Senior Living Choices, of Virginia, Inc. Brandermill Woods

2017 Disclosure Statement

14311 Brandermill Woods Trail · Midlothian, Virginia 23112 · 804.744.1173

The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation or endorsement of the facility by the State Corporation Commission.

FILED
Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
October 30, 2017
Commissioner of Insurance
BY: Nataliya I. Kaplun

Senior Living Choices of Virginia, Inc.

Brandermill Woods
Midlothian, Virginia

2017

DISCLOSURE STATEMENT

NOTE: Prospective residents are strongly encouraged to review this disclosure statement with their families and other trusted advisors.

A copy of this disclosure statement has been filed with the State Corporation Commission, Bureau of Insurance; however, this does not constitute approval, recommendation or endorsement of the facility by the Commission.

1. CONTINUING CARE PROVIDER

Senior Living Choices of Virginia, Inc.
/dba Senior Living Choices, Inc.
/dba Brandermill Woods Retirement Community
14311 Brandermill Woods Trail
Midlothian, Virginia 23112

Senior Living Choices of Virginia, Inc. (the "Corporation") is a Virginia non-profit, non-stock corporation which operates under the trade names Senior Living Choices, Inc. and Brandermill Woods Retirement Community, the Chesterfield at Brandermill Woods, and The Haven at Brandermill Woods. The Corporation owns and operates a continuing care retirement community, which offers a continuum of Residential Living, assisted living and health care services in Chesterfield County, Virginia known as Brandermill Woods ("Brandermill Woods”). Incorporated in 2001, the Corporation has received an exemption from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and an exemption from state income taxation in the Commonwealth of Virginia under its applicable tax provisions.

2. OWNERSHIP OF PROPERTY

Brandermill Woods, Ltd. and Continuing Care Consultants, Inc., were the original developers and owners of Brandermill Woods. In 1991, Brandermill Woods was refinanced and acquired by Senior Living Choices, Inc., a 501(c) (3) organization, originally formed on January 24, 1980 in the Commonwealth of Pennsylvania under the name of Boarding Home Life Style Improvement Society, Inc. to own and operate continuing care facilities. In 2001 the Board of Directors of Senior Living Choices, Inc. determined to establish the Corporation as a not-for-profit, non-stock corporation organized and existing under the laws of the Commonwealth of Virginia and merged Senior Living Choices of Virginia, Inc. into the Corporation. The Corporation continues to do business under the trade names Senior Living Choices of Virginia, Inc., Senior Living Choices, Inc., and Brandermill Woods Retirement Community, The Chesterfield at Brandermill Woods, and The Haven at Brandermill Woods.

Senior Living Choices of Virginia, Inc. owns the 42.602 acre site and property known as Brandermill Woods, located at 14311 Brandermill Woods Trail, Midlothian, Virginia and the Brandermill Woods Health Care Facilities (The Haven (formerly referred to as The Health Care Center), The Chesterfield and The Holly Inn), located at 2100 Brandermill Parkway, Midlothian, Virginia.

3. OFFICERS, DIRECTORS, TRUSTEES, MANAGING AND GENERAL PARTNERS

Senior Living Choices of Virginia, Inc. is governed by a volunteer Board of Directors. The Directors of the Corporation have the sole legal responsibility for overseeing and managing the management of the Corporation. Board members and officers receive a Director’s Fee of $3,000 per member each quarter.

Members of the Board of Directors and the Officers of Brandermill Woods are summarized below:

Name	Position	Occupation
N. Leslie Saunders, Esq.	President & Chair	Attorney/Senior Partner Saunders, Patterson & Mack
Frasier Brickhouse	Vice President	Retired/former Assistant Dean Virginia State University, School of Business
Wayne L. Edmunds, Esq., CPA	Treasurer	Accountant/Partner, Gregory & Associates Associate Professor, Virginia Commonwealth University School of Business
Bradford S. Hammer, MPA	Secretary	Retired /Deputy County Administrator Chesterfield County Human Services
Mira D. Pallotta	Assistant Secretary	Executive Director, Brandermill Woods Retirement Community

The address for all Board of Directors and Officers is 14311 Brandermill Woods Trail, Midlothian, Virginia 23112.

Managing and General Partners; Holders of 10% or Greater Equity or Beneficial Interests

Brandermill Woods, as a non-profit corporation, has no managing or general partners, and no persons or entities has any ownership or possesses any equity or beneficial interest in FNRC.

4. BUSINESS EXPERIENCE OF BOARD AND MANAGEMENT

Business Experience of the Board of Directors

i. Brandermill Woods is self-managed and has successfully operated its Residential Living campus since opening in 1985, and subsequently opened and began operating The Haven in October 1988 and the Assisted Living in April 1989.

ii. Members of the Board of Directors and the Officers of Brandermill Woods have extensive experience in the design and construction of continuing care retirement facilities ("CCRCs"). Board member Brad Hammer is a former County Administrator to Chesterfield County in the area of building construction. Mr. Hammer worked in conjunction with Board members Wayne Edmunds and Les Saunders, Esq. on the construction of Lucy Corr Nursing Home. They personally oversaw the construction of this facility, serving as prior Board members of the Chesterfield County Health Care Commission, and have in-depth knowledge of requirements under local and state regulations.

iii. The Board of Directors is comprised of professionals with experience in health planning, law, government, community development/planning, and higher education.

All Directors have established themselves as civic leaders, with participation on many governing boards for not-for-profit entities.

Business Experience of the Management Team

Brandermill Woods is self-managed. The day-to-day operations are the responsibility of the Executive Staff, whose principal members are listed below.

Mira D. Pallotta, Executive Director

Ms. Pallotta is a twenty five (27) year employee of Brandermill Woods and has served as the Executive Director for twelve (14) years. She also served as the Associate Executive Director of Finance and Human Resources for six (6) years and as the Accounting Director for seven (7) years prior to becoming the Executive Director. She has worked in the Health Care industry for over 30 years involved mostly with continuing care retirement communities. She attended Dalton College where she studied Computer Programming and Accounting.

L. Charmaine Preiss, Independent Services Director

Ms. Preiss is a twelve (14) year employee of Brandermill Woods. She was hired in March of 2003 as the Director of Accounting and Human Resources. In 2011, she was promoted to Independent Services Director. Ms. Preiss is responsible for financial management and daily business operations as well as assisting the Executive Director with budgeting. Her position is responsible for the oversight of 240+ staff members and the management of Resident Services and the facilities' systems. She has worked in management, accounting and finance for over 24 years with 18+ years in the Health Care industry and seven (7) years in the Real Estate and Property Management industry.

Tomeka Scott, Administrator – HCC

Ms. Scott is responsible for the daily operations of The Health Care Community and Assisted Living, including managing more than 80 staff members, engaging residents, and interacting with their families and loved ones. She has worked for Brandermill Woods for two decades, serving as Certified Nurse Assistant, In-Service Coordinator, Assistant Director of Nursing, and now Nursing Director. Ms. Scott's career has specialized in long-term care and skilled nursing, and she studied at John Tyler Community College to become a Registered Nurse. After she attended South Side College in order to learn how to become a practical nurse, Tomeka became chemotherapy certified while working in Oncology at Virginia Commonwealth University. She became a Licensed Nursing Home Administrator after completing the AIT program at Brandermill Woods.

Acquisition of Goods and Services.

There are no entities wherein a Director, Officer or management personnel named herein holds a 10% or greater direct or indirect interest that will be providing goods, leases or services to Brandermill Woods of a value of $500 or more, within any year.

Criminal, Civil and Regulatory Proceedings.

i. Neither Brandermill Woods nor any of the Directors, Officers or management personnel named herein of Brandermill Woods have been convicted of a felony, pleaded nolo contendere to a criminal charge, or held liable or enjoined by final judgment in a civil action involving fraud, embezzlement, fraudulent conversion, misappropriation or property or moral turpitude.

ii. None of such persons are subject to an injunctive or restrictive order of a court of record, nor within the past five years have any of such persons had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to any business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under this chapter or similar laws in another state.

iii. None of such persons are currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

5. AFFILIATION WITH RELIGIOUS, CHARITABLE OR OTHER NONPROFIT ORGANIZATIONS; TAX STATUS OF PROVIDER

a. **Affiliated Entities**. In 2000, Brandermill Woods created an affiliated charitable organization, the Brandermill Woods Foundation ("Foundation"). The Foundation's mission and purpose is to provide benevolent assistance to the Residents and Staff of Brandermill Woods and provide funding for capital project to enhance community living for all Residents. Through the Foundation, the Corporation has provided financial support to a number of residents seeking and qualifying for financial assistance through the Foundation's Benevolent Fund. The Foundation has a policy of assisting any resident of Brandermill Woods who becomes unable to pay in full the monthly fees and other charges by reason of circumstances beyond the resident's control. If the Foundation, in consultation with the Corporation, determines that there are facts justifying such assistance, the Foundation may subsidize in whole or in part a resident's monthly service fee and other charges.

There are no other affiliations in place or planned with other religious, charitable or nonprofit organizations.

b. Exemption. The Foundation received an exemption from federal taxes under Section 501 (c)(3) of the Internal Revenue Code and an exemption from state income taxes in Virginia under its applicable tax provisions.

6. LOCATION AND DESCRIPTION OF REAL PROPERTY

Location

Brandermill Woods Residential Living campus is located at 14311 Brandermill Woods Trail, Midlothian, Virginia 23112 in Chesterfield County. Brandermill Woods Health Care Facilities; The Haven, The Chesterfield and The Holly Inn are located at 2100 Brandermill Parkway, Midlothian, Virginia.

Brandermill Woods is on a 42.602 acre site within the master planned community of Brandermill (the "Community") in Chesterfield County, Virginia approximately 13 miles southwest of downtown Richmond, Virginia. The Community was started in the mid-1970s and has a population of over 13,000 persons in over 3,700 housing units. The Community is a 2,600-acre mixed-use development, integrating planned residential, office/business and multifunctional regional centers consisting of over 80 neighborhoods. These neighborhoods offer a diverse range of home styles and price ranges. Brandermill Woods' residents have the same privileges as other Community residents. Walking and biking trails, parks, picnic amenities and recreational areas, and a 1,700 acre lake are all integrated into the Community.

Description of the Residential Living Campus

The Residential Living Campus is located on 28 acres and includes eighty-four (84) Club Homes that are apartment-style living units in two, three-story buildings connected with a community center referred to as "The Clubhouse." The one hundred and eighteen (118) Cottage Homes are single-family homes connected in clusters of three to five homes and are grouped around cul-de-sacs. The apartment buildings are constructed of non-combustible frame construction with an exterior of brick and vinyl siding, reflecting styles compatible with prospective residents' preferences and placed to maximize a sense of privacy. Cottages are strategically sited to retain a campus feel, reserving as much of the landscape as possible. All Cottages have been constructed to residential standards including sloping roofs, porches and ample energy efficient windows.

The Cottage Homes include a living/dining room with access to a covered porch; kitchen/breakfast nook, including a double sink with garbage disposal, range, refrigerator, microwave and dishwasher; a walk-in closet and a full bath; a utility closet; a washer and dryer; and a one car attached garage. Lower level units provide a finished walk-out basement with a number of room variations offered, i.e. some units have a family room/den, extra bedrooms, bathrooms, laundry, storage and work areas.

The Club Home Apartments are apartment-style living units in two, three-story buildings which connect to the Clubhouse. Each building currently houses 12 one-bedroom units and 21 two-bedroom units. All units include a living/dining room; kitchen including a double sink with garbage disposal, range, refrigerator, microwave and dishwasher; a master bedroom with walk in closet; connecting full bath, utility room, additional hall storage and an a surface parking space. Two bedroom units include an additional bedroom/den and full bath.

Brandermill Woods is currently expanding the Residential Living Campus (“The Expansion”) as described in **Planned Expansions and Improvements** below.

Description of the Health Care Campus

The single-story Health Care Center and the three-story Assisted Living Facilities comprised of The Chesterfield (with Assisted Living units on the second and third floors) and The Holly Inn (with Assisted Living/Dementia units on the first floor) are located on 13.87 acres adjacent to the Residential Living Campus. The Haven and Assisted Living Units (collectively, “The Health Care Campus”) have separate entrances but are physically connected and share certain common areas, including multipurpose rooms, activity spaces, a library, beauty shop, medical clinic, dining room, a chapel, courtyard gardens, lobby entry way and support services including a full service laundry, commercial kitchen, multiple on-station pantries, warming kitchens, administrative offices, meeting rooms, maintenance shop, loading dock and central supply room. Clinical features include in-wall oxygen and suction and negative pressure ventilation for infection control. Both buildings feature a generator backup system, fire suppression system with a complete sprinkler system, smoke and heat sensors throughout, and security cameras and monitoring. The doors are fire rated and the flooring is carpeted for comfort, safety and appearance.

Description of The Haven (Nursing Care)

The Haven opened in October 1988 consists of sixty (60) skilled and intermediate nursing beds that are utilized by residents to receive medical care on both a short and/or long term basis. Current residents of the Residential Living Units and the Assisted Living Facilities who have signed and paid fees in accordance with the terms of a Residency Agreement are given priority admission over outside referrals (“direct admits”).

The Haven offers both semi-private and private accommodations that provide an average of 345 square feet per room. All sixty (60) of the health care beds are licensed by Medicare and provide both skilled and intermediate levels of care, and twenty-two (22) semi private beds are also certified by Medicaid. Semi-private rooms have one-half bath and a vanity with sink for residents to share in each room. Private rooms offer full baths in each room. The Haven also provides furnishings including a wardrobe, bed, nightstand, and chair to each resident. The Haven also includes a Rehabilitation Center which offers therapy and is described in **Planned Expansions and Improvements** below.

The Haven is a steel and metal frame building with brick and vinyl siding. The Haven’s total square footage is 66,013 square feet. The Haven is currently licensed by the Virginia Department of Health for sixty (60) beds. However, the Department of Health approved an additional fourteen (14) licensed Medicare beds which will be licensed in 2018.

Description of the Assisted Living Center – The Chesterfield and The Holly Inn

The Assisted Living Facilities, known as "The Chesterfield" and “The Holly Inn,” opened in April 1989 and includes sixty (60) apartment units and is licensed for 120 beds by the Virginia Department of Social Services. In March 2001, the first floor of The Chesterfield was converted into a memory-care designated floor known as The Holly Inn and was reduced from twenty (20) units to nineteen (19) units. One unit was converted into kitchen and dining space that provides a more home-like environment for the memory care residents. Currently, the Assisted Living Facilities are comprised of 59 total assisted living units, of which 19 are memory-care assisted living units.

Assisted Living offers three different floor plans designed to meet the needs of residents who require assistance with various activities of daily living. All Units have wall-to-wall carpeting, non-slip floor coverings, smoke detectors, sprinkler systems, private bath with shower, walk-in closet, bathroom safety features, emergency call system and backup generator. Alcove and one bedroom units include a kitchenette area (excludes cooktops or cooking surfaces) with refrigerator, sink, counter and cabinets.

The Assisted Living Center is 38,377 square feet constructed of a cinder block frame, with brick and vinyl siding with a pitched, shingled roof. The building also includes common areas, a dining room, business and administrative offices.

Planned Expansions and Improvements

Brandermill Woods seeks to invest continuously in the improvement, modernization and redevelopment of the Community so that it can remain marketable, attractive and competitive. In April 2015, the Community added eighteen (18) new Club Homes and opened a new Rehabilitation Center which includes twenty-two (22) private rooms with in-suite baths and a rehabilitative therapy gym which offers physical, occupational and speech therapy. Current residents benefited by upgrades to the nursing rooms and common areas, including a new entrance. The project cost approximately eleven million dollars ($11 M) and added an additional 21,585 square feet to The Haven.

Brandermill Woods is planning further expansion of the Residential Living Campus (“The Expansion”) to include and additional seventy-five (75) additional Club Homes with completion expected by the end of October, 2017. The new Club Homes will be built to the same high standards and include the same features as existing Club Homes.

Brandermill Woods received approval to renovate/upgrade The Haven’s older nursing wings to meet the standards/appearance of the new Rehabilitation Center, expand the therapy gym, shower room, nursing station, dining and common areas, and add fourteen (14) Medicare licensed beds to its current inventory of sixty (60) licensed beds. The nursing station renovations will include state of the art technology to enhance patient safety and staff response time. A shower will be added to each nursing room. The new 2,000 square foot therapy gym will include specialized equipment designed to improve patient outcomes. These renovations will allow Brandermill to compete with other CCRCs and nursing facilities that offer private accommodations and upgraded amenities as well as respond to demands for private rooms, therapy services and upgraded amenities. Once the renovations are completed in early 2018, Brandermill Woods will request licensure for the additional fourteen (14) beds which will be reserved for contract holders who live within the Brandermill Community development and require short term rehabilitative services covered by Medicare.

Brandermill Woods estimates that the cost related to the construction of the Expansion will total approximately thirty-eight million dollars ($38 M) and has already secured financing in the amount of forty-eight million dollars ($48 M) which helped fund the April 2015 expansion.

The table below summarizes the Existing Unit Mix and Expansion Plan for Brandermill Woods.

Unit Location	Type	Existing	New	Total
Residential Living	Club Home Apartments	84	75	159
	Cottages	131	-13	118
Assisted Living Units*	Assisted (Chesterfield)	40	0	40
	Memory Care (Holly Inn)	19	0	19
Skilled/Intermediate Care	Nursing Home Beds	60	14	74
	Total Units	334	76	410

* The Assisted Living Facility is licensed for a total of 120 units.

7. SERVICES PROVIDED UNDER CONTINUING CARE CONTRACTS

Brandermill Woods operates as a Continuing Care Retirement Community (CCRC) which recognizes older adults as having varying needs along a continuum from independent Residents to skilled nursing needs. Under the terms of the Entry Fee/CCRC Agreement and in return for a refundable Entrance Fee and payment of Monthly Service Fees, Brandermill Woods provides use of the Residential Unit and the Community's various amenities, a comprehensive range of Residential Living Services and a valuable discount ("CCRC Benefit") on Nursing and Assisted Living fees should those services become necessary in the future. The Entry Fee/CCRC Agreement is available on a limited number of select Residential Living units.

The CCRC Benefit includes priority admission/transfer to Brandermill Woods' Assisted Living or Health Care Center on either a short-term or long-term basis and so long as space is available. In addition, the CCRC Benefit includes a five percent (5%) discount on Assisted Living Monthly Service Fees and a five percent (5%) discount on Nursing Per Diem/Daily Fees for each Resident under the Entry Fee/CCRC Agreement. The discount on Nursing Per Diem/Daily fees is applied after a reduction for any amount received by Brandermill Woods as a result of the Resident's assignment of the benefits for Medicaid or Medicare insurance, supplemental Medicare insurance or any other insurance.

The Entry Fee/CCRC Resident(s) may provide written authorization to Brandermill Woods to pay monthly/daily fees by reducing the refundable amount of their Entrance Fee by that same amount. Once the funds in the Resident's Entrance Fee Refund Account are depleted, the CCRC/Entry Fee Resident must continue to pay any fees due to the Community through other sources.

The first person Monthly Service Fee is based on the size of the apartment selected by the residents; there is a standard Monthly Service Fee for the second person in a double occupancy unit. The Monthly Service Fee includes the following utilities: electricity, heat and air conditioning, water, sewage, trash removal and basic cable television. Residents are responsible for telephone, (non-basic) cable and internet charges.

The Monthly Service Fee covers a variety of community and hospitality services, including:

- Access to Community amenities (e.g. fitness center, art studio, dining rooms, social activities, beauty/barber/nail salon, banquet hall, meeting rooms, lounge). Note that Residents may be charged separately for rental of rooms, certain services and supplies and special activities as noted in the Resident Handbook and Community billing policies in effect on the date of such purchase).
- A variety of planned activities and social, recreational, educational, cultural, health and wellness programs, through Brandermill Woods' Resident Services Department and Wellness Center. Note that Residents may be charged separately for special events activities as noted in the Resident Handbook and Community billing policies in effect on the date of such purchase.
- On campus wellness clinic staff with a licensed nurse available for preventative and health promotion purposes during regular business hours; access to rehabilitation services including physical, occupational and speech therapy services; access to onsite podiatry, audiology and massage services. Note that the availability of these services is subject to change based on business needs and availability. Residents are normally charged for the use of these services and may use available insurance to cover some expenses.
- Scheduled housekeeping services (one hour each week for Club Apartments for one (1) hour each week and Cottage Homes for an hour and half (1.5) to two (2) hours every other week depending on the unit type). Curbside Recycling and Garbage removal.
- Regularly scheduled transportation for grocery shopping, medical appointments and other special needs, Monday through Friday. Note that the Monthly Services Fee covers only scheduled transportation inside the "transportation free-zone" as described in the Community Handbook and billing policies in effect on the date of such service.
- Monthly Meal Plan that includes fifteen (15) meals per month per Resident. Meal credits can only be used at one of the on-campus dining venues and may be used for guests. Note: As meals are used, the dining meal count will decline by one for each meal taken. In the Assisted Living and The Haven, three (3) meals a day plus AM and PM snacks are included in the daily rate.
- One indoor storage compartment – limited to Residents with Club Apartments
- One surface parking space for Club Apartments
- Twenty-four hour Security coverage, with central monitoring of an emergency call (panels, pendants and pull cords) system and emergency response from Brandermill Woods' Security staff and/or licensed nursing staff. Intruder security alarm system and a daily "Check-In".
- Social Services and counseling provided on campus by the Social Service Coordinator or by an outside mental health professionals.
- Membership and access to the many social programs, dining venues and activities provided by the Brandermill Golf Club & Birkdale Golf Club.
- Payment of all Brandermill Community Association quarterly assessment dues.
- Payment of all real estate property taxes and liability and property insurance covering Community buildings and grounds.
- Regularly scheduled interior and exterior maintenance of Brandermill Woods' property, buildings and equipment.

Health Care - Assisted Living Community and Nursing Center

Brandermill Woods currently provides care and services through two (2) licensed programs: (i) skilled nursing care, intermediate nursing care, dementia care, rehabilitation and hospice care are provided in the sixty (60) bed Health Care Center licensed by the Virginia Department of Health; (ii) an Assisted Living Center licensed by the Virginia Department of Social Services for one hundred twenty (120) residents provides residential and three (3) levels of assisted care for resident requiring assistance with activities of daily living, such as bathing, dressing and medication administration. Entry Fee/CCRC Residents receive priority admission to The Haven and the Assisted Living Center, space permitting, and can use their CCRC Benefit Credit towards fees that are not otherwise covered by another source, such as Medicare, Medicaid, or private health or long term care insurance.

The Haven is dedicated to providing cost–effective, quality medical services, including skilled nursing care, post-acute medical and rehabilitative services and long-term nursing care. Residents, families and staff benefit from a connection to geriatric medical development through the organization's teaching affiliations. Residents of The Haven receive twenty-four (24) hour support from licensed RNs, LPNs and certified nursing assistants in accommodations that include private and semi-private rooms, individual thermostatic controls, and telephone and cable access. The Haven's inter-disciplinary health care team provides initial and ongoing care planning.

The Haven seeks to promote wellness and self-esteem among the residents through nursing programs designed to keep residents at their highest physical function. Pain management, restraint reduction, restorative nursing and fall prevention are amount ongoing quality improvement efforts. The Haven's structured activities and programs provide socialization and access to community resources. These include a creative arts program, religious and spiritual services, educational programs, community involvement and outings, aerobics and musical programs, intergenerational programming, pet visits, celebrations for special events and holidays, and pastoral care.

Additional Services Available at an Extra Charge:

The following services are provided, arranged or referred by Brandermill Woods, and are available to Residents at an additional charge on a Resident's monthly statement:

- A 15-meal credit available at a significantly reduced charge (non-transferrable, non-refundable);
- A 5-meal credit available for Residents at The Health Care Campus at a significantly reduced price for use in the Residential Living Dining Room (non-transferrable, non-refundable)
- Guest Meals
- Catering for Special Occasions
- Guest Accommodations
- In-Room tray service for Assisted Living Residents
- Meal delivery for Residential Living Residents
- Special landscaping requests
- Special requests for maintenance or housekeeping of resident personal property

- Companion Care Services
- Outpatient therapy services including physical, occupational and speech therapy
- Scheduled transportation outside the free-zone
- Personal laundry (other than facility linens)
- Unit Modifications
- Medical supplies, personal needs, oxygen and medications for Health Care Facility residents
- Pick up and drop off services provided by a local dry cleaning service
- Pick-up and drop-off for UPS and other express mail services
- Beauty, Barber and Nail Salon services
- Additional storage, subject to availability
- Phone Services
- Covered Parking with storage space.

A current Ancillary Fee schedule for fees in effect on July 1, 2017 is shown as Attachment A.

8. FEES REQUIRED OF RESIDENTS

Deposits and Entry Fees

Under the Entry Fee/CCRC Program, Resident(s) are required to pay a refundable Entrance Fee equal to the total of twelve (12) Monthly Service Fees which is due prior to the date the Resident takes possession of the unit. The Entry Fee Program is limited to a select number of specific Residential Living units. Entrance Fees are based on the type and size of unit and range from $46,380 to $69,744 for single occupants. A second person Entrance Fee of $10,200 is required for couples, as shown in Attachment A.

Monthly Service Fees and the CCRC Benefit

Residential Living Residents currently pay a Monthly Service Fee which ranges from $3,865 to $5,812 for a single occupant depending on unit type and location selected. A Second Person Monthly Service Fee of $850 is required for the second occupant.

Assisted Living Residents currently pay a Monthly Service Fee ranging from $4,958 to $7,452 for standard Assisted Living services depending on the unit type selected. Additional charges for Level of Care assistance and for Ancillary Services may apply. The Second Person Assisted Living Monthly Service Fee is assessed at 75% of the Monthly Service Fee for the selected unit. CCRC/Entry Fee Residents receive a 5% Monthly Service Fee discount as part of their CCRC Benefit.

Health Care Center Residents currently pay a Per Diem ("Daily") Rate of $280 for a Bed A semi-private room, $290 for a Bed B semi-private room and $400-$425 for a private room. Any amount the Community receives as a result of the Resident's assignment of benefits from Medicaid or Medicare insurance, supplemental Medicare insurance or any other insurance is deducted from the Daily Rate. CCRC/Entry Fee Residents receive a five percent (5%) discount as part of their CCRC Benefit. The discount on Nursing Per Diem/Daily fees is applied after a reduction for any amount received by Brandermill Woods as a result of the Resident's assignment of the benefits for Medicaid or Medicare insurance, supplemental Medicare insurance or any other insurance.

All Brandermill Woods' Residents receive Service Fee Credit of one thousand dollars ($1,000) after completing a thirty (30) consecutive day stay at a Brandermill Woods' Health Care Facility. The credit is available only once per twelve (12) consecutive month period from the commencement date or the date of the previous Service Fee Credit, per Resident(s), and cannot be accrued from year to year. Credits are only applicable if the stay has been denied coverage by Medicare, Medicaid and/or private insurer and for the duration of the stay.

Billing, Changes to Fees and Notification

Monthly Service and Per Diem/Daily Fees and Community Fees are customarily adjusted annually prior to July to take into account inflation and changes in the operating costs of Brandermill Woods. However, Brandermill Woods may adjust Monthly Service Fees more frequently if necessary. Brandermill Woods will provide 30 days' advance notice to residents before any change in fees, charges or the scope of care or services may be effective, except for changes required by state or federal assistance programs.

A Monthly Service Fee is payable one month in advance at the beginning of each month. Ancillary and Monthly/Daily Service Fees are billed from the cut-off date of the previous month statement through the cutoff date of the current statement. In the event the Resident(s) takes possession other than at the beginning of the month, the Monthly Service Fee for the first month is prorated. If the monthly invoice is not paid by the close of the fifth (5th) day of the month, it is considered delinquent, and the Resident(s) may be charged a finance charge of one and one half (1 ½) percent per month (18% annually) on the unpaid balance.

The following table summarizes the type, number, approximate square footage, and the Monthly Service Fees for the Residential Living Units effective July 1, 2017:

Configuration and Fees

EXPANSION UNITS

Description	Total Units	Square Footage	Monthly Rental Rate	Entrance Fee
CLUB APARTMENT UNITS				
One Bedroom Essex	36	985	4,646	55,752
One Bedroom Den Hampshire	22	1130	4,822	57,864
Two Bedroom Cornwall	28	1236	4,997	59,964
Two Bedroom Wiltshire	7	1375	5,461	65,532
Total/Weighted Average:	**93**	**1124**	**$4,855**	**$58,256**
2nd Person Fee			**$850**	**$10,200**

EXISTING UNITS				
Description	**Total Units**	**Square Footage**	**Monthly Rental Rate**	**Entrance Fee**
APARTMENTS				
One Bedroom Chelsea - 1st Floor	8	930	$ 4,057	48,684
One Bedroom Chelsea - 2nd Floor	8	930	4,095	49,140
One Bedroom Chelsea - 3rd Floor	8	930	4,017	48,204
Two Bedroom Franklin - 1st Floor	4	1,207	4,520	54,240
Two Bedroom Franklin - 2nd Floor	4	1,207	4,542	54,504
Two Bedroom Franklin - 3rd Floor	4	1,207	4,476	53,712
Two Bedroom Stratford - 1st Floor	10	1,246	4,520	54,240
Two Bedroom Stratford - 2nd Floor	10	1,246	4,542	54,504
Two Bedroom Stratford - 3rd Floor	10	1,246	4,476	53,712
Total/Weighted Average:	**66**	**1,124**	**$4,347**	**$52,161**
2nd Person Fee			**$ 850**	**$10,200**
COTTAGES				
One Bedroom Wyndham	4	1,057	$ 3,865	46,380
Two Bedroom Windsor	26	1,231	4,224	50,688
Two Bedroom Windsor End	2	1,331	4,524	54,288
Two Bedroom Windsor Lower Level	5	2,302	4,849	58,188
Two Bedroom Queensbury	24	1,231	4,436	53,232
Two Bedroom Queensbury End	7	1,331	4,580	54,960
Two Bedroom Queensbury Lower Level	6	2,302	5,178	62,136
Two Bedroom Queensbury End Lower Level	1	2,376	5,214	62,568
Three Bedroom Kent/Brighton	34	1,412	5,178	62,136
Three Bedroom Kent/Brighton Lower Level	9	2,867	5,812	69,744
Total/Weighted Average:	**118**	**1,496**	**$4,761**	**$57,126**
2nd Person Fee			**$850**	**$10,200**

A limited number of select units are eligible for the Entry Fee/CCRC Program.
Fee for Service rental agreements are also available.
The Entrance Fee is calculated by annualizing the Monthly Service Fee for the unit.

ILU Facility Total/Weighted Average:	**277**	**1,292**	**$4,694**
CCRC Entrance Fee Range $46,380-$69,744		**Average**	**$56,322**
plus 2nd Person Fee $9,900			
See Attachment A for the Entrance Fees by Type of Unit.			

The following table summarizes the type, number, approximate square footage, and the daily service fees for the Assisted Living Facilities, effective July 1, 2017:

Assisted Living Units
Configuration and Fees

Unit Type Description	Total Units	Sq Ft	Average Daily Per Diem Rate	Monthly Service Fee
The Chesterfield – Assisted Living				
Efficiency	18	397	$163-$179	$4,958-$5,445
Alcove	20	612	$185-$202	$5,627-$6,144
One Bedroom	2	600	$222	$6,753
Total/Weighted Average:	**40**	**515**	**$185**	**$5,621**
The Holly Inn – Memory Care Assisted Living				
Efficiency	9	397	$202	$6,144
Alcove	9	612	$202-$214	$6,144-$6,509
One Bedroom	1	600	$245	$7,452
Total/Weighted Average:	**19**	**510**	**$208**	**$6.319**
Combined Total/Weighted Average:	**59**	**513**	**$192**	**$5,846**

The following table summarizes the type, number, approximate square footage, and the Per Diem or Daily Rate for The Haven, effective July 1, 2017:

The Haven
Configuration and Fees

Description	Total Units	Square Footage	Daily Per Diem Rate
Private Room	2	690	$340
Semi-Private - Bed A	18	345	$280
Semi-Private - Bed B	18	345	$290
Private Suite (Rehab Center)	22	306	$400-425

Average Room & Board Fee Increases/Changes

Residential Units	2011	2012	2013	2014	2015	2016	2017
Increase in Monthly Service Fees (%)	2.5%	2.5%	3%	3%	3.25%	3%	3%
Increase in Monthly Service Fees ($)	$86	$88	$108	$112	$125	$134	$139
Assisted Living Center/ The Chesterfield	2011	2012	2013	2014	2015	2016	2017
Increase in Monthly Service Fees (%)	4%	2%	2%	3.5%	2.5%	3.7%	3.5%
Increase in Monthly Service Fees ($)	$174	$90	$92	$165	$122	$187	$111

Assisted Living Center/The Holly Inn	2011	2012	2013	2014	2015	2016	2017
Increase in Monthly Service Fees (%)	4%	2%	3%	3.5%	4%	1.5%	2%
Increase in Monthly Service Fees ($)	$217	$113	$173	$208	$246	$81	$124

The Haven/Nursing	2011	2012	2013	2014	2015	2016	2017
Increase in Monthly Service Fees (%)	3.5%	3.5%	3.5%	4%	4%	5%	8%
Increase in Monthly Service Fees ($)	$8 ppd	$8 ppd	$8 ppd	$10 ppd	$10 ppd	$15 ppd	$23 ppd

9. USE AND RETURN OF RESIDENT DEPOSITS.

The Resident's Entrance Fee will be held in an escrow account ("Entrance Fee Account") separate from the Brandermill Woods' operating account and for use by the Resident(s). The Entry Fee/CCRC Resident(s) may provide written authorization to Brandermill Woods to pay monthly/daily fees by reducing the refundable amount of their Entrance Fee by that same amount. Once the funds in the Resident's Entrance Fee Refund Account are depleted, the CCRC/Entry Fee Resident must continue to pay any fees due to the Community through other sources.

Prior to occupancy, the prospective Resident is entitled to a full refund of the Entrance Fee or any deposit paid to Brandermill Woods under the following situations:

- If the prospective Resident terminates the Entry Fee/CCRC Agreement within seven (7) days* of the date on which the prospective Resident executed the Agreement and paid the deposit; or
- If the prospective Resident dies before occupying the unit or is otherwise unable to occupy the unit due to illness or injury; or
- If Brandermill Woods terminates the Entry Fee/CCRC Agreement by the Residential Unit not being available for occupancy within three years after the date of execution of the Entry Fee/CCRC Agreement.

The Entrance Fee and any applicable earned interest will be refunded to the Resident or the Resident's estate, less unpaid expenses and refurbishing costs upon the Resident's death (if one resident signs the Agreement as a single occupant) or upon the last surviving Resident's death (if two Residents sign the Agreement as double occupants) or upon termination of the Entry Fee/CCRC Agreement in accordance with the Section 16 of the Entry Fee/CCRC

Agreement shown as Attachment B. The refund will be paid within thirty (30) days of this occurrence.

In the case of a couple jointly occupying a unit where only one of the Residents terminates the Entry Fee/CCRC Agreement, there is no refund of the Entrance Fee. As long as one remaining Resident continues to reside in the Community, the Entrance Fee is deemed to have been paid entirely on behalf of the remaining joint Resident.

In the event a Resident requires financial assistance or subsidy, Brandermill Woods may charge such amounts, plus interest, against the Resident's Entrance Fee Account. The cost of any such financial assistance provided is accrued and remains an obligation of the Resident and his or her estate. Furthermore, the Resident may be required to relocate to a smaller or less expensive unit.

* The Entry Fee/CCRC Resident shall not be required to move into the Residential Unit before the expiration of the seven-day revocation period.

10. ESCROW OF RESIDENT DEPOSITS AND RESERVE FUNDING

Entrance Fees

No Reserve Fund will be established for the Entrance Fee. The Entrance Fee will be held in an escrow account ("Entrance Fee Account") separate from Brandermill Woods' operating account. All funds or assets deposited in the Entrance Fee Account shall remain the property of the Resident(s) until the earlier of the following events: 1) the Resident's(s) Entrance Fee Account has been depleted by the Resident(s) use of such account for payment of fees to Brandermill Woods; or 2) the Resident(s) has requested a refund of the Entrance Fee Account balance under the terms of the CCRC/Entry Fee Agreement. Any interest accrued will become the property of the Entry Fee/CCRC Resident. If invested, the Entrance Fee Account will be invested in instruments authorized for the investment of public funds and not in default as to principal or interest. The Entrance Fee Account will not be subject to any liens, judgments, garnishments or creditor's claims against Brandermill Woods.

Series 2012 Bonds

In October 2012, the Economic Development Authority of the County of Chesterfield (the "Authority") issued the Series 2012 Bonds totaling $41,110,000 on behalf of Brandermill Woods. The proceeds were used to refund the Authority's Series 1998 Bonds, fund a Debt Service Reserve Fund, and pay a portion of the costs of issuing the bonds. This allowed Brandermill Woods to take advantage of low interest rates and position the organization for future expansion, with $10 million included for routine capital and for future expansion. The Series 2012 Bonds were issued pursuant to a Trust Agreement (the "Trust Agreement") between the Authority and Branch Banking and Trust Company, as bond trustee (in such capacity, the "Bond Trustee"). A Series 2012 Note has been assigned by the Authority to the Bond Trustee under the Trust Agreement as security for the Series 2012 Bonds. Also pursuant to the Trust Agreement, a Construction Fund was established consisting of a construction account, an issuance account and a revolving fund account. The money in the Construction Fund shall be applied to the payment of the cost of the project, subject to the provisions and restrictions set forth in the Trust Agreement. Upon completion of the project, the balance in the Construction Fund shall be applied by the Bond Trustee to the Interest Account. Restricted cash and trust funds are invested by the Bond Trustee pursuant to the Trust Agreement.

Series 2014 Bonds

In July 2014, the Authority issued Series 2014A Bonds in the amount of $18,000,000 and Series 2014B Bonds in the amount of $27,500,000 in connection with Brandermill Wood's expansion (collectively, the "Series 2014 Bonds"). The Series 2014 Bonds were issued pursuant to a Bond Purchase and Loan Agreement among the Authority, the Corporation and Union First Market Bank, as bondholder.

The Corporation also entered into a construction and term loan (the "Loan") with Union First Market Bank (the "Bank"). The Loan is structured as a non-bank qualified, tax-exempt bond issued by the Authority and purchased by the Bank. The Series 2014A Note and the Series 2014B Note are secured under the Master Trust Indenture and the Deed of Trust. The Series 2014A Note and the Series 2014B Note have been assigned by the Authority to the Series 2014 Bondholder as security for the Series 2014 Bonds. The Loan is an obligation under the corporation's existing Master Trust Indenture. The Series 2014B Bonds have variable rates and is not secured by any letter of credit, insurance policy, or other credit enhancement. To minimize the effect of changes in interest rates, the Corporation entered into an interest rate swap agreement on May 25, 2016 to pay a fixed rate of 2.77% with the Bondholder for the Series A Bonds only. The swap agreement terminates on March 1, 2025.

Debt Service Reserve Fund

The Corporation is required to maintain $2,655,631 as its Debt Service Reserve Fund Requirement based on the Series 2012 Bonds. In addition, the Master Trust Indenture requires the Corporation to set and charge rents, fees and other charges relating to the Community, and to restrict operating expenses, as necessary, to achieve a Long-Term Debt Service Coverage Ratio as calculated as of the end of each fiscal year of at least equal to 1.20. For the years ended June 30, 2016 and 2015, the Long-Term Debt Service Coverage Ratio exceeded 1.20. In addition, the Master Trust Indenture requires the Corporation to have no less than one hundred fifty days' cash on hand (the "Liquidity Requirement"), as defined by the Master Trust Indenture. For the years ended June 30, 2017 and 2016, the Corporation exceeded the Liquidity Requirement.

There is no requirement in the 2014 Bond Agreement for the Corporation to establish a Debt Service Reserve Fund to pay debt service or pledge as collateral for the Series 2014 Bonds. However, Brandermill Woods has a long standing practice of maintaining cash and marketable securities equal to or exceeding the 120 Days Cash on Hand Liquidity Covenant. This practice has allowed the Corporation to both meet its working capital needs and fund a substantial portion of its routine capital needs without incurring borrowing costs.

Monthly service revenue from the additional 75 Residential Units, per diem fees from an additional nursing beds and Medicaid/Medicare Part B revenue from the new rehabilitative therapy gym will be used to pay the debt. The Community does not anticipate any reliance on the entrance fees collected by the CCRC as they will be placed in escrow for the exclusive use by the resident. According to Brandermill Woods' projected financial statements, the projected Long-Term Debt Service Coverage Ratio is not expected to be less than 1.25 for the year ending June 30, 2018, taking the proposed Long-Term Indebtedness to finance the proposed Expansion into account.

11. CERTIFIED FINANCIAL STATEMENTS

Certified financial statements of Brandermill Woods, including (i) a balance sheet as of the end of the two most recent fiscal years and (ii) income statements of Brandermill Woods for the two most recent fiscal years are attached as Attachment C.

12. PRO FORMA INCOME STATEMENT

Fiscal Year Ending June 2018	
Operating Revenues:	**Budget**
ILU Rentals	$13,564,963
Health Care Center Room & Board	$7,239,264
Assisted Living Room & Board	$2,636,721
Holly Inn Room & Board	$1,310,004
Community Fees	$445,500
Therapy Revenues (Less Contractuals)	$544,127
Miscellaneous Income (Less Contractuals)	$324,308
Interest Income	$53,508
Total Operating Revenue	**$26,118,395**
Operating Expenses:	
Administration	$2,581,333
Board Trustee Fees	$54,970
Human Resources	$237,967
Marketing	$1,140,232
Social Services	$91,802
Activities & Therapeutic Recreation	$736,887
Transportation	$206,895
Salon	$80,678
Housekeeping/Laundry	$1,090,841
Environmental Services	$2,330,027
Security	$235,534
Dietary	$3,136,949
Nursing - SNF & ALU	$3,556,527
Therapy Expense	$1,067,115
Ancillary Expense	$351,740
Real Estate/Personal Property Taxes	$427,008

Cash Operating Expenses Before Interest	**$17,326,504**
TOTAL OPERATING INCOME	**$8,791,891**
Operating Income Margin	**30%**

Amortization – Marketing	$0
Principal - Series 2012 Bonds	$825,000
Interest - Series 2012 Bonds	$1,828,386
2012 Original Bond Discount	$36,588
Principal – Series 2014 Bonds	$465,387
Interest – Series 2014 Bonds	$641,427
2014 Bond Interest Fees	$31,896
Interest – Series 2014 B Bonds	$332,525
Principle – Series 2014 B Bonds	$284,526
Debt Service and Fund Deposit Requirements	**$4,445,735**
Net Operating Income after Debt Service and Fund Deposit Requirements	**$4,346,156**
Net Operating Income with additional capital monies prior to depreciation	$4,346,156
Normal Capital Additions	$360,000
Depreciation	$3,000,000
Total Income/(Loss) after Depreciation	**$986,156**

Key Financial Indicators	**2017-2018 Budget**
Operating Results:	
Operating Revenues	$26,118,395
Operating Expenses	$17,326,504
Operating Excess (Deficiency)	$8,791,891
Operating Ratio (Cash Basis)	
Cash Operating Revenues	$26,118,395
Cash Operating Expenses Before Interest	$20,326,504
Operating Ratio	1.28
Debt Service Coverage Ratio	
Annualized Net Earnings for the Period	$8,791,891
Annual Debt Service Requirement (Principal & Interest)	$4,377,251
Debt Service Coverage Ratio	2.01

Revenue Assumptions for the Proforma Budget:

Independent Living Revenue Assumptions: Occupancy levels for the existing units are projected to begin with 93.5% occupied units and by year end finish with 94%. Total ILU average occupancy is projected to be 93.54%.

Skilled Nursing Facility (The Haven) Revenue Assumptions: The Haven private pay rates are budgeted to increase at an average of 3.2% effective July 1, 2017. The Haven prior year average occupancy stands at 94.7% and total average occupancy is projected to be 95%.

Assisted Living Facility Revenue Assumptions: Effective July 1, 2017, the budget assumes a 3.5% increase in The Chesterfield/Assisted Living rates and a 2% increase in The Holly Inn/Memory Care rates. The Chesterfield/Assisted Living occupancy is projected at 95%, consistent with prior year actual. The Holly Inn/Memory Care unit is budgeted at 91% occupancy versus prior year actual of 92%.

Expense Assumptions for the Proforma Budget:

- Budget assumes a 3% increase in wages. Total Wages & Benefits are projected to increase 10.62% due to increased staffing to accommodate the opening of the new C building, the new Bistro and the new Wellness Center and pool. Health, Dental, and Life Insurance benefits are projected to increase 32% based on existing utilization increasing by the added employees and a premium increase of 18%.

- Professional Liability insurance premiums increased compared to 2018 Actual Annualized by 34% ($55,473to account for new buildings and added staff.

- Total Supplies/Equipment are projected to increase 9.9% ($369,014) which primarily relates to anticipated standard 2-3% increases in Food, Minor Equipment and Unit Refurbishment supplies, etc. plus the additional food and supplies needed for the new C building with 62 of 75 apartments occupied with 90 residents.

- Utilities have been projected with an increase of $72,757 compared to the actual annualized amount to account for additional 75 units with the opening in July 2017 and new buildings that have and will be brought online.

- Marketing has been decreased by $105,634 based on the marketing plan moving forward after the opening and fill up with the current leases established.

- Capital improvements are budgeted at $360,000 which is an increase in prior year budget of $264,000. The increase helped offset expenses related to the renovation of older rooms in the 100 Hall.

- 2014 Debt Service has been added to the 2018 Budget in accordance with the 2017 $18,000,000 Swap agreement that requires the payment of interest and principle payments for the 2014A Bonds. Interest is scheduled to begin on the 2014 B bonds in

February 2018 in the amount of $66,505 a month ($332,525 for 2018 FY) and Principle beginning February 2018 in the amount of $63,228 a month ($316,140 for 2018 FY).

- 2012 Debt Service will net zero (with an Interest decrease $29,577) and Principal payments will increase by $30,000 during 2018 fiscal year.

- Real Estate and Personal Property Taxes are projected to increase by $59,945 with the opening of the C Building, North East and West building additions.

- Community Grounds Contract increased $22,386 per annum. Data Processing fees are projected to increase $38,981 due to the increased service fees for additional units brought online and Assisted Living electronic medical records.

- Brandermill Community Association dues are anticipated to increase with the opening of the new 75 units. The approximate increase in costs is projected at $36,000 which is an increase of 40%.

13. ADMISSION OF NEW RESIDENTS

Brandermill Woods generally accepts as Residents in the Residential Living Units those persons at least 62 years of age or older at the time of occupancy (only one member of a couple must meet this requirement in the Residential Living Units) who are able to care for themselves, with or without reasonable accommodation and without risk to self and/or others and are able to demonstrate the necessary financial resources to meet ordinary and customary living expenses including Brandermill monthly/daily fees expected to be incurred after assuming occupancy. The prospective Resident must submit a Confidential Data Application including general information and personal financial data to include the most recent tax return. The Confidential Data Application is attached hereto as Attachment B.

14. ACCESS TO FACILITY BY NON-RESIDENTS

Residents are generally permitted to have family members or other guests visit them in Brandermill Woods' facilities so long as the visits are during reasonable times and do not disturb other Residents or impair the ability of staff to provide services.

Facilities and services are not provided for nonresidents with the exception of dining. Family members and guests of Residents are permitted to dine in Brandermill Woods' facilities and pay a per meal charge for those services.

Generally, Health Care (nursing) is available to Residents who have resided at Brandermill Woods as Residential Living or Assisted Living Residents. However, in accordance with the Certificate of Public Need, Brandermill Woods may accept direct admissions into its nursing care beds.

15. PROCEDURE FOR RESIDENT TO FILE A COMPLAINT OR DISCLOSE CONCERN

Brandermill Woods fully endorses the right of residents to voice complaints or concerns without fear of retaliation. Brandermill Woods strives to provide an open door policy. Residents may make an oral or written complaint to any employee of Brandermill Woods. Complaints that cannot be resolved at this level are referred to the Executive Director, Administrator or appropriate supervisor for resolution. Residents may also file a complaint to be discussed by the Brandermill Woods/Senior Living Choices of Virginia, Inc. Board.

All residents on admission automatically become members of the Brandermill Woods Residents' Association ("the Association") and receive a Resident Handbook. The Resident Handbook is a guide that contains general information relating to life at Brandermill Woods. It also lists the various regulations of the Community, which coincide with the Entry Fee/CCRC Agreement. The Board of Directors and the Administration encourage all residents to participate actively in the Association and the Residents' Council. The Council is composed of officers and representatives elected by the membership of the Association. No retaliatory conduct shall be permitted against any resident for membership or participation in the Association or the Resident Council.

The Administration also meets on a regular monthly basis with the Resident Council, at which time Resident Council members are encouraged to question the Administration on matters of general interest. An open resident forum is held on the second Thursday of each month, and all residents are invited to attend this open discussion on current activities, upcoming events and facility plans for the future. Issues that may be discussed include income, expenditures and financial matters as they apply to the facility and proposed changes in policies, programs, facilities and services. Residents are provided at least seven days' notice of each meeting. In addition, residents who want to make an anonymous suggestion or complaint are able to do so by dropping off a note in a sealed envelope addressed to "Administration" at the front desk.

Communication to residents is also facilitated through Brandermill Woods TV channel 970/971 "BWTV" and various monthly newsletters, publications and resources designed for the various components of care. Bulletin boards are also located in the community center and other common areas to post notices and other information.

16. LIST OF ATTACHMENTS

A Monthly Service Fees, Entrance Fees and Ancillary Rates
B Entry Fee/CCRC Agreement and Confidential Data Application
C Certified Financial Statements
D Summary of Financial Information

ATTACHMENT A

Monthly Fees, Entrance Fees, and Ancillary Rates

Attachment A – Monthly Service Fees

The first person Monthly Service Fee is based on the size of the apartment selected by the residents; there is a standard Monthly Service Fee for the second person in a double occupancy unit. The Monthly Service Fee includes the following utilities: electricity, heat and air conditioning, water, sewage, trash removal and basic cable television. Residents are responsible for telephone, (non-basic) cable and internet charges.

The Monthly Service Fee covers a variety of community and hospitality services, including:

- Access to Community amenities (e.g. fitness center, art studio, dining rooms, social activities, beauty/barber/nail salon, banquet hall, meeting rooms, lounge). Note that Residents may be charged separately for rental of rooms, certain services and supplies and special activities as noted in the Resident Handbook and Community billing policies in effect on the date of such purchase).
- A variety of planned activities and social, recreational, educational, cultural, health and wellness programs, through Brandermill Woods' Resident Services Department and Wellness Center. Note that Residents may be charged separately for special events activities as noted in the Resident Handbook and Community billing policies in effect on the date of such purchase.
- On campus wellness clinic staff with a licensed nurse available for preventative and health promotion purposes during regular business hours; access to rehabilitation services including physical, occupational and speech therapy services; access to onsite podiatry, audiology and massage services. Note that the availability of these services is subject to change based on business needs and availability. Residents are normally charged for the use of these services and may use available insurance to cover some expenses.
- Scheduled housekeeping services (one hour each week for Club Apartments for one (1) hour each week and Cottage Homes for an hour and half (1.5) to two (2) hours every other week depending on the unit type). Curbside Recycling and Garbage removal.
- Regularly scheduled transportation for grocery shopping, medical appointments and other special needs, Monday through Friday. Note that the Monthly Services Fee covers only scheduled transportation inside the "transportation free-zone" as described in the Community Handbook and billing policies in effect on the date of such service.
- Monthly Meal Plan that includes fifteen (15) meals per month per Resident. Meal credits can only be used at one of the on-campus dining venues and may be used for guests. Note: As meals are used, the dining meal count will decline by one for each meal taken. In the Assisted Living and The Haven, three (3) meals a day plus AM and PM snacks are included in the daily rate.
- One indoor storage compartment – limited to Residents with Club Apartments
- One surface parking space for Club Apartments
- Twenty-four hour Security coverage, with central monitoring of an emergency call (panels, pendants and pull cords) system and emergency response from Brandermill Woods' Security staff and/or licensed nursing staff. Intruder security alarm system and a daily "Check-In".
- Social Services and counseling provided on campus by the Social Service Coordinator or by an outside mental health professionals.

- Membership and access to the many social programs, dining venues and activities provided by the Brandermill Golf Club & Birkdale Golf Club.
- Payment of all Brandermill Community Association quarterly assessment dues.
- Payment of all real estate property taxes and liability and property insurance covering Community buildings and grounds.
- Regularly scheduled interior and exterior maintenance of Brandermill Woods' property, buildings and equipment.

RESIDENTIAL LIVING UNITS

EXPANSION UNITS				
Description	**Total Units**	**Square Footage**	**Monthly Rental Rate**	**Entrance Fee**
CLUB APARTMENT UNITS				
One Bedroom Essex	36	985	$4,646	$55,752
One Bedroom Den Hampshire	22	1130	4,822	57,864
Two Bedroom Cornwall	28	1236	4,997	59,964
Two Bedroom Wiltshire	7	1375	5,461	65,532
Total/Weighted Average:	**93**	**1124**	**$4,855**	**$58,256**
2nd Person Fee			**$ 850**	**$10,220**

EXISTING UNITS				
Description	**Total Units**	**Square Footage**	**Monthly Rental Rate**	**Entrance Fee**
APARTMENTS				
One Bedroom Chelsea - 1st Floor	8	930	$4,057	$48,684
One Bedroom Chelsea - 2nd Floor	8	930	4,095	49,140
One Bedroom Chelsea - 3rd Floor	8	930	4,017	48,204
Two Bedroom Franklin - 1st Floor	4	1,207	4,520	54,240
Two Bedroom Franklin - 2nd Floor	4	1,207	4,542	54,504
Two Bedroom Franklin - 3rd Floor	4	1,207	4,476	53,712
Two Bedroom Stratford - 1st Floor	10	1,246	4,520	54,240
Two Bedroom Stratford - 2nd Floor	10	1,246	4,542	54,504
Two Bedroom Stratford - 3rd Floor	10	1,246	4,476	53,712
Total/Weighted Average:	**66**	**1,124**	**$4,347**	**$52,161**
2nd Person Fee			**$ 850**	**$10,200**

COTTAGES				
One Bedroom Wyndham	4	1,057	$3,865	$46,380
Two Bedroom Windsor	26	1,231	4,224	50,688
Two Bedroom Windsor End	2	1,331	4,524	54,288
Two Bedroom Windsor Lower Level	5	2,302	4,849	58,188
Two Bedroom Queensbury	24	1,231	4,436	53,232
Two Bedroom Queensbury End	7	1,331	4,580	54,960
Two Bedroom Queensbury Lower Level	6	2,302	5,178	62,136
Two Bedroom Queensbury End Lower Level	1	2,376	5,214	62,568
Three Bedroom Kent/Brighton	34	1,412	5,178	62,136
Three Bedroom Kent/Brighton Lower Level	9	2,867	5,812	69,744
Total/Weighted Average:	**118**	**1,496**	**$4,761**	**$57,126**
2nd Person Fee		**$850**		**$10,200**

A limited number of select units are eligible for the Entry Fee/CCRC Program.
Fee for Service rental agreements are also available.
The Entrance Fee is calculated by annualizing the Monthly Service Fee for the unit.

ILU Facility Total/Weighted Average:	**277**	**1,292**	**$4,694**	
CCRC Entrance Fee Range	**$46,380-$69,744**	**Average**	**$56,322**	
plus 2nd Person Fee	**$10,200**			

Assisted Living Units
Configuration and Fees

Unit Type Description	Total Units	Sq Ft	Average Daily Per Diem Rate	Monthly Service Fee
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Efficiency	18	397	$163-$179	$4,958-$5,445
Alcove	20	612	$185-$202	$5,627-$6,144
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Total/Weighted Average:	**40**	**515**	**$185**	**$5,621**
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Combined Total/Weighted Average:	**59**	**513**	**$192**	**$5,846**

The Haven
Configuration and Fees

Description	Total Units	Square Footage	Daily Per Diem Rate
Private Room	2	690	$340
Semi-Private - Bed A	18	345	$280
Semi-Private - Bed B	18	345	$290
Private Suite (Rehab Center)	22	306	$400-425

ATTACHMENT B

Entry Fee/CCRC Agreement

and

Confidential Data Application

Entry Fee/CCRC Agreement

Agreement: This ***Entry Fee/CCRC* Agreement** (the "Agreement") is entered into on the executed date indicated on the signature page (the "Effective Date"), between Senior Living Choices Inc., a not-for-profit corporation (the "Owner") and ____ (the "Resident[s]"). The Owner owns and operates a residential Continuing Care Retirement Community known as Brandermill Woods, located in Midlothian, Virginia (the "Project").

1. **Premises:** In consideration of the terms contained in this Agreement, Owner hereby leases to the Resident(s) the premises known as Residential Unit #**_____, _________________________ Midlothian, VA 23112**, in the Project (the "Premises") and Resident(s) hereby leases the Premises from Owner.

2. **Effective Date:**

The Effective Date of this Agreement will be the date the Resident(s) takes occupancy of the Premises, as shown on the signature page hereof.

The Resident(s) must take possession of Premises within sixty days (60) after the Effective Date. Owner has the right to terminate this Agreement in accordance with Paragraph 16(b)(i) if Resident(s) does not take possession of the Premises within sixty (60) days after the Effective Date.

The Agreement will remain in effect until terminated by either party in accordance with Section 16 contained herein.

3. **Fees:**

Resident(s) are responsible to pay the Monthly Service Fee (“monthly fees”) and any fees incurred for ancillary services that are not paid for at the time of service.

The Monthly Service Fee is payable upon the earlier of Resident’s first occupancy of the Premises or sixty (60) days after the Effective Date. The Resident(s), will pay the monthly fee of **$ ___________.00** plus **$ ________.00** for the second occupant, if applicable. The total monthly fee is ______________________ dollars **($ __________.00**).

The monthly fee is due and payable in advance on the first day of each month, without demand at the office of the Owner or such other place as Owner may designate in writing. In the event the Resident(s) takes possession other than at the beginning of the month, rent for the first month will be prorated. If the monthly fee payment is not paid and received by Owner by the close of the fifth (5th) day of the month, it is considered delinquent, and the Resident(s) shall be in default of this Agreement.

The Owner may increase the monthly service fee after providing the Resident(s) with thirty (30) days written notice of the monthly service fee increase. Changes required by State or Federal law may occur without advance notice from Owner.

The Owner will bill the Resident(s) for any service fees that are not paid for at the time of service. Payment for the service fees are due on the 1st day of the following month. Service fees are charged in accordance with the then current service fee schedule. A copy of the fee schedule in effect on the date of this Agreement can be found as Attachment A. Such fees are subject to change periodically, with at least 30 days advance written notice to residents.

Any payments received after the 5th day of the month are subject to a finance charge of one and one half (1 ½) percent per month (18% annually) on the unpaid balance. Any check payment deemed non-sufficient by Owner's banking institution will be subject to the returned check fees as defined in the Resident Handbook. Upon the receipt of any check payment returned for insufficient funds, the Owner shall deem the Resident's(s') account delinquent and the Resident(s) will be in default of this Agreement.

Charges for care paid in one lump sum shall not be increased or changed during the duration of the agreed upon care, except for changes required by state and federal assistance programs.

4. **Entrance Fee:**

(a) Prior to the Effective Date, the Resident(s) shall pay a Entrance Fee equal to the sum of twelve months of the then current monthly service fee for the Residence. This equates to .__________________________ Dollars ($________________).

(b) The Entrance Fee will be held in an escrow account ("Entrance Fee Account") separate from the Owner's operating account and for use by the Resident(s). All funds or assets deposited in the Entrance Fee Account, including interest, shall remain the property of the Resident(s) until the earlier of the following events: i) the Resident's(s) Entrance Fee Account has been depleted by the Resident(s) use of such account for payment of fees to Brandermill Woods; or ii) the Resident(s) has requested a refund of the Entrance Fee Account balance under the terms of this Agreement, as noted in Section 16.

(c) The Resident(s) may provide written authorization to the Owner to pay any fees due to the Owner by reducing the refundable amount of the Entrance Fee by such amount. Once the funds in the Resident's Entrance Fee Refund Account are depleted, the Resident(s) must pay any fees due to the Owner through other sources. In the event a Resident requires financial assistance or subsidy, Brandermill Woods may charge such amounts, plus interest, against the Resident's Entrance Fee Account. The cost of any such financial assistance provided is accrued and remains an obligation of the Resident and his or her estate. Furthermore, the Resident may be required to relocate to a smaller or less expensive unit.

(d) The Resident's Entrance Fee Account and any applicable earned interest will be refunded to the Resident or the Resident's estate, less unpaid expenses, fees due, and refurbishing costs upon the Resident's death (if one resident signs the Agreement as a single occupant) or upon the last surviving Resident's death (if two Residents sign the Agreement as double occupants) or upon termination of this Agreement in accordance Sections 16(c), 16(d), 16(e) or 16(f)(ii). In the case of a couple jointly occupying a unit where only one of the Residents terminates this Agreement, there is no refund of the Entrance Fee. As long as one remaining Resident continues to reside in the Community (including the Health Care Facilities), the Entrance Fee is deemed to have been paid entirely on behalf of the remaining joint Resident. Entrance Fee Account refunds will be paid within thirty (30) days of termination.

(e) If invested, the Entrance Fee Account will be invested in instruments authorized for the investment of public funds and not in default as to principal or interest. The Entrance Fee Account will not be subject to any liens, judgments, garnishments or creditor's claims against the Owner. No Reserve Fund will be established for the Entrance Fee.

5. **CCRC Benefit**: In return for the Entrance Fee and payment of monthly fees, the Owner provides use of the Premises and the Community's various amenities, a comprehensive range of residential living services and a discount ("CCRC Benefit") on Nursing and Assisted Living fees should those services become necessary in the future. The CCRC Benefit includes priority admission to Brandermill Woods' Assisted Living or Health Care Center on either a short-term or long-term basis and so long as space is available. In addition, the CCRC Benefit includes a five percent (5%) discount on Assisted Living Monthly Service Fees and a five percent (5%) discount on Nursing Per Diem/Daily Fees for each Resident for stays at the Brandermill Health Care Facilities during the term this Agreement is in effect. The discount on Nursing Per Diem/Daily fees is applied after a reduction for any amount received by the Owner as a result of the Resident's assignment of the benefits for Medicaid or Medicare insurance, supplemental Medicare insurance or any other insurance.

6. **Service Credit:** After the Resident(s) has completed a thirty (30) consecutive day stay at a Brandermill Woods' Health Care Facility, the Owner will give the Resident a service fee credit of One Thousand Dollars ($1,000.00). The credit is available only once per twelve (12) consecutive month period from the commencement date or the date of the previous service fee credit, per Resident(s), and shall not be accrued from year to year. Credits are only applicable if a stay has been denied coverage by Medicare, Medicaid and/or private insurer and for the duration of the stay.

7. **Utilities Provided:** The monthly fee payment shall include the following utilities: electricity, heat and air conditioning, water, sewage, trash removal and basic cable television.

8. **Services Provided:** In return for the Entrance Fee and payment of monthly fees, the Owner provides the following services: regularly scheduled transportation, routine and regular maintenance, activity program, wellness services, scheduled housekeeping, meal plan, security coverage, the CCRC Benefit, Service Credit and Utilities as described above. The meal plan provides fifteen (15) meals credits per month per Resident. Meal credits can only be used at one of the on-campus dining venues and may be used for guests. Services that are made available at extra charge by the Owner are listed in Attachment A.

9. **Condition and Use of Premises:** Resident(s) agrees that the Premises will be occupied only as a personal residence by the Resident(s) and in a manner that is safe to the Resident(s) and others. No occupants other than Resident(s) shall occupy the Premises, except as may be permitted by the provisions of the Resident Handbook. The Resident(s) shall permit the Owner and its employees and agents to enter the Premises at reasonable times to make such repairs, additions or alterations that may be necessary for the safety, preservation or restoration of the Premises, or adjacent buildings and improvements, or for the health, reasonable well-being, or safety of any of the occupants of the Community. Should the Resident(s) not occupy the Premises in a manner that is considered within the terms of this Agreement, or should the Resident's conduct be considered by the Owner to be unsafe to himself or herself, other residents and/or staff and should such behavior continue after notice to cease such behavior, the Owner may seek to terminate this Agreement for Good Cause in accordance with Section 16(d).

10. **Alterations:** Resident(s) shall not make any alterations or additions to the Premises without written consent of the Owner.

11. **Care of the Premises and Maintenance:** The Resident(s) will be responsible for the responsible use of the Premises by the Resident(s) and the Resident's (s') visitors. If the Resident(s) or such visitors damage the Premises, the Facility or the fixtures or personal property within beyond normal wear and tear, in the Owner's sole discretion, then the Resident(s) shall be responsible for, and reimburse the Owner for, the cost of repair or replacement of such damage, in Owner's sole discretion. The Owner agrees to regularly clean all common areas, maintain the common areas and facilities in a safe condition, arrange for collection and removal of trash

and garbage, maintain all equipment, appliances, electrical systems, plumbing and exterior lighting in good working order, make necessary repairs with reasonable promptness, provide extermination services as reasonably necessary, maintain grounds and shrubs and provide locks and keys. The Owner further agrees to comply with the requirements of applicable building, housing and health care codes and maintain the roofs, windows, screens, doors, floors, steps, porches, exterior walls, foundations and all other structural components in good repair and capable of resisting normal forces and loads.

12. **Resident Handbook:** The Resident(s) agrees to abide by the Resident Handbook as published by the Owner. The Resident(s) hereby agrees that the terms and conditions of the Resident Handbook is incorporated herein and Resident has been given the opportunity to review the Resident Handbook at the Owner's facility upon reasonable request by the Resident(s). A copy of the Resident Handbook is maintained in the Premises and upon the Resident(s) departure from the Premises, shall remain the property of the Owner. Subject to the provisions of this Agreement, the Owner may revise the Resident Handbook from time to time as may be necessary for the safe and efficient operations of the Community. Except for changes required by State or Federal law, Owner will provide Resident(s) with notice of such revisions thirty (30) days in advance of any material change. Revised handbook policies and fee schedules automatically supersede prior (dated) versions provided to the Resident(s).

13. **Subletting or Assignment:** Resident(s) shall not assign this Agreement or sublet the Premises or any part thereof or permit the use of the Premises for any purpose other than as a private dwelling for the Resident(s) or other persons approved by the Owner.

14. **Confidential Data Application "CDA"** Resident(s) is required to complete and submit a CDA within five (5) business days after signing the Agreement and prior to taking occupancy of the Premises. The Confidential Data Application requires the Resident(s) to provide financial support to show assets and income which will be sufficient under foreseeable circumstances to pay the Resident(s) financial obligations called for in this Agreement. Resident(s) further understands and agrees that the Owner reserves the right to terminate the Agreement in

accordance with Paragraph 16(b) based on the findings of the CDA review. A copy of the Confidential Data Application is found as Attachment B.

The Resident(s) shall not be required to provide information regarding physical or mental health conditions as a condition of acceptance for occupancy. However, all Resident(s) are subject to the Termination for Good Cause conditions found in section 16(d).

15. **Subordination:** This Agreement and the Resident's(s') interest hereunder are and shall be subject and subordinate to any lien, encumbrance, mortgage, deed of trust or other security instrument now or hereafter placed on the Project by the Owner. The Resident(s) agrees to attorn to and recognize the holder of any such security instrument as the Resident's(s') landlord hereunder in the event the holder of the security instrument shall succeed to the Owner's interest in the Property.

16. **Termination and Payment Obligations from Termination:**

(a) Termination ***Prior*** to the Effective Date by the Resident. The Resident(s) is entitled to a full refund of the Entrance Fee Account and any other funds paid to the Owner for the selected unit under any one of the following conditions:

(i) If the Resident(s) terminate this Agreement within seven (7) days from the date on which the Resident(s) signed this Agreement and paid the Entrance Fee; or

(ii) If the Resident(s) dies before occupying the Premises at Brandermill Woods, or if, because of illness, injury, or incapacity, the Resident(s) would be precluded from occupying the Premises; or

(iii) If the Owner terminates the Agreement by the Premises not being available for occupancy within three years after the date of execution of the Agreement.

The Owner shall return such amount within thirty (30) days of the termination date.

(b) Termination ***Prior*** to the Effective Date by the *Owner*:

(i) The Owner may terminate this Agreement, in its sole discretion, if the Resident(s) does not take possession of the Premises within sixty (60) days of the Effective Date and the Agreement is not terminated in accordance with Paragraph 16(a) above.

(ii) The Owner may terminate this Agreement based on the findings of the CDA review and a determination of the financial condition of the Resident(s) to occupy the Premises. In the event of such termination, Owner shall provide the Resident(s) with written notice of such termination at least thirty (30) days in advance of the termination. Owner shall pay to the Resident(s) a full refund of the Resident's Entrance Fee Account.

(c) *Termination by Resident with Notice After the Effective Date*: The Resident may terminate this Agreement by giving the Owner at least thirty (30) days advance written notice of such termination. In the event of such termination, the Resident's monthly fee shall be assessed to include the last day of the calendar month and shall be paid by the Resident(s). In the case of a double occupancy Residence, both Residents must notify the Owner, in writing, of the intent to terminate the Agreement. Resident(s) shall be entitled to a refund of the Entrance Fee Refund Account, less any monies due the Owner according to the terms of this Agreement.

(d) *Termination by Owner after the Effective Date with Good Cause:* The Owner may terminate this Agreement and/or the Resident(s) right to continue to live at Brandermill Woods by providing written notice to the Resident(s) of the cause for termination at least thirty (30) days in advance of such termination date. The notice shall reasonably describe the conduct alleged to warrant the termination of this Agreement and shall set the time, place and date for a meeting between the Resident(s) and Owner's representative(s). Resident(s) may have up to twenty-one (21) days to cure such good cause ("Cure Period") and if Resident(s) cures such good cause during the Cure Period to Owner's sole satisfaction, the Owner may cancel the termination.

Good cause means any of the following:

(i) Proof that the Resident(s) is a danger to self or others;
(ii) Nonpayment by the Resident of a monthly, periodic or other fee due the Owner;
(iii) Repeated conduct by the Resident(s) that interferes with other residents' quiet enjoyment of the Community;

(iv) Persistent refusal by the Resident(s) to comply with reasonable written rules and regulations of the Owner; or

(v) A material misrepresentation made intentionally or recklessly by the Resident(s) in the CDA, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of the Resident(s) to qualify for residency or a material increase in the cost of providing services to the Resident(s); or

(vi) A material breach by the Resident(s) of the terms and conditions of this Agreement.

(e) *Termination after the Effective Date by Death*

(i) If the Premises is occupied by a single Resident, this Agreement terminates automatically after the death of the Resident. Such termination shall occur at: (1) the time the Premises is vacated and (ii) either the Premises' keys are returned to the Owner and the Resident's final bill has been paid. Resident (or Resident's estate) shall be entitled to a refund of the Entrance Fee Refund Account, less any monies due the Owner according to the terms of this Agreement.

(ii) If the Premises is occupied by more than one Resident and there is a death of a single Resident, then the Agreement shall not automatically terminate and Owner shall instead reduce the monthly fee by removing the amount allocated to the second resident. Such reduction shall occur on the first day of the month following the death of the Resident.

(f) *Termination/Transfer to Health Care Facility after the Effective Date*

(i) Should a Resident require a permanent transfer to Brandermill Woods' Health Care Facilities, Resident(s) shall provide Owner with reasonable notice requesting such transfer and Owner shall attempt to transfer Resident(s) to Brandermill Woods' Health Care Facilities at such facility's earliest reasonable opportunity. For purposes of this Agreement, Brandermill Woods' Health Care Facilities ("Facilities") means The Chesterfield Assisted Living, The Holly Inn, and The Haven at Brandermill Woods.

Resident and Owner hereby acknowledge that the Facilities may take up to ninety (90) days to fulfill that request and that the Facilities may each have a wait list. If Resident(s) requests a permanent transfer to the Health Care Facilities and the facilities makes an offer of admission to the Resident(s), the Resident(s) must accept that offer within the time period prescribed for the acceptance of an offer of admission, which is currently twenty-four (24) hours but may change from time-to-time. If the Resident(s) do not accept the offer for admission within such time, the offer of admission is cancelled automatically and another person on the wait list will receive an offer of admission to that facility. The Resident(s) will be assessed the monthly fee until the Resident(s) vacates the Premises. The Entrance Fee refund is **not** due upon permanent transfer to the Brandermill Woods' Health Care Facilities, but the Resident(s) may provide written request that any funds in the Resident's Entrance Fee Account be used to pay fees due under the terms of this Agreement. The Resident(s)' Entrance Fee would not be refunded until the Resident(s) dies or terminates the Agreement in accordance with Sections 16(c), 16(d), 16(e) or 16(f)(ii).

(ii) Should a Resident require permanent transfer to the Health Care Facilities and such facility is at full occupancy or unable to accommodate such transfer for more than ninety (90) consecutive days, then the Resident(s) may terminate this Agreement immediately upon written notice to the Owner. Owner shall retain the monthly fee paid for that month but Resident(s) shall not be responsible for the monthly fee in any subsequent month. Resident may not terminate the Agreement based on unit or bed preference, or if one Resident retains possession of the Premises. If the Resident(s) terminates the Agreement based upon this provision, the Resident(s) shall be entitled to a refund of the Entrance Fee Refund Account, less any monies due the Owner according to the terms of this Agreement within ten (10) days of vacating the Premises and settlement of any monies due.

(iii) Resident(s) retains the right to refuse medical treatment, including temporary or permanent transfer to the Brandermill Woods' Health Care Facilities. The selection of medical provider and the decision to receive or decline medical services, including those provided in the Brandermill Woods' Health Care Facilities, is the sole responsibility of the Resident(s). Notwithstanding the previous two statements, should the Resident(s)'s continued occupancy of the Premises be considered by the Owner to be a danger to the Resident(s), other residents and/or staff, the Owner may seek to terminate this Agreement for Good Cause using the process noted in Section 16(d).

(g) *Premises and Personal Property after Termination*: After termination of this Agreement for any reason the Owner will inspect the exterior and interior of the Premises, including the fixtures and any of the

Facility's or Owner's personal property. If in the Owner's sole discretion the Premises, fixtures or personal property require repair, cleaning or remodeling beyond normal wear and tear then the Resident(s) shall be responsible for, and reimburse the Owner for, the cost of repair, cleaning, remodeling or replacement of such Premises, fixtures or property, in Owner's sole discretion. Such fees assessed for repairs, cleaning, remodeling or replacement shall be charged to the Resident(s) monthly statement. A brief description and reason for such charges will be provided to the Resident(s). If the Resident(s) does not remove the Resident's(s') personal property on or before the termination date, the Resident(s) shall also reimburse the Owner upon demand for the moving and storage of the Resident's(s') personal property.

(i) *Financial Assistance*: It is the Owner's policy that this Agreement will not be terminated solely because of the Resident(s) financial inability to continue to pay the monthly service fee or other charges payable under the terms of this Agreement by reason of circumstances beyond the Resident's(s) control; provided, however, this policy shall not be construed to qualify or limit the Owner's right to terminate this Agreement in accordance with its terms. The Owner, in accordance with its Resident Financial Assistance Policy may give careful consideration to subsidizing the monthly service fee and other charges so long as such subsidy can be made without impairing the ability of the Owner to attain its objectives while operating on a sound financial basis. Any determination by the Owner, or the Brandermill Woods Foundation, with regard to the granting of financial assistance shall be within the sole discretion of the Owner and any decision to provide such financial assistance shall continue in effect only so long as the Owner, in its sole discretion, determines that it can continue to operate for the benefit of all Residents on a sound basis.

In the event a Resident requires financial assistance or subsidy, the Owner may charge such amounts, plus interest, against the Resident's Entrance Fee Account, after providing written notice to the Resident(s). The cost of any such financial assistance provided is accrued and remains an obligation of the Resident and his or her estate. Furthermore, the Resident(s) may be required to relocate to a smaller or less expensive unit.

In the event Resident(s) do not qualify for financial assistance or subsidy, the Owner shall refer the Resident(s) to the appropriate community resources at no charge to the Resident(s).

17. **Changes in Occupancy:**

(a) If the Premises are occupied by two Residents and one Resident surrenders possession of the Residence to the other, except by death or by a transfer covered by Section 16(f)(i), the obligations of the Resident remaining in the Premises under this Agreement remain in legal force and effect, except that the monthly fee will be adjusted to the single resident monthly service fee then in effect for the Premises. The Resident not remaining in the Premises will receive no services or benefits under this Agreement but will continue to be jointly and severally liable for the obligations of the Resident remaining in the Premises. No refund of any portion of the Entrance Fee Account will be made until the remaining Resident leaves regardless of which Resident surrenders possession. The Owner reserves the right to require at least thirty (30) days written notice of voluntary changes in occupancy.

(b) In the event the joint occupants of a Residence desire separate living accommodations at Brandermill Woods, and one (1) Resident remains in the Premises designated hereunder, the monthly service fee shall be adjusted to the single resident monthly service fee then in effect for the Premises. There shall be no refund of the Entrance Fee to either Resident until the conditions of Section 16 requiring a refund of the Entrance Fee Account have been met. If the departing joint occupant desires to obtain a new residence at Brandermill, a new Entry Fee/CCRC or Rental Agreement must be executed and submitted for approval by the Owner, accompanied by the then current Entrance Fee and the then current monthly service fee, for the second living accommodations.

(c). In the event of the marriage of a Resident to another Resident, they may: (i) continue to maintain two Residences and pay the single resident monthly service fees then in effect; or (ii) release either Residence occupied by them, and pay the monthly service fee for the Residence in which the Residents remain and the second person occupancy fee then in effect. All benefits provided in each Entry Fee/CCRC Agreement shall remain and continue in effect. There shall be no refund of the Entrance Fee to either Resident until the conditions of Section 16 requiring a refund of the Entrance Fee Account have been met.

(d). If the Resident and a non-Resident (including a new spouse) desire to share the Premises, the non-Resident may become a Resident and live in the Residence only if both persons execute a new Entry Fee/CCRC Agreement or Addendum to the existing Agreement adjusting the additional charge per month for a second person. The non-Resident may be required to pay a Second Person Entrance Fee in accordance with the then current policies established by the Owner.

18. **Resident's Obligation to Insure:**

(a) The Owner does not carry personal property insurance on the Resident's(s') property and shall not be liable for any loss or damage to any of the Resident's (s') personal property caused by fire, water, acts of God or other casualty. Each Resident is required to secure and maintain personal property and liability insurance, also known as "Renter's Insurance", at all times. This policy must include liability insurance damage caused to the Owner's property or harm to others due to the Resident's (s') negligence. A copy of this policy is to be made available to the Owner or its agent at the time of move in to the Premises and the Resident(s) must provide updated copies to the Owner upon policy changes and renewal.

(b) The Owner's insurance will not protect Resident(s) against any loss or damage to personal property from fire, water, acts of God or other casualty which is not the fault of the Owner, nor does the Owner agree to indemnify the Resident(s) against personal liability for injury to guest(s) or other persons in the Premises, including but not limited to services provided by outside contractors hired to perform services on behalf of Resident(s).

19. **Notices:** All notices and demands authorized or required to be given to Resident(s) hereunder may be served upon Resident(s) in person or by mail addressed to him or her (them) at the Premises. All notices required to be given to the Owner may be served upon the Owner at 14311 Brandermill Woods Trail, Midlothian, Virginia 23112, or at such other place as the Owner may designate.

20. **Binding Effect:** Subject to any provisions hereof restricting assignment or subletting by the Resident(s), the covenant, terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and to their respective heirs, personal representatives, successors and assigns.

21. **Virginia Law to Govern:** This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia. Resident(s) consent to the jurisdiction and venue of the General District and/or Circuit Courts of Chesterfield County, Virginia, upon service of process made in accordance with the statutes of the Commonwealth of Virginia. They further agree that any and all causes of action whether or not arising under this Agreement by and between the parties hereto shall only be brought in the General District or Circuit Courts of Chesterfield County, Virginia.

22. **Construction:** Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, and the masculine shall include the feminine and neutral genders, and vice versa.

23. **Severability:** If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

24. **Headings:** The headings in this Agreement are inserted for convenience and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

25. **Entire Agreement:** This Agreement sets forth all of the promises, agreements, conditions and understandings between the parties respecting the subject matter hereof and supersedes all prior negotiations, conversations, discussions, correspondence, memoranda and agreements between the parties concerning such subject matter.

26. **Assignment:** This Agreement shall not be assignable by the Resident(s) except with the prior written consent of the Owner. The Owner may assign this Agreement upon giving written notice to the Resident(s) prior to the assignment.

27. **Waiver:** The failure of the Owner to enforce promptly a right hereunder shall not constitute a waiver of such right and a waiver of a right by the Owner upon the breach of this Agreement by the Resident(s) shall not constitute a waiver with respect to subsequent breaches.

28. **Survival:** Paragraphs 3, 4, 8, 9, 11, 12, 13, 14, 15, 16, and 17 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Owner and Resident(s) have executed this Agreement this ____ day of ___________, 2017.

.

Occupancy Date: _____________________________

OWNER:

Senior Living Choices, Inc.

BY:____

Management Representative

RESIDENT(s):

Applicant: _______________________________ ***SS#*** ____________________

Date of Birth __________________

Applicant: _______________________________ ***SS#*** ____________________

Date of Birth __________________

BRANDERMILL WOODS

CONFIDENTIAL DATA APPLICATION

Resident's Name ____ Date ____________________________

Spouse's Name ____

Address ____

City ____________________________ State _____ Zip___________ Phone ___________________________

Monthly Fee: 1st Person: $________________ 2nd Person: $________________ Total: $________________

Unit Type ________________ Unit # ___________ Expected Date of Residency________________________

	Resident	**Spouse**
Date of Birth	___________________________	___________________________
Place of Birth	___________________________	___________________________
Social Security #	___________________________	___________________________
Long Term Insurance	___________________________	___________________________

Fair Market Value	**Assets**
Real Estate	$________________
Savings and CD's	$________________
Other Investments	$________________
Life Insurance Value	$________________
Total	$________________
Liabilities	$________________
Net Worth	$________________

Monthly Income	Resident	Spouse
Social Security	$_______________	$________________
Pension	$_______________	$________________
Annuity	$_______________	$________________
Interest	$_______________	$________________
Dividends	$_______________	$________________
	$_______________	$________________
	$_______________	$________________
Monthly Total	$_______________	$________________

Adjusted Gross Annual Income for Tax Year 20_______ $____________________________________

Bank Name ____________________________________

Please include documents to support the above, including most recent tax return.

Application to be reviewed prior to residency for approval. A non-refundable application fee of $500.00 is included in the Community Fee.

I/We hereby declare that all statements made herein are true and complete according to my/our best knowledge and belief.

________________________________	________________________________
Resident	Date
________________________________	________________________________
Resident	Date
________________________________	________________________________
Charmaine Preiss, Accounting Director	Approved Date

ATTACHMENT C

Certified Financial Statements

SENIOR LIVING CHOICES OF VIRGINIA, INC.
(A VIRGINIA NON-PROFIT CORPORATION)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Senior Living Choices of Virginia, Inc.
(A Virginia Non-Profit Corporation)

Report on the Financial Statements

We have audited the accompanying financial statements of Senior Living Choices of Virginia, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Senior Living Choices of Virginia, Inc.'s preparation and fair presentation of the financial statements 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 Senior Living Choices of Virginia, Inc.'s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Living Choices of Virginia, Inc. as of June 30, 2017 and 2016, 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.

Dauby O'Connor & Zaleski, LLC

September 26, 2017
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

SENIOR LIVING CHOICES OF VIRGINIA, INC.
(A VIRGINIA NON-PROFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
Current assets		
Cash and cash equivalents	$ 12,145,676	$ 10,975,114
Accounts receivable, net	1,315,921	1,451,158
Accounts receivable - other	223,209	237,234
Prepaid expenses and inventory	185,448	210,521
Total current assets	**13,870,254**	**12,874,027**
Restricted cash and trust funds		
Resident security deposits held in trust	481,394	472,963
Debt service reserve fund	2,708,770	2,693,652
Bond fund	1,330,241	1,328,755
Total restricted cash and trust funds	**4,520,405**	**4,495,370**
Property and equipment, net	**79,341,461**	**59,748,663**
Other assets		
Unamortized marketing costs	-	52,212
Interest rate swap asset	159,424	-
Total other assets	**159,424**	**52,212**
	$ 97,891,544	**$ 77,170,272**

See notes to financial statements

SENIOR LIVING CHOICES OF VIRGINIA, INC.
(A VIRGINIA NON-PROFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2017 AND 2016

LIABILITIES AND NET ASSETS

	2017	2016
Current liabilities		
Accounts payable - trade	$ 517,334	$ 690,820
Construction payables	1,153,447	1,252,836
Construction retainage payable	1,259,615	593,652
Accrued expenses:		
Accrued interest	999,883	930,387
Accrued payroll taxes and benefits	664,124	632,602
Accrued interest - swap agreement	7,222	13,098
	1,671,229	**1,576,087**
Prepaid revenue	179,895	197,967
Resident security deposits held	492,409	486,739
Current maturities of long-term liabilities	2,099,122	810,322
Total current liabilities	**7,373,051**	**5,608,423**
Long term liabilities		
Notes payable	99,298	92,227
Capital lease note payable	57,762	-
Bonds payable - Series 2014 bonds	39,331,985	20,570,525
Less: unamortized debt issuance costs Series 2014 bonds	(654,142)	(685,995)
Bonds payable - Series 2012 bonds	38,020,000	38,815,000
Less: unamortized debt issuance costs Series 2012 bonds	(927,571)	(964,158)
Interest rate swap liability	-	589,021
Original issue discount	(498,233)	(517,886)
Less: current maturities	(2,099,122)	(810,322)
Total long term liabilities	**73,329,977**	**57,088,412**
Total liabilities	**80,703,028**	**62,696,835**
Contingencies		
Net assets		
Net assets - unrestricted	**17,188,516**	**14,473,437**
	$ 97,891,544	**$ 77,170,272**

SENIOR LIVING CHOICES OF VIRGINIA, INC.
(A VIRGINIA NON-PROFIT CORPORATION)

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Operating revenue		
Health Care Center:		
Nursing Home (net of ancillary costs of $682,432 and $707,511)	$ 5,868,372	$ 5,907,665
Assisted Living (net of ancillary costs of $69,819 and $107,812)	3,817,292	3,554,015
Independent Living (including restaurant) (net of ancillary costs of $223,157 and $247,154)	10,520,072	9,924,974
Total operating revenue	**20,205,736**	**19,386,654**
Operating expenses		
Nursing and patient services	3,363,292	3,339,088
Administrative	2,450,475	2,145,712
Plant operations and maintenance	2,269,537	2,196,167
Dietary	2,599,255	2,608,268
Social Services	88,902	92,752
Taxes	406,336	359,875
Marketing	1,101,412	1,167,971
Housekeeping	754,432	734,121
Activities	832,680	858,417
Insurance and licenses	162,903	160,902
Miscellaneous	85,942	83,018
Total operating expenses	**14,115,166**	**13,746,291**
Excess operating revenue over operating expenses before non-operating items	**6,090,570**	**5,640,363**
Add: Interest income	80,503	93,460
Less: Interest expense - Series 2012 bonds	(1,906,431)	(1,922,641)
Interest expense - Series 2014 bonds	(373,801)	(106,498)
Bond trustee fees and Board of Director fees	(53,000)	(53,000)
Depreciation	(1,826,004)	(1,658,512)
Amortization	(104,025)	(260,221)
Non-operating income	58,822	50,912
Gain on disposal of assets	-	20,000
Increase (decrease) in unrestricted net assets before derivative	**1,966,634**	**1,803,863**
Unrealized gain (loss) on derivative	748,445	(589,021)
Increase (decrease) in unrestricted net assets	**$ 2,715,079**	**$ 1,214,842**

See notes to financial statements

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016

Balance, July 1, 2015	**$ 13,258,595**
Increase (decrease) in unrestricted net assets	1,214,842
Balance, June 30, 2016	**14,473,437**
Increase (decrease) in unrestricted net assets	2,715,079
Balance, June 30, 2017	**$ 17,188,516**

SENIOR LIVING CHOICES OF VIRGINIA, INC.
(A VIRGINIA NON-PROFIT CORPORATION)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash flow provided by (used in) operating activities		
Increase (decrease) in unrestricted net assets	$ 2,715,079	$ 1,214,842
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,930,029	1,918,733
Amortization of debt issuance costs	68,440	65,164
Original issue discount amortization	19,653	19,652
Non-cash donation received	(58,822)	-
Gain on disposal of fixed assets	-	(20,000)
Unrealized (gain) loss on derivative	(748,445)	589,021
Net changes in operating assets and liabilities:		
Accounts receivable	149,262	(771,712)
Prepaid expenses and inventory	25,073	(113,019)
Resident security deposits held in trust	(8,431)	55,279
Accounts payable - trade	(50,320)	(853,146)
Accrued payroll and taxes	31,522	51,182
Accrued interest	69,496	(8,137)
Accrued interest - swap agreement	(5,876)	13,098
Resident security deposits held	5,670	(52,669)
Prepaid revenue	(18,072)	(81,074)
Net cash provided by (used in) operating activities	**4,124,258**	**2,027,214**
Cash flow from investing activities		
Purchase of property and equipment	(20,916,572)	(11,609,769)
Increase in unamortized marketing costs	(51,813)	(39,317)
Increase in unamortized costs	-	(28,724)
Change in restricted funds	(16,604)	(36,081)
Net cash provided by (used in) investing activities	**(20,984,989)**	**(11,713,891)**
Cash flows from financing activities		
Principal payments on notes payable	(43,325)	(20,374)
Proceeds from notes payable	108,158	49,438
Principal payments on bonds payable - Series 2012 bonds	(795,000)	(780,000)
Principal payments on bonds payable - Series 2014 bonds	(209,784)	-
Proceeds from bonds payable - Series 2014 bonds	18,971,244	11,226,316
Net cash provided by (used in) financing activities	**18,031,293**	**10,475,380**
Net change in cash and cash equivalents	**1,170,562**	**788,703**
Cash and cash equivalents, beginning	**10,975,114**	**10,186,411**
Cash and cash equivalents, ending	**$ 12,145,676**	**$ 10,975,114**
Supplemental disclosure		
Interest paid	**$ 2,590,681**	**$ 2,137,943**

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Senior Living Choices of Virginia, Inc. is a non-profit, non-stock corporation (the “Corporation”), existing under the laws of the Commonwealth of Virginia. The Corporation is a continuing care retirement community as defined by the code of Virginia, as amended, in Section 38.2-4900, et seq. The Corporation was organized under Section 501(c)(3) of the Internal Revenue Code. The Corporation owns and operates a residential and health care center known as Brandermill Woods (the “Community”) for the aged. The Community consists of 202 Cottages and Club Homes for independent senior living (“Independent Living Units”), 60 assisted living units for the elderly (“Assisted Living Units”), and a nursing facility with 60 skilled and intermediate-care nursing beds (“Nursing Home Units”), together with a clubhouse containing common areas, administrative offices, a restaurant, lounge, beauty salon/barber, exercise room, recreational facilities and other amenities. Beginning in 2013, the Corporation broke ground on an expansion of the Community. As of June 30, 2017, the following facilities have been placed in service: 22 private rooms in the nursing facility, renovation of the existing dining room in the assisted living facility, four seasons room, 18 independent living apartments, maintenance building, certain dining venues, movie theater, and activity rooms. Construction continues on 75 independent living apartments, underground parking garage, wellness center with indoor pool, and renovations of the original existing skilled care nursing facility.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial statements are in conformity with the provisions required by the Not-for-Profit Entities Presentation of Financial Statements topic of the FASB *Accounting Standards Codification* ("ASC") 958-205. This statement established standards for external financial reporting for Not-for-Profit Organizations.

The Not-for-Profit Entities Presentation of Financial Statements topic of the FASB ASC primarily affects the display of the financial statements and requires that the amounts for each of three classes of net assets - unrestricted, temporarily restricted and permanently restricted - be displayed in an aggregate statement of financial position and the amounts of change in each of those classes of net assets be displayed in a statement of changes in net assets. All assets held by the Corporation at June 30, 2017 and 2016 are classified as unrestricted.

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents

For the statements of cash flows, all unrestricted investments with original maturities of three months or less are cash equivalents. At June 30, 2017 and 2016, cash and cash equivalents consist of operating checking and savings accounts.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident receivables and bad debt policy

Resident rent charges for the current month are due on the first of the month. Other resident receivables are charged as services are rendered. The Corporation does not accrue interest on resident receivables.

The allowance for doubtful accounts is estimated based on the aging of accounts receivable and the Corporation's history of collections of past due amounts. Resident receivables are charged against the allowance when they are determined to be uncollectible based upon a periodic review of the accounts by management. Resident accounts receivable is recorded net of allowance for expected losses. The allowance for doubtful accounts for the years ended June 30, 2017 and 2016 totaled $212,098 and $167,221, respectively. Bad debts expensed for each of the years ended June 30, 2017 and 2016 totaled $54,600.

Health Care Center

The Health Care Center operating revenue includes amounts estimated by management to be reimbursable by third party programs under the provisions of cost reimbursement formulas in effect. Final determination of amounts earned is subject to cost reporting and audit by third parties. These differences are not deemed to be material in relation to the financial statements taken as a whole. The Corporation has adopted the allowance method for estimating uncollectable accounts.

Net patient service revenue

Net patient service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for service rendered.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Inventory of supplies

Inventory of supplies is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.

Property and equipment

Depreciation of property and equipment, stated at cost, is computed on the straight-line method over the estimated useful lives of the assets, which is 40 - 50 years for the building, 3 - 12 years for furniture, fixtures and equipment, and 12 - 20 years for site improvements. The present value of capital lease obligations is included in long term notes payable and the related assets are included with property and equipment. Amortization of property and equipment under capital lease is included with depreciation expense.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

The Corporation is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Corporation's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during the years ended June 30, 2017 and 2016.

During the construction period of the expansion, interest expense is capitalized until the certificates of occupancy are received on the applicable buildings. Thereafter, interest expense relating to the construction in progress is capitalized on a monthly basis up to the date the buildings are placed in service.

Change in accounting principle

During the year ended June 30, 2017, the Corporation adopted the Interest-Imputation of Interest topic of the FASB ASC 835-30 ("ASC 835-30") related to the presentation of debt issuance costs. In previous periods, debt issuance costs were presented as a deferred asset on the Statements of Financial Position. Effective January 1, 2015, the provisions of ASC 835-30 require debt issuance costs to be presented as a reduction of the outstanding debt.

There has been no change to the recognition and measurement of the debt issuance costs after initial recognition, therefore these costs will continue to be amortized over the life of the respective bond series using the straight-line method. However, the amortization of debt issuance costs is now required to be reported as a component of interest expense.

Generally accepted accounting principles require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended June 30, 2017 and 2016. The change in accounting principle resulted in the following changes in previously reported balances:

	Previously Reported	Adjustment	Restated 2016
Unamortized costs	$ 1,650,153	$ 1,650,153	$ -
Less: unamortized debt issuance costs Series 2012 bonds	-	(964,158)	(964,158)
Less: unamortized debt issuance costs Series 2014 bonds	-	(685,995)	(685,995)
Interest expense - Series 2012 bonds	1,886,054	36,587	1,922,641
Interest expense - Series 2014 bonds	77,921	28,577	106,498
Amortization expense	325,385	(65,164)	260,221

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivatives

The Corporation has adopted Statement of FASB ASC 815-10-05 “Accounting for Derivatives and Hedging Activities”, as amended. The Corporation uses derivatives to manage risks related to interest rate movements. The fair value of the interest rate swap contracts are reported in the statements of financial position. The current change in fair value of the swap contract is included as a component of increase (decrease) in unrestricted net assets. The valuation technique is classified as Level 3 (see below) under the fair value measurements fair value hierarchy.

Fair value

The Corporation is subject to the provisions of the Fair Value Measurement topic of the FASB ASC 820-10 (the "Codification") which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The Codification clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability and establishes the following fair value hierarchy:

Level 1 - Inputs utilize quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access;
Level 2 - Inputs may include quoted prices for similar assets or liabilities in active markets; and
Level 3 - Unobservable inputs for the asset or liability based on the best available information

For instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

Advertising costs

General advertising costs are expensed as incurred and are included in Marketing expenses in the statements of activities. Direct response advertising efforts relating to the renovation and expansion of the facilities were capitalized and amortized over the period of expected benefit. See Note 2.

Property taxes

Property taxes are expensed in the year of the lien on the property such that twelve months of expense is charged to operations each year.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting for uncertainty in income taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as an other than private foundation. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements. Generally, the Federal and State tax returns were subject to examinations from the three years after the later of the original or extended due date or the date filed with the applicable tax authority.

Subsequent events

Management performed an evaluation of the Corporation's activity through September 26, 2017, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were available to be issued.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. These reclassifications had no effect on the reported change in unrestricted net assets.

NOTE 2-UNAMORTIZED COSTS

The Corporation has incurred costs for marketing and advertising totaling $1,158,081, relating to the renovations and expansion. These costs were capitalized and were amortized over the originally estimated period of the renovation and expansion, which is the period of expected benefit from the direct response advertising. Amortization expense for the years ended June 30, 2017 and 2016 is $104,025 and $260,221, respectively. As of June 30, 2017 the marketing costs have been fully amortized.

NOTE 3-FINANCING

Series 2012 Bonds Payable

The Economic Development Authority of the County of Chesterfield (the "Authority") issued the Series 2012 Bonds at the request of the Corporation for the purpose of (i) refunding the outstanding principal amount of the Series 1998 Bonds, (ii) financing a portion of the costs of the expansion project and (iii) paying the costs related to the issuance of the Series 2012 Bonds. The Series 2012 Bonds were issued pursuant to a Trust Agreement dated as of November 1, 2012 (the "Trust Agreement") between the Authority and Branch Banking and Trust Company, as bond trustee (in such capacity, the "Bond Trustee"). The Corporation and the Authority entered into a Loan Agreement pursuant to which the Authority loaned the proceeds of the Series 2012 Bonds to the Corporation and the Corporation agreed to make payments (“Loan Repayments”) sufficient, among other things, to provide for the payment of the principal or redemption price of and interest on the Series 2012 Bonds. To evidence the Corporation's obligations under the Loan Agreement, the Corporation executed and delivered its promissory note dated November 1, 2012 in the original principal amount of $41,110,000 (the "Series 2012 Note") which was issued as an obligation under the Master Trust Indenture dated as of November 1, 2012 (the "Master Trust Indenture") between the Corporation and Branch Banking and Trust Company, as master trustee (in such capacity, the "Master Trustee"). Pursuant to the Master Trust Indenture, the Corporation, as the sole member of the Obligated Group (as defined in the Master Trust Indenture), has granted to the Master Trustee a security interest in its Pledged Assets as security for the payment of amounts due on any Obligations issued under the Master Trust Indenture, including the Series 2012 Note. Pledged Assets consist of all Gross Receipts, Accounts, Equipment, general intangibles, inventory, documents, instruments and chattel paper of each Member of the Obligated Group, now owned or hereafter acquired, and all proceeds thereof; provided, however, that Pledged Assets shall not include contract rights consisting of charitable pledges. See the Master Trust Indenture for defined terms.

In addition, the Corporation has executed and delivered a Deed of Trust dated November 1, 2012 (the “Deed of Trust”) to secure Obligations issued under the Master Trust Indenture, including the Series 2012 Note. The Deed of Trust creates a lien on the Corporation’s real property, fixtures and personal property described in the Deed of Trust. The Master Trustee is the beneficiary under the Deed of Trust, on behalf of the holders of Obligations under the Master Trust Indenture.

The Series 2012 Note has been assigned by the Authority to the Bond Trustee under the Trust Agreement as security for the Series 2012 Bonds.

NOTE 3-FINANCING (CONTINUED)

Series 2012 Bonds Payable (continued)

The Series 2012 Bonds are dated the date of delivery and bear interest at various fixed rates with an average rate of 4.6344% at issuance and mature subject to prior redemption on January 1, 2043. The Series 2012 Bonds are not secured by any letter of credit, insurance policy, or other credit enhancement. The Series 2012 Bonds bear interest from the date of delivery, and are payable semi-annually on January 1, and July 1 of each year ("Interest Payment Date") commencing January 1, 2014. The Series 2012 Bonds are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount received plus interest accrued to the date of redemption, but without premiums on the following dates and in the following principal amounts:

January 1, 2014	$ 750,000.00 (paid)	January 1, 2029	$ 1,270,000.00
January 1, 2015	765,000.00 (paid)	January 1, 2030	1,330,000.00
January 1, 2016	780,000.00 (paid)	January 1, 2031	1,400,000.00
January 1, 2017	795,000.00 (paid)	January 1, 2032	1,465,000.00
	$3,090,000.00	January 1, 2033	1,540,000.00
January 1, 2018	815,000.00	January 1, 2034	1,620,000.00
January 1, 2019	835,000.00	January 1, 2035	1,705,000.00
January 1, 2020	870,000.00	January 1, 2036	1,790,000.00
January 1, 2021	895,000.00	January 1, 2037	1,880,000.00
January 1, 2022	935,000.00	January 1, 2038	1,980,000.00
January 1, 2023	970,000.00	January 1, 2039	2,020,000.00
January 1, 2024	1,010,000.00	January 1, 2040	2,125,000.00
January 1, 2025	1,055,000.00	January 1, 2041	2,235,000.00
January 1, 2026	1,105,000.00	January 1, 2042	2,345,000.00
January 1, 2027	1,155,000.00	January 1, 2043	2,465,000.00
January 1, 2028	1,205,000.00		$ 38,020,000.00

Interest expense on the Series 2012 Bonds for the years ended June 30, 2017 and 2016 was $1,869,845 and $1,886,054, respectively. Interest accrued and unpaid at June 30, 2017 and 2016 totaled $922,618 and $930,388, respectively.

NOTE 3-FINANCING (CONTINUED)

Optional redemption

The Series 2012 Bonds are subject to optional redemption prior to maturity in whole or in part at the direction of the Corporation on any date on or after January 1, 2022 in denominations as outlined in the Indenture at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the date of redemption.

Debt service and trust fund deposit requirements

All Note Payments, revenues and amounts receivable by the Authority under the Loan Agreement and pledged and assigned by the Trust Agreement to the Bond Trustee, are to be paid to the Bond Trustee and deposited in funds established under the Trust Agreement for the purposes as specified in the Trust Agreement.

Bond Fund

The Bond Trustee is to deposit in the Bond Fund, which includes the principal account and the interest account, the Loan Repayments required under the Loan Agreement. Interest on and gains realized from amounts held in the accounts of the Bond Funds are to be retained in their respective accounts. Money in the Bond Fund will be applied in the manner as outlined in the Trust Agreement. The Bond Trustee will determine whether the amount in the Bond Fund is sufficient to pay principal and interest due on the Series 2012 Bonds on such Interest Payment Date. If on any Interest Payment Date, the Bond Fund does not contain an amount sufficient to pay the amounts due, the Bond Trustee will notify the Corporation of such deficiency and if the Corporation does not correct the deficiency, the Bond Trustee shall deliver written notice to the Master Trustee to the effect that the amount available to the Bond Trustee to pay interest and/or principal on the Series 2012 Bonds is less than the amount due and specifying the amount of such deficiency. The Bond Trustee shall deposit into the Bond Fund all amounts received from the Reserve Fund No. 1 to cure such deficiency.

Debt Service Reserve Fund ("Reserve Fund No. 1")

The Master Trustee established the Reserve Fund No. 1 in the amount of $2,655,631 at the time of the issuance of the Series 2012 Bonds. The Corporation is required to maintain an amount equal to Debt Service Reserve Fund Requirement in Reserve Fund No. 1.

NOTE 3-FINANCING (CONTINUED)

Debt Service Reserve Fund ("Reserve Fund No. 1") (continued)

In addition, the Master Trust Indenture requires the Corporation to set and charge rents, fees and other charges relating to the Community, and to restrict operating expenses, as necessary, to achieve a Long-Term Debt Service Coverage Ratio as calculated as of the end of each fiscal year of at least equal to 1.20. The Master Trust Indenture defines the Reserve Ratio as the ratio determined by dividing available cash reserves by outstanding long-term debt. If the Long-Term Debt Service Coverage Ratio is less than 1.20 but greater than 1.10 for any fiscal year and the Reserve Ratio as of the end of such fiscal year is not less than 0.35, no Event of Default shall be deemed to have occurred and no further action need be taken. If the Long-Term Debt Service Coverage Ratio for any fiscal year is less than 1.20 but greater than 1.10 and the Reserve Ratio as of the end of such fiscal year is less than 0.35, the Corporation shall retain a management consultant to analyze the reasons for the failure to achieve a 1.20 Long-Term Debt Service Coverage Ratio and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following fiscal year. If, for two successive fiscal years, the Long-Term Debt Service Coverage Ratio is less than 1.20 but greater than 1.10 and the Reserve Ratio as of the end of each such fiscal year is less than 0.35, it shall be an Event of Default.

If the Long-Term Debt Service Coverage Ratio for any fiscal year is less than 1.10, the Corporation shall retain a management consultant to provide recommendations to increase the Long-Term Debt Service Coverage Ratio for the following fiscal year, or if the Reserve Ratio as of the end of such fiscal year is not less than 0.35, to 1.10. If the Debt Service Coverage Ratio is less than 1.10 for two successive fiscal years, it shall be an Event of Default. For the year ended June 30, 2017, the Long-Term Debt Service Coverage Ratio was 2.29 and the Reserve Rate was .30.

In addition, the Master Trust Indenture requires the Corporation to have no less than one hundred fifty days' cash on hand (the "Liquidity Requirement"), as defined by the Master Trust Indenture. The Corporation is required to calculate the Days' Cash on Hand of the Obligated Group as of June 30 and December 31 of each fiscal year. The Corporation shall, not less than 45 days after June 30 and not less than 120 days after December 31, deliver a report with the calculation to the Master Trustee. If the Days' Cash on Hand is less than the Liquidity Requirement, the Corporation shall deliver a written report within 45 days after the original report setting forth the reasons for such deficiency and adopting a specific plan with steps to achieve the Liquidity Requirement. For the year ended June 30, 2017, the Days' Cash on Hand was 222 days.

In addition, the Master Trust Indenture requires the Corporation to file a copy of the financial statements as of the end of the fiscal year, accompanied by the report of an accountant to the Master Trustee within 120 days after the end of the fiscal year or audit period. Simultaneously, the Corporation must file an officer's certificate stating the Debt Service Coverage Ratio and the Reserve Ratio.

Trust Funds

Restricted cash and trust funds are invested by the Bond Trustee pursuant to the Trust Agreement.

NOTE 3-FINANCING (CONTINUED)

Series 2014 Bonds Payable

The Economic Development Authority of the County of Chesterfield (the “Authority”) issued Series 2014A Bonds in the amount of $18,000,000 and Series 2014B Bonds in the amount of $27,500,000 in connection with the Expansion Project on July 11, 2014 (collectively, the "Series 2014 Bonds"). The Series 2014 Bonds were issued pursuant to a Bond Purchase and Loan Agreement dated as of July 1, 2014 (the "Bond Purchase and Loan Agreement") among the Authority, the Corporation and Union First Market Bank, as bondholder (the "Series 2014 Bondholder"). Pursuant to the Bond Purchase and Loan Agreement, the Authority effectively loaned the proceeds of the Series 2014 Bonds to the Corporation and the Corporation agreed to make payments (“Loan Repayments”) sufficient, among other things, to provide for the payment of the principal or redemption price of and interest on the Series 2014 Bonds. To evidence the Corporation's obligations under the Bond Purchase and Loan Agreement, the Corporation executed and delivered its promissory note dated July 11, 2014 in the original principal amount of $18,000,000 (the "Series 2014A Note") and its promissory note dated July 11, 2014 in the original principal amount of $27,500,000 (the "Series 2014B Note"), which were issued as obligations under the Master Trust Indenture. The Series 2014 Bondholder agrees to purchase the Series 2014 bonds from the Authority and to pay the purchase price by making from time to time, advances of principal in an aggregate principal amount of $45,500,000. The Corporation also entered into a construction and term loan (the "Loan") with Union First Market Bank (the "Bank"). The Loan is structured as a non bank qualified, tax-exempt bond issued by the Authority and purchased by the Bank. The Loan is comprised on an interest-only construction phase, thereafter converting to a loan with a term of 98 months, with a mandatory put to the Corporation at the end of such term. The original interest-only construction phase of 30 months was extended by 12 months, due to construction delays. The term loan will be payable in equal monthly installments based on a 25-year amortization schedule.

The Series 2014A Note and the Series 2014B Note are secured under the Master Trust Indenture and the Deed of Trust. The Series 2014A Note and the Series 2014B Note have been assigned by the Authority to the Series 2014 Bondholder as security for the Series 2014 Bonds. The Loan is an obligation under the corporation’s existing Master Trust Indenture.

The Series 2014A Bonds are dated the date of delivery and bear interest at the Bank Rate, which is 65% of LIBOR, as defined, plus 1.70% per annum, at issuance and mature subject to prior redemption on January 1, 2042. The Series 2014A Bonds are not secured by any letter of credit, insurance policy, or other credit enhancement. The Series 2014A Bonds bear interest from the date of delivery, and are payable monthly commencing February 1, 2017.

The amortization schedule for the principal amount was determined by the Bondholder on the swap effective date and annual payments for the Series 2014A Bonds are as follows:

June 30, 2017	$ 209,784.00 (paid)	June 30, 2022	$ 570,427.00
June 30, 2018	$ 509,915.00	June 30, 2023	586,656.00
June 30, 2019	524,421.00	June 30, 2024	602,252.00
June 30, 2020	538,070.00	June 30, 2025	13,903,827.00
June 30, 2021	554,648.00		**$17,790,216.00**

NOTE 3-FINANCING (CONTINUED)

Series 2014 Bonds Payable (continued)

The amortization schedule for the Series 2014B Bonds will be determined by the Bondholder on January 1, 2018 based on a twenty-five year amortization of the outstanding principal balance using the Bank Rate in effect on such date, which is 65% of LIBOR, as defined, plus 1.70% per annum.

So long as the Series 2014 Bonds are outstanding, the Corporation shall comply with each and every covenant, condition and agreement in the Master Trust Indenture.

Advances of principal under the Series 2014 Bonds shall be made periodically, not to exceed once per month, for the purpose of funding the construction of the expansion of the Community. At June 30, 2017 and 2016, the outstanding Series 2014A Bonds totaled $17,790,216 and $18,000,000, and the outstanding Series 2014B Bonds totaled $21,541,769 and $2,570,525, all respectively. For the period July 1, 2015 through May 25, 2016, interest was charged on the outstanding principal balance at a variable rate (1.99682% at June 30, 2016). Effective May 25, 2016, the Corporation entered into an interest rate swap agreement whereby the Corporation will pay interest at a fixed rate of 2.77% on the Series 2014A Bonds.

Interest incurred on the Series 2014 Bonds for the years ended June 30, 2017 and 2016 was $674,988 and $263,405, of which $462,162 and $198,582 was capitalized into construction in progress, and $212,826 and $64,823 was expensed, all respectively. Accrued interest at June 30, 2017 and 2016 was $77,265 and $-0-, respectively.

Interest Rate Swap Agreement

As previously described, the Series 2014 Bonds payable bear interest at a variable rate. To minimize the effect of changes in interest rates, the Corporation entered into an interest rate swap agreement, effective May 25, 2016, with the Bondholder for the Series A Bonds only, when the principal balance of the construction and term loan reached $18,000,000. Under the swap agreement, the Corporation will pay interest at a fixed rate equal to 2.77%. Principal payments on the bonds commenced on February 1, 2017. Payments are due on the first day of each month, ending on the termination date of March 1, 2025. The amount paid/received under the swap agreement will be based on the same notional amount as the underlying bonds. The swap agreement will be valued separately and will be reported as an asset or liability, as appropriate. The value will represent the fair value of the current difference in interest paid and received under the swap agreement over the remaining term of the agreement. During the years ended June 30, 2017 and 2016, interest expense of $129,122 and $13,098 was incurred, $134,998 and $-0- were paid and at June 30, 2017 and 2016, $7,222 and $13,098 remained payable under the interest swap agreement, all respectively.

NOTE 3-FINANCING (CONTINUED)

Debt issuance costs

Financing fees of $1,097,608 were incurred with the issuance of the Series 2012 Bonds. These fees are being amortized on the straight-line method over the life of the Series 2012 Bonds. Financing fees of $714,426 were incurred with the issuance of the Series 2014 Bonds. These fees are being amortized on the straight-line method over the life of the Series 2014 Bonds. Fees were incurred relating to the swap agreement, in the amount of $28,724. These fees are being amortized over the life of the agreement which is 8.77 years. Amortization expense for the years ended June 30, 2017 and 2016 totaled $68,439 and $64,164 and is included in interest on the Series 2012 and 2014 Bonds on the statements of activities. As of June 30, 2017 and 2016, accumulated amortization was $259,044 and $190,605, respectively.

Estimated amortization expense for each of the next five years and thereafter is as follows:

2018	$ 68,439
2019	68,439
2020	68,439
2021	68,439
2022	68,439
Thereafter	1,239,518
	$ 1,581,713

NOTE 4-NOTES PAYABLE

On August 13, 2012, the Corporation entered into a loan agreement with Wells Fargo Bank with an original principal balance of $56,331. The note matured on September 30, 2015 and was collateralized by a vehicle. The note accrued interest at 3.75%. At June 30, 2017 and 2016 the note balance was $-0-. For the years ended June 30, 2017 and 2016, interest expense totaled $-0- and $31, respectively.

On March 7, 2014, the Corporation entered into a loan agreement with Toyota Motor Credit Corporation with an original principal balance of $25,285. The note matures on March 21, 2019 and is collateralized by a vehicle. The note accrues interest at 3.99%. At June 30, 2017 and 2016, the note balance was $9,379 and $14,489, respectively. For the years ended June 30, 2017 and 2016, interest expense totaled $486 and $686, respectively.

NOTE 4-NOTES PAYABLE (CONTINUED)

On March 7, 2014, the Corporation entered into a loan agreement with Toyota Motor Credit Corporation with an original principal balance of $25,259. The note matures on March 21, 2019 and is collateralized by a vehicle. The note accrues interest at 3.99%. At June 30, 2017 and 2016, the note balance was $9,387 and $14,491, respectively. For the years ended June 30, 2017 and 2016, interest expense totaled $486 and $685, respectively.

On March 7, 2014, the Corporation entered into a loan agreement with Toyota Motor Credit Corporation with an original principal balance of $25,279. The note matures on March 21, 2019 and is collateralized by a vehicle. The note accrues interest at 3.99%. At June 30, 2017 and 2016, the note balance was $9,394 and $14,502, respectively. For the years ended June 30, 2017 and 2016, interest expense totaled $486 and $685, respectively.

On May 27, 2016, the Corporation entered into a loan agreement with Ford Credit with an original principal balance of $49,438. The note matures on June 11, 2021 and is collateralized by a vehicle. The note accrues interest at 6.99%. At June 30, 2017 and 2016 the note balance was $40,100 and $48,745, respectively. For the years ended June 30, 2017 and 2016, interest expense totaled $3,134 and $288, respectively.

On March 6, 2017, the Corporation entered into a loan agreement with Union Bank & Trust with an original principal balance of $37,001. The note matures on March 6, 2019 and is collateralized by a vehicle. The note accrues interest at 3.94%. At June 30, 2017 the note balance was $31,038. For the year ended June 30, 2017, interest expense totaled $457.

Capital Lease Note Payable

On November 21, 2016, the Corporation entered into a master lease agreement with Apple Financial Services with an original balance of $71,157 for 205 Apple iPad Air 2 tablets. The lease term is 36 months and the interest rate on the capital lease is 0%. The Corporation has the option to purchase the equipment at fair market value as of the end of the lease term.

Future minimum rental payments are approximately as follows:

2018	$	23,105
2019		23,105
2020		11,552
	$	**57,762**

Maturities on the notes payable and capital lease for the next four years are approximately as follows:

2018	$	66,708
2019		57,908
2020		22,207
2021		10,238
	$	**157,061**

NOTE 5-PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 and 2016 consists of the following:

	2017	2016
Land	$ 2,070,000	$ 2,070,000
Independent Living Units - site improvements	261,950	234,819
Independent Living Units - buildings	30,349,698	23,576,602
Independent Living Units - furniture, fixtures and equipment	9,002,424	8,311,211
Health Care Center - site improvements	670,738	586,748
Health Care Center - building	17,615,883	17,574,428
Health Care Center - furniture, fixtures and equipment	11,353,223	11,266,549
Maintenance building	711,560	711,560
Construction in progress	29,804,998	16,782,502
Total	101,840,474	81,114,419
Less: Accumulated depreciation	(22,499,013)	(21,365,756)
Property and equipment, net	**$79,341,461**	**$59,748,663**

The assets are being depreciated over their estimated useful lives using the straight-line method. The estimated useful lives were determined as disclosed in the Certificate of Economic Life. For the years ended June 30, 2017 and 2016, depreciation expense totaled $1,955,241 and $1,658,512, respectively.

Equipment under capital lease

The Corporation entered into a capital lease in the original amount of $71,157, for the purchase of 205 Apple iPad Air 2 tablets. The assets are included in Independent Living Units - furniture, fixtures and equipment and are depreciated in accordance with the Corporation's depreciation policy. Accumulated depreciation as of June 30, 2017 is $3,558.

Brandermill Woods Foundation (the "Foundation") is a not-for-profit corporation formed by the residents of the Community. During the year ended June 30, 2017, the Foundation funded the construction of The Foundations Pub, to the existing dining space located in the health care communities' building. When the Pub was completed in December 2016, the Foundation donated it to the Corporation. The donation was recorded in the amount of the costs of construction and furniture, which totaled $58,822.

During the year ended June 30, 2016, the Corporation sold a bus for $20,000 that had a net book value of $-0-. The gain on the sale of this asset is recorded as gain on disposal of assets in the statement of activities.

NOTE 5-PROPERTY AND EQUIPMENT (CONTINUED)

Construction contract

The Corporation has entered into several guaranteed maximum price construction contracts with Henderson, Inc., an unrelated party, for the renovation and expansion of the facilities. The total amount of the contracts is $41,605,885 and was originally expected to be completed in 36 months from commencement of construction. The current estimated completion date is December 2017. The Corporation is financing the expansion with proceeds remaining from the Series 2012 Bonds and $45,500,000 from the Series 2014 Bonds.

Expansion

The Corporation continues construction of the renovation and expansion of the existing facilities. The addition of 18 apartments to the A building and a new maintenance building were completed during the year ended June 30, 2016 and placed into service. Construction of the Clubhouse West Addition which includes the Four Seasons room, new formal dining room, activity rooms, recreation rooms, theater, Clubhome B, phases 1 and 2 of the skilled care core renovations were completed during the year ended June 30, 2017 and placed into service. Construction continues on the new C building which will add 75 apartments to the existing independent living facilities. The North East addition and renovations to the clubhouse will include The Bistro dining venue, wellness center, indoor pool and underground parking garage. Phase 3 of the skilled care core renovation also continues. Total costs of $30,712,290 and $19,004,290 have been incurred to date, respectively. During the years ended June 30, 2017 and 2016, costs of $6,964,571 and $7,409,639 were capitalized and placed into service as buildings, furniture, fixtures and equipment, respectively. Construction in progress at June 30, 2017 and 2016 totaled $29,781,262 and $16,782,502, respectively. These costs will be capitalized into the buildings, land improvements and equipment upon completion of construction.

NOTE 6-ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 and 2016, consists of the following:

Health Care Center:	2017	2016
Medicare	$ 1,321,579	$ 1,473,997
Medicaid	206,439	144,382
Total accounts receivable	1,528,018	1,618,379
Less allowance for doubtful accounts	(212,097)	(167,221)
Accounts receivable, net	**$ 1,315,921**	**$ 1,451,158**

The Corporation provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. This amount is $212,097 and $167,221 as of June 30, 2017 and 2016, respectively.

NOTE 7-CONTINGENCIES AND CONCENTRATION OF CREDIT RISK

The Corporation is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contracted obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

Interest rate risk

Interest rate risk is the risk that changes in the interest rates could adversely affect the operating results of the Corporation. The Corporation is subject to interest rate risk relating to the variable interest rate component on the 2014B Bonds and the 2014A bonds after expiration of the swap agreement. Management regularly monitors this risk and does not believe it will have a significant impact on the Corporation.

Health care industry

The health care industry is facing various challenges, including increased government and private payor pressure on health care providers to control costs. In addition to the reforms enacted and considered by Congress from time to time, state legislatures periodically consider various health care reform proposals. Congress and state legislatures can be expected to continue to review and assess alternative health care delivery systems and payment methodologies, and public debate of these issues can be expected to continue in the future. Changes in the law, new interpretations of existing laws, and changes in payment methodology may have a dramatic effect on the definition of permissible or impermissible activities, the relative costs associated with doing business and the amount of reimbursement by both government and other third-party payors. These changes may be applied retroactively. The ultimate timing or effect of legislative efforts cannot be predicted and may impact the Corporation in different ways. Any future action by the Federal government with respect to Medicare or Medicaid, or by the Commonwealth of Virginia with respect to Medicaid, which limits or reduces the total amount of funds available for such programs, limits or reduces the amount of reimbursement for items and services rendered, or limits the ability of the Corporation to maintain or increase the level of services provided to patients, could negatively affect the revenues of the Corporation. A significant portion of revenues is derived from Medicare and Medicaid patients. Therefore, any changes to these programs could have a material effect upon those facilities' revenues. To help mitigate the effects of governmental cuts to the Medicaid program reimbursements, the Corporation decertified 30 Medicaid beds, which reduces the number of Medicaid residents that are required to be admitted.

Litigation

Henderson Inc., the General Contractor on the construction contract, has filed a lawsuit against the Corporation, requesting damages due to loss of productivity. The lawsuit requests damages of approximately $1.4 million. The Corporation has denied the allegations. Both parties have agreed to mediation. As of September __, 2017, it is uncertain what, if any, effect this will have on the Corporation. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Long term debt consists of the following at June 30:

	2017	2016
Series 2012 Bonds Payable, interest varies, due January 2043	$ 38,020,000	$ 38,815,000
Series 2014A Bonds Payable, interest at 2.77%, due January 2042	17,790,216	18,000,000
Series 2014B Bonds Payable, interest varies, due January 2043	21,541,769	2,570,525
Notes payable varying notes with interest rates from 3.94%-6.99%, due March 2019-June 2021	99,298	92,227
Capital lease note payable interest at 0%, due December 2019	57,762	-
Interest rate swap liability, Series 2014A Bonds terminates March 2025	-	589,021
	77,509,045	**60,066,773**
Less: original issue discount, net	(498,233)	(517,886)
Less: unamortized debt issuance costs Series 2012 bonds	(927,571)	(964,158)
Less: unamortized debt issuance costs Series 2014 bonds	(654,142)	(685,995)
	75,429,099	**57,898,734**
Less: current maturities	(2,099,122)	(810,322)
Total long term debt	**$ 73,329,977**	**$ 57,088,412**

ATTACHMENT D

Summary of Financial Information

Summary of Financial Information
Senior Living Choices of Virginia, Inc. / Brandermill Woods
As of June 30, 2017 (fiscal year end)

	Current Year	Prior Year
	2017	2016
Total Assets	$ 97,891,544	$ 78,820,425
Total Liabilities	$ 80,703,028	$ 64,346,988
Total Net Assets	$ 17,188,516	$ 14,473,439
Total Revenue	$ 21,585,522	$ 20,872,889
Total Expenses	$ 15,301.026	$ 15,004,107
Operating Income (Loss)	$ 6,284,496	$ 5,868,782
Net Income(Loss)	$ 2,715,080	$ 1,214,840

Narrative on Financial Condition

Total operating revenues were $21,585,522, an increase of $712,633 (3.5%) from fiscal year 2016. The increase in operating revenue was primarily due to Brandermill imposed an average 3% rate increase on monthly rents and daily per diems. The communities' average occupancy for 2017 stood at 91%, a slight decrease overall compared to 2016's, 92%. Residential living, The Holly Inn and The Haven campuses equally shared responsibility for the 1% decrease in census. Total operating expenses were $15,301,026, an increase of $296,919 (2%) compared to fiscal year 2016. Wage and Benefit costs made up the largest component of increases in expenditures. The Corporation's Long-Term Debt Service Ratio on a pro-forma basis was 2.29. The Corporation's Day's Cash on Hand was 318 including restricted funds and 218 without. The Corporation's restricted fund balance is $6,035,683, unrestricted is $10,630,396 with a total of $16,666,079 in Cash & Investment Funds.

Occupancy Information:	**Capacity of Units**	**Average Occupancy**	**Percentage Occupancy**
Residential Units	200	182	91%
Assisted Living/ The Chesterfield	40	38	94%
Assisted Living/ The Holly Inn	19	16	86%
Nursing/ The Haven	60	55	91%