



The Knolls at Goshen, Inc.

Disclosure Statement

[Date]

This matter involves a substantial financial investment and a legally binding contract. Please review this Disclosure Statement carefully for important financial information about The Knolls at Goshen, including:

- **Pages 6-7 (“Acquisition of the Community”, “Minimum Liquid Reserve Requirements” and “Other Regulatory Requirements”);**
- **Exhibit 2 (Closing Date Balance Sheet); and**
- **Exhibit 3 (Purchasing The Knolls at Goshen – Financial Implications).**

In evaluating the Disclosure Statement and the Residency Agreement prior to any commitment, it is recommended that you consult with an attorney and financial advisor of your choice, if you so elect, who can review these documents with you. You have the right to rescind the Residency Agreement within 7 days after signing without obligation.

The Knolls at Goshen, Inc.
Continuing Care Retirement Community
214 Harriman Drive
Goshen, New York 10924
(845) 360-1407

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DRAFT
APRIL 27, 2023

SUBJECT TO DOH AND DFS APPROVAL
NOT FOR DISSEMINATION

- Exhibit 3 - Purchasing Glen Arden – Financial Implications
- Exhibit 4 - The Knolls (Valhalla) Financial Information
- Exhibit 5 - The Knolls (Valhalla) Entrance and Monthly Fee Information

Description

Name and Type of Organization

The Knolls at Goshen, Inc. (hereinafter “Sponsor” or “The Knolls at Goshen”), located at 67 Springvale Road, Croton-on-Hudson, New York 10520, is a not-for-profit corporation organized and existing under the laws of the State of New York. Sponsor has received exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

Sponsor is a stand-alone corporation and has no members.

Sponsor is affiliated, through common control, with the following entities:

- The Bethel Methodist Home (d/b/a The Knolls), a New York not-for-profit corporation located at 55 Grasslands Road, Valhalla, NY 10595, that, since October 31, 2016, has operated a continuing care retirement community consisting of 120 independent living units, 10 enriched housing units and 20 skilled nursing beds.
- The Bethel Springvale Nursing Home, Inc. (d/b/a Bethel Nursing and Rehabilitation Center), a New York not-for-profit corporation formed in 1995, that currently has no assets or operations but previously operated a 200 bed skilled nursing facility, Adult Day Services and Medical Day Care.
- The Bethel Nursing Home Company, Inc., a New York not-for-profit corporation formed in 1970, that operates a 43-bed skilled nursing facility and Social Day Care, located at 17 Narragansett Avenue, Ossining, NY 10562.
- Living Independently for the Elderly, Inc. (d/b/a The Springvale Inn), a New York not-for-profit corporation formed in 1981, that operates a 125-bed Enriched Housing Program and a Licensed Home Care Services Agency, located at 62 Springvale Road, Croton-on-Hudson, NY 10520.
- Angel Care Services Agency, a New York corporation, located at 67 Springvale Road, Croton-on-Hudson, NY 10520, that offers supplemental nursing services.
- The Pines at Narragansett, Housing Development Fund Company, Inc., a New York not-for-profit corporation formed in 2003, that operates a 50 unit independent living community located at 19 Narragansett Avenue, Ossining, NY 10562.

These affiliates offer an established, successful continuum of care that has been providing residential and home health care to the residents of Westchester County since 1920. Other than The Bethel Methodist Home and Sponsor, none of these affiliates operate a continuing care retirement community. None of the affiliates are responsible for any obligations of Sponsor. Sponsor has received a Certificate of Authority from the Continuing Care Retirement Community Council, which authorizes Sponsor to enter into Residency Agreements with prospective residents of The Knolls at Goshen.

Location and Description of The Knolls at Goshen

The Knolls at Goshen is situated on an approximately 40 acres at the junction of State Route 17 and Harriman Drive in the Village of Goshen, New York. This site is leased by Sponsor from Garnet Health Medical Center pursuant to a long term land lease that runs through December 2093.

The Knolls at Goshen is a continuing care retirement community designed to accommodate residents aged 62 and older in 148 independent living apartments ranging in size from one-bedroom apartments to two bedroom/two bath apartments, 28 enriched housing apartments and 40 skilled nursing beds. Each apartment has a kitchen. All of the apartments are constructed with the special needs of the older adult in mind. The Knolls at Goshen has elevators for vertical transportation, lighting that reduces glare, floor coverings which are nonslip and firm underfoot, windows that are easily operated, door handles rather than knobs, individual apartment heating and cooling controls, and an emergency call for aid system which is monitored 24-hours per day. The Knolls at Goshen also has common areas, such as casual dining, wellness rooms, and recreational facilities on the main floor of the independent living section of the building as well a formal dining and lounge area on the second floor. Lounge areas and dining for the enriched housing and skilled nursing beds are located on the main and third floors respectively. The administrative offices are also located on the main floor.

All facilities are constructed in accordance with all applicable building codes. The architecture emphasizes the residential character of the community and blends the community with the environment. Outside amenities include gardens, walking paths, and outdoor game areas.

Services Provided

Prospective residents should fully understand the services that The Knolls at Goshen will provide. The services are more fully described in the Residency Agreement annexed as Exhibit 1 and made part of this Disclosure Statement. If there are differences between this Disclosure Statement and the Residency Agreement, Sponsor is obligated to provide the services set forth in the Residency Agreement. Briefly, these services include: (1) residency at The Knolls at Goshen; (2) dining services for residents; (3) payment of utilities (except telephone) and basic cable television service; (4) independent living and enriched housing apartment maintenance; (5) access to and maintenance of all common areas; (6) weekly flat linen service; (7) bi-weekly housekeeping plus annual heavy cleaning; (8) scheduled transportation; (9) optional activities; (10) use of the exercise center including an indoor swimming pool and fitness center; (11) if required, skilled nursing home services charged to resident on a fee for service basis if the resident selects a Type C Contract (as defined and described on page 11 of this Disclosure Statement), or for no additional charge if the resident selects a Type A Contract (as defined and described on page 10 of this Disclosure Statement); (12) if required, enriched housing services charged to resident on a fee for service basis if the resident selects a Type C Contract, or for no additional charge if the resident selects a Type A Contract; (13) access to short-term and intermittent home health care as defined by and paid for by the Medicare program; and (14) various administrative services. In addition, The Knolls at Goshen will provide access to physician services, prescription drugs and rehabilitation services.

Board Members

Sponsor is governed by a voluntary Board of Directors. None of the Directors of Sponsor or any affiliated entity has any ownership interest in the assets of Sponsor. Directors take such actions and perform such duties and responsibilities as may be authorized by law and the Corporation's by-laws. Copies of the by-laws are available upon request. No part of the net earnings of Sponsor may be used for the benefit of or be distributed to Directors or officers of Sponsor or any affiliated entity or other private individuals, nor does any person involved in the management of The Knolls at Goshen have any proprietary interest in Sponsor. The voluntary Directors and officers of Sponsor are listed below. None of the Directors or officers of Sponsor or any affiliated entity has, as of this date:

- Been convicted of a crime or pled nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment if the criminal or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property.
- Had a prior discharge in bankruptcy or was found insolvent in any court action.
- Been subject to a currently effective order or federal or state administrative order relating to business activity or health care as a result of an action by a public agency or department, including, without limitation, actions affecting a license to operate a continuing care, health care, and/or adult care operation.
- Has any interest in any supplier or potential supplier of goods or services to Sponsor.
- Has supplied materials, goods or services of any kind to Sponsor.

Voluntary Directors serve without compensation. Their names and biographical summaries follow.

James J. Campbell, Director

James J. Campbell is the former Executive Director of Leake and Watts Services, Inc., a child care agency located in Yonkers, NY which provides services to over 3,000 children and their families. For over 30 years, Mr. Campbell has overseen agency operations which includes a 200 bed residential treatment facility, nine group homes, an early childhood education center, a special education center (grades 1-12), a juvenile detention-component and a number of community-based programs located throughout the Bronx. Mr. Campbell and his staff developed the first foster program in the United States for children affected by HIV.

Leake and Watts was also the first child care agency in NY to receive a \$50 million bond issue from the NYS Dormitory Authority to fund a five year construction project on the campus to provide additional and renovated facilities.

He has served on a variety of state and city committees and subcommittees related to human services. Mr. Campbell also serves as a board member for The College of Mount Saint Vincent, the Council of Family and Child Caring Agencies (COFCCA) the Westchester County

Association and InterAgency council of Mental Retardation and Developmental Disabilities Agencies (IAC/MRDD).

Rev. Dr. John E. Carrington, Director

Dr. Carrington is an ordained clergy member of the New Annual York Conference of the United Methodist Church. He has been the Chairman of the Board of Trustees at New York Methodist Hospital since 1980, having first joined the board in 1968. In recognition of his years of service, the Hospital named the Carrington Pavilion in his honor in 1997. He has also been a trustee of the New York-Presbyterian Healthcare System.

He has served as the Executive Director and CEO of the United Methodist City Society for over 20 years and as a trustee of the New York Theological Seminary, and a director of Bethel Homes, Anchor House, the Brooklyn Methodist Home, and the United Hospital Fund of New York. He was a founding director of the Brooklyn Community Capital Bank and on the advisory board of Carver federal Savings Bank.

Dr. Carrington is a founder and honorary director of Harlem Congregations for Community Improvement, an interfaith organization that has provided more than 3,000 units of new and renovated housing in Harlem as well as social programs.

He has served as pastor of New Jersey churches in Westfield and Summit and two churches in New York City; Willis Avenue and Springfield Gardens. He is currently the senior pastor of two historic Manhattan United Methodist Churches, Mount Calvary and Saint Mark's which merged in 2015.

Robert Elliott, Director

Mr. Elliott served as the Mayor of Croton-on-Hudson from 1991 to 2005 and is a past President of both the Westchester Municipal Officials Association and the New York Conference of Mayors. Recently, he was the Deputy Secretary of State of New York State and prior to that was the Executive Director of the New York Planning Federation, which trains and provides technical assistance to municipalities across New York State.

Mr. Elliott is the founder and past Chairman of Historic River Towns of Westchester, an organization focused on waterfront development, tourism and main street economics. He has been the Director of Economic Development, as well as head of the Industrial Development Agency for Westchester County and was also President of the Westchester Convention and Visitors Bureau. He was one of the organizers and President of the New York Municipal Insurance Reciprocal, a corporation owned by, and insuring over, 600 counties, cities, villages and towns in New York State.

Currently he is a board member and Treasurer of both the Hudson River Foundation and the Glynwood Center and serves on a number of other boards including Hudson Valley Greenway Council, and its National Heritage Area Steering Committee, Center for the Study of the Environment and New Netherland Museum and Ship Half Moon. Previously, Mr. Elliott has served on a number of other boards including, NYS DEC'S Hudson River Estuary Management Plan Advisory Board, Clearwater and Friends of Hudson Valley.

Rev. Kevan Thomas Hitch, Director

As a pastor in the New York Annual Conference of the United Methodist Church, Rev. Hitch has been appointed to several churches throughout the years including the Valhalla UMC where he has been the pastor since 2003. Other churches where Rev. Hitch has served include the New Paltz UMC, First & Summerfield UMC, New Haven, CT and Carpenter Memorial UMC in Glen Cove, NY.

In addition to his pastoral duties, Rev. Hitch's ministerial career has included working with the West Side Federation for Senior Housing as a Social Worker helping mentally ill persons from the NYC shelter system as well as serving as a Supervisor for the Columbia School of Social Work/Union Theological Seminary field education students.

Rev. Hitch's involvement in the community has covered a wide range of outreach, including: Founding Member, Hudson Valley Jobs for Justice; Clergy Leader, Elm City Congregations Organized; Founding Member, New Haven Community and Labor Coalition; Cooperative Ministry Taskforce, Methodists for Social Action; President, New York Methodist Federal Credit Union; and Board Member, Rural Migrant Ministry, NAACP, Glen Cove, among other outreach efforts.

He received a B.A. in English, Religion/Philosophy from Indiana Wesleyan University and a Master of Divinity from Princeton Theological Seminary.

Margaret McGarrity

Meg McGarrity has had extensive experience as a Physical Therapist throughout her 40 year career. Currently a volunteer at the Maryknoll Sisters Nursing Home, she began as a Senior Physical Therapist and staff physical therapist at NYU Medical Center, Rusk Institute.

She later served as a Home Care Physical Therapist for the Visiting Nurse Association. Following her tenure with the VNA, she assumed the position of Director of Physical Therapy at the Maryknoll Sisters Nursing Home and Assistive Living where she was responsible for evaluation and treatment of residents, establishing home programs and discharge plans, as well as instructing staff in nursing rehabilitation plans, ordering and maintaining equipment and participating in Care Plan meetings.

Ms. McGarrity earned her MA in Physical Therapy from New York University and her BS in Physical Therapy from the University of Wisconsin.

Richard Merbaum

Richard Merbaum has been a member of the Board of Directors of Bethel Methodist Home, since 2002. He first became involved with Bethel when Michael Berenson, owner of the Springvale Apartments, gifted The Springvale Inn to Bethel in 1976. As Managing Partner of the apartment complex Mr. Merbaum was interested and motivated to serve.

Introduced to the public in 1959 as Springvale-on-Hudson, the Springvale Apartments complex was developed by Mitchell Berenson, Lawrence Schnall and their partners. Berenson and Schnall

came out of the union movement and were committed to creating a community that encourages working people approaching retirement, as well as retired and semi-retired seniors to live happily, safely and productively. The actual physical layout of Springvale is designed to foster independent, active living as well as social support and interaction. It seemed like a perfect complement to join the Board of Bethel which had been a mission driven organization helping the elderly since 1911.

Mr. Merbaum received a Bachelor's degree from the University of Chicago, a Master's degree from New York University and an MBA from Columbia University. He most recently served as senior vice president in the Manhattan office of Willis Group Holdings Limited, the insurance brokerage firm. Mr. Merbaum is a resident of Great Neck, New York where he resides with his wife Judith, a psychologist and psychoanalyst in private practice.

Andrew Samalin, Director

Andrew Samalin has been advising affluent individuals, businesses and foundations since 1992 and is the principal of Samalin Investment Counsel, a SEC Registered Investment Advisory firm with offices in Westchester, NY and NYC. Prior to founding Samalin Investment Counsel, he held Senior Vice President - Investment positions at Morgan Stanley, Prudential Securities, and Wachovia Securities.

He received both his bachelors and masters degrees from New York University, and is a doctoral candidate in Management Studies at Pace University. He is also a CERTIFIED FINANCIAL PLANNERTM professional.

Mr. Samalin has served as a graduate-level lecturer at New York University for Real Estate Analytical Techniques under Professor Lawrence Fiedler and Adjunct Professor of Investment Management at Mercy College, Dobbs Ferry, NY.

In 2005, Wachovia Securities named him a "Premier Advisor," their highest tier of advisor. He was elected by the Westchester County Business Council to the Rising Stars: Westchester Forty Under Forty, 2007. Mr. Samalin was appointed Treasurer for Bethel Nursing Homes, named to its Executive Committee, and Chairs its Investment Committee. He is a Board Member of the Association of Divorce Financial Planners, and serves as the Editor-In-Chief of the monthly newsletter. In April 2007, he had the honor of hosting a reception on the floor of the New York Stock Exchange. Westchester Magazine voted Samalin Investment Counsel "Best in Customer Service" for both 2009 and 2010. Financial Advisor Magazine named Samalin Investment Counsel, LLC to its nationally-ranked listing of "Top 500 RIAs for 2010", SICounsel's first national award, as did Wealth Manager Web Magazine, also for 2010.

Acquisition of the Community

Sponsor acquired substantially all of the assets comprising The Knolls at Goshen from Glen Arden, Inc. and Elant Inc. (collectively, the "Former Sponsors") through an asset purchase that closed on [REDACTED] (the "Closing Date"). On the Closing Date, The Knolls at Goshen became the operator of the community. Prior to the Closing Date, the community was in severe financial distress and, as result, was unable to meet its obligations under New York State law to maintain liquid assets

supporting reserve funds (“Minimum Liquid Reserves”), was unable to timely pay entrance fee refunds, and suffered from low occupancy in the independent living units, among other things. On the Closing Date, The Knolls at Goshen received a cash infusion of \$5 million, through a combination of a contribution by Sponsor and new financing. Sponsor intends to use these funds to increase the funding of the Minimum Liquid Reserves, make capital improvements at the community, and ensure that The Knolls at Goshen can meet its financial obligations while Sponsor works to increase occupancy and improve the financial condition of The Knolls at Goshen. A Closing Date balance sheet for The Knolls at Goshen is annexed as Exhibit 2 to this Disclosure Statement. A more detailed description of the financial implications of the acquisition are contained in Exhibit 3 annexed to this Disclosure Statement.

Minimum Liquid Reserve Requirements

Under New York law, continuing care retirement communities are required to maintain the Minimum Liquid Reserves once the community becomes operational. Sponsor must demonstrate to the satisfaction of the Superintendent of the Department of Financial Services (“DFS”) for the State of New York that it is maintaining all necessary reserves. [Sponsor has received a temporary waiver from the Minimum Liquid Reserve requirements from DFS and approval from DFS to step up the funding of the Minimum Liquid Reserves over the course of the next five calendar years. As a result, The Knolls at Goshen is required to fund the Minimum Liquid Reserves as follows:

At Closing	\$500,000
Year End 2024	25% of required amount
Year End 2025	50% of required amount
Year End 2026	75% of required amount
Year End 2027	100% of required amount]

Without such accommodations, as of the Closing Date the Minimum Liquid Reserves would be required to be funded in the amount of \$10,878,576.

Other Regulatory Requirements

An actuarial study was provided as part of Sponsor’s application. The study showed a large actuarial deficit currently, and that the community is not projected to achieve satisfactory actuarial balance until the end of 2024, when a small positive actuarial surplus first emerges. The assumptions used in the study were based on assumed growth in independent living occupancy.

Management of the Community

Since December 2019, the community has been managed by Bethel Communities Management I, LLC (“BCM”), a subsidiary of The Bethel Methodist Home, pursuant to a management services agreement with the Former Sponsors. On and after the Closing Date, Sponsor will enter into a

new administrative services agreement with BCM pursuant to which BCM will provide management and consulting services to The Knolls at Goshen (collectively, the “Services”). Services to be provided include, among others:

- Planning with respect to the operation of the community;
- Making determinations regarding staffing, supervision and management;
- Furnishing and installing procedures, systems and controls;
- Maintaining the quality of resident services and resident care and meeting the standards of applicable governmental regulatory authorities;
- Evaluating contracts and fee structures and establishing rate and rate increases (with the approval of the applicable regulatory authorities);
- Maintaining a system of office records and books of accounting;
- Causing the building, equipment and grounds of the CCRC to be maintained; and
- Evaluating marketing and admissions programs and implementing any necessary changes to meet census and revenue requirements and develop strategic plans for contracting and pricing.

The cost of the Services will be determined based on the fair market value of the Services taking into account, among other things, the overhead costs incurred by BCM in providing such Services and the fair market value of such Services in the region in which they are provided.

Other Community Under Common Management

BCM has managed The Knolls, a continuing care retirement community in Valhalla, New York, since its acquisition by The Bethel Methodist Home (an affiliate of Sponsor by common control) in 2016. The Knolls was acquired from Hebrew Hospital Senior Living d/b/a Westchester Meadows through a sale pursuant to section 363 of the Bankruptcy Code that closed in October 2016. At the time of its acquisition, The Knolls faced low occupancy rates and financial challenges similar to those faced by The Knolls at Goshen. Under BCM’s management, The Knolls is now a financially stable community. The past two years of certified financial statements for The Knolls are annexed as Exhibit 4. Tables demonstrating the entrance fees and the monthly care fees at The Knolls for the past five years are annexed as Exhibit 5. **Please note that Exhibit 4 and Exhibit 5 are provided for informational purposes only and should not be construed as being indicative of the current or future financial performance of this community or as a guarantee as to the future success of The Knolls at Goshen. These Exhibits have been included only to disclose the financial performance and entrance fee and monthly fee rates at the continuing care retirement community under common control with Sponsor.**

Resident Services

Sponsor’s obligation to provide services to residents is set forth in the Residency Agreement, which shall govern all such obligations. To assist residents in further understanding the services they will receive, the following service descriptions have been prepared. Unless otherwise noted,

all services listed below are included in the fees paid by residents. This is a summary and not a substitution for the Residency Agreement.

Residency at The Knolls at Goshen

Residents that do not require enriched housing or skilled nursing will reside in their independent living unit. When two residents are moving into the same independent living apartment, they will enter under the same type of Residency Agreement. There is no option for two different types of Residency Agreements.

Dining Services for Residents

The number of meals included as part of the monthly fee shall equal the number of days in the month. Residents who eat additional meals will pay for those meals and will be billed for them monthly. Residents are required to pay for guest meals and will be billed for them monthly. Monthly fees will not be reduced for meals not taken unless the resident is absent for more than thirty (30) consecutive days, with prior notification.

Special diets for residents will be provided upon written orders signed by the resident's physician.

Utilities and Basic Cable Television

Sponsor shall be responsible for payment of utilities, except for telephone service. The cost of basic cable television service is included as part of the monthly fee.

Independent Living and Enriched Housing Apartment Maintenance

Sponsor will maintain all provided appliances, carpet, and fixtures for the resident as part of the monthly fee.

Access to and Maintenance of Common Areas

Sponsor will provide access to the common areas and facilities for the use and enjoyment of residents, subject to reasonable rules and procedures of general application to all residents, as established by Sponsor and provided to resident. Common areas will include a central dining room, a private dining room, a kitchen, activity areas, lobbies, an exercise center including an indoor pool, a convenience store, a café, library, guest suites, woodworking shop, auditorium, lounges and administrative areas. Sponsor will be responsible for cleaning and maintenance of all common areas.

Weekly Flat Linen Service

Sponsor will provide weekly linen service. The resident's linen will be washed, dried, and folded. Such service shall include laundering the resident's sheets, pillowcases, towels, and face cloths. The use of permanent press fabrics is recommended, but not required. Staff will launder, but will not iron non-permanent press items.

Bi-Weekly Housekeeping plus Annual Heavy Cleaning

Sponsor will provide bi-weekly housekeeping services. Housekeeping services will include cleaning and dusting the interior of the apartment, vacuuming, and washing and waxing of hard surface floors. Heavy cleaning such as windows and appliances will be done once each year. Rearranging of apartment furniture will be available at resident's expense. Extra cleaning help will be available at additional cost.

Scheduled Transportation

Scheduled van or other transportation services will be provided. Special events transportation may be provided at extra cost to the resident.

Areas of regularly scheduled transportation will generally be limited to the Greater Goshen area. Included within this area are shopping centers and medical and other professional offices. Sponsor will provide scheduled transportation to places of worship within the service area.

Optional Activities

Sponsor will organize activities for residents such as exercise classes, trips, and educational programs. Participation by the residents in such activities is optional.

Use of the Exercise Center/Indoor Swimming Pool

The Knolls at Goshen includes an exercise center including an indoor swimming pool and fitness center for residents and their guests.

Various Administrative Services

Sponsor will provide administrative services including billing residents for monthly fees and a receptionist on duty twenty-four (24) hours per day/seven (7) days per week.

Prescription Drug Service

Residents of independent living and enriched housing apartments are responsible for providing their own prescription drugs. Arrangements have been made to allow for local pharmacy delivery. Transportation service to local pharmacies will be provided for the convenience of residents and to ensure residents have access to prescription drugs.

Residency Agreement

Type A Residency Agreement

The Knolls at Goshen offers a Type A ("Life Care") Residency Agreement, under which the resident receives unlimited lifetime days in an enriched housing unit and/or skilled nursing bed. The Knolls at Goshen has twenty-eight (28) enriched housing apartments. Residents who need assistance with the activities of daily living will receive such services in an enriched housing

apartment. Residents who require chronic nursing care will receive such care in the skilled nursing facility. The Knolls at Goshen currently has forty (40) skilled nursing beds. If those beds are filled or they are no longer available, the skilled nursing facility care provided under a Type A Residency Agreement may be provided at another skilled nursing facility. The Knolls at Goshen will use all reasonable efforts to find appropriate nursing beds in close proximity to The Knolls at Goshen.

There are two payment options for a Type A Residency Agreement. Life Care Option 1 is paid for with a one-time entrance fee per resident, followed by the payment of the Sponsor's standard Monthly Fees for the duration of the Type A Residency Agreement. Life Care Option 2 is paid for with a smaller entrance fee payable upfront per resident, followed by the payment of the community's standard Monthly Fees per resident and an additional "life care" monthly fee per resident for the duration of the resident's residency at The Knolls at Goshen.

Under either Life Care Option 1 or Life Care Option 2, the entrance fee is fully refundable for the first 90 days after the resident's occupancy date. If the resident terminates more than 90 days after the resident's occupancy date, but within 48 months of such date, the flat fee is refundable subject to a four percent (4%) administration fee and an additional two percent (2%) for each full or partial month of residency beginning with the month of the resident's occupancy date. The flat fee is no longer refundable after 48 months of occupancy by the resident and the entrance fee refund is reduced to zero.

Type C Residency Agreement

The Knolls at Goshen offers a Type C Residency Agreement, under which the resident will be responsible for all costs associated with skilled nursing care or enriched housing services received. Health Care Services are NOT included as part of the Type C Residency Agreement. All Health Care Services under the Type C Residency Agreement will be paid for by the resident on a fee-for-service basis.

The Knolls at Goshen has twenty-eight (28) enriched housing apartments. Residents who need assistance with the activities of daily living will receive such services in an enriched housing apartment. Residents who require chronic nursing care will receive such care in the skilled nursing facility. The Knolls at Goshen currently has forty (40) skilled nursing beds. If those beds are filled or they are no longer available, the skilled nursing facility care provided under a Type C Residency Agreement may be provided at another skilled nursing facility. The Knolls at Goshen will use all reasonable efforts to find appropriate nursing beds in close proximity to The Knolls at Goshen. If the resident has not vacated the independent living apartment, the resident will continue to pay the monthly fee in effect for the apartment; however, upon vacating the independent living apartment the resident will no longer pay the monthly fee.

Residents who are enrolled in a health maintenance organization ("HMO") may have skilled nursing facility benefits available under the HMO subscriber contract. If the HMO and The Knolls at Goshen cannot reach an agreement on appropriate financial arrangements, the resident may be required to transfer to a skilled nursing facility approved by the HMO in order to receive their benefits for skilled nursing facility services under the HMO subscriber contract. If the HMO and The Knolls at Goshen cannot reach an agreement under appropriate financial arrangements, The Knolls at Goshen resident may still choose to reside in The Knolls at Goshen skilled nursing

facility. However, the resident will have to pay the Medicare per diem and any other expense that Medicare would have paid through the HMO.

When medically necessary, the resident will receive enriched housing services. Residents of enriched housing shall receive the residential services listed herein plus twenty-four (24)-hour per day supervision and assistance with the activities of daily living provided in accordance with a care management plan. If the enriched housing units are unavailable, equivalent services will be provided through home care. **Under the Type C Residency Agreement, resident will be responsible for all costs and charges associated with enriched housing services.**

Resident will receive, when medically necessary, skilled nursing home services. Skilled nursing home services will be provided at The Knolls at Goshen or, if skilled nursing beds are not available at The Knolls at Goshen, then at another skilled nursing facility. Sponsor will use all reasonable efforts to find appropriate skilled nursing beds in close proximity to Sponsor. **Under the Type C Residency Agreement, resident will be responsible for all costs and charges associated with skilled nursing services.**

For the Type C Contract, The Knolls at Goshen offers two refund options:

1. *80% Refundable*: Under the 80% refundable option, the entrance fee is fully refundable for the first 90 days after the resident's occupancy date. If the resident terminates more than 90 days after the resident's occupancy date, a portion of the entrance fee will be refunded subject to a minimum of 80% of the total entrance fee, with the deduction of a four percent (4%) administration fee and an additional two percent (2%) for each full or partial month of residency beginning with the month of the resident's occupancy date.
2. *Declining Balance*: Under the declining balance option, the entrance fee is fully refundable for the first 90 days after the resident's occupancy date. If the resident terminates more than 90 days after the resident's occupancy date, but within 48 months of such date, the entrance fee is refundable subject to a four percent (4%) administration fee and an additional two percent (2%) for each full or partial month of residency beginning with the month of the resident's occupancy date. The entrance fee is no longer refundable after 48 months of occupancy by the Resident and the entrance fee refund is reduced to zero.

Access to Short-term and Intermittent Home Health Care

Home health care services, provided by a certified home health care agency, as defined by and to the extent reimbursable under the Medicare program, to residents of an independent living or enriched housing apartment. Such services are intermittent and short-term in nature, typically rendered following an acute care illness.

Resident's Rights and Organization

Under the Residency Agreement, residents have the right to self-organization and, among other rights, the rights to meet, use The Knoll's facilities, and receive information from Sponsor's management and Board of Directors.

Annual Statement

The Knolls at Goshen will prepare annual financial statements, have those statements examined and certified by independent public accountants, make them available to residents upon request, and make the most recent financial statement available to prospective residents.

Resident Contracts Fees by Unit Type for 2023

Type A Life Care Contract - Declining Balance:

The Type A Contract is a life care contract providing unlimited nursing home services and enriched housing services for no additional charge to the resident. The Knolls at Goshen offers two payment options for Type A Contracts – **Life Care Option 1** has a one-time entrance fee per resident followed by the payment of the community’s standard Monthly Fees per resident for the duration of the contract. **Life Care Option 2** has a smaller entrance fee per resident followed by the payment of the community’s standard Monthly Fees per resident and an additional “life care” monthly fee per resident for the duration of the resident’s residency at The Knolls at Goshen.

In both Option 1 and Option 2, the entrance fee is refundable as follows:

1. Fully refundable for the first 90 days after resident’s occupancy date.
2. If the residency terminates more than 90 days after resident’s occupancy date, but within the 48 months, Sponsor will retain a four percent (4%) administration fee and an additional two percent (2%) for each full or partial month of residency retroactive to the 1st month of resident’s occupancy date.
3. After 48 months of occupancy, the entrance fee refund is reduced to zero.

The Knolls at Goshen, Inc. 2023 Pricing ¹ Type A Life Care Contract – Option 1

Unit Type	#	BR	BA	Size (sq. ft.)	Entrance Fee	Monthly Fee
Unique Adirondack	1	1	1	500	\$334,532	\$3,090
Adirondack	13	1	1	500	\$341,042	\$3,090
Catskill	45	1	1	700	\$395,546	\$3,862
Erie	25	1/D	1.5	860	\$427,653	\$4,369
Hudson	10	1/D	1.5	860	\$427,653	\$4,369
Unique Hudson	4	1/D	1.5	915	\$427,653	\$4,369
Niagara	40	2	2	1,000	\$448,176	\$4,788
St. Lawrence	10	2	2	1,240	\$483,813	\$5,494
<i>Second Person Fee</i>					<i>\$182,051</i>	<i>\$1,158.56</i>

The Knolls at Goshen, Inc. 2023 Pricing ¹ Type A Life Care Contract – Option 2

Unit Type	#	BR	BA	Size (sq. ft.)	Entrance Fee	Monthly Fee
Unique Adirondack	1	1	1	500	\$246,265	\$3,945
Adirondack	13	1	1	500	\$252,775	\$3,945
Catskill	45	1	1	700	\$307,279	\$4,717
Erie	25	1/D	1.5	860	\$339,386	\$5,224
Hudson	10	1/D	1.5	860	\$339,386	\$5,224
Unique Hudson	4	1/D	1.5	915	\$339,386	\$5,224
Niagara	40	2	2	1,000	\$359,909	\$5,643
St. Lawrence	10	2	2	1,240	\$395,546	\$6,349
<i>Second Person Fee</i>					<i>\$93,784</i>	<i>\$2,013.56</i>

¹ Effective June 1, 2023.

Type C Fee-for-Service Contract - 80% Refundable:

The Type C Contract is a fee-for-service contract providing nursing home care services and enriched housing services at the resident’s expense, and at the then-current private pay rate for the applicable facility.

Entry fee refund/amortization details:

1. Fully refundable for the first 90 days after resident’s occupancy date.
2. If the residency terminates more than 90 days after resident’s occupancy date, a portion of the entrance fee will be refunded subject to a minimum of 80% of the total entrance fee. Sponsor will retain a four percent (4%) administration fee and an additional two percent (2%) for each full or partial month of residency retroactive to the 1st month of resident’s occupancy date.

On-site Enriched Housing-Private Pay Monthly, beginning at: \$8,253¹ a month, plus service packages.

The Knolls at Goshen on-site Skilled Nursing Facility-Private Pay Daily: \$603.¹

The private pay rates are not regulated by the Department of Health or the Department of Financial Services but are determined and implemented solely by The Knolls at Goshen or such offsite care facility that the community may use.

The Knolls at Goshen, Inc.
2023 Pricing ¹
Type C Fee-For-Service- Contracts – 80% Refundable

Unit Type	#	BR	BA	Size (sq. ft.)	Entrance Fee	Monthly Fee
Unique Adirondack	1	1	1	500	\$259,284	\$3,090
Adirondack	13	1	1	500	\$270,318	\$3,090
Catskill	45	1	1	700	\$362,997	\$3,862
Erie	25	1/D	1.5	860	\$417,613	\$4,369
Hudson	10	1/D	1.5	860	\$417,613	\$4,369
Unique Hudson	4	1/D	1.5	915	\$417,613	\$4,369
Niagara	40	2	2	1,000	\$452,368	\$4,788
St. Lawrence	10	2	2	1,240	\$513,052	\$5,494
<i>Second Person Fee</i>						<i>\$1,158.56</i>

¹ Effective June 1, 2023.

Type C Fee-for-Service Contract - Declining Balance:

The Type C Contract is a fee-for-service contract providing nursing home care services and enriched housing services at the resident’s expense, and at the then-current private pay rate for the applicable facility.

Entry fee refund/amortization details:

1. Fully refundable for the first 90 days after resident’s occupancy date.
2. If the residency terminates more than 90 days after resident’s occupancy date, but within the 48 months, Sponsor will retain a four percent (4%) administration fee and an additional two percent (2%) for each full or partial month of residency retroactive to the 1st month of resident’s occupancy date.
3. After 48 months of occupancy, the entrance fee refund is reduced to zero.

On-site Enriched Housing-Private Pay Monthly, beginning at: \$8,253¹ a month, plus service packages.

The Knolls at Goshen on-site Skilled Nursing Facility-Private Pay Daily: \$603.¹

The private pay rates are not regulated by the Department of Health or the Department of Financial Services but are determined and implemented solely by The Knolls at Goshen or such offsite care facility that the community may use.

The Knolls at Goshen, Inc.
2023 Pricing ¹
Type C Fee-For-Service- Contracts – Declining Balance

Unit Type	#	BR	BA	Size (sq. ft.)	Entrance Fee	Monthly Fee
Unique Adirondack	1	1	1	500	\$ 152,481	\$3,090
Adirondack	13	1	1	500	\$ 158,991	\$3,090
Catskill	45	1	1	700	\$ 213,495	\$3,862
Erie	25	1/D	1.5	860	\$ 245,602	\$4,369
Hudson	10	1/D	1.5	860	\$ 245,602	\$4,369
Unique Hudson	4	1/D	1.5	915	\$ 245,602	\$4,369
Niagara	40	2	2	1,000	\$ 266,125	\$4,788
St. Lawrence	10	2	2	1,240	\$ 301,762	\$5,494
<i>Second Person Fee</i>						<i>\$1,158.56</i>

¹ Effective June 1, 2023.

Planned Rate Adjustments: Entrance Fees

Sponsor anticipates a 3-4% per annum increase in the Entrance Fee; although the increase could be greater depending on the community's financial forecast. Each increase would be effective June 1. This increase is contingent upon DFS approval.

Planned Rate Adjustments: Monthly Fees

Sponsor anticipates a 3-4% per annum increase in the Monthly Fees for the Type A and Type C contract options; although the increase could be greater depending on the community's financial forecast. Each increase would be effective June 1. This increase is contingent upon DFS approval.

Planned Rate Adjustments: Enriched Housing

Sponsor anticipates a 3-4% per annum increase in the Enriched Housing—Private Pay Monthly rate; although the increase could be greater depending on the community's financial forecast. Each increase would be effective June 1. This increase is contingent upon DFS approval.

Planned Rate Adjustments: Skilled Nursing

Sponsor anticipates a 3-4% per annum increase in the Skilled Nursing Facility-Private Pay Daily rate; although the increase could be greater depending on the community's financial forecast. Each increase would be effective January 1. This increase is contingent upon DFS approval.

Disclosure Statement Acknowledgement

Resident(s) acknowledge(s) that he/she/they have/has received a copy of The Knolls at Goshen Disclosure Statement dated: _____, 20__, which includes a fee schedule and a copy of The Knolls at Goshen Annual Financial Statement dated: _____, 20__.

Resident:

Resident

Printed Name

Date

Witness

Printed Name

Date

Resident:

Resident

Printed Name

Date

Witness

Printed Name

Date

The Knolls at Goshen, Inc.:

By: _____

Its: _____

Date: _____

DRAFT
APRIL 27, 2023

SUBJECT TO DOH AND DFS APPROVAL
NOT FOR DISSEMINATION

Exhibit 1

The Knolls at Goshen Type A, Type C Declining and
Type C 80% Refundable Residency Agreements

Exhibit 2

Closing Date Balance Sheet

The Knolls at Goshen				
Projected Balance Sheet				
		Day 1 - 2023		
		(in thousands)		
Cash		\$ 4,149		
Operating Reserve		500		
Accounts Receivable & other		585		
Prepaid Expenses & other current assets		379		
Assets Limited As To Use				
Debt Service Reserve Fund - Series 1998 bonds		490		
Unamortized Costs		495		
Other LT Assets - land lease obligation		5,727		
Fixed Assets		31,200		
Good will		5,760		
Total Assets		49,285		
LIABILITIES AND FUND BALANCE				
		Day 1 - 2023		
		(in thousands)		
Accounts Payable and other current liabilities		\$ 4,443		
Accrued Payroll and other exp including min pension liab		2,024		
Unearned Entrance Fees		7,441		
Refundable fees		10,580		
Other LT Liab - land lease obligation		5,727		
SBA loan		500		
New borrowing/bonds		4,500		
Long Term Debt		13,570		
Fund Balance		500		
Total Liabilities and Fund Balance		49,285		

Exhibit 3

Purchasing Glen Arden – Financial Implications

I. Estimate of the Costs of Purchasing the Community

Sponsor acquired Glen Arden on [REDACTED] through an asset purchase agreement, pursuant to which The Knolls at Goshen purchased substantially all of Glen Arden's assets in exchange for assuming approximately \$44.478 million in liabilities of Glen Arden. No cash consideration was paid to Glen Arden for the sale.

The liabilities assumed by Sponsor included \$13.570 million of Series 1998 Bonds; an estimated \$18.412 million of resident contract obligations; \$5.469 million of land lease obligations; \$2.572 million of accrued PILOT (Payments in Lieu of Taxes) obligations, taxes, and land lease payments; \$1.607 million of deferred management fees; and \$2.748 million of other liabilities, including accounts payable and accrued expenses.

At closing, an investment of \$4.5 million, through the proceeds of newly issued Series 2023 taxable bonds, was made by certain of the Series 1998 bondholders and a \$500,000 equity investment was made by Sponsor. This \$5.0 million of new capital covers costs in connection with the acquisition, as well as improves the overall financial health of community by providing \$2.761 million in working capital; \$500,000 in cash to meet the initial Minimum Liquid Reserves requirement; approximately \$650,000 to make partial payments on deferred PILOT, tax and land lease payments; and approximately \$1.1 million for legal and other closing costs.

II. Terms of Financing and Security

The \$13.570 million of Series 1998 Bonds assumed by Sponsor mature on January 1, 2028. They have a 5.70% interest rate and have level annual debt service payments to maturity. Of the \$13.570 million in Series 1998 Bonds outstanding, currently \$3.77 million are past due and will be repaid prior to maturity based on Sponsor's cash flow and available reserves under a forbearance agreement with the indenture trustee for the Series 1998 Bonds.

The new Series 2023 Bonds have an 8.0% interest rate and a 20-year term. Their annual payments are interest only for five years and then have level annual debt service payments for 15 years. They are prepayable upon Sponsor's option.

The Series 1998 Bonds and the Series 2023 Bonds are secured by a mortgage and a pledge of Sponsor's gross revenues.

III. Projected Estimated Operating Expenses

Sponsor is an affiliate through common control of BCM, which has managed Glen Arden since December 2019. Sponsor's acquisition plan and budgets are based on BCM's experience managing the community under the sponsorship of Glen Arden and Elant, and reflect the community's 2023 operating budget. The community's 2023 operating budget follows this

summary.

Budgeted capital expenditures are based on BCM's experience managing the community under the sponsorship of Glen Arden and Elant, and on projected apartment refurbishments as Sponsor increases independent living apartment occupancy. Projected capital expenditures in 2023 aggregate \$2.1 million.

IV. Estimate of Funds Required for Startup Costs

It is estimated that The Knolls at Goshen will require \$2.761 million in working capital; \$500,000 in cash to meet the initial Minimum Liquid Reserves requirement at closing; and approximately \$650,000 to make partial payments on deferred PILOT, tax and land lease payments. The forgoing startup costs are funded by the \$5.0 million of new capital described above.

Based on current occupancy and the expected increase in occupancy, Sponsor does not anticipate requiring any additional new capital beyond the initial \$5.0 million provided at the acquisition closing to cover operating losses or to assure full performance of all of its obligations pursuant to its resident contracts, including maintaining the reserves required by the applicable DFS regulations. Sponsor projects that future operating costs of the community will be satisfied through revenue generated by the community's operations.

V. Stabilization of Occupancy and Projected Entrance Fee Income

Sponsor anticipates an increase in independent living occupancy of 38 apartments through the end of the 2024 calendar year. This estimate is based on interest in the community expressed by prospective residents wanting to move in at or after closing, BCM's prior experience managing the community, and trends BCM experienced in turning around The Knolls in Valhalla. Entrance fee receipts net of refunds are anticipated to be approximately \$18.9 million through the end of calendar year 2024.

Stabilization of the community is considered to occur when the community's occupancy rate reaches 85%. Sponsor projects that the community will be stabilized in the calendar year 2027.

Budget

**Projected Statements of Revenues, Other Support,
Expenses and Changes in Net Assets (Deficit)**

For the Nine Months Ending December 31, 2023

Revenues and other support

Net resident service revenue:	
Independent living revenue	\$ 3,180
Assisted living revenue	621
Healthcare revenue	2,539
Amortization of deferred entrance fees	2,469
Investment income	40
Other operating revenue	16
Total revenues and other support	8,865

Expenses

Nursing (Health Center)	1,486
Enriched housing	237
Resident services	256
Therapy and clinical services	505
Dining	1,271
Environmental services	509
Housekeeping & laundry	340
Utilities	450
Administration	1,466
Marketing	645
NYS Assessment and PILOT	433
Land Lease	149
Interest	1,243
Depreciation	1,035
Total expenses	10,025

Excess of operating revenues over (under) expenses (1,160)

Non-operating gains:

Contributions	500
Change in net assets (deficit)	(660)
Net assets (deficit), beginning of year	-
Net assets (deficit), end of year	\$ (660)

DRAFT
APRIL 27, 2023

SUBJECT TO DOH AND DFS APPROVAL
NOT FOR DISSEMINATION

Exhibit 4

The Knolls (located in Valhalla, NY) 2020 and 2021 Certified Financial Statements

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APRIL 27, 2023

SUBJECT TO DOH AND DFS APPROVAL
NOT FOR DISSEMINATION

Exhibit 5

The Knolls (located in Valhalla, NY) 5 Year Rates