

RIVERSPRING HEALTH SENIOR LIVING, INC.
D/B/A
RIVER'S EDGE
A NEW YORK STATE CONTINUING CARE RETIREMENT
COMMUNITY

Disclosure Statement

_____ Date of COA Approval

This matter involves a substantial financial investment and a legally binding contract. In evaluating the disclosure statement and the contract prior to any commitment, RiverSpring Health Senior Living, Inc. recommends that you consult with an attorney and financial advisor of your choice, if you so elect, who can review these documents with you.

RiverSpring Health Senior Living, Inc.
5921 Palisade Avenue
Bronx, New York 10471

RIVERSPRING HEALTH SENIOR LIVING, INC.
DISCLOSURE STATEMENT

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I. SPONSOR INFORMATION

RiverSpring Health Senior Living, Inc. d/b/a River's Edge (the "Sponsor"), an affiliate of The Hebrew Home for the Aged at Riverdale ("Hebrew Home"), is a not-for-profit corporation organized under the laws of the State of New York. The Sponsor is currently in the process of developing a Continuing Care Retirement Community ("River's Edge" or the "Community"), in the Bronx, New York on a campus which includes the facilities of Hebrew Home and Hebrew Home Housing Development Fund Company, Inc. (the "RiverSpring Campus"). The Sponsor does not own or operate any other facilities. The Sponsor's sole corporate member is RiverSpring Health Holding Corp. ("RHHC"), a New York not-for-profit corporation that is the sole corporate member of nine not-for-profit entities. Through this common sole corporate member, the Sponsor is affiliated with the following not-for-profit corporations. Neither RHHC nor any of the following corporations are responsible for any obligations of the Sponsor.

- **The Hebrew Home for the Aged at Riverdale (5901 Palisade Avenue, Bronx, NY 10471)** owns and operates an 843 bed Article 28 licensed nursing facility and 35 bed Article 7 licensed adult care facility. In addition, a previous skilled nursing unit is being converted into 69 beds of assisted living that is expected to be completed and operational in the first quarter of 2020. The assisted living beds will also be licensed as a Special Needs Assisted Living Residence.
- **ElderServe Health, Inc. d/b/a RiverSpring Health Plans (80 West 225th Street, Bronx, NY 10463)** owns and operates a fully integrated dual advantage plan, institutional specific needs plan and a managed long-term care plan.
- **Hebrew Home Housing Development Fund Company, Inc. (5901 Palisade Avenue, Bronx, NY 10471)** ("RiverWalk") owns and operates a 137-unit senior housing community.
- **Hudson House Housing Development Fund Company, Inc. (5901 Palisade Avenue, Bronx, NY 10471)** owns and operates a 59-unit HUD Section 202 senior housing community.
- **Riverdale Terrace Housing Development Fund Company, Inc. (3247 Johnson Avenue, Bronx, NY 10463)** is the sole corporate member of 1880 Boston Road Housing Development Fund Corporation and Arthur Avenue Housing Development Fund Corporation, each of which is participating in the development of a low income senior housing facilities in the Bronx, New York.
- **RiverSpring Services Corp. (5901 Palisade Avenue, Bronx, NY 10471)** provides administrative and management services to affiliated entities.
- **The National Alzheimer Center, Inc. (5901 Palisade Avenue, Bronx, NY 10471)** conducts research related to Alzheimer's disease and other cognitive impairments.
- **RiverSpring Housing Corp. (5901 Palisade Avenue, Bronx, NY 10471)** is proposed to be the sole corporate member of Arthur Avenue Housing Development Fund Corporation.

In addition, Sponsor is associated with The Hebrew Home for the Aged at Riverdale Foundation, Inc. ("Foundation") and RiverSpring Licensed Home Care Services Agency, Inc. ("LHCSA"). Neither Foundation nor LHCSA controls, is controlled by or is under common control with, Sponsor. However, some of Sponsor's trustees are also trustees of Foundation and LHCSA. The Foundation, located at 5901 Palisade Avenue, Bronx, NY 10471, is a New York Not-for-Profit Corporation which renders assistance to Hebrew Home, certain entities related to Hebrew Home, and other entities dedicated to geriatrics or geriatric research, provided the recipient of such assistance is an exempt

organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Foundation has provided financial support for the development of River's Edge but is not and will not be responsible for the obligations of the Sponsor.

LHCSA, with its principal office at 5901 Palisade Avenue, Bronx, NY 10471, is a New York Not-for-Profit Corporation which owns and operates a licensed home care services agency. LHCSA is not and will not be responsible for the obligations of the Sponsor.

Board of Trustees

A. RiverSpring Health Senior Living, Inc. d/b/a River's Edge

The Sponsor is governed by a voluntary Board of Trustees who serve without compensation. None of the members of the Board of Trustees of the Sponsor or any affiliated entity have an ownership interest in the assets of the Sponsor. The Trustees take such actions and perform such duties and responsibilities as may be authorized by law and the Sponsor's by-laws. No part of the net earnings of the Sponsor may be used for the benefit of or be distributed to the Trustees or officers of the Sponsor or of any affiliated entity or other private individuals, nor does any person involved in the construction or management of the Community have any proprietary interest in the Sponsor.

The Trustees do not have any ownership interest in any other continuing care retirement communities, adult care facilities or health care facilities.

No continuing care retirement community, adult care facility or health care facility owned or operated by the Sponsor or any person controlling the Sponsor has been subjected to a limitation, withdrawal, or refusal to grant accreditation by a recognized accreditation organization, because of failure to comply with standards governing the conduct and operation of the facility.

The names and occupation of the Board of Trustees of the Sponsor are listed below.

- **Jeffrey S. Maurer, Chairperson**, is CEO & Partner at EverCore Wealth Management in New York, NY.
- **Andrew Gaines, Esq.**, is a Partner at Paul, Weiss, Rifkind, Wharton & Garrison LLP in New York, NY.
- **Constantine S. Dimas, Secretary and Treasurer**, is a Senior Vice President and Chief Business Officer at Loews Hotels & Co in New York, NY.
- **James Shifren**, is the President of Buckland Partners Management Company, Harrison, NY.

B. RiverSpring Health Holding Corp.

The names and occupation of the Board of Trustees of RHHC are listed below.

- **Jeffrey S. Maurer, Chairperson**, is CEO & Partner at EverCore Wealth Management in New York, NY.
- **Constantine S. Dimas, Secretary and Treasurer**, is a Senior Vice President and Chief Business Officer at Loews Hotels & Co in New York, NY.
- **Andrew Gaines, Esq.**, is a Partner at Paul, Weiss, Rifkind, Wharton & Garrison LLP in New York, NY.
- **Richard S. Lane**, is President at Olnick Organization, Inc. in New York, NY.
- **Kenneth S. Lazar**, is Chairman at Lazar Corporate Advisors Inc. in New York, NY.
- **James A. Shifren, Secretary and Treasurer**, is President at Buckland Partners in New York, NY.

II. MANAGEMENT OF THE COMMUNITY

The Community will be managed by Sponsor.

III. ADMINISTRATIVE SERVICES COMPANY

The Sponsor entered into an Administrative Services Agreement with RiverSpring Services Corp., a New York not-for-profit corporation. Under the terms of the Administrative Services Agreement, RiverSpring Services Corp. will provide or contract for the provision of administrative support services including human resources, information technology support and other supportive services.

A. Summary of the Administrative Services Agreement

The Administrative Services Agreement calls for RiverSpring Services Corp. to provide the following services: prepare the employee payrolls; recommend and institute employee benefits; provide activities related to human resources functions; provide information technology support services; recommend and institute cash management and investment policies and procedures; and prepare and plan community outreach, public relations and special events programs. The contract will automatically renew on an annual basis absent termination in accordance with its provisions.

Under the terms of the Administrative Services Agreement, the Sponsor will pay RiverSpring Services Corp. a Service Fee on a quarterly basis. The Service Fee will be based on the monthly costs associated with the services that can be allocated directly to the Sponsor as well as monthly costs associated with services not allocated directly but allocated on a functional basis to the Sponsor.

B. Trustees of RiverSpring Services Corp.

- **Jeffrey S. Maurer, Chairperson**
- **Joseph Wygoda, Secretary and Treasurer**
- **Andrew Gaines, Esq.**

C. Selection of RiverSpring Services Corp.

RiverSpring Services Corp. was formed to provide administrative services in an efficient manner to the operating entities affiliated with RiverSpring Holding Corp. The employees of RiverSpring Services Corp. include long-time employees of Hebrew Home who are very experienced in reimbursement and billing, New York State regulations and the specific marketplace of Hebrew Home and its affiliated entities, including Sponsor.

IV. LEGAL ACTIONS

No Trustee or Officer of the Sponsor, Sponsor's parent or Sponsor's subsidiary entities, if any, 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 where the civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or
- Had a prior discharge in bankruptcy or was found insolvent in any court action; or
- Been subject to a currently effective judicial 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 life care, health care and/or adult care operation; or
- Had any interest in any supplier or potential supplier of goods or services to the Sponsor (other than service as a Trustee or officer of an affiliated not-for-profit corporation anticipated to provide supplies, goods or services to Sponsor, including administrative services pursuant to the Administrative Services Agreement); or
- Supplied materials, goods or services of any kind to the Sponsor for a fee (other than as a Trustee or officer of an affiliated not-for-profit corporation anticipated to provide supplies, goods or services to Sponsor, including administrative services pursuant to the Administrative Services Agreement).

V. FACILITY DESCRIPTION

A. Type of Units

River's Edge is a Continuing Care Retirement Community currently under development on the RiverSpring Campus. The Community is planned to consist of 388 independent living apartments located in three towers, one North Tower and two South Towers.

The first phase (North Tower) will include approximately 270 independent living apartments ranging in size from approximately 750 square foot one-bedroom apartments to 1,300 square foot two-bedroom and den apartments as shown in Attachment 3. The North Tower building will be constructed on property owned by Hebrew Home and located on the RiverSpring Campus. The Community reference herein only includes the first phase (North Tower).

The second phase (South Towers) of development is planned to consist of up to 118 independent living apartments with a range in sizes similar to that of the North Tower. The second phase of development is planned to be constructed on property currently owned by The Hebrew Home for the Aged at Riverdale Foundation, Inc. (the "Foundation"), adjacent to the property owned by Hebrew Home, on the RiverSpring Campus. See Section V Subsection D "Site Control" below.

By contract, assisted living, memory support and skilled nursing services will be provided by Hebrew Home, an affiliate of Sponsor located on the RiverSpring Campus. Currently, the Hebrew Home offers 843 beds of skilled nursing and 35 beds of assisted living. Short term rehabilitation services, assisted living, memory support and long-term nursing services will be provided by Hebrew Home.

B. Community Features

The Community will contain common area spaces available to all residents which will include dining rooms and a bistro/bar; a private dining room; a game room; a theater; a library and business center; a living room and lounge; arts and crafts areas; a non-denominational chapel; a beauty salon and day spa; administrative offices and other public gathering spaces. The Community will also include a Wellness Center and Health Spa which will contain an indoor heated swimming pool; fitness center; and locker rooms. The Community will also include a wellness program offering educational and screening programs promoting wellness and preventive health maintenance.

C. Services and Amenities

Included in Monthly Service Fee and Residency Agreement

- Use of an independent living apartment;
- Use of all Community facilities, as described above;
- One meal per day;
- Bi-weekly housekeeping;
- Tray service when medically necessary;
- Water, electricity, heat and air conditioning;
- Basic cable television;
- Wiring for internet access;
- Scheduled local transportation;
- Repairs and maintenance of Community property, including grounds;
- An emergency alert system with 24-hour emergency response, smoke detectors and sprinkler system; and
- Priority access in the Hebrew Home skilled nursing facility or assisted living facility, if necessary.
- Under Life Care Contract, health care services in the Hebrew Home skilled nursing facility or assisted living facility.

Available at Additional Fees

- Garage parking, if available;
- Beauty salon and day spa services;
- Additional meals;
- Additional housekeeping services;
- Telephone service;
- Premium cable television;
- Prescription and non-prescription medicines;
- High-speed Internet access; and
- Clinic/Physician services.
- Under Fee-For-Service Contract, after defined limited benefit, health care services in the Hebrew Home skilled nursing facility or assisted living facility.

D. Site Control

Sponsor has entered into a lease agreement with Hebrew Home to lease approximately 6 acres of land on the RiverSpring Campus upon which the North Tower consisting of 270 independent living apartments is to be built. Annual lease payments under the agreement begin at approximately \$1.0 million and escalate 10% every five years.

The land upon which the South Towers are to be built is currently owned by the Foundation. Sponsor has entered into a Contribution Agreement with Foundation whereby Foundation will transfer all of its rights, title and interest in the property on which the South Towers will be developed. Such transfer will occur when the financing for construction of the North Tower is secured, currently anticipated in October 2021.

E. Anticipated Completion Date

Construction of the North Tower of River's Edge is expected to begin in October 2021 and to be completed in December 2023 for a total construction period of twenty-seven months. The North Tower is anticipated to open in January 2024. The completion date for the North Tower will be updated upon closing of permanent financing and ground-breaking.

VI. RESIDENCY AGREEMENTS

There are two types of Residency Agreements available: Life Care and Modified Fee-For-Service, with each having the following refund options: 90% Refundable, 50% Refundable and Traditional Amortizing Plan. River's Edge Residency Agreements are attached to this Disclosure Statement.

Life Care

Under the Life Care Agreement option, the independent living resident will receive a life care benefit to reduce the costs associated with higher levels of care. The life care benefit is designed to provide residents with access to and care in the appropriate level of care at the same residential monthly fee. Basic assisted living, memory support or nursing services, as needed, will be provided at adjacent affiliated Hebrew Home, subject to applicable law. If it is determined that a resident requires assisted living services or skilled nursing care in the future, the resident will receive priority access to assisted living or skilled nursing services at Hebrew Home.

Modified Fee-For-Service

Under the Modified Fee-For-Service Agreement option, the independent living resident will receive 100 days of access to and care in the appropriate level of care (100-day Health Care Benefit) at the normal Monthly Service Fee. The 100-day Health Care Benefit is cumulative and shall apply to both temporary and permanent stays in the appropriate level of health care and is a lifetime maximum per Resident. After the 100-day Health Care Benefit, the resident will receive a 10% discount off the then published rates for the respective level of care. We will provide you with assisted living or skilled nursing care at the adjacent affiliated Hebrew Home, as described below, subject to applicable law.

VII. HEALTH MAINTENANCE ORGANIZATIONS

Residents of the Community who are enrolled in a health maintenance organization may have nursing facility benefits available under both the health maintenance organization (“HMO”) subscriber contract and the Residency Agreement. If the HMO and Sponsor cannot reach an agreement on the appropriate financial arrangements for nursing facility care, the Resident may have to be admitted to a nursing facility approved by the HMO in order to receive the Medicare benefit available under the health maintenance organization subscriber contract.

VIII. FINANCIAL INFORMATION

A. Audited Financial Statements

The Sponsor was incorporated on March 19, 2014. Sponsor’s financial statements will be audited as a development stage enterprise by an independent Certified Public Accountant and copies of those statements will be made available upon request by writing or calling Sponsor’s marketing office.

B. Sources and Uses of Funds

Attachment 1 provides a detailed statement of the Community’s anticipated sources of funds and the use of those funds in developing the Community including such items as land acquisition, construction, furnishings and equipment, financing, occupancy development and other similar development costs. The total anticipated project costs are estimated to be approximately \$441,296,000 for the North Tower.

C. Estimated Operating Expenses

Attachment 2 presents forecasted operating budgets including estimated revenues and expenses for the Community. The forecast for 2027 represent a full operating budget at stabilized occupancy (95% of the independent living units). The financial forecasts are based upon an analysis of the local costs as well as historical experience in the operation of other similar facilities. Presented below is a detailed forecasted expense budget for the Community reflecting resident services from the estimated opening in 2024 through stabilized occupancy in year 2027.

RiverSpring Health Senior Living, Inc.
Forecasted Operating Expenses
Through Stabilized Occupancy

	2024	2025	2026	2027
	Opening			Stabilized
General and Administration				
Salaries, taxes and benefits	\$ 1,704,863	\$ 1,818,322	\$ 1,872,872	\$ 1,929,058
Insurance & other	<u>430,139</u>	<u>531,652</u>	<u>1,239,774</u>	<u>1,590,113</u>
Total general and administration	2,135,002	2,349,974	3,112,646	3,519,171
Land Lease	946,560	946,560	946,560	946,560
Housekeeping				
Salaries, taxes and benefits	330,828	728,679	828,932	853,800
Housekeeping other	31,880	39,404	40,586	41,803
Laundry other	<u>101,436</u>	<u>125,375</u>	<u>129,137</u>	<u>133,011</u>
Total housekeeping	464,144	893,458	998,655	1,028,615
Maintenance				
Salaries, taxes and benefits	1,033,234	1,064,231	1,096,158	1,237,659
Other maintenance	<u>512,013</u>	<u>632,848</u>	<u>651,833</u>	<u>671,388</u>
Total maintenance	1,545,247	1,697,079	1,747,992	1,909,047
Food Services				
Salaries, taxes and benefits	1,488,752	2,701,809	2,971,149	3,093,587
Other	<u>600,284</u>	<u>1,309,290</u>	<u>1,785,629</u>	<u>1,914,133</u>
Total food services	2,089,035	4,011,099	4,756,778	5,007,720
Health Services	410,622	1,307,781	2,714,977	4,665,596
Utilities and Property Taxes				
Utilities	909,740	1,124,439	1,158,172	1,192,917
Real estate taxes	<u>1,265,058</u>	<u>1,563,611</u>	<u>1,610,520</u>	<u>1,658,835</u>
	<u>2,174,798</u>	<u>2,688,051</u>	<u>2,768,692</u>	<u>2,851,753</u>
Administrative Services Fee	<u>390,616</u>	<u>555,760</u>	<u>681,852</u>	<u>797,138</u>
Total Operating Expenses before Depreciation, Amortization and Interest	<u>\$ 10,156,024</u>	<u>\$ 14,449,761</u>	<u>\$ 17,728,151</u>	<u>\$ 20,725,600</u>

The following assumptions were used to prepare the detailed operating budget:

- **General & Administration.** General & Administrative expenses includes the cost of managing the everyday affairs of the Community, marketing, activities, transportation, and wellness. The staff for these functions includes fourteen full-time equivalent (“FTE”) employees.
- **Health Services.** Health Service expenses are the costs Sponsor pays to Hebrew Home pursuant to its contract with Hebrew Home related to providing assisted living and skilled nursing care to Community residents.
- **Building Maintenance.** Maintenance expenses include the payroll of the maintenance personnel responsible for the common areas and apartments. In addition, all repair, replacement and maintenance costs for the physical plant are included in this department budget.
- **Food Services.** Dining services costs include all staffing expenses, food and supply costs associated with preparing and serving meals for residents.
- **Housekeeping and Laundry.** Housekeeping expenses are primarily the expenses related to the cleaning of resident units. Laundry expense is the cost of providing flat linen service for residents and food service-related laundry.
- **Utilities and Property Taxes.** Utilities are estimated based on the local operating environment and total approximately \$ 2.28 per square foot (in 2019 dollars). The estimated cost of property tax is \$4,850 per unit in 2019 dollars and escalated 3%/year.
- **Land lease.** This represents the Community’s annual lease payments to Hebrew Home for the land on which the North Tower is located.
- **Administrative Services Fee.** This represents fees for services including employee payroll records, human resource activities, information technology support services and other expenses as set forth in the Administrative Services Agreement between RiverSpring Services Corp. and the Community.

D. Estimated Capital Expenditures

Capital replacements and additions are budgeted at \$500,000 in 2024 when the North Tower opens and increase approximately 10% per year thereafter. Because the Community is a new facility, no major structural repairs are anticipated during the first several years of operation.

E. Estimated Occupancy

The Community is assumed to achieve stabilized occupancy at 95%. The assumptions upon which occupancy is estimated for the North Tower are as follows: 22% after the first six (6) months, 43% after 12 months, 74% after 24 months and 95% after 36 months.

F. Estimated Entrance Fees and Monthly Service Fees

Residents who enter into a Residency Agreement will pay an Entrance Fee and Monthly Service Fee for residence at the Community. Three (3) Entrance Fee refundability plans are available including an 90% refundable plan, a 50% refundable plan and a traditional amortizing plan. The anticipated Entrance Fees and Monthly Service Fees are presented in Attachment 3.

G. Estimated Income from Monthly Fees

Estimated income from Monthly Service Fees charged to residents in the North Tower at stabilized occupancy in year 2027 is estimated at approximately \$26.7 million.

H. Entrance Fee Receipts

It is estimated that the total amount of Entrance Fees that the Community will have received from or on behalf of Residents upon achievement of stabilized occupancy (95% of independent living units) is approximately \$322,600,000 for the North Tower.

I. Project Financing

It is anticipated that construction and other related development costs of the North Tower will be financed with short- and long-term tax-exempt bonds. It is anticipated that the tax-exempt bonds will total approximately \$424,100,000 including \$193,500,000 in long-term bonds at an estimated average interest rate of 6.75% and approximately \$230,600,000 in short-term bonds and bank loan at an estimated average interest rate of 5.75%. Costs of financing include funded interest on the bonds and bank loan of \$61,787,000 and legal, underwriting and bank fees totaling \$10,985,000.

J. Reserves

Start-Up Deficits

Projected net cash flow deficits from operations during fill-up are estimated to be approximately \$31 million for the North Tower. These start-up cash losses will be funded with Entrance Fees released from escrow.

Department of Financial Services Reserves

Under New York law, communities such as River's Edge are required to maintain liquid assets supporting required reserves. Further, the regulations require maintenance of certain other reserves. Sponsor must demonstrate to the satisfaction of the Superintendent of Financial Services for the State of New York that it is maintaining all necessary reserves.

The Community will satisfy the reserve requirement by establishing separate funds for this purpose from the proceeds of the bond financing. The Sponsor has estimated that approximately \$8.1 million will be required to meet the reserve requirements set forth by the State Department of Financial Services for the first phase of development.

In addition, the Community will establish an escrow account for the deposit of Entrance Fee payments. Funds on deposit in the account shall bear interest for the benefit of the prospective resident at the bank's prevailing rate. The escrow account will be established at an FDIC insured banking institution.

K. Assets Pledged as Collateral

The bonds will be secured by a gross receipts pledge, including the Entrance Fee receipts, a first mortgage on the Community, a debt service reserve fund, as required by the State Department of Financial Services and the lenders, and monthly payments to the bond trustee sufficient to pay interest and principal due on the next payment date

ATTACHMENT 1

River's Edge
Anticipated Sources and Uses of Funds

<u>Source of Funds</u>	
Equity Contribution	\$ 8,500,000
Interest Income	\$ 8,699,000
Long-Term Tax-Exempt Bonds	\$ 193,500,000
Short-Term Tax-Exempt Bonds	\$ 106,500,000
Short-Term Construction Bank Loan	<u>\$ 124,097,000</u>
Total Source of Funds	<u>\$ 441,296,000</u>
<u>Uses of Funds</u>	
Land	\$ 25,367,000
Construction	\$ 226,319,000
Owners Work	\$ 5,403,000
Design, engineering	\$ 9,432,000
Marketing	\$ 15,473,000
Fee Permits Development costs	\$ 16,338,000
Project Contingency	\$ 26,023,000
Escalation	<u>\$ 21,487,000</u>
<i>TOTAL PROJECT COSTS</i>	<u>\$ 345,842,000</u>
Legal & Financing Costs	\$ 9,735,000
Pre-opening Expenses	\$ 500,000
Loan Commitment Fee	\$ 1,250,000
Funded Interest on Bonds	\$ 53,491,000
Funded Interest on Construction Bank Loan	\$ 8,296,000
Debt Service Reserve	\$ 21,438,000
Working capital	<u>\$ 744,000</u>
	<u>\$ 441,296,000</u>

ATTACHMENT 2

Forecasted Statement of Operations For the Years Ending December 31,

STATEMENT OF FORECASTED ACTIVITY	Opens 2024	2025	2026	Stablized 2027
<i>Operating Revenues:</i>				
Earned Entrance Fees	2,816,543	7,426,390	10,196,187	11,326,664
Monthly Service Fees	6,489,773	17,224,459	24,025,391	26,683,560
Other Income	280,772	701,227	968,114	1,067,342
Investment Income	1,771,317	2,108,730	2,052,847	2,707,613
Contribution from Affiliate				
Subtotal	11,358,405	27,460,806	37,242,539	41,785,179
Modified HC Fees	212,447	685,502	1,406,050	2,373,852
Life Care Permanent Residents	12,164	72,882	228,040	495,901
<i>Total Operating Revenues</i>	11,583,015	28,219,189	38,876,629	44,654,932
<i>Operating Expenses:</i>				
General & Administrative	2,135,002	2,349,974	3,112,646	3,519,171
Housekeeping	464,144	893,458	998,655	1,028,615
Plant Operations	1,545,247	1,697,079	1,747,992	1,909,047
Food Service	2,089,035	4,011,099	4,756,778	5,007,720
Health Care	410,622	1,307,781	2,714,977	4,665,596
Depreciation & Amortization	12,944,901	12,896,285	11,774,198	11,831,948
Interest	24,265,259	18,290,729	13,639,209	12,855,603
Utilities and Property Tax	2,174,798	2,688,051	2,768,692	2,851,753
Land Lease	946,560	946,560	946,560	946,560
Management Fee	390,616	555,760	681,852	797,138
<i>Total Operating Expenses</i>	47,366,185	45,636,776	43,141,558	45,413,151
Increase (decrease) in Unrestricted Net Assets	(35,783,170)	(17,417,586)	(4,264,930)	(758,219)

Forecasted Statement of Cash Flow
For the Years Ending December 31,

STATEMENT OF FORECASTED CASH FLOW	2024	2025	2026	2027
OPERATING ACTIVITIES				
Excess (Deficit) of Revenues over Expenses	(35,783,170)	(17,417,586)	(4,264,930)	(758,219)
Earned Entrance Fees	(2,816,543)	(7,426,390)	(10,196,187)	(11,326,664)
Entrance Fees Received declining refunds				7,114,879
Depreciation & Amortization	12,944,901	12,896,285	11,774,198	11,831,948
Change in AR and Prepaids	(588,775)	(152,911)	(103,635)	(105,072)
Change in Payables	1,520,488	241,272	(832,908)	(331,223)
Accrued Expenses	<u>194,907</u>	<u>5,847</u>	<u>6,023</u>	<u>6,203</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(24,528,193)</u>	 <u>(11,853,484)</u>	 <u>(3,617,439)</u>	 <u>6,431,853</u>
INVESTING ACTIVITIES				
Equipment additions	<u>(500,000)</u>	<u>(550,000)</u>	<u>(605,000)</u>	<u>(665,500)</u>
 NET CASH (USED) BY INVESTING ACTIVITIES	 <u>(500,000)</u>	 <u>(550,000)</u>	 <u>(605,000)</u>	 <u>(665,500)</u>
FINANCING ACTIVITIES				
Increase in debt				
Initial Entrance Fees and deposits	165,464,424	103,383,794	73,502,579	
Refundable Entrance fees	-	-	-	10,513,121
Entrance Fee Refunds	(1,358,088)	(3,869,512)	(5,507,205)	(7,087,336)
Principal Reductions	<u>(115,483,193)</u>	<u>(93,613,664)</u>	<u>(23,486,387)</u>	<u>(2,120,468)</u>
 NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	 <u>48,623,143</u>	 <u>5,900,618</u>	 <u>44,508,987</u>	 <u>1,305,316</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 <u>23,594,950</u>	 <u>(6,502,866)</u>	 <u>40,286,549</u>	 <u>7,071,669</u>
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>31,907,306</u>	 <u>55,502,256</u>	 <u>48,999,390</u>	 <u>89,285,939</u>
 AT END OF YEAR	 <u>55,502,256</u>	 <u>48,999,390</u>	 <u>89,285,939</u>	 <u>96,357,608</u>
 Cash and Equivalents	 27,652,873	 24,529,379	 64,503,774	 70,455,848
Trustee Held Reserves	<u>27,849,383</u>	<u>24,470,012</u>	<u>24,782,165</u>	<u>25,901,760</u>
Total Cash & Reserves	<u>55,502,256</u>	<u>48,999,390</u>	<u>89,285,939</u>	<u>96,357,608</u>

ATTACHMENT 3



River's Edge
Estimated Unit Mix and Fee Schedule – North Tower

Apartments	Avg. Sq Ft	# Units	Average Initial Entrance Fee ⁽¹⁾			Monthly Fees at Opening ⁽³⁾
			2% declining	50% refund	90% refund	
Life Care						
One bedroom, prime	772	55	\$517,112	\$664,859	\$930,802	\$6,480
One bedroom deluxe	872	25	\$759,962	\$977,094	\$1,367,932	\$7,180
One bedroom den, interior	971	80	\$782,776	\$1,006,426	\$1,408,996	\$7,780
Two bedroom prime	1,068	60	\$1,045,618	\$1,344,366	\$1,882,112	\$8,390
Two bedroom den, prime	1,217	50	\$1,344,612	\$1,728,787	\$2,420,302	\$8,880
<i>Average</i>						\$7,769
Second Person ⁽²⁾			\$80,000	\$80,000	\$80,000	\$ 2,100
Modified (Fee-For-Service)						
Discount off the Life Care fee	First Person		(\$75,000)	(\$96,500)	(\$135,000)	(\$1,000)
Discount off the Life Care fee	Second Person		(\$50,000)	(\$50,000)	(\$50,000)	(\$850)

- (1) First person Life Care Entrance Fees are the weighted average for the respective unit types. The actual entrance fee for a specific unit varies by as much as plus or minus 20% depending on the floor location, view and the whether the unit includes a balcony.
- (2) Second person Entrance Fee is declining 2% per month to zero refundable.
- (3) Monthly fees are expected to be applicable at opening in 2024 but are subject to change based on market conditions and other financial considerations.

The fees shown are estimated and are subject to adjustment and may change by the time the Community opens. After opening of the Community, it is anticipated that Monthly Service Fees will be adjusted annually to compensate for increases in the costs of providing services to residents. Changes in the Entrance Fees and Monthly Service Fees require the approval of the Superintendent of the Department of Financial Services.

