provider’s ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
- **Unrestricted Cash & Investments to Long-Term Debt (CD).** Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

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

- **Capital Expenditures to Depreciation (CED).** Compares what the provider is spending on capital improvements to the amount its assets are wearing out. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Table of Contents

1. Provider Identification	7
2. Organizational Structure	7
2.1 Multi-Entity Organization Status	7
2.2 Consolidation of Financial Statements	8
2.3 Controlling Person	8
2.4 Company Structure Chart	9
3. Key Persons and Management Personnel	10
3.1 Senior Officers	10
3.2 Community Management.....	12
3.3 Quail Haven of Pinehurst, LLC Board of Directors.....	12
3.4 Quail Haven Healthcare Center of Pinehurst, LLC Board of Directors	12
3.5 Quail Haven Properties of Pinehurst, LLC Board of Directors.....	12
3.5 Management Entities	12
4. Governing Body and Oversight	12
5. Related Parties	13
6. Relationships with Religious, Charitable, or Other Organizations	13
7. Other Persons Responsible for Obligations	13
8. Obligated Groups	13
9. Debt Covenants and Compliance	13
10. Third-Party Management Arrangements	13
11. Real Property Leases	14
12. Endowment Funds.....	14
13. Description and Location of the Community	14
14. Living Units by Level of Care	14
15. Continuing Care at Home Program.....	14
16. Resident Population Served.....	15
- 67 independent living units with 81 total residents	15
- 10 assisted living units with 10 residents	15
- 48 skilled nursing residents	15
17. Occupancy Rates.....	15
18. Semiannual Resident Meetings	15

19. Resident Property Rights.....	17
20. Services Provided Under the Contract	17
20.1 Healthcare Services.....	17
20.2 Continuing Care Retirement Community (CCRC) Contracts.....	17
20.2.1 Services Included in Monthly Fees.....	17
20.2.2 Services Available at an Additional Charge	18
20.3 Continuing Care at Home (CCaH) Contracts.....	18
20.4 Delivery of Care	18
21. Resident Fees	18
Table 21.1 – Current Monthly Fees	18
21.2 Historical Increases in Monthly Fees (CCRC Contracts).....	19
21.3 Current Entrance Fees (CCRC Contracts)	19
21.4 Historical Increases in Entrance Fees (CCRC Contracts)	19
21.5 Household Composition Changes	19
21.6 Transfer Fees.....	20
22. Refundable Entrance Fee Obligations.....	20
23. Financial Hardship Policies.....	20
24. Contract Cancellation and Refund Policies.....	20
24.1 Provider-Initiated Cancellation	20
24.2 Resident-Initiated Cancellation	21
24.3 Refunds Upon Cancellation.....	22
24.4 Refunds Upon Death or Serious Illness	22
25. Re-occupancy of Units.....	23
25.1 Resident-Initiated Vacating.....	23
25.2 Provider-Initiated Vacating.....	23
25.3 Temporary Absences.....	23
25.4 Refunds	23
26. Resident Relocation.....	24
26.1 Resident Needs	24
26.2 Provider Needs	25
26.3 Process	25
26.4 Financial Obligations.....	25
27. Admission and Continuation Standards	25

27.1 Admission Requirements	25
27.1.1 CCRC Contracts (Campus-Based)	25
27.1.2 CCaH Contracts (Continuing Care at Home)	26
27.2 Continuation Requirements	26
27.3 Changes in Condition Before Occupancy or Commencement of Services	26
28. Age and Insurance Requirements	27
28.1 Age Requirements	27
28.2 Insurance Requirements	27
28.3 Special Conditions	27
29. Reserve Funding and Refund Security	27
29.1 Cash and Investments	27
29.2 Investment Management and Oversight	28
29.3 Statutory Operating Reserve Requirement	28
29.4 Refund Security (Entrance Fee Refunds)	28
30. Expansion and Renovation Plans	28
31. Audit Opinion and Timeliness	29
32. Audited Financial Statements	29
33. Five-Year Prospective Financial Statements	30
34. Variances from Prospective Financial Statements	30
35. Key Financial Metrics	31
35.1 Liquidity Ratios	31
35.2 Profitability Ratios	32
35.3 Capital Structure Ratios	32
35.4 Overall Summary	33
36. Actuarial Opinion and Balance	33
37. Most Recent Department Examination Report	33
38. Other Material Information	33
39. Contract Forms and Attachments	34
39.1 Continuing Care Contracts	34
39.2 Continuing Care at Home (CCaH) Contracts	34
Appendix Index	35

1. Provider Identification

Provider Name: Quail Haven Village

Legal Provider: Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC (Co-Providers)

Item	Information
Legal Provider:	Legal Provider: Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC (Co-Providers)
Doing Business As (DBA):	Quail Haven Village
Business Address:	155 Blake Boulevard, Pinehurst, North Carolina 28374
Telephone Number:	(910) 295-2294
Legal Entity Type:	For-profit limited liability companies organized under the laws of North Carolina
For-Profit / Nonprofit Status:	For-profit
Ownership Type:	Privately owned and controlled for-profit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Quail Haven of Pinehurst, LLC is a North Carolina for-profit limited liability company owned by Liberty Senior Living, LLC, owned by Liberty Healthcare Group, LLC. Quail Haven Healthcare Center of Pinehurst, LLC is a North Carolina for-profit limited liability company, owned by Liberty Healthcare Group, LLC. Quail Haven Properties of Pinehurst, LLC is a North Carolina for-profit limited liability company.

2. Organizational Structure

Organization, Ownership and Management

2.1 Multi-Entity Organization Status

Organization

Quail Haven of Pinehurst, LLC (“Quail Haven Pinehurst”) is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating independent living units of the CCRC. Quail Haven Pinehurst is owned by Liberty Senior Living, LLC

(“Liberty Senior Living”), a North Carolina limited liability company. The business address of Liberty Senior Living is 2334 S. 41st Street; Wilmington, North Carolina 28403. Liberty Senior Living is owned by Liberty Healthcare Group, LLC (“Liberty Healthcare Group”), a North Carolina limited liability company.

Quail Haven Healthcare Center of Pinehurst, LLC (“Quail Haven Healthcare”) is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating the Healthcare Center of the CCRC. Quail Haven Healthcare is owned by Liberty Senior Living. Liberty Senior Living is owned by Liberty Healthcare Group.

Facility Ownership

Quail Haven Properties of Pinehurst, LLC (“Quail Haven Properties”) is a North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and the buildings of the CCRC.

Quail Haven Properties have executed separate lease agreements with Quail Haven Pinehurst and Quail Haven Healthcare, under which Quail Haven Pinehurst and Quail Haven Healthcare make lease payments to Quail Haven Properties for use and operation of the Independent Living Buildings, the Clubhouse, the Family Care Homes, the Healthcare Center, and the associated common areas. The lease agreements have terms of ten (10) years with options to renew the leases for two additional terms of five (5) years each. In March 2020, the North Carolina Department of Insurance issued a Continuing Care Retirement Community License to Quail Haven Pinehurst, Quail Haven Healthcare Center, and Quail Haven Properties (individually and collectively the “Company”) as co-providers. See the organization/ownership chart below.

2.2 Consolidation of Financial Statements

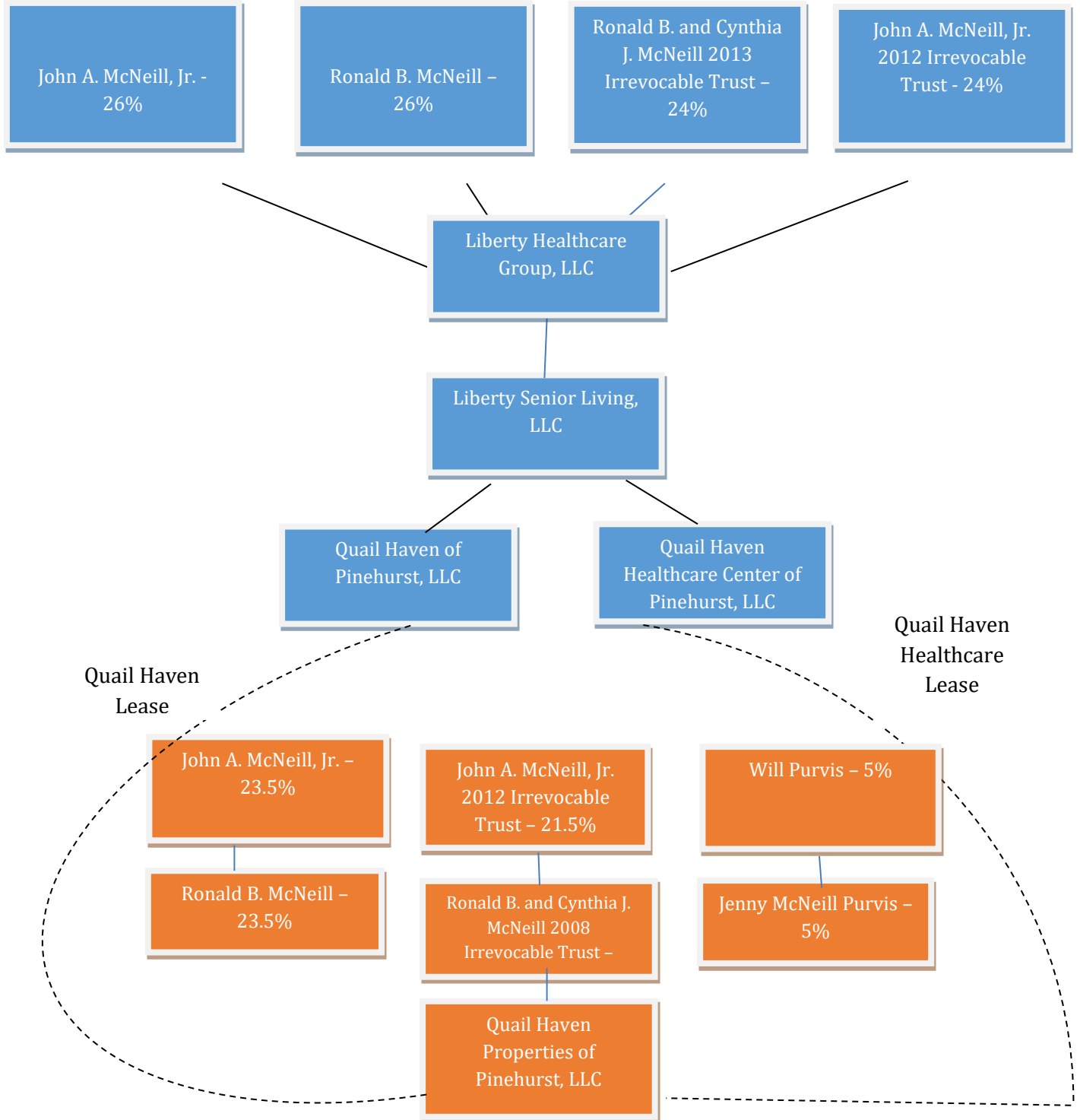
Audited financial statements are prepared on a consolidated basis for the co-providers. Consolidating schedules within the audit present the financial position and results of each co-provider (where applicable).

2.3 Controlling Person

Item	Information
Name:	Liberty Senior Living, LLC
Business Address:	2334 S. 41st Street, Wilmington, NC 28403
Telephone Number:	(910) 815-3111

2.4 Company Structure Chart

See organizational/ownership chart below.



*Organizational chart only reflects members having a ten percent (10%) or greater equity or beneficial interest in the Company.

Healthcare

The CCRC provides Residents temporary or permanent assisted living and skilled nursing services in the beds located within the Family Care Homes and Healthcare Center, respectively. The CCRC is licensed for twelve (12) family care home beds (the “Family Care Home Beds”) located in two (2) six-bed buildings. The Healthcare Center is licensed for sixty (60) skilled nursing beds. Twenty-five (25) of the skilled nursing beds are reserved for the Residents of the Independent Living Buildings (the “Closed Beds”). The Family Care Home Beds and the remaining Healthcare Center beds are available to the public (the “Open Beds”). In the event that the Closed Beds are fully occupied, the Resident will be given priority access to the available Open Beds.

Management

Quail Haven Pinehurst and Quail Haven Healthcare operate the CCRC. No other person or entity referred to herein has assumed any financial responsibility for the fulfillment of Quail Haven Pinehurst and Quail Haven Healthcare’s agreements or obligations, except as otherwise stated. Liberty Healthcare Group, LLC, Quail Haven of Pinehurst, LLC and Quail Haven Healthcare Center of Pinehurst, LLC are all guarantors to the Quail Haven village loan.

3. Key Persons and Management Personnel

3.1 Senior Officers

Name / Role	Education	Experience	Length of Service
John “Sandy” A. McNeill Jr. – Manager of Liberty Senior Living, LLC and Liberty Living Management, LLC	PharmD, UNC	50 + years in senior-living and pharmacy operations	30 years at current position (since 10/01/1996)
Ronald “Ronnie” B. McNeill – Manager of Liberty Senior Living, LLC and Liberty Living Management, LLC	Registered Professional Engineer (NC State University), MBA	50 + years in senior-living and pharmacy operations	30 years at current position (since 10/01/1996)

Name / Role	Education	Experience	Length of Service
William “Will” B. Purvis – Manager of Liberty Living Management and President of Liberty Senior Living	B.S. business management (NC State University), MBA (Wake Forest University)	Prior work with Grandbridge Real Estate, BOD for Cape Fear Council Boy Scouts of America, NHRMC Foundation, Wilmington Chamber of Commerce, NC Coastal Land Trust	Over 16 years (since 02/03/2010)
Bob Goyette – Chief Operations Officer of Liberty Living Management	MBA with healthcare concentration (Lipscomb University)	33+ years in Senior Living administration. Past board member of Ohio, Kentucky and Virginia Health Care Administrations and adjunct professor at Western Kentucky University.	2 years at current position (since 09/30/2024)
Cindy Stancil – Vice President of Operations Support of Liberty Living Management	Licensed Administrator	41+ years in Senior Living administration. Served as board member of NC Assisted Living Association and in Task Force groups such as “The Star Rating program”	41+ years with Liberty Healthcare Group and Liberty Senior Living
Nicole Cook – VP of Operations of Liberty Living Management	Registered Nurse and Nursing Home Administrator	25+ years in Senior Living administration	7 years with Liberty Senior Living (since 5/30/2019)
Carolyn Yliniemi-Hirschler, Regional Director of Operations	Licensed nursing home administrator. Bemidji State University.	25+ years in Senior Living administration	11+ years with Liberty

3.2 Community Management

Name / Role	Education	Experience	Length of Service
Christal Hofstetter, RN, Administrator	RN, Sandhills Community College. DON at Quail Haven from 2016-2020	Worked in long-term care for over 17 years	10 years with Liberty, 6 in current role

3.3 Quail Haven of Pinehurst, LLC Board of Directors

Not applicable. The provider entities are limited liability companies and do not have a board of directors.

3.4 Quail Haven Healthcare Center of Pinehurst, LLC Board of Directors

Not applicable. The provider entities are limited liability companies and do not have a board of directors.

3.5 Quail Haven Properties of Pinehurst, LLC Board of Directors

Not applicable. The provider entities are limited liability companies and do not have a board of directors.

3.5 Management Entities

Quail Haven Village operates the CCRC. No other person or entity referred to herein has assumed any financial responsibility for the fulfillment of Quail Haven Village's agreements or obligations, except as otherwise stated.

4. Governing Body and Oversight

Liberty Living Management, LLC

Liberty Living Management, LLC ("Liberty Living Management") has executed a management agreement with Quail Haven Village in which Quail Haven Village pays Liberty Living Management a fee of five percent (5%) of total revenues derived from independent living units and six percent (6%) of total revenues derived from assisted living beds and skilled nursing beds paid to Quail Haven Village.

Liberty Living Management's headquarters are at 2334 S. 41st St., Wilmington, NC 28403.

5. Related Parties

Please see organizational structure and management arrangements for related party information, including management agreements and lease arrangements among affiliated entities. Please also see sections 2.1, 3.4, 3.5, 3.6 and 4 for related party information.

6. Relationships with Religious, Charitable, or Other Organizations

The provider is a private independent, for-profit organization and is not affiliated with any religious, charitable, or other affinity group.

7. Other Persons Responsible for Obligations

No other person or entity is responsible for the financial or contractual obligations of Quail Haven Village.

8. Obligated Groups

Not applicable. Quail Haven Village does not have any obligated groups.

9. Debt Covenants and Compliance

Quail Haven Village is subject to covenants contained in debt agreements, including requirements for minimum debt service coverage. The provider monitors compliance through regular financial reporting.

10. Third-Party Management Arrangements

Quail Haven Village does not employ an unrelated third-party manager. Day-to-day operations are carried out by management employed by Liberty Senior Living, LLC and supported by Liberty Living Management, LLC.

11. Real Property Leases

Quail Haven Properties have executed separate lease agreements with Quail Haven Pinehurst and Quail Haven Healthcare, under which Quail Haven Pinehurst and Quail Haven Healthcare make lease payments to Quail Haven Properties for use and operation of the Independent Living Buildings, the Clubhouse, the Family Care Homes, the Healthcare Center, and the associated common areas. The lease agreements have terms of ten (10) years with options to renew the leases for two additional terms of five (5) years each.

12. Endowment Funds

Not applicable. Quail Haven Village does not have any endowment funds.

13. Description and Location of the Community

Location. The Community is located on an approximately 18-acre site, having an address of 155 Blake Boulevard in Pinehurst, North Carolina.

Layout and Types of Accommodations. Accommodations include seventy-nine (79) one-story garden apartments within the Independent Living Buildings with one and two bedroom floor plans that range from approximately 520 to 1,400 square feet. The CCRC is able to accommodate up to one hundred fifty-eight (158) Residents, all of whom will be provided services pursuant to their respective Residency and Care Agreements. Subject to the terms and conditions of the Residency and Care Agreement and the limits of the Company's license, a full continuum of healthcare services are to be provided in the Healthcare Center. In addition, in the event the Closed Beds are fully occupied, Residents will be given priority access to the available Open Beds.

14. Living Units by Level of Care

As of December 31, 2025, Quail Haven village included:

- 79 Independent Living rental apartments
- 12 Family Care Homes beds
- 60 Skilled Nursing beds

15. Continuing Care at Home Program

Not applicable. Quail Haven Village does not provide continuing care at home.

16. Resident Population Served

As of December 31, 2025, the resident population served by Quail Haven Village was as follows:

- 67 independent living units with 81 total residents

- 10 assisted living units with 10 residents

- 48 skilled nursing residents

As of December 31, 2025, the community maintained a waitlist for admission to independent living consisting of 15 individuals. Individuals on the waitlist are prospective applicants and are not residents of the community unless and until they have executed a continuing care contract and commenced residency.

To be placed on the independent living waitlist, prospective applicants are required to submit a \$1,000 priority partner deposit. The waitlist deposit is fully refundable and is not considered an entrance fee. If the applicant later enters into a continuing care contract, the waitlist deposit is applied toward the resident's rent at that time.

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

17. Occupancy Rates

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

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
12/31/2025	79.6%	88.5%	78.6%
12/31/2024	89.1%	71.7%	77.9%
12/31/2023	87.2%	89.5%	81.1%
12/31/2022	76.8%	96.3%	79.1%
12/31/2021	66.7%	94.2%	70.2%

18. Semiannual Resident Meetings

Quail Haven Village holds meetings with residents twice each year, as required by law.

Fiscal Year 2025 Meeting Dates:

- June 18, 2025
- November 19, 2025

Since Quail Haven Village does not have a board, the North Carolina Department of Insurance has granted the provider a waiver from the legal requirement that a member of the provider's board be present at each meeting. This approval is contingent upon continued compliance with the following conditions:

1. Independence Expectations

The designated representative must continue to satisfy the independence expectations and functional independence standards applicable to designated representatives under the Department's interpretive framework. Any change in financial interests, compensation structure, or organizational role that could affect independence or the ability to function in an independent capacity must be reported to the Department promptly, along with a proposed alternative representative.

2. Implementation of Safeguards

The Provider must ensure consistent in-person attendance by the designated representative at each required semiannual resident meeting, timely communication of resident concerns to the governing body, and adherence to all established meeting procedures.

3. Documentation Requirements

The Provider must maintain complete documentation of all resident concerns raised during required semiannual meetings and ensure these concerns are transmitted to the governing body. All records must be made available to the Department upon request.

4. Disclosure Obligations

The waiver and the approved alternative participation arrangement must be disclosed in Section 18 of the Provider's Disclosure Statement and included in all updated and future Disclosure Statements.

5. Resident Association Engagement

The purpose of the waiver and the associated participation arrangement must be communicated to the resident association. The resident association must be given the opportunity to provide input. Documentation of this communication, including a summary of input received and the outcome, must be provided to the Department as verification of compliance. This communication shall occur on or before the first semiannual resident meeting of 2026.

6. Ongoing Compliance

All representations made in the waiver request must remain accurate for the duration of the waiver. Any material change in governance structure, operational oversight, meeting procedures, or other relevant factors must be reported promptly to the Department. The

waiver will remain in effect unless modified or revoked by the Commissioner under Article 64A.

7. Role Limitation

The designated representative must maintain a role distinct from management's presentation of financial or operational performance during required resident meetings and shall not serve as the primary individual responsible for presenting, explaining, or defending management decisions, or otherwise acting in a management capacity while carrying out designated representative duties.

8. Verification of Independence and Qualifications

The Department may request, at any time, information or documentation necessary to evaluate the independence, role, and qualifications of the designated representative and the Provider's compliance with the conditions of this waiver.

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Quail Haven Village. Residency and access to services are governed solely by the residency and care agreement.

20. Services Provided Under the Contract

Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC offers services under continuing care contracts at Quail Haven Village. The following disclosures describe the services included in each contract type, as well as those available for additional charge.

20.1 Healthcare Services

Residents of Quail Haven Village have access to assisted living and skilled nursing on campus. Health services include 24-hour nursing, medication management, rehabilitative therapies, and coordination with residents' personal physicians.

20.2 Continuing Care Retirement Community (CCRC) Contracts

The Company's continuing care concept ensures a Resident, so long as the Resident is in compliance with the Residency and Care Agreement, residence in an Apartment, a wide array of personal services and long-term nursing care in the Healthcare Center if the Resident can no longer live independently. Residents living on the Quail Haen Village campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

20.2.1 Services Included in Monthly Fees

- Three daily meals in assisted living and skilled nursing, one daily for independent living

- Weekly housekeeping in Independent Living, daily housekeeping and linen in assisted living and skilled nursing
- Scheduled local transportation
- Basic utilities, including electricity, water, heating, air conditioning, and basic cable
- Use of community amenities (wellness center, library, gardens, walking trails)
- Social, cultural, and recreational programming
- Care coordination for transitions between levels of care

20.2.2 Services Available at an Additional Charge

- Independent Living resident additional meals and guest meals
- Additional housekeeping or laundry services beyond standard schedule
- Expanded television, internet, and telephone packages
- Salon and barber services
- Special transportation outside scheduled routes

20.3 Continuing Care at Home (CCaH) Contracts

Not applicable. Quail Haven Village does not have a continuing care at home program.

20.4 Delivery of Care

Core residential, assisted living, and skilled nursing, physical therapy, occupational therapy and speech therapy services are provided directly by Quail Haven Village.

21. Resident Fees

Nonancillary fees at Quail Haven Village consist of required, ongoing fees such as monthly service fees, and transfer fees. The following tables show Quail Haven Village’s current fee schedules, along with historical information on monthly fee increases over the past five fiscal years. Narrative explanations of household composition changes, transfer fees, and resale fees are also included.

Table 21.1 – Current Monthly Fees

Unit Type	Single Occupant	Double Occupant
Independent Living	\$4,961.33	\$5,671.33
Assisted Living	\$7,986.73	N/A
Skilled Nursing	\$11,254.17	N/A

Monthly fees are reviewed annually and may be adjusted to reflect changes in operating costs, staffing, health care expenses, and capital needs. Adjustments are subject to management approval, with no contractual cap on increases.

21.2 Historical Increases in Monthly Fees (CCRC Contracts)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	6.0%	\$170	Annual
12/31/2024	8.7%	\$359	Annual
12/31/2023	4.5%	\$322	Annual
12/31/2022	5.0%	\$197	Annual
12/31/2021	2.5%	\$211	Annual

21.3 Current Entrance Fees (CCRC Contracts)

Not applicable. Quail Haven Village does not charge entrance fees.

21.4 Historical Increases in Entrance Fees (CCRC Contracts)

Not applicable. Quail Haven Village does not charge entrance fees.

21.5 Household Composition Changes

The Resident(s) named in the Residency and Care Agreement and no other person shall reside in or occupy the Apartment during the term of the Residency and Care Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to the Residency and Care Agreement is accepted for residency in the CCRC after the date of the Residency and Care Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residence and Care Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Care Agreement, he or she shall not be permitted to occupy the Apartment.

If two residents of the Community under separate Residency and Care Agreements wish to occupy one apartment, the residents may occupy either apartment and shall surrender the apartment the residents will not occupy. If the Apartment in the Residency and Care Agreement is surrendered, the Residency and Care Agreement will terminate and a refund of the Entrance Fee will be paid to the Resident. If the Apartment in the Residency and Care Agreement is occupied, the Residency and Care Agreement will terminate, the residents will execute a new Residency and Care Agreement and the Entrance Fee paid under the original Residency and Care Agreement will be applied to the Entrance Fee under the new Residency and Care Agreement.

A second occupant includes, but is not limited to, a spouse as defined by State statute.

21.6 Transfer Fees

Should the Resident desire to transfer to another Apartment, the Resident must notify the Company in writing. Following receipt of this request, and subject to availability, the Company may grant the Resident an option to move to the next available Apartment of the size requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. If the Entrance Fee the Resident paid for the original Apartment is less than the current Entrance Fee for the subsequent apartment, the Resident will pay an amount equal to the difference between the Entrance Fee of the original Apartment and the current Entrance Fee of the subsequent apartment. If the Entrance Fee paid by the Resident for the original Apartment is greater than the current Entrance Fee for the subsequent apartment, the Resident will not be entitled to a refund as a result of the difference between such Entrance Fees. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.

22. Refundable Entrance Fee Obligations

Not applicable. Quail Haven Village does not charge entrance fees. Refundable obligations, if any, relate to deposits as specified in the residency agreement.

23. Financial Hardship Policies

Not Applicable / Quail Haven Village does not have a formal policy regarding financial hardships.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, the Residency and Care Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.

Termination by the Company after the Occupancy Date. The Company may terminate the Residency and Care Agreement upon thirty (30) days' written notice to the Resident in the event of the following:

The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;

The Resident fails to comply with any term of the Residency and Care Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company; or

The Resident, the Resident's authorized representative makes a material misrepresentation or omission in the information provided to the Company for its consideration of the Resident for residency in the CCRC.

Immediate Termination. If the Company determines in its sole and absolute discretion that a Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other Residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate the Residency and Care Agreement and the Resident shall promptly vacate the Apartment. In such event, the Resident shall pay the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until all of the Resident's personal belongings are removed from the Apartment.

Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates the Residency and Care Agreement after the Occupancy Date pursuant to the applicable subsections of the Residency and Care Agreement, the Resident shall promptly vacate the Apartment, but shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment.

24.2 Resident-Initiated Cancellation

Termination by Resident. Upon the termination of the Residency and Care Agreement, the Resident shall have no further rights to reside in the CCRC. The Residency and Care Agreement may be terminated or cancelled by the Resident under the following terms and conditions:

Rescission During First Thirty (30) Days. The Resident may terminate the Residency and Care Agreement for any reason within thirty (30) days following the later of the execution of the Residency and Care Agreement or receipt by the Resident of the Disclosure Statement (the "Rescission Period"), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident's termination of the Residency and Care Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such rescission, less a service charge of One-Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident's request and set

forth in Exhibit A of the Residency and Care Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident's election to terminate the Residency and Care Agreement.

Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in an Apartment, the Resident may terminate the Residency and Care Agreement for any reason after the Rescission Period but prior the Occupancy Date upon prior written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, the Community Fee, the Apartment Selection Fee, and any costs or other charges that the Resident and the Company agree in advance are non-refundable.

General Termination Right. The Resident may terminate the Residency and Care Agreement at any time for any reason by giving the Company thirty (30) days' written notice signed by the Resident (or both of them if there are two Residents). In the event of such termination by a Resident for reasons other than those permitted in the Residency and Care Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment. In addition, the Resident shall be responsible for payment of liquidated damage of one month's rental charge, calculated at the existing market rate.

24.3 Refunds Upon Cancellation

Refundable fees are returned in accordance with Section 22, 24.1 and 24.2 .

Nonrefundable portions of fees are retained by Quail Haven Village.

24.4 Refunds Upon Death or Serious Illness

Termination by Death or Serious Illness Prior to the Occupancy Date. If prior to the Occupancy Date the Resident dies or is precluded from living in the CCRC under the terms of the Residency and Care Agreement as a result of serious illness, injury, non-qualification or incapacity, the Residency and Care Agreement will automatically terminate. In the event the Residency and Care Agreement is terminated provided for in the Residency and Care Agreement, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One-Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable. Such refund shall be paid by the Company within thirty (30) days after the Residency and Care Agreement is terminated pursuant to the applicable subsection of the Residency and Care Agreement. The foregoing notwithstanding, if there is more than one Resident, the Residency and Care Agreement will continue to be binding on the surviving or eligible Resident unless and until the Residency and Care Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Care Agreement.

Termination by Death or Serious Illness After the Occupancy Date. If the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of the Residency and Care Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity that is not otherwise addressed by the provision of the Residency and Care Agreement, the Residency and Care Agreement shall terminate. In the event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the later of the date that all of the Resident's personal belongings are removed from the Apartment and the Apartment can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, the Residency and Care Agreement will continue to be binding on the surviving or eligible Resident until the Residency and Care Agreement is terminated as to or by the surviving Resident as provided for in the Residency and Care Agreement.

25. Re-occupancy of Units

A living unit at Quail Haven Village may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

Voluntary termination: When a resident cancels their continuing care contract and permanently vacates the living unit.

Transfer to a higher level of care: When a resident moves from independent living to assisted living or skilled nursing, and the contract permits the original living unit to be reassigned.

25.2 Provider-Initiated Vacating

Contract termination by provider: When a contract is terminated by the provider under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.

Persistent nonpayment: When a resident fails to meet contractual payment obligations and the provider declares the contract terminated.

25.3 Temporary Absences

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

25.4 Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Fee Obligations. Refunds are contingent upon re-occupancy by a new

resident, and the timing of repayment may vary depending on market demand and the pace of living unit turnover.

26. Resident Relocation

Residents of Quail Haven Village may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

26.1 Resident Needs

Transfers to another Apartment. Should the Resident desire to transfer to another Apartment, the Resident must notify the Company in writing. Following receipt of this request, and subject to availability, the Company may grant the Resident an option to move to the next available Apartment of the size requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.

Permanent Transfers to Healthcare. The Company will provide healthcare services to the Residents in the Healthcare Center. Care in the Healthcare Center will only be provided within the limits of the CCRC's license. Hospital-level services are not provided within the Healthcare Center. Such level of care must be obtained from a hospital. The costs related to any hospitalization are the responsibility of the Resident.

The Healthcare Center's Medical Director will determine the appropriate level of nursing care required by the Resident upon admission to the Healthcare Center. Residents who are unable to return to their Apartment will have the benefit of permanent care in the Healthcare Center. If the appropriate level of healthcare based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be provided by another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services are the responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident which is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of such any such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

26.2 Provider Needs

If Management reasonably determines that your Residence needs to be vacated to permit repairs or renovations thereto, or needs to be modified or reconfigured to accommodate a new or different use of the Residence, or as a result of any other circumstances reasonably determined Management to justify such transfer, Quail Haven Village may move you to a new Residence of a similar size provided that Quail Haven Village (i) advises you prior to undertaking any such move, (ii) gives you reasonable notice of and time to prepare for such move, (iii) incurs all the costs of such move, (iv) arranges for the prompt and convenient moving of your personal furnishings, and (v) either provides in such new residence optional custom improvements comparable to those provided in your original Residence or, at your option, reimburses you for the value of such improvements.

26.3 Process

Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals.

The provider makes reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of similar size, type, and monthly fee level whenever possible.

If relocation is required for renovation or construction purposes, the provider will inform the resident in advance and clarify whether the move is temporary or permanent.

26.4 Financial Obligations

All entrance fee and monthly fee obligations continue in accordance with the terms of the resident's contract, regardless of relocation.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Quail Haven Village is subject to both health and financial screening at the time of application.

27.1.1 CCRC Contracts (Campus-Based)

Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved

for residency in the Apartment in the Company's sole discretion but must, at a minimum, be fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of Residents under the age of sixty-two (62) that will live in the CCRC.

Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria as published by the Company, which may be amended from time to time in the Company's sole discretion. The Resident shall provide to the Company an internal preliminary health screen substantially in the form attached to the Apartment Selection Agreement executed by the Resident and the Company, completed by the Resident's primary physician and certifying that the Resident meets the independent living criteria within the period outlined in the Residency and Care Agreement.

Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee, extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of the Residency and Care Agreement. Immediately prior to the Occupancy Date (as defined in the Residency and Care Agreement), the Resident will affirm to the Company that the Resident's personal financial situation does not differ materially and adversely from the financial situation presented in the Application Forms (substantially in the form attached to the Apartment Selection Agreement). If the Resident's then personal financial situation differs materially and adversely from the Resident's prior financial situation, the Company may terminate the Residency and Care Agreement. After the Occupancy Date, the Company may require updated financial information. In the case of two Residents occupying an Apartment, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company's request for the same.

27.1.2 CCaH Contracts (Continuing Care at Home)

Not applicable. Quail Haven Village does not have a continuing care at home program.

27.2 Continuation Requirements

The initial term of the Residency and Care Agreement shall be for thirteen (13) months beginning on the Occupancy Date. After the initial term, the Residency and Care Agreement will automatically renew for additional thirteen (13) months periods, unless terminated as set forth in the Residency and Care Agreement.

27.3 Changes in Condition Before Occupancy or Commencement of Services

If after the execution of the Residency and Care Agreement and prior to the Occupancy Date the Resident's health or mental condition is such that, in the sole discretion of the Company, the Resident no longer meets the qualifications to live independently in the CCRC, and the Residency and Care Agreement is not otherwise terminated, such Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid

prior to any direct transfer. In the event there is more than one Resident occupying an Apartment and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under the Residency and Care Agreement and pay the required Monthly Service Fee applicable to a single Resident.

28. Age and Insurance Requirements

28.1 Age Requirements

The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Apartment in the Company's sole discretion but must, at a minimum, be fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of Residents under the age of sixty-two (62) that will live in the CCRC.

28.2 Insurance Requirements

Prior to the Occupancy Date, each Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.

28.3 Special Conditions

See 28.1 for exception to the minimum age requirement of at least sixty-two (62) years of age for couples.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of December 31, 2025, Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC held \$572,275 in unrestricted cash and investments.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 20 days. This level reflects Quail Haven's rental operating model, in which recurring monthly rental revenue is designed to fund ongoing operating expenses, reducing reliance on maintaining large unrestricted cash balances. The community also has access to financial support from Liberty Healthcare Group, providing an additional layer of liquidity as needed.

29.2 Investment Management and Oversight

Oversight Body: Finance Department.

Day-to-Day Management: Chief Financial Officer (CFO) and Chief Accounting Officer (CAO).

Experience: CFO has over 18 years and Chief Accounting Officer has over 25 years of financial oversight and investment policy.

Policy and Controls: Investments are managed under a CFO and CAO guidelines emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds.

29.3 Statutory Operating Reserve Requirement

Component	Amount
Total projected operating expenses	\$11,655,000
Add: Debt service (principal and interest)	\$270,816
Less: Principal and interest (covered by Debt Service Reserve Fund)	\$-
Less: Depreciation and amortization	\$(344,000)
Net projected operating costs	\$11,581,816
Applicable reserve percentage based on occupancy	50.0%
Required operating reserve	\$5,790,908
Unrestricted cash & investments on hand	\$572,275
Excess (deficiency) above required reserve	\$(5,218,633)

Summary: The required statutory operating reserve was \$5.79 million. Quail Haven Village held \$572 thousand in unrestricted cash and investments, providing a deficit of \$5.22 million below the statutory minimum. The community will satisfy the reserve requirement with an irrevocable, unconditional letter of credit in the amount of \$5,790,908, payable to the North Carolina Department of Insurance.

29.4 Refund Security (Entrance Fee Refunds)

Not applicable. Quail Haven Village does not accept entrance fees.

30. Expansion and Renovation Plans

There are no ongoing or proposed expansion or development projects.

31. Audit Opinion and Timeliness

The consolidated financial statements of Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC, for the fiscal year ended December 31, 2025, were audited by Cherry Bekaert, LLP (Charlotte, NC).

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

32. Audited Financial Statements

Because the financial statements are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC.

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

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by Forvis-Mazars LLP (Atlanta, GA) and include a summary of significant assumptions and accounting policies.

Because the prospective financial statements are presented on a consolidated basis, supplemental consolidating schedules provide prospective operating results for Quail Haven Village on a stand-alone basis

34. Variances from Prospective Financial Statements

Table 34.1 – Variance Analysis – Fiscal Year Ended 12/31/2025

Category	Projected Amount	Actual Amount	Variance	Explanation
Cash Balance	\$2,000,000	\$572,000	-71.4%	Amounts due from related parties were higher than expected and occupancy was lower than projected.
Due From Related Parties	\$7,154,000	\$9,568,000	33.7%	Mainly due to variance in recording intercompany transactions; net change of combining payables and receivables was \$248K.
Total Revenue	\$12,778,000	\$11,469,000	-10.2%	Independent Living 13.5% below projected occupancy; Skilled nursing 5.6% below projected occupancy.

Total Expenses	\$10,683,000	\$10,032,000	-6.1%	Expenses were contracted due to occupancy being lower than expected.
Operating Income	\$2,095,000	\$1,437,000	-31.4%	Variable expenses decreased with lower occupancy, but not enough to offset missed revenue.

35. Key Financial Metrics

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

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

Full statutory text of definitions is provided in Appendix F

35.1 Liquidity Ratios

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

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

Ratio	FY-2 2023	FY-2 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028
DCOH	8	98	20	65	63	60
CUSH	0.45	10.46	2.11	7.39	7.39	7.39

Narrative – Provider Only:

Liquidity declined through FY 2025 because of reinvestment in campus renovations and an increase in receivables from related parties.

A recovery is projected in FY 2026 as occupancy strengthens, restoring approximately 65 days of liquidity in FY 2026.

35.2 Profitability Ratios

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

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

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

Ratio	FY-2 2023	FY-2 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028
OR	92%	92%	91%	89%	90%	90%
NOM	9.52%	11.38%	12.11%	13.31%	13.26%	13.13%
NOM-A	9.52%	11.38%	12.11%	13.31%	13.26%	13.13%

Margins were relatively flat from 2024 through 2025 as census had a light decline, expenses related to turnover declined and variable expenses were contracted and agency staffing was reduced.

Management projects fairly flat margins through FY 2028.

35.3 Capital Structure Ratios

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

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

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

Ratio	FY-2 2023	FY-2 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028
DSCR	2.12	5.02	5.31	6.55	6.72	6.85
CD	0.03	0.26	0.05	0.19	0.20	0.20
CED	3.49	12.58	0.95	2.90	2.72	2.56

The provider maintains healthy DSCR. This is a product of relatively low debt service. The CD is projected to remain flat throughout the forecast period.

Capital-expenditure ratios declined close to 1.0x, indicating adequate reinvestment in campus infrastructure. FY 2024 saw an unusually high amount of capital purchases and improvements, which lead to less in 2025. Years 2026 through 2029 are projected to increase to a more normal level for the community.

35.4 Overall Summary

The provider demonstrates sound liquidity, maintaining profitability, and conservative leverage. Provider-level liquidity dipped during recent reinvestment cycles but remains in a very comfortable range to satisfy debt service. Additionally, the provider has a standby letter of credit payable to the North Carolina Department of Insurance in the amount of the required statutory operating reserve level. Projected performance indicates stable or modestly improving results through FY 2029, with sufficient capacity to fund operations, service debt, and support ongoing capital renewal.

36. Actuarial Opinion and Balance

Not Applicable.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC pursuant to Article 64A of the North Carolina General Statutes.

38. Other Material Information

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident’s decision to contract with Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that

no additional material information requires disclosure at this time.39. Contract Forms and Attachments

See Appendices for audited financial statements, prospective financial statements, representative contract(s), and other required attachments.

39. Contract Forms and Attachments

39.1 Continuing Care Contracts

Quail Haven of Pinehurst, LLC; Quail Haven Healthcare Center of Pinehurst, LLC; and Quail Haven Properties of Pinehurst, LLC offers thirteen (13) month rental contracts.

39.2 Continuing Care at Home (CCaH) Contracts

Not applicable. Quail Haven Village does not offer a continuing care at home program.

Appendix Index

Appendix A — Audited Financial Statements

Appendix B — Five-Year Prospective Financial Statements

Appendix C — Statement of Actuarial Opinion

Appendix D — Representative Contract(s)

Appendix E — Examination Report

Appendix F — Statutor

Appendix A — Audited Financial Statements

QUAIL HAVEN VILLAGE

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2025

And Report of Independent Auditor

QUAIL HAVEN VILLAGE
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR..... 1-2

COMBINED FINANCIAL STATEMENTS

Combined Balance Sheet3
Combined Statement of Operations and Changes in Members' Equity4
Combined Statement of Cash Flows5
Notes to the Combined Financial Statements 6-14

SUPPLEMENTARY INFORMATION

Combining Balance Sheet 15-16
Combining Statement of Operations and Changes in Members' Equity 17
Combining Statement of Cash Flows..... 18-19

Report of Independent Auditor

To the Members
Quail Haven Village
Wilmington, North Carolina

Opinion

We have audited the accompanying combined financial statements of Quail Haven Village (the “Company”), a group of entities under common control, which comprise the combined balance sheet as of December 31, 2025, and the related combined statement of operations and changes in members’ equity and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 combined financial statements.

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

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

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

Supplementary Information

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

Cherry Bekaert LLP

Charlotte, North Carolina
April 30, 2026

QUAIL HAVEN VILLAGE
COMBINED BALANCE SHEET

DECEMBER 31, 2025

ASSETS

Current Assets:

Cash	\$ 572,275
Restricted cash	247,180
Resident accounts receivable, net	730,853
Accounts receivable - other	18,025
Inventories	31,466
Prepaid expenses	175,032
Total Current Assets	<u>1,774,831</u>

Property and Equipment, Net

8,768,522

Noncurrent Assets:

Intangible asset	1,194,465
Accounts receivable - related parties	9,567,769
Other assets	48,632
Total Noncurrent Assets	<u>10,810,866</u>

Total Assets

\$ 21,354,219

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities:

Accrued expenses and other payables	\$ 1,388,878
Deferred revenue	106,959
Current portion of long-term debt and financing leases	368,029
Total Current Liabilities	<u>1,863,866</u>

Noncurrent Liabilities:

Accounts payable - related parties	5,691,573
Long-term debt and financing leases, net	10,617,120
Total Noncurrent Liabilities	<u>16,308,693</u>
Total Liabilities	18,172,559

Members' Equity

3,181,660

Total Liabilities and Members' Equity

\$ 21,354,219

The accompanying notes to the combined financial statements are an integral part of these statements.

QUAIL HAVEN VILLAGE**COMBINED STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY**

YEAR ENDED DECEMBER 31, 2025

Revenue:	
Resident revenue - independent living	\$ 3,633,620
Resident revenue - assisted living	952,596
Resident revenue - skilled nursing	6,827,128
Other revenue	54,774
Community fee amortization	761
Total Revenue	<u>11,468,879</u>
Expenses:	
Resident services - skilled nursing	4,121,585
Resident services - assisted living	590,309
Resident services - independent living	164,007
Dietary	1,452,982
Laundry	50,873
Housekeeping	374,414
Plant operations	1,124,781
Physical plant	127,262
General and administrative	1,360,090
Management fees	665,791
Interest	455,355
Depreciation and amortization	433,726
Total Expenses	<u>10,921,175</u>
Net income	547,704
Members' equity, beginning of year	2,183,956
Contributions	450,000
Members' equity, end of year	<u>\$ 3,181,660</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

QUAIL HAVEN VILLAGE
COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities:

Net income	\$ 547,704
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation and amortization	433,726
Amortization of debt issuance costs	11,987
Changes in operating assets and liabilities:	
Resident accounts receivable, net	(133,319)
Accounts receivable - other	7,833
Inventories	13,098
Prepaid expenses	(46,846)
Accounts receivable - related parties	(2,913,158)
Other assets	(1,035)
Accrued expenses and other payables	(113,141)
Deferred revenue	22,771
Accounts payable - related parties	270,327
Net cash flows from operating activities	<u>(1,900,053)</u>

Cash flows from investing activities:

Purchases of property and equipment	<u>(413,676)</u>
-------------------------------------	------------------

Cash flows from financing activities:

Principal payments on long-term debt	(349,784)
Contributions from officers/members	450,000
Net cash flows from financing activities	<u>100,216</u>

Net change in cash and restricted cash	(2,213,513)
Cash and restricted cash, beginning of year	<u>3,032,968</u>
Cash and restricted cash, end of year	<u>\$ 819,455</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	<u>\$ 443,368</u>
--	-------------------

Reconciliation of cash and restricted cash to the combined balance sheet:

Cash per combined balance sheet	\$ 572,275
Restricted cash per combined balance sheet	<u>247,180</u>
	<u>\$ 819,455</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

QUAIL HAVEN VILLAGE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1—Nature of operations

Nature of Operations – Quail Haven Village (the “Company” or “CCRC”) is an economic entity comprised of three individual companies listed below. The Company provides senior living services in Pinehurst, North Carolina. Services include providing and maintaining an independent living retirement community, assisted living services, skilled nursing care, and supporting services. The Company was acquired and began operations in November 2013. In 2020, the North Carolina Department of Insurance (“NC DOI”) approved a modification in the continuing care retirement community (CCRC) license to include all three of the following companies as co-providers.

Quail Haven Properties of Pinehurst, LLC (“Quail Haven Properties”) is a closely held North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and the buildings of the Company.

Quail Haven of Pinehurst, LLC (“Quail Haven Pinehurst”) is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating independent living units. Quail Haven Pinehurst is owned by Liberty Senior Living, LLC, a North Carolina limited liability company. Liberty Senior Living, LLC is owned by Liberty Healthcare Group, LLC (“Liberty Healthcare”), a North Carolina limited liability company.

Quail Haven Healthcare Center of Pinehurst, LLC (“Quail Haven Healthcare”) is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating the 72-bed family care homes and skilled nursing facilities. Quail Haven Healthcare is owned by Liberty Senior Living, LLC, a North Carolina limited liability company. Liberty Senior Living, LLC is owned by Liberty Healthcare Group, LLC, a North Carolina limited liability company.

Quail Haven Properties owns two six-bed family care homes and holds the certificate of need (“CON”) for 60 skilled nursing beds, including 25 closed beds reserved for independent living residents, the value of which is recorded as an intangible asset on Quail Haven Properties.

Note 2—Summary of significant accounting policies

Principles of Combination – The combined financial statements include the accounts of the limited liability companies noted above (Quail Haven Pinehurst, Quail Haven Properties, and Quail Haven Healthcare), all of which are owned and controlled by the members of the limited liability companies. All significant intercompany accounts and transactions have been eliminated, including right of use asset and right of use lease liability amounts. The combined financial statements do not and are not intended to represent the activity of a legal entity.

Basis of Accounting – The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates – The preparation of combined financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

No assets or liabilities (real or contingent) of the individual members of any of the limited liability companies are included in the combined financial statements of the Company. Individual members are not liable for the Company’s debt.

Cash and Cash Equivalents – Cash includes deposit accounts and investments purchased with an original maturity of three months or less. There were no cash equivalents as of December 31, 2025.

QUAIL HAVEN VILLAGE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

Restricted Cash – Restricted cash is comprised of patient trust funds and refundable security deposits (the “Security Deposits”) received from current residents and refundable priority deposits (the “Priority Deposits”) received from future residents, which are held in accordance with statute, law, and regulation of the federal, state, and local government. The Priority Deposits will be applied to the Security Deposit paid by the resident upon execution of a Residency and Care Agreement. The liability associated with refundable Security Deposits and refundable Priority Deposits is included within accrued expenses and other payables on the combined balance sheet and totaled \$247,180 as of December 31, 2025.

Inventories – Inventories consist primarily of food supplies and are stated at the lower of average cost or net realizable value.

Property and Equipment – Property and equipment is stated at cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Depreciation and amortization amounted to \$433,726 for the year ended December 31, 2025.

The estimated useful lives used in computing depreciation are as follows:

Buildings and improvements	5-40 years
Land improvements	5-15 years
Furniture and fixtures	5-20 years
Leasehold improvements	Lesser of 40 years or the lease term
Equipment	3-20 years

Debt Issuance Costs – Financing costs associated with the notes payable have been deferred and are being amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Amortization of debt issuance costs is recognized as interest expense in the statement of operations and changes in members’ equity. Unamortized debt issuance costs are included as a reduction to related debt liabilities.

Revenue Recognition – The Company follows the guidance provided by Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* and uses a five-step model to apply to revenue recognition, consisting of: (1) determination of whether a contract, an agreement between two or more parties that creates legally enforceable rights and obligations, exists; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when (or as) the performance obligation is satisfied.

Resident Revenue – Resident fee revenue is reported at the amount that reflects the consideration the Company expects to receive in exchange for the services period. These amounts are due from residents or third party payers and include variable consideration for retroactive adjustments, 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 skilled nursing and assisted living senior living residency agreements, the Company provides senior living services to residents for a stated daily or monthly fee. The Company recognizes revenue for room, assistance with activities of daily living, inpatient therapy, healthcare, and personalized health services provided under assisted living and skilled nursing residency agreements in accordance with the provisions of U.S. GAAP. The senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time and recognized ratably over the contractual term, typically daily.

QUAIL HAVEN VILLAGE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

The Company also collects a one-time upfront nonrefundable community fee. The community fee is a one-time fee equivalent to one Monthly Service Fee and becomes non-refundable 30 days after the resident signs the Residency and Care Agreement (the “Rescission Period”). The community fee is initially recorded as deferred revenue, then recognized as revenue at the end of the Rescission Period.

The Company has a performance obligation related to the series of distinct goods and services and another performance obligation related to access residents have for discounted fee days. Management has determined it is appropriate to allocate an equal amount of revenue to this material right each month.

The Company receives revenue for services under various third-party payor programs which include Medicare, Medicaid, and other third party payors. Settlements with third party payors for retroactive adjustments 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 terms of the contract with the payor, correspondence with the payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

The Company receives revenue from independent living residents containing a lease component that would fall under the guidance of ASC 842, *Leases*. The amount of revenue recorded under this guidance was approximately \$3,634,000 and there would be no difference in how the revenue would be recognized under ASC 606 or ASC 842.

Disaggregated Revenue – The Company has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. At December 31, 2025 contract liabilities on the accompanying combined balance sheet related to the nonrefundable community fee, donated funds, and prepaid resident/patient revenue totaled \$3,500, \$20,222, and \$83,237, respectively, and is recorded as deferred revenue on the combined balance sheet. There were no contract assets as of December 31, 2025. At December 31, 2024 contract liabilities on the accompanying combined balance sheet related to the nonrefundable community fee, donated funds, and prepaid resident/patient revenue totaled \$5,000, \$20,222, and \$58,966, respectively, and was recorded as deferred revenue on the combined balance sheet. There were no contract assets as of December 31, 2024.

Resident Accounts Receivable – Receivables from residents, insurance companies, and third party contractual agencies are recorded at regular resident service rates, net of estimated contractual adjustments and credit losses. Contractual adjustments are estimated based on the terms of third party insured contracts and arrangements. The allowance for credit losses is based on the Company’s assessment of the collectability of resident accounts receivable. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses*, the Company makes ongoing estimates relating to the collectability of resident receivables and records an allowance for estimated losses expected from the inability of its residents to make required payments. The Company establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a resident’s ability to pay, and creditworthiness. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivable is stated in the amount management expects to collect from outstanding balances.

QUAIL HAVEN VILLAGE
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

Changes in the allowance for credit losses related to patient accounts receivable for the year ended December 31, 2025 were as follows:

Balance, beginning of year	\$ 48,914
Change in provision	130,438
Write offs, net of recoveries	(36,498)
	<hr/>
Balance, end of year	<u>\$ 142,854</u>

Income Taxes – The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed essentially as a partnership. In lieu of corporate federal income taxes, the members of a limited liability company are taxed on their proportionate share of the Company’s taxable income. Management has evaluated the effect of the guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes. Management has evaluated all other tax positions that could have a significant effect on the combined financial statements and determined the Company had no uncertain income tax positions at December 31, 2025.

Intangible Asset – In accordance with U.S. GAAP, goodwill and intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. For the Company, this asset includes a CON. Intangible assets with indefinite useful lives are reviewed for impairment in accordance with ASC 350, *Intangibles – Goodwill and Other*, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of its CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company performed a qualitative assessment of impairment to determine whether the value of the CON was impaired. Based on the results of this qualitative assessment, the CON was not impaired as of December 31, 2025.

Impairment of Long-Lived Assets – The Company reviews the carrying value of its long-lived assets such as property and equipment, whether held for use or disposal when events and circumstances indicate that the carrying amount of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Based on results of this review, property and equipment were not impaired as of December 31, 2025.

Operating Reserves – CCRCs located in North Carolina are licensed and monitored by the NC DOI under Article 64 of Chapter 58 of the North Carolina General Statutes. The Commissioner of Insurance has the authority to revoke or restrict the license of or impose additional requirements on any continuing care facility under certain circumstances specified in North Carolina General Statute 58-64-10.

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90% maintain an operating reserve equal to 25% of total operating costs projected for the 12-month period following the most recent annual statement filed with the NC DOI, upon approval of the Commissioner. Continuing care retirement communities with less than 90% occupancy are required to maintain an operating reserve equal to 50% of projected total operating costs. Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense and revenue associated with non-contractual expenses.

In order to meet the North Carolina General Statute operating reserve requirement for 2025, the Company maintained an irrevocable standby letter of credit throughout the year. At December 31, 2025, the amount of the letter of credit was \$2,869,000.

QUAIL HAVEN VILLAGE
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

Credit Concentrations – The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. During the year ended December 31, 2025, the Company from time to time may have had amounts on deposit in excess of the insured limits.

The Company grants credit without collateral to its patients and residents, most of who are insured by third party payors. The mix of receivables from patients and third party payors at December 31, 2025 was as follows:

Medicare	67%
Medicaid	10%
Commercial insurance/private pay/other	24%
	101%

The Company’s mix of revenue sources for the year ended December 31, 2025 was as follows:

Medicare	14%
Medicaid	18%
Commercial insurance/private pay/other	68%
	100%

Advertising Costs – Advertising costs are expensed in the period incurred and totaled \$310,231 for the year ended December 31, 2025.

Residence and Care Agreement

Services – The residency agreement (“Residency Agreement”) is a rental contract under which the Company is obligated, upon payment by the resident of a community fee and ongoing payments of the monthly fee to the CCRC, to provide certain services to the resident. While the resident occupies an independent living unit, services provided include: nursing care at The Inn at Quail Haven Village Skilled Nursing Facility (the “Inn”) with preferred rate arrangement (except for the costs of physician services and ancillary health services and supplies); one meal per day; all utilities, except telephone; housekeeping services; maintenance of both the unit and the grounds and equipment; scheduled local transportation; health consultation at the Inn; planned social, recreational, and cultural activities; and use of the community area and other common activity facilities. In addition, the community healthcare services are provided to residents at fee for service rates at the Inn.

Admittance Standards – To be accepted for admission to the independent living units at the CCRC, each prospective resident must be at least 62 years of age at the time residency is established, have financial assets adequate to pay the admission fee, and have sufficient income to meet the anticipated monthly fee and other personal expenses not provided under the Residency Agreement. A reservation requires a signed Residency Agreement and the payment of a one-time community fee equal to one month’s monthly resident fee. The community fee is refundable within the first 30 days of the execution of the Residency Agreement.

Terms of Residency – The initial Residency Agreement is for a term of 13 months. After the initial term, the resident has the option, each year, of executing another Residency Agreement for 13 months. If another 13-month Residency Agreement is not executed, the Residency Agreement will expire at the end of the term.

QUAIL HAVEN VILLAGE
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Summary of significant accounting policies (continued)

Termination by the Resident Prior to Occupancy – The resident may terminate the Residency Agreement prior to moving into the CCRC for any reason at any time by giving written notice. The community fee will be refundable at termination during the 30-day rescission period defined in the Residency Agreement. After the rescission period, the community fee becomes non-refundable.

Termination by the Resident after Occupancy – The resident may terminate the Residency Agreement after moving into the CCRC by giving a 30-day prior written notice of termination, which shall be effective and irrevocable upon delivery. If the resident terminates the Residency Agreement prior to the expiration of the initial term or renewal term, then the resident will be obligated to pay the monthly fee throughout the remainder of the term until the later of (i) removal of possessions from the apartment and key return to administration or (ii) re-occupancy of the apartment by a new resident.

The Residency Agreement will automatically terminate upon death of the resident (unless there is a surviving joint resident) and a personal representative will have 30 days from date of death to remove personal property from the apartment. The resident’s estate will be obligated to pay the monthly fee until the removal of possessions from the apartment and key return to administration.

Termination by the Company – The Company may terminate the Residency Agreement for just cause. Just cause includes (i) breach of agreement; (ii) misrepresenting information in admission process; (iii) failure to pay any charges; (iv) resident becomes infected with dangerous or contagious disease; and (v) a major change in physical or medical condition that cannot be cared for or is beyond the limits of the CCRC’s license.

Note 3—Property and equipment, net

Property and equipment, net at December 31, 2025 consisted of the following:

Buildings and improvements	\$ 9,073,199
Land and land improvements	700,001
Furniture and fixtures	692,250
Leasehold improvements	1,965,612
Equipment	<u>700,112</u>
	13,131,174
Less accumulated depreciation	<u>(4,410,832)</u>
	8,720,342
Construction-in-progress	<u>48,180</u>
Property and equipment, net	<u><u>\$ 8,768,522</u></u>

Note 4—Intangible asset

Intangible asset (indefinite-lived) consisted of the following at December 31, 2025:

Certificate of need	<u><u>\$ 1,194,465</u></u>
---------------------	----------------------------

QUAIL HAVEN VILLAGE
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 5—Long-term debt and financing leases

Long-term debt for the Company consisted of the following at December 31, 2025:

Note payable bearing interest at a fixed rate of 2.93% due in monthly installments of principal and interest of \$43,614 for the period of September 2020 through July 2027 and a final payment of \$7,435,437 due upon the maturity date of August 25, 2027. This note is collateralized by the assignment of rents, profits, and leases and a Uniform Commercial Code security interest in the Personal Property as defined in the Deed of Trust.

\$ 7,737,606

Note payable bearing interest at a fixed rate of 6.25% due in monthly installments of principal and interest of \$22,568 for the period of January 2024 through February 2029 and a final payment of \$3,060,887 due upon the maturity date of February 18, 2029. This note is collateralized by the assignment of rents, profits, and leases and a Uniform Commercial Code security interest in the Personal Property as defined in the Deed of Trust.

3,279,054

Total debt

11,016,660

Less unamortized debt issuance costs

31,511

Less current installments of long-term debt

368,029

Long-term debt

\$ 10,617,120

Maturities of long-term debt over the next five years and thereafter are as follows:

Years Ending December 31,

2026	\$ 368,029
2027	7,510,353
2028	77,250
2029	3,061,028
	<u>\$ 11,016,660</u>

Interest expense amounted to \$455,355 for the year ended December 31, 2025 including \$11,987 of amortization of debt issuance costs.

Future amortization of debt issuance costs at December 31, 2025 is as follows:

Years Ending December 31,

2026	\$ 11,987
2027	10,474
2028	8,355
2029	695
	<u>\$ 31,511</u>

Certain loan agreements contain customary affirmative and negative covenants. Management is not aware of any violations of its covenants at December 31, 2025.

QUAIL HAVEN VILLAGE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 6—Related party transactions

Other entities owned by Liberty Healthcare provide other benefits to the Company. These transactions are also considered related party transactions and are settled through related party cash accounts and payments to the other entities. As of December 31, 2025, total receivables and payables to related parties were \$9,567,769 and \$5,691,573, respectively.

Quail Haven Pinehurst and Quail Haven Healthcare have entered into a management agreement in which Quail Haven Pinehurst and Quail Haven Healthcare pay a management fee of 5% and 6%, respectively, of net revenues to Liberty Living Management, a related party who provides management services to the Company. These fees totaled \$665,791 for the year ended December 31, 2025.

Note 7—Leases

Quail Haven Properties leases real estate which includes office space, nursing homes, and long-term care centers to Quail Haven Pinehurst and Quail Haven Healthcare (the “Lessees”) under the terms of the Operating Lease Agreements (the “Operating Leases”) effective September 18, 2013. The Operating Leases expired on October 31, 2023, and the Lessees have the option to renew for two additional terms of five years each. The Operating Leases were renewed for one additional term of five years that expires on October 31, 2028. Renewal and termination clauses are factored into the determination of the lease term since it is reasonably certain that these options would be exercised by the Lessees.

Quail Haven Properties determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property and equipment for a period of time in exchange for consideration. Quail Haven Properties has elected to apply the practical expedient to account for lease and non-lease components as a single component, and all components qualify for this practical expedient as the timing and pattern of transfer of the lease and non-lease component are the same, and the lease would be classified as an operating lease if it were accounted for separately. Quail Haven Properties has determined that the leases are predominant in these contracts and are accounting for the combined leases as operating leases under ASC 842.

The presentation is dependent on lease classification. However, Quail Haven Properties only has operating leases from a lessor perspective. Assets leased by the Company under operating leases are presented as property and equipment in the Company’s combined balance sheet and depreciated over their estimated useful life.

The cost basis of land, buildings, and improvements and office furniture and equipment held under the terms of the lease agreement was \$10,466,953 and related accumulated depreciation was \$3,395,904 at December 31, 2025.

Quail Haven Properties receives rent payments directly from the Lessees. For the year ended December 31, 2025, the monthly payments were \$37,000 and \$13,000 for Quail Haven Pinehurst and Quail Haven Healthcare, respectively. According to the terms of the Operating Leases, the annual rent to be paid by the lessee will remain at a fixed rate throughout the remainder of the terms.

Total rental income for the year ended December 31, 2025 was \$600,000 for Quail Haven Properties and has been eliminated in the combined financial statements.

QUAIL HAVEN VILLAGE
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 7—Leases (continued)

Minimum future cash rentals due to Quail Haven Properties under the terms of the operating lease agreements are approximately as follows:

<u>Years Ending December 31,</u>	<u>Quail Haven Pinehurst</u>	<u>Quail Haven Healthcare</u>	<u>Total</u>
2026	\$ 444,000	\$ 156,000	\$ 600,000
2027	444,000	156,000	600,000
2028	444,000	156,000	600,000
2029	444,000	156,000	600,000
2030	444,000	156,000	600,000
Thereafter	1,221,000	429,000	1,650,000
	<u>\$ 3,441,000</u>	<u>\$ 1,209,000</u>	<u>\$ 4,650,000</u>

Total rent expense incurred by the Quail Haven Pinehurst and Quail Haven Healthcare to Quail Haven Properties was approximately \$444,000 and \$156,000, respectively, for the year ended December 31, 2025, including amortization of the right-of-use asset of approximately \$264,000 and \$76,000, respectively. These amounts have been eliminated in the combined financial statements.

Note 8—Contingencies

The Company is subject to legal proceedings and claims which arise in the course of providing healthcare services. The Company maintains malpractice insurance coverage (\$1,000,000 per claim, \$3,000,000 aggregate) for claims made during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

The healthcare 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-healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid 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 healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Note 9—Pension plan

The Company offers a defined contribution plan to eligible employees as defined by the plan. The Company will match employee contributions at the discretion of management. The Company contributed \$32,068 for the year ended December 31, 2025.

Note 10—Subsequent events

The Company has evaluated subsequent events through April 30, 2026, in connection with the preparation of these combined financial statements, which is the date the combined financial statements were available to be issued. The Company is unaware of any subsequent events that should be recognized or disclosed in the combined financial statements.

SUPPLEMENTARY INFORMATION

QUAIL HAVEN VILLAGE
COMBINING BALANCE SHEET

DECEMBER 31, 2025

	<u>Quail Haven of Pinehurst, LLC</u>	<u>Quail Haven Healthcare Ctr. of Pinehurst, LLC</u>	<u>Quail Haven Properties of Pinehurst, LLC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Current Assets:					
Cash	\$ 500	\$ 566,612	\$ 55,163	\$ (50,000)	\$ 572,275
Restricted cash	246,540	640	-	-	247,180
Resident accounts receivable, net	25,403	705,450	-	-	730,853
Accounts receivable - Quail Haven	4,235,708	6,269,920	826,675	(11,332,303)	-
Accounts receivable - other	8,249	9,776	-	-	18,025
Inventories	20,303	11,163	-	-	31,466
Prepaid expenses	95,975	78,557	500	-	175,032
Total Current Assets	<u>4,632,678</u>	<u>7,642,118</u>	<u>882,338</u>	<u>(11,382,303)</u>	<u>1,774,831</u>
Property and equipment, net	<u>1,238,132</u>	<u>459,341</u>	<u>7,071,049</u>	<u>-</u>	<u>8,768,522</u>
Noncurrent Assets:					
Intangible asset	-	-	1,194,465	-	1,194,465
Accounts receivable - related parties	746,866	4,946,902	3,874,001	-	9,567,769
Right-of-use asset	2,727,778	894,466	-	(3,622,244)	-
Other assets	47,957	-	675	-	48,632
Total Noncurrent Assets	<u>3,522,601</u>	<u>5,841,368</u>	<u>5,069,141</u>	<u>(3,622,244)</u>	<u>10,810,866</u>
Total Assets	<u><u>\$ 9,393,411</u></u>	<u><u>\$ 13,942,827</u></u>	<u><u>\$ 13,022,528</u></u>	<u><u>\$ (15,004,547)</u></u>	<u><u>\$ 21,354,219</u></u>

QUAIL HAVEN VILLAGE
COMBINING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2025

	<u>Quail Haven of Pinehurst, LLC</u>	<u>Quail Haven Healthcare Ctr. of Pinehurst, LLC</u>	<u>Quail Haven Properties of Pinehurst, LLC</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)					
Current Liabilities:					
Accrued expenses and other payables	\$ 620,829	\$ 730,879	\$ 37,170	\$ -	\$ 1,388,878
Accounts payable - Quail Haven	6,864,804	4,168,523	298,975	(11,332,302)	-
Deferred revenue	68,698	38,261	50,000	(50,000)	106,959
Current portion of long-term debt and financing leases	-	-	368,029	-	368,029
Current portion of right-of-use lease liability	281,710	85,777	-	(367,487)	-
Total Current Liabilities	<u>7,836,041</u>	<u>5,023,440</u>	<u>754,174</u>	<u>(11,749,789)</u>	<u>1,863,866</u>
Noncurrent Liabilities:					
Accounts payable - related parties	1,350,246	4,245,549	95,778	-	5,691,573
Right-of-use lease liability, net of current portion	2,446,068	808,690	-	(3,254,758)	-
Long-term debt and financing leases, net	-	-	10,617,120	-	10,617,120
Total Noncurrent Liabilities	<u>3,796,314</u>	<u>5,054,239</u>	<u>10,712,898</u>	<u>(3,254,758)</u>	<u>16,308,693</u>
Total Liabilities	11,632,355	10,077,679	11,467,072	(15,004,547)	18,172,559
Members' Equity (Deficit)	<u>(2,238,944)</u>	<u>3,865,148</u>	<u>1,555,456</u>	<u>-</u>	<u>3,181,660</u>
Total Liabilities and Members' Equity (Deficit)	<u><u>\$ 9,393,411</u></u>	<u><u>\$ 13,942,827</u></u>	<u><u>\$ 13,022,528</u></u>	<u><u>\$ (15,004,547)</u></u>	<u><u>\$ 21,354,219</u></u>

QUAIL HAVEN VILLAGE

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2025

	Quail Haven of Pinehurst, LLC	Quail Haven Healthcare Ctr. of Pinehurst, LLC	Quail Haven Properties of Pinehurst, LLC	Eliminations	Total
Revenue:					
Resident revenue - independent living	\$ 3,633,620	\$ -	\$ -	\$ -	\$ 3,633,620
Resident revenue - assisted living	-	952,596	-	-	952,596
Resident revenue - skilled nursing	-	6,827,128	-	-	6,827,128
Rent revenue	-	-	600,000	(600,000)	-
Other revenue	37,172	17,602	-	-	54,774
Community fee amortization	761	-	-	-	761
Total Revenue	3,671,553	7,797,326	600,000	(600,000)	11,468,879
Expenses:					
Resident services - skilled nursing	4,229	4,117,356	-	-	4,121,585
Resident services - assisted living	14,646	575,663	-	-	590,309
Resident services - independent living	164,007	-	-	-	164,007
Dietary	872,851	580,131	-	-	1,452,982
Laundry	1,511	49,362	-	-	50,873
Housekeeping	162,764	211,650	-	-	374,414
Plant operations	745,387	379,394	-	-	1,124,781
Physical plant	225,537	161,460	-	(259,735)	127,262
General and administrative	706,616	630,875	22,599	-	1,360,090
Management fees	184,124	475,667	6,000	-	665,791
Interest	-	15	455,340	-	455,355
Depreciation and amortization	409,676	133,158	231,157	(340,265)	433,726
Total Expenses	3,491,348	7,314,731	715,096	(600,000)	10,921,175
Net income (loss)	180,205	482,595	(115,096)	-	547,704
Members' equity, beginning of year	(2,419,149)	3,382,553	1,220,552	-	2,183,956
Contributions	-	-	450,000	-	450,000
Members' equity, end of year	\$ (2,238,944)	\$ 3,865,148	\$ 1,555,456	\$ -	\$ 3,181,660

QUAIL HAVEN VILLAGE
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

	<u>Quail Haven of Pinehurst, LLC</u>	<u>Quail Haven Healthcare Ctr. of Pinehurst, LLC</u>	<u>Quail Haven Properties of Pinehurst, LLC</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities:					
Net income (loss)	\$ 180,205	\$ 482,595	\$ (115,096)	\$ -	\$ 547,704
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Depreciation and amortization	409,676	133,158	231,157	(340,265)	433,726
Amortization of debt issuance costs	-	-	11,987	-	11,987
Changes in operating assets and liabilities:					
Resident accounts receivable, net	(12,417)	(120,902)	-	-	(133,319)
Accounts receivable - other	3,280	4,553	-	-	7,833
Inventories	3,251	9,847	-	-	13,098
Prepaid expenses	14,181	(61,027)	-	-	(46,846)
Accounts receivable - related parties	(263,968)	(1,249,190)	(1,400,000)	-	(2,913,158)
Accounts receivable - Quail Haven	(1,469,367)	(997,256)	(637,444)	3,104,067	-
Other assets	(1,035)	-	-	-	(1,035)
Accrued expenses and other payables	1,690	(110,624)	(1,057)	(3,150)	(113,141)
Lease liabilities	(264,472)	(78,942)	-	343,414	-
Accounts payable - Quail Haven	1,502,720	1,463,213	138,133	(3,104,066)	-
Deferred revenue	18,963	3,808	-	-	22,771
Accounts payable - related parties	(17,196)	323,113	(35,590)	-	270,327
Net cash flows from operating activities	<u>105,511</u>	<u>(197,654)</u>	<u>(1,807,910)</u>	<u>-</u>	<u>(1,900,053)</u>

QUAIL HAVEN VILLAGE
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2025

	Quail Haven of Pinehurst, LLC	Quail Haven Healthcare Ctr. of Pinehurst, LLC	Quail Haven Properties of Pinehurst, LLC	Eliminations	Total
Cash flows from investing activities:					
Purchases of property and equipment	\$ (260,562)	\$ (153,114)	\$ -	\$ -	\$ (413,676)
Cash flows from financing activities:					
Principal payments on long-term debt	-	-	(349,784)	-	(349,784)
Contributions from officers/members	-	-	450,000	-	450,000
Net cash flows from financing activities	-	-	100,216	-	100,216
Net change in cash and restricted cash	(155,051)	(350,768)	(1,707,694)	-	(2,213,513)
Cash and restricted cash, beginning of year	402,091	918,020	1,762,857	(50,000)	3,032,968
Cash and restricted cash, end of year	<u>\$ 247,040</u>	<u>\$ 567,252</u>	<u>\$ 55,163</u>	<u>\$ (50,000)</u>	<u>\$ 819,455</u>
Supplemental disclosure of cash flow information:					
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 443,353</u>	<u>\$ -</u>	<u>\$ 443,368</u>
Reconciliation of cash and restricted cash to the combining balance sheet:					
Cash per combining balance sheet	\$ 500	\$ 566,612	\$ 55,163	\$ (50,000)	\$ 572,275
Restricted cash per combining balance sheet	246,540	640	-	-	247,180
	<u>\$ 247,040</u>	<u>\$ 567,252</u>	<u>\$ 55,163</u>	<u>\$ (50,000)</u>	<u>\$ 819,455</u>

Appendix B — Five-Year Prospective Financial Statements

Quail Haven Village

Compilation of a Financial Projection

Five Years Ending December 31, 2030

(with Accountant's Compilation Report thereon)

Quail Haven Village

Compilation of a Financial Projection

Five Years Ending December 31, 2030

TABLE OF CONTENTS

Accountant’s Compilation Report	1
Projected Combined Financial Statements	
Projected Combined Statements of Operations and Changes in Members’ Equity	2
Projected Combined Statements of Cash Flows.....	3
Projected Combined Balance Sheets	4
Summary of Significant Projection Assumptions and Rationale.....	5

Accountant's Compilation Report

Quail Haven Village
Wilmington, North Carolina

Management of Quail Haven Village, a group of entities under common control (the "Company"), and the day-to-day operating manager, Liberty Living Management, LLC (collectively "Management") is responsible for the accompanying financial projection of the Company, which comprises the projected combined balance sheets as of and for each of the five years ending December 31, 2030, the related projected combined statements of operations and changes in members' equity, and cash flows for each of the years then ending, and the related summaries of significant assumptions and rationale in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying projection and this report were prepared for inclusion with the disclosure statement filing requirements of North Carolina General Statutes, Chapter 58, Article 64A and should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial projection 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, conclusion, or provide any form of assurance on this financial projection. The projected results may not be achieved, as there will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Furthermore, even if the hypothetical assumption that the Company refinances its existing note payable during fiscal year 2027 and extends its existing bank loan during fiscal year 2029 at terms and rates similar to those reflected in the projection, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Forvis Mazars, LLP

Atlanta, Georgia
May 27, 2026

Quail Haven Village

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

	2026	2027	2028	2029	2030
Revenue:					
Resident revenue - independent living	\$ 4,266	\$ 4,394	\$ 4,525	\$ 4,661	\$ 4,801
Resident revenue - assisted living	1,044	1,076	1,108	1,141	1,175
Resident revenue - skilled nursing	7,198	7,404	7,626	7,876	8,090
Other revenue	105	107	110	112	115
Community fee amortization	34	35	36	37	39
Total Revenue	12,647	13,016	13,405	13,827	14,220
Expenses:					
Resident services - skilled nursing	4,343	4,473	4,607	4,745	4,887
Resident services - assisted living	607	625	644	663	683
Resident services - independent living	194	200	206	212	218
Dietary	1,573	1,620	1,669	1,719	1,771
Laundry	114	117	121	125	129
Housekeeping	384	396	408	420	433
Plant operations	1,189	1,225	1,262	1,300	1,339
Physical plant	65	67	69	71	73
General and administrative	1,687	1,738	1,790	1,844	1,899
Management fees	717	736	758	782	804
Interest	438	483	589	576	562
Depreciation and amortization	344	377	412	447	484
Total Expenses	11,655	12,057	12,535	12,904	13,282
 Net income	 992	 959	 870	 923	 938
Members' equity, beginning of year	3,182	4,174	5,133	6,003	6,926
Members' equity, end of year	\$ 4,174	\$ 5,133	\$ 6,003	\$ 6,926	\$ 7,864

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

Quail Haven Village

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

	2026	2027	2028	2029	2030
Cash flows from operating activities:					
Net income	\$ 992	\$ 959	\$ 870	\$ 923	\$ 938
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	344	377	412	447	484
Amortization of debt issuance costs	12	12	15	15	15
Changes in operating assets and liabilities:					
Resident accounts receivable, net	255	(14)	(15)	(14)	(17)
Inventories	1	(1)	(1)	-	(2)
Prepaid expenses	(63)	(7)	(8)	(7)	(8)
Accounts receivable - related parties	500	250	250	250	250
Accrued expenses and other payables	115	28	31	28	37
Accounts payable - related parties	625	(141)	(279)	(322)	(329)
Net cash flows from operating activities	2,781	1,463	1,275	1,320	1,368
Cash flows from investing activities:					
Purchases of property and equipment	(996)	(1,026)	(1,056)	(1,088)	(1,121)
Net cash flows from investing activities	(996)	(1,026)	(1,056)	(1,088)	(1,121)
Cash flows from financing activities:					
Proceeds from long-term debt	-	7,289	-	-	-
Refinance of Note Payable	-	(7,289)	-	-	-
Deferred financing costs	-	(146)	-	-	-
Principal payment on long-term debt	(368)	(301)	(229)	(242)	(257)
Net cash flows from financing activities	(368)	(447)	(229)	(242)	(257)
Net change in cash and restricted cash	1,417	(10)	(10)	(10)	(10)
Cash and restricted cash, beginning of year	819	2,236	2,226	2,216	2,206
Cash and restricted cash, end of year	\$ 2,236	\$ 2,226	\$ 2,216	\$ 2,206	\$ 2,196
Supplemental disclosure of cash flow information:					
Cash paid during the year for interest	\$ 427	\$ 471	\$ 574	\$ 561	\$ 547
Reconciliation of cash and restricted cash to the projected combined balance sheet:					
Cash per projected combined balance sheet	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Restricted cash per projected combined balance sheet	236	226	216	206	196
Total cash and restricted cash	\$ 2,236	\$ 2,226	\$ 2,216	\$ 2,206	\$ 2,196

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

Quail Haven Village

Projected Combined Balance Sheets As of December 31, (In Thousands)

Assets	2026	2027	2028	2029	2030
Current Assets:					
Cash	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Restricted cash	236	226	216	206	196
Resident accounts receivable, net	476	490	505	519	536
Accounts receivable - other	18	18	18	18	18
Inventories	30	31	32	32	34
Prepaid expenses	238	245	253	260	268
Total Current Assets	\$ 2,998	\$ 3,010	\$ 3,024	\$ 3,035	\$ 3,052
Property and Equipment, Net	9,421	10,070	10,714	11,355	11,992
Noncurrent Assets:					
Intangible asset	1,194	1,194	1,194	1,194	1,194
Accounts receivable - related parties	9,069	8,819	8,569	8,319	8,069
Other assets	49	49	49	49	49
Total Noncurrent assets	10,312	10,062	9,812	9,562	9,312
Total Assets	22,731	23,142	23,550	23,952	24,356
Liabilities and Members' Equity					
Current Liabilities:					
Accrued expenses and other payables	1,516	1,410	1,456	1,499	1,551
Deferred revenue	107	107	107	107	107
Current portion of long-term debt and financing leases	301	229	242	257	3,066
Total Current Liabilities	\$ 1,924	\$ 1,746	\$ 1,805	\$ 1,863	\$ 4,724
Noncurrent Liabilities:					
Accounts payable - related parties	6,317	6,176	5,897	5,575	5,246
Long-term debt and financing leases, net	10,316	10,087	9,845	9,588	6,522
Total Noncurrent Liabilities	16,633	16,263	15,742	15,163	11,768
Total Liabilities	18,557	18,009	17,547	17,026	16,492
Members' Equity	4,174	5,133	6,003	6,926	7,864
Total Liabilities and Members' Equity	\$ 22,731	\$ 23,142	\$ 23,550	\$ 23,952	\$ 24,356

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

Quail Haven Village

Summary of Significant Projected Assumptions and Rationale

General

The accompanying financial projection presents, to the best of the knowledge and belief of management of Quail Haven Village, a group of entities under common control, (the “Company” or the “Community”) and the day-to-day operating manager, Liberty Living Management, LLC (the “Operating Manager”) (collectively, “Management”), the expected financial position, results of operations and changes in members’ equity, and cash flows of the Company as of and for the each of the five years ending December 31, 2030. Accordingly, the accompanying financial projection reflects Management’s judgment as of May 27, 2026, the date of this projection, of the expected conditions and its expected course of action during the projection period assuming the hypothetical assumptions defined below occur. However, even if the hypothetical assumptions stated below were to occur, there will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Management’s purpose in releasing this financial projection is for inclusion in the Company’s annual disclosure statement in accordance with Chapter 58, Article 64A, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements.

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

Hypothetical Assumptions – A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur but is consistent with the purpose of the presentation. Hypothetical assumptions are not derived from sources, which are based upon supporting documentation such as contracts, agreements, or other empirical data. Management has prepared its financial projection assuming the hypothetical assumptions that the Company refinances its existing note payable during fiscal year 2027 and extends its existing bank loan during fiscal year 2029 at terms and rates similar to those reflected in the projection.

Background

The Company is an economic entity comprised of three individual companies listed below.

Quail Haven of Pinehurst, LLC (“Quail Haven Pinehurst”) is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating independent living units. Quail Haven Pinehurst is owned by Liberty Senior Living, LLC (“Liberty Senior Living”), a North

See Accountant’s Compilation Report

Carolina limited liability company. Liberty Senior Living is owned by Liberty Healthcare Group, LLC (“Liberty Healthcare Group”), a North Carolina limited liability company.

Quail Haven Healthcare Center of Pinehurst, LLC (“Quail Haven Healthcare”) is a North Carolina for-profit limited liability company formed for the purpose of leasing and operating the 72-bed family care homes and the skilled nursing facility. Quail Haven Healthcare is owned by Liberty Senior Living.

Quail Haven Properties of Pinehurst, LLC (“Quail Haven Properties”) is a closely held North Carolina for-profit limited liability company formed for the purpose of developing and owning real property and the buildings of the Company.

The activities of Quail Haven Pinehurst, Quail Haven Healthcare, and Quail Haven Properties (collectively the “Company”) are included in Management’s projection.

The Community was acquired and began operations as the Company in November 2013. Management provides senior living services in Pinehurst, North Carolina. Services include providing and maintaining an independent living retirement community, assisted living services, skilled nursing care, and supporting services.

The Community consists of 79 Independent Living Units (the “Independent Living Units”), two six-bed family care homes (the “Assisted Living Units”), and 60 skilled nursing beds (the “Skilled Nursing Beds”). The Assisted Living Units and the Skilled Nursing Beds are collectively referred to as the “Healthcare Center.”

Quail Haven Properties owns two six-bed family care homes and holds the certificate of need (“CON”) for 60 skilled nursing beds, the value of which is recorded as an intangible asset on the balance sheet of Quail Haven Properties. Quail Haven Healthcare leases all 72 family care home beds and skilled nursing beds from Quail Haven Properties. Included in these 72 beds are services for 25 skilled nursing beds (the “Closed Beds”) reserved for independent living residents of Quail Haven Pinehurst. In 2020, the North Carolina Department of Insurance approved a modification in the continuing care retirement community (the “CCRC”) license to include all three of the companies as co-providers.

Related Parties

Other entities owned by Liberty Healthcare Group provide other benefits to the Company. These transactions are considered related party transactions and are settled through related party cash accounts and payments to the other entities.

Quail Haven Pinehurst and Quail Haven Healthcare have entered into separate management agreements with the Operating Manager in which each company pays a management fee of 5.0 percent of total revenues derived from the Independent Living Units and 6.0 percent of total revenues derived from the Healthcare Center to the Operating Manager (the “Management Fee”).

See Accountant’s Compilation Report

The Community

The Community, located on approximately 18 acres of land, is owned by Quail Haven Properties and consists of the Independent Living Units, the Assisted Living Units, the Skilled Nursing Beds, and related common spaces.

The following table summarizes the types of units, approximate square footage, and current monthly fee (“Monthly Fee”) or daily fees (“Daily Service Fee”) of the Community:

Unit Type	Number of Units	Square Footage	Monthly Fee ⁽¹⁾
Independent Living Units⁽²⁾⁽³⁾			
One-bedroom apartment	29	560	\$ 4,093
Two-bedroom apartment	48	939	5,305
Total / Weighted Average	77⁽⁴⁾	796	\$ 4,849
Assisted Living Units⁽⁵⁾			
Studio	8	205	\$ 7,649
One-bedroom apartment	4	335	8,144
Total / Weighted Average	12	248	\$ 7,814
Skilled Nursing Beds			Daily Service Fee
Private			\$ 370
Medicare – Traditional			588
Medicare – Managed Care			505
Medicaid			320
Hospice Medicaid			320
Commercial			400
Total / Weighted Average	60	168	\$ 417
Total Units / Beds	149		

Source: Management

- (1) The Monthly Fee and Daily Service Fee pricing is effective as of January 1, 2026. The Monthly Fees and Daily Service Fees increase each January for all residents.
- (2) Residents of the Independent Living Units are required to pay a one-time, non-refundable fee equal to one-month’s Monthly Fee (the “Community Fee”); a one-time, non-refundable fee equal to one month’s Monthly Fee (the “Apartment Selection Fee”); and a one-time, refundable security deposit equal to one month’s Monthly Fee (the “Security Deposit”).
- (3) The second person Monthly Fee for the Independent Living Units is \$710, effective January 1, 2026.
- (4) The table shows total Independent Living Units available for Resident occupancy. One Independent Living Unit is currently utilized for a guest suite and one Independent Living Unit is currently used for storage.
- (5) The Monthly Fees for the Assisted Living Units include level of care services (“Level of Care”) provided under Levels of Care 1-4. An additional \$470 per month is applicable for Level of Care 5 and 6 (the “Level of Care Fee”).

See Accountant’s Compilation Report

Residency and Care Agreements

Services – The residency agreement (“Residency and Care Agreement”) is a rental contract under which the Company is obligated, upon payment by the resident (the “Resident” or “Residents”) of the Security Deposit, Community Fee, Apartment Selection Fee, and ongoing payment of the Monthly Fee (or Daily Fee), to provide certain services to the Resident. While the Resident occupies an Independent Living Unit, services provided include:

- Utilities, except telephone and internet service;
- One meal per day;
- Weekly housekeeping services;
- Interior unit and appliance maintenance;
- Maintenance of the Community’s common area and the grounds;
- Use of the Community’s common areas and wellness center;
- Uncovered parking;
- Scheduled transportation; and
- 24-hour emergency response system.

Optional services, including additional transportation, dining, and housekeeping services, are available for an extra charge, as well as home care services through the Company’s licensed home care services program.

Admittance Standards – Prior to taking occupancy of a selected Independent Living Unit, the Resident shall execute a Residency and Care Agreement. The terms of the Residency and Care Agreement require the Company accept persons at least 62 years of age at the time of occupancy, who demonstrate the ability to live independently and meet the financial obligations as a Resident. A reservation requires a signed Residency and Care Agreement and payment of the Security Deposit; the non-refundable Apartment Selection Fee; and the non-refundable Community Fee. Upon occupancy, Residents are expected to pay the ongoing Monthly Fee.

Healthcare Benefit – The Company provides Residents temporary or permanent assisted living and skilled nursing services in the Healthcare Center, within the limits of the Company’s licensure. Residents receive an annual, non-cumulative discount of 10 percent from the then current direct admission rate, during the first 30 days of residency in the Healthcare Center.

Terms of Residency – The initial Residency and Care Agreement is for a term of thirteen months. After the initial term, the Resident has the option, each year, of executing another Residency and Care Agreement for thirteen months. If another thirteen-month Residency and Care Agreements is not executed, the Residency and Care Agreement shall expire at the end of the term.

See Accountant’s Compilation Report

Termination by the Resident Prior to Occupancy – The Resident may cancel at any time and for any reason during the 30-day rescission period as defined in the Residency and Care Agreement (the “Rescission Period”) and shall receive a refund of any fees paid, less a service charge. After the Rescission Period, the Resident may terminate the Residency and Care Agreement prior to moving into the Community by giving 30 days’ prior written notice. Under this circumstance, the Apartment Selection Fee and Community Fee become non-refundable after the Rescission Period.

Termination by the Resident After Occupancy – The Resident may terminate the Residency and Care Agreement after moving into the Community by giving 30 days’ prior written notice of termination, which shall be effective and irrevocable upon delivery. If the Resident terminates the Residency and Care Agreement prior to the expiration of the initial term or renewal term, then the Resident shall be liable for the Monthly Fee until the date that all of the Resident’s personal belongings are removed from the Independent Living Unit. In addition, the Resident shall be responsible for payment of liquidated damages of one month’s rental charge.

The Residency and Care Agreement shall automatically terminate upon death of the Resident (unless there is a surviving joint Resident) and a personal representative shall have 30 days from date of death to remove personal property from the Independent Living Unit. The Resident’s estate is obligated to pay the Monthly Fee until the removal of possessions from the Independent Living Unit and key return to administration.

Termination by the Company – The Company may terminate the Residency and Care Agreement for just cause to include: (i) breach of agreement; (ii) misrepresenting information in the admission process; (iii) failure to pay any charges; (iv) the Resident becomes infected with dangerous or contagious disease; or (v) violation of any reasonable procedures at the Community.

See Accountant’s Compilation Report

Summary of Significant Accounting Policies

- (a) Basis of Accounting and Presentation – The Company is assumed to maintain its accounting and financial records according to the accrual basis of accounting.
- (b) Principles of Combination – The projected combined financial statements include the accounts of Quail Haven Pinehurst, Quail Haven Properties, and Quail Haven Healthcare, all of which are owned and controlled by the members of the limited liability companies. All significant inter-company accounts and transactions have been eliminated, including right of use asset and right of use lease liability amounts. The projected combined financial statements do not and are not intended to represent the activity of a legal entity.
- (c) Cash – Cash includes cash on hand and cash on deposit held in financial institutions.
- (d) Restricted Cash – Restricted cash is comprised of Resident trust funds and Security Deposits received from current residents and refundable priority deposits (the “Priority Deposit”) received from future residents, which are held in accordance with statute, law, or regulation of the federal, state, and local government. The Priority Deposit shall be applied to the Security Deposit paid by the Resident upon execution of a Residency and Care Agreement.
- (e) Related-Party Transactions – The principal members of the Company and other entities which they own or with which they are associated are considered related parties. Management monitors cash flow at each related party entity and transfers cash on an as-needed basis.
- (f) Statutory Operating Reserve – North Carolina General Statute Section 58-64A-245 requires CCRCs maintain an operating reserve (the “Statutory Operating Reserve”) as a percentage of the total operating costs in a given year, based on occupancy levels of the independent units. This law provides security to residents so that the Company is able to meet its contractual obligations to provide continuing care. In order to meet the North Carolina General Statutes operating reserve requirements, the Company maintains an irrevocable standby letter of credit from a financial institution. At December 31, 2025, the amount of the letter of credit was \$2,869,000.
- (g) Deferred Revenue – The Company records Community Fees as other income in the period received. Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities relate to the nonrefundable Community Fee, donated funds, and prepaid Resident revenue and is recorded as deferred revenue on the projected combined balance sheets.

See Accountant’s Compilation Report

- (h) Lease Accounting – ASU No. 2016-02 requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases are to be classified as either finance or operating. This distinction shall be relevant for the pattern of expense recognition in the statement of operations. Upon combining the Company’s financial statements, all material lease transactions occurring during the projection period are recognized as internal lease transfers and eliminated from the financial presentation.
- (i) Property and Equipment – Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.
- (a) Intangible Asset – In accordance with accounting standards generally accepted in the United States of America, goodwill and intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. For the Company, this asset includes a CON. Intangible assets with indefinite useful lives are reviewed for impairment in accordance with ASC 350, Intangibles – Goodwill and Other, which requires the Company to evaluate the recoverability of long-lived assets annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of its CON may warrant revision or that the remaining carrying value may not be recoverable. As permitted by ASC 350, the Company performs a qualitative assessment of impairment to determine whether the value of the CON was impaired. Management has not assumed an impairment to intangible assets during the projection period.
- (j) Debt Financing Cost – Cost associated with the issuance of debt is capitalized and is being amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Debt issuance costs are netted against the related debt on the projected combined balance sheet, and the amortization is included on the statement of projected combined operations and changes in members’ equity.
- (k) Income Taxes – The Company has elected to be treated as a partnership for income tax purposes. The Company’s taxable income, its losses, and other pass-through items shall be reported on the members’ tax returns. Accordingly, no provision for income taxes has been included in the projection.

See Accountant’s Compilation Report

Summary of Operating Revenue Assumptions

The following table summarizes the assumed utilization of the Independent Living Units, Assisted Living Units, and Skilled Nursing Beds during the projection period.

Years Ending December 31,	Average Units/Beds Available	Average Units Occupied	Percent Occupied
Independent Living Units			
2026 – 2030	77	70	91%
Assisted Living Units			
2026 – 2030	12	11	92%
Skilled Nursing Beds⁽¹⁾			
2026 – 2030	60	49	82%

Source: Management

(1) The payor mix for the Skilled Nursing Beds is assumed to be as follows: Private pay: 25.9 percent; Medicare – Traditional: 17.2 percent; Medicaid: 37.3 percent; Hospice Medicaid: 3.8 percent; Medicare – Managed Care: 15.1%; and Commercial: 0.7 percent.

Independent Living Revenue

Resident service revenue for Residents living in the Independent Living Units is based upon assumed Monthly Fees for services provided to Residents and the assumed occupancy of the Independent Living Units. Monthly Fees for the Independent Living Units are assumed to increase 3.0 percent annually throughout the projection period.

Assisted Living Revenue

Resident service revenue for Residents living in the Assisted Living Units is based upon assumed Monthly Fees and Level of Care Fees for services provided to Residents and the assumed occupancy of the Assisted Living Units. Monthly Fees for the Assisted Living Units are assumed to increase 3.0 percent annually throughout the projection period.

Skilled Nursing Revenue

Resident service revenue for Residents living in the Skilled Nursing Beds is based upon the assumed Daily Service Fees for services provided to Residents and the assumed occupancy of the Skilled Nursing Beds. Daily Service Fees for the Skilled Nursing Beds are assumed to increase 3.0 percent annually throughout the projection period.

Other Revenue

Other revenue is assumed to be generated from guest meals and other miscellaneous sources and is assumed to increase 3.0 percent annually throughout the projection period.

See Accountant’s Compilation Report

Summary of Operating Expense Assumptions

Salaries, Wages and Employee Benefits

Salaries, wages, and employee benefits are assumed to increase 3.0 percent annually.

Non-Salary Expenses

Non-salary expenses are assumed to increase 3.0 percent annually.

Management Fee Expense

The Company is assumed to pay the Management Fee for the day-to-day management of the Community. The Management Fee is assumed to be based on 5.0 percent of the Independent Living Units’ revenue and 6.0 percent of the Assisted Living Units’ and the Skilled Nursing Beds’ revenue.

Statutory Operating Reserve

North Carolina General Statute § 58-64A-245 requires CCRC’s to maintain an operating reserve (the “Statutory Operating Reserve”) subject to the certain guidelines.

- A provider shall maintain after the opening of a CCRC an operating reserve equal to fifty percent of the total operating costs of the CCRC projected for the 12-month period following the period covered by the most recent disclosure statement filed with the North Carolina Department of Insurance (“NCDOI”).
- Once a CCRC achieves a 12-month daily average independent living unit occupancy rate of 90 percent or higher, a provider shall be required to maintain an operating reserve in an amount calculated using the table below, unless otherwise instructed by NCDOI.
- A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent and has no long-term debt or a debt service coverage ratio in excess of 2.00x as of the provider's most recent fiscal year-end shall be required to maintain an operating reserve equal to 12.5 percent of total operating costs of the CCRC.

12-Month Average Occupancy Rate	Operating Reserve Requirement as a Percentage of Independent Living Unit Occupancy Rate
90% or above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 82.9%	43.75%
Below 80%	50.00%

See Accountant’s Compilation Report

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

Table 3
Statutory Operating Reserve Requirement
(in Thousands)

	2026	2027	2028	2029	2030
Projected operating expenses	\$ 11,655	\$ 12,057	\$ 12,535	\$ 12,904	\$ 13,282
Add: principal payments on long-term debt	368	301	229	242	257
Subtract: Depreciation and amortization	(356)	(389)	(427)	(462)	(499)
Projected operating expenses-adjusted	11,667	11,969	12,337	12,684	13,040
Statutory Operating Reserve % required	25%	25%	25%	25%	25%
Statutory Operating reserve ⁽¹⁾	\$ 2,917	\$ 2,992	\$ 3,084	\$ 3,171	\$ 3,260
Independent Living Units and Assisted Living Unit Occupancy:					
Available, beginning of year	89	89	89	89	89
Occupied, beginning of year	81	81	81	81	81
Occupancy percentage	91%	91%	91%	91%	91%

Source: Management

- (1) Management satisfies the statutory operating reserve requirement through an irrevocable standby letter of credit with a financial institution.

See Accountant's Compilation Report

Property and Equipment

The Company is assumed to incur routine capital additions during the projection period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed using the straight-line method for buildings and equipment over estimated average useful lives ranging from 5 to 40 years. The Company's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

Table 4
Schedule of Property and Equipment
(in Thousands)

	2026	2027	2028	2029	2030
Beginning balance	\$ 13,179	\$ 14,175	\$ 15,201	\$ 16,257	\$ 17,345
Routine capital additions	996	1,026	1,056	1,088	1,121
Property and equipment	14,175	15,201	16,257	17,345	18,466
Less: Accumulated depreciation	(4,754)	(5,131)	(5,543)	(5,990)	(6,474)
Property and equipment, net	\$ 9,421	\$ 10,070	\$ 10,714	\$ 11,355	\$ 11,992

Source: Management

Long-Term Debt*Note Payable*

The Company has a note payable (the "Note Payable") with a financial institution bearing interest at a fixed rate of 2.93 percent per annum due in monthly installments of principal and interest of approximately \$44,000 through July 2027, and a final payment of approximately \$7,435,000 due upon the maturity date of August 25, 2027. As of December 31, 2025, the balance of the Note Payable was approximately \$7,738,000.

The Company anticipates refinancing the Note Payable upon the maturity date of August 25, 2027. Management assumes approximately \$7,289,000 of the Note Payable to be refinanced at a fixed interest rate of 5.2 percent per annum with a 25-year maturity. Management anticipates principal and interest payments would commence on September 1, 2027, with a final maturity date of August 25, 2052.

See Accountant's Compilation Report

Bank Loan

The Company has a bank loan (the “Bank Loan”) with a financial institution bearing interest at a fixed rate of 6.25 percent per annum due in monthly installments of principal and interest of approximately \$23,000 through January 2029, and a final payment of approximately \$3,061,000 due upon maturity in February 2029. As of December 31, 2025, the balance of the Bank Loan was approximately \$3,279,000.

The Company anticipates extending the Bank Loan upon the maturity date of February 18, 2029 for a 24 month period. Management assumes the Bank Loan would be extended at a similar rate and terms, including a fixed rate of 6.25 percent per due in monthly installments of principal and interest of approximately \$23,000 for the period of March 2029 through February 2031, with a final payment of approximately \$2,870,000 due upon maturity on March 18, 2031.

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

Table 5
Principal and Interest Payments
(in Thousands)

Years Ended December 31,	Note Payable		Bank Loan		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2026	\$ 300	\$ 224	\$ 68	\$ 203	\$ 795
2027	228	273	73	198	772
2028	152	380	77	194	803
2029	160	372	82	189	803
2030	169	364	88	183	804
Thereafter	6,729	1,617	2,891	228	11,465
Total	\$ 7,738	\$ 3,230	\$ 3,279	\$ 1,195	\$ 15,442

Source: Management

See Accountant’s Compilation Report

Current Assets and Current Liabilities

Operating revenue as used below includes net Resident service revenue. Operating expenses as used below exclude amortization, depreciation, and interest expense. Management has assumed working capital components based on the Company's historical trends and are outlined in the following table.

Resident accounts receivable, net	40 days of operating revenues
Inventories	1 day of operating expenses
Prepaid expenses	8 days of operating expenses
Accounts payable and accrued expenses	30 days of operating expenses
Accrued payroll and related withholdings	14 days of operating expenses

Source: Management

See Accountant's Compilation Report

Appendix C — Statement of Actuarial Opinion

Not applicable. The provider does not have a new actuarial opinion.

Appendix D — Representative Contract(s)



Residency and Care Agreement

**155 Blake Boulevard
Pinehurst, North Carolina 28374
(910) 295-2294**

1/13/2023

**Term of Agreement Begins:
("Occupancy Date"): _____**

TABLE OF CONTENTS

1. Eligibility Requirements and Procedures.....1

2. Basic Services and Programs.....4

3. Optional Services.....6

4. Terms of Residence.....7

5. Nursing and Healthcare Services.....9

6. Transfers of Resident9

7. Fees and Charges.10

8. Termination.....13

9. Miscellaneous15

EXHIBIT A – FEE SCHEDULE.....19

QUAIL HAVEN VILLAGE

RESIDENCY AND CARE AGREEMENT

This RESIDENCY AND CARE AGREEMENT (the “Agreement”) is made this ___ day of _____, _____, between QUAIL HAVEN OF PINEHURST, LLC, QUAIL HAVEN HEALTHCARE CENTER OF PINEHURST, LLC and QUAIL HAVEN PROPERTIES OF PINEHURST, LLC, North Carolina for-profit limited liability companies (the “Company” or “Community”) and _____ and _____ (herein individually or collectively called “Resident”). If two persons desire to share an Apartment enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them.

WITNESSETH:

WHEREAS, the Company leases and operates the continuing care retirement community known as Quail Haven Village (the “CCRC”), located at 155 Blake Boulevard, Pinehurst, North Carolina; and

WHEREAS, the Resident desires to use and occupy an apartment unit (referred to herein as an “Apartment”) located in the CCRC’s rental independent living building (the “Independent Living Building”); and

WHEREAS, and the Company desires to make the selected Apartment available to the Resident.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which the parties hereto acknowledge, and the full and faithful performance of all terms, covenants and conditions herein contained, the Resident and the Company hereby agree as follows:

1. Eligibility Requirements and Procedures.

The Resident will be qualified for admission as an occupant of the CCRC on the following terms and conditions:

- a. Age Criteria. The requirements for admission into the CCRC are nondiscriminatory except as to age. Admission is restricted to persons sixty-two (62) years of age or older with the exception of a younger second occupant. An underage second occupant may be approved for residency in the Apartment in the Company’s sole discretion but must, at a minimum, be at least fifty (50) years of age and meet the other requirements for residency in the CCRC. The Company reserves the right to limit the number of residents under the age of sixty-two (62) that will live in the CCRC.
- b. Preliminary Health Screen. The Resident must be capable of living independently and must satisfy the then current independent living criteria as published by the Company, which criteria may be amended from time to time in the Company’s sole discretion. The Resident shall provide to the Company an internal preliminary

health screen (the “Preliminary Health Screen”), substantially in the form attached to the Apartment Selection Agreement executed by the Resident and the Company dated as of the ___ day of _____, 20__ (the “Apartment Selection Agreement”), completed by the Resident’s primary physician and certifying that the Resident meets the independent living criteria within the period outlined in Section 1.e. of this Agreement.

- c. Apartment Selection Agreement. At the time of selecting an Apartment, the Resident completed an Apartment Selection Agreement and submitted it to the Company along with an Apartment Selection Fee and Community Fee, as defined in Sections 7.a. and 7.b., respectively, of this Agreement. In the event of any conflict between the provisions of the Apartment Selection Agreement and this Agreement, the provisions of this Agreement shall control.
- d. Disclosure Statement. Upon execution of this Agreement, the Company will provide the Resident a copy of the CCRC’s Disclosure Statement (the “Disclosure Statement”) which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the vital information related to the CCRC. Included in the Disclosure Statement is a copy of this Agreement.
- e. Application. Within thirty (30) days of execution of the Apartment Selection Agreement, the Resident will complete a Preliminary Health Screen and a confidential financial statement, all on the forms provided by the Company, and deliver the same (all such documents collectively referred to herein as, the “Application Forms”) to the Company.
- f. Interview. The Resident must have an interview with a representative from the Company prior to being approved for residency in the CCRC. This interview may include a non-medical assessment of the Resident(s) as an initial step in determining the whether the requirements for residency may be met.
- g. Financial Condition. The Company must be satisfied that the Resident has the financial income and assets to pay the Monthly Service Fee (as defined in Section 7.d. of this Agreement), extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of this Agreement. Immediately prior to the Occupancy Date (as defined in Section 1.n. of this Agreement), the Resident will affirm to the Company that the Resident’s financial situation does not differ materially or adversely from the financial situation as presented in the Application Forms (substantially in the form attached to the Apartment Selection Agreement). If the Resident’s then personal financial situation differs materially and adversely from the Resident’s prior financial situation, the Company may terminate this Agreement. After the Occupancy Date, the Company may require updated financial information. In the case of two Residents occupying an Apartment, and in the event of the death of one of the occupants, the surviving Resident will be required to submit an update of the original Application Forms within thirty (30) days after the Company’s request for the same.

- h. Health Insurance. Prior to the Occupancy Date, the Resident shall provide evidence of health insurance coverage to the Company at a level reasonably satisfactory to the Company.
- i. Review of Application. The Company will review the completed Application Forms as a basis for initial approval for residency in the CCRC. The Company will accept or deny an application based on the criteria and policies it has established, as the same may be amended from time to time. The Company will notify the Resident in writing of its decision on the application.
- j. Physician's Report. Thirty (30) days prior to the Occupancy Date (as defined in Section 1.o. of this Agreement), the Resident is required to submit to the Company an updated Preliminary Health Screen. The Company will respect the privacy of the Resident's personal health information and is committed to maintaining the Resident's confidentiality.
- k. Representations and Warranties. The Resident affirms that the representations made in the Application Forms or other statements of financial capability are accurate and reflect the Resident's current status. The Resident acknowledges that such representations are the basis for which the Company agrees to enter into this Agreement.
- l. Authorization to Release Medical Information. As a part of the application process, the Resident agrees to execute any such authorization forms as required by the Company to obtain the information concerning the Resident's medical history and condition necessary to enable the Company to adequately evaluate whether the Resident is appropriate for residency in the CCRC.
- m. Will, Durable Power-of-Attorney and Healthcare Directives. Thirty (30) days prior to the Occupancy Date, the Resident shall have in place a valid and enforceable will, identifying an Executor of the Resident's estate, that provides for the distribution of his or her assets and personal effects. Such will or other document of instruction shall include adequate provisions regarding burial or cremation directions and other funeral arrangements. Furthermore, prior to the Occupancy Date, the Resident shall deliver, and during the term of this Agreement shall maintain, a valid and effective North Carolina Durable Power of Attorney (the "Power-of-Attorney") and a living will or health care Power-of-Attorney (the "Health Directive") enforceable in accordance with the laws of the State of North Carolina. The Power-of-Attorney shall designate as the Resident's attorney in-fact any responsible person, including but not limited to, a lawyer, banker, or relative, to act on behalf of the Resident in the managing of the Resident's affairs and filing of the Resident's insurance or other benefits as fully and completely as if the Resident were acting personally. The Power-of Attorney shall be in such form that survives the Resident's incapacity or disability and otherwise be satisfactory to the Company. The Health Directive shall name a responsible person capable of making health care decisions in the case of incapacity or emergency.

- n. Notification of Availability. If the Resident is approved for residency in the CCRC, the Company will notify the Resident of the projected date of availability for occupancy (the “Notice of Availability Date”) and the Resident will have sixty (60) days from date of the Notice of Availability Date to occupy the Apartment (the date of occupancy hereinafter referred to as the “Occupancy Date”) and begin paying the Monthly Service Fee. If the Resident is not approved for residency in the CCRC, this Agreement shall be terminated and all payments made by the Resident before such termination, less those costs or other charges that are non-refundable pursuant to the terms of this Agreement, shall be refunded by the Company within thirty (30) days.

2. Basic Services and Programs.

Subject to the terms and conditions of this Agreement, the following basic services (collectively “Basic Services”) are included in the Monthly Service Fee (defined below):

- a. Description of Apartment. The Resident shall be entitled to the exclusive use of Apartment _____ located in the CCRC’s Independent Living Building.
- b. Appliances and Furnishings. The Apartment shall include the following appliances and furnishings:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Window coverings | <input checked="" type="checkbox"/> Standard flooring |
| <input checked="" type="checkbox"/> Electric range | <input checked="" type="checkbox"/> Self-cleaning oven |
| <input checked="" type="checkbox"/> Refrigerator/freezer with icemaker | <input checked="" type="checkbox"/> Garbage disposal |
| <input checked="" type="checkbox"/> Microwave | <input checked="" type="checkbox"/> Dishwasher |
| <input checked="" type="checkbox"/> Washer and dryer | <input checked="" type="checkbox"/> Smoke and fire detectors |
| <input checked="" type="checkbox"/> Climate control system | <input checked="" type="checkbox"/> Water heater |
| <input checked="" type="checkbox"/> 24-hour emergency call system | <input checked="" type="checkbox"/> Other permanent fixtures |

All other appliances and furnishings are to be provided by Resident.

- c. Utilities. The following utility fees are included in the Monthly Service Fee:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Heating | <input checked="" type="checkbox"/> Air conditioning |
| <input checked="" type="checkbox"/> Water | <input checked="" type="checkbox"/> Sewer |
| <input checked="" type="checkbox"/> Gas | <input checked="" type="checkbox"/> Electricity |
| <input checked="" type="checkbox"/> Basic cable television | <input checked="" type="checkbox"/> Pest control |
| <input checked="" type="checkbox"/> Trash removal | |

- d. Meals. As part of the Monthly Service Fee, the Resident shall be provided with one (1) meal per day in the Clubhouse dining room.
- e. Housekeeping Service. The Resident agrees to keep the Apartment in a clean and orderly condition. On a weekly basis, the Company will provide basic

housekeeping services in the Apartment. Please refer to basic cleaning schedule provided to resident at time of move in.

- f. Maintenance Services. The Company will be responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned by or leased by the Company for use in the CCRC. The Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the diminution in value thereof, caused by the Resident, the Resident's guests or the Resident's pets. The Resident will be responsible for the maintenance and repair of the Resident's personal property.
- g. Changes to Apartment. Any structural or physical change or redecoration and remodeling of any kind within or outside the Apartment may only be made by the Resident only with the prior written consent of the Company, which shall be granted at the Company's sole discretion, and at the sole expense of the Resident. All such improvements or changes shall be the property of the Company. Upon vacating the Apartment, the Resident, or the Resident's estate, shall be responsible for the costs of returning the Apartment to the condition that existed prior to the Resident taking possession of the Apartment.
- h. Grounds Keeping. The Company will maintain and repair the CCRC's grounds, including lawns, trees and shrubbery. Personal plantings and customization of landscaped areas are subject to the Company's approval.
- i. Use of CCRC Common Areas. The Resident has the non-exclusive right, along with other residents, to use the CCRC's common areas, including, but not limited to, the dining rooms, lounges, lobbies, library, social and recreational rooms and designated outdoor activity areas.
- j. Use of the Fitness Center. As part of the Monthly Service Fee, the Resident will be provided with membership to the First Health Fitness Center in either Pinehurst or Southern Pines.
- k. Programs. Recreational, social, educational and cultural programs will be coordinated by the CCRC's staff. Some activities are subject to an additional charge.
- l. Parking. The Company will provide parking areas for one personal vehicle and limited parking for the Resident's guests.
- m. Transportation. The Company will provide scheduled transportation to locations routinely visited by residents of the CCRC such as shopping centers, medical offices and social events. Some transportation is subject to an additional charge.
- n. Emergency Response System. The Company will provide, on a twenty-four (24) hour basis, an emergency call system. Response to a call shall be limited to an evaluation of the Resident's needs. If other medical response is determined to be

necessary, the Resident is responsible for any costs associated with such other medical response, including emergency medical transportation.

- o. Insurance. The Company will maintain general liability and hazard insurance on the property within the CCRC owned or leased by the Company, but will not be responsible for the Resident's personal property.

3. Optional Services.

A schedule of fees for services provided at extra cost including, but not limited to those optional services described below (collectively "Optional Services"), shall be established by the Company and shall be made available to the Resident. The Optional Services currently expected to be offered by the Company include the following:

- a. Transportation Services. If the Resident requests transportation in addition to that provided as a Basic Service, the Company may provide such transportation service provided that the Company has adequate transportation staff available at such date and time and to destinations that the Company identifies as being within the geographic area of transportation services.
- b. Food Services. If the Resident requests food services or catered services in addition to those provided as a Basic Service, the Company may provide such additional food services or catered services for an additional cost.
- c. Tray Service. The Resident may request that meals be delivered to the Apartment ("Tray Service") for a delivery charge; provided however, that Tray Service may not be requested for more than three (3) consecutive days except at a physician's or nurse's direction.
- d. Activities. Due to their special nature, a special fee may be required for some wellness and life enrichment programs.
- e. Additional Housekeeping Service. If the Resident requests or requires housekeeping services in addition to those provided as a Basic Service, the Company may provide such services if staff is available to provide such services.
- f. Salon Services. Salon services in the Beauty Salon will be charged directly to the Resident in accordance with a published fee schedule.
- g. Upgraded Television Channels. Upgraded television channels will be available to the Resident in accordance with a published fee schedule.
- h. Additional Parking. Additional parking, including garage parking if available, may be made available to the Residents in accordance with a published fee schedule.
- i. Personal Emergency Transmitter. The provision of a Personal Emergency Transmitter ("PET") which shall transmit to the CCRC Concierge Desk.

4. Terms of Residence.

- a. Term of Agreement. The initial term of this Agreement shall be for thirteen (13) months beginning on the Occupancy Date (the “Term”). After the initial Term, this Agreement will automatically renew for additional thirteen (13) month periods, unless terminated in accordance with Section 8 below. Prior to the expiration of the initial Term or any renewal Term, the Company reserves the right to present the Resident with a new version of the Company Residency and Care Agreement for signature by the Company and the Resident.
- b. Nature and Extent of Rights. The Resident’s right to occupy the Apartment shall exist and continue unless terminated as provided in this Agreement. Nothing contained herein shall be construed or is intended to require that The Company care for the Resident after expiration or termination of this Agreement.
- c. Terms of Occupancy. Signing of this Agreement does not deliver title to real or personal property, and this Agreement may not be assigned, transferred, inherited or devised. Any rights, privileges, benefits, or interests created by or under this Agreement shall be subordinated to any mortgage, deed of trust, or other security interest created on any of the premises or interests in the real estate comprising the CCRC and to all amendments, modifications, replacements or refunding thereof. The Resident agrees to execute and deliver any document required by the Company or by the holder of any mortgage, deed of trust or other interest to evidence or effect such subordination.
- d. Alteration or Modification. Notwithstanding any other provisions in this Agreement, the Company may alter or modify the Apartment to meet requirements of any statute, law or regulation of the federal, state or local Government. The Resident may not, without prior written consent of the Company, make any alterations or modifications to the Apartment.
- e. Use. The Apartment shall be used for residential purposes only and shall not be used for business or professional purposes, or in any manner in violation of any zoning or health ordinances.
- f. Permitted Occupants. The Resident(s) named herein and no other person shall reside in or occupy the Apartment during the term of this Agreement, except with the express prior written approval of the Company. If a second occupant who is not a party to this Agreement is accepted for residency in the CCRC after the date of this Agreement, such acceptance shall be subject to the approval of the Company and adherence to policies then governing all other admissions and such second resident shall enter into a Residency and Care Agreement. If the second occupant does not meet the requirements for residency, or does not execute a Residency and Care Agreement, he or she shall not be permitted to occupy the Apartment.
- g. Transfers. Should the Resident desire to transfer to another Apartment, the Resident must notify the Company in writing. Following receipt of this request,

and subject to availability, the Company may grant the Resident an option to move to the next available Apartment of the size requested. Upon transfer to a new residence, the Monthly Service Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. With all transfers, there will be an up-fitting charge for the vacated residence based on the current rate established by the CCRC at the time of the transfer. The Resident will move all furnishings and belongings to the new residence within ten (10) days of the established occupancy date for the new residence. Any moving expense will be the responsibility of the Resident.

- h. Death or Transfer of One Resident. If one of the Residents named herein dies, moves out or is permanently transferred to the Healthcare Center or any other nursing center, the remaining Resident will continue to be bound by the terms of this Agreement except that the Monthly Service Fee will be reduced to the single occupancy rate then in effect.
- i. Rules and Regulations. The Resident and its guests and invitees shall comply in all respects with the CCRC's operating rules and regulations (the "Rules and Regulations") established by the Company from time to time. The Company may revise or amend such Rules and Regulations at any time in its sole discretion. A copy of the Rules and Regulations will be made available to the Resident.
- j. Pets. Subject to the prior written consent of the Company, which such consent shall be at the sole and absolute discretion of the Company, pets may be permitted in the Apartments. All pets must be on a leash at all times while not in a Resident's Apartment. Pets must be healthy, have current shots and rabies immunization, and be free of fleas and other parasites. The Resident must provide the Company with documentation that their pets have received all required shots and immunizations. The Resident is responsible for any costs expended by the Company for the failure of the Resident to adhere to the CCRC's pet policy, including, but not limited to, the cost of disinfection, cleaning and fumigation. Pets are prohibited in the dining spaces, the multipurpose room, the chapel, and the art space and activity rooms. The Resident understands and agrees that the pet must be removed from the Apartment, upon fourteen (14) days' prior written notice from the Company, if the pet becomes a nuisance to other residents of the CCRC, as determined by the Company in its sole and absolute discretion. The Resident agrees that if the Resident has been approved to have a pet living in the Apartment, and elects to do so, the Resident shall pay a non-refundable pet fee in the amount posted at the time the pet is registered.
- k. Smoking Policy. The CCRC is smoke-free. No smoking is permitted in the Apartment (to include any balconies) or in any other building or location in or on the CCRC's premises. The Resident agrees to abide by the CCRC's Rules and Regulations concerning smoking.

5. Nursing and Healthcare Services.

The CCRC will provide the Resident temporary or permanent assisted living services, assisted housing with services, and skilled nursing services (the “Healthcare Services”) in the healthcare center adjacent to the CCRC (the “Healthcare Center”). A number of the beds in the Healthcare Center have been designated as “closed beds” under state laws and/or regulations and, as such, are reserved for Residents (the “Closed Beds”). In the event that these Closed Beds are fully occupied, the Resident will be given priority access to the available unreserved beds (the “Open Beds”). Service in the Healthcare Center shall be provided within the limits of the Company’s license.

If the appropriate level of Healthcare Services based upon the needs of the Resident may not be obtained or are not provided within the Healthcare Center, such level of care must be obtained from another provider of healthcare services, including, but not necessarily limited to, a hospital, and the costs of those services shall be the sole responsibility of the Resident. The Resident (i) acknowledges and agrees that the Company will not be responsible for any claims, damages or expenses resulting from injury or death suffered by the Resident that is caused by, attributable to or in any way connected with the negligence or intentional acts or omissions of the physicians, employees or agents of any such other provider of healthcare services and (ii) releases the Company from liability for any such claims, damages or expenses.

6. Transfers of Resident

- a. Direct Transfer to the Healthcare Center. If after the execution of this Agreement and prior to the Occupancy Date, the Resident’s health or mental condition is such that, in the sole discretion of the Company, the Resident no longer meets the qualifications to live independently in the CCRC, and this Agreement is not otherwise terminated, the Resident may be transferred directly to the Healthcare Center. All fees and other charges due must be paid prior to any direct transfer. In the event there is more than one Resident occupying the Apartment, and one Resident is transferred directly to the Healthcare Center, the other Resident shall continue to be obligated under this Agreement and pay the required Monthly Service Fee applicable to a single resident.

In the event the Healthcare Center is not yet completed and licensed to operate and the Resident’s health or mental condition is such that, in the sole discretion of the Company, the Resident is precluded from living independently in the CCRC (the “Healthcare Transfers”), the Company will enter into a Transfer Agreement with a skilled nursing facility in reasonable proximity to the Company (the “Transfer Facility”) pursuant to which the Transfer Facility shall agree to accept appropriate Healthcare Transfers from the Company. The Company will provide transportation to the Healthcare Transfers to the Transfer Facility until such time as the Healthcare Center is available; provided however, the cost of the care at such Transfer Facility will be the responsibility of the Healthcare Transfer.

- b. Transfers to the Healthcare Center. The Resident agrees that the Company shall have the right to determine whether the Resident should be temporarily or permanently transferred from the Apartment to the Healthcare Center or from one level of care at the Healthcare Center to another level of care at the Healthcare Center. Such determination shall be in the Company's sole discretion and based on the professional opinion of the medical director of the Healthcare Center and the executive director of the CCRC that the Resident is no longer able to live independently or that living in the Apartment will endanger the Resident or the health and/or safety of others. Should the Resident fail to cooperate with a transfer of the Resident requested by the Company, the Company shall have the right to terminate this Agreement and the Resident shall no longer be permitted to live in the CCRC.
- c. Transfer Outside the CCRC. If, in the opinion of the Company, the physical or mental condition of the Resident requires services beyond that which can be provided by the facilities or personnel in the CCRC and the Healthcare Center or is beyond the scope of the services provided for in this Agreement, the Company may require that the Resident be temporarily or permanently transferred to a hospital, center, institution or other care environment equipped to give such care; provided however, the cost of the care at any such outside facility will be the responsibility of the Resident.
- d. Relinquishment of Apartment upon Permanent Transfer to the Healthcare Center or Outside Facility. If, in the sole discretion of the Company, the Resident's transfer to the Healthcare Center or to an outside facility is considered permanent, the Resident shall relinquish the Apartment and this Agreement shall terminate, unless there is a second Resident currently occupying the Apartment or unless otherwise approved by the Company.

7. Fees and Charges.

The following is a list of the fees and charges expected to be charged to the Residents of the CCRC.

- a. Apartment Selection Fee. Upon the execution of the Apartment Selection Agreement, the Resident paid an Apartment Selection Fee (the "Apartment Selection Fee") as identified in Exhibit A attached hereto. The Apartment Selection Fee is a nonrefundable fee (except as defined in Section 7.i. of this Agreement) and shall be applied to the first month's Monthly Service Fee.
- b. Community Fee. Upon the execution of the Apartment Selection Agreement, the Resident paid a Community Fee (the "Community Fee") as identified in Exhibit A attached hereto. The Community Fee is a one-time, nonrefundable fee (except as defined in Section 7.i. of this Agreement) which entitles Residents priority access to all services and amenities of the Community. A Community Fee will not be charged to Residents upon any renewal of this Agreement.

- c. Security Deposit Fee. Upon the execution of this Agreement, the Resident shall make a Security Deposit payment to the Company equal to one Monthly Service Fee payment (the “Security Deposit”), which shall be deposited in accordance with statute, law or regulation of the federal, state, and local Government. If the Resident has complied with all terms of the Agreement and returns the Apartment in the same or materially similar condition as when the Resident moved into the Apartment, the Company will return the Security Deposit to the Resident within thirty (30) days after the Resident’s move-out date. The Security Deposit shall be credited to the Resident as the last Monthly Service Fee payment in the event of the Resident’s death. In the event that the Resident breaches or otherwise violates the Agreement before the end of the last month of occupancy by the Resident, then the Security Deposit shall be forfeited to the Company. The Resident is additionally responsible for any expense incurred by the Company resulting from damages to the Apartment that are in excess of the Security Deposit. In the event that the Resident has entered into a Priority Partner Agreement (the “Priority Partner Agreement”) and paid a refundable deposit to the Company (the “Priority Deposit”), the Priority Deposit shall be applied to the amount due as the Security Deposit.
- d. Monthly Service Fees. Throughout the Term, the Resident shall pay to the Company a Monthly Service Fee (the “Monthly Service Fee”) in the amount of \$ _____, as described on Exhibit A attached hereto, for a single Resident. If the Apartment will be occupied by two Residents pursuant to this Agreement, an additional monthly amount of \$ _____ shall be paid by the second Resident. The Monthly Service Fee shall be paid by the Resident on or before the fifth (5th) day of each month for Basic Services to be rendered that month with the first payment due on or before the Occupancy Date. The Monthly Service Fee shall be due regardless of whether or not the Apartment is actually occupied by the Resident on the scheduled Occupancy Date and such Monthly Service Fee will not be adjusted if the Resident is voluntarily absent from the CCRC at any time after such date. If the Resident obtains possession of the Apartment prior to the first of a month, the Resident shall pay the Company the first Monthly Service Fee on a pro-rata basis based on the actual number of days contained in the month. If this Agreement does not terminate at the expiration of the initial Term or a renewal Term, the Monthly Service Fee may continue to be payable beyond the date of termination as set forth in Section 7 below.
- e. Adjustments to Monthly Service Fees. The Company reserves the right to change the amount of the Monthly Service Fee upon thirty (30) days’ written notice prior to the beginning of each calendar year. Adjustments to the Monthly Service Fee will be made as may be reasonably necessary according to the economic requirements and conditions of the CCRC, the level and quality of services provided to the residents of the CCRC and consistent with operating on a sound financial basis.
- f. Fees for Optional Services. The Resident shall receive a monthly statement from the Company showing the total amount of fees and other charges owed by the

Resident, which shall be paid by the fifth (5th) day of each month. A list of fees for recurring optional services (“Optional Services”) the Resident has elected to purchase as of the date of this Agreement is attached hereto as Exhibit A.

- g. Healthcare Center Fees and Charges. The Healthcare Center will consist of accommodations, equipment and staffing necessary for assisted living, assisted housing with services, skilled nursing care and memory care services on a temporary or permanent basis. The Company shall establish and publish per diem rates for accommodations and services at the Healthcare Center. Each calendar year, the Resident shall receive a ten percent (10%) discount on fees the Resident accrues during its first thirty (30) days of residency in the Healthcare Center (each day being a “Discounted Fee Day”). The Resident may not carry any unused Discounted Fee Days over to the following calendar year. Fees for residency in the Healthcare Center shall otherwise be payable in accordance with the Residency and Care Agreement and in accordance with the then published Healthcare Center per diem charge.
- h. Fees for Occupancy in the Healthcare Center. In the event the Resident is transferred to the Healthcare Center, as determined in the sole discretion of the Company, the Resident shall pay the then published Healthcare Center per diem charge plus charges for other services not included in the Healthcare Center per diem charge, subject to available Discounted Fee Days. In addition, the Resident shall continue to be responsible for the Monthly Service Fee and other charges payable under this Agreement.
- i. Refund of Fees. If the Resident cancels during the Rescission Period (as defined in Section 8.a.i of this Agreement), the Priority Deposit, Apartment Selection Fee, Community Fee and Security Deposit (and any other fees paid by Resident) in accordance with this Residency and Care Agreement will be refunded to the Resident, without interest, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at Resident’s request and set forth in Exhibit A of this Agreement or in writing in a separate addendum to the Agreement, signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company’s receipt of the Resident’s written notice of rescission. The Apartment Selection Fee and the Community Fee become non-refundable after the Rescission Period. The Security Deposit Fee is refundable and will be returned to the Resident within thirty (30) days after the Resident’s move-out date if the Resident has complied with all terms of the Agreement and returns the Apartment in the same or materially similar condition as when Resident moved into the Apartment. If the Resident breaches or otherwise violates the Agreement before the end of the last month of occupancy by the Resident, then the Security Deposit Fee shall be forfeited to the Company.
- j. Late Charges. The Company will charge a one percent (1%) late payment charge per month on any Monthly Fees and extra charges that have not been paid within five (5) days after their due date.

8. Termination.

- a. Termination by Resident. Upon the termination of this Agreement, the Resident shall have no further right to reside in the CCRC. The Agreement may be terminated or cancelled by the Resident under the following terms and conditions:
- i. Rescission During First Thirty (30) Days. The Resident may terminate this Agreement for any reason within thirty (30) days following the later of the execution of this Agreement or receipt by the Resident of the Disclosure Statement (the “Rescission Period”), and the Resident is not required to move into the facility before expiration of the Rescission Period. The Resident’s termination of this Agreement during the Rescission Period is without penalty, and all payments made by the Resident before such termination, less a service charge of One Thousand Dollars (\$1,000.00) and less any charges specifically incurred by the Company at the Resident’s request and set forth in Exhibit A of this Agreement or in writing in a separate addendum to the Agreement signed by the Resident and the Company. Any refund shall be paid within thirty (30) days after the Company receives written notice of the Resident’s election to terminate this Agreement.
 - ii. Termination After Rescission Period but Prior to the Occupancy Date. For Residents electing to reside in an Apartment, the Resident may terminate the Residency and Care Agreement for any reason after the Rescission Period but prior to the Occupancy Date upon written notice to the Company. In the event of such termination, the Resident shall be entitled to a refund of all monies paid to the Company, except, as the case may be, the Community Fee, the Apartment Selection Fee, and any costs or other charges that the Resident and the Company agree in advance are non-refundable.
 - iii. General Termination Right. The Resident may terminate this Agreement at any time for any reason by giving the Company thirty (30) days’ written notice signed by the Resident (or both of them if there are two Residents). In the event of termination by the Resident for reasons other than those permitted in this Agreement, the Resident shall pay the Company for all Optional Services rendered by the Company to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident’s personal belongings are removed from the Apartment. In addition, the Resident shall be responsible for payment of liquidated damage of one month’s rental charge, calculated at the existing market rate.

b. Termination by Death or Serious Illness

- i. Termination by Death or Serious Illness Prior to the Occupancy Date. If, prior to the Occupancy Date, the Resident dies or is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, non-qualification or incapacity, this Agreement will automatically terminate. In the event this Agreement is terminated as provided for in this subsection, the Resident or the Resident's estate shall be entitled to a refund of any amounts paid to the Company, except, as the case may be, a service charge of One Thousand Dollars (\$1,000.00) and for costs or other charges that the Resident and the Company agree in advance are non-refundable. Such refund shall be paid by the Company within thirty (30) days after this Agreement is terminated pursuant to this subsection. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.
- ii. Termination by Death or Serious Illness After the Occupancy Date. If the Resident dies after the Occupancy Date or the Resident is precluded from living in the CCRC under the terms of this Agreement as a result of serious illness, injury, or incapacity and the serious illness, injury or incapacity is not otherwise addressed by the provisions of Section 6, then this Agreement shall terminate. In such event, the Resident or the estate of the Resident shall pay for any Optional Services rendered to the Resident through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment and the Apartment can be made ready for re-occupancy. The foregoing notwithstanding, if there is more than one Resident, this Agreement will continue to be binding on the surviving or eligible Resident until this Agreement is terminated as to or by the surviving Resident as provided for herein.

c. Termination by the Company

- i. Termination by the Company Prior to the Occupancy Date. If, in the Company's sole discretion, the Resident does not satisfy the criteria for occupancy in the CCRC, this Agreement shall terminate upon the Company's notification to the Resident of non-approval. In such event, all amounts paid to the Company shall be refunded to the Resident within thirty (30) days after the Company provides the Resident notice of non-approval.
- ii. Termination by The Company after the Occupancy Date. The Company may terminate this Agreement upon thirty (30) days written notice to the Resident in the event of the following:

- (1) The Resident fails to make payments to the Company of any amounts when due and such failure is not cured within fifteen (15) days after notice is given to the Resident;
- (2) The Resident consistently fails to comply with any term of this Agreement not involving the payment of money or any provisions of the Rules and Regulations and the Resident fails to cure such non-compliance within seven (7) days after written notice from the Company; or
- (3) The Resident or the Resident's authorized representative makes a material misrepresentation or omission in the information provided to the Company for its consideration of the Resident for residency in the CCRC.

- iii. Immediate Termination. If the Company determines in its sole and absolute discretion that the Resident's behavior interferes with or threatens to interfere with the safety of the Resident or the quiet enjoyment or safety of other residents, visitors and/or staff of the CCRC, or if the Resident's behavior is a detriment to other residents, visitors, and/or staff of the CCRC, the Company may immediately terminate this Agreement and the Resident shall promptly vacate the Apartment. In such event, the Resident shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until all of the Resident's personal belongings are removed from the Apartment.
- iv. Effect of Termination by the Company after the Occupancy Date. In the event the Company terminates this Agreement after the Occupancy Date pursuant to subsection c.ii or c.iii above, the Resident shall promptly vacate the Apartment, but shall pay the Company for all Optional Services rendered by the Company through the date of termination and shall continue to be liable for the Monthly Service Fee until the date that all of the Resident's personal belongings are removed from the Apartment.

9. Miscellaneous

- a. Entire Agreement. This Agreement contains the entire agreement between the Resident and the Company. All prior discussions, agreements and negotiations are superseded by this Agreement.
- b. Successors and Assigns. The rights and privileges of the Resident under this Agreement, including but not limited to the right to and use the facilities of the CCRC under the terms of this Agreement, may not be transferred or assigned under any circumstances. The Company may transfer or assign this Agreement without the consent of the Resident. Except as provided for herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Company and to

the heirs, executors, personal representatives, any attorney-in-fact and administrators of the Resident.

- c. Severability. If any provisions of this Agreement are held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such provision had not been included.
- d. Indemnity. The Resident shall indemnify, defend and hold the Company harmless from any and all claims, damages or expenses, including attorney's fees and court costs, resulting from any injury or death to persons or damage to property caused by, resulting from, attributable to or in any way connected to the Resident's negligence or intentional act or omission.
- e. Joint and Several Liability. If there is more than one Resident, the rights and obligations of each of the Residents are joint and several, unless otherwise provided in this Agreement.
- f. Notice Provisions. Any notices, consents or other communications to the Company shall be in writing and addressed to all of the following parties:

Executive Director
Quail Haven of Pinehurst, LLC
155 Blake Boulevard
Pinehurst, North Carolina 28374

The Resident's address for the purpose of receiving notice under this Agreement prior to the Occupancy Date will be the address following the Resident's signature below. The address of the Resident for purposes of receiving notice under this Agreement after the Occupancy Date shall be the address of the Apartment.

- g. Religious or Charitable Affiliations. The Company is not affiliated with any religions or charitable organization
- h. Acknowledgement of Receipt of Disclosure Statement. The Resident acknowledges that he or she has received a copy of the current Disclosure Statement of the CCRC.

Initials Resident _____

 Resident _____

- i. Reading and Signing of Agreement. By signing this Agreement below, the Resident represents that he or she has read and agrees to all of the terms of this Agreement.

[Signatures begin on following page]

The Company and the Resident have signed this Agreement to be effective as of the date set forth on the first page.

RESIDENT:

Print Name: _____

Signature: _____

Date: _____

Address: _____

RESIDENT:

Print Name: _____

Signature: _____

Date: _____

Address: _____

QUAIL HAVEN OF PINEHURST, LLC

By: _____
_____, Authorized Representative

Date: _____

EXHIBIT A – FEE SCHEDULE

Resident Name(s) _____

Unit # _____

Agreement Date _____

Fees Paid at Apartment Selection Execution:	Amount
Apartment Selection Fee	
Community Fee	
Other Fees (specify):	
Total amount paid at Apartment Selection Agreement execution	\$

Fees Due at Residency and Care Agreement Execution:	Amount
Security Deposit Fee	
Less: Priority Partner Fee previously paid	()
Other Fees (specify):	
Total amount due at Residency and Care Agreement execution	\$

Monthly Fees:	Amount
First Person Service Fee	
Second Person Service Fee	
Other Fees (specify):	
Total monthly fees	\$

Note that the above-listed fees do not include fees for occupancy in the Healthcare Center that are described in Section 7 of the Agreement. In addition, fees for non-recurring Optional Services selected by the Resident shall be in the amount set forth in the schedule of fees provided by the Company.

The Resident acknowledges that he or she has reviewed and hereby approves the above tables of fees payable pursuant to this Agreement.

Initials	Resident	_____
	Resident	_____

Appendix E — Examination Report

Not applicable. At the time of submission, the North Carolina Department of Insurance has not completed a new examination of the provider.

Appendix F — Statutory Ratio and Supporting Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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