# BLAKEHURST

A Life Care Services Community™

## 1055 West Joppa Road
## Towson, Maryland 21204

# Disclosure Statement

## April 2024

**The issuance of a Certificate of Registration by the Maryland Department of Aging does not constitute approval, recommendation, or endorsement of the facility by the Department, nor is it evidence of, or does it attest to, the accuracy or completeness of the information set out in this Disclosure Statement.**

**Equal Housing Opportunity**

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# INTRODUCTION

We are pleased you have expressed an interest in Blakehurst (the "Community"). We are very proud of our Community and appreciate the opportunity to tell you more about it. We are convinced that the more you learn about our Community, the more comfortable you will be in deciding to make it your Community, too.

The Community brings to residents who are age 60 and over a way of senior living known as *Life*Care™. This concept provides services that offer residents the opportunity to pursue their personal interests. *Life*Care communities, such as the Community, encompass these important components: a private apartment, a wide array of personal services, and the security of access to assisted living care, memory care and comprehensive care in the on-site health center, all combined within a sound financial plan.

Because nontechnical language has been used in this Disclosure Statement and because this Disclosure Statement includes only summaries of the provisions of the Residency Agreements and other documents, there may be differences between the text of this Disclosure Statement and the language of the Residency Agreements or other documents. Copies of the actual documents should be inspected to fully understand all of their terms and provisions, and those specific terms take precedence over the summaries in this Disclosure Statement.

**We are pledged to the letter and the spirit of U.S. policy for achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, disability, national origin, ancestry, marital status, sexual orientation, or gender identity or expression.**

# I. THE PEOPLE

## THE PROVIDER

The Chestnut Partnership and The Chestnut Real Estate Partnership are identified collectively on the Maryland Department of Aging certificate of registration as the "Provider." Each is a Maryland for-profit general partnership. The Provider is not qualified nor does it intend to qualify as a tax exempt organization under the Internal Revenue Code. These two partnerships provide their respective services or property to the *Life*Care senior living community known as Blakehurst. The Chestnut Partnership operates the Community and The Chestnut Real Estate Partnership owns the land and building in which the Community operates. The business addresses of each of these two partnerships is 400 Locust Street, Suite 820; Des Moines, Iowa 50309-2334.

Under the Provider's partnership agrement, the partnership is governed by its partners (identified below) and has no governing body. The names and addresses of The Chestnut Partnership general partners are:

1. Chestnut Village LLC (an Iowa limited liability company) with a 1 percent interest.
   CEO: Joel Nelson
   Address: 400 Locust Street, Suite 820
   Des Moines, Iowa 50309-2334

2. West Joppa Road Limited Partnership (a Maryland limited partnership) with a 1 percent interest.
   Primary Individual: John A. Luetkemeyer, Jr.
   Address: The Foxleigh Building, Suite 210
   2330 W. Joppa Road
   Lutherville, Maryland 21093

3. The Chestnut Real Estate Partnership (a Maryland general partnership) with a 98 percent interest.
   Address: 400 Locust Street, Suite 820
   Des Moines, Iowa 50309-2334

The names and addresses of The Chestnut Real Estate Partnership partners are:

1. West Joppa Road Limited Partnership (50%) (a Maryland limited partnership)
   John A. Luetkemeyer, Jr ., primary individual
   The Foxleigh Building, Suite 210
   2330 West Joppa Road
   Lutherville, MD 21093

2. Chestnut Village LLC (50%) (an Iowa limited liability company)
   Joel Nelson, CEO
   400 Locust Street, Suite 820
   Des Moines, IA 50309-2334

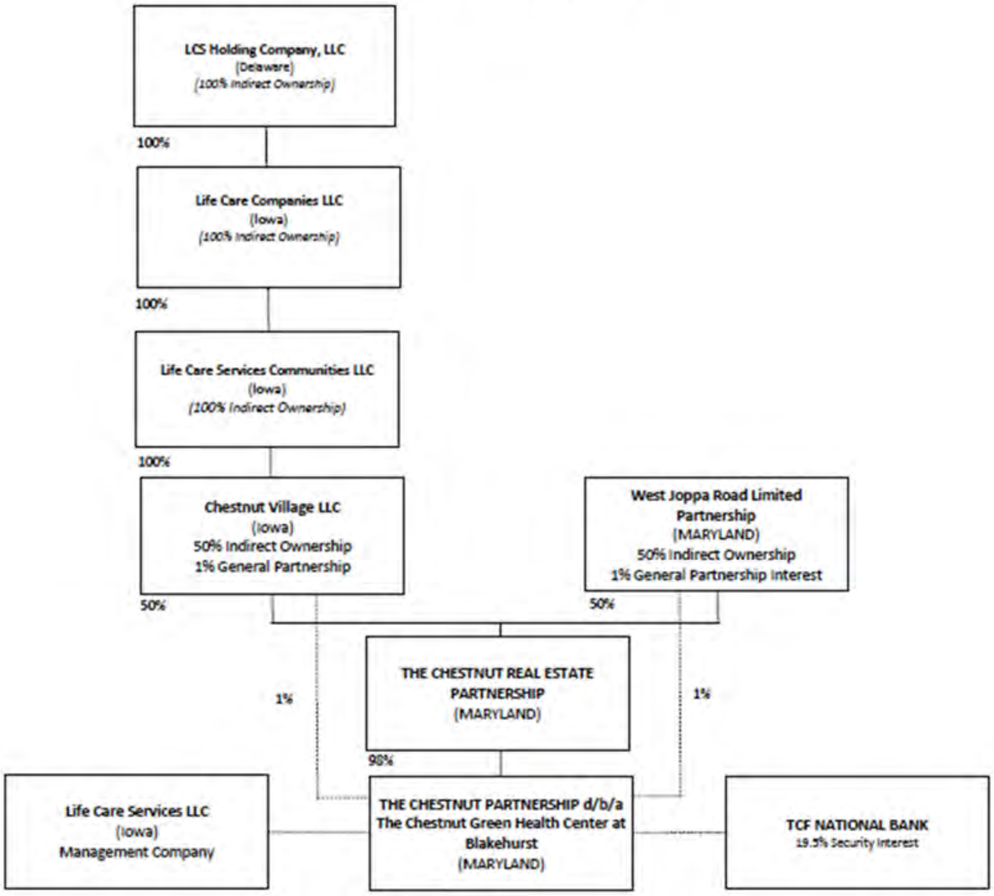
The Chestnut Partnership has the overall responsibility for the operation of the Community, including the approval of design, capital expenditures, and operating budgets. The Chestnut

Partnership determines the appropriate insurance coverages on the Community's property and personnel, its operational policies, and the criteria for resident admissions. The Chestnut Partnership also adopts and approves personnel policies for Community employees, and monitors compliance with the Community's budget and the performance of the Community and its management. It enters into the Residency Agreements with residents of the Community.

None of the persons described herein have been: convicted of a felony or pled nolo contedere to a felony charge, including such charges as fraud, embezzlement, fraudulent conversion, or misappropriation of property; held liable or enjoined in a civil action by final judgment, including actions involving fraud, embezzlement, fraudulent conversion, or misappropriation as a fiduciary; subject to a currently effective injunction or restrictive order of a court of record, including action that arose out of or related to business activity or health care, including an action that affected a license to operate a facility of service for senior, impaired, or dependent persons; nor within the past ten years, had any state or federal license or permit suspended or revoked as a result of an action that arose out of business activity or health care, including, including an action that affected a license to operate a facility or service for senior, impaired, or dependent persons.

The Provider is not affiliated with any religious, charitable, or other nonprofit organization. Below is an organizational chart of the Provider:

**Blakehurst Ownership Structure**




## THE GENERAL PARTNERS

### The Chestnut Real Estate Partnership

The property comprising the Community is owned by The Chestnut Real Estate Partnership, a Maryland partnership (the "Real Estate Partnership"). The Real Estate Partnership was organized not only to own the Community property as the nominee agent of the Chestnut Partnership, but also was named on the Certificate of Registration, along with the Chestnut Partnership, as the Provider. The Real Estate Partnership has entered into an Operating and Use Agreement with The Chestnut Partnership to provide it with full access to and use of the Community property for the benefit of the Community. The Real Estate Partnership will guarantee certain of The Chestnut Partnership's obligations under the Residency Agreements. The general partners of the Real Estate Partnership are Chestnut Village LLC (50 percent ownership), and West Joppa Road Limited Partnership (50 percent ownership).

**Chestnut Village LLC and West Joppa Road Limited Partnership**

The concept of developing a *Life*Care senior living community on the site originated with input from knowledgeable, local principals and from principals affiliated with an experienced, nationally recognized *Life*Care senior living community developer. The Community has been developed under a partnership arrangement between these two active and synergistic participants. The active participants are Chestnut Village LLC and West Joppa Road Limited Partnership ("West Joppa").

Chestnut Village LLC is an Iowa limited liability company. There are no principals of Chestnut Village LLC who have a 10 percent or greater equity or beneficial interest in the Provider.

The general partners of West Joppa are listed below. These two general partners have a 3 percent interest in West Joppa:

*Rosedale Care, Inc.(1% interest)*
*A Maryland Corporation*
*The Foxleigh Building, Suite 210*
*2330 W. Joppa Road*
*Lutherville, Maryland 21093*

*Continental Care, Inc. (2% interest)*
*A Maryland Corporation*
*1427 Clarkview Road, Suite 500*
*Baltimore, Maryland 21209*

The limited partners of West Joppa who have a 10 percent or greater equity or beneficial interest in the Provider are:

Thomas F. Mullan, III (Chairman of Mullan Enterprises, Inc., which is actively engaged in real estate development, construction, and management).

Luetkemeyer Investments, LLC (affiliated with John A. Luetkemeyer, Jr., Co-Chairman of Continental Realty Corporation, which is actively engaged in real estate development and management).

H. B. Blakehurst Limited Partnership, an investment partnership formed to invest in Blakehurst.

## THE MANAGER

The Chestnut Partnership has retained Life Care Services LLC ("Life Care Services"), an affilaiet of Chestnut Village LLC, to manage the Community. As the nation's third largest operator of senior living communities, Life Care Services serves more than 40,000 seniors in 140+ communities (see Exhibit A). With over 50 years of service, Life Care Services has developed expertise in nearly every facet of senior living management. For more information, visit Life Care Services' website: https://www.lcsnet.com/management-services/management-services-overview.Its business address is 400 Locust Street, Suite 820; Des Moines, Iowa 50309-2334.

Principal officers of Life Care Services include Joel Nelson, Diane Bridgewater, Chris Bird, Jason Victor, and Jill Sorenson.

Joel Nelson: As chief executive officer of LCS, Joel Nelson is responsible for executing the business strategy across all business lines in the LCS Family of Companies. Joel provides leadership and direction for business growth, service excellence, and enhancing the company's stability and value among financial partners, property owners, and other stakeholders in the senior living field. Joel joined LCS in 1986 and has held several executive roles during his long tenured career with LCS. Today, he is responsible for the oversight of serving nearly 40,000+ seniors and 27,000 employees.

Joel serves as Chairman of the Board of Directors of LCS Holding Company, LLC, is a member of the compensation committee and is a trustee of the Company's 401(k) benefits program. Outside LCS, Joel serves on various industry and community boards. Within the industry, Joel is the current chairman of the Argentum Board of Directors, and a member of the National Investment Center operator advisory board and an executive member of the American Senior Housing Association. Joel is active in the Des Moines community and serves as a trustee for ChildServe. As a past board member, he remains active with the Alzheimer's Association and the Central Iowa United Way Board of Directors.

Chris Bird: Capitalizing on his reputation as a change agent, Chris Bird brings his expertise to the communities LCS serves. By leading operations, building community occupancy, fostering capital partner relationships, and developing new business, Chris implements strategies to deliver on the expectations of owners and shareholders. As president, chief operating officer, Chris oversees Life Care Services, CPS, asset management, procurement, and onboarding operations. His ability to analyze issues, devise continuous process improvements, and incorporate business process initiatives drives performance improvement for the overall operation.

At LCS, Chris mentors future leaders by providing guidance, expertise and resources to develop professional skills in the senior living industry. In addition, he is a member of the Board of Directors of LCS Holding Company, LLC. Chris is a member of the Argentum Advisory Council and the Argentum Chief Operating Officer Roundtable. He holds a bachelor's degree in history from the University of Memphis, Tennessee.

Diane Bridgewater: As a high energy, results-driven executive, Diane Bridgewater directs all financial aspects and operating infrastructure at LCS to ensure corporate, field and community team members have the resources necessary to provide exceptional customer satisfaction to residents. Serving as executive vice president/chief financial and administrative officer at LCS, Diane is responsible for directing all financial and business operations in addition to overseeing the company's insurance business line, information technology, compliance, regulatory and legal matters. In her executive leadership role, Diane helps to drive strategy development and execution resulting in strong financial performance and growth.

At LCS, Diane serves on the Board of Directors of LCS Holding Company, LLC and its related audit committee, compensation committee, retirement fiduciary committee, investment committee, and enterprise risk management committee. Outside the organization, she is a member of Argentum. In addition, Diane sits on the Casey's General Stores board and audit committee. She is also a member of the board and chair of the audit committee at Guide One Insurance. Diane holds bachelor's degrees in accounting and French from the University of

Northern Iowa.

Jason Victor: Jason Victor is senior vice president, controller and treasurer for LCS. In this role, he provides oversight and direction for the organization's financial matters, ensuring its consistent and efficient fiscal performance. Jason has responsibility for the organization's corporate accounting, corporate payroll, community payroll, treasury and tax departments. He oversees all aspects of general accounting, cash management, billing and receivables, accounts payable, payroll, consolidations, and financial reporting. In addition, Jason provides oversight and guidance related to audits, internal controls, technical accounting, tax and financial management systems.

At LCS, Jason serves on the insurance captive, Hexagon, board of directors. Jason holds a bachelor's degree in accounting from the University of Northern Iowa. He is a certified public accountant with an active license in the state of Iowa.

Jill Sorenson: Leaning on her expertise to foster and maintain meaningful relationships, Jill Sorenson leads the regional team serving a portfolio of 13 Life Plan communities. Following her passion for serving seniors, Jill's responsibilities have grown during her career at LCS. From roles in accounting, information technology, and corporate resource development to receiving her nursing home administrator license, Jill is committed to serving others. Prior to her current position, Jill provided leadership to 22 Life Plan communities where she was successful in delivering on occupancy goals and achieving 4- and 5-star ratings from the Centers for Medicare and Medicaid Services.

To ensure Life Care Services is serving the customer first and foremost, Jill initiated client satisfaction surveys with client boards and owners to build stronger and more strategic relationships. Outside LCS, Jill has served on the San Diego Region for Aging Services of California and the Aging Services of California Board. She is a frequent presenter at national and state industry conferences on topics affecting the senior living industry. Jill holds a bachelor's in business administration from Simpson College and an MBA from the University of Phoenix.

Life Care Services supervises the management and operation of the Community on behalf of The Chestnut Partnership. In general, operations management services include recruiting and training administrative personnel; supervising the licensing, equipping, and staffing of the Community; preparing annual budgets; establishing and operating a system of financial controls for the Community, including comparative analyses with other projects; supervising health care services; supervising dining services; supervising the services related to the apartments; and providing the highest possible level of services to residents consistent with the approved budget. The Chestnut Partnership retains the ultimate responsibility for hiring managers and monitoring operating costs, wages, salaries, expenses, and the overall fiscal viability of the Community. Life Care Services does not guarantee the obligations of The Chestnut Partnership under the Residency Agreements.

## VICE PRESIDENT/SENIOR DIRECTOR OF OPERATIONS MANAGEMENT

Roberta S. McMenamin is Vice President/Senior Director of Operations Management for Life Care Services. She graduated from Florida Atlantic University in Boca Raton, Florida with a Bachelor of Health Services degree from Wesley College in Cambridge, Massachusetts with a concentration in health services administration, and from Lesley College with a Master of Science degree in long term care with a concentration in health services administration. Ms. McMenamin joined Life Care Services in 1986 and has 15 years' experience as a community executive director. In 2004, she was promoted to regional operations manager, and in 2008 she was promoted to director of operations management. Thereafter, Ms. McMenamin was promoted to Vice President/Senior Director of Operations Management.

## ADMINISTRATION

Lonny Blessing is the Executive Director of Blakehurst. Lonny has been working in the Retirement Community field for more than 30 years. He previously served as Vice President of Operations and Executive Director of several large retirement communities, each with more than 1,800 residents and 700 employees, led new campus and expansion development projects, and consulted in the field to more than 45 communities across the country. Lonny holds a Bachelor of Science degree in Business Administration from Shippensburg University and a Master of Science degree in Marketing from the University of Maryland Global Campus. He joined Blakehurst in January 2023. Lonny leads the Blakehurst staff in providing exceptional hospitality services while meeting the day-to-day needs of residents. He believes success comes from collaborative management and a high level of communication between staff and residents.

Phyllis Eiring has worked in the senior living industry for over 30 years. She has worked in skilled nursing facilitaies as Human Resources Director and Vice President of Human Resources. In addition, she has worked as both an Assistant Administrator and an Administrator. She has worked as an Administraytor for nearly ten years. She joind Blakehurst in 2023. Her experience includes large and medium sized skilled nursing facilities.

## RESIDENTS' ASSOCIATION AND MEETINGS WITH THE PROVIDER

Membership in the Residents' Association is open to all residents of the Community. Meetings of the Residents' Association are held every other month. The Residents' Association brings together the residents of the Community in a social, congenial atmosphere to discuss matters of mutual concern, and to promote good will among the residents. The Residents' Association strives to consolidate majority opinion and advise on general interest topics related to the quality of life at the Community which is presented to the Provider for consideration and action. The Provider in turn informs and communicates policy and administrative matters affecting the quality of life at the Community.

Each year the Provider holds a meeting with the entire resident body. An authorized officer of the Provider presents a summary of the Provider's operations, significant changes from the previous year, and the goals and objectives for the next year. The residents are provided the opportunity to ask questions and receive answers to their questions at the meeting.

In addition, appointed representatives of the Provider meet twice a year with the Executive Committee of the Residents' Association to address the concerns of the residents. These concerns are relayed by the authorized representative to the Provider. However, The Chestnut Partnership retains full decision-making authority for the operation of the Community.

## COMMUNICATION WITH THE ADMINISTRATION

The Community has established an internal grievance procedure to address a resident's grievance. A resident or a group of residents collectively may submit a grievance in writing to the executive director of the Community whose address is 1055 West Joppa Road, Towson, Maryland 21204. The Community will send a written acknowledgement to the resident or group of residents within five days after receipt of the written grievance. The Community will assign personnel to investigate the grievance. A resident or group of residents who files a written grievance is entitled to a meeting with management of the Community within 30 days after receipt of the written grievance to afford the resident or group of residents the opportunity to present the resident's or group of residents' grievances. The Community will provide a written response within 45 days after receipt of the written grievance as to the investigation and resolution of the grievance.

Within 30 days after the Community provides its response to the grievance, a resident, group of residents, or the Community may seek mediation through one of the community mediation centers in the State or another mediation provider. If a resident, group of residents, or the Community seeks mediation, the mediation shall be nonbinding.

# II. THE COMMUNITY

## THE LOCATION

The Community is located in Towson, Maryland on 40 acres of land on the south side of West Joppa Road between Greenwood Avenue to the west and Chestnut Avenue to the east.

## THE COMMUNITY

The Community is a *Life*Care senior living community designed to accommodate persons 60 years of age or older. The Community provides retirees a life-style designed to meet their unique needs while allowing them the freedom to pursue their personal interests.

The Community currently consists of 275 apartments, a clubhouse, and a 68-bed health center, which includes 35 assisted living accommodations and 44 comprehensive care beds. The common areas include two dining rooms, a bar, coffee café bar, an auditorium, a convenience store, a library, a billiards area, an arts and crafts studio aka The Carriage House, a woodworking shop, a sunroom, a card room, a state of the art fitness gym, an enclosed pool, a physical therapy room, and a spa and massage room.

In 2012, the Community underwent a 1,300 square foot expansion. This expansion enlarged the Terrace Dining Room and the physical therapy area. These two areas are adjacent, and the expansion changed the footprint of the Community in a single area. The expansion also provided an outdoor dining area for the Chesapeake Dining Room. The Chestnut Real Estate Partnership paid for the expansion.

The Community is designed to create an environment that enriches the lives of the people who live and work there. The main clubhouse provides two areas for dining – the Chesapeake, dining room which provides dinner, and the Terrace Room, which provides breakfast, lunch and dinner. There are two outside dining options off of the Terrace Room and Chesapeake Dining room.

The types of apartments that are available include various one-bedroom and two-bedroom plans. All apartments are equipped with safety features which include grab rails in the bathtub, emergency nurse call signals in the bedrooms and baths, full sprinkler systems, and smoke alarms. Every apartment has complete kitchen facilities with major appliances, central air, appropriate floor covering, and other amenities. The apartment buildings are connected by common corridors and elevators providing residents indoor access throughout the Community.

The health center completed a renovation and expansion in late 2017. The health center currently consists of 44 comprehensive care beds in private rooms, 35 assisted living accommodations in private rooms (of which, 15 beds have a memory care focus), two areas for activities, two dining rooms, and several lounges. Emphasis in the health center is on restorative care in order for residents to return to their apartments.

## THE PERSONNEL

Subject to the approval of The Chestnut Partnership, LCS employs an executive director and administrator. The Chestnut Partnership employs the medical personnel including registered nurses, licensed practical nurses, and nursing paraprofessionals. A medical director, an occupational therapist, a physical therapist, a dietician, a speech therapist, a psychiatrist, a nurse practitioner, a social worker, an audiologist, and a podiatrist are available on a consulting basis. Other employees include sales staff, receptionists, a recreation director for the health center, maintenance staff and groundskeepers, security personnel, housekeeping personnel, kitchen staff, dining room personnel, accounting and clerical staff, and transportation personnel.

## THE SERVICES

The decision to move into a *Life*Care senior living community demands careful consideration of many factors, including the services to be provided. A detailed description of the services provided at the Community is attached as Exhibit B to this Disclosure Statement. Briefly, in accordance with the terms of the Residency Agreements and in addition to use of an apartment and other Community facilities by the resident, the following services are available for the Service Fee: (1) maintenance and cleaning of the commons spaces, (2) maintenance and weekly housekeeping of the apartments, (3) weekly flat laundry service, (4) dining services to residents, including one meal for each day in the month in either the main dining room or the Terrace Room, (5) certain planned activities, (6) security, (7) scheduled local transportation, (8) certain health center services, (9) limited residential health services, (10) water, sewer, air conditioning, heating, and electricity, (11) tray service for up to 30 days when ordered by the appropriate personnel, (12) dietitian services for a limited period of time, and (13) various administrative services. Additional services are also available to the residents for an extra charge as outlined in the Residency Agreements.

Health center services in comprehensive care beds and assisted living accommodations are available to all residents of the Community. Residents who are able to do so are encouraged to return to their apartments as soon as possible. Residents who are unable to return to their apartments, however, have the benefit of permanent care in the health center. In addition to making assisted living accommodations available to residents of the Community, the Community may admit individuals directly to assisted living accommodations who are not residents of the community.

A resident may also contract with The Chestnut Partnership directly to receive assisted living services in an assisted living accommodation and need not come from an apartment at the Community. Individuals who are directly admitted to an assisted living accommodation as a resident of the community enter into a Return of Capital Assisted Living Direct Admission Residency Agreement which is a Type B agreement. Entrance fees, monthly fees, and other fees as described in the agreement will apply. Under that agreement, and unlike the Community's other continuing care agreements, there is no capital reserve fee, and the monthly fee is set by the Chestnut Partnership without regard to the limitations of the Fair Share Allocation Formula. The expenses related to providing services to residents under the Return of Capital Assisted Living

Direct Admission Residency Agreement and the revenue resulting from the monthly and the other fees paid by those residences are included in the annual Fair Share Allocation calculations otherwise applicable to Residency Agreements for independent living units. The revenues under the Return of Capital Assisted Living Direct Admission Residency Agreement will also be considered in terms of the overall operations of the community and the calculation of the fees due under the Management Agreement. Assisted living accommodations consist of private apartments and are designed to create a home-like environment.

Residents who do not require care in the health center, but who need additional personal care services to continue apartment living, may be eligible for the residential health services program. Certain residential health services are provided for the Service Fee as determined by The Chestnut Partnership, and extended residential health services are also available for an extra charge. Residential health services include, but are not limited to, bathing, dressing, additional housekeeping, escorting, and laundry. The Chestnut Partnership reserves the right to adjust the level of residential health services and charges for such services. These services are not provided by the health center nursing staff, but by other Community staff.

## THE HEALTH CENTER

The Community has an on-site health center, called Chestnut Green, licensed to provide comprehensive care services and assisted living services under the licensure requirements of the State of Maryland. The Chestnut Partnership's goal is to provide its residents with quality health center services within the limits of its license. The Chestnut Partnership is not licensed to provide hospital-level care, and the charges associated with hospital care are the responsibility of the resident.

If it is determined that the resident requires health center services, such services are provided for up to 90 cumulative days at the same Service Fee as if the resident were continuing to live in his or her apartment. If a resident requires more than 90 cumulative days of health center services, the resident can either release his or her apartment for occupancy by someone else or retain the apartment. If a resident chooses to release the apartment, the resident will pay the then-current Service Fee for a one-bedroom deluxe apartment as specified in the resident's Residency Agreement (unless the Service Fee for his or her apartment is less, in which case, the lesser Service Fee shall apply). If the resident chooses to retain his or her apartment, the resident will continue to pay the Service Fee for the apartment, plus pay the then-current Service Fee for the one-bedroom deluxe apartment as specified in the resident's Residency Agreement (unless the Service Fee for his or her apartment is less, in which case, the lesser Service Fee shall apply). In all cases, the resident will be billed for any additional meal charges in excess of the Service Fee and will be responsible for the cost of medical treatment, medicine, drugs, prescribed therapy, and similar additional supplies and services associated with medical treatment.

The Community currently offers only private accommodations in the assisted living section and the health care center. Not all residents will pay the Type A rate for comprehensive care since the Community also offers a Return of Capital Assisted Living Direct Admission Residency Agreement, which is a Type B agreement and provides access to comprehensive care as described in that agreement. If the health center is fully occupied, the resident will be provided health center services in an alternate facility The Chestnut Partnership has contracted with to provide care. To the extent The Chestnut Partnership would be liable for the resident's care and accommodations in the health center under the Residency Agreement, The Chestnut Partnership will be responsible for charges associated with alternate health center accommodations so long as the resident continues to pay the monthly charges to The Chestnut Partnership as outlined in the Residency Agreement.

The Residency Agreements set forth in greater detail the extent to which health center services are provided and the terms for providing such services.

The Blakehurst Health Center was renovated in 2012. This renovation did not change the maximum occupancy or the footprint of the Community. The purpose of the renovation was to reposition the health center as more residential and less institutional, as well as prepare for electronic medical records. The highlights of the renovation included a completely revamped care giver station, updated common areas, and resident accommodations. The Chestnut Real Estate Partnership paid for the expansion.

## HEALTH CENTER ADMISSIONS STATEMENT

In accordance with Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973, it is the policy of the Community that no person shall, on the grounds of race, color, or national origin, be denied admission to or treatment in the Community health center, nor shall any qualified disabled person be denied admission or treatment solely on the basis of his or her disability.

## CONTRACTS AND FEES

Life Care Services is the day-to-day manager of the Community pursuant to a management agreement between Life Care Services and The Chestnut Partnership dated September 28, 1990. Management fees totaling $1,196,307 and $1,247,395 were incurred for the years ending December 31, 2023 and 2022, respectively, and were paid to Life Care Services during those years. The total annual management fee is based on a percentage (5 percent) of total annual operating revenues. Life Care Services is also entitled to reimbursement of certain costs incurred by it in connection with providing management services, including reimbursement of on-site Life Care Services staff salaries.

Home Health Care Services LLC, d/b/a Health at Home™ ("Health at Home"), an Iowa limited liability company, offers home health services to residents of the Community. Health at Home is licensed as a home health agency by the Maryland Department of Health. The residents may, at their option, contract directly with Health at Home or any other home health agency of their choice for home health services on a fee-for-service basis. The cost incurred by the residents for the services provided by Health at Home depends on the nature and duration of the services purchased by the residents. The Chestnut Partnership does not pay Health at Home any fees for its services nor does the Provider receive any incentive fees for referrals to Health at Home. Health at Home is an affiliate of Life Care Services.

Care Purchasing Services LLC ("CPS") is an Iowa limited liability company and is a group purchasing organization that negotiates with vendors on behalf of The Chestnut Partnership. CPS allows both chain organizations and independents to volume price their quality services. Currently, there are over 2,000 senior living communities, churches, schools, and other organizations participating in the group purchasing organization. CPS allows The Chestnut Partnership to receive favorable pricing and service from vendors such as therapy, pharmacy, dietary, and medical supplies. The Chestnut Partnership does not pay CPS any fees for its services. CPS is an affiliate of Life Care Services.

The Mullan Contracting Company, 2330 W. Joppa Road, Lutherville, MD 21093 was the general contractor on the Provider's previous capital project, providing construction services. One of the owners of The Mullan Contracting Company is Thomas F. Mullan, III, Chair of Mullan Enterprises, Inc. Mr. Mullan is a limited partner of West Joppa Road Limited Partnership, one of the partners in The Chestnut Partnership and The Chestnut Real Estate Partnership. The Mullan Contracting Company does not provide yearly services to the Community but did receive as general contractor a construction management fee in the amount of $616,232, which has been fully paid.

LCS Development, LLC, an Iowa limited liability company, 400 Locust Street Suite 820 Des Moines Iowa 50309, was a developer of the Provider's previous capital project. This company is an affiliate of Life Care Services. It does not provide yearly services to the Community but did receive as a developer a development fee of $1,030,300, which has been fully paid.

The fees payable to The Mullan Contracting Company and LCS Development, LLC were funded from the Debt Service Subsidy and excluded from the Fair Share Allocation (described below in Part III).

# III. THE PROPOSAL

# THE *LIFE*CARE™ CONCEPT

The *Life*Care concept ensures an individual lifetime use of an apartment, support services, and unlimited comprehensive care or assisted living services in an on-site health center. This concept was developed as the result of the increasing number of men and women reaching retirement age and the concern for providing an alternative to traditional retirement living. *Life*Care ensures a resident of lifetime access to a full continuum of quality long-term health care, while enjoying the comfort and security of a familiar environment, surrounded by friends, family, neighbors, and a highly-trained, supportive staff. With the *Life*Care Program at the Community, the resident has peace of mind, knowing that any long-term health care needs will be met with unparalleled quality and service. For those services and accommodations, a resident pays an Admission Fee, a one-time Capital Reserve Fee (other than individuals entering into a Return of Capital Assisted Living Direct Admission Residency Agreement), and makes a Loan to The Chestnut Partnership, all in accordance with the terms of the Residency Agreements. The resident is also responsible for paying a Service Fee. If assisted living or comprehensive care services are required, the resident may relocate from his or her apartment to the on-site Health Center as provided in the Residency Agreement.

The residents of the Community will have, through their *Life*Care Program, another way of paying for long-term care, although not underwritten by an insurance company. The Chestnut Partnership will provide comprehensive care or assisted living in a private bed for as long as required for the then current monthly Service Fee for the one-bedroom deluxe apartment (unless your Service Fee for the resident's Apartment is less in which case the lesser monthly Service Fee will apply). The resident's only extra charges will be for meals beyond those covered by the monthly Service Fee and any ancillary services and supplies. The *Life*Care Program will make comprehensive care and assisted living in the Health Center available to the resident for significantly less cost than the cost to obtain these services in a well-rated, comparable facility. A long-term care insurance policy can often times be complimentary to the services provided under the *Life*Care Program. Therefore, if the resident has a long-term care insurance policy, the resident should request his/her advisors to review the policy and the terms of the Residency Agreement to determine whether there are potential areas of duplication or areas where benefits can be coordinated.

# THE RETURN-OF-CAPITAL™ PLAN

*Life*Care has evolved over the years in many ways. Probably the most dramatic change is the handling of the historical one-time "entrance fee." Originally this entrance fee became the property of the senior living community the day the resident assumed occupancy. This appeared to some to be inequitable for an individual who was a resident for only a short time, despite the fact that many residents resided in the senior living community for a very long time. As a consequence, the practice evolved of providing partial refunds to residents based on an individual resident's term of residency. In other words, the refunds declined over a period of months until the refund became zero.

The Blakehurst Return of Capital™ Residency Agreement goes one step further. After occupancy, if the resident cancels the Residency Agreement, or in the event of the resident's death, the resident or resident's estate will be entitled to repayment of the full amount of the Loan (80% or 90% of the Entrance Fee) made as outlined in the Residency Agreement executed. Carefully read the Residency Agreement for the conditions that must be satisfied before The Chestnut Partnership is required to pay the repayable portion of the Loan. The repayment will be made upon the earlier of (i) 14 days from the date the Entrance Fee is collected from a new resident for the apartment, but in no event shall such date be more than 18 months from the date of death or cancellation, or (ii) 30 years from the date of the Loan Agreement. After occupancy, if The Chestnut Partnership cancels the Residency Agreement, the resident will be entitled to repayment of the refundable portion of the Entrance Fee within 60 days from the date of cancellation of the Residency Agreement. The resident may or may not be entitled to reimbursement of the Admission Fee as outlined in the Residency Agreement.

The Return of Capital Residency Agreement was revised in February 2016 (the "2016 Version") and will be used instead of the previously approved form of the Return of Capital Residency Agreement (the "Pre-2016 Version"). Section 5 of both versions describes, among other things, the compensation payable to The Chestnut Partnership (the "Compensation Provision"). The 2016 Version reflects various changes that were made to the Compensation Provision contained in the Pre-2016 Version. However, the changes to the Compensation Provision as reflected in the 2016 Version are only intended for clarification and are not intended to be substantively different from the Compensation Provision in the Pre-2016 Version or broaden the compensation payable to The Chestnut Partnership.

In 2020, the Community began offering a Return of Capital Assisted Living Direct Admission Residency Agreement that entitles an individual to direct admission into assisted living, the ability to relocate to comprehensive care if necessary and other benefits, but does not include a capital reserve fee. In addition, the rates under this assisted living agreement may be adjusted as determined by the Chestnut Partnership without regard to any limitations of the Fair Share Allocation formula described below. The Fair Share Allocation formula is only relevant to residents under the Return of Capital Assisted Living Direct Admission Residency Agreement as described under "The Services" section above. For purposes of this Disclosure Statement, the Return of Capital Assisted Living Direct Admission Residency Agreement is otherwise considered a form of Return of Capital Residency Agreement.

## THE VARIABLE REFUND PLAN

At the discretion of The Chestnut Partnership and as an alternative to the Return-of-Capital Residency Agreement, The Chestnut Partnership also offers a Variable Refund Residency Agreement where 80% of the Entrance Fee is a Loan to The Chestnut Partnership that can be 0% refundable, 50% refundable or 75% refundable depending on the amount of the original Loan. Carefully read the Residency Agreement for the conditions that must be satisfied before The Chestnut Partnership is required to pay the repayable portion of the Loan. After occupancy, if the resident cancels the Residency Agreement, or in the event of the resident's death, the resident or the resident's estate will be entitled to a refund equal to the greater of (i) 0% of the Loan, 50% of the Loan or 75% of the Loan depending on the amount of the original Loan to The Chestnut Partnership or (ii) the Loan less 2 percent of the Loan for each full or partial month of occupancy. The repayment will be made upon the earlier of (i) 14 days from the date the Entrance Fee is collected from a new resident for the apartment, but in no event shall such date be more than 18 months from the date of death or cancellation, or (ii) 30 years from the date of the Loan Agreement. After occupancy, if The Chestnut Partnership cancels the Residency Agreement, the resident will be entitled to repayment of the refundable portion of the Entrance Fee within 60 days following The Chestnut Partnership's cancellation of the Residency Agreement. The resident may or may not be entitled to reimbursement of the Admission Fee as outlined in the Residency Agreement.

The Variable Refund Residency Agreement was revised in February 2016 (the "2016 Version") and will be used instead of the previously approved form of the Variable Refund Residency Agreement (the "Pre-2016 Version"). Section 5 of both versions describes, among other things, the compensation payable to The Chestnut Partnership (the "Compensation Provision"). The 2016 Version reflects various changes that were made to the Compensation Provision contained in the Pre-2016 Version. However, the changes to the Compensation Provision as reflected in the 2016 Version are only intended for clarification and are not intended to be substantively different from the Compensation Provision in the Pre-2016 Version or broaden the compensation payable to The Chestnut Partnership.

## FAIR SHARE ALLOCATION

The Fair Share Allocation was implemented by the Provider on January 1, 1998. The purpose of the Fair Share Allocation is to ensure that the Service Fees (who entered the Community under residency agreements for independent living apartments) charged to residents in future years will be equal to the cash requirements of the Community, and also to provide a methodology for allocating the Community cash requirements to all residents of the Community (who entered the Community under residency agreements for independent living apartments). This allocation is affected by apartment size and type, and by second persons. The process of equating those residents' Service Fees to the Community cash requirements also ensures those residents that increases in Service Fees are not for the Provider's benefit, but are limited to the services and facilities provided solely for the residents' benefit as reported in the operations division audit report of the Provider. The process will be utilized each fiscal year to adjust Service Fees, upon at least 45 days' written notice to the qualifying residents, to the extent necessary to address changes in the Community's cash requirements. The Service Fees are paid to compensate the Provider for providing all services and facilities (including life-time use of an apartment and common areas) as such are described in the Residency Agreement.

The Chestnut Partnership or its affiliates may receive payments from the Service Fees to the extent services are provided by The Chestnut Partnership or its affiliates. For example, Life Care Services will receive management fees under the management agreement with The Chestnut Partnership, and such management fees are considered the Community's cash requirements for purposes of determining the Service Fees under the Fair Share Allocation.

Note that, unlike the Community's other continuing care agreements, the monthly fee under the Return of Capital Assisted Living Direct Admission Residecny Agreement is not limited by the Fair Share Allocation formula. The Fair Share Allocation formula is only relevant to such direct admit assisted living residents as described under "The Services" section above.

Further description of the Fair Share Allocation is provided in Exhibit D attached to this Disclosure Statement.

## INDEMNITY DEED OF TRUST AND GUARANTY

Under the *Life*Care concept, no ownership interest in the real estate is transferred to the resident. Instead, the resident is provided, subject to and under the terms of the Residency Agreement and Maryland statutes, a contractual use of the apartment in exchange for paying the Entrance Fee and all monthly charges.

Under the Return-of-Capital Residency Agreement or Variable Refund Residency Agreement, a portion of the Entrance Fee required to enter into residency at the Community is structured as a Loan repayable to the resident or the resident's estate upon cancellation of residency at the Community. The Return of Capital Assisted Living Direct Admission Residency Agreement is considered by the Community to be a form of Return of Capital Residency Agreement. The Loan portion of the Entrance Fee under the Return-of-Capital Residency Agreement is 80% or 90%, provided that any reference that applies to a Return of Capital Assisted Living Direct Admission Residency Agreement refers to a 90% Loan. The Loan portion of the Entrance Fee under the Variable Refund Residency Agreement is 80% of the Entrance Fee, and the balance of such Loan is reduced by 2% per month until it reaches a minimum amount repayable of either 0%, 50% or 75%. While the repayment of the Loan is not held in trust or escrow, as security for The Chestnut Partnership's obligation to repay the refundable portion of the Loan, the Real Estate Partnership provided a Guaranty Agreement ("Guaranty") and entered into a subordinate Indemnity Deed of Trust and Security Agreement ("Deed of Trust") to secure the Guaranty on August 2, 1993. Under the terms of the Deed of Trust, the Real Estate Partnership has granted the trustee a security interest in certain Community real and personal property owned by the Real Estate Partnership for the benefit of the residents of the apartments in the Community who executed a Return-of-Capital Residency Agreement or Variable Refund Residency Agreement. The Deed of Trust was filed upon initial occupancy of the Community. Both the Guaranty and the Deed of Trust were Amended and Restated on September 11, 2006.

The subordinate Deed of Trust allows certain "permitted encumbrances," including, but not limited to liens, encumbrances, restrictions, and other matters of record at the time of the filing of the Deed of Trust; and first mortgages now or later granted to secure guarantees of long-term or short-term loans, the proceeds of which are used solely for purposes related to the Community. These permitted encumbrances are intended to allow alternative financing which would be more difficult and more expensive if the Deed of Trust had total priority. Except for the permitted encumbrances, the loans of the apartment residents who executed a Return-of-Capital Residency Agreement or Variable Refund Residency Agreement would take priority over most other claims with the exception of certain types of liens and taxes. The loans of all residents of apartments who executed a Return-of-Capital Residency Agreement or Variable Refund Residency Agreement in the Community are equally protected by the Deed of Trust and there is no priority among or between such residents. As of the end of the period ending December 31, 2023, the total balance of all loans and obligations having priority over the subordinate Indemnity Deed of Trust that secures the residents' loans was $676,084.

## ESTATE PLANNING

The Return-of-Capital Residency Agreement and Variable Refund Residency Agreement provide that the Entrance Fee consists of two parts: an initial payment which is referred to as an Admission Fee (including a second person Admission Fee, if applicable) and the Loan. The balance of the Entrance Fee is referred to as a Loan. The Loan is 80% or 90% of the Entrance Fee under the Return-of-Capital Residency Agreement and the Loan is 80% of the Entrance Fee under the Variable Refund Residency Agreement. The applicable portion of the Loan is repayable to a resident's estate upon the death of the resident, or in the case of a double-occupied apartment, upon the death of the surviving resident, in accordance with the terms of the Loan Agreement.

In the absence of any agreement between the residents of a double-occupied apartment which has been provided to The Chestnut Partnership, the applicable Loan repayment or Entrance Fee refund will be repayable to the estate of the surviving resident. Residents of double-occupied apartments who wish to make other provisions as to who the Loan repayment or Entrance Fee refund is to be paid should consult with their attorneys for an appropriate agreement. It is the responsibility of the resident to make The Chestnut Partnership aware of the existence of any such agreement and to provide a copy of the agreement to The Chestnut Partnership. No other rights under the Residency Agreement are assignable. A form of Assignment of Rights to Repayment is available for review by you or by your financial or legal advisor upon request.

# IV. FINANCIAL MATTERS

# FINANCIAL STATEMENTS

A certified financial statement for the Community is prepared each fiscal year and is attached to this Disclosure Statement as Exhibit E. The Provider is required to provide a copy of the certified financial statement to each prospective resident at least two weeks before a prospective resident executes the Residency Agreement. A copy of the certified financial statement is also available for review by each resident or his or her financial or legal advisor upon request.

The Residency Agreements limit the compensation to the Provider from the operation of the Community. Such compensation can be distributed or loaned by the Provider to its partners. As of December 31, 2023, there was $19,371,410.89 in cash or cash equivalents that the Provider was holding in the partnership compensation account for potential future distributions to its partners.

In addition to distributions to its partners, the Provider makes loans to its partners. The loans are included as assets on the balance sheet of the financial statement for the Provider, but are unsecured obligations of the partners and are not collateralized. As of December 31, 2023, the total principal balance of these unsecured loans included as assets on the balance sheet was $15,002,936. In addition, there was $94,948 in outstanding interest owed by the partners to the Provider on those loans. The Provider maintains that the principal and interest received by the Provider from repayment of loans made by the Provider to its partners may be distributed to its partners as funds are available.

As of December 31, 2023, the total outstanding amounts that the partners of the Provider maintain they were entitled to receive from the Provider derived from compensation from the operation of the Community equaled $35,165,682.

Starting with the certified financial statement for 2015 and continuing forward, the certified financial statements are to specifically disclose, as of the end of the calendar year in question, (i) the balance of the Self Reserve Account for Resident Loans (as defined in the Residency Agreements) and (ii) all outstanding amounts to which the partners of Provider maintain they are entitled from the Provider that are derived from compensation. The Residency Agreement forms most recently approved by the Department of Aging set forth requirements for the Provider to create certain reserves in certain circumstances. See the most recently approved Residency Agreement for the exact terms of those reserve requirements. The calculations and amounts described above are available to residents of the Community upon request.

It is important for residents, their families, and their advisors to understand the financial basis on which the Community was developed and is being operated. The past experience of Life Care Services in successfully developing and managing life-care senior living communities has been the basis for financial planning for the Community. This history of sound management and strong economic health of existing communities provides the economic history from which to build projections for this Community. It is this record of success and stability that ensures you that this Community is a sound investment now and in the future.

# CASH FLOW PROJECTIONS

Cash flow projections for 2024 and the next two fiscal years can be found below. They were prepared in accordance with generally accepted accounting principles and are consistent with the cash flow statement presented in the certified financial statement.

| | APPROVED<br>**2024**<br>**Current Year** | PROPOSED<br>**2025 Succeeding Year** | PROPOSED<br>**2026 Succeeding Year** |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net Income | 233,550 | 750,924 | 1,533,332 |
| Depreciation | 5,737,117 | 5,956,807 | 5,962,807 |
| Amortization | 9,000 | 9,000 | 9,000 |
| Amortization of nonrefundable admission fees | (3,810,310) | (4,038,929) | (4,281,264) |
| Unrealized loss on Investments | | | |
| Unrealized Loss on Derivative Instrument | 480 | 480 | 480 |
| Change in operating assets and liabilities: | | | |
| Accounts receivable | (24,499) | (25,234) | (25,991) |
| Accrued interest | 0 | 0 | 0 |
| Construction Costs Payable | | | |
| Prepaid expenses and other | (40,686) | (41,906) | (43,163) |
| Accounts payable | 10,880 | 11,207 | 11,543 |
| Accrued expenses | 34,988 | 36,037 | 37,119 |
| Refundable deposits | 28,845 | 29,711 | 30,602 |
| Deferred Revenue | 3,692,845 | 3,682,961 | 3,355,984 |
| Net cash provided by operating activities | 5,872,210 | 6,371,058 | 6,590,448 |
| **Cash flows from investing activities:** | | | |
| Additions to Cost of Acquiring Contracts | (231,575) | (115,788) | (115,788) |
| (Increase) in assets whose use is limited or restricted | | | |
| Additions to operating property | (6,191,167) | (13,576,677) | (2,023,123) |

| | | | |
|---|---|---|---|
| Proceeds from Sale of Operating Property | 0 | 0 | 0 |
| Repayment of notes receivable from partners | 519,073 | 519,073 | 519,073 |
| Net cash (used in) investing activities | (5,903,669) | (13,173,391) | (1,619,837) |
| | | | |
| **Cash flows from financing activities:** | | | |
| Proceeds from resident loans | 14,771,380 | 14,731,843 | 13,423,938 |
| Repayment of resident loans | (13,360,581) | (13,212,625) | (11,399,969) |
| Payment of Financing Costs | | | |
| Purchase of Derivative Instrument | - | - | - |
| Repayment of term loan payable | (679,183) | (714,221) | (754,510) |
| Partner Distributions | (4,150,000) | (4,410,000) | (4,600,000) |
| Net cash provided by financing activities | (3,418,384) | (3,605,003) | (3,330,541) |
| Net increase in cash and cash equivalents | (3,449,843) | (10,407,336) | 1,640,071 |
| Operating cash at beginning of year | 39,008,428 | 35,558,585 | 25,151,249 |
| Operating cash at end of year | 35,558,585 | 25,151,249 | 26,791,320 |

| Detail of beginning cash balances; including assets whose use is limited or restricted | | | |
|---|---|---|---|
| Operating cash | 14,918,870 | 13,532,394 | 13,378,497 |
| Partner distribution fund | 17,111,088 | 7,875,335 | 9,441,322 |
| Cash and cash equivalents | 32,029,959 | 21,407,729 | 22,819,819 |
| | | | |
| Under bond indenture, held by Trustee | | | |
| Health Center reserves | 0 | 0 | 0 |
| Capital replacement reserves | 3,528,627 | 3,743,520 | 3,971,500 |
| Debt Service Reserve | 0 | 0 | 0 |
| Assets Limited as to use or restricted | 3,528,627 | 3,743,520 | 3,971,500 |
| | | | |
| Total Cash | 35,558,585 | 25,151,249 | 26,791,320 |

## THE FINANCING

Financing for the Community has been provided through a first mortgage loan in the amount of $30,329,623. The loan is secured by substantially all assets including Admission Fees and Entrance Fees, without limitation. As of December 31, 2023, the balance of the term loan was $28,650,785. The maturity date of the loan is March 1, 2027, Loan interest is calculated at Term SOFR +1.66%, with an interest rate hedge purchased to ensure a maximum interest rate of 5.01% for the life of the loan.   The estimated maturities of the combined term debt are below:

2024 - $676,084
2025 - $714,510
2026 - $754,510
2027 - $26,505,969.75

## LOANS FROM BLAKEHURST TO ITS PARTNERS

The chart below indicates the loans that have been made by Blakehurst to its partners over the five -year period which ended December 31, 2023.

| Fiscal Year | Loans to Partners | Interest Paid | Principal Repaid |
|---|---|---|---|
| Prior to FY17 | $ 21,679,452 | $ 3 ,516,592 | $ (1,125,193) - |
| FY 18 | - | 516,777 | (518,067) |
| FY 19 | - | 499,965 | (2,598,896) |
| FY 20 | - | 438,113 | (539,319) |
| FY 21 | | 422,564 | (615,583) |
| FY 22 | - | 406,606 | (631,541) |
| FY 23 | - | 390,229.64 | (648,118) |
| Total to Date | $ 21,679,452 | $ (6,190,846.64) | $ (6,676,717) |

# V. REGULATORY MATTERS

## CONTINUING CARE COMMUNITIES ACT

The Maryland Continuing Care Communities Act (the "Act") governs life care retirement communities like Blakehurst. Under this Act, a provider cannot provide continuing care until it receives a final certificate of registration from the Maryland Department of Aging. A final certificate of registration is issued when the following conditions are met:

(1) the provider received a preliminary certificate of registration,
(2) the provider filed all required documents with the Maryland Department of Aging,
(3) the provider submitted documentation which demonstrated that Residency Agreements have been executed for 65 percent of the apartments and a minimum of 10 percent of the total Entrance Fee had been paid for each contracted apartment, and
(4) the provider submitted documentation for long-term financing and construction financing.

The Provider met all of the above requirements, and received its final certificate of registration for Phase I of the Community from the Maryland Department of Aging on June 11, 1992, for Phase II on July 16, 1997, and for Phase III on February 28, 2000. Upon receipt of the final certificate of registration for each Phase, monies held in escrow pursuant to the Act were released to the Provider.

Also, in accordance with the Act, the Provider is required annually to renew its certificate of registration within 120 days after its fiscal year end. As part of the renewal process, the Provider is required to update its Disclosure Statement. The Provider will promptly amend its disclosure statement if, at any time, in the opinion of the Provider or the Maryland Department of Aging, an amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact required by the Maryland Department of Aging's regulation to be stated in the disclosure statement or omission of a material fact required by the Maryland Department of Aging's regulation to be stated in the disclosure statement.

## HEALTH CENTER LICENSURE

The health center is licensed by the Maryland Department of Health and Mental Hygiene for 79 beds (35 assisted living accommodations and 44 comprehensive care beds). The health center is surveyed periodically by the Department of Health to ensure compliance with applicable laws and regulations.

Each resident of the health center has certain rights and responsibilities pursuant to a statement adopted by the Provider. A copy of the statement is available upon request. The Provider is required by law to provide a copy of the statement to each resident upon admission to the health center.

## ADMISSION FEE ESCROW

During the apartment selection process, the first -person Admission Fee, which prospective residents pay upon executing the Residency Agreement, is deposited into an Admission Fee Escrow account with M&T Bank. These funds are held in escrow until the prospective resident closes on his or her apartment. After release from escrow, the funds are disbursed to the Provider.

Prospective residents who desire to cancel their Residency Agreements are required to send a written notice of cancellation by registered or certified mail to:

Blakehurst<br>1055 West Joppa Road<br>Towson, Maryland 21204

## TAX DEDUCTIONS

Each year, residents of the Community may be able to take a percentage of the Service Fees as a medical expense deduction. In January of each year, The Chestnut Partnership will provide residents with the percentage of the prior years' Service Fees that have been determined to be attributable to the operations of the health center. All medical deductions are, of course, subject to limitations imposed by the Internal Revenue Code of 1986, as amended. It is advisable that the resident seek the advice of tax counsel before taking any of these deductions.

## OPERATING RESERVE

In accordance with the Act, the Provider is required to maintain an operating reserve in an amount equal to 25 percent of the Community's operating expenses, excluding depreciation and amortization for the most recent fiscal year for which a certified financial statement is available. The Provider has met this requirement as outlined in Note 1 on page 8 of the certified financial statements attached as Exhibit E to this Disclosure Statement.

In compliance with Section 10-425(a)(16)(ii) of the Act, steps have been taken to comply with the operating reserve requirement of Section 10-420 of the Act by designating the required amount in a separate account. The Provider's investment policy related to the required reserves is to invest that account in cash or cash equivalents. The operating reserve fund is reviewed annually by the LCS Community Finance unit. This is presently done by Aaron B. Bradshaw, Senior Director of Financial Planning & Analysis – Life Plan.

## RENEWAL AND REPLACEMENT FUND

In accordance with the Act, the Provider is required to disclose reserves specifically dedicated to renewal and replacement. In accordance with the Residency Agreements, The Chestnut Partnership has established a Capital Replacement Reserve Fund to be used only for improving or replacing capital items of the Community which cost over $50,000. This reserve is funded from Service Fees. The net amount gained in the Capital Replacement Reserve Fund in calendar year 2023 totaled $444,634.38. The amount in the Capital Replacement Reserve Fund as of December 31, 2023 totaled $3,425,851.10.

# VI. EXHIBITS

**EXHIBIT A**
**SENIOR LIVING COMMUNITIES MANAGED BY LIFE CARE SERVICES**
**AS OF 4/30/2023**

Alabama, Birmingham – Gallaria Woods
Alabama, Hoover – Danberry at Inverness
Arizona, Chandler – Clarendale of Chandler
Arizona, Fountain Hills – Fountain View Village
Arizona, Phoenix – Clarendale Arcadia
Arizona, Phoenix – Sagewood
Arizona, Tempe (Phoenix) – Friendship Village of Tempe
California, Cupertino – The Forum at Rancho San Antonio
California, Palo Alto – Moldaw Residences
California, San Diego – Casa de las Campanas
California, San Rafael – Aldersly
California, Santa Rosa, Arbol Residences of Santa Rosa
California, Santa Rosa – Oakmont Gardens
Connecticut, Essex – Essex Meadows
Connecticut, Mystic – StoneRidge
Connecticut, Southbury – Pomperaug Woods
Delaware, Newark – Millcroft
Delaware, Wilmington – Foulk Manor
Delaware, Wilmington – Shipley Manor
Florida, Aventura – Sterling Aventura
Florida, Bradenton – Freedom Village of Bradenton
Florida, Celebration – Windsor at Celebration
Florida, Clearwater – Regency Oaks
Florida, Hollywood – Presidential Place
Florida, Jacksonville – Cypress Village
Florida, Leesburg – Lake Port Square
Florida, Naples – The Glenview at Pelican Bay
Florida, Naples – The Arlington of Naples
Florida, Palm City – Sandhill Cove
Florida, Port Charlotte – South Port Square
Florida, Seminole – Freedom Square of Seminole
Florida, Seminole – Lake Seminole Square
Florida, Sun City Center – Freedom Village
Florida, Villages, The – Freedom Pointe at The Villages
Georgia, Evans – Brandon Wilde
Georgia, Savannah – The Marshes of Skidaway Island
Illinois, Addison – Clarendale of Addison
Illinois, Algonquin – Clarendale at Algonquin
Illinois, Chicago – The Clare
Illinois, Chicage – Clarendale at Six Corners
Illinois, Godfrey – Asbury Village
Illinois, Lincolnshire – Sedgebrook
Illinois, Mokena – Clarendale of Mokena
Illinois, Naperville – Monarch Landing
Illinois, Wheaton – Wyndemere

Indiana, Carmel – Magnolia Springs at Bridgewater
Indiana, Carmel – Rose Senior Living – Carmel
Indiana, Greenwood (Indianapolis) – Greenwood Village South
Indiana, Indianapolis – Magnolia Springs Southpointe
Indiana, Indianapolis – Marquette
Indiana, West Lafayette – Westminster Village West Lafayette
Iowa, Ames – Green Hills Community
Iowa, Cedar Rapids – Cottage Grove Place
Kansas, Atchison – Dooley Center
Kentucky, Florence – Magnolia Springs Florence
Kentucky, Lexington – Magnolia Springs Lexington
Kentucky, Lexington – Richmond Place Senior Living
Kentucky, Louisville – Magnolia Springs East
Maryland, Columbia – Residences at Vantage Point
Maryland, Timonium – Mercy Ridge
Maryland, Towson (Baltimore) – Blakehurst
Michigan, Auburn Hills – Avalon of Auburn Hills
Michigan, Battle Creek – NorthPointe Woods
Michigan, Bloomfield – Avalon of Bloomfield Hills
Michigan, Clinton Township – Rose Senior Living – Clinton Township
Michigan, Commerce Townership – Avalon of Commerce Township
Michigan, East Lansing – Burcham Hills
Michigan, Holland – Freedom Village
Michigan, Kalamazoo – Friendship Village
Michigan, Novi – Rose Senior Living at Providence Park
Minnesota, Buffalo – Havenwood of Buffalo
Minnesota, Burnsville – Havenwood of Burnsville
Minnesota, Maple Grove – Havenwood of Maple Grove
Minnesota, Minnetonka – Havenwood of Minnetonka
Minnesota, Plymouth – Trillium Woods
Minnesota, Richfield – Havenwood of Richfield
Minnesota, Vadnais Heights – Gable Pines
Missouri, St. Peters – Clarendale of St. Peters
New Jersey, Bridgewater – Delaney at Bridgewater, The
New Jersey, Bridgewater – Laurel Circle
Mew Jersey, Burlington – Masonic Village at Burlington
New Jersey, Florham Park – Delaney at The Green, The
New Jersey, Lakewood – Harrogate
New York, Rye Brook – Broadview – Senior Living at Purchase College
New York, Staten Island – Brielle at Seaview, The
North Carolina, Chapel Hill – The Cedars of Chapel Hill
North Carolina, Charlotte – The Cypress of Charlotte
North Carolina, Durham – Croasdaile Village
North Carolina, Greensboro – WhiteStone
North Carolina, Greenville – Cypress Glen
North Carolina, Lumberton – Wesley Pines
North Carolina, Raleigh – The Cypress of Raleigh
North Carolina, Wilmington – Porter's Neck Village
Ohio, Avon – Rose Senior Living – Avon
Ohio, Beachwood, Rose Senior Living – Beachwood

Ohio, Lewis Center – Avalon of Lewis Center
Ohio, Mason – Magnolia Springs Loveland
Ohio, New Albany – Avalon of New Albany
Oklahoma, Bartlesville – Green Country Village
Oregon, Dallas – Dallas Retirement Village
Oregon, Salem – Capital Manor
Pennsylvania, Coatesville – Freedom Village of Brandywine
Pennsylvania, Warrington – Solana Doylestown, The
South Carolina, Greenville – Rolling Green Village
South Carolina, Hilton Head Island – Bayshore of Hilton Head Island
South Carolina, Hilton Head Island – The Cypress of Hilton Head
Tennessee, Brentwood – The Heritage at Brentwood
Tennessee , Hendersonville – Clarendale at Indian Lake
Tennessee, Memphis – Heritage at Irene Woods
Tennessee, Nashville – Clarendate at Bellevue Place
Texas, Austin – Westminster
Texas, Bedford – Parkwood Healthcare
Texas, Bedford – Parkwood Retirement
Texas, Dallas – Autumn Leaves
Texas, Dallas – Monticello West
Texas, Dallas – Signature Pointe
Texas, Dallas – Walnut Place
Texas, Georgetown – The Delaney at Georgetown Village
Texas, League City – Delaney at South Shore Harbour, The
Texas, Lubbock – Carillon
Texas, Richmond – Delaney at Parkway Lakes, The
Texas, Spring – Village at Gleannlock Farms, The
Texas, The Woodlands – Village at the Woodlands Waterway, The
Texas, Waco – Delaney at Lake Waco, The
Vermont, White River – Village at White River Junction, The
Virginia, Fairfax – The Virginian
Virginia, Gainesville – Heritage Village Assisted Living and Memory Care
Virginia, Virginia Beach – Atlantic Shores
Washington, Issaquah – Timber Ridge at Talus
Wisconsin, Greendale – Harbour Village
Wisconsin, Milwaukee – Eastcastle Place

**Carefully read the residency agreement for the conditions that must be satisfied before The Chestnut Partnership is required to pay the entrance fee refund.**

## EXHIBIT B

## DESCRIPTION OF THE SERVICES

The services available to residents are listed in the Residency Agreement which governs all such obligations. The procedures to be followed in furnishing these services may be modified by The Chestnut Partnership to allow The Chestnut Partnership to best meet the needs of the Community residents. Residents will be advised of any changes in these services through the Community's Residents' Association.

## RESIDENTIAL LIVING

The following facilities and services are included under the Monthly Fee under the terms of the Blakehurst Residency Agreement:

- Standard basic cable television;
- 30 or 31 meals per month (depending on the number of days in the month) ;
- Room service up to 30 days if requested by the Residential Health Services, the Director of Nursing or the attending physician;
- Emergency call system in each apartment;
- Copy of the certified financial statement for the Community provided annually;
- Grab rails in the bathtub or shower area in each apartment;
- Weekly light housekeeping services including cleaning, vacuuming and light dusting;
- Oven and window cleaning as needed or requested;
- Carpet cleaning as needed or requested;
- Grounds keeping and landscaping;
- Maintenance of building and appliances;
- Painting of the apartment every seven years if requested;
- Property taxes, utilities (including gas and electric) and garbage collection;
- Weekly flat laundry service (including sheets, pillowcases, towels, face cloths and dishcloths);
- Surface parking (designated parking areas and stickers are assigned at the time of closing);
- Front Desk Receptionist services 7 days a week (including FAX service and copying)
- Residential Health Services provided for up to 60 minutes a month (the first 6 time units in time units of up to 10 minutes);
- 24 Hour Security personnel and security camera system;
- Scheduled transportation to shopping and other locations in the surrounding areas and doctor’s appointments;
- Valet service 7 days a week (including parking cars, deliveries and wheelchair transportation);
- Wireless internet service.

Carefully read the residency agreement for the conditions that must be satisfied before The Chestnut Partnership is required to pay the entrance fee refund.

**Telephone service is not available and must be contracted directly with an outside vendor.



There are additional charges for services, not included under the Monthly Fee including, but not limited to:

- Activities, Trips and Entertainment as determined by the Provider;
- Residential Health Services charges beyond the first 6 units of up to 10 minutes per month;
- Beauty Salon / Barber charges;
- Convenience Store charges;
- Room service in the absence of physician authorization;
- Guest meals;
- Extra meals in the dining facility;
- Garage spaces (underground or individual outside units) including monthly maintenance fee);
- Guest room charges;
- Extra housekeeping (personal laundry or extra cleaning);
- Maintenance services (outside of routine maintenance);
- Transportation outside scheduled shopping, around town or doctor's appointments.

**ASSISTED LIVING AND COMPREHENSIVE CARE**

In addition to providing the Residents with independent living apartments, the Provider will furnish the Residents with licensed Assisted Living care and licensed Comprehensive Care services.

The following services are included under the Monthly Fee under the terms of the Blakehurst Residency Agreement:

- One meal per day;
- Standard basic cable television;
- Daily light housekeeping services including cleaning, vacuuming and light dusting;
- Copy of the certified financial statement for the Community provided annually;
- Grab rails in the bathtub or shower area in each apartment;
- Weekly light housekeeping services including cleaning, vacuuming and light dusting;
- Window cleaning annually and as needed or requested;
- Grounds keeping and landscaping;
- Maintenance of building and appliances;
- Property taxes, utilities (including gas and electric) and garbage collection;
- Front Desk Receptionist services 7 days a week (including FAX service and copying)
- 24 Hour Security personnel and security camera system
- Scheduled transportation to shopping and other locations in the surrounding areas and doctor's appointments;
- Valet service 7 days a week (including parking cars, deliveries and wheelchair transportation);

Carefully read the residency agreement for the conditions that must be satisfied before The Chestnut Partnership is required to pay the entrance fee refund.

- Telephone service;
- Wireless internet.

There are additional charges for services, not included under the Monthly Fee including, but not limited to:

- Activities, Trips and Entertainment as determined by the Provider;
- Beauty Salon / Barber charges;
- Convenience Store charges;
- Guest meals;
- Extra meals in the dining facility;
- Guest room charges;
- Extra housekeeping (personal laundry or extra cleaning)
- Maintenance services (outside of routine maintenance);
- Transportation outside scheduled shopping, around town or doctor’s appointments.

**Carefully read the residency agreement for the conditions that must be satisfied before The Chestnut Partnership is required to pay the entrance fee refund.**

**EXHIBIT C**
**DESCRIPTION OF FEES FOR ALL RESIDENCY AGREEMENT TYPES**

| Apartment Type | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| One-Bedroom | $3,883 | $4,034 | $4,185 | $4,415 | $4,790 | $5,025 |
| One-Bedroom Deluxe | $4,107 | $4,267 | $4,427 | $4,670 | $5,067 | $5,315 |
| One-Bedroom Classic | $4,107 | $4,267 | $4,427 | $4,670 | $5,067 | $5,315 |
| One-Bedroom Traditional | $4,107 | $4,267 | $4,427 | $4,670 | $5,067 | $5,315 |
| One-Bedroom Custom | $4,320 | $4,488 | $4,656 | $4,912 | $5,330 | $5,591 |
| One-Bedroom Special | $4,320 | $4,488 | $4.656 | $4,912 | $5,330 | $5,591 |
| One-Bedroom Den | $4,557 | $4,560 | $4,731 | $4,991 | $5,415 | $5,681 |
| One-Bedroom Limited | $4,557 | $4,560 | $4,731 | $4,991 | $5,415 | $5,681 |
| Two-Bedroom | $4,538 | $4,715 | $4,892 | $5,161 | $5,600 | $5,874 |
| Two-Bedroom Classic | $4,727 | $4,911 | $5,095 | $5,375 | $5,832 | $6,118 |
| Two-Bedroom Traditional | $4,727 | $4,911 | $5,095 | $5,375 | $5,830 | $6,118 |
| Two-Bedroom Custom | $4,826 | $5,014 | $5,202 | $5,488 | $5,954 | $6,246 |
| Two-Bedroom Special | $4,826 | $5,014 | $5,202 | $5,488 | $5,954 | $6,246 |
| Two-Bedroom Master | $4,913 | $5,105 | $5,296 | $5,587 | $6,062 | $6,359 |
| Two-Bedroom Deluxe | $5,267 | $5,472 | $5,677 | $5,989 | $6,498 | $6,819 |
| Two-Bedroom Grand Master | $5,325 | $5,533 | $5,740 | $6,059 | $6,571 | $6,893 |
| Two-Bedroom Grand | $5,986 | $6,219 | $6,452 | $6,807 | $7,386 | $7,747 |
| Two-Bedroom Grand Classic | $6,517 | $6,771 | $7,025 | $7,411 | $8,041 | $8,435 |
| Second Person Fee | $1,669 | $1,734 | $1,799 | $1,898 | $2,059 | $2,160 |

**Availability of Residence Type by Floor**

| Apartment Type | Floor Availability | | | | | |
|---|---|---|---|---|---|---|
| | 1st | 2nd | 3rd | 4th | 5th | 6th * | 7th * |
| One Bedroom (Joppa) | | | X | X | X | X | X |
| One Bedroom Deluxe (Ruxton I) | | X | X | X | X | X | X |
| One Bedroom Classic (Ruxton II) | | X | | | X | X | |
| One Bedroom Traditional (Ruxton III) | | X | X | X | X | X | X |
| One Bedroom Custom (Chestnut I) | | X | X | X | X | X | X |
| One Bedroom Special (Chestnut II) | | X | X | X | X | X | X |
| One Bedroom w/ Den (Charles I) | X | X | X | X | X | X | |
| One Bedroom Limited (Charles II) | | X | X | X | X | X | X |
| Two Bedroom (Loyola I) | | X | X | X | X | X | X |
| Two Bedroom Classic (Loyola II) | | | X | X | X | X | X |
| Two Bedroom Traditional (Loyola III) | | X | X | X | X | X | X |
| Two Bedroom Special (Picadily I) | | X | X | X | X | X | X |
| Two Bedroom Custom (Picadily II) | | | X | X | X | X | X |
| Two Bedroom Master (Greenwood) | X | X | X | X | X | X | |
| Two Bedroom Grand Master (Bosley) | | X | X | X | X | X | X |
| Two Bedroom Deluxe (Greenwood II) | | X | X | X | X | X | X |
| Two Bedroom Grand (Calvert) | | X | X | X | X | X | X |
| Two Bedroom Grand Classic (Hopkins) | X | | X | X | | | |
| * Entrance Payments for Residences on 6th & 7th Floor include high-floor premium charge | | | | | | | |

**SECOND PERSON ENTRANCE FEES**
**UNDER ALL RESIDENCY AGEEMENT TYPES**

| YEAR | ENTRANCE FEES |
|---|---|
| 2019 | $23,500 |
| 2020 | $24,200 |
| 2021 | $24,200 |
| 2022 | $25,000 |
| 2023 | $26,175 |
| 2024 | $27,222 |

**Return-of-Capital Refund Agreements**

Under the Return-of-Capital Refund Agreements effective as of the date of this Disclosure Statement, upon the death of, or cancellation by, a resident, the resident or his or her beneficiary would receive the designated percentage of the Loan. The Admission Fee is nonrefundable, unless The Chestnut Partnership terminates the Residency Agreement.

**Variable Refund Agreements**

Under the Variable Refund Agreements effective as of the date of this Disclosure Statement, upon the death of, or cancellation by, a resident, the resident or his or her beneficiary would receive the greater of (a) a designated percentage of the Loan or (b) the Loan less 2% per month of occupancy. The Admission Fee is nonrefundable, unless The Chestnut Partnership terminates the Residency Agreement.

## 2024 Entrance Fees By Contract and Refundable Type

| Apartment Type | 90% Return-of-Capital | 80% Return-of-Capital | 75% Variable | 50% Variable | 0% Variable |
|---|---|---|---|---|---|
| One-Bedroom | $354,600-$360,200 | $316,600 – $321,600 | $303,900-$308,700 | $273,600 – $278,600 | $218,900 – $223,900 |
| One-Bedroom Deluxe | $475,300-$480,900 | $424,400 – $429,400 | $407,400-$412,200 | $368,300 – $373,300 | $296,500 – $301,500 |
| One-Bedroom Classic | $475,300-$480,900 | $424,400 – $429,400 | $407,400-$412,200 | $368,300 – $373,300 | $296,500 – $301,500 |
| One-Bedroom Traditional | $475,300-$480,900 | $424,400 – $429,400 | $407,400-$412,200 | $368,300 – $373,300 | $296,500 – $301,500 |
| One-Bedroom Custom | $599,600-$605,200 | $535,400 – $540,400 | $514,000-$518,800 | $464,600 – $469,600 | $374,000 – $379,000 |
| One-Bedroom Special | $599,600-$605,200 | $535,400 – $540,400 | $514,000-$518,800 | $464,600 – $469,600 | $374,000 – $379,000 |
| One-Bedroom Den | $672,700-$678,300 | $600,600 – $605,600 | $576,600-$581,400 | $519,200 – $524,200 | $415,600 – $420,600 |
| One-Bedroom Limited | $672,700-$678,300 | $600,600 – $605,600 | $576,600-$581,400 | $519,200 – $524,200 | $415,600 – $420,600 |
| Two-Bedroom | $836,200-$841,800 | $746,600 – $751,600 | $716,700-$721,500 | $628,600 – $633,600 | $525,000 – $530,000 |
| Two-Bedroom Classic | $836,200-$841,800 | $747,100 – $752,100 | $717,200-$722,000 | $629,000 – $634,000 | $525,300 – $530,300 |
| Two-Bedroom Traditional | $836,200-$841,800 | $746,600 – $751,600 | $716,700-$721,500 | $628,600 – $633,600 | $525,000 – $530,000 |
| Two-Bedroom Special | $851,900-$857,500 | $760,600 – $765,600 | $730,700-$735,500 | $640,300 – $645,300 | $534,800 – $539,800 |
| Two-Bedroom Custom | $852,400-$858,000 | $761,100 – $766,100 | $730,200-$735,000 | $640,700 - $645,700 | $535,100 – $540,100 |
| Two-Bedroom Master | $1,163,300-$1,168,900 | $1,038,700 – $1,043,700 | $997,200-$1,002,000 | $809,600 – $814,600 | $730,400 – $735,400 |
| Two-Bedroom Grand Master | $1,230,400-$1,236,000 | $1,098,600 – $1,103,600 | $1,060,900-$1,065,700 | $888,300 – $893,300 | $772,500 – $777,500 |
| Two-Bedroom Deluxe | $1,237,700-$1,243,300 | $1,105,100 – $1,110,100 | $1,054,700-$1,059,500 | $893,500 – $598,500 | $777,000 – $782,000 |
| Two-Bedroom Grand | $1,455,300-$1,460,900 | $1,299,400 – $1,304,400 | $1,247,400-$1,252,200 | $1,050,600 – $1,055,600 | $913,600 – $918,600 |
| Two-Bedroom Grand Classic | $1,455,300 | $1,299,400 | $1,247,400 | $1,050,600 | $913,600 |

**75% Variable Entrance Fee Explanation**

| Apartment Type | Entrance Fee | Admission Fee (20% of Entrance Fee) | Initial Loan (80% of Entrance Fee) | Amortization to 75% (Minimum Loan Refund) |
|---|---|---|---|---|
| One-Bedroom | $354,600 | $70,920 | $283,680 | $212,760 |
| | $360,200 | $72,040 | $288,160 | $216,120 |
| One-Bedroom Deluxe | $475,300 | $95,060 | $380,240 | $285,180 |
| | $480,900 | $96,180 | $384,720 | $288,540 |
| One-Bedroom Classic | $475,300 | $95,060 | $380,240 | $285,180 |
| | $480,900 | $96,180 | $384,720 | $288,540 |
| One-Bedroom Traditional | $475,300 | $95,060 | $380,240 | $285,180 |
| | $480,900 | $96,180 | $384,720 | $288,540 |
| One-Bedroom Custom | $599,600 | $119,920 | $479,680 | $359,760 |
| | $605,200 | $121,040 | $484,160 | $363,120 |
| One-Bedroom Special | $599,600 | $119,920 | $479,680 | $359,760 |
| | $605,200 | $121,040 | $484,160 | $363,120 |
| One-Bedroom Den | $672,700 | $134,540 | $538,160 | $403,620 |
| | $678,300 | $135,660 | $542,640 | $406,980 |
| One-Bedroom Limited | $672,700 | $134,540 | $538,160 | $403,620 |
| | $678,300 | $135,660 | $542,640 | $406,980 |
| Two-Bedroom | $836,200 | $167,240 | $668,960 | $501,720 |
| | $841,800 | $168,360 | $673,440 | $505,080 |
| Two-Bedroom Classic | $836,200 | $167,240 | $668,960 | $501,720 |
| | $841,800 | $168,360 | $673,440 | $505,080 |
| Two-Bedroom Traditional | $836,200 | $167,240 | $668,960 | $501,720 |
| | $841,800 | $168,360 | $673,440 | $505,080 |
| Two-Bedroom Custom | $852,400 | $170,480 | $681,920 | $511,440 |
| | $858,000 | $171,600 | $686,400 | $514,800 |
| Two-Bedroom Special | $851,900 | $170,380 | $681,520 | $511,140 |
| | $857,500 | $171,500 | $686,000 | $514,500 |
| Two-Bedroom Master | $1,163,300 | $232,660 | $930,640 | $697,980 |
| | $1,168,900 | $233,780 | $935,120 | $701,340 |
| Two-Bedroom Deluxe | $1,237,700 | $247,540 | $990,160 | $742,620 |
| | $1,243,300 | $248,660 | $994,640 | $745,980 |
| Two-Bedroom Grand Master | $1,230,400 | $246,080 | $984,320 | $738,240 |
| | $1,236,600 | $247,320 | $989,280 | $741,960 |
| Two Bedroom Grand | $1,455,300 | $291,060 | $1,164,240 | $873,180 |
| | $1,460,900 | $292,180 | $1,168,720 | $876,540 |
| Two-Bedroom Grand Classic | $1,455,300 | $291,060 | $1,164,240 | $873,180 |

**50% Variable Entrance Fee Explanation**

| Apartment Type | Entrance Fee | Admission Fee (20% of Entrance Fee) | Initial Loan (80% of Entrance Fee) | Amortization to 50% (Minimum Loan Refund) |
|---|---|---|---|---|
| One-Bedroom | $273,600 | $54,720 | $218,880 | $109,440 |
| | $278,600 | $55,720 | $222,880 | $111,440 |
| One-Bedroom Deluxe | $368,300 | $73,660 | $294,640 | $147,320 |
| | $373,300 | $74,660 | $298,640 | $149,320 |
| One-Bedroom Classic | $368,300 | $73,660 | $294,640 | $147,320 |
| | $373,300 | $74,660 | $298,640 | $149,320 |
| One-Bedroom Traditional | $368,300 | $73,660 | $294,640 | $147,320 |
| | $373,300 | $74,660 | $298,640 | $149,320 |
| One-Bedroom Custom | $464,600 | $92,920 | $371,680 | $185,840 |
| | $469,600 | $93,920 | $375,680 | $187,840 |
| One-Bedroom Special | $464,600 | $92,920 | $371,680 | $185,840 |
| | $469,600 | $93,920 | $375,680 | $187,840 |
| One-Bedroom Den | $519,200 | $103,840 | $415,360 | $207,680 |
| | $524,200 | $104,840 | $419,360 | $209,680 |
| One-Bedroom Limited | $519,200 | $103,840 | $415,360 | $207,680 |
| | $524,200 | $104,840 | $419,360 | $209,680 |
| Two-Bedroom | $628,600 | $125,720 | $502,880 | $251,440 |
| | $633,600 | $126,720 | $506,880 | $253,440 |
| Two-Bedroom Classic | $629,000 | $125,800 | $503,200 | $251,600 |
| | $634,000 | $126,800 | $507,200 | $253,600 |
| Two-Bedroom Traditional | $628,600 | $125,720 | $502,882 | $251,440 |
| | $633,600 | $126,720 | $506,880 | $253,440 |
| Two-Bedroom Special | $640,300 | $128,060 | $512,240 | $256,120 |
| | $645,300 | $129,060 | $516,240 | $258,120 |
| Two-Bedroom Custom | $640,700 | $128,140 | $512,560 | $256,280 |
| | $656,700 | $131,340 | $525,360 | $262,680 |
| Two-Bedroom Master | $809,600 | $161,920 | $647,680 | $323,840 |
| | $814,600 | $162,920 | $651,680 | $325,840 |
| Two-Bedroom Grand Master | $888,300 | $177,660 | $710,640 | $355,320 |
| | $893,300 | $178,660 | $714,640 | $357,320 |
| Two-Bedroom Deluxe | $893,500 | $178,700 | $714,800 | $357,400 |
| | $898,500 | $179,700 | $718,800 | $359,400 |
| Two Bedroom Grand | $1,050,600 | $210,120 | $840,480 | $420,240 |
| | $1,055,600 | $211,120 | $844,480 | $422,240 |
| Two-Bedroom Grand Classic | $1,050,600 | $210,120 | $840,480 | $420,240 |

**0% Variable Entrance Fee Explanation**

| Apartment Type | Entrance Fee | Admission Fee (20% of Entrance Fee) | Initial Loan (80% of Entrance Fee) | Amortization to 0% |
|---|---|---|---|---|
| One-Bedroom | $218,900 | $43,780 | $175,120 | -- |
| | $223,900 | $44,780 | $179,120 | -- |
| One-Bedroom Deluxe | $296,500 | $59,300 | $237,200 | -- |
| | $301,500 | $60,300 | $241,200 | -- |
| One-Bedroom Classic | $296,500 | $59,300 | $237,200 | -- |
| | $301,500 | $60,300 | $241,200 | -- |
| One-Bedroom Traditional | $296,500 | $59,300 | $237,200 | -- |
| | $301,500 | $60,300 | $241,200 | -- |
| One-Bedroom Custom | $374,000 | $74,800 | $299,200 | -- |
| | $379,000 | $75,800 | $303,200 | -- |
| One-Bedroom Special | $374,000 | $74,800 | $299,200 | -- |
| | $379,000 | $75,800 | $303,200 | -- |
| One-Bedroom Den | $415,600 | $83,120 | $332,480 | -- |
| | $420,600 | $84,120 | $336,480 | -- |
| One-Bedroom Limited | $415,600 | $83,120 | $332,480 | -- |
| | $420,600 | $84,120 | $336,480 | -- |
| Two-Bedroom | $525,000 | $105,000 | $420,000 | -- |
| | $530,000 | $106,000 | $424,000 | -- |
| Two-Bedroom Classic | $525,300 | $105,060 | $420,240 | -- |
| | $530,300 | $106,060 | $424,240 | -- |
| Two-Bedroom Traditional | $525,000 | $105,000 | $420,000 | -- |
| | $530,000 | $106,000 | $424,000 | -- |
| Two-Bedroom Special | $534,800 | $106,960 | $427,840 | -- |
| | $539,800 | $107,960 | $431,840 | -- |
| Two-Bedroom Custom | $535,100 | $107,020 | $428,080 | -- |
| | $540,100 | $108,020 | $432,080 | -- |
| Two-Bedroom Master | $730,400 | $146,080 | $584,320 | -- |
| | $735,400 | $147,080 | $588,320 | -- |
| Two-Bedroom Grand Master | $772,500 | $154,500 | $618,000 | -- |
| | $777,500 | $155,500 | $622,000 | -- |
| Two-Bedroom Deluxe | $777,000 | $155,400 | $624,600 | -- |
| | $782,000 | $156,400 | $625,600 | -- |
| Two Bedroom Grand | $913,600 | $182,720 | $730,880 | -- |
| | $918600 | $183,720 | $734,880 | -- |
| Two-Bedroom Grand Classic | $913600 | $182,720 | $730,880 | -- |

## Historical 90% Return-of-Capital Entrance Fees

| Apartment Type | 2019 | 2020* | 2022 | 2023 |
|---|---|---|---|---|
| One-Bedroom | $361,100 - $366,850 | $372,025-$377,025 | $385,046 – $390,221 | $403,143 – $408,561 |
| One-Bedroom Deluxe | $485,300 – $491,050 | $499,675 – $504,675 | $517,164 – $522,339 | $541,471 – $546,889 |
| One-Bedroom Classic | $485,300 – $491,050 | $499,675 – $504,675 | $517,164 – $522,339 | $541,471 – $546,889 |
| One-Bedroom Traditional | $485,300 – $491,050 | $499,675 – $504,675 | $517,164 – $522,339 | $541,471 – $546,889 |
| One-Bedroom Custom | $488,750 – $494,500 | $503,700 – $508,700 | $521,330 – $526,505 | $545,833 – $551,251 |
| One-Bedroom Special | $517,500 – $523,250 | $503,700 – $508,700 | $521,330 – $526,505 | $545,833 – $551,251 |
| One-Bedroom Den | $517,500 – $523,250 | $533,025 – $538,025 | $551,681 – $556,856 | $577,610 – $583,028 |
| One-Bedroom Limited | $517,500 – $523,250 | $533,025 – $538,025 | $551,681 – $556,856 | $577,610 – $583,028 |
| Two-Bedroom | $660,100 – $667,000 | $649,650 – $686,650 | $703,438 – $710,683 | $736,501 – $744,085 |
| Two-Bedroom Classic | $660,100 – $667,000 | $649,650 – $686,650 | $703,438 – $710,683 | $736,501 – $744,085 |
| Two-Bedroom Traditional | $660,100 – $667,000 | $679,650 – $686,650 | $703,438 – $710,683 | $736,501 – $744,085 |
| Two-Bedroom Custom | $672,060 – $678,960 | $692,300 – $699,300 | $716,531 – $723,776 | $750,208 – $757,793 |
| Two-Bedroom Special | $672,060 – $678,960 | $692,300 – $699,300 | $716,531 – $723,776 | $750,208 – $757,793 |
| Two-Bedroom Master | $891,250 – $898,150 | $917,700 – $924,700 | $949,820 – $957,065 | $994,462 – $1,002,047 |
| Two-Bedroom Deluxe | $977,500 – $984,400 | $1,006,825 – $1,013,825 | $1,042,064 – $1,049,309 | $1,091,041 – $1,098,627 |
| Two-Bedroom Grand Master | $971,750 – $978,650 | $1,001,075 – $1,008,075 | $1,036,113 – $1,043,358 | $1,084,810 – $1,092,396 |
| Two-Bedroom Grand | $1,067,200 – $1,074,100 | $1,099,400 – $1,106,400 | $1,137,879 – $1,145,124 | $1,191,359 – $1,198,945 |
| Two-Bedroom Grand Classic | $1,067,200 | $1,099,400 | $1,137,879 | $1,191,359 |

*Residence Entrance Fees not increased in 2021 from 1/1/2020 published fees

## Historical 80% Return-of-Capital Entrance Fees

| Apartment Type | 2019 | 2020* | 2022 | 2023 |
|---|---|---|---|---|
| One-Bedroom | $314,000 – $319,000 | $323,500 – $328,500 | $344,900 – $350,000 | $316,600 – $321,600 |
| One-Bedroom Deluxe | $422,000 – $427,000 | $434,500 – $539,500 | $463,200 – $468,400 | $424,400 – $429,400 |
| One-Bedroom Classic | $422,000 – $427,000 | $434,500 - $439,500 | $436,200 – $468,400 | $424,400 – $429,400 |
| One-Bedroom Traditional | $422,000 – $427,000 | $434,500 – $439,500 | $463,200 – $468,400 | $424,400 – $429,400 |
| One-Bedroom Custom | $425,000 – $430,000 | $438,000 – $443,000 | $466,900 – $472,100 | $535,400 – $540,400 |
| One-Bedroom Special | $425,000 – $430,000 | $438,000 – $443,000 | $466,900 – $472,100 | $535,400 – $540,400 |
| One-Bedroom Den | $450,000 – $455,000 | $463,500 – $468,500 | $494,100 – $499,300 | $600,600 – $605,600 |
| One-Bedroom Limited | $450,000 – $455,000 | $463,500 – $468,500 | $494,100 – $499,300 | $600,600 – $605,600 |
| Two-Bedroom | $574,000 – $580,000 | $591,000 – $597,000 | $630,000 – $636,200 | $746,600 – $751,600 |
| Two-Bedroom Classic | $574,000 - $580,000 | $591,000 – $597,000 | $630,000 – $636,200 | $747,100 – $752,100 |
| Two-Bedroom Traditional | $574,000 – $580,000 | $591,000 – $597,000 | $630,000 – $636,200 | $746,600 – $751,600 |
| Two-Bedroom Custom | $584,400 – $590,400 | $602,000 – $608,000 | $641,800 – $648,000 | $761,100 – $766,100 |
| Two-Bedroom Special | $584,400 – $590,400 | $602,000 – $608,000 | $641,800 – $648,000 | $760,600 – $765,600 |
| Two-Bedroom Master | $775,000 – $781,000 | $798,000 – $804,000 | $850,700 – $856,900 | $1,038,700 – $1,043,700 |
| Two-Bedroom Deluxe | $850,000 – $856,000 | $875,500 – $881,500 | $933,300 – $939,500 | $1,105,100 – $1,110,100 |
| Two-Bedroom Grand Master | $845,000 – $851,000 | $870,500 – $876,500 | $928,000 – $934,200 | $1,098,600 – $1,103,600 |
| Two-Bedroom Grand | $928,000 – $934,000 | $956,000 – $862,000 | $1,019,100 – $1,025,400 | $1,299,400 – $1,304,400 |
| Two-Bedroom Grand Classic | $928,000 | $956,000 | $1,019,100 | $1,299,400 |

*Residence Entrance Fees not increased in 2021 from 1/1/2020 published fees

## Historical 75% Variable Entrance Fees

| Apartment Type | 2019 | 2020* | 2022 | 2023 |
|---|---|---|---|---|
| One-Bedroom | $265,200 – $269,450 | $269,814 – $274,111 | $279,268 – $286,705 | $292,394 – $297,039 |
| One-Bedroom Deluxe | $357,000 – $361,250 | $362,616 – $366,913 | $375,308 – $379,755 | $392,947 – $397,603 |
| One-Bedroom Classic | $357,000 | $362,616 | $375,308 | $392,947 |
| One-Bedroom Traditional | $357,000 – $361,250 | $362,616 – $366,913 | $375,308 – $379,755 | $392,947 – $397,603 |
| One-Bedroom Custom | $394,400 – $398,650 | $365,194 – $369,491 | $377,976 – $382,423 | $395,741 – $400,397 |
| One-Bedroom Special | $394,400 – $398,650 | $365,194 – $369,491 | $377,976 – $382,423 | $395,740 – $400,397 |
| One-Bedroom Den | $420,750 – $425,000 | $386,676 – $390,973 | $400,210 – $404,657 | $419,020 – $423,676 |
| One-Bedroom Limited | $420,750 – $425,000 | $386,676 – $390,973 | $400,210 – $404,657 | $419,020 – $423,676 |
| Two-Bedroom | $486,200 – $491,300 | $493,227 – $498,383 | $510,490 – $515,826 | $534,483 – $540,070 |
| Two-Bedroom Classic | $494,700 – $494,700 | $493,227 – $498,383 | $510,490 – $515,826 | $534,483 – $540,070 |
| Two-Bedroom Traditional | $503,200 – $508,300 | $493,227 – $498,383 | $519,740 – $525,075 | $544,168 – $549,754 |
| Two-Bedroom Custom | $520,200 – $525,300 | $502,164 – $517,319 | $519,740 – $525,075 | $544,168 – $549,754 |
| Two-Bedroom Special | $528,700 – $533,800 | $502,164 – $517,319 | $519,740 – $525,075 | $544,168 – $549,754 |
| Two-Bedroom Master | $595,000 – $600,100 | $665,942 – $671,098 | $689,250 – $694,586 | $721,645 – $727,232 |
| Two-Bedroom Deluxe | $654,500 – $659,600 | $730,389 – $735,544 | $755,953 – $761,288 | $791,483 – $797,069 |
| Two-Bedroom Grand Master | $708,050 – $713,150 | $726,092 – $731,248 | $751,505 – $756,842 | $786,826 – $792,414 |
| Two-Bedroom Grand | $786,250 – $791,350 | $797,412 – $802,568 | $825,321 – $830,658 | $864,111 – $869,699 |
| Two-Bedroom Grand Classic | $711,420 | $797,412 | $825,321 | $864,111 |

*Residence Entrance Fees not increased in 2021 from 1/1/2020 published fees

**Historical 50% Variable Entrance Fees**

| Apartment Type | 2019 | 2020* | 2022 | 2023 |
|---|---|---|---|---|
| One-Bedroom | $266,900 – $271,900 | $275,000 – $280,000 | $293,200 – $298,300 | $260,600 – $265,600 |
| One-Bedroom Deluxe | $358,400 – $358,900 | $369,000 – $374,000 | $393,400 – $398,500 | $350,800 – $355,800 |
| One-Bedroom Classic | $358,400 – $358,900 | $369,000 – $374,000 | $393,400 – $398,500 | $350,800 – $355,800 |
| One-Bedroom Traditional | $358,400 – $358,900 | $369,000 – $374,000 | $393,400 – $398,500 | $350,800 – $355,800 |
| One-Bedroom Custom | $365,000 – $370,000 | $376,000 – $381,000 | $400,800 – $406,000 | $442,500 – $447,500 |
| One-Bedroom Special | $365,000 – $370,000 | $376,000 – $381,000 | $400,800 – $406,000 | $442,500 – $447,500 |
| One-Bedroom Den | $385,000 – $390,000 | $396,500 – $401,500 | $422,700 – $427,900 | $494,500 – $499,500 |
| One-Bedroom Limited | $385,000 – $390,000 | $396,500 – $401,500 | $422,700 – $427,900 | $494,500 – $499,500 |
| Two-Bedroom | $497,000 – $503,000 | $502,500 – $508,500 | $535,700 – $541,500 | $598,600 – $603,600 |
| Two-Bedroom Classic | $488,000 – $494,000 | $502,500 – $508,500 | $535,700 – $541,500 | $599,000 – $604,000 |
| Two-Bedroom Traditional | $488,000 – $494,000 | $502,500 – $508,500 | $535,700 – $541,500 | $598,600 – $603,600 |
| Two-Bedroom Custom | $497,000 – $503,000 | $512,000 – $518,000 | $545,800 – $552,000 | $610,200 – $615,200 |
| Two-Bedroom Special | $512,000 – $518,000 | $512,000 – $518,000 | $545,800 – $552,000 | $609,800 – $614,800 |
| Two-Bedroom Master | $669,500 – $675,500 | $669,500 – $675,500 | $713,700 – $719,000 | $771,000 – $776,000 |
| Two-Bedroom Deluxe | $747,000 – $753,000 | $747,000 – $753,000 | $796,300 – $802,500 | $851,000 – $856,000 |
| Two-Bedroom Grand Master | $775,000 – $781,000 | $798,500 – $804,500 | $851,200 – $857,200 | $846,000 – $851,000 |
| Two-Bedroom Grand | $875,500 – $881,500 | $875,500 – $881,500 | $933,300 – $939,500 | $1,000,600 – $1,005,600 |
| Two-Bedroom Grand Classic | $875,500 | $875,500 | $933,300 | $1,000,600 |

*Residence Entrance Fees not increased in 2021 from 1/1/2020 published fees

## Historical 0% Variable Entrance Fees

| Apartment Type | 2019 | 2020* | 2022 | 2023 |
|---|---|---|---|---|
| One-Bedroom | $220,000 – $225,000 | $226,500 – $231,500 | $241,500 – $246,600 | $204,600 – $209,600 |
| One-Bedroom Deluxe | $296,000 – $301,000 | $305,000 – $310,000 | $325,100 – $330,300 | $277,100 – $281,100 |
| One-Bedroom Classic | $296,000 – $301,000 | $305,000 – $310,000 | $325,100 – $330,300 | $277,100 – $282,100 |
| One-Bedroom Traditional | $296,000 – $301,000 | $305,000 – $310,000 | $325,100 – $330,300 | $277,100 – $282,100 |
| One-Bedroom Custom | $300,000 – $305,000 | $309,000 – $314,000 | $329,400 – $334,600 | $349,500 – $354,500 |
| One-Bedroom Special | $300,000 – $305,000 | $309,000 – $314,000 | $329,400 – $334,600 | $349,500 – $354,500 |
| One-Bedroom Den | $325,000 – $330,000 | $335,000 – $340,000 | $357,100 – $362,300 | $388,400 – $393,400 |
| One-Bedroom Limited | $325,000 – $330,000 | $335,000 – $340,000 | $357,100 – $362,300 | $388,400 – $393,400 |
| Two-Bedroom | $402,000 – $408,000 | $414,000 – $420,000 | $441,300 – $447,600 | $450,600 – $455,600 |
| Two-Bedroom Classic | $402,000 – $408,000 | $414,000 – $420,000 | $441,300 – $447,600 | $450,600 – $455,600 |
| Two-Bedroom Traditional | $402,000 – $408,000 | $414,000 – $420,000 | $441,300 – $447,600 | $450,600 – $455,600 |
| Two-Bedroom Custom | $409,000 – $415,000 | $421,500 – $427,500 | $449,300 – $455,600 | $459,300 - $464,300 |
| Two-Bedroom Special | $409,000 – $415,000 | $421,500 – $427,500 | $449,300 – $455,600 | $459,000 – $464,000 |
| Two-Bedroom Master | $596,000 – $602,000 | $614,000 – $620,000 | $654,600 – $660,800 | $626,900 – $631,900 |
| Two-Bedroom Deluxe | $656,000 – $662,000 | $675,500 – $681,500 | $720,100 – $726,300 | $667,000 – $672,000 |
| Two-Bedroom Grand Master | $710,000 – $716,000 | $731,500 – $737,500 | $779,800 – $786,000 | $663,100 – $668,100 |
| Two-Bedroom Grand | $788,000 – $794,000 | $811,500 – $817,500 | $865,100 – $871,300 | $784,200 – $789,200 |
| Two-Bedroom Grand Classic | $788,000 | $811,500 | $865,100 | $784,200 |

*Residence Entrance Fees not increased in 2021 from 1/1/2020 published fees

**ASSISTED LIVING & MEMORY CARE ACCOMMODATIONS* AT CHESTNUT GREEN**

## ENTRANCE FEES

| YEAR | ENTRANCE FEES |
|---|---|
| 2019 | $17,500 |
| 2020 | $18,000 |
| 2021 | $18,000 |
| 2022 | $18,000 |
| 2023 | $18,850 |
| 2024 | $19.773 |

* A prospective resident who does not qualify for admission to an apartment may qualify for direct admission into assisted living. If the prospective resident meets the admission criteria for assisted living, she/he will sign a Return of Capital Assisted Living Direct Admission Residency Agreement . The Entrance Fees for the Return of Capital Assisted Living Direct Admission Residency Agreement are outlined above and the Monthly Service Fees per resident are outlined in this Exhibit C.

**ASSISTED LIVING AT CHESTNUT GREEN**
**SERVICE FEES***

| Year | Monthly Fee<br>Private Room<br>Kitchenette and Full Bath |
|---|---|
| 2019 | $10,342 |
| 2020 | $10,745 |
| 2021 | $10,920 |
| 2022 | $11,148 |
| 2023 | $12,096 |
| 2024 | $12,689 |

***** Monthly Service Fee for Return of Capital Assisted Living Direct Admission Residency Agreement.

**MEMORY CARE AT CHESTNUT GREEN**
**SERVICE FEES***

| Year | Monthly Fee Private Room |
|---|---|
| 2019 | $11,863 |
| 2020 | $12,326 |
| 2021 | $12,540 |
| 2022 | $12,788 |
| 2023 | $13,875 |
| 2024 | $14,555 |

***** Monthly Service Fee for Return of Capital Assisted Living Direct Admission Residency Agreement.

**COMPREHENSIVE CARE MONTHLY FEES (PRIVATE ROOM)**

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| $12,927 | $13,431 | $13,650 | $13,935 | $15,119 | $15,860 |

As a life care senior living community, the Community offers a private apartment, a wide array of personal services, and the security of an on-site professional health center. However, for a prospective resident who is unable to reside in an apartment upon initial residency or has signed an Amendment to Residency Agreement Regarding Use of Health Center Due to Pre-Existing Health Condition, that resident can occupy a comprehensive care room at the charges above **(see FOOTNOTE #1 below.)** All comprehensivie care beds are private rooms.

**FOOTNOTE #1**

The above chart shows the monthly fee a resident will pay if the resident signed a Return of Capital Assisted Living Direct Admission Residency Agreement, resides in assisted living and then transfers to a comprehensive care room.

If there is only one prospective resident and that resident does not qualify for admission into an apartment, that resident may be directly admitted to comprehensive care and sign a private pay agreement, such agreement subject to Department approval, for a room in comprehensive care if the following criteria are met:

- The resident has paid an entrance fee that is at least equal to the lowest entrance fee charged for an apartment or assisted living;
- The resident must have the potential for an eventual transfer to an apartment or assisted living as determined by the resident's personal physician;

- The total number of comprehensive care beds occupied by residents who have been directly admitted to comprehensive care may not exceed 20% of the total number of comprehensive care beds at the Community; and
- The direct admission of a resident directly into comprehensive care would not cause the occupancy of the comprehensive care beds to exceed 95% of full capacity.

If there are two prospective residents and one qualifies for admission into an apartment or assisted living, the other may be directly admitted to comprehensive care. In this circumstance, both must have executed a Residency Agreement for an apartment as well as an Agreement for the level of care offered. For the resident directly admitted to comprehensive care, this is the monthly fee (shown on the above chart) for a room in comprehensive care.

If a prospective resident qualifies for admission into an apartment but has a pre-existing health condition (i.e., Parkinson's, Chronic Obstructive Pulmonary Disease (COPD) including emphysema, Congestive Heart Failure, metastatic cancer, osteoporosis with a history of fractures and/or Dementia) that resident will sign a Residency Agreement for an apartment and sign an Amendment to Residency Agreement Regarding Use of Health Center Due to Pre-Existing Health Condition. The above chart shows the monthly fee a resident will pay who signed an Amendment to Residency Agreement Regarding Use of Health Center Due to Pre-Existing Health Condition, resides in an apartment and then transfers to a comprehensive care room during the first two years of that resident’s residency.

ROC= Return of Capital
Monthly Fees are based on 365 days
Rates subject to change with forty-five days’ notice
Revised 1/16

## EXHIBIT D

## FAIR SHARE ALLOCATION FORMULA

**FAIR SHARE ALLOCATION.** The Fair Share Allocation was implemented on January 1, 1998. The amount of your monthly Service Fee is determined by application of the Fair Share Allocation Formula. The Formula has been developed to apportion the cash requirements for operating the Community (as described in Section 4.1.2 of the Residency Agreement) among its residents. It does not apply to individuals entering into a Return of Capital Assisted Living Direct Admission Residency Agreement.

**General.** All projected cash requirements (including changes to reserves) necessary to provide accommodations and services to the residents of the Community (including residents of the Community Health Center) are charged to the Community residents through the application of the Fair Share Allocation Formula. Generally, the projected cash requirements are based upon the costs incurred in connection with the operation of the Community for the preceding year as reported in the report of the Operations Division Audit of the Provider with adjustments for inflation or deflation, occupancy rates, changes to reserves, and nonrecurring expenses, and reduced by certain projected operational income (such as fees for services, investment income, etc.) for the upcoming year. Once determined, the projected cash requirements are then allocated among the Community residents based upon the apartment which each resident occupies and the number of residents in the Community.

**Fair Share Allocation Formula.** Allocation of the total projected annual cash requirements described in Section 4.1.2 of the Residency Agreement to each individual resident's apartment and to all second persons shall be accomplished by:

(1) Multiplying the number of apartments in the Community of each type, and the number of second person residents therein by the following factors, and then summing such products:

Number of One-Bedroom Apartments x 81.5 percent factor
Number of One-Bedroom Deluxe Apartments x 86.2 percent factor
Number of One-Bedroom Classic Apartments x 86.2 percent factor
Number of One-Bedroom Custom Apartments x 90.7 percent factor
Number of One-Bedroom with Den Apartments x 92.1 percent factor
Number of One-Bedroom Limited Apartments x 92.1 percent factor
Number of One-Bedroom Special x 90.7 percent factor
Number of One-Bedroom Traditional x 86.2 percent factor
Number of Two-Bedroom Apartments x 95.3 percent factor
Number of Two-Bedroom Classic Apartments x 99.2 percent factor
Number of Two-Bedroom Custom Apartments x 101.3 percent factor
Number of Two-Bedroom Master Apartments x 103.1 percent factor

Number of Two-Bedroom Deluxe Apartments x 110.6 percent factor
Number of Two-Bedroom Grand Apartments x 125.7 percent factor
Number of Two-Bedroom Traditional x 99.2 percent factor
Number of Two-Bedroom Special x 101.3 percent factor
Number of Two-Bedroom Grand Master x 111.8 percent factor
Number of Two-Bedroom Grand Classic x 136.8 percent factor
Number of Second Persons x 35.0 percent factor

To take into account the combination or addition of different apartments to the Community, or similar events which require the addition of new factors, factors may be added to or deleted from the above formula from time to time.

(2) Multiplying the sum determined above by a factor representing the projected apartment occupancy rate.

| | |
|---|---|
| Weighted Factor at 100% | 297.37 |
| Occupancy Rate (slight variance to budget due to fewer units) | 94.41% |
| Weighted factors adjusted for occupancy | 280.75 |

(3) Dividing the total projected cash requirement determined above by the weighted number of apartments determined under paragraph (1) to arrive at the cash requirement per apartment type.

Cash Requirement (Per Residency Agreement)

| | |
|---|---|
| Operating Expenses | 23,443,314 |
| Less health center income | -5,364,291 |
| Other Apartment related revenue | -41,731 |
| Other Operating Revenue | -2,831 |
| | 18,034,461 |
| Debt Service (Principal, Interest, and Fees) | 1,443,997 |
| Capital Replacement Reserve Contrib. | 134,572 |
| Capital Costs | 2,191,167 |
| Cash Requirement | 21,804,197 |
| Budgeted Cash Requirement from Apartment Fees | 22,211,138 |

| | | | | | |
|---|---|---|---|---|---|
| Cash Requirement | | | | | 22,211,138 |
| | / weighted factors | b | | | |
| | | a | 22,211,138 | | |
| Cash Requirement by Unit - annual figure | a/b | 79,114 | 280.75 | | |
| Monthly weighted average fee | /12 | | | | |

(4) The Fair Share Allocation for each apartment type, and for the second person, is determined by multiplying the cash requirement per apartment type (as described in paragraph (3) above) by the Allocation factor for apartment type (as described in paragraph (1) above) to get the new annual monthly Service Fee for each apartment type.

<u>2nd Person</u>

| | | | | |
|---|---|---|---|---|
| 2nd person Fee | 2,160 | | | |
| x 2nd Person Occupancy % | 22.33% | | | |
| Total Number of Apartments | 275 | | | |
| Total 2nd Person Monthly Fees | | | | 132,640 |

<u>Assisted Living Rooms</u>

| | | | | |
|---|---|---|---|---|
| Avg. Assisted Living Monthly Fee ($458 x 365 days / 12 months) | 13,931 | # of beds 35 | 487,579 | |
| Total Assisted Living Monthly Fees | | 35 | | 487,579 |
| Total Monthly Service Fees | | | | 2,315,605 |
| divided by the total number of units | | | | 310 |

| | |
|---|---|
| Average Monthly Service Fee | 7,470 |
| Minimum CCRC multiplication factor | 3 |
| 3 Months of Average Monthly Service Fee | 22,409 |

| Apartment Type | Requirement Per Unit | Allocation Factor | New Annual Fee | New Fee | Old Fee | Increase % |
|---|---|---|---|---|---|---|
| One Bdrm | 79,114 | 0.8150195 | $64,480 | $5,025 | 4,790 | 4.91% |
| One Bdrm Delx | 79,114 | 0.86215111 | $68,209 | $5,315 | 5,067 | 4.90% |
| One Bdrm Classic | 79,114 | 0.86215111 | $68,209 | $5,315 | 5,067 | 4.90% |
| One Bedroom Custom | 79,114 | 0.90690061 | $71,749 | $5,591 | 5,330 | 4.89% |
| One Bedroom Den | 79,114 | 0.92136338 | $72,893 | $5,681 | 5,415 | 4.90% |
| One Bedroom Limited | 79,114 | 0.92136338 | $72,893 | $5,681 | 5,415 | 4.90% |
| One Bedroom Special | 79,114 | 0.90690061 | $71,749 | $5,591 | 5,330 | 4.89% |
| One Bedroom Traditional | 79,114 | 0.86215111 | $68,209 | $ 5,315 | 5,067 | 4.90% |
| Two Bedroom | 79,114 | 0.95284117 | $75,383 | $5,874 | 5,600 | 4.89% |
| Two Bedroom Classic | 79,114 | 0.99231602 | $78,507 | $6,118 | 5,832 | 4.90% |
| Two Bedroom Custom | 79,114 | 1.01307434 | $80,149 | $6,246 | 5,954 | 4.91% |
| Two Bedroom Master | 79,114 | 1.03145056 | $81,603 | $6,359 | 6,062 | 4.90% |
| Two Bedroom Deluxe | 79,114 | 1.10563606 | $87,472 | $6,816 | 6,498 | 4.90% |
| Two Bedroom Grand | 79,114 | 1.25672944 | $99,425 | $7,747 | 7,386 | 4.89% |
| Two Bedroom Traditional | 79,114 | 0.99231602 | $78,507 | $6,118 | 5,832 | 4.90% |
| Two Bedroom Special | 79,114 | 1.01307434 | $80,149 | $6,246 | 5,954 | 4.91% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Two Bedroom Grand Master | 79,114 | 1.11805702 | $88,454 | $6,893 | 6,571 | 4.90% |
| Two Bedroom Grand Classic | 79,114 | 1.36817783 | $108,243 | $8,435 | 8,041 | 4.90% |
| Second Persons | 79,114 | 0.35033928 | 27,717 | 2,160 | 2,059 | 4.91% |

## EXHIBIT E

## CERTIFIED FINANCIAL STATEMENT

# THE CHESTNUT PARTNERSHIP AND
# THE CHESTNUT REAL ESTATE PARTNERSHIP
# DBA: BLAKEHURST

## CONSOLIDATED FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2023 AND 2022

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

# THE CHESTNUT PARTNERSHIP AND
# THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST
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## YEARS ENDED DECEMBER 31, 2023 AND 2022

CliftonLarsonAllen LLP
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# INDEPENDENT AUDITORS' REPORT

Partners
The Chestnut Partnership and
The Chestnut Real Estate Partnership dba: Blakehurst

## Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the accompanying consolidated financial statements of The Chestnut Partnership and The Chestnut Real Estate Partnership dba: Blakehurst, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, partners' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Chestnut Partnership and The Chestnut Real Estate Partnership dba: Blakehurst as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Chestnut Partnership and The Chestnut Real Estate Partnership dba: Blakehurst's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Chestnut Partnership and The Chestnut Real Estate Partnership dba: Blakehurst'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Chestnut Partnership and The Chestnut Real Estate Partnership dba: Blakehurst'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements.

Partners
The Chestnut Partnership and
The Chestnut Real Estate Partnership dba: Blakehurst

The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

West Des Moines, Iowa
March 19, 2024

# THE CHESTNUT PARTNERSHIP AND
# THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST
## CONSOLIDATED BALANCE SHEETS
## DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ 33,730,309 | $ 35,165,682 |
| Accounts Receivable, Net of Allowance for Credit Losses (2023, $52,490; 2022, $33,899) | 816,639 | 986,375 |
| Accrued Interest Receivable from Partners | 94,948 | 99,109 |
| Prepaid Expenses and Other | 1,356,190 | 1,327,657 |
| Assets Limited as to Use or Restricted, Current Portion | 961,505 | 461,780 |
| Notes Receivable from Partners, Current Portion | 664,724 | 648,118 |
| Total Current Assets | 37,624,315 | 38,688,721 |
| Assets Limited as to Use or Restricted, Less Current Portion | 4,316,614 | 4,315,588 |
| Notes Receivable from Partners, Less Current Portion | 14,338,212 | 15,002,735 |
| Cost of Acquiring Contracts, Net of Accumulated Amortization | 231,575 | 162,332 |
| Operating Property, Net of Accumulated Depreciation | 50,997,722 | 52,054,590 |
| Derivative Instrument | 815,576 | 1,682,153 |
| Refundable Deposit | 40,000 | 40,000 |
| Total Assets | $ 108,364,014 | $ 111,946,119 |
| **LIABILITIES AND PARTNERS' DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Term Loan Payable, Current Portion | $ 676,084 | $ 639,987 |
| Construction Costs Payable | 144,010 | - |
| Accounts Payable, Trade | 300,818 | 566,444 |
| Accounts Payable, Affiliates | 61,859 | 66,580 |
| Accrued Expenses | 1,166,259 | 658,107 |
| Refundable Deposits from Prospective Residents, Escrowed | 961,505 | 461,780 |
| Loans from Residents, Current Portion | 260,728 | 390,250 |
| Total Current Liabilities | 3,571,263 | 2,783,148 |
| Deferred Revenue | 31,870,766 | 28,072,959 |
| Term Loan Payable, Less Current Portion, Net of Unamortized Financing Costs | 27,892,918 | 28,604,433 |
| Loans from Residents, Less Current Portion | 124,826,100 | 129,539,940 |
| Total Liabilities | 188,161,047 | 189,000,480 |
| **PARTNERS' DEFICIT** | (79,797,033) | (77,054,361) |
| Total Liabilities and Partners' Deficit | $ 108,364,014 | $ 111,946,119 |

*See accompanying Notes to Consolidated Financial Statements.*

## THE CHESTNUT PARTNERSHIP AND
## THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST
## CONSOLIDATED STATEMENTS OF OPERATIONS
## YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| **REVENUES** | | |
| Amortization of Nonrefundable Entrance Payments | $ 4,550,768 | $ 3,663,459 |
| Apartment Revenues | 19,499,775 | 18,280,441 |
| Health Care Revenues | 5,327,073 | 5,332,084 |
| Working Capital Fees | 163,050 | 162,517 |
| Other Revenues | 22,696 | 4,619 |
| Total Revenues | 29,563,362 | 27,443,120 |
| **OPERATING EXPENSES** | | |
| General and Administrative | 5,896,462 | 5,724,992 |
| Plant | 2,949,968 | 3,356,966 |
| Environmental Services | 1,898,749 | 1,819,939 |
| Dietary | 4,231,059 | 3,861,401 |
| Medical and Resident Care | 7,514,047 | 6,663,599 |
| Depreciation and Amortization | 3,657,045 | 3,702,257 |
| Total Operating Expenses | 26,147,330 | 25,129,154 |
| **INCOME FROM OPERATIONS** | 3,416,032 | 2,313,966 |
| **OTHER INCOME (EXPENSE)** | | |
| Interest Expense, Net | (499,666) | (314,658) |
| Unrealized Gain on Investments | 82,539 | 55,020 |
| Unrealized Gain (Loss) on Derivative Instrument | (866,577) | 1,316,778 |
| Total Other Income (Expense) | (1,283,704) | 1,057,140 |
| **NET INCOME** | $ 2,132,328 | $ 3,371,106 |

*See accompanying Notes to Consolidated Financial Statements.*

**THE CHESTNUT PARTNERSHIP AND**
**THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST**
**CONSOLIDATED STATEMENTS OF PARTNERS' DEFICIT**
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | |
|---|---|
| **PARTNERS' DEFICIT - DECEMBER 31, 2021** | $ (73,925,467) |
| Net Income | 3,371,106 |
| Distributions to Partners | (6,500,000) |
| **PARTNERS' DEFICIT - DECEMBER 31, 2022** | (77,054,361) |
| Net Income | 2,132,328 |
| Distributions to Partners | (4,875,000) |
| **PARTNERS' DEFICIT - DECEMBER 31, 2023** | $ (79,797,033) |

*See accompanying Notes to Consolidated Financial Statements.*

**THE CHESTNUT PARTNERSHIP AND**
**THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net Income | $ 2,132,328 | $ 3,371,106 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 3,657,045 | 3,702,257 |
| Amortization of Financing Costs | 53,237 | 34,764 |
| Amortization of Nonrefundable Entrance Payments | (4,550,768) | (3,663,459) |
| Unrealized Gain on Investments | (82,539) | (55,020) |
| Unrealized (Gain) Loss on Derivative Instrument | 866,577 | (1,316,778) |
| Changes in Operating Assets and Liabilities: | | |
| Accounts Receivable | 76,936 | (223,100) |
| Prepaid Expenses and Other | 102,004 | (119,026) |
| Accrued Interest Receivable from Partners | 4,161 | 4,055 |
| Construction Costs Payable | 144,010 | - |
| Accounts Payable, Trade | (265,626) | 270,101 |
| Accounts Payable, Affiliates | (4,721) | (341,628) |
| Accrued Expenses | 181,937 | (97,330) |
| Refundable Deposits Received from Prospective Residents, Net | 499,725 | (114,650) |
| Deferred Revenue, Net | 8,214,757 | 6,241,085 |
| Net Cash Provided by Operating Activities | 11,029,063 | 7,692,377 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions to Operating Property | (2,344,592) | (2,324,562) |
| Proceeds from Sale of Operating Property | 50,638 | - |
| Proceeds from Notes Receivable from Partners | 647,917 | 631,541 |
| Additions to Cost of Acquiring Contracts | (97,249) | (101,125) |
| Net Cash Used by Investing Activities | (1,743,286) | (1,794,146) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from Loans from Residents | 6,728,932 | 10,475,672 |
| Repayment of Loans from Residents | (11,345,676) | (11,483,339) |
| Payment of Financing Costs | (88,668) | - |
| Repayment of Term Loan Payable | (639,987) | (605,815) |
| Distributions to Partners | (4,875,000) | (6,500,000) |
| Net Cash Used by Financing Activities | (10,220,399) | (8,113,482) |
| **NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH** | (934,622) | (2,215,251) |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year | 39,943,050 | 42,158,301 |
| **CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR** | $ 39,008,428 | $ 39,943,050 |

*See accompanying Notes to Consolidated Financial Statements.*

**THE CHESTNUT PARTNERSHIP AND**
**THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **SUPPLEMENTAL SCHEDULE - CASH PAID FOR INTEREST** | $ 1,679,952 | $ 581,436 |
| **SUPPLEMENTAL SCHEDULE - PROPERTY INCLUDED IN ACCOUNTS PAYABLE** | $ 32,242 | $ - |
| **SUPPLEMENTAL SCHEDULE - PROPERTY INCLUDED IN CONSTRUCTION COSTS PAYABLE** | $ 144,010 | $ - |
| **SUPPLEMENTAL SCHEDULE - REDEMPTION OF RESIDENT LOANS IN SATISFACTION OF OUTSTANDING ACCOUNTS RECEIVABLE BALANCE** | $ - | $ 2,593 |
| **SUPPLEMENTAL SCHEDULE - CASH RECONCILIATION** | | |
| Cash and Cash Equivalents | $ 33,730,309 | $ 35,165,682 |
| Assets Limited as to Use or Restricted | 5,278,119 | 4,777,368 |
| Total Cash, Cash Equivalents, and Restricted Cash | $ 39,008,428 | $ 39,943,050 |

*See accompanying Notes to Consolidated Financial Statements.*

## NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

### Organization

The consolidated financial statements include The Chestnut Real Estate Partnership (the Real Estate Partnership) and its 98% owned subsidiary The Chestnut Partnership (the Partnership). Both the Real Estate Partnership and the Partnership are general partnerships. The Real Estate Partnership is owned 50% by Chestnut Village LLC (Chestnut Village), and 50% by West Joppa Road Limited Partnership (West Joppa). Chestnut Village and West Joppa each own 1% of the remaining 2% of the Partnership.

The Real Estate Partnership was formed to hold title to property located in Towson, Maryland, which has been developed for use as a life plan community (the Community) under the terms of an operating and use agreement with the Partnership. The Real Estate Partnership and the Partnership are hereinafter referred to as the "Partnerships." Because the Real Estate Partnership is majority owner of the Partnership and the remaining 2% is under common ownership by West Joppa and Chestnut Village (each 50% owners of the Real Estate Partnership), the accompanying financial statements present the consolidated statements of the Partnerships without noncontrolling interest. For purposes of preparing the consolidated financial statements, all material transactions between the Partnerships have been eliminated.

The Partnership and the Real Estate Partnership entered into a long-term operating and use agreement in 1992. This grants the Partnership use of the property until dissolution, liquidation, or other termination by mutual agreement. The agreement requires the Partnership to pay all costs associated with the construction, equipping, and furnishing of the Community. The agreement also provides for an annual fee to be paid by the Partnership to the Real Estate Partnership, if necessary, for federal income tax purposes.

### Use of Estimates

Due to normal business uncertainties, management must estimate some information included in the consolidated financial statements presented in conformity with accounting principles generally accepted in the United States of America. Actual results could, and probably will, differ from those estimates. Due to the uncertainties inherent in such estimates, it is at least reasonably possible that the estimates could change materially in the near term.

### Cash and Cash Equivalents

The Partnerships consider investments with maturities of three months or less when purchased to be cash equivalents.

As of December 31, 2023 and 2022, the state of Maryland requires that an operating reserve be established in the amount of 25% and 15%, respectively, of operating expenses, plus interest expense (excluding interest on debt service or interest reserve accounts), excluding depreciation and amortization. The operating reserve is calculated based on the most recent fiscal year for which a certified consolidated financial statement is available.

## NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Cash and Cash Equivalents (Continued)

Therefore, the required reserve for the year ended December 31, 2023 is calculated using operating expenses reported in the certified consolidated financial statements for the year ended December 31, 2022. The Partnerships have the required amount of $5,356,724 and $2,870,470 in cash and cash equivalents at December 31, 2023 and 2022, respectively.

### Concentrations of Credit Risk

The Partnerships maintain its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnerships have not experienced any losses in such accounts. The Partnerships believe they are not exposed to any significant credit risk on cash and cash equivalents.

### Accounts Receivable

Accounts receivables are reported net of an allowance for credit losses to represent the Partnerships' estimate of expected losses at the consolidated balance sheet date. The adequacy of the Partnerships' allowance for credit losses is reviewed on an ongoing basis using analyses of receivable portfolios by payor source and receivable aging, a review of specific accounts, as well as expected future economic conditions and market trends. Adjustments are made to the allowance as necessary.

### Assets Limited as to Use or Restricted

Entrance Payments, prior to occupancy, are held in escrow and invested in shares of a money market fund. These funds remain the property of the prospective residents unless and until available to be released to the Partnerships as provided for in the escrow agreement. The amount of the escrowed Entrance Payments at December 31, 2023 and 2022, were $961,505 and $461,780, respectively.

The health center reserve was established to secure a portion of the loans of residents that have moved to the health center under a Residency Agreement entered into prior to 1997. As of December 31, 2023, there were no more loans outstanding under Residency Agreements entered into prior to 1997, and therefore this reserve is no longer required. The amount held in reserve at December 31, 2023 and 2022, was $-0- and $523,919, respectively.

The capital replacement reserve was established pursuant to the Residency Agreements for improving or replacing capital items which cost over $50,000 and is funded through monthly fees. The amount held in reserve at December 31, 2023 and 2022, was $3,425,851 and $2,981,217, respectively.

The debt service reserve was established pursuant to the loan agreement, which required annual funding requirements through 2021. The Partnerships are able to use these funds as needed to pay their debt service obligation. The amount held in reserve at December 31, 2023 and 2022, was $890,763 and $810,452, respectively.

## NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Assets Limited as to Use or Restricted (Continued)

During the year ended December 31, 2015, the Partnerships voluntarily agreed to include new terms in future Residency Agreements that would require the Partnerships to establish a fund reserve account equal to certain percentages of the loans from residents, if the occupancy level of independent living units were to fall below certain thresholds. As of December 31, 2023 and 2022, the independent living occupancy level was above these required thresholds, therefore, no reserve was required.

Assets limited as to use or restricted are invested in cash and cash equivalents.

### Operating Property

Operating property is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

### Costs of Acquiring Contracts

Costs of acquiring contracts are incremental costs incurred in obtaining a Residency Agreement that would not have been incurred had the Residency Agreement not been obtained. Costs are associated with individual agreements and amortized based on the remaining life expectancy of those residents. Costs of acquiring contracts were $273,375 and $186,625 as of December 31, 2023 and 2022, respectively. Accumulated amortization was $41,800 and $24,293 as of December 31, 2023 and 2022, respectively. Amortization expense was $28,006 and $16,831 for the years ended December 31, 2023 and 2022, respectively.

### Income Taxes

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

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Partnerships and recognize a tax liability (or asset) for an uncertain position that more-likely-than-not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Partnerships are subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

## NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Interest Rate Risk Management Agreement

The Partnership holds an interest rate risk management agreement (Derivative Instrument) in order to manage the interest rate risk exposure on its term loan (see Note 5). The derivative instrument does not qualify as a cash flow hedge under the Derivatives and Hedging Topic of the FASB *Accounting Standards Codification.* Accordingly, the instrument is recognized in the consolidated financial statements at fair value and changes in fair value are recognized through earnings as unrealized gain (loss) on derivative instrument.

### Revenues

The resident pays an Entrance Payment, net of funds previously escrowed, consisting of a First Person Fee (and Second Person Fee, if applicable) and a Loan. The First Person Fee is recorded as deferred revenue and is amortized into income over the estimated life expectancy of the residents, adjusted annually based on the actuarially determined life expectancy of the respective residents.

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

Residents pay a monthly fee, determined annually. The Residency Agreements provide that residents pay the funds required to operate the Community, which includes all operating expenses, debt service for nonresident debt, repairs and replacements, capital improvements, and working capital. The monthly fee is recognized as apartment and health care revenues and may only be used for purposes specified in the Residency Agreements.

In 2023 and 2022, there were no fair share adjustments.

Resident revenue is reported at the amount that reflects the consideration to which the Partnerships expect to be entitled in exchange for providing resident services. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Revenue is recognized as performance obligations are satisfied, and the resident receives and controls the good or service.

Performance obligations are determined based on the nature of the services provided by the Partnerships. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Partnerships believe that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

## NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenues (Continued)

Generally, performance obligations satisfied over time relate to residents in the Community. The Partnerships measure the performance obligation from admission into the Community to the point when it is no longer required to provide services to the resident, which is generally at the time of death or move-out.

The opening and closing balances were as follows:

| | Accounts Receivable | Deferred Revenue |
|---|---|---|
| Balance as of January 1, 2022 | $ 765,868 | $ 25,495,333 |
| Balance as of December 31, 2022 | 986,375 | 28,072,959 |
| Balance as of December 31, 2023 | 816,639 | 31,870,766 |

### Health Care Revenues

The Partnerships have agreements with third-party payors that provide for payments to the Partnerships at amounts different from the Partnerships' established rates. Payment arrangements include prospectively determined per diem payments. Revenue is recognized as performance obligations are satisfied. Health care revenues are reported at the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors and implicit price concessions provided to residents. See Note 6 for additional information on health care revenues.

### Recent Accounting Pronouncements

In June 2016, Financial Accounting Standards Board issued (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which replaces the current incurred loss impairment methodology for credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Partnerships adopted this standard effective January 1, 2023, with no material effect on the consolidated financial statements.

## NOTE 2 RELATED PARTY TRANSACTIONS

In certain years, the Partnerships have made loans to the partners in lieu of capital distributions. Accrued interest receivable on these loans at December 31, 2023 and 2022 is $94,948 and $99,109, respectively. Interest income on the loans totaled $386,069 and $402,552 during the years ended December 31, 2023 and 2022, respectively. A summary of the principal balance of the loans to partners as of December 31, 2023 and 2022, is as follows:

| Description | 2023 | 2022 |
|---|---|---|
| Notes receivable due in quarterly installments of principal and interest of $179,770, bearing interest at 2.71% per annum with all remaining unpaid principal and interest due January 1, 2030. | $ 9,351,638 | $ 9,809,507 |
| Notes receivable due in quarterly installments of principal and interest of $41,338, bearing interest at 2.58% per annum with all remaining unpaid principal and interest due April 1, 2031. | 2,792,596 | 2,884,418 |
| Notes receivable due in quarterly installments of principal and interest of $38,428, bearing interest at 1.90% per annum with all remaining unpaid principal and interest due October 2, 2031. | 2,858,702 | 2,956,928 |
| Subtotal | 15,002,936 | 15,650,853 |
| Less Current Maturities | 664,724 | 648,118 |
| Total | $ 14,338,212 | $ 15,002,735 |

The Partnerships have a development agreement with LCS Development LLC (affiliated through common ownership with LCSDR) to coordinate the planning and development, financing, initial occupancy development, and the design and construction of projects at the Community. At December 31, 2023 and 2022, the Partnerships had a payable to LCS Development of $745 and $2,049, respectively.

The Partnerships have a management agreement with Life Care Services LLC (LCS), an affiliate through common ownership of Chestnut Village, to provide management services relating to the operations of the Community. For the years ended December 31, 2023 and 2022, $1,247,395 and $1,196,307 of services has been expensed and earned under this agreement, respectively. At December 31, 2023 and 2022, the Partnerships had a payable due to LCS of $61,114 and $64,531, respectively.

In the normal course of operations, the Partnerships purchase from affiliates of Chestnut Village services for group purchasing, insurance, computing technology, and related ancillary matters.

## NOTE 3 RESIDENCY AGREEMENTS

The Partnerships have entered into Residency Agreements (Agreements) with residents and prospective residents of the Community. The Agreements provide for the lifetime use, under certain conditions, of a living unit upon receipt of an Entrance Payment consisting of a First Person Fee (and Second Person Fee, if applicable) and a Loan. The Entrance Payment is deposited in an escrow account and will be released to the Partnerships only after the occurrence of certain events as described in the Agreements. Prior to occupancy, Entrance Payments are refundable, subject to limitations in the Agreements. The amount of Entrance Payments that were escrowed and refundable at December 31, 2023 and 2022, were $961,505 and $461,780, respectively.

At the time of occupancy, the portion of the Entrance Payment that is ultimately nonrefundable is recorded as deferred revenue and is amortized to revenue as described in Note 1.

The Agreements also provide for the occupants to pay a monthly fee.

The Partnerships' compensation that has been earned per the Residency Agreements but has not been distributed to the owners is $19,371,411 and $15,370,211 in cash and cash equivalents at December 31, 2023 and 2022, respectively; $14,338,212 and $15,002,735 in notes receivable at December 31, 2023 and 2022, respectively; $94,948 and $99,109 in accrued interest receivable at December 31, 2023 and 2022, respectively.

Performance obligations are determined based on the nature of the services provided by the Partnerships. Performance obligations satisfied over time can vary throughout the life of the Residency Agreement depending on the resident's care setting. Generally, performance obligations to residents in independent living can include housing and other services, such as access to common areas, meals at dining venues, planned activities and events, housekeeping, and security. Performance obligations for all other care settings have a component of health care, which is discussed in more detail in Note 1. The Partnerships measure the performance obligation for admission into the Community to the point when it is no longer required to provide services to that resident, which is generally at the time of death or move-out.

## NOTE 4 OPERATING PROPERTY

Operating property consists of the following at December 31, 2023 and 2022:

| | Estimated Useful Lives | 2023 | 2022 |
|---|---|---|---|
| Land | | $ 6,178,644 | $ 6,178,644 |
| Buildings and Fixed Equipment | 5 to 40 Years | 92,168,831 | 91,088,730 |
| Equipment and Furnishings | 3 to 10 Years | 10,142,914 | 9,368,800 |
| Subtotal | | 108,490,389 | 106,636,174 |
| Less: Accumulated Depreciation | | (59,092,667) | (55,533,368) |
| Total | | 49,397,722 | 51,102,806 |
| Remodel Projects | | 1,600,000 | 951,784 |
| Total Operating Property | | $ 50,997,722 | $ 52,054,590 |

## NOTE 5 TERM LOAN PAYABLE

On April 22, 2016, the Partnerships entered into a loan agreement (the Loan Agreement) with Bank of America. The Loan Agreement was amended in 2021 creating a new term note with a principal balance of $30,329,623. In March 2023, the Loan Agreement was modified to change the variable interest rate of LIBOR to Term SOFR Rate plus an applicable margin, effective March 1, 2023. The note matures in March 2027. Monthly payments consist of principal and interest, with the total unpaid balance due at maturity.

The balances of Term Loan Payable at December 31, 2023 and 2022, were as follows:

| | 2023 | 2022 |
|---|---|---|
| Term Loan Payable | $ 28,650,785 | $ 29,290,772 |
| Less: Unamortized Financing Costs | (81,783) | (46,352) |
| Total | $ 28,569,002 | $ 29,244,420 |

As of December 31, 2023, approximate aggregate maturities of the Term Loan Payable are as follows:

| Year Ending December 31, | Amount |
|---|---|
| 2024 | $ 676,084 |
| 2025 | 714,221 |
| 2026 | 754,510 |
| 2027 | 26,505,970 |
| Subtotal | 28,650,785 |
| Less: Unamortized Financing Costs | (81,783) |
| Total | $ 28,569,002 |

## NOTE 5 TERM LOAN PAYABLE (CONTINUED)

Prior to modification in March 2023, the derivative instrument (Old) capped the floating LIBOR rate at 0.50%. The Partnerships modified the agreement to change the derivative instrument (New) cap to Term SOFR Rate at 3.35%, effective March 1, 2023. The estimated fair value of the New derivative instrument was $815,576 at December 31, 2023, and the estimated fair value of the Old derivative instrument at December 31, 2022 was $1,682,153.

The Loan Agreement is secured by substantially all assets of the Partnerships, including all entrance payments without limitation. The Loan Agreement includes various restrictive covenants requiring adherence to be in compliance with its terms.

Financing costs represent expenses incurred in obtaining long-term financing. These costs are being amortized over the term of the related loan by the straight-line method, as an approximation of the effective interest method. As of December 31, 2023 and 2022, financing costs of $758,400 and $669,732, respectively, related to the Loan Agreement are being amortized over the term of the loan. Accumulated amortization related to the financing costs was $676,617 and $623,380 as of December 31, 2023 and 2022, respectively. Interest expense related to the amortization was $53,237 and $34,764 for the years ended December 31, 2023 and 2022.

## NOTE 6 HEALTH CARE REVENUES

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

**Medicare**: The Partnerships participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The Partnerships are paid under the Patient Driven Payment Model (PDPM) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing services. Under PDPM, the basis for reimbursement is determined by the underlying complexity and clinical needs of a patient. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay.

**Other**: Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

## NOTE 6 HEALTH CARE REVENUES (CONTINUED)

Laws and regulations concerning government programs, including Medicare, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Partnerships' compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon the Partnerships. In addition, the contracts the Partnerships have with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Partnerships' historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price were not significant in 2023 or 2022.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Partnerships estimate the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to health care revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the Resident's ability to pay are recorded as bad debt expense.

Health care revenues from the Medicare program accounted for approximately 33% and 34% of total health care revenues in 2023 and 2022, respectively. Revenues from the Medicare program accounted for approximately 4% and 5% of total revenues in 2023 and 2022, respectively.

## NOTE 7 EMPLOYEE RETIREMENT BENEFIT PLAN

Available to all eligible employees of the Partnerships is a defined contribution employee retirement benefit plan (the Plan). The Partnerships accrued matching contributions of $174,249 and $154,300 in 2023 and 2022, respectively, to be remitted to the Plan in 2024 and 2023, respectively. The Plan matches 50% of the participant's eligible contributions, up to 3% of the participant's compensation for the Plan year.

## NOTE 8 COMMITMENTS AND CONTINGENCIES

The operating and use agreement discussed in Note 1 grants the Partnership use of the Real Estate Partnership property until dissolution, liquidation, or other termination of the Partnership, unless otherwise terminated by mutual agreement. The agreement requires the Partnership to pay all costs in connection with constructing, equipping, and furnishing the continuing care community. The operating and use agreement requires the Real Estate Partnership to guarantee loans from residents of the Community in an aggregate principal amount not to exceed $60,000,000. The Real Estate Partnership has also guaranteed the repayment of the Loan Agreement discussed in Note 5.

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

Because of the various regulations surrounding government reimbursed medical costs, there can be no assurance that the reimbursements will be equal to or exceed costs to provide such services.

## NOTE 9 SUBSEQUENT

The Partnerships have evaluated subsequent events through March 19, 2024, the date which the consolidated financial statements were available to be issued. There were no subsequent events requiring accrual or disclosure.

# THE CHESTNUT PARTNERSHIP AND
# THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST
## CONSOLIDATING BALANCE SHEET
## DECEMBER 31, 2023
### (SEE INDEPENDENT AUDITORS' REPORT)

| ASSETS | The Chestnut Partnership | The Chestnut Real Estate Partnership | Eliminations | Total |
|---|---|---|---|---|
| **CURRENT ASSETS** | | | | |
| Cash and Cash Equivalents | $ 33,730,309 | $ - | $ - | $ 33,730,309 |
| Accounts Receivable, Net of Allowance for Credit Losses of $52,490 | 816,639 | - | - | 816,639 |
| Accrued Interest Receivable from Partners | 94,948 | - | - | 94,948 |
| Prepaid Expenses and Other | 1,356,190 | - | - | 1,356,190 |
| Assets Limited as to Use or Restricted | 961,505 | - | - | 961,505 |
| Notes Receivable from Partners, Current Portion | 664,724 | - | - | 664,724 |
| Total Current Assets | 37,624,315 | - | - | 37,624,315 |
| Assets Limited as to Use or Restricted | 4,316,614 | - | - | 4,316,614 |
| Notes Receivable from Partners, Less Current Portion | 14,338,212 | - | - | 14,338,212 |
| Cost of Acquiring Contracts, Net of Accumulated Amortization | 231,575 | - | - | 231,575 |
| Operating Property, Net of Accumulated Depreciation | 1,808,476 | 49,189,246 | - | 50,997,722 |
| Derivative Instrument | 815,576 | - | - | 815,576 |
| Refundable Deposit | 40,000 | - | - | 40,000 |
| Total Assets | $ 59,174,768 | $ 49,189,246 | $ - | $ 108,364,014 |
| **LIABILITIES AND PARTNERS' DEFICIT** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Term Loan Payable, Current Portion | $ 676,084 | $ - | $ - | $ 676,084 |
| Construction Costs Payable | 144,010 | - | - | 144,010 |
| Accounts Payable, Trade | 300,818 | - | - | 300,818 |
| Accounts Payable, Affiliates | 61,859 | - | - | 61,859 |
| Accrued Expenses | 1,166,259 | - | - | 1,166,259 |
| Refundable Deposits from Prospective Residents, Escrowed | 961,505 | - | - | 961,505 |
| Loans from Residents, Current Portion | 260,728 | - | - | 260,728 |
| Total Current Liabilities | 3,571,263 | - | - | 3,571,263 |
| Deferred Revenue | 31,870,766 | - | - | 31,870,766 |
| Term Loan Payable, Less Current Portion, Net of Unamortized Financing Costs | 27,892,918 | - | - | 27,892,918 |
| Loans from Residents, Less Current Portion | 124,826,100 | - | - | 124,826,100 |
| Deficit of The Chestnut Partnership | - | 128,986,279 | (128,986,279) | - |
| Total Liabilities | 188,161,047 | 128,986,279 | (128,986,279) | 188,161,047 |
| **PARTNERS' DEFICIT** | (128,986,279) | (79,797,033) | 128,986,279 | (79,797,033) |
| Total Liabilities and Partners' Deficit | $ 59,174,768 | $ 49,189,246 | $ - | $ 108,364,014 |

## THE CHESTNUT PARTNERSHIP AND
## THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST
## CONSOLIDATING STATEMENT OF OPERATIONS
## YEAR ENDED DECEMBER 31, 2023
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | The Chestnut Partnership | The Chestnut Real Estate Partnership | Eliminations | Total |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Amortization of Nonrefundable Entrance Fees | $ 4,550,768 | $ - | $ - | $ 4,550,768 |
| Apartment Revenues | 19,499,775 | - | - | 19,499,775 |
| Health Care Revenues | 5,327,073 | - | - | 5,327,073 |
| Capital Reserve Fees | 163,050 | - | - | 163,050 |
| Other Revenues | 22,696 | - | - | 22,696 |
| Income from The Chestnut Partnership | - | 5,691,625 | (5,691,625) | - |
| Total Revenues | 29,563,362 | 5,691,625 | (5,691,625) | 29,563,362 |
| **OPERATING EXPENSES** | | | | |
| General and Administrative | 5,896,462 | - | - | 5,896,462 |
| Plant | 2,949,968 | - | - | 2,949,968 |
| Environmental Services | 1,898,749 | - | - | 1,898,749 |
| Dietary | 4,231,059 | - | - | 4,231,059 |
| Medical and Resident Care | 7,514,047 | - | - | 7,514,047 |
| Depreciation and Amortization | 97,748 | 3,559,297 | - | 3,657,045 |
| Total Operating Expenses | 22,588,033 | 3,559,297 | - | 26,147,330 |
| **INCOME FROM OPERATIONS** | 6,975,329 | 2,132,328 | (5,691,625) | 3,416,032 |
| **OTHER INCOME (EXPENSE)** | | | | |
| Interest Expense, Net | (499,666) | - | - | (499,666) |
| Unrealized Gain on Investments | 82,539 | - | - | 82,539 |
| Unrealized Loss on Derivative | (866,577) | - | - | (866,577) |
| Total Other Income (Expense) | (1,283,704) | - | - | (1,283,704) |
| **NET INCOME** | $ 5,691,625 | $ 2,132,328 | $ (5,691,625) | $ 2,132,328 |

**THE CHESTNUT PARTNERSHIP AND**
**THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST**
**CONSOLIDATING STATEMENT PARTNERS' DEFICIT**
**YEAR ENDED DECEMBER 31, 2023**
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | The Chestnut Partnership | The Chestnut Real Estate Partnership | Eliminations | Total |
|---|---|---|---|---|
| **PARTNERS' DEFICIT - DECEMBER 31, 2022** | $ (128,157,168) | $ (77,054,361) | $ 128,157,168 | $ (77,054,361) |
| Net Income | 5,691,625 | 2,132,328 | (5,691,625) | 2,132,328 |
| Transfer of Operating Property to the Chestnut Real Estate Partnership | (1,645,736) | - | 1,645,736 | - |
| Distributions to Partners | (4,875,000) | (4,875,000) | 4,875,000 | (4,875,000) |
| **PARTNERS' DEFICIT - DECEMBER 31, 2023** | $ (128,986,279) | $ (79,797,033) | $ 128,986,279 | $ (79,797,033) |

**THE CHESTNUT PARTNERSHIP AND**
**THE CHESTNUT REAL ESTATE PARTNERSHIP DBA: BLAKEHURST**
**CONSOLIDATING STATEMENT OF CASH FLOWS**
**YEAR ENDED DECEMBER 31, 2023**
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | The Chestnut Partnership | The Chestnut Real Estate Partnership | Eliminations | Total |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Net Income | $ 5,691,625 | $ 2,132,328 | $ (5,691,625) | $ 2,132,328 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation and Amortization | 97,748 | 3,559,297 | - | 3,657,045 |
| Amortization of Financing Costs | 53,237 | - | - | 53,237 |
| Amortization of Nonrefundable and Entrance Payments | (4,550,768) | - | - | (4,550,768) |
| Partnership Income | - | (5,691,625) | 5,691,625 | - |
| Unrealized Gain on Investments | (82,539) | - | - | (82,539) |
| Unrealized Loss on Derivative Instrument | 866,577 | - | - | 866,577 |
| Changes in Operating Assets and Liabilities: | | | | |
| Accounts Receivable | 76,936 | - | - | 76,936 |
| Prepaid Expenses and Other | 102,004 | - | - | 102,004 |
| Accrued Interest Receivable from Partners | 4,161 | - | - | 4,161 |
| Construction Costs Payable | 144,010 | - | - | 144,010 |
| Accounts Payable, Trade | (265,626) | - | - | (265,626) |
| Accounts Payable, Affiliates | (4,721) | - | - | (4,721) |
| Accrued Expenses | 181,937 | - | - | 181,937 |
| Refundable Deposits Received from Prospective Residents, Net | 499,725 | - | - | 499,725 |
| Deferred Revenue, Net | 8,214,757 | - | - | 8,214,757 |
| Net Cash Provided by Operating Activities | 11,029,063 | - | - | 11,029,063 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Additions to Operating Property | (2,344,592) | - | - | (2,344,592) |
| Proceeds from Sale of Operating Property | 50,638 | - | - | 50,638 |
| Proceeds from Notes Receivable from Partners | 647,917 | - | - | 647,917 |
| Additions to Cost of Acquiring Contracts | (97,249) | - | - | (97,249) |
| Net Cash Used by Investing Activities | (1,743,286) | - | - | (1,743,286) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from Loans from Residents | 6,728,932 | - | - | 6,728,932 |
| Repayment of Loans from Residents | (11,345,676) | - | - | (11,345,676) |
| Payment of Financing Costs | (88,668) | - | - | (88,668) |
| Repayment of Term Loan Payable | (639,987) | - | - | (639,987) |
| Distributions to Partners | (4,875,000) | - | - | (4,875,000) |
| Net Cash Used by Financing Activities | (10,220,399) | - | - | (10,220,399) |
| **NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH** | (934,622) | - | - | (934,622) |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year | 39,943,050 | - | - | 39,943,050 |
| **CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR** | $ 39,008,428 | $ - | $ - | $ 39,008,428 |