2021 DISCLOSURE STATEMENT
TABLE OF CONTENTS

ORGANIZATIONAL CHART .................................................................................. A
CAMPUS MAP .................................................................................................. B
RESIDENCY AGREEMENT .............................................................................. C
VILLAGE ENTRANCE AND MONTHLY FEE SCHEDULE ................................ D
ESCROW AGREEMENT .................................................................................. E
CONSOLIDATED FINANCIAL STATEMENT .................................................. F
OPERATING BUDGET .................................................................................... G
SUMMARY OF FINANCIAL INFORMATION ................................................ H
NOTICE

This Disclosure Statement has been prepared, and is being provided, in accordance with Virginia’s “Continuing Care Provider Registration and Disclosure Act,” Chapter 49 of Title 38.2 of the Code of Virginia. The filing of this Disclosure Statement with the State Corporation Commission, as required by the Act, does not constitute approval, recommendation or endorsement of Bridgewater Retirement Community’s facilities by the State Corporation Commission.
Continuing Care Provider

Bridgewater Village, Inc. (“the Village”), a Virginia nonstock corporation doing business as Bridgewater Retirement Community, is located at 302 N. Second Street, Bridgewater, Virginia 22812.

The Village operates under the following corporate structure. Bridgewater HealthCare, Inc. (“Bridgewater HealthCare”) is the “parent” corporation of the Village, Bridgewater Home, Inc., (the “Home”), and Bridgewater HealthCare Foundation, Inc. (the “Foundation”), its three “subsidiaries.” This relationship is established by Bridgewater HealthCare being the sole member of the Village, Home and Foundation, all of which are Virginia nonstock, member corporations. “Bridgewater Retirement Community” is the trade name under which Bridgewater HealthCare, the Village and the Home operate.

The Village is devoted primarily to providing residence to persons capable of independent living, while the Home is devoted primarily to providing residence to those who need assistance in the activities of daily living or health care services. Bridgewater HealthCare handles many of the business functions of the Village and Home. The Foundation serves as the fundraising arm for Bridgewater Retirement Community. An organizational chart of Bridgewater Retirement Community is attached as “Attachment A.”

Bridgewater Healthcare is 33.33% owner of First Choice Healthcare Services, LLC, a Virginia limited liability company (“First Choice”), which provides home healthcare services in the Harrisonburg/Rockingham County market area. Bridgewater Healthcare residents who wish to engage First Choice do so directly with First Choice.

Officers, Directors, Trustees, Managing and General Partners, and Certain Persons Who Hold Equity or Beneficial Interests

The names and business addresses of the officers and directors of Bridgewater HealthCare, the Village, Home and Foundation are as follows:

BRIDGEWATER HEALTHCARE, INC.

Officers:
Rodney D. Alderfer, President
302 N. Second Street
Bridgewater, VA  22812

Anne O’Donohue
VP of Support Services
302 N. Second Street
Bridgewater, VA 22812

James A. Weaver
VP of Finance and Treasurer
302 N. Second Street
Bridgewater, VA 22812

Pam S. Sherman
Executive Assistant and Operating Board Secretary
302 N. Second Street
Bridgewater, VA 22812
**Directors:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>John W. Flora, Esquire</td>
<td>6616 Cam Bell Road</td>
</tr>
<tr>
<td></td>
<td>Bridgewater, VA 22812</td>
</tr>
<tr>
<td>Dr. Deborah Greubel</td>
<td>218 Heston Farm Lane</td>
</tr>
<tr>
<td></td>
<td>Waynesboro, VA 22939</td>
</tr>
<tr>
<td>Neil A. Houff</td>
<td>6806 Cross Keys Road</td>
</tr>
<tr>
<td></td>
<td>Mt. Crawford, VA 22821</td>
</tr>
<tr>
<td>Marsha Justice</td>
<td>2880 Keezletown Road</td>
</tr>
<tr>
<td></td>
<td>Keezletown, VA 22832</td>
</tr>
<tr>
<td>L. Claire Martindale</td>
<td>101 Hillcrest Drive</td>
</tr>
<tr>
<td>(Chair)</td>
<td>Bridgewater, VA 22812</td>
</tr>
<tr>
<td>Sherry L. Mongold</td>
<td>2955 Cullison Court</td>
</tr>
<tr>
<td></td>
<td>Rockingham, VA 22801</td>
</tr>
<tr>
<td>John N. Neff</td>
<td>456 Myers Avenue</td>
</tr>
<tr>
<td></td>
<td>Harrisonburg, VA 22801</td>
</tr>
<tr>
<td>Abram J. Shearer</td>
<td>907 Ridgewood Road</td>
</tr>
<tr>
<td></td>
<td>Harrisonburg, VA 22801</td>
</tr>
<tr>
<td>Sally W. Shomo (Vice Chair)</td>
<td>1026 Cedar Green Road</td>
</tr>
<tr>
<td></td>
<td>Staunton, VA 24401</td>
</tr>
<tr>
<td>W. Steve Watson, Jr.</td>
<td>1761 Heritage Estates Circle</td>
</tr>
<tr>
<td></td>
<td>Harrisonburg, VA 22801</td>
</tr>
<tr>
<td>Robert C. Wheatley</td>
<td>1531 Cumberland Drive</td>
</tr>
<tr>
<td></td>
<td>Harrisonburg, VA 22801</td>
</tr>
</tbody>
</table>

**BRIDGEWATER VILLAGE, INC.**

**Officers:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rodney D. Alderfer, President</td>
<td>302 N. Second Street</td>
</tr>
<tr>
<td></td>
<td>Bridgewater, VA 22812</td>
</tr>
<tr>
<td>James A. Weaver</td>
<td>VP of Finance and Treasurer</td>
</tr>
<tr>
<td></td>
<td>302 N. Second Street</td>
</tr>
<tr>
<td></td>
<td>Bridgewater, VA 22812</td>
</tr>
<tr>
<td>Jeannette W. Suter</td>
<td>VP of Assisted and Independent Living</td>
</tr>
<tr>
<td></td>
<td>302 N. Second Street</td>
</tr>
<tr>
<td></td>
<td>Bridgewater, VA 22812</td>
</tr>
</tbody>
</table>

**Directors:** Same as the Board of Directors of Bridgewater HealthCare, Inc.
BRIDGEWATER HOME, INC.

Officers:

Rodney D. Alderfer, President
302 N. Second Street
Bridgewater, VA 22812

James A. Weaver
VP of Finance and Treasurer
302 N. Second Street
Bridgewater, VA 22812

Jeffrey W. Lambert
VP of Health Services
302 N. Second Street
Bridgewater, VA 22812

Directors: Same as the Board of Directors of Bridgewater HealthCare, Inc.

BRIDGEWATER HEALTHCARE FOUNDATION, INC.

Officers:

Rodney D. Alderfer, President
302 N. Second Street
Bridgewater, VA 22812

James A. Weaver
VP of Finance and Treasurer
302 N. Second Street
Bridgewater, VA 22812

Caroline S. Budd
VP of Development
302 N. Second Street
Bridgewater, VA 22812

Tammy Jordan
Executive Assistant and
Foundation Board Secretary
302 N. Second Street
Bridgewater, VA 22812

Directors:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Janessa Baker</td>
<td>2400 Breckenridge Court</td>
</tr>
<tr>
<td></td>
<td>Harrisonburg, VA 22801</td>
</tr>
<tr>
<td>Heather Barkey</td>
<td>715 North Main Street</td>
</tr>
<tr>
<td></td>
<td>Bridgewater, VA 22812</td>
</tr>
<tr>
<td>Sally Jane Conner</td>
<td>200 Bridgeport Drive</td>
</tr>
<tr>
<td></td>
<td>Bridgewater, VA 22812</td>
</tr>
<tr>
<td>Ted Flory</td>
<td>106 Miller Drive</td>
</tr>
<tr>
<td></td>
<td>Bridgewater, VA 22812</td>
</tr>
<tr>
<td>Craig Landes</td>
<td>3597 Oak Ridge Road</td>
</tr>
<tr>
<td></td>
<td>Mt. Crawford, VA 22841</td>
</tr>
<tr>
<td>Erin Layman, Esquire</td>
<td>P.O. Box 23</td>
</tr>
<tr>
<td></td>
<td>Bridgewater, VA 22812</td>
</tr>
</tbody>
</table>
**Business Experience of (Section A); Acquisition of Goods and Services from (Section B); and Criminal, Civil and Regulatory Proceedings Against (Section C) the Provider; its Officers, Directors, Trustees, Managing and General Partners; Certain Persons Who Hold Equity or Beneficial Interests; and the Management**

**Section A – Business Experience**

The business experience of the executive management team of Bridgewater Retirement Community is as follows:

Rodney D. Alderfer, President. Mr. Alderfer graduated from Eastern Mennonite University in 1987 with a B.S. in Accounting. He worked in public accounting from 1987-1991 and earned his CPA in 1992 and his MBA from Eastern Mennonite University in 2011. Mr. Alderfer is a licensed nursing home administrator. Mr. Alderfer came to Bridgewater Retirement Community from Wampler Foods in 1998 as the Controller. He was promoted to Vice President of Health Services in August 2005, serving in this position until July 1, 2008, when he was promoted to President of Bridgewater HealthCare, Inc., and its affiliates.

James A. Weaver, Vice President of Finance. Mr. Weaver earned a B.S. in Business Administration and Accounting from Eastern Mennonite University in Harrisonburg, Virginia in 1985. Following graduation, Mr. Weaver worked for five years as a CPA in a local accounting firm. Mr. Weaver was hired as Vice President of Finance for Bridgewater HealthCare in 1990. He also serves as Treasurer to Bridgewater HealthCare and its affiliates.

Jeannette W. Suter, Vice President of Assisted and Independent Living. Mrs. Suter obtained both her B.S. in Social Work and M.S. in Public Administration from James Madison University. She began her career as a social worker in 2002. Since 2003, Mrs. Suter’s professional career has been in senior living organizations. Mrs. Suter came to Bridgewater Retirement Community in September 2020.
Jeffrey W. Lambert, Vice President of Health Services. Mr. Lambert graduated from Bridgewater College with a Bachelor of Science Degree in Business Administration with a concentration in accounting in 1999. He began his career in public accounting and earned his CPA certificate in 2002. Mr. Lambert came to Bridgewater Retirement Community in June of 2005 as the Controller. He served in that capacity until June of 2014 when he was promoted to Vice President of Health Services. Mr. Lambert received his Nursing Home Administrator license in February 2019.

Caroline S. Budd, Vice President for Development. Ms. Budd graduated from James Madison University in 1988 with a B.B.A. in Computer Information Systems. She worked for NCR Corporation as a Systems Engineer until returning to graduate school to earn an M.S. in Management Information Systems from the University of Virginia. After graduating, she taught Computer Information Systems in the College of Business at the University of North Carolina – Greensboro and in the College of Business at James Madison University. Ms. Budd joined the Bridgewater HealthCare Foundation Board in 2000 and served as secretary and vice-chair. She accepted her present position in March of 2013.

Anne M. O’Donohue, Vice President of Support Services. Ms. O’Donohue graduated from West Virginia University in 2005 with a B.S. in Family and Consumer Sciences with a major in Human Nutrition and Food. After graduating, she completed a year in the dietetics program at Virginia Commonwealth University to then become a Registered Dietitian. She began working as a dietitian and dining services director in retirement communities in 2007. In January 2011, she came to Bridgewater Retirement Community as the General Manager of Dining Services. She accepted her present position in May 2015.

Michael Drueen, Vice President of Human Resources. Mr. Drueen graduated summa cum laude from Syracuse University with a B.S. in Business Law and Public Policy in 1993. For his academic, leadership and community service achievements he was honored as Syracuse University’s Senior Class Marshal and as Syracuse University Management Scholar. Mr. Drueen subsequently earned a M.A. in International Affairs from American University in 1997. Mr. Drueen has worked in human resources in a broad spectrum of industries. He came to Bridgewater Retirement Community as the Vice President of Human Resources after relocating with his family to Harrisonburg, Virginia in 2018.

Pam Sherman, Executive Assistant and Operating Board Secretary. Ms. Sherman graduated as a Business Specialist from Elizabeth Brant School of Business in 1984. She worked as a Legal Assistant for two local law firms before transitioning to the Rockingham County School system as an assistant. Prior to coming to Bridgewater Retirement Community, Ms. Sherman worked most recently at Sentara RMH Medical Center for various administrators before being promoted to Office Manager and Executive Assistant to the President and CFO. She joined Bridgewater Retirement Community in November 2018.

Tammy Jordan, Foundation Assistant and Foundation Board Secretary. Mrs. Jordan graduated as a Medical Assistant from Elizabeth Brant School of Business in 1983. She worked as a Legal Assistant at a local law firm for 17 years, Office Manager and Travel Coordinator for JMU Football for nine seasons and served five years as the Executive Assistant to the COO at Sentara RMH Medical Center. She joined Bridgewater Retirement Community in 2017.
Section B – Acquisition of Goods and Services

No officer or director of Bridgewater HealthCare, the Village, Home or Foundation owns a 10% or greater direct or indirect interest in any professional service, firm, association, foundation, trust, partnership or corporation or any other business or legal entity in which it is presently intended will or may provide goods, leases or services to such entities of a value of $500 or more within any year with the exception of the following directors.

<table>
<thead>
<tr>
<th>Name of Director or Officer</th>
<th>Board on which Director or Officer Serves</th>
<th>Name of Business in which Director has Interest</th>
<th>Description of Services and/or Goods Provided to Bridgewater Retirement Community and How Contract Awarded</th>
<th>Bridgewater Retirement Community Payments to Business in fiscal year ended 9/30/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caroline Budd</td>
<td>Bridgewater Health Care Foundation</td>
<td>Extinguisher sales and service</td>
<td>Servicing of fire extinguishers</td>
<td>$3,032.25</td>
</tr>
<tr>
<td>Craig Landes</td>
<td>Bridgewater Health Care Foundation</td>
<td>Landes Heating &amp; Air Conditioning, Inc.</td>
<td>HVAC Services</td>
<td>$64,196.00</td>
</tr>
</tbody>
</table>

Bridgewater HealthCare, the Village, Home and Foundation have received other offers for the above-described goods and services which may be accepted from time to time according to the needs of Bridgewater Retirement Community. Likewise, Bridgewater Retirement Community is continuing to use several of the above-named businesses for services in the current fiscal year.

Section C – Criminal, Civil and Regulatory Proceedings

Neither Bridgewater HealthCare, the Village, Home or Foundation, and no officer or director of such entities (i) has been convicted of a felony or pleaded nolo contendere to a criminal charge, or been held liable or enjoined in a civil action by final judgment with respect to any crime or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property or moral turpitude, (ii) has been subject to an injunctive or restrictive order of a court of record, or within the past five years 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 a 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 the Continuing Care Provider Registration and Disclosure requirements of the Virginia Code or similar laws in another state, or (iii) has been the subject of any state or federal prosecution or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.
Ownership, Location and Description of Real Property

The main campus of Bridgewater Retirement Community consists of approximately 53 contiguous acres, located in the Town of Bridgewater. The facilities of the campus include:

- Houff Community Center, a 25,731 square-foot facility that includes a dining room, café, fitness center, and beauty salon,
- “Maple Terrace,” a 42,675 square-foot facility, containing 24 independent living residences,
- Campus Administrative Office building, a 14,600 square-foot facility in which the administrative offices of Bridgewater Retirement Community are located,
- “The Grove”, a 34-unit apartment complex for residents capable of independent living.
- “Hearthstone Manor Apartments,” a 28-unit apartment complex for residents capable of independent living,
- Huffman Healthcare Center, with a capacity of 127 nursing beds,
- Bridgewater Home assisted living facility, with a capacity of 120 beds, including Gardner House, a 13,000-square foot memory support unit with a capacity of 14 beds.
- Lantz Chapel, with seating capacity for 100.
- 183 cottages and garden apartments in “Cottage Community” located on the main campus and the Crist Farm Crossing campus.

All of the property and improvements are owned by Bridgewater Retirement Community. A site map showing the various facilities on the Bridgewater Retirement Community campus is attached as “Attachment B.” Bridgewater Retirement Community also owns approximately 35 acres adjacent to the current campus, located in the Town of Bridgewater, known as the Crist Farm Crossing campus. Crist Farm Crossing is currently unimproved.

Affiliation with Religious, Charitable or Other Nonprofit Organizations (Section A); Tax Status of Provider (Section B)

Section A – Affiliation

Although Bridgewater Retirement Community has a longstanding and ongoing affiliation with the Church of the Brethren, there is no legal relationship between Bridgewater HealthCare, the Village, Home or Foundation and any other church or charitable organization.
Section B – Tax Status

Bridgewater HealthCare, the Village, Home and Foundation has its own Internal Revenue Service 501(c)(3) determination letter that establishes its exemption from the payment of federal income tax so long as the entity maintains its status as a not-for-profit organization.

Services Provided Under Continuing Care Contracts

Sections 5 and 6 of the Village’s Residency Agreement, a copy of which is attached as “Attachment D” describes the facilities and services provided to independent living residents of Bridgewater Retirement Community. A summary of those services follows:

**Residence**

Each residence contains individually-controlled heat and air conditioning, smoke detectors, phone and cable outlets, and a kitchen equipped with a range, refrigerator, garbage disposal, a hood and fan. The following features are available in some, but not all, of the residences: 24-hour emergency call system, sprinkler system, unit washer and dryer, microwave oven, dishwasher and ice maker.

**Common Facilities**

Each resident is entitled to share with all other residents the use of the grounds and designated common facilities of Bridgewater Retirement Community, such as its dining rooms, café, arts and crafts room, reading room, chapel, multi-purpose room, fitness center, woodworking shop, and lounges, and to reserve designated areas for special occasions.

**Dining Services**

Dining services are provided at designated hours in the dining room and/or café in the Houff Community Center. All residents must pay a monthly meals allowance fee, as published from time to time. The meals allowance can be used to buy food items at published rate at the time of service.

**Housekeeping**

Housekeeping services are available on a fee-for-service basis to all residents, except basic, weekly housekeeping services are provided to residents of Maple Terrace and The Grove as part of their Prime Amenities Package. The Village is responsible for all housekeeping of the common facilities.

**Laundry**

Flat-linen laundry service is available to all residents on a fee-for-service basis. In addition to the washer and dryer provided in some units, the Village maintains common laundry areas for use by Village residents, with all costs to maintain and operate the machines borne by Village. The weekly laundering of resident-owned, flat linens is provided to residents of Maple Terrace and The Grove as part of their Prime Amenities Package.

**Maintenance**

The Village is responsible for all repair, maintenance and replacement of Village-owned property, equipment and appliances except in cases where such repair is required as a result of the negligence or intentional acts of the resident or his or her guests. The Village will determine the necessity and
timing of all repairs, maintenance and replacements. Within the limits of its personnel and facilities, the Village performs maintenance services on resident-owned personal property and equipment on a fee-for-service basis.

Transportation

Transportation to local (Harrisonburg, Bridgewater, Dayton, Weyers Cave) medical appointments can be scheduled in advance with Resident Services/Transportation at no charge. Transportation for non-local medical appointments within a sixty-mile radius may be provided by the Village, at published rates and fees, upon request. Unless it is an unexpected emergency medical appointment, Resident Services/Transportation requires two (2) days’ notice for local medical appointments and five (5) days’ notice for non-local medical appointments. Village may use volunteers to provide such transportation service. Trips to local grocery stores, shopping centers, and malls are regularly scheduled by the Village as group activities. Other trips may be available to Village residents at commercially reasonable costs.

Utilities

Residents of the Cottage Community are responsible for paying the cost of all of their utilities, including water, sewer, electricity, trash pick-up telephone (including installation) and cable television. Residents of the Hearthstone Manor apartments are responsible for paying the cost of all such utilities, except water, sewer and trash. Maple Terrace and The Grove residents are responsible for paying for the cost of telephone and cable services, but the Village provides water, sewer, heat, trash pick-up, air-conditioning and electricity as part of their Monthly Enhanced Services fee.

Programs

Social, educational, cultural, recreational, religious and wellness programs are provided for those Village residents who wish to participate. Tours and other programs are available at commercially reasonable costs for those residents who wish to participate. Volunteer opportunities are also available at Bridgewater Retirement Community and in the community at large.

Taxes

The Village pays all real estate taxes assessed against the residences. Village residents pay all personal property taxes assessed against their own personal property.

Physician Services

Resident may use his or her own physician or a physician affiliated with Bridgewater Retirement Community on a fee-for-service basis.

Priority Admission

The Residency Agreement does not entitle resident to assisted living or health care services, but, in the event the resident applies for admission, and is eligible for admission, to the Assisted Living or Health Care Unit facilities of Bridgewater Retirement Community, the resident’s application will have priority over non-residents. If the resident transfers temporarily or permanently to the Assisted Living or Health Care Unit facilities of Bridgewater Retirement Community, the resident will be charged on the
basis of Bridgewater Home’s prevailing rates as are then in effect during resident’s stay in such facility. The prevailing rates include room and board, but do not include physician’s fees, therapeutic services, drugs and medical supplies, or transportation. A resident’s Monthly Service Fee to the Village continues in effect during a temporary transfer outside of the Village for any reason.

**Fees Required of Residents**

Sections 3, 7 and 10 of the Village’s Residency Agreement describe the fees required of residents and the resident’s entitlement to a refund, if any, of these fees. These fees are summarized below, and the current dollar amounts of the Entrance Fee and Monthly Service Fee are set forth on the schedule of fees attached as “Attachment E.” The schedule of fees is subject to change upon 30 days’ advance written notice to residents. Changes apply prospectively (i.e., to the calculation of the Entrance Fee refund), but not retroactively (i.e., to the Entrance Fee paid). Fees paid prior to a person’s occupancy, as well as the Entrance Fee (regardless of when it is paid), are used to provide for operating, capital improvement and financing needs of the Village.

**Application Fee**  
A one-time non-refundable Application Fee of $150 for one person or $200 for two persons is due upon application for admission.

**Advanced Wait List Fee**  
A refundable $1,000 fee is required for individuals requesting to be placed on the priority wait list for admission to the Village. This fee is applied to the Entrance Fee upon acceptance of admission.

**Entrance Fee**  
A one-time Entrance Fee is due 60 days following a resident’s admission, or the date on which the resident is permitted to occupy his or her residence, whichever is later. For residences under construction, a payment of 10% of the Entrance Fee balance is required. The Entrance Fee balance will be due in three equal payments: (i) one-third thereof within five (5) days of the Village’s notice to the Resident that the Residence is under roof, (ii) when the drywall for the residence is installed, and (iii) when the resident is permitted to occupy the residence. The Entrance Fee entitles the resident to live in the residence until the Residency Agreement is terminated (plus a 30-day period following termination to vacate the residence). Attachment E sets forth the current schedule of Entrance Fees.

**Residency Agreement Deposit**  
Upon admission, 10% of the Entrance Fee is due at contract signing.
**Monthly Service Fee**

Beginning on the date on which the resident is permitted to occupy his or her residence and continuing until his or her vacation of the residence, a Monthly Service Fee is due. Attachment E sets forth the current schedule of Monthly Service Fees.

**Transfer Fee**

A resident must pay a nonrefundable transfer fee of $10,000 whenever the resident has requested a change in residence within the Village and the Village has granted such request. Additionally, the resident must pay the difference, if any, between the then current Entrance Fee for the requested residence and the current Entrance Fee for the resident’s existing residence, as well as costs associated with resident-requested upgrades or improvements to the requested residence.

**Refund of Fees**

A resident has the right to cancel his or her Residency Agreement within seven days after it is signed. Within 30 days of cancellation, the Village will refund all payments made, without interest, except the Application Fee ($150 per person; $200 per couple), and any expenses actually incurred by the Village at the resident’s specific request for custom improvements to the residence.

Likewise, if, before a resident’s residence is ready for occupancy, the resident dies or becomes unable because of illness to become a resident, within 30 days thereafter, the Village will refund all payments made, without interest, except the $150 Application Fee for one person or $200 for two persons, and any expenses actually incurred by the Village at the resident’s specific request for custom improvements to the residence.

If the Residency Agreement is terminated before the due date for the first Monthly Service Fee, then within 30 days of termination, the Village will refund all Entrance Fee payments made by the resident, without interest, less any expenses actually incurred by the Village at the resident’s specific request for custom improvements to the residence.

If the Residency Agreement is terminated after the due date for the first Monthly Service Fee, then the Entrance Fee will be refunded, if at all, according to whether the resident has paid an “Option One,” “Option Two,” or “Option Three” Entrance Fee.

An “Option One” refund entitles the resident to a 80% Entrance Fee refund if the Residency Agreement is terminated after the first day of occupancy up to the end of the first year. If the Residency Agreement is terminated on the first day of the second year and up to the end of the second year the resident is entitled to a 65% Entrance Fee refund. On the first day of year three and up to the end of year three, the resident is entitled to a 50% Entrance Fee refund. The Entrance Fee refund amount then declines 10% each year.
thereafter. No refund will be due if the Residency Agreement is terminated after seven years.

An “Option Two” refund entitles the resident to a 80% Entrance Fee refund if the Residency Agreement is terminated after the first day of occupancy up to the end of the first year. If the Residency Agreement is terminated on the first day of the second year and up to the end of the second year the resident is entitled to a 65% Entrance Fee refund. On the first day of year three and thereafter the resident is entitled to a 50% refund if the Residency Agreement is terminated.

An “Option Three” refund entitles the resident to an Entrance Fee refund of 100% whenever the Residency Agreement is terminated.

Payments due under Options One, Two or Three shall be paid within six months following vacation of the residence by the resident to whom payment is due under the Residency Agreement or 60 days following the date on which the residence is leased to a new resident, whichever date is earlier.

In the case of joint residents, upon termination of the Residency Agreement with respect to one resident, all rights and obligations shall vest in and be assumed by the remaining resident(s), except that any refund shall not be due until the termination of the Residency Agreement with respect to all residents, at which time any refund will be paid to the surviving residents in equal interests, or all to the sole surviving resident.

Any refund due a resident who dies prior to the time of payment will be paid to his or her estate, or pursuant to an effective “Pay on Death” designation on file with the Village. Any refund due a resident who marries another resident after admission (where both residents choose to continue their residency status) will be determined and paid when the residency agreements of both residents are terminated.

With respect to any resident who transfers to Bridgewater Home, Bridgewater Retirement Community reserves the right to use any refund due under the Residency Agreement for the account of the Bridgewater Home Resident.

Payments in excess of $1,000 made prior to the date on which a resident is permitted to occupy his or her residence, whether a reservation deposit, the Residency Agreement Deposit, an advance payment of the Entrance Fee, or otherwise, are deposited in a bank escrow account that is separate and apart from the business accounts of Bridgewater Retirement Community. Escrowed funds remain the property of the resident until released to Bridgewater Retirement Community as permitted by law. Escrowed funds are not subject to any liens, judgments, garnishments or creditor’s claims against the Bridgewater Retirement Community. A copy of Bridgewater Retirement Community’s Escrow Agreement with SunTrust Banks, Inc. is attached as “Attachment F.”
The following table sets forth the frequency and average dollar amount of each increase in the Monthly Service Fee for Village residents:

### History of Monthly Fee Increases

<table>
<thead>
<tr>
<th>Year</th>
<th>Monthly Service Fee Increase for all Units</th>
<th>Monthly Enhanced Services Fee Increase for Maple Terrace</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>2019</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>2018</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>2017</td>
<td>$25</td>
<td>$20</td>
</tr>
<tr>
<td>2016</td>
<td>$25</td>
<td>$20</td>
</tr>
<tr>
<td>2015</td>
<td>$25</td>
<td>$20</td>
</tr>
</tbody>
</table>

**Reserve Funding**

In accordance with accounting principles generally accepted in the United States, Bridgewater HealthCare, the Village, Home and Foundation maintain their accounting records on the accrual basis of accounting. Within this method, Entrance Fees are recorded as deferred revenue when received and are amortized into revenue on an actuarial basis. (See Note 1 on the September 30, 2020 Financial Statements.)

The Village has established an account with SunTrust Bank, Inc. for payments the Village receives for Streets and Future Improvements Fees and prepaid Monthly Service Fees. The funds from this account are used to support the services to which those fees relate. As of September 30, 2020, the account balance was approximately $2,930,471. SunTrust has designated Robert S. Norfleet, III as the investment manager for the funds in this account.

The Village does not hold Entrance Fees in reserve. Entrance Fee refunds are paid from the general operating funds of the Village, usually from the Entrance Fee paid by the new resident of the vacated residence for which an Entrance Fee refund is due.

The Foundation has also established an Endowment Fund, which receives contributions that are solicited under various fundraising programs. The investment income earned by the Endowment Fund are used to assist individual residents of the Bridgewater Retirement Community who may have financial difficulty, as well as general obligations of Bridgewater Retirement Community’s nursing operations due to losses incurred in residency contracts to which the Virginia Medicaid program applies. A portion of the Endowment Fund, known as the “Good Neighbor Fund,” is available to Village residents who qualify for financial assistance.
The Investment Committee of the Boards of Directors of Bridgewater HealthCare and the Foundation has designated CAPTRUST as manager of these funds. The performance of the manager is reviewed semi-annually by the Investment Committee which has authority to approve or disapprove the investment portfolio decisions of the manager. The current value of Bridgewater Retirement Community’s Endowment Fund is approximately $16.41 million, of which 3.0% is the “Good Neighbor Fund.”

CAPTRUST has designated Mr. Terence H. Crowgey, an employee of CAPTRUST, as the investment manager for the funds in Bridgewater Retirement Community’s Endowment Fund. Mr. Crowgey is a Chartered Financial Analyst charterholder through the Association for Investment Management and Research and has over 49 years of experience in portfolio investment management.

Certified Financial Statements

See Attachment G. The financial statements for Bridgewater Retirement Community are presented at a consolidated level. Financial position and results of activities specific to Bridgewater Village, Inc. are included as supplementary information in the Attachment.

Pro Forma Income Statement

See Attachment H. There were no material differences between last year’s pro forma income statement and last year’s actual results of operations.

Admission of New Residents

To be admitted as a Resident of the Village, persons who apply for admission must

- be physically and mentally capable of independent living;
- possess the financial resources necessary to fulfill the payment obligations anticipated by the Residency Agreement;
- be free of communicable diseases; and
- be at least 55 years of age at the time of admission.

Applicants who do not meet the minimum age requirements may nevertheless be considered for admission on a case-by-case basis by the Village Administration. Determination of an applicant’s eligibility for admission will be made in the sole discretion of the Village. Qualified applicants are admitted to the Village without regard to race, color, religion, gender, national origin, Disability, or familial status.

Access to Facility by Nonresidents

Bridgewater Retirement Community is the home of its residents. However, guests are welcome at any time so long as they abide by the rules and regulations published by the Village. Guests of Village residents are permitted to stay in such residents’ units for up to seven consecutive days. Thereafter, permission must be granted by the Village. Any guest may purchase meals at
prevailing rates, or the resident with whom such guest is visiting may request that such charge be billed to the resident as part of the resident’s monthly statement.

Outside groups or individuals are permitted to rent designated areas of the Bridgewater Retirement Community facilities for special events provided the function (i) is sponsored by a resident, (ii) involves professional associations or educational institutions affiliated with residential or facility programs, or (iii) serves the interest of the local community.

Bridgewater Retirement Community reserves the right to restrict nonresident access when at its sole discretion it deems such restriction to be in the best interests of Bridgewater Retirement Community and/or its residents, as in the case of a pandemic or other health emergency, or when mandated by state guidelines or regulatory requirements.

**Anticipated Source and Application of Purchase or Construction Funds**

Not applicable.

**Procedure for Resident to File a Complaint or Disclose Concern**

Residents of the Village may file a complaint or disclose any concern, in writing, at any time, to the Village administration. The Village administration will use its best efforts to respond, in writing, to such complaint within 15 days. If the resident is unsatisfied with the response of the Village administration, the resident may appeal the matter to the President of Bridgewater HealthCare. The President, likewise, will use his best efforts to respond, in writing, to such appeal within 15 days. If the resident is unsatisfied with the response of the President, the resident may appeal the matter to the Executive Committee of the Board of Directors of Bridgewater

**Attachments**

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Organizational Chart</td>
</tr>
<tr>
<td>B</td>
<td>Campus Map</td>
</tr>
<tr>
<td>C</td>
<td>Village Residency Agreement</td>
</tr>
<tr>
<td>D</td>
<td>Schedule of Entrance Fee and Monthly Service Fee for Village Units</td>
</tr>
<tr>
<td>E</td>
<td>Escrow Agreement</td>
</tr>
<tr>
<td>F</td>
<td>Consolidated Financial Statements</td>
</tr>
<tr>
<td>G</td>
<td>Pro-Forma Income Statement</td>
</tr>
<tr>
<td>H</td>
<td>Summary Financial Statement – Village Only</td>
</tr>
</tbody>
</table>
Bridgewater Healthcare, Inc. also holds a 33.33% membership interest in First Choice Home Health Services, LLC.
Bridgewater Healthcare Foundation, Inc. also holds a 100% membership interest in BHFI, LLC which holds title to real estate gifts to the Foundation.
BRIDGEWATER VILLAGE, INC.

RESIDENCY AGREEMENT

2021
# TABLE OF CONTENTS

1. Definitions ......................................................... 1  
   (a) Admission .................................................. 1  
   (b) Application Fee ........................................... 1  
   (c) Assisted Living .......................................... 1  
   (d) Bridgewater Retirement Community ................. 1  
   (e) Entrance Fee ............................................. 1  
   (f) Nursing Household ....................................... 1  
   (g) Monthly Service Fee .................................... 1  
   (h) Occupancy Date ........................................... 2  
   (i) Advanced Wait List Fee ................................ 2  
   (j) Residence .................................................. 2  
   (k) Resident .................................................... 2  
   (l) Transfer Fee ............................................... 2  
   (m) Vacate or Vacation ....................................... 2  
   (n) Village Administration .................................. 2  
   (o) Village Rules and Regulations ....................... 2  
   (p) Broom Swept .............................................. 2  

2. Admission .......................................................... 2  
   (a) Qualifications ............................................. 3  
   (b) Joint Application ......................................... 3  
   (c) Marriage to Nonresident Spouse Subsequent to Admission 3  
   (d) Marriage to Resident Spouse Subsequent to Admission 4  

3. Fees Payable Upon Admission ................................ 5  
   (a) Entrance Fee .............................................. 5  
   (b) Monthly Service Fee .................................... 5  
   (c) Escrow ...................................................... 6  

4. Right of Rescission .............................................. 6  

5. Facilities .......................................................... 6  
   (a) Residence .................................................. 6  
   (b) Furnishings ................................................. 6  
   (c) Modifications to Residence ............................ 7  
   (d) Relocation Within Village .............................. 7  
   (e) Common Facilities ....................................... 9  
   (f) Additional Storage ....................................... 9  
   (g) Right of Entry ............................................ 9  

6. Services ........................................................... 9  
   (a) Dining Services .......................................... 9  
   (b) Housekeeping ............................................. 9  

.................................................................
(c) Laundry .................................................................9
(d) Emergency Call System and Security ................................10
(e) Maintenance and Repair ............................................10
(f) Transportation ........................................................10
(g) Buildings and Grounds .............................................10
(h) Utilities .....................................................................10
(i) Trash and Garbage ..................................................11
(j) Programs ..................................................................11
(k) Taxes .........................................................................11
(l) Parking .......................................................................11
(m) Physician Services ....................................................11
(n) Priority Placement in Assisted Living and Nursing Households...11

7. Monthly Service Fee ......................................................12
   (a) Billing ........................................................................12
   (b) Adjustments to Published Monthly Service Fee ...............12
   (c) Individual Adjustments to Monthly Service Fee ...............12
   (d) Transfers from Village ..............................................13
   (e) Payment of Monthly Service Fee Following Termination ....13
   (f) Inability to Pay Monthly Service Fee ...........................13

8. Resident Covenants ......................................................14
   (a) Payment and Performance .........................................15
   (b) Safe and Health Residency ........................................15
   (c) Insurance ................................................................15
   (d) Benefits ...................................................................15
   (e) Subordination ........................................................15
   (f) Power of Attorney; Guardianship ...............................16
   (g) Indemnification .......................................................16
   (h) Changes in Resident’s Circumstances .........................16
   (i) Outside Contractors (including Caregivers) ................17

9. Termination ................................................................17
   (a) Termination by Resident ...........................................17
   (b) Termination by Village ..............................................17
   (c) Automatic Termination ............................................18
   (d) Vacation of Residence Following Termination ...............18
   (e) Effect of Termination in Case of Joint Residents ..........19
10. Entrance Fee Options ................................................................. 19
    Option One: 7-Year Declining Refund ....................................... 19
    Option Two: No-Less-than 50% Refund ..................................... 20
    Option Three: 100% Refund ................................................... 20

11. Refund of Entrance Fee .............................................................. 20
    (a) Rescission and Non-occupancy ......................................... 20
    (b) Termination After Payment Due Date of First Monthly Service Fee ...................................................... 20
    (c) Refund Payment Due Date .................................................. 21
    (d) Refund in the Event the Event of Joint Residents .................... 21
    (e) Refund in the Event of Certain Transfers .............................. 21

12. Miscellaneous .................................................................................. 22
    (a) Residents’ Association ......................................................... 22
    (b) Notices ................................................................................. 22
    (c) Non-Waiver ........................................................................... 22
    (d) Severability ........................................................................... 22
    (e) Dispute Resolution .................................................................. 22
    (f) Governing Law ......................................................................... 23
    (g) Counterparts ........................................................................... 23
    (h) Successors and Assigns; Binding Effect .................................. 23
    (i) Amendments ............................................................................ 24
    (j) Interpretation ........................................................................... 24
    (k) Survival .................................................................................. 24

Signature Page ...................................................................................... 25
This RESIDENCY AGREEMENT ("Agreement") is made this ___ day of ______________, 20 ___, by and between BRIDGEWATER VILLAGE, INC., (the “Village”) and ____________________________,

who, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Definitions.**

   (a) "Admission" of Resident is deemed to have occurred upon the full execution of this Agreement.

   (b) "Application Fee" means the nonrefundable $150 fee for one person and $200 fee for two persons, paid at the time of application, as set forth in Section 2(a) of this Agreement.

   (c) "Assisted Living" means the designated sections of the Bridgewater Home, Inc. in which residents are provided with room, meals and assistance in daily living.

   (d) "Bridgewater Retirement Community” means Bridgewater HealthCare, Inc., a nonprofit corporation, and the member corporations which it operates; namely, the Village (devoted primarily to providing residence to persons capable of independent living) and Bridgewater Home, Inc. (devoted primarily to providing residence to those who need assistance in living or health care services), and the facilities and campuses which comprise them.

   (e) "Entrance Fee" means the one-time fee paid as set forth in Section 3(a) of this Agreement.

   (f) "Nursing Household" means the licensed nursing facility of Bridgewater Home, Inc. in which residents are provided with room, meals and twenty-four-hour nursing care.

   (g) "Monthly Service Fee" means the fee paid monthly as set forth in Section 3(b) of this Agreement.
(h) “Occupancy Date” means the date on which Residence is available for occupancy by Resident, advance written notice of which shall be given to Resident by Village as early as reasonably possible.

(i) “Advance Wait List Fee” means the refundable $1,000 payment a prospective resident may make to be placed on the Village’s priority wait list for a residence. As provided in Section 3(a) such fee is applied to the Entrance Fee upon Admission.

(j) "Residence" means the following residential living unit:
____________________________________________________________, or any other residential living unit within the Village to which Resident may later transfer.

(k) “Resident” means each individual who executes this Agreement, even if more than one. In the event this Agreement is entered into by more than one Resident, the obligations hereunder shall be joint and several.

(l) “Transfer Fee” means the fee paid as set forth in Section 5(d)(i) of this Agreement.

(m) "Vacate" or “Vacation” means to cease occupying the Residence and remove all personal possessions therefrom.

(n) "Village Administration" means the Vice President of Independent Living or his/her designee who is designated by the Bridgewater Retirement Community’s President to administer the Village.

(o) “Village Rules and Regulations” means the published rules and regulations relating to the Village and resident responsibilities, as amended by Bridgewater Retirement Community from time to time. Resident’s signature of this agreement evidences Resident’s receipt of a current copy of the Village Rules and Regulations.

(p) “Broom Swept” means all items removed from residence, (except items boxed and labeled for donations to charitable organizations including Bridgewater Home Auxiliary for its ReRun Shoppe or to the Village Residents Association for the Village Barn, provided that organization has agreed to accept the items). No belongings or trash left in closets, cabinets or refrigerator. Floors swept and carpets vacuumed. Should unlabeled belongings remain in the residence, or should the designated organization not accept the donation in a timely manner, upon Vacation they become the sole property of Bridgewater Village to dispose of as it deems appropriate.

2. Admission.
(a) **Qualifications.** Persons who apply for admission to the Village must (i) be physically and mentally capable of living independently, (ii) possess the financial resources necessary to fulfill the payment obligations anticipated by this Agreement, (iii) be free of communicable diseases, (iv) be at least 55 years of age at the time of admission, and (v) pay an application fee (“Application Fee”) of $150 for one person or $200 for two persons at the time of application, which Application Fee is nonrefundable regardless of whether admission is granted. Applicants who do not meet the minimum age requirements may nevertheless be considered for admission on a case-by-case basis by the Village Administration. Determination of an applicant’s eligibility for admission will be made in the sole discretion of Village Administration. Qualified applicants are admitted to the Village without regard to race, color, religion, gender or national origin. The requirements of subsection (i), (ii) and (iii) are ongoing requirements for residency under this Agreement. The consequences of becoming physically or mentally incapable of living independently, or of contracting a communicable disease, are described in Sections 5(d)(ii) and 9(b)(i). The consequences of becoming financially unable to fulfill the payment obligations under this Agreement are described in Section 7(f) and 9(b)(ii).

(b) **Joint Application.** Persons who are legally married at the time of application are automatically eligible for joint occupancy admission provided they both meet the admissions criteria of Section 2(a)(i) through (iii), at least one of them is at least 55 years of age at the time of admission, and the Application Fee is paid. Persons who are not legally married at time of application for joint occupancy must separately meet admissions criteria of Section 2(ii) regarding financial resources; or, if only one applicant meets admission criteria of section 2(ii), that applicant agrees, by signing an attached Addendum to this Agreement, to be responsible for the second applicant’s financial obligations to Bridgewater HealthCare, Inc. while living in the Village as well as for 30 months after either or both transfer to Assisted Living or Nursing Households within Bridgewater Retirement Community.

(c) **Marriage to Nonresident Spouse Subsequent to Admission.** If a Resident marries a nonresident after Resident’s Admission, provided the nonresident spouse meets the admissions criteria of Section 2(a)(i) through (iii), the nonresident spouse may be granted Residency through an Addendum of this Agreement. In the absence of such an
Addendum, the nonresident spouse will be permitted to reside in the Residence with the Resident until 30 days following termination of this Agreement, such 30-day period being the nonresident spouse’s deadline for Vacation of the Residence. Notwithstanding the foregoing, if the nonresident spouse wishes to continue to reside in the Residence following termination of this Agreement, and the nonresident spouse is eligible for admission, the nonresident spouse may apply for admission to the Village, which application will have priority over non-residents. Such application must be received by the Village within the 30-day period following termination of this Agreement. If admission is granted, the nonresident spouse will enter into a new Residency Agreement and pay all fees associated therewith. If admission is denied, the nonresident spouse must vacate the Residence within 30 days of his or her denial of admission. During the time that a nonresident spouse resides in the Residence, the Monthly Service Fee and the additional person fee will be subject to increase. The nonresident spouse’s permission to occupy the Residence is revocable by the Village for the same reasons, and according to the same procedures by which, the Village may terminate this Agreement under Section 9(b) with respect to Resident (i.e., the nonresident becomes a danger to himself or herself, applicable fees are not paid, etc.). Further, if the nonresident spouse does not meet the admissions criteria of Section 2(a)(i) through (iii), the nonresident spouse will not be permitted to reside in the Residence with Resident. The Resident’s remedy in the event the nonresident spouse’s permission to occupy the Residence is revoked, or the nonresident spouse does not meet the admissions criteria, is limited to the Resident’s right to terminate this Agreement as described under Section 9(a).

(d) Marriage to Resident Spouse Subsequent to Admission. If Resident marries another resident of the Village subsequent to Resident’s Admission, the resident who is relinquishing his or her residence may (i) maintain his or her Resident status by signing an addendum to his or her Residency Agreement which reflects the transfer to the residence of his or her spouse and the waiver of the Monthly Service Fee, effective upon Vacation, with respect to the relinquished residence or (ii) terminate his or her Residency Agreement and thus lose his or her Resident status. Under option (i), the Resident and his or her spouse each maintain his or her respective Residency Agreement, entitling each of them, for example, to priority admission to the Assisted
Living or Health Care Unit facilities of Bridgewater Home, Inc. and, upon termination of both Residency Agreements (the Resident’s and his or her spouse’s), to any applicable Entrance Fee refund. Under option (ii), the Residency Agreement of the relinquishing spouse terminates, entitling the relinquishing spouse to the Entrance Fee refund to which he or she is entitled under Section 10, but also terminating his or her priority admission to the Assisted Living or Health Care Unit facilities of Bridgewater Home, Inc. Under option (ii), the relinquishing spouse becomes a nonresident spouse to which Section 2(c) applies. In either event, the Monthly Service Fee and the additional person fee will be subject to increase for so long as two persons reside in such residence.

3. **Fees Payable Upon Admission.** Upon Admission, the Resident shall be deemed admitted to the Village and the following fees shall be paid when due:

   (a) **Entrance Fee.** A one-time Entrance Fee of $__________ will be due to the Village, with payment of 10% due upon Admission and the balance of the Entrance Fee due upon the later of 60 days following Admission, or the Occupancy Date; provided, however, for any Residence that is under construction at the time of Admission, payment of 10% of the Entrance Fee balance will be due upon Admission and the balance of the Entrance Fee will be due in three equal payments: (i) one-third thereof within five (5) days of the Village’s notice to the Resident that the Residence is under roof, (ii) one-third thereof within five (5) days of the Village’s notice to the Resident that the Residence’s drywall is installed, and (iii) one-third thereof upon the Occupancy Date. In the case of extenuating circumstances, Village may make alternate arrangements with respect to the payment of the Entrance Fee, which arrangements will be evidenced by an addendum to be attached to this Agreement. If the Resident has paid the Advance Wait List fee or a Residency Agreement Deposit, such fee(s) will be deducted from the Entrance Fee upon Admission.

   (b) **Monthly Service Fee.** From and after the Occupancy Date and until Vacation by the Resident (or, if applicable, by the nonresident spouse as provided in Section 2(c)), a Monthly Service Fee will be paid to the Village with respect to the Residence. The obligation to pay the Monthly Service Fee will begin on the first day of the month following the Occupancy Date. The initial Monthly Service Fee for the Residence shall
be $______, and an additional person fee of $_________. The Monthly Service Fee is subject to adjustment as provided in Section 7 of this Agreement.

(c) Escrow. Payments in excess of $1,000 made prior to the Occupancy Date will be deposited in a bank escrow account, which account is separate and apart from the business accounts of Bridgewater Retirement Community. Escrowed funds remain the property of Resident until the earlier of (i) the Occupancy Date or (ii) any applicable forfeiture of fees as provided in Section 10 of this Agreement, at which time such funds become the property of the Village; provided, however, that all funds or assets deposited in escrow shall be released to the Resident if and as required by Va. Code § 38.2-4904.1(D), as amended. Escrowed funds are not subject to any liens, judgments, garnishments or creditor’s claims against the Bridgewater Retirement Community.

4. Right of Rescission. Resident has the right to cancel this Agreement by sending or delivering written notice of cancellation to Village by midnight of the seventh (7th) calendar day following the day on which it is fully executed. Such cancellation is without penalty and all payments made by Resident shall be promptly refunded, without interest, except for the Application Fee and any expenses actually incurred by Village at Resident’s specific request for custom improvements to Residence. Resident is not required to occupy Residence during the seven-day rescission period. If Resident does occupy Residence, such occupancy shall not be construed as a waiver of Resident’s right to rescind the Agreement during the seven-day rescission period. In the event more than one Resident has entered into this Agreement, the rescission by one Resident shall be deemed a rescission by all Residents.

5. Facilities.

(a) Residence. Resident has a personal and non-assignable right to live in Residence until Vacation of the Residence as provided in this Agreement, but Resident’s rights hereunder do not include any right, title or interest in any part of the personal or real property of Village. Resident may not allow anyone else to use the Residence except as permitted by the Village Rules and Regulations or with the prior written consent of the Village Administration.

(b) Furnishings. All Village residences contain individually controlled heat and air conditioning, a kitchen equipped with range, refrigerator, microwave oven, dishwasher, ice maker, garbage disposal, a hood and fan, smoke detectors, and phone and cable
outlets. All apartment residences are equipped with a sprinkler system. A washer &
dryer are provided in The Grove and Hearthstone Manor. A 24-hour emergency call
system is included in Maple Terrace and The Grove apartments. All other furnishings,
including other electrical and mechanical appliances, are to be provided by Resident,
provided such furnishings do not interfere with the health, safety and general welfare of
Resident or other residents of Village and otherwise comply with the Village Rules and
Regulations. Furnishings provided by Resident shall remain Resident’s personal
property. Bridgewater Retirement Community shall not be responsible for damage or
loss of any of Resident’s personal property by reason of casualty, theft or otherwise.

(c) **Modifications to Residence.** The following procedures shall apply with respect to any
alteration, renovation or additions to Residence, including change of the furnished
equipment enumerated in Section 5(b) above, requested by Resident (referred to herein
as an “alteration”):

i. Resident must obtain the advance written approval of the Village Administration
prior to any alteration; which approval shall be in the Village Administration’s
sole discretion. Any alteration shall be performed by Village or its agents.

ii. The Village Administration will bill the Resident the Village’s cost for such
alteration. If, as of the date of payment of such bill, Resident would be entitled to
an Entrance Fee refund should this Agreement be terminated as of such date, and if
Village Administration, in its sole discretion, determines that the alteration
constitutes a material enhancement to the Residence, the Entrance Fee which the
Resident has paid pursuant to Section 3(a) will be increased by the amount of the
alteration payment. Such adjustment shall be evidenced by an addendum to be
attached to this Agreement.

iii. Unless otherwise agreed by the Village Administration at the time of approval of
the alteration, which agreement will be evidenced by an addendum to be attached
to this Agreement, the Village’s cost to restore Residence to its original condition
upon Resident’s Vacation of Residence will be billed to the Resident.

(d) **Relocation within Village.**

i. Resident may request to change residence within the Village at any time. Village
may, in its sole discretion, grant such request if, among other factors Village may
reasonably consider, another residence is then available, and Resident agrees to pay the difference, if any, between the then current Entrance Fee for the requested residence and the original entrance fee for the existing Residence, any Resident-requested upgrades or improvements to the requested residence, and a nonrefundable transfer fee of $10,000.00 (“Transfer Fee”). The Village has no responsibility to assist with moving the Resident’s personal property in connection with any Resident-requested change in residence.

ii. Village may relocate Resident to another residence if it determines, in its sole discretion, that such relocation should be made (such determination, both as to the necessity of relocation and whether such relocation is “permanent” or “temporary,” to be made by Village Administration, in consultation with such persons as Village Administration deems appropriate, such as Resident’s physician, Resident’s personal representative, and Resident’s family) because the Resident presents a direct threat to the health and safety of himself or herself or others or Resident’s tenancy in the Residence will result in substantial property damage and no reasonable accommodation (which, if made, would be paid for by Resident) will mitigate this direct threat; for financial reasons as described in Section 7(f); or for the general welfare of the Village and its residents. In the event of such relocation, Resident shall cooperate with the relocation and pay the difference, if any, between the then current Entrance Fee for the new residence and the original contract for the existing residence. In addition, the Village reserves the right to relocate resident due to Master Planning needs. In the event of such relocation, resident shall cooperate with relocation and the Village would provide a comparable residence and assist with relocation.

iii. Upon Resident’s relocation under Sections 5(d)(i) or 5(d)(ii), the Monthly Service Fee will be adjusted as provided in Section 7. Any change to the Entrance Fee or Monthly Service Fee shall be evidenced by an addendum to be attached to this Agreement. No Entrance Fee refund or adjustment will be due or required as a result of Resident’s move to a residence with a lower Entrance Fee. In lieu of addendum, Resident may be asked to sign new Residency Agreement.
(e) **Common Facilities.** Resident is entitled to share with all other residents the use of the grounds and designated common facilities of Bridgewater Retirement Community (i.e., dining venues, café, arts and crafts rooms, library, the Oasis, chapel, multi-purpose room, fitness center, woodworking shop, lounges) and to reserve designated areas for special occasions in accordance with the Village Rules and Regulations.

(f) **Additional Storage.** Maple Terrace, The Grove and Hearthstone Manor residents have additional secured storage space available in the public area.

(g) **Right of Entry.** Village has the right to enter Residence (i) at all reasonable times for inspection and to perform housekeeping and maintenance services, as applicable, and (ii) at any time to respond to emergency situations.

6. **Services.** The services provided by Village as described in this Section 6 may be changed by Village upon 30 days’ advance written notice to Resident; provided, however, advance notice is not required in the event of changes required by state or federal assistance programs or law, for nonmaterial changes, or for changes to published fees.

(a) **Dining Services.** The Village offers dining services at designated hours in the Houff Community Center. All residents must pay a monthly meals allowance, as published from time to time. The meals allowance can be used to buy food items at published rate at the time of service in the Houff Community Center and participating local restaurants.

(b) **Housekeeping.** Resident is responsible to maintain Residence in a clean, sanitary and orderly manner. Housekeeping services are available on a fee-for-service basis, at published rates, except basic housekeeping services are provided to residents of Maple Terrace and The Grove as part of their Prime Amenities Monthly Service Fee. Village will be responsible for all housekeeping in the common facilities.

(c) **Laundry.** The laundry of Resident’s personal items is the responsibility of Resident. For this purpose, in addition to the washer and dryer provided in some residences, Village will furnish and maintain common laundry areas for use by Village residents, with all costs to maintain and operate the machines to be borne by Village. Flat linen service is available on a fee-for-service basis, at published rates, except that periodic laundering of resident-owned, flat linens is provided to residents of Maple Terrace and The Grove as part of their Primed Amenities Monthly Service Fee.
(d) **Emergency Call System and Security.** Village residents must dial “911” on their telephones to access local emergency response. Residents of Maple Terrace and The Grove may access such response through an emergency call system installed in each Maple Terrace and The Grove residence.

(e) **Maintenance and Repair.** Village will be responsible for all repair, maintenance and replacement of Village-owned property and equipment which it determines, in its sole discretion, is necessary or appropriate; provided, however that Village reserves the right to charge Resident for any such repair, maintenance or replacement required as a result of the negligence or intentional acts of Resident or his or her guests. Upon request, Village may endeavor, within the limits of its personnel and facilities, to perform maintenance services on Resident-owned property and equipment at an additional charge to Resident at published rates and fees. Except in an emergency, maintenance and repair services will be performed during regular, published working hours.

(f) **Transportation.** Transportation to local (Bridgewater and Harrisonburg) medical appointments can be scheduled in advance with Resident Services/Transportation at no charge. Any individual whose weight exceeds 230 pounds must pay for all such transportation services. Transportation for non-local medical appointments can be provided by the Village Team, at published rates and fees, upon request. Unless it is an unexpected emergency medical appointment, Resident Services/Transportation requires two (2) days’ notice for local medical appointments and five (5) days’ notice for non-local medical appointments. Village may use volunteers to provide such transportation service. Trips to local grocery stores, shopping centers, and malls are regularly scheduled by the Village as group activities. Other trips may be available to Village residents at commercially reasonable costs.

(g) **Buildings and Grounds.** Village will maintain all community buildings, common areas and grounds, including lawns, walkways and driveways. Landscaping and decorative plantings will be provided and maintained by Village, as it deems appropriate. Resident requests for special plantings must be made according to the Village Rules and Regulations.

(h) **Utilities.** Bridgewater Village’s Community residents are responsible for paying the cost of all their utilities, including water, sewer, trash collection, electricity, telephone, and
cable services, with the following exceptions: (i) For all Village Residents under this agreement, Internet service via WiFi is provided at no additional charge; (ii) For Residents of Hearthstone Manor, water, sewer, and trash collection are included in the Monthly Fee; (iii) For Residents of Maple Terrace and The Grove, water, sewer, trash collection, and electricity are included in the Prime Amenities Monthly Fee. As applicable, utilities will be billed directly to Residents by the service provider. Note that neither the Village nor its vendors are responsible for the content of any media or materials, such as television programming or websites, that are transmitted through provided utilities including Internet service or cable.

(i) **Trash and Garbage.** All applicable ordinances of the Town of Bridgewater pertaining to the collection and disposal of garbage (which ordinances are set forth in the Village Rules and Regulations) apply to Resident. Bridgewater Village Residents are responsible to place garbage and trash containers at designated areas for collection by the Town.

(j) **Programs.** Social, educational, cultural, recreational, religious and wellness programs are provided for those Village residents who wish to participate. Tours and programs are available at commercially reasonable costs for those residents who wish to participate. Residents are encouraged to participate in the programming of activities. Volunteer opportunities are also available at Bridgewater Retirement Community and in the community at large.

(k) **Taxes.** Village shall pay all real estate taxes assessed against the Residence. Resident shall pay all personal property taxes assessed against Resident’s personal property.

(l) **Parking.** Resident parking shall be available.

(m) **Physician Services.** Resident may use his or her own physician or a physician affiliated with Bridgewater Retirement Community on a fee-for-service basis.

(n) **Priority Placement in Assisted Living and Nursing Households.** This Agreement does not entitle Resident to assisted living or health care services, but, in the event Resident applies for admission, and is eligible for admission, to Assisted Living or Nursing Households at Bridgewater Retirement Community, Resident’s application will have priority over non-residents. If Resident transfers temporarily or permanently to Assisted Living or the Nursing Households at Bridgewater Retirement Community, Resident will
be charged on the basis of Bridgewater’s prevailing rates as are then in effect during Resident’s stay in such location. The prevailing rates include room and board, but do not include physician’s fees, therapeutic services, drugs and medical supplies, or transportation. The effect of a temporary transfer on this Agreement and the fees due hereunder is described in Section 7. The effect of a permanent transfer on this Agreement and the fees due hereunder is described in Section 11(e).

7. **Monthly Service Fee.**

(a) **Billing.** Village will present Resident with a detailed monthly statement that reflects the Monthly Service Fee due, in advance, for the month; any credits; any charges for additional services rendered during the preceding month; any other amounts due to the Village; and, payments received. Such monthly statement shall be paid by the fifth day following Resident’s receipt thereof. For residences completely renovated and ready for move in on the date of contract signing, the first Monthly Service Fee will be due on the first day of the month following occupancy.

(b) **Adjustments to Published Monthly Service Fee.** A current schedule of the Monthly Service Fees pertaining to all residences in the Village and the single/joint occupancy thereof is published in the Annual Disclosure Statement. This schedule of Monthly Service Fees is subject to change upon 30 days’ advance written notice to Resident; provided, however, notice is not required in the event of changes required by state or federal assistance programs. Changes to the Monthly Service Fee are based upon a number of factors, including without limitation, changes in the Consumer Price Index, changes in the financial condition of Bridgewater Retirement Community, and government regulations affecting Bridgewater Retirement Community. Adjustments to the Monthly Service Fee are normally made on an annual basis.

(c) **Individual Adjustments to Monthly Service Fee.** The Monthly Service Fee is subject to individual adjustment for the following changes in circumstance: (i) the transfer of Resident to another residence within the Village to which a different Monthly Service Fee applies, or (ii) a change in the occupancy of such Residence from single occupancy to joint occupancy, or vice versa. Unless otherwise provided in this Agreement, such adjustments to the Monthly Service Fee will be made in the month following such
change in circumstance, in accordance with the then current Monthly Service Fee schedule.

(d) **Transfers from Village.** In the event Resident temporarily transfers to a hospital, health care facility within Bridgewater Retirement Community, or elsewhere, Resident shall nevertheless remain responsible to pay the Monthly Service Fee, with no adjustments or prorations on account of such temporary transfer; provided, however, daily meal credits will be effective immediately upon a transfer to assisted living or nursing care within Bridgewater Retirement Community, whether the transfer is temporary or permanent.

(e) **Payment of Monthly Service Fee Following Termination.** Resident shall remain responsible for the payment of the Monthly Service Fee after termination of this Agreement until Resident’s Vacation of Residence. The last Monthly Service Fee will be charged for the last month of occupancy regardless of date of moveout. Residence must be left in broom swept condition upon move out. Labeled boxes for Bridgewater Home Auxiliary ReRun, BRC Village Residents Association Village Barn, or other charity are permitted as long as the organization has agreed to accept and pick up the donation in a timely manner. Should unlabeled belongings remain in the residence, or should the designated organization not arrange for pick-up of the donation in a timely manner, upon Vacation they become the sole property of Bridgewater Village to dispose of as it deems appropriate. Bridgewater Village reserves the right to charge customary cleaning rates if residence is not left in broom swept condition.

(f) **Inability to Pay Monthly Service Fee.** In the event Resident is unable to pay the Monthly Service Fee for financial reasons which Resident asserts are beyond his or her control, Resident shall notify Village Administration within five days of his or her receipt of the monthly statement described in Section 7 above, and the following procedures will be observed. In the event the monthly statement has not been paid within five days of its receipt by Resident, Village Administration may undertake the following procedures on its own initiative.

(i) Village Administration shall promptly review with Resident all facts and circumstances that Village Administration deems necessary or appropriate to assess Resident’s ability to pay, including without limitation copies of such tax and financial records pertaining to Resident as Village may reasonably request;
whether Resident has made recent gifts of cash or property which have impaired Resident’s ability to pay; and Resident’s sources of income, whether through governmental assistance, medical benefits, family support or otherwise. In the event Village Administration determines, in its sole discretion, that Resident’s nonpayment is unjustified, or if Resident does not fully cooperate with such review, Village Administration may declare this Agreement in default, and the termination procedures of Section 9 shall apply.

(ii) In the event Village Administration determines Resident’s nonpayment is justified, Village Administration will attempt to work out, in its sole discretion, a modified payment plan that will allow Resident to remain a resident of the Village. Such plan may require one or more of the following actions, among others: Resident’s transfer to a less expensive residence within the Village; a reduction, up to and including complete elimination, of the Entrance Fee refund to which Resident would otherwise be entitled under Section 10; a temporary or permanent reduction in the Monthly Service Fee; Resident’s execution and delivery of such instruments as necessary to evidence Resident’s indebtedness to Village, together with any instruments which secure such indebtedness; Resident’s written commitment not to make any future gifts of cash or personal property; and Resident’s periodic delivery to Village of tax and financial statements pertaining to Resident. Such modified payment plan will be evidenced by an addendum attached to this Agreement.

(iii) Notwithstanding the foregoing, Resident acknowledges that Section 7(f)(ii) above is qualified in all respects by the necessity of protecting the sound financial condition of Village and of Bridgewater Retirement Community and does not impair Village’s right to terminate this Agreement due to nonpayment of fees or as otherwise permitted herein. While the Village attempts to provide charitable care to needy residents, it is not required to do so, and the Resident will be required to vacate the Residence in the event the Village terminates this Agreement due to nonpayment of fees or as otherwise permitted herein.

8. **Resident Covenants.** Resident shall observe the following covenants:
(a) **Payment and Performance.** Until Vacation of the Residence, and thereafter for so long as any payment or performance obligation with respect to this Agreement remains outstanding, Resident shall pay when due all fees, expenses and charges anticipated by this Agreement and shall observe the requirements of this Agreement, including the Village Rules and Regulations.

(b) **Safe and Healthy Residency.** Resident will reside in the Residence in a safe and healthy way and live without endangering himself or herself or others.

(c) **Insurance.** Until Vacation of the Residence, Resident shall maintain the following insurance, at Resident’s own expense: (i) insurance on any motor vehicle owned by Resident, to the extent required by the Commonwealth of Virginia; (ii) casualty and theft insurance on Resident’s personal property; (iii) comprehensive personal liability insurance; and (iv) health insurance acceptable to Village. Resident shall submit proof of such insurance as Village may from time to time request.

(d) **Benefits.** Until Vacation of the Residence, and thereafter for so long as any payment obligation with respect to this Agreement remains outstanding, Resident agrees at any time and from time to time to take such action and execute such forms as necessary or appropriate to secure the payment to the Village, any hospital, skilled nursing facility, or other provider of services, or to any physician, of any and all amounts payable for goods or services provided Resident and for which benefits, such as health insurance, Medicare, or supplemental insurance, are available, or may become available in the future.

(e) **Subordination.** Resident acknowledges that all rights, privileges and benefits under this Agreement are subordinate to any mortgage, deed of trust or security interest on or in any of the real or personal property of Bridgewater Retirement Community, as the same may be modified or refinanced from time to time, subject to the agreement of the lienholder not to disturb the rights of Resident so long as there exists no default under this Agreement. This clause shall be self-operative and no further instrument of subordination shall be required in order to effectuate it. In the event any proceedings are brought for foreclosure of any mortgage, deed of trust or other encumbrance to which this Agreement is subject and subordinate, Resident shall, upon request of the party succeeding to the interest of Bridgewater Retirement Community as a result of such
proceedings, automatically attorn to and become the resident of such successor in interest without change in the terms of this Agreement. Until Vacation of the Residence, Resident agrees, upon request of Bridgewater Retirement Community, to execute and deliver any document which is required by Bridgewater Retirement Community or its lenders further to evidence or effect such subordination.

(f) **Power of Attorney; Guardianship.** Upon execution hereof, Resident shall supply Village with a true and correct copy of a signed and notarized Power of Attorney naming a third party of Resident’s choosing as attorney-in-fact to conduct Resident’s business and financial transactions. Resident shall maintain a Power of Attorney at all times until Vacation of the Residence, promptly delivering to Village any subsequently executed Powers of Attorney. In the event guardianship proceedings with respect to the Resident are initiated, whether by Village or another party, due to the failure of Resident to maintain a current Power of Attorney, or for any other reason, Resident will be responsible for all costs incurred by Village, including reasonable attorneys’ fees, in connection with such proceeding.

(g) **Indemnification.** Resident shall indemnify and hold harmless the entities comprising Bridgewater Retirement Community, together with their respective agents, employees, officers and directors, from and against any and all liabilities, losses, claims, demands, costs, expenses, fines and remediation costs (including reasonable attorneys' fees and expenses) and judgments of any nature arising, or alleged to arise, from or in connection with the occupancy or use of the Residence or any property of Bridgewater Retirement Community by Resident or any of Resident’s agents or invitees, excepting only such losses caused by the sole negligence of the Indemnified Parties.

(h) **Changes in Resident’s Circumstances.** Until Vacation of the Residence, Resident shall promptly disclose to Village Administration any material change in Resident’s physical, financial or mental condition. Resident further agrees to provide such tax and financial records as Village may reasonably and periodically request in order to verify that Resident continues to possess the financial resources necessary to fulfill the payment obligations anticipated by this Agreement.
(i) **Outside Contractors (including Caregivers).** Any outside contractors hired by a resident must provide a Certificate of Insurance to Vice President of Independent Living prior to providing services.

9. **Termination.**

(a) **Termination by Resident.** Resident has a seven-day right to rescind this Agreement as provided in Section 4. Thereafter, and until expiration of the due date for paying the first Monthly Service Fee as provided in Section 7 above, Resident may terminate this Agreement upon written notice to Village. Following expiration of the due date for paying the first Monthly Service Fee, Resident may terminate this Agreement upon 30 days’ advance written notice to Village.

(b) **Termination by Village.** Village may terminate this Agreement for good cause, as follows:

(i) At any time upon determination by Village Administration, in consultation with such persons as Village Administration deems appropriate, such as Resident’s physician, personal representative or family member, that Resident presents a direct threat to the health and safety of himself or herself or others, Resident’s tenancy in the Residence will result in substantial property damage and no reasonable accommodation (which, if made, would be paid for by Resident) will mitigate this direct threat, or Resident no longer meets the requirements for independent living;

(ii) Thirty days after Village’s written notice to Resident of Resident’s nonpayment of any fee due under this Agreement and of Village’s intent to terminate this Agreement due to nonpayment, provided payment is not received within such 30-day period;

(iii) Thirty days after Village’s written notice to Resident specifying Resident’s repeated conduct that has interfered with other residents’ quiet enjoyment of any facility of Bridgewater Retirement Community, provided such conduct is not corrected within 21 days of such notice or, if corrected, thereafter recurs;

(iv) Thirty days after Village’s written notice to Resident specifying Resident’s persistent refusal to comply with Village Rules and Regulations, provided such
conduct is not corrected within 21 days of such notice or, if corrected, thereafter recurs;

(v) Thirty days after Village’s written notice to Resident specifying a material misrepresentation made intentionally or recklessly by Resident in his or her application for admission to Village, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of Resident to qualify for admission or a material increase in the fees required of Resident under this Agreement; or

(vi) Thirty days after Village’s written notice to Resident specifying any other material breach by Resident of the terms of this Agreement, provided such breach is not corrected within 21 days of such notice or, if corrected, thereafter recurs.

(c) Automatic Termination. This Agreement shall automatically terminate upon the occurrence of any of the following events:

(i) The death of Resident;

(ii) The permanent transfer of Resident to a hospital or health care facility, or within Bridgewater Retirement Community, or elsewhere; or

(iii) The inability of Resident, due to documented illness, injury or incapacity occurring after Admission but before the Occupancy Date, to become a resident of Village.

(d) Vacation of Residence Following Termination. Resident shall have 30 days, or such longer period as Village may permit, to Vacate the Residence following termination of the Agreement; provided, however, that if the Agreement has terminated by reason of Resident’s misconduct, safety concerns, or other reasons which, in the discretion of the Village, warrant immediate vacation, the Village may require the Resident to vacate the Residence concurrently with the termination of the Agreement. In the event Resident does not vacate the Residence within such period or at such time, the Village has the right to sell or dispose of resident’s personal property. Bridgewater Retirement Community will not be liable for the misdelivery of personal property or of the proceeds of any sale thereof pursuant to this Section 9(d) unless due to the gross negligence or willful misconduct of Bridgewater Retirement Community. Residence must be left in broom swept condition upon move out. Labeled boxes for Bridgewater Home Auxiliary ReRun, BRC Village Residents Association Village Barn or other charity are permitted
as long as the organization has agreed to accept and pick up the donation in a timely manner. Should unlabeled belongings remain in the residence, or should the designated organization not arrange for pick-up of the donation in a timely manner, upon Vacation they become the sold property of Bridgewater Village to dispose of as it deems appropriate. Bridgewater Village reserves the right to charge customary cleaning rates if residence is not left in broom swept condition.

(e) **Effect of Termination in Case of Joint Residents.** Except as otherwise provided for rescission in Section 4, in the event this Agreement has been entered into by more than one Resident, then, notwithstanding anything to the contrary contained herein, the termination of this Agreement under Sections 9(a), 9(b) or 9(c) above with respect to one Resident shall not terminate this Agreement with respect to the remaining Resident(s) unless such termination is expressly made applicable to such Resident(s).

Unless otherwise agreed to by the parties, which agreement shall be evidenced by an addendum to be attached to this Agreement, upon termination of this Agreement with respect to one Resident, all rights hereunder shall vest in, and all obligations hereunder (including those of the Resident with respect to whom the Agreement has been terminated) shall be assumed by, the remaining Resident(s); provided, however, that (i) any Entrance Fee refund payable on the termination of this Agreement with respect to the last joint Resident shall be payable as provided in Section 11(e) and, (i) and (ii) in the event Bridgewater Home, Inc. exercises its right to transfer the Entrance Fee refund for the account of the transferring Resident as provided in Section 11(e), any remaining refund shall be paid as provided in Section 11(e).

10. **Entrance Fee Options.**

**Option One: 7-Year Declining Refund.** In calculating this refund, an amount equal to the Entrance Fee specified in Section 3(a), as amended by any addendum hereto, (“Base Amount”) is depreciated at the rate of twenty percent (20%) for the first year of occupancy and fifteen percent (15%) in years two and three of occupancy and ten percent (10%) per year thereafter. This methodology is reflected on the following chart:

<table>
<thead>
<tr>
<th>Day/Month After Occupancy</th>
<th>Percent Depreciation Applied to Base Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1 – 365</td>
<td>20%</td>
</tr>
<tr>
<td>12 months &amp; 1 day - 24 months</td>
<td>15%</td>
</tr>
<tr>
<td>Day/Month After Occupancy</td>
<td>Percent Depreciation Applied to Base Amount</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>Day 1 – 365</td>
<td>20%</td>
</tr>
<tr>
<td>12 months &amp; 1 day - 24 months</td>
<td>15%</td>
</tr>
<tr>
<td>25 months – 36 months</td>
<td>15%</td>
</tr>
</tbody>
</table>

**Option Two: No-Less-Than 50% Refund.** In calculating this refund, an amount equal to the Entrance Fee specified in Section 3(a), as amended by any addendum hereto, (“Base Amount”) is depreciated at the rate of twenty percent (20%) for the first year of occupancy and fifteen percent (15%) in years two and three of occupancy. This methodology is reflected on the following chart:

<table>
<thead>
<tr>
<th>Day/Month After Occupancy</th>
<th>Percent Depreciation Applied to Base Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 months – 36 months</td>
<td>15%</td>
</tr>
<tr>
<td>37 months – 48 months</td>
<td>10%</td>
</tr>
<tr>
<td>49 months – 60 months</td>
<td>10%</td>
</tr>
<tr>
<td>61 months – 72 months</td>
<td>10%</td>
</tr>
<tr>
<td>73 months – 84 months</td>
<td>10%</td>
</tr>
<tr>
<td>85 months or more</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Option Three: 100% Refund.** An amount equal to the Entrance Fee specified in Section 3(a) as amended by any addendum hereto.

11. **Refund of Entrance Fees.** To the extent the entrance fee described in section 10 has actually been paid, refunds with respect thereto shall be paid to Resident upon the termination of this Agreement (or, in the case of subsequently married residents as described in Section 2(d)(i), upon termination of both Residency Agreements) as follows:

(a) **Rescission and Nonoccupancy.** In the event (i) Resident rescinds this Agreement as provided in Section 4, (ii) Resident dies prior to the Occupancy Date, or (iii) this Agreement is terminated by virtue of Section 9(c)(iii) (illness precluding occupancy), then all payments made by Resident shall be refunded within 30 days of such rescission or termination, without interest, except for the Application Fee and any offset for expenses actually incurred by Village at Resident’s specific request for custom improvements to Residence.

(b) **Termination After Payment Due Date of First Monthly Service Fee.** If this Agreement is terminated after the due date for payment of the First Monthly Service Fee as described in Section 7, then the refund shall be paid, without interest, less any offset
for (i) fees and charges then due with respect to Residence, and (ii) any amounts charged against the Entrance Fee refund as provided in this Agreement, including any addendum hereto.

(c) **Refund Payment Due Date.** Refund payments under Options One, Two, or Three shall be paid on the earlier of (i) six months following Vacation by the Resident (or last Resident, in the case of joint Residents), or (ii) 60 days following the date on which a Residency Agreement with respect to a new resident is fully executed for the Residence.

(d) **Refund in the Event of Joint Residents.** In the event this Agreement has been entered into by more than one Resident, any refund payment under Section 10 above shall be paid in equal interests to all Residents surviving at the time of payment, or, if only one Resident survives at the time of payment, all to such surviving Resident. For the sake of clarity, a Resident who has ceased to reside at Bridgewater Retirement Community prior to the refund being paid shall not, as a result thereof, forfeit his or her right to the refund.

(e) **Refund in the Event of Certain Transfers.**

(i) In the event this Agreement is terminated as a result of Resident’s permanent transfer to an Assisted Living or Nursing Household within Bridgewater Retirement Community, then notwithstanding anything to the contrary contained herein, the Entrance Fee refund to which Resident is entitled pursuant to this Agreement may, at the discretion of Bridgewater Home, Inc., be transferred to an interest-bearing account with Bridgewater Home, Inc., which Bridgewater Home, Inc. has the right to draw against for payment of Resident’s account in such facility.

(ii) If, upon a Resident’s (“first Resident”) permanent transfer to Assisted Living or Nursing Household at Bridgewater Retirement Community, this Agreement continues with respect to other Resident(s) who are party hereto as provided in Section 9(e), then, upon termination of this Agreement with respect to all remaining Resident(s), if any Resident is in Assisted Living or a Nursing Household at Bridgewater Retirement Community, then, notwithstanding
anything to the contrary contained herein, the Entrance Fee refund due under this Agreement may, at the discretion of Bridgewater Home, Inc., be transferred to an interest-bearing account with Bridgewater Home, Inc., which Bridgewater Home, Inc. has the right to draw against for payment of Resident’s account in such level of living. Upon such Resident’s death or permanent transfer outside of Bridgewater Retirement Community, any Entrance Fee refund, as reduced as provided herein, shall be paid in equal interests to all surviving Residents, or, if only one Resident survives, all to such surviving Resident.

12. **Miscellaneous.**

   (a) **Residents’ Association.** Village residents have the right to participate in the Resident’s Association.

   (b) **Notices.** Any notice required or permitted under this Agreement will be given and served either by personal delivery to the party to whom it is directed, or by registered or certified mail, postage and charges prepaid. If sent to Village, any notice must be addressed to Village Administration, 302 N. Second Street, Bridgewater, Virginia 22812, and, if sent to Resident, any notice must be addressed to Residence. Any notice is deemed given on the date on which it is personally delivered, or, if mailed, the date it is deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as required in this Section 12(b).

   (c) **Non-Waiver.** Village’s failure to seek redress for violation of or to insist upon the strict performance of any provision of this Agreement will not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

   (d) **Severability.** In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason and in any respect, such invalidity, illegality or unenforceability thereof shall not affect the remainder of this Agreement which shall be in full force and effect, enforceable in accordance with its terms.

   (e) **Dispute Resolution.**

      (i) Resident may file a complaint or disclose any concern, in writing, at any time, to Village Administration. Village Administration will use its best efforts to respond, in writing, to such complaint within 15 days of its receipt thereof. If Resident is
unsatisfied with the response of Village Administration, Resident may appeal the matter to the President of Bridgewater HealthCare, Inc. The President, likewise, will use his best efforts to respond, in writing, to such appeal within 15 days of his receipt thereof. If Resident is unsatisfied with the response of the President, Resident may appeal the matter to the Executive Committee of the Board of Directors of Bridgewater Healthcare, Inc.

(ii) In the event of a conflict regarding this Agreement, or any other matter that is not resolved through the complaint procedures of Section 12(e)(i), the parties agree to resolve such conflicts through arbitration conducted in accordance with the rules of the American Arbitration Association then in effect, except as may be modified as follows. Each party to the conflict shall select an independent professional and the two such arbitrators shall select a third arbitrator. A decision by a majority of the arbitrators shall be binding on all parties. The arbitrator(s) shall issue a written award which shall contain, at a minimum, the names of the parties, a summary of the issues in controversy, findings of fact, a description of the award, and which award may contain an allocation of arbitration costs between the parties. The arbitrator(s) will have no authority to award punitive or other damages not measured by the prevailing party’s actual damages, except as may be required by statute. Judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction. The parties agree that any arbitration proceedings between them and the outcome of such proceedings shall be kept strictly confidential; provided, however, that the parties may disclose such information to the extent required by law and to their respective agents and professional advisors who have a legitimate need to know such information.

(f) **Governing Law.** This Agreement is to be construed according to the laws of the Commonwealth of Virginia without reference to its choice of law provisions.

(g) **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. All counterparts will be construed together and will constitute one agreement.

(h) **Successors and Assigns; Binding Effect.** Resident may not assign this Agreement, but any obligation of the Village to pay the Resident will survive the death of the Resident
and such payment will be made to the personal representative of the Resident’s estate or according to an unambiguous “Pay on Death” designation form properly completed and on file with the Village. Village may assign this Agreement without the consent of Resident; provided, however, Village shall remain responsible for the refund obligations described in Section 10. The terms of this Agreement are binding upon and inure to the benefit of the parties, with respect to the Village, its successors and assigns, and, with respect to the Resident, the Resident’s heirs, executors, administrators and personal representatives.

(i) **Amendments.** This Agreement may be amended in any written document signed by the parties hereto. All addenda referenced by this Agreement to be attached hereto shall be signed by the parties.

(j) **Interpretation.** The divisions of this Agreement into sections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement. When the context in which the words are used in this Agreement that such is the intent, words in the singular shall include the plural and vice versa, and words of the masculine gender shall include the feminine and neuter genders and vice versa.

(k) **Survival.** All the terms, conditions, covenants, representations and warranties, including without limitation Resident’s obligation to indemnify Bridgewater Retirement Community, contained in this Agreement shall survive the termination of this Agreement, except to the extent otherwise provided herein.

[Signatures appear on the following page.]
WITNESS the following signatures and seals.

BRIDGEWATER VILLAGE, INC.

__________________________
Date
By __________________________
Its __________________________

RESIDENT

__________________________
Date
Printed Name: __________________________

__________________________
Date
Printed Name: __________________________
## Bridgewater Village, Inc.

### Entrance and Monthly Fee Schedule

#### Contract Option #1

(7-Year Refund Option)

<table>
<thead>
<tr>
<th>Description of Residence</th>
<th>Monthly Entrance Service Fee</th>
<th>Monthly Service Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One Person</td>
<td>Two Persons</td>
</tr>
<tr>
<td><strong>Village Courts</strong></td>
<td>$64,114 to $131,556</td>
<td>$939 to $1,164</td>
</tr>
<tr>
<td><strong>Cottages</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cluster Cottages</td>
<td>$91,435 to $145,914</td>
<td>$1,030 to $1,211</td>
</tr>
<tr>
<td>Duplex Cottages</td>
<td>$104,592 to $173,513</td>
<td>$1,074 to $1,303</td>
</tr>
<tr>
<td>Duplex Cottages w/ Garage</td>
<td>$206,348 to $369,240</td>
<td>$1,413 to $1,956</td>
</tr>
<tr>
<td>Single Family Cottage</td>
<td>$169,518 to $379,890</td>
<td>$1,290 to $1,991</td>
</tr>
<tr>
<td><strong>Apartments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hearthstone Manor</td>
<td>$98,965 to $140,928</td>
<td>$1,128 to $1,268</td>
</tr>
<tr>
<td>Maple Terrace</td>
<td>$166,200 to $249,100</td>
<td>$2,449 to $2,725</td>
</tr>
<tr>
<td>Grove</td>
<td>$201,282 to $327,864</td>
<td>$2,566 to $2,988</td>
</tr>
</tbody>
</table>

Pricing effective October 1, 2020

**Application Fee:** $150 for one person  
$200 for two persons

*Included in the Monthly Service Fee is The Meal Plan: $125.00 per person for all Village homes except Maple Terrace & The Grove which are $215 per person.*

For additional information on entrance fees, amenities covered by the monthly fee, and the alternative meal plan option, contact a Marketing Counselor at 540-828-2550 or 800-419-9129
# Bridgewater Village, Inc.
## Entrance and Monthly Fee Schedule
### Contract Option #2
(50% Refund Option)

<table>
<thead>
<tr>
<th>Description of Residence</th>
<th>Entrance Fee</th>
<th>Monthly Service Fee One Person</th>
<th>Monthly Service Fee Two Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Courts</td>
<td>$86,554</td>
<td>$939 to $1,164</td>
<td>$1,224 to $1,449</td>
</tr>
<tr>
<td>Cottages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cluster Cottages</td>
<td>$123,437</td>
<td>$1,030 to $1,211</td>
<td>$1,315 to $1,496</td>
</tr>
<tr>
<td>Duplex Cottages</td>
<td>$141,199</td>
<td>$1,074 to $1,303</td>
<td>$1,359 to $1,588</td>
</tr>
<tr>
<td>Duplex Cottages w/Garage</td>
<td>$278,570</td>
<td>$1,413 to $1,956</td>
<td>$1,698 to $2,241</td>
</tr>
<tr>
<td>Single Family Cottage</td>
<td>$228,849</td>
<td>$1,290 to $1,991</td>
<td>$1,575 to $2,276</td>
</tr>
<tr>
<td>Apartments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hearthstone Manor</td>
<td>$133,603</td>
<td>$1,128 to $1,268</td>
<td>$1,413 to $1,553</td>
</tr>
<tr>
<td>Maple Terrace</td>
<td>$224,370</td>
<td>$2,449 to $2,725</td>
<td>$2,864 to $3,140</td>
</tr>
<tr>
<td>Grove</td>
<td>$271,731</td>
<td>$2,566 to $2,988</td>
<td>$2,981 to $3,403</td>
</tr>
</tbody>
</table>

Pricing effective October 1, 2020

Application Fee: $150 for one person, $200 for two persons

*Included in the Monthly Service fee is The Meal Plan: $125 per person for all Village homes except Maple Terrace & The Grove which are $215 per person.*

For additional information on entrance fees, amenities covered by the monthly fee, and the alternative meal plan option, contact a Marketing Counselor at 540-828-2550 or 800-419-9129.
## Entrance and Monthly Fee Schedule

**Contract Option #3**

(100% Refund Option)

<table>
<thead>
<tr>
<th>Description of Residence</th>
<th>Entrance Fee</th>
<th>Monthly Service Fee One Person</th>
<th>Monthly Service Fee Two Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Village Courts</strong></td>
<td>$192,342 to $394,668</td>
<td>$939 to $1,164</td>
<td>$1,224 to $1,449</td>
</tr>
<tr>
<td><strong>Cottages</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cluster Cottages</td>
<td>$274,305 to $437,742</td>
<td>$1,030 to $1,211</td>
<td>$1,315 to $1,496</td>
</tr>
<tr>
<td>Duplex Cottages</td>
<td>$313,776 to $520,539</td>
<td>$1,074 to $1,303</td>
<td>$1,359 to $1,588</td>
</tr>
<tr>
<td>Duplex Cottages w/Garage</td>
<td>$619,044 to $1,107,720</td>
<td>$1,413 to $1,956</td>
<td>$1,698 to $2,241</td>
</tr>
<tr>
<td>Single Family Cottage</td>
<td>$508,554 to $1,139,670</td>
<td>$1,290 to $1,991</td>
<td>$1,575 to $2,276</td>
</tr>
<tr>
<td><strong>Apartments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hearthstone Manor</td>
<td>$296,895 to $422,784</td>
<td>$1,128 to $1,268</td>
<td>$1,413 to $1,553</td>
</tr>
<tr>
<td>Maple Terrace</td>
<td>$498,600 to $747,300</td>
<td>$2,449 to $2,725</td>
<td>$2,864 to $3,140</td>
</tr>
<tr>
<td>Grove</td>
<td>$603,846 to $983,592</td>
<td>$2,566 to $2,988</td>
<td>$2,981 to $3,403</td>
</tr>
</tbody>
</table>

Pricing effective October 1, 2020  

**Application Fee:**  
- $150 for one person  
- $200 for two persons

*Included in the Monthly Service fee is The Meal Plan: $125 per person for all Village homes except Maple Terrace & The Grove which are $215 per person.*

For additional information on entrance fees, amenities covered by the monthly fee, and the alternative meal plan option, contact a Marketing Counselor at 540-828-2550 or 800-419-9129.
ESCROW AGREEMENT

THIS ESCROW AGREEMENT (“Agreement”) is made this _____ day of ___________, 20___, by and between BRIDGEWATER VILLAGE, INC., a Virginia non-profit corporation (the “Provider”) and SunTrust Banks, Inc. (“Bank”).

BACKGROUND

A. Provider is required by Virginia’s “Continuing Care Provider Registration and Disclosure Act,” Chapter 49 of Title 38.2 of the Code of Virginia, (the “Act”) to establish an entrance fee escrow account with a bank, trust company or other escrow agent approved by Virginia’s State Corporation Commission.

B. Provider wishes to have Bank serve as escrow agent of its entrance fee escrow account and Bank is willing to serve as escrow agent.

TERMS

In consideration of the terms and conditions set for in this Agreement, the parties agree as follows:

1. Bank will receive into a separate account (the “Entrance Fee Escrow Account”), all entrance fees or portions thereof in excess of $1,000.00 per resident received by the Provider prior to the date the resident is permitted to occupy a unit in the Provider’s facility and deposited to the Entrance Fee Escrow Account by Provider. Bank will invest the funds in the Entrance Fee Escrow Account in accordance with the instructions of the Provider and subject to the limitations on investments imposed by the Act.

2. Physical division of the funds held in the Entrance Fee Escrow Account shall not be necessary, but Bank shall maintain separate account records with respect to each resident for whom Provider has deposited funds to be escrowed.
3. Bank will release to Provider those funds in the Entrance Fee Escrow Account which constitute the principal of a resident’s account upon Provider’s certification, in writing, that a unit in the Provider’s facility has been occupied by such resident or made available for immediate occupancy by the resident. Bank will release to resident (giving Bank the name, address and social security number of such resident) those funds in the Entrance Fee Escrow Account which constitute the principal of such resident’s account upon Provider’s written certification that resident is entitled to such funds as provided by resident’s Residency Agreement with Provider, the Act, or both.

4. Interest or other income earned on the Entrance Fee Escrow Account shall be the exclusive property of Provider and shall be paid to Provider upon its request.

5. Either Bank or Provider may terminate this Agreement upon 60 days’ advance written notice to the other. Upon termination, the Bank shall release all remaining funds to Provider.

6. This Agreement and the Entrance Fee Escrow Account shall be governed by the Act. Bank, as escrow agent, shall serve as fiduciary in carrying out its obligations under this Escrow Agreement.

7. This Agreement and the Entrance Fee Escrow Account shall automatically terminate when Provider is no longer required to maintain an entrance fee escrow account under the Act. At that time, Bank shall release all remaining funds to Provider.

8. For its services hereunder, Bank shall receive a fee according to its customary charges, which fee may be adjusted by the Bank upon 60 days’ advance written notice to Provider.
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement the day and year first above written.

BRIDGECENTER VILLAGE, INC.

By: ________________________________
    James A. Weaver, Vice President of Finance

SUNTRUST BANKS, INC.

By: ________________________________
    Its: ________________________________
Bridgewater Healthcare, Inc.
and Affiliates
d/b/a Bridgewater Retirement Community
Consolidated Financial Statements
Year Ended September 30, 2020
BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

Officers

Mr. John Flora Chair
Ms. Claire Martindale Vice Chair
Mr. Rodney Alderfer President
Ms. Pam Sherman Secretary
Mr. James Weaver Vice President for Finance and Treasurer
Ms. Carrie Budd Vice President for Development
Bridgewater HealthCare Foundation, Inc.

Board of Directors

Mr. John Garber Mr. Abe Shearer
Ms. Deborah Greubel Ms. Sally Shomo
Mr. Neil A. Houff Mr. Steve Watson
Ms. Sherry Mongold Mr. Bob Wheatley
Mr. John Neff Mr. Larry Powell
BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITOR’S REPORT</td>
<td>1 – 2</td>
</tr>
<tr>
<td>CONSOLIDATED FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Consolidated Statements of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Consolidated Statements of Activities</td>
<td>4 – 5</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>7 – 26</td>
</tr>
<tr>
<td>SUPPLEMENTARY INFORMATION</td>
<td></td>
</tr>
<tr>
<td>Consolidating Statements of Financial Position</td>
<td>27 – 30</td>
</tr>
<tr>
<td>Consolidating Statements of Activities</td>
<td>31 – 34</td>
</tr>
<tr>
<td>Consolidating Schedules of Expenses</td>
<td>35 – 38</td>
</tr>
<tr>
<td>Schedules of Expenses - Bridgewater Home, Inc.</td>
<td>39 – 42</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

Board of Directors
Bridgewater HealthCare, Inc. and Affiliates
d/b/a Bridgewater Retirement Community

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Bridgewater HealthCare, Inc. and Affiliates d/b/a Bridgewater Retirement Community (the Organization), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 the entity’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 the entity’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 the Bridgewater HealthCare, Inc. and Affiliates d/b/a Bridgewater Retirement Community as of September 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and certain expense detail of the individual companies and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating and other supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Harrisonburg, Virginia
December 9, 2020

PB Macs, LLP
CONSOLIDATED FINANCIAL STATEMENTS
# BRIDGewater Healthcare, Inc. and Affiliates

## Consolidated Statements of Financial Position

**September 30, 2020 and 2019**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,282,186</td>
<td>$1,428,807</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>769,000</td>
<td>2,612,669</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>3,444,072</td>
<td>2,217,889</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>80,000</td>
<td>74,000</td>
</tr>
<tr>
<td>Inventories</td>
<td>199,916</td>
<td>114,843</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>454,530</td>
<td>419,604</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>8,229,704</td>
<td>6,867,812</td>
</tr>
<tr>
<td>Investments, limited as to use</td>
<td>2,923,396</td>
<td>2,748,632</td>
</tr>
<tr>
<td>Other Investments</td>
<td>29,864,175</td>
<td>28,456,433</td>
</tr>
<tr>
<td>Restricted Cash</td>
<td>2,487,957</td>
<td>8,745,848</td>
</tr>
<tr>
<td>Property and Equipment, net</td>
<td>89,124,224</td>
<td>81,834,491</td>
</tr>
<tr>
<td>Other</td>
<td>9,400</td>
<td>9,400</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$132,638,856</td>
<td>$128,662,616</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$3,831,006</td>
<td>$3,681,988</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>3,270,766</td>
<td>1,062,050</td>
</tr>
<tr>
<td>Notes payable</td>
<td>1,366,123</td>
<td>1,389,383</td>
</tr>
<tr>
<td>Accrued compensation cost</td>
<td>1,270,606</td>
<td>943,406</td>
</tr>
<tr>
<td>Other</td>
<td>327,217</td>
<td>427,318</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>10,065,718</td>
<td>7,504,145</td>
</tr>
<tr>
<td>Long-term Debt, less current maturities</td>
<td>44,482,090</td>
<td>53,226,336</td>
</tr>
<tr>
<td>Split-interest Obligations</td>
<td>765,449</td>
<td>1,029,043</td>
</tr>
<tr>
<td>Fair Value of Swap Contracts</td>
<td>5,675,751</td>
<td>3,367,980</td>
</tr>
<tr>
<td>Refundable Fees</td>
<td>20,882,623</td>
<td>14,739,587</td>
</tr>
<tr>
<td>Deferred Revenue from Advance Fees</td>
<td>10,906,808</td>
<td>9,320,901</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>82,712,721</td>
<td>81,683,847</td>
</tr>
<tr>
<td>Commitments and Contingencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>27,211,135</td>
<td>26,262,407</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>12,649,282</td>
<td>13,212,217</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>39,860,417</td>
<td>39,474,624</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.
BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended September 30, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Net Assets without Donor Restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenue, gains and other support:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health care services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing care</td>
<td>$16,355,621</td>
<td>$16,214,875</td>
</tr>
<tr>
<td>Less contractual losses with Medicare</td>
<td>(645,286)</td>
<td>(665,064)</td>
</tr>
<tr>
<td>Less contractual losses with Medicaid</td>
<td>(1,641,244)</td>
<td>(1,629,700)</td>
</tr>
<tr>
<td></td>
<td>14,069,091</td>
<td>13,920,111</td>
</tr>
<tr>
<td>Assisted living</td>
<td>5,770,483</td>
<td>5,433,642</td>
</tr>
<tr>
<td>Contractual gains (losses) with Social Services</td>
<td>(335,324)</td>
<td>(309,137)</td>
</tr>
<tr>
<td>Less community service losses</td>
<td>(720,501)</td>
<td>(455,836)</td>
</tr>
<tr>
<td></td>
<td>4,714,658</td>
<td>4,668,669</td>
</tr>
<tr>
<td>Resident services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>176,392</td>
<td>215,342</td>
</tr>
<tr>
<td>Service fees</td>
<td>4,052,660</td>
<td>3,583,255</td>
</tr>
<tr>
<td>Amortization of life-leases</td>
<td>2,231,038</td>
<td>2,067,147</td>
</tr>
<tr>
<td>Gain on unit turnover</td>
<td>1,055,282</td>
<td>744,737</td>
</tr>
<tr>
<td></td>
<td>7,515,372</td>
<td>6,610,481</td>
</tr>
<tr>
<td>Pharmaceutical sales</td>
<td>220,797</td>
<td>168,084</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,179,758</td>
<td>556,761</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>1,721,765</td>
<td>4,038,057</td>
</tr>
<tr>
<td>Interest, dividends and net realized investment gains (losses)</td>
<td>(354,164)</td>
<td>490,673</td>
</tr>
<tr>
<td>Other income</td>
<td>407,347</td>
<td>228,731</td>
</tr>
<tr>
<td></td>
<td>4,175,503</td>
<td>5,482,306</td>
</tr>
<tr>
<td><strong>Total operating revenue, gains and other support</strong></td>
<td>30,474,624</td>
<td>30,681,567</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare and resident services</td>
<td>23,921,652</td>
<td>23,604,120</td>
</tr>
<tr>
<td>Administrative</td>
<td>2,742,961</td>
<td>2,157,202</td>
</tr>
<tr>
<td>Fundraising and public relations</td>
<td>609,579</td>
<td>596,512</td>
</tr>
<tr>
<td>Interest and other, net</td>
<td>546,563</td>
<td>603,571</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>16,034</td>
<td>2,482</td>
</tr>
<tr>
<td></td>
<td>27,836,789</td>
<td>26,963,887</td>
</tr>
<tr>
<td><strong>Income from operating activities</strong></td>
<td>2,637,835</td>
<td>3,717,680</td>
</tr>
<tr>
<td><strong>Nonoperating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized investment gains</td>
<td>519,537</td>
<td>5,771</td>
</tr>
<tr>
<td>Change in annuity value of split-interest obligations</td>
<td>99,127</td>
<td>(146,916)</td>
</tr>
<tr>
<td>Change in fair value of swap contracts</td>
<td>(2,307,771)</td>
<td>(4,419,395)</td>
</tr>
<tr>
<td></td>
<td>(1,689,107)</td>
<td>(4,560,540)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in net assets without donor restrictions</strong></td>
<td>948,728</td>
<td>(842,860)</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.
<table>
<thead>
<tr>
<th>Change in Net Assets with Donor Restrictions:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 458,204</td>
<td>$ 528,097</td>
</tr>
<tr>
<td>Investment income</td>
<td>700,626</td>
<td>664,576</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(1,721,765)</td>
<td>(4,038,057)</td>
</tr>
<tr>
<td><strong>Decrease in net assets with</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>donor restrictions</strong></td>
<td>(562,935)</td>
<td>(2,845,384)</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>385,793</td>
<td>(3,688,244)</td>
</tr>
</tbody>
</table>

| Net Assets, beginning                       | 39,474,624 | 43,162,868 |
| Net Assets, ending                          | $ 39,860,417 | 39,474,624 |
# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconciliation of change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$385,793</td>
<td>($3,688,244)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized and realized investment gains</td>
<td>(508,499)</td>
<td>(416,065)</td>
</tr>
<tr>
<td>Loss (gains) from equity method investment</td>
<td>(190,909)</td>
<td>29,306</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>16,034</td>
<td>2,482</td>
</tr>
<tr>
<td>Change in value of split-interest obligations</td>
<td>(99,127)</td>
<td>146,916</td>
</tr>
<tr>
<td>Change in fair value of swap contracts</td>
<td>2,307,771</td>
<td>4,419,395</td>
</tr>
<tr>
<td>Amortization of life leases and prepaid service fees</td>
<td>(2,231,038)</td>
<td>(2,067,147)</td>
</tr>
<tr>
<td>Gain on unit turnover</td>
<td>(1,055,282)</td>
<td>(744,737)</td>
</tr>
<tr>
<td>Debt financing costs</td>
<td>(28,675)</td>
<td>38,233</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,849,075</td>
<td>2,832,338</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(1,226,183)</td>
<td>(817,937)</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>(6,000)</td>
<td>2,459,340</td>
</tr>
<tr>
<td>Inventories</td>
<td>(85,073)</td>
<td>8,496</td>
</tr>
<tr>
<td>Prepaid assets</td>
<td>(34,926)</td>
<td>38,806</td>
</tr>
<tr>
<td>Decrease (increase) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>934,048</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and other current liabilities</td>
<td>(392,883)</td>
<td>(1,067,108)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>634,126</td>
<td>1,174,074</td>
</tr>
<tr>
<td><strong>Cash Flows from Investing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase and construction of property and equipment</td>
<td>(9,385,842)</td>
<td>(17,825,276)</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(3,493,644)</td>
<td>(2,860,749)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>2,610,546</td>
<td>117,399</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(10,268,940)</td>
<td>(20,568,626)</td>
</tr>
<tr>
<td><strong>Cash Flows from Financing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from new annuities, net of contribution</td>
<td>31,110</td>
<td></td>
</tr>
<tr>
<td>Payments under split-interest obligations</td>
<td>(195,577)</td>
<td>(186,643)</td>
</tr>
<tr>
<td>Proceeds from contract fees</td>
<td>11,811,147</td>
<td>4,292,033</td>
</tr>
<tr>
<td>Refunds of contract fees</td>
<td>(1,729,932)</td>
<td>(892,266)</td>
</tr>
<tr>
<td>Net borrowings (payments) on line of credit</td>
<td>(23,260)</td>
<td>(246,046)</td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td>2,838,100</td>
<td></td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>(9,411,862)</td>
<td>(955,309)</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>3,319,726</td>
<td>2,011,769</td>
</tr>
<tr>
<td><strong>Net decrease in cash, cash equivalents and restricted cash</strong></td>
<td>(6,315,088)</td>
<td>(17,382,783)</td>
</tr>
</tbody>
</table>

Cash, Cash Equivalents and Restricted Cash:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>12,787,324</td>
<td>30,170,107</td>
</tr>
<tr>
<td>Ending</td>
<td>$6,472,236</td>
<td>$12,787,324</td>
</tr>
</tbody>
</table>

Supplemental Disclosures of Cash Flow Information:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest, net of amount capitalized</td>
<td>$546,586</td>
<td>$515,504</td>
</tr>
<tr>
<td>Construction costs included in accounts payable</td>
<td>769,000</td>
<td>2,612,669</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.
Nature of activities: Bridgewater HealthCare, Inc. (the Organization) is a not-for-profit retirement community providing housing, health care, and related services to its residents through the operation of Bridgewater Retirement Community, comprised of approximately 269 independent living units, a 127-bed healthcare facility and a 136-bed assisted living facility located in Bridgewater, Virginia. The Organization's health care facility is a licensed provider under the federal Medicare program and programs of the Virginia Departments of Medical Assistance Services and the Virginia Department of Social Services, and receives a substantial portion of its revenues from these fiscal intermediaries. Accordingly, the reimbursement policies of these intermediaries have a significant effect on the operations and revenues of the Organization. Because of the nature of the Organization's activities, at times the Organization has significant accounts receivable from a few individuals or fiscal intermediaries.

A summary of the Organization's significant accounting policies follows:

Basis of presentation: The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, and its guidance. ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958 also improves disclosures about an organization’s endowed funds whether or not the organization is subject to UPMIFA.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Principles of consolidation: The consolidated financial statements include the accounts of Bridgewater HealthCare, Inc. and its affiliates, Bridgewater Home, Inc., a not-for-profit adult care residence and nursing facility; Bridgewater Village, Inc., a not-for-profit retirement community providing lifetime residency privileges for its residents; Bridgewater Healthcare, Inc., a not-for-profit providing support services to the other affiliates; and Bridgewater HealthCare Foundation, Inc. (the Foundation), a public charity providing fundraising, funds management, and public relations services for the benefit of the other entities. All significant intercompany accounts and transactions have been eliminated.

Estimates and assumptions: 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, gains and other support and expenses. Actual results could differ from those estimates.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Cash, cash equivalents and restricted cash: The Organization considers cash in bank accounts and temporary cash investments, generally with an original maturity of three months or less and as cash equivalents. For purposes of the statement of cash flows, these accounts exclude cash equivalents invested in investment advisory accounts, and include restricted cash, as identified in the statement of financial position. At times, these balances may be in excess of FDIC insurance limits.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the consolidated statements of financial position that comprise the amounts shown in the consolidated statements of cash flows at September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,282,186</td>
<td>$1,428,807</td>
</tr>
<tr>
<td>Restricted cash - current</td>
<td>$769,000</td>
<td>$2,612,669</td>
</tr>
<tr>
<td>Restricted cash - noncurrent</td>
<td>$2,487,957</td>
<td>$8,745,848</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,539,143</strong></td>
<td><strong>$12,787,324</strong></td>
</tr>
</tbody>
</table>

Healthcare service revenue and accounts receivable: Accounts receivable include resident fees, reimbursements due from intermediaries, and amounts due on resident contracts, stated at their net realizable value. Management reviews accounts receivable on a monthly basis to determine if any receivables are potentially uncollectible. Accounts receivable balances that are determined to be uncollectible, along with a general reserve, are included in the overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, the Organization believes the allowance for doubtful accounts of approximately $390,000 and $250,000 as of September 30, 2020 and 2019, respectively, is adequate. However, actual write offs may exceed the recorded allowance.

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. Net healthcare service revenue is reported at the estimated net realizable amount from residents, third-party payers, and others for services rendered, including estimated adjustments under reimbursement agreements with third-party payers, certain of which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted as needed in future periods.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Real estate investments held for sale are carried at the lower of cost or fair market value. The Organization’s interest in a privately held partnership is accounted for under the equity method.

Note 5 describes in more detail the assumptions and inputs used to determine fair value for investments and accounts carried at fair value. The carrying value of other financial instruments approximate fair value as determined with reference to similar instruments, traditional valuation models or due to short-term maturities.

 Inventories: Inventories consist principally of pharmaceuticals held for resale and consumable supplies, stated at the lower of cost, computed on the first-in, first-out basis, or market.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Debt issuance costs: Costs associated with the issuance of debt are recorded as a direct reduction of outstanding debt, deferred and amortized over the life of the loan using the straight-line method.

Deferred revenue from advance fees: Life lease fees paid by a resident upon entering into an independent living unit contract, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident; life lease fees are refundable based on the terms of the resident contract. Monthly service fees paid in advance are recognized over the same period and included in services revenue.

Measure of operations: Income from operating activities in the consolidated statements of activities is intended to illustrate a measure of changes in the resources available for current operations. Operations reflect all transactions increasing or decreasing unrestricted net assets except unrealized gains and losses on long-term investments and changes in the fair value of interest rate swap contracts and split interest obligations.

Obligation to provide future services: Annually, the Organization calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income. No liability has been recognized to date.

Contributions: The Organization reports gifts of cash and securities (at fair value) as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets are reclassified from with donor restrictions to without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Promises to give are recognized as revenue when the pledge is received from a donor and as an expense when the transfer of funds to another organization is authorized by the Board of Directors. Amounts due to be received or paid in more than one year are discounted to their net present value. Changes in discounts are recognized as contribution revenue or expense over the period of the pledge. Donor expressed intentions to give are not recognized as contributions receivable unless they are legally enforceable. Donor restricted contributions whose restrictions are met within the same year as received are reflected as without donor restrictions in the accompanying consolidated financial statements.

The Organization reports the fair value of gifts of property and equipment (or other long-lived assets) as without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Charity care: The Organization provides care to certain residents without charge or at amounts less than established rates. This charity care is subsidized by grants from the Foundation. Total funds granted were $720,501 and $455,836 for the years ended September 30, 2020 and 2019, respectively. Because the Organization does not pursue collection of these amounts, they are not reported as revenue.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes: The Organization has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally exempt from federal income taxes. Certain revenues may be subject to unrelated business income tax.

The Organization adopted the provisions of accounting for uncertainty in income tax positions as required by the Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC); however, management does not believe it is exposed to any such positions as they are defined in this guidance. Each affiliate separately files Form 990, Return of Organization Exempt from Income Tax, annually with the United States Department of the Treasury and Form 990-T, Exempt Organization Business Income Tax Return, when required. Returns for the years ended September 30, 2017 and subsequent years remain open for possible examination by the Internal Revenue Service.

Property and equipment: Property and equipment are stated at cost if purchased. Donated property is recorded at its estimated fair value at the date of receipt. Depreciation is computed by the straight-line method based on the following estimated useful lives:

- Land improvements: 20 years
- Buildings and improvements: 40 years
- Furniture and equipment: 5 - 15 years

Allocation of functional expenses: Expenses are assigned directly to functional areas where feasible. Other amounts are allocated among functional expense categories based on operating statistics and time spent by individuals performing their assigned duties. The Organization also incurs costs for activities that include a fundraising appeal. Accordingly, joint costs of these activities are allocated between fundraising and other functional expenses in the consolidated statements of activities.

Financial instruments: The Organization uses Interest Rate Hedge Agreements (“Swaps”) as a cash flow hedge to reduce exposure to interest rate volatility on long-term debt. The fair value of those derivative instruments is reported as an asset or liability based on anticipated cash flow streams.

The fair value of other financial instruments approximates carrying values based on the terms and risks of similar financial instruments.

Accounting pronouncement adopted: During the year ended September 30, 2020, the Foundation adopted Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Guidance for Contributions received and Contributions made, which clarifies and improves guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction would be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous U.S. GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Organization has not yet decided on a transition method. The Organization’s management determined the adoption of this guidance did not result in any changes to existing revenue recognition policies.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recently issued accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In May 2020, the FASB voted to defer the effective day of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2019. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the lease guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In July 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets. Under the new guidance, in-kind contributions will be required to be reported separately and their makeup disclosed in the notes. The new standard is effective for fiscal years beginning after June 15, 2021. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Subsequent events: Subsequent events have been evaluated through December 9, 2020, the date the consolidated financial statements were available to be issued.
Note 2.  Liquidity

Financial assets and liquidity resources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following as of September 30, 2020:

Financial Assets

Cash and cash equivalents $ 3,282,186
Contributions receivable 80,000
Endowment spending-rate distributions and appropriations 504,303
Unrestricted endowments and quasi-endowments 3,424,650

Total financial assets and liquidity resources available within one year $ 7,291,139

As part of the Organization’s liquidity management plan, designated cash balances are maintained in low interest savings accounts at various financial institutions and the Organization has access to an operating line of credit. The Organization’s cash flow comes from fees for services, contributions and entry fees and can vary depending on contract terms and the timing of payments and services performed. In addition, certain investments held by the Organization could be made available for operating expenditures, if necessary.

Note 3.  Contributions Receivable

Contributions receivable at September 30, 2020 and 2019 are expected to be collected as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable in less than one year</td>
<td>$ 80,000</td>
<td>$ 74,000</td>
</tr>
</tbody>
</table>

Contributions recognized during the years ended September 30, 2020 and 2019 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and property, including pledges</td>
<td>$ 1,042,790</td>
<td>$ 204,432</td>
</tr>
<tr>
<td>Bequests</td>
<td>80,000</td>
<td>74,000</td>
</tr>
<tr>
<td>Campaigns and special events</td>
<td>1,515,172</td>
<td>806,426</td>
</tr>
<tr>
<td></td>
<td>2,637,962</td>
<td>1,084,858</td>
</tr>
<tr>
<td>Plus (less) changes in split-interest obligations</td>
<td>99,127</td>
<td>(146,916)</td>
</tr>
<tr>
<td></td>
<td>$ 2,737,089</td>
<td>$ 937,942</td>
</tr>
</tbody>
</table>
Note 4. Investments

Investments consist of the following at September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds and cash equivalents</td>
<td>$2,880,025</td>
<td>$2,477,204</td>
</tr>
<tr>
<td>Corporate and government obligations</td>
<td>4,456,766</td>
<td>3,870,889</td>
</tr>
<tr>
<td>Collateralized mortgage obligations</td>
<td>297,728</td>
<td>473,118</td>
</tr>
<tr>
<td>Bond and equity mutual funds</td>
<td>10,760,827</td>
<td>9,450,407</td>
</tr>
<tr>
<td>Equity securities</td>
<td>12,043,155</td>
<td>11,224,909</td>
</tr>
<tr>
<td>Interest in First Choice, LLC</td>
<td>525,347</td>
<td>334,438</td>
</tr>
<tr>
<td>Real estate and other</td>
<td>1,823,723</td>
<td>3,374,100</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>$32,787,571</td>
<td>$31,205,065</td>
</tr>
</tbody>
</table>

Investments are reported in the consolidated statements of financial position for the years ended September 30, 2020 and 2019 as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments limited as to use for fixed asset additions</td>
<td>$2,923,396</td>
<td>$2,748,632</td>
</tr>
<tr>
<td>Other investments</td>
<td>29,864,175</td>
<td>28,456,433</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>$32,787,571</td>
<td>$31,205,065</td>
</tr>
</tbody>
</table>

The following schedule summarizes investment returns and their classification in the consolidated statements of activities:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends, net of fees</td>
<td>$382,793</td>
<td>$328,871</td>
<td>$711,664</td>
</tr>
<tr>
<td>Net unrealized investment gains</td>
<td>519,537</td>
<td>9,250</td>
<td>528,787</td>
</tr>
<tr>
<td>Net realized investment gains</td>
<td>(382,793)</td>
<td>362,505</td>
<td>(20,288)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$519,537</td>
<td>$700,626</td>
<td>$1,220,163</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends, net of fees</td>
<td>$359,957</td>
<td>$384,998</td>
<td>$744,955</td>
</tr>
<tr>
<td>Net unrealized investment gains</td>
<td>5,771</td>
<td>87,146</td>
<td>92,917</td>
</tr>
<tr>
<td>Net realized investment gains</td>
<td>130,716</td>
<td>192,432</td>
<td>323,148</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$496,444</td>
<td>$664,576</td>
<td>$1,161,020</td>
</tr>
</tbody>
</table>
Note 4.  Investments (Continued)

Investment returns during the years ended September 30, 2020 and 2019 include $174,765 and $113,998, respectively, of net investment income on funds designated for future fixed asset additions for Bridgewater Home, Inc.

Interest and dividends have been reduced by investment expenses, principally custodial fees and investment advisory fees, of approximately $76,000 and $88,000 for 2020 and 2019, respectively.

Note 5.  Fair Value Measurements

FASB ASC 820, Fair Value Measurement, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1  Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2  Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3  Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at September 30, 2020 and 2019.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market funds and cash equivalents: Money market funds and other cash equivalents are recorded at cost which approximates fair value. Both observable and unobservable inputs are used to value these investments.

Equity securities, exchange traded funds (ETF) and mutual funds: Equity securities, ETF’s and mutual funds are valued using quoted market prices.

Corporate, government, and municipal bonds: Bond securities are priced by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value. Debt securities are classified as Level 2 due to the varying levels of trade information and less active dealer/broker markets.
Note 5.  Fair Value Measurements (Continued)

Preferred stock: Preferred stock is valued based on expected future income streams as stated by the class of stock and an assumed required rate of return based on observable market data. Preferred stock is considered Level 2 in the fair value hierarchy.

Collateralized mortgage obligations: Collateralized mortgage obligations are priced based on current market pricing; when such quotes are not available, internal pricing valuations are used based on observable and unobservable inputs. These assets are classified as Level 2 due to the varying levels of trade information and less active dealer/broker markets.

Interest rate swaps: Interest rate exchange agreements are classified as Level 3 in the fair value hierarchy. Interest rate swaps are valued using estimated future cash outflow projections based on internal assumptions regarding future amortized debt balances. Unobservable inputs used in the valuation of interest rate swaps include swap replacement rates with a range between 0.92%-2.95%.

The tables below present assets and liabilities measured at fair value on a recurring basis, by level, within the fair value hierarchy at September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th>September 30, 2020</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds and Cash Equivalents</td>
<td>$</td>
<td>-</td>
<td>2,880,025</td>
<td>$</td>
</tr>
<tr>
<td>Equity Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>273,504</td>
<td>-</td>
<td>-</td>
<td>273,504</td>
</tr>
<tr>
<td>Materials</td>
<td>346,505</td>
<td>-</td>
<td>-</td>
<td>346,505</td>
</tr>
<tr>
<td>Industrials</td>
<td>2,045,402</td>
<td>-</td>
<td>-</td>
<td>2,045,402</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>1,873,702</td>
<td>-</td>
<td>-</td>
<td>1,873,702</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>460,948</td>
<td>-</td>
<td>-</td>
<td>460,948</td>
</tr>
<tr>
<td>Healthcare</td>
<td>2,084,882</td>
<td>-</td>
<td>-</td>
<td>2,084,882</td>
</tr>
<tr>
<td>Financials</td>
<td>896,068</td>
<td>-</td>
<td>-</td>
<td>896,068</td>
</tr>
<tr>
<td>Information technology</td>
<td>2,954,917</td>
<td>-</td>
<td>-</td>
<td>2,954,917</td>
</tr>
<tr>
<td>Telecommunication services</td>
<td>784,102</td>
<td>-</td>
<td>-</td>
<td>784,102</td>
</tr>
<tr>
<td>Utilities</td>
<td>323,125</td>
<td>-</td>
<td>-</td>
<td>323,125</td>
</tr>
<tr>
<td>Equity Mutual Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small cap</td>
<td>463,056</td>
<td>-</td>
<td>-</td>
<td>463,056</td>
</tr>
<tr>
<td>Mid cap</td>
<td>1,090,021</td>
<td>-</td>
<td>-</td>
<td>1,090,021</td>
</tr>
<tr>
<td>Large cap</td>
<td>6,821,425</td>
<td>-</td>
<td>-</td>
<td>6,821,425</td>
</tr>
<tr>
<td>Bond Mutual Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term</td>
<td>1,131,009</td>
<td>-</td>
<td>-</td>
<td>1,131,009</td>
</tr>
<tr>
<td>Intermediate term</td>
<td>1,124,383</td>
<td>-</td>
<td>-</td>
<td>1,124,383</td>
</tr>
<tr>
<td>Large term</td>
<td>130,933</td>
<td>-</td>
<td>-</td>
<td>130,933</td>
</tr>
<tr>
<td>Corporate and Government Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term</td>
<td>-</td>
<td>1,519,979</td>
<td>-</td>
<td>1,519,979</td>
</tr>
<tr>
<td>Intermediate term</td>
<td>-</td>
<td>1,490,459</td>
<td>-</td>
<td>1,490,459</td>
</tr>
<tr>
<td>Long-term</td>
<td>-</td>
<td>1,446,328</td>
<td>-</td>
<td>1,446,328</td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>-</td>
<td>2,210</td>
<td>-</td>
<td>2,210</td>
</tr>
<tr>
<td>Collateralized Mortgage Obligations</td>
<td>-</td>
<td>297,728</td>
<td>-</td>
<td>297,728</td>
</tr>
<tr>
<td>Interest Rate Swaps</td>
<td>-</td>
<td>-</td>
<td>(5,675,751)</td>
<td>(5,675,751)</td>
</tr>
<tr>
<td></td>
<td>$ 22,803,982</td>
<td>$ 7,636,729</td>
<td>(5,675,751)</td>
<td>$ 24,764,960</td>
</tr>
</tbody>
</table>
Note 5.  Fair Value Measurements (Continued)

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td>Money Market Funds and Cash Equivalents</td>
<td>$</td>
</tr>
<tr>
<td>Equity Securities</td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>704,466</td>
</tr>
<tr>
<td>Materials</td>
<td>336,020</td>
</tr>
<tr>
<td>Industrials</td>
<td>1,917,180</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>1,423,417</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>400,378</td>
</tr>
<tr>
<td>Healthcare</td>
<td>1,848,449</td>
</tr>
<tr>
<td>Financials</td>
<td>1,040,659</td>
</tr>
<tr>
<td>Information technology</td>
<td>2,308,383</td>
</tr>
<tr>
<td>Telecommunication services</td>
<td>928,780</td>
</tr>
<tr>
<td>Utilities</td>
<td>317,177</td>
</tr>
<tr>
<td>Equity Mutual Funds</td>
<td></td>
</tr>
<tr>
<td>Small cap</td>
<td>1,490,220</td>
</tr>
<tr>
<td>Mid cap</td>
<td>1,397,074</td>
</tr>
<tr>
<td>Large cap</td>
<td>4,389,910</td>
</tr>
<tr>
<td>Bond Mutual Funds</td>
<td></td>
</tr>
<tr>
<td>Short-term</td>
<td>1,134,146</td>
</tr>
<tr>
<td>Intermediate term</td>
<td>741,725</td>
</tr>
<tr>
<td>Long-term</td>
<td>297,332</td>
</tr>
<tr>
<td>Corporate and Government Bonds</td>
<td></td>
</tr>
<tr>
<td>Short-term</td>
<td>-</td>
</tr>
<tr>
<td>Intermediate term</td>
<td>-</td>
</tr>
<tr>
<td>Long-term</td>
<td>-</td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>-</td>
</tr>
<tr>
<td>Collateralized Mortgage Obligations</td>
<td>-</td>
</tr>
<tr>
<td>Interest Rate Swaps</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$ 20,675,316</td>
</tr>
</tbody>
</table>

The change in Level 3 assets measured at fair value on a recurring basis is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, October 1</td>
<td>$ (3,367,980)</td>
<td>$ 1,051,415</td>
</tr>
<tr>
<td>Change in fair value</td>
<td>(2,307,771)</td>
<td>(4,419,395)</td>
</tr>
<tr>
<td>Balance, September 30</td>
<td>$ (5,675,751)</td>
<td>$ (3,367,980)</td>
</tr>
</tbody>
</table>
Note 6. Property and Equipment

Property and equipment consists of the following at September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and improvements</td>
<td>$7,409,161</td>
<td>$7,400,133</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>$80,715,161</td>
<td>79,921,542</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$5,543,534</td>
<td>5,252,807</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>$42,023,639</td>
<td>33,068,092</td>
</tr>
<tr>
<td></td>
<td><strong>135,691,495</strong></td>
<td><strong>125,642,574</strong></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>($46,567,271)</td>
<td>($43,808,083)</td>
</tr>
<tr>
<td></td>
<td><strong>$89,124,224</strong></td>
<td><strong>$81,834,491</strong></td>
</tr>
</tbody>
</table>

Depreciation expense was $2,849,075 and $2,832,338 for the years ended September 30, 2020 and 2019, respectively. Interest expense of $901,573 and $867,187 was capitalized during the years ended September 30, 2020 and 2019, respectively.

Note 7. Notes Payable and Long-Term Debt

Notes payable consist of the following at September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding balance on a $2,000,000 line of credit, due December 15, 2020, collateralized by real estate and equipment, with interest due monthly at a variable rate (1.45% at September 30, 2020).</td>
<td>$1,365,123</td>
<td>$1,388,383</td>
</tr>
<tr>
<td>Unsecured note payable to an individual, due on demand, with interest at 6%.</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td><strong>$1,366,123</strong></td>
<td><strong>$1,389,383</strong></td>
</tr>
</tbody>
</table>
Note 7. Notes Payable and Long-Term Debt (Continued)

Long-term debt at September 30, 2020 and 2019 consists of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage note, collateralized by real estate, payable $863 monthly, with</td>
<td>$ 46,748</td>
<td>$ 54,424</td>
</tr>
<tr>
<td>interest at 5.25%, due November 2020.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage note, collateralized by real estate, payable $1,074 monthly</td>
<td>25,036</td>
<td>35,906</td>
</tr>
<tr>
<td>with interest at 6.50%, due October 2022.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2017 $26,000,000 Industrial Development Authority Revenue Refunding</td>
<td>24,053,323</td>
<td>24,811,245</td>
</tr>
<tr>
<td>Bonds, payable $75,972 monthly plus interest (variable rate of .9% at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September 30, 2020), collateralized by substantially all real estate and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>equipment, maturing December 15, 2029, with a scheduled balance of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>approximately $19,500,000 due at that time.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2017 $18,000,000 Industrial Development Authority Revenue Refunding</td>
<td>17,293,328</td>
<td>17,571,246</td>
</tr>
<tr>
<td>Bonds, payable $20,417 monthly plus interest (variable rate of .9% at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September 30, 2020), collateralized by substantially all real estate and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>equipment, maturing December 15, 2029, with a scheduled balance due of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>approximately $14,800,000 at that time.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2017 $4,500,000 Industrial Development Authority Revenue Refunding</td>
<td>3,650,000</td>
<td>4,500,000</td>
</tr>
<tr>
<td>Bonds, interest only payments payable monthly (variable rate of 0.80%),</td>
<td></td>
<td></td>
</tr>
<tr>
<td>collateralized by substantially all real estate and equipment, maturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 15, 2022.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2017 $7,500,000 Industrial Development Authority Revenue Refunding</td>
<td>-</td>
<td>7,500,000</td>
</tr>
<tr>
<td>Bonds, interest only payments payable monthly (variable rate of 0.80%),</td>
<td></td>
<td></td>
</tr>
<tr>
<td>collateralized by substantially all real estate and equipment, paid off in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>full in FY 2020.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage note, collateralized by real estate, payable $969 monthly, with</td>
<td>199,974</td>
<td>207,450</td>
</tr>
<tr>
<td>interest at 4.74%, maturing August 15, 2028.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Truist Bank notes issued totaling $2,572,400 on April 29, 2020 under the</td>
<td>2,572,400</td>
<td>-</td>
</tr>
<tr>
<td>Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security Act (CARES Act). The note is unsecured, bears interest at 1% and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>requires monthly payments of principal and interest totaling $144,382 per</td>
<td></td>
<td></td>
</tr>
<tr>
<td>month beginning March 2021 through April 2022. The notes contain provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for potential forgiveness under the CARES Act.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Note 7. Notes Payable and Long-Term Debt (Continued)

Park View Federal Credit Union note issued in the amount of $265,700 on April 29, 2020 under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The note is unsecured, bears interest at 1% and requires monthly payments of principal and interest of $14,955 per month beginning March 2021 through April 2022. The note contains provisions for potential forgiveness under the CARES Act.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$265,700</td>
<td>$</td>
</tr>
<tr>
<td>Less current maturities</td>
<td>$48,106,509</td>
<td>54,680,271</td>
</tr>
<tr>
<td>Less deferred debt issuance costs</td>
<td>$3,270,766</td>
<td>1,062,050</td>
</tr>
<tr>
<td>Less deferred debt issuance costs</td>
<td>$353,653</td>
<td>391,885</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$44,482,090</strong></td>
<td><strong>$53,226,336</strong></td>
</tr>
</tbody>
</table>

The line of credit and revenue bonds contain various covenants related to financial performance and reporting.

Aggregate maturities of long-term debt obligations are as follows:

<table>
<thead>
<tr>
<th>Years Ending September 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$3,270,766</td>
</tr>
<tr>
<td>2022</td>
<td>2,494,584</td>
</tr>
<tr>
<td>2023</td>
<td>5,056,553</td>
</tr>
<tr>
<td>2024</td>
<td>1,444,689</td>
</tr>
<tr>
<td>2025</td>
<td>1,482,277</td>
</tr>
<tr>
<td>Thereafter</td>
<td>34,357,640</td>
</tr>
<tr>
<td>Total</td>
<td>48,106,509</td>
</tr>
<tr>
<td>Less deferred debt issuance costs</td>
<td>353,653</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,752,856</strong></td>
</tr>
</tbody>
</table>

Note 8. Interest Rate Swaps

The Organization has entered into two interest rate swap agreements related to variable rate debt issues. These swaps are utilized to manage interest rate exposures and are designated as effective cash flow hedges. The differential to be paid or received on all swap agreements is recognized over the life of the agreements.

The swap agreements expire December 2029 and have a fixed rate of 2.95%. The current notional amounts are $17,293,328 and $24,053,323, respectively, with amounts amortizing as the related debt amortizes.

Under the swap agreements, the Organization pays the fixed rate and receives a variable rate of 82.646% of one month LIBOR plus 79 basis points, which is equivalent to the variable rate of the related debt.
Note 8.  Interest Rate Swaps (Continued)

At September 30, 2020 and 2019, the fair value of the swaps totaled $5,675,751 and $3,367,980, respectively in the bank’s favor.

Note 9.  Split-Interest Obligations

The Organization has protective investment contracts with several individuals. Holders of the contracts who become residents of Bridgewater Home, Inc. may use the principal and interest to pay fees incurred while a resident. The contracts include a stated principal amount which the holder has contributed, plus interest which accrues at an annual rate of 6%. The Organization has a remainder interest in the contract in the event of the holder's death.

The Organization is the beneficiary of several charitable gift annuity agreements which require lifetime annuity payments to the respective donor. The agreements terminate upon the death of the donor, at which time any remaining annuity value becomes available for use as designated by the agreements.

Annuity payments of $195,577 and $196,172 for the years ended September 30, 2020 and 2019, respectively, were made to the donors during the year. Annuity obligations are determined based on required periodic payments, using discount rates of 4% to 10% and life expectancy tables included in the IRC. Gains recognized on the termination of annuity agreements during the years ended September 30, 2020 and 2019 were $211,231 and $4,258, respectively.

The following are estimated present values of the split-interest obligations:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protective investment contracts</td>
<td>$ -</td>
<td>$25,443</td>
</tr>
<tr>
<td>Charitable gift annuities</td>
<td>765,449</td>
<td>1,003,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$765,449</td>
<td>$1,029,043</td>
</tr>
</tbody>
</table>
Note 10. Functional Classification of Expenses

Expenses by functional classification are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Healthcare Services</th>
<th>Residential Services</th>
<th>Administrative Services</th>
<th>Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$ 12,034,828</td>
<td>$ 1,372,121</td>
<td>$ 2,287,897</td>
<td></td>
<td>$ 15,694,846</td>
</tr>
<tr>
<td>Food and Supplies</td>
<td>1,947,478</td>
<td>94,320</td>
<td>166,115</td>
<td></td>
<td>2,207,913</td>
</tr>
<tr>
<td>Occupancy</td>
<td>977,408</td>
<td>981,735</td>
<td>529,258</td>
<td></td>
<td>2,488,401</td>
</tr>
<tr>
<td>Medical</td>
<td>656,713</td>
<td>-</td>
<td>-</td>
<td></td>
<td>656,713</td>
</tr>
<tr>
<td>Medicare Therapies</td>
<td>1,144,118</td>
<td>-</td>
<td>-</td>
<td></td>
<td>1,144,118</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,293,026</td>
<td>1,512,649</td>
<td>43,400</td>
<td></td>
<td>2,849,075</td>
</tr>
<tr>
<td>Other</td>
<td>1,049,043</td>
<td>858,213</td>
<td>888,467</td>
<td></td>
<td>2,795,723</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>$ 19,102,614</strong></td>
<td><strong>$ 4,819,038</strong></td>
<td><strong>$ 3,915,137</strong></td>
<td></td>
<td><strong>$ 27,836,789</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Healthcare Services</th>
<th>Residential Services</th>
<th>Administrative Services</th>
<th>Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$ 11,594,771</td>
<td>$ 1,135,103</td>
<td>$ 2,168,616</td>
<td></td>
<td>$ 14,898,490</td>
</tr>
<tr>
<td>Food and Supplies</td>
<td>1,825,013</td>
<td>110,215</td>
<td>178,058</td>
<td></td>
<td>2,113,286</td>
</tr>
<tr>
<td>Occupancy</td>
<td>915,611</td>
<td>1,047,198</td>
<td>402,327</td>
<td></td>
<td>2,365,136</td>
</tr>
<tr>
<td>Medical</td>
<td>566,813</td>
<td>-</td>
<td>-</td>
<td></td>
<td>566,813</td>
</tr>
<tr>
<td>Medicare Therapies</td>
<td>1,397,900</td>
<td>-</td>
<td>-</td>
<td></td>
<td>1,397,900</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,288,018</td>
<td>1,495,804</td>
<td>48,516</td>
<td></td>
<td>2,832,338</td>
</tr>
<tr>
<td>Other</td>
<td>1,315,832</td>
<td>911,842</td>
<td>562,250</td>
<td></td>
<td>2,789,924</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>$ 18,903,958</strong></td>
<td><strong>$ 4,700,162</strong></td>
<td><strong>$ 3,359,767</strong></td>
<td></td>
<td><strong>$ 26,963,887</strong></td>
</tr>
</tbody>
</table>

Note 11. Retirement Plan

Bridgewater HealthCare, Inc. sponsors a retirement plan covering substantially all employees of Bridgewater HealthCare, Inc. and Affiliates. Employees may elect to defer a portion of their annual salary based on limits imposed by the Internal Revenue Code. Matching contributions to the plan are determined by the Board of Directors. Employer contributions for the years ended September 30, 2020 and 2019 were $393,169 and $346,271, respectively.
Note 12.  Self-Insurance Plans

The Organization is self-insured for a significant portion of its employee health benefits, workers’ compensation and general liability programs. However, stop-loss coverage is maintained with third party insurers to limit individual claims and total exposure under these programs. The Organization estimates an accrued liability for the ultimate costs to close known claims, including claims incurred but not yet reported as of the balance sheet date. The recorded estimated liability for self-insurance is based on the insurance companies incurred loss estimates and management’s judgment, including assumptions and factors related to the frequency and severity of claims, claims development history and claims settlement practices.

The assessment of self-insurance reserves is a highly subjective process that requires judgments about future events. The ultimate settlement of self-insurance reserves may differ significantly from amounts accrued in the consolidated financial statements.

Note 13.  Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th>Purpose Restrictions:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident care</td>
<td>$10,706,481</td>
<td>$10,576,666</td>
</tr>
<tr>
<td>Pastoral care</td>
<td>884,224</td>
<td>898,138</td>
</tr>
<tr>
<td>Nursing education</td>
<td>978,577</td>
<td>1,495,684</td>
</tr>
<tr>
<td>Special projects</td>
<td>-</td>
<td>167,729</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,569,282</strong></td>
<td><strong>13,138,217</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time Restrictions:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledges</td>
<td>80,000</td>
<td>74,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,649,282</strong></td>
<td><strong>13,212,217</strong></td>
</tr>
</tbody>
</table>

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

<table>
<thead>
<tr>
<th>Purpose Restrictions:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident care</td>
<td>$604,028</td>
<td>$804,523</td>
</tr>
<tr>
<td>Pastoral care</td>
<td>71,600</td>
<td>47,445</td>
</tr>
<tr>
<td>Nursing education</td>
<td>804,408</td>
<td>244,155</td>
</tr>
<tr>
<td>Special projects</td>
<td>167,729</td>
<td>482,594</td>
</tr>
<tr>
<td>Time Restrictions</td>
<td>74,000</td>
<td>2,459,340</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,721,765</strong></td>
<td><strong>4,038,057</strong></td>
</tr>
</tbody>
</table>
Note 13.  Net Assets with Donor Restrictions (Continued)

Net assets with donor restrictions include the following cumulative historical gift amounts:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Care</td>
<td>$6,874,478</td>
<td>$6,754,421</td>
</tr>
<tr>
<td>Pastoral Care</td>
<td>$398,049</td>
<td>$391,804</td>
</tr>
<tr>
<td>Total</td>
<td>$7,272,527</td>
<td>$7,146,225</td>
</tr>
</tbody>
</table>

Note 14.  Board Designated Funds

The Foundation’s governing Board of Directors elected to manage a restricted gift of $1,790,003 as a quasi-endowment. The donor restricted the gift for use in Bridgewater Home, Inc.’s nursing department for employee training and development. The Foundation invests the funds in its portfolio, with unrestricted earnings used for team member development. Unrestricted earnings on the quasi-endowed fund as of September 30, 2020 and 2019 were $108,685 and $24,803, respectively.

Note 15.  Endowments

The Foundation has two endowment funds that are established for Resident Care and Pastoral Care. Funds included within the scope of these endowments include quasi-endowment designated amounts.

The Commonwealth of Virginia has enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of the Foundation has interpreted the Commonwealth’s enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of the interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.
In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

Endowment net asset composition by classification and changes therein are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Without donor restrictions</th>
<th>With donor restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Net Assets, September 30, 2018</td>
<td>$ 1,003,050</td>
<td>$ 13,137,984</td>
<td>$ 14,141,034</td>
</tr>
<tr>
<td>Additional board designations</td>
<td>2,178,492</td>
<td>-</td>
<td>2,178,492</td>
</tr>
<tr>
<td>Investment income</td>
<td>478,689</td>
<td>306,467</td>
<td>785,156</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>264,053</td>
<td>264,053</td>
</tr>
<tr>
<td>Expenditures</td>
<td>(344,266)</td>
<td>(779,713)</td>
<td>(1,123,979)</td>
</tr>
<tr>
<td>Endowment Net Assets, September 30, 2019</td>
<td>3,315,965</td>
<td>12,928,791</td>
<td>16,244,756</td>
</tr>
<tr>
<td>Investment income</td>
<td>108,685</td>
<td>676,471</td>
<td>785,156</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>126,302</td>
<td>126,302</td>
</tr>
<tr>
<td>Expenditures</td>
<td>-</td>
<td>(1,123,979)</td>
<td>(1,123,979)</td>
</tr>
<tr>
<td>Endowment Net Assets, September 30, 2020</td>
<td>$ 3,424,650</td>
<td>$ 12,607,585</td>
<td>$ 16,032,235</td>
</tr>
</tbody>
</table>

**Funds with deficiencies:** From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported as a reduction of net assets without donor restrictions and resulted primarily from unfavorable market fluctuations. There were no deficiencies as of September 30, 2020 and 2019.

**Investment and spending policies:** The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation distributes funds from the endowments as needed.

**Length of term:** The restricted portions of endowments are intended to be held in perpetuity.
Note 16. Payments to Related Parties

Payments were made to related parties for professional fees, surveying fees, and other contracts totaling approximately $144,000 and $152,000 during the years ended September 30, 2020 and 2019, respectively.

Note 17. Concentrations of Credit Risk

The Organization grants credit without collateral to its residents, most of whom are insured under third-party payer agreements. Revenue received from Medicare and Medicaid represented 6% and 2%, respectively, of total revenue for the year ended September 30, 2020, and 9% and 7%, respectively, for the year ended September 30, 2019. Receivables from Medicare and Medicaid accounted for 11% and 10%, respectively, of accounts receivable at September 30, 2020. Receivables from Medicare and Medicaid accounted for 21% and 9%, respectively, of accounts receivable at September 30, 2019.

Note 18. Commitments

The Organization has entered into a $35 million contract with Nielsen Builders, Inc. for construction and remodeling of independent living apartments, assisted living apartments, and a dining venue. The contract includes a 24-month construction period. As of September 30, 2020, approximately $2 million remained on the contract.

Note 19. Contingencies

The Organization has a claims made policy for its malpractice insurance coverage. In the event a loss contingency should occur, the Organization would give it appropriate recognition in its consolidated financial statements.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse.

Regulators actively monitor and investigate allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Organization is in compliance with fraud and abuse statutes as well as other applicable government statutes.

From time to time, the Organization may be involved in legal matters that develop in the normal course of its activities. Although it is impossible to determine the ultimate resolution of any unresolved matters, the Organization does not anticipate that there will be any material effect on these consolidated financial statements as a result of any present asserted or unasserted claims.
Note 20.  Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no impact on the prior period reported results.

Note 21.  Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Organization operates. While the pandemic continues and it is unknown how long these conditions will last, it is having a financial impact on Bridgewater Retirement Community. The Organization has outlaid funds for the cost of personal protective equipment, labor costs, testing supplies, guard shack, costs for new technologies, and a general shift in operations during a global pandemic. Additionally, the Organization has benefited as the recipient from government funding from sources such as the Payroll Protection Program, Virginia Department of Medical Assistance Services (DMAS), Centers for Medicare and Medicaid Services (CMS), and other reimbursements for specific costs outlaid.
SUPPLEMENTARY INFORMATION
BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2020

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>$(41,083) $</td>
<td>$2,675,850 $</td>
<td>$1,202 $</td>
<td>$646,217 $</td>
<td>$3,282,186 $</td>
</tr>
<tr>
<td></td>
<td>Restricted cash</td>
<td>769,000 $</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>769,000 $</td>
</tr>
<tr>
<td></td>
<td>Accounts receivable, net</td>
<td>1,310,161 $</td>
<td>2,108,357 $</td>
<td>17,920 $</td>
<td>7,634 $</td>
<td>3,444,072 $</td>
</tr>
<tr>
<td></td>
<td>Contributions receivable</td>
<td>-</td>
<td>-</td>
<td>80,000 $</td>
<td>-</td>
<td>80,000 $</td>
</tr>
<tr>
<td></td>
<td>Inventories</td>
<td>147,962 $</td>
<td>19,489 $</td>
<td>32,465 $</td>
<td>-</td>
<td>199,916 $</td>
</tr>
<tr>
<td></td>
<td>Due from related parties</td>
<td>5,150,359 $</td>
<td>320,510 $</td>
<td>1,257,197 $</td>
<td>- (6,728,066) $</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Prepaid expenses and other current assets</td>
<td>314,326 $</td>
<td>128,477 $</td>
<td>5,096 $</td>
<td>6,631 $</td>
<td>454,530 $</td>
</tr>
<tr>
<td></td>
<td>Total current assets</td>
<td>7,650,725 $</td>
<td>5,252,683 $</td>
<td>1,313,880 $</td>
<td>740,482 $</td>
<td>(6,728,066) $</td>
</tr>
<tr>
<td>ASSETS</td>
<td>Investments, limited as to use</td>
<td>2,923,396 $</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,923,396 $</td>
</tr>
<tr>
<td>ASSETS</td>
<td>Other Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Catawba Capital Management account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,229,027 $</td>
<td>- 16,229,027 $</td>
</tr>
<tr>
<td></td>
<td>City National account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,359,924 $</td>
<td>- 3,359,924 $</td>
</tr>
<tr>
<td></td>
<td>Wells Fargo Advisors account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,792,868 $</td>
<td>- 1,792,868 $</td>
</tr>
<tr>
<td></td>
<td>SunTrust asset management account</td>
<td>1,954,403 $</td>
<td>2,930,495 $</td>
<td>-</td>
<td>-</td>
<td>- 4,884,898 $</td>
</tr>
<tr>
<td></td>
<td>Edward Jones account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>226,370 $</td>
<td>- 226,370 $</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>6,513 $</td>
<td>-</td>
<td>1,546,293 $</td>
<td>1,818,282 $</td>
<td>- 3,371,088 $</td>
</tr>
<tr>
<td>ASSETS</td>
<td>Restricted Cash</td>
<td>1,092,363 $</td>
<td>1,395,594 $</td>
<td>-</td>
<td>-</td>
<td>2,487,957 $</td>
</tr>
<tr>
<td>ASSETS</td>
<td>Property and Equipment</td>
<td>69,002,445 $</td>
<td>66,575,869 $</td>
<td>69,468 $</td>
<td>43,713 $</td>
<td>135,691,495 $</td>
</tr>
<tr>
<td>ASSETS</td>
<td>Less Accumulated Depreciation</td>
<td>(22,230,905) $</td>
<td>(24,225,752) $</td>
<td>(66,901) $</td>
<td>(43,713) $</td>
<td>- (46,567,271) $</td>
</tr>
<tr>
<td>ASSETS</td>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>9,400 $</td>
<td>-</td>
<td>9,400 $</td>
</tr>
<tr>
<td>ASSETS</td>
<td>Total assets</td>
<td>$ 60,398,940 $</td>
<td>$ 51,928,889 $</td>
<td>$ 2,862,740 $</td>
<td>$ 24,176,353 $</td>
<td>(6,728,066) $</td>
</tr>
</tbody>
</table>
## LIABILITIES AND NET ASSETS

### Current Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$3,523,616</td>
<td>$307,390</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$3,831,006</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>$2,300,042</td>
<td>$734,841</td>
<td>$202,298</td>
<td>$33,585</td>
<td>$-</td>
<td>$3,270,766</td>
</tr>
<tr>
<td>Notes payable</td>
<td>$1,366,123</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$1,366,123</td>
</tr>
<tr>
<td>Accrued compensation costs</td>
<td>$964,472</td>
<td>$118,407</td>
<td>$166,787</td>
<td>$20,940</td>
<td>$-</td>
<td>$1,270,606</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>$1,195,193</td>
<td>$263,913</td>
<td>$-</td>
<td>$5,268,960</td>
<td>(6,728,066)</td>
<td>$-</td>
</tr>
<tr>
<td>Other</td>
<td>$169,636</td>
<td>$157,581</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$327,217</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$9,519,082</td>
<td>$1,582,132</td>
<td>$369,085</td>
<td>$5,323,485</td>
<td>(6,728,066)</td>
<td>$10,065,718</td>
</tr>
</tbody>
</table>

### Long-Term Debt, less current maturities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Split-Interest Obligations</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$765,449</td>
<td>$-</td>
<td>$765,449</td>
</tr>
<tr>
<td>Refundable Fees</td>
<td>$-</td>
<td>$20,882,623</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$20,882,623</td>
</tr>
<tr>
<td>Fair Value of Swap Contracts</td>
<td>$3,247,534</td>
<td>$2,428,217</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$5,675,751</td>
</tr>
<tr>
<td>Deferred Revenue from Advance Fees</td>
<td>$934,049</td>
<td>$9,972,759</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$10,906,808</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$31,577,089</td>
<td>$50,218,366</td>
<td>$130,202</td>
<td>$787,064</td>
<td>$-</td>
<td>$82,712,721</td>
</tr>
</tbody>
</table>

### Contingencies

### Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td>$19,302,769</td>
<td>$128,391</td>
<td>$2,363,453</td>
<td>$5,416,522</td>
<td>$-</td>
<td>$27,211,135</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$12,649,282</td>
<td>$-</td>
<td>$12,649,282</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$19,302,769</td>
<td>$128,391</td>
<td>$2,363,453</td>
<td>$18,065,804</td>
<td>$-</td>
<td>$39,860,417</td>
</tr>
</tbody>
</table>

### Total liabilities and net assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>$60,398,940</strong></td>
<td><strong>$51,928,889</strong></td>
<td><strong>$2,862,740</strong></td>
<td><strong>$24,176,353</strong></td>
<td><strong>(6,728,066)</strong></td>
<td><strong>$132,638,856</strong></td>
</tr>
</tbody>
</table>
# BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

**September 30, 2019**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$(283,494)</td>
<td>$1,052,214</td>
<td>$884</td>
<td>$659,203</td>
<td>-</td>
<td>$1,428,807</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>2,612,669</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,612,669</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>1,097,942</td>
<td>1,078,102</td>
<td>13,909</td>
<td>27,936</td>
<td>-</td>
<td>2,217,889</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>74,000</td>
<td>-</td>
<td>74,000</td>
</tr>
<tr>
<td>Inventories</td>
<td>69,603</td>
<td>14,549</td>
<td>30,691</td>
<td>-</td>
<td>-</td>
<td>114,843</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>6,660,673</td>
<td>320,509</td>
<td>1,029,115</td>
<td>-</td>
<td>(8,010,297)</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>293,984</td>
<td>114,584</td>
<td>4,718</td>
<td>6,318</td>
<td>-</td>
<td>419,604</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>10,451,377</td>
<td>2,579,958</td>
<td>1,079,317</td>
<td>767,457</td>
<td>(8,010,297)</td>
<td>6,867,812</td>
</tr>
<tr>
<td><strong>Investments, limited as to use</strong></td>
<td>2,748,632</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,748,632</td>
</tr>
<tr>
<td>Catawba Capital Management account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,328,522</td>
<td>-</td>
<td>19,328,522</td>
</tr>
<tr>
<td>Wells Fargo Advisors account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>690,353</td>
<td>-</td>
<td>690,353</td>
</tr>
<tr>
<td>SunTrust Asset Management account</td>
<td>1,154,996</td>
<td>2,462,770</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,617,766</td>
</tr>
<tr>
<td>Edward Jones account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>222,553</td>
<td>-</td>
<td>222,553</td>
</tr>
<tr>
<td>Other</td>
<td>6,513</td>
<td>-</td>
<td>1,224,723</td>
<td>3,366,003</td>
<td>-</td>
<td>4,597,239</td>
</tr>
<tr>
<td><strong>Restricted Cash</strong></td>
<td>3,711,288</td>
<td>5,034,560</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,745,848</td>
</tr>
<tr>
<td><strong>Property and Equipment</strong></td>
<td>58,733,877</td>
<td>66,795,516</td>
<td>69,468</td>
<td>43,713</td>
<td>-</td>
<td>125,642,574</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>(20,898,808)</td>
<td>(22,802,991)</td>
<td>(62,984)</td>
<td>(43,300)</td>
<td>-</td>
<td>(43,808,083)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,400</td>
<td>-</td>
<td>9,400</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>55,907,875</td>
<td>54,069,813</td>
<td>2,310,524</td>
<td>24,384,701</td>
<td>(8,010,297)</td>
<td>128,662,616</td>
</tr>
</tbody>
</table>
## LIABILITIES AND NET ASSETS

### Current Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$2,333,706</td>
<td>$1,284,061</td>
<td>$57,834</td>
<td>$6,387</td>
<td>-</td>
<td>$3,681,988</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>757,921</td>
<td>304,129</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,062,050</td>
</tr>
<tr>
<td>Notes payable</td>
<td>1,389,383</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,389,383</td>
</tr>
<tr>
<td>Accrued compensation costs</td>
<td>699,357</td>
<td>104,486</td>
<td>122,387</td>
<td>17,176</td>
<td>-</td>
<td>943,406</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>1,029,115</td>
<td>1,201,031</td>
<td>-</td>
<td>5,780,151</td>
<td>(8,010,297)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>275,712</td>
<td>142,574</td>
<td>3,508</td>
<td>5,524</td>
<td>-</td>
<td>427,318</td>
</tr>
</tbody>
</table>

**Total current liabilities**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,485,194</td>
<td>3,036,281</td>
<td>183,729</td>
<td>5,809,238</td>
<td>(8,010,297)</td>
<td>7,504,145</td>
</tr>
</tbody>
</table>

### Long-Term Debt, less current maturities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Debt, less current maturities</td>
<td>28,340,040</td>
<td>24,886,296</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>53,226,336</td>
</tr>
<tr>
<td>Split-Interest Obligations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,029,043</td>
<td>-</td>
<td>1,029,043</td>
</tr>
<tr>
<td>Refundable Fees</td>
<td>-</td>
<td>14,739,587</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,739,587</td>
</tr>
<tr>
<td>Fair Value of Swap Contract</td>
<td>1,929,886</td>
<td>1,438,094</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,367,980</td>
</tr>
<tr>
<td>Deferred Revenue from Advance Fees</td>
<td>-</td>
<td>9,320,901</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,320,901</td>
</tr>
</tbody>
</table>

**Contingencies**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30,269,926</td>
<td>50,384,878</td>
<td>-</td>
<td>1,029,043</td>
<td>-</td>
<td>81,683,847</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td>19,152,755</td>
<td>648,654</td>
<td>2,126,795</td>
<td>4,334,203</td>
<td>-</td>
<td>26,262,407</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,212,217</td>
<td>-</td>
<td>13,212,217</td>
</tr>
</tbody>
</table>

**Net Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19,152,755</td>
<td>648,654</td>
<td>2,126,795</td>
<td>17,546,420</td>
<td>-</td>
<td>39,474,624</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55,907,875</td>
<td>54,069,813</td>
<td>2,310,524</td>
<td>24,384,701</td>
<td>(8,010,297)</td>
<td>128,662,616</td>
</tr>
</tbody>
</table>
BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets without Donor Restrictions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenue, gains and other support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health care services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing care</td>
<td>$16,355,621</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Less contractual loss with Medicare</td>
<td>$(645,286)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less contractual loss with Medicaid</td>
<td>$(1,641,244)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>14,069,091</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assisted living</td>
<td>5,770,483</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less contractual losses with Social Services</td>
<td>$(335,324)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less community service loss</td>
<td>$(720,501)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>4,714,658</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Resident services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>-</td>
<td>170,949</td>
<td>-</td>
<td>5,443</td>
<td>-</td>
</tr>
<tr>
<td>Service fees</td>
<td>-</td>
<td>3,928,115</td>
<td>2,896,798</td>
<td>-</td>
<td>(2,772,253)</td>
</tr>
<tr>
<td>Amortization of life-leases</td>
<td>-</td>
<td>2,231,038</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain on unit turnover</td>
<td>-</td>
<td>1,055,282</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>7,385,384</td>
<td>2,896,798</td>
<td>5,443</td>
<td>(2,772,253)</td>
</tr>
<tr>
<td>Pharmaceutical sales</td>
<td>-</td>
<td>-</td>
<td>220,797</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,689,000</td>
<td>9,500</td>
<td>-</td>
<td>2,226,860</td>
<td>(1,745,602)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,721,765</td>
<td>-</td>
</tr>
<tr>
<td>Interest, dividends and realized investment gains (losses)</td>
<td>(25,173)</td>
<td>9,606</td>
<td>45,460</td>
<td>(384,057)</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>1,979,570</td>
<td>186,228</td>
<td>-</td>
<td>-</td>
<td>(1,758,451)</td>
</tr>
<tr>
<td></td>
<td>3,643,397</td>
<td>205,334</td>
<td>266,257</td>
<td>3,564,568</td>
<td>(3,504,053)</td>
</tr>
<tr>
<td>Total operating revenue, gains and other support</td>
<td>22,427,146</td>
<td>7,590,718</td>
<td>3,163,055</td>
<td>3,570,011</td>
<td>(6,276,306)</td>
</tr>
</tbody>
</table>
### Expenses:
Healthcare and resident services, administrative, and fundraising and public relations  
<table>
<thead>
<tr>
<th></th>
<th>$ 20,799,425</th>
<th>$ 7,172,561</th>
<th>$ 2,988,403</th>
<th>$ 2,598,326</th>
<th>(6,284,523)</th>
<th>$ 27,274,192</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and other, net</td>
<td>435,278</td>
<td>103,068</td>
<td>-</td>
<td>-</td>
<td>8,217</td>
<td>546,563</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>-</td>
<td>16,034</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,034</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,234,703</strong></td>
<td><strong>7,291,663</strong></td>
<td><strong>2,988,403</strong></td>
<td><strong>2,598,326</strong></td>
<td><strong>(6,276,306)</strong></td>
<td><strong>27,836,789</strong></td>
</tr>
</tbody>
</table>

### Income from operating activities
|                | 1,192,443 | 299,055 | 174,652 | 971,685 | - | 2,637,835 |

### Nonoperating activities:
Unrealized investment gains (losses)
|                | 275,219   | 170,805  | 62,006   | 11,507  | - | 519,537 |
Change in annuity value of split-interest obligations
|                | -         | -        | -        | 99,127  | - | 99,127 |
Change in fair value of swap contracts
| (1,317,648)   | (990,123) | -        | -        | 99,127  | - | (2,307,771) |

### Increase (decrease) in net assets without donor restrictions
|                | 150,014   | (520,263) | 236,658  | 1,082,319 | - | 948,728 |

### Change in Net Assets with Donor Restrictions:
Contributions
|                | -         | -        | -        | 458,204  | - | 458,204 |
Investment income
|                | -         | -        | -        | 700,626  | - | 700,626 |
Net assets released from restrictions
|                | -         | -        | -        | (1,721,765) | - | (1,721,765) |

### Decrease in net assets with donor restrictions
|                | -         | -        | -        | (562,935) | - | (562,935) |

### Change in net assets
|                | $ 150,014 | $(520,263) | $ 236,658 | $ 519,384 | $ | $ 385,793 |
## Consolidating Statement of Activities

### Year Ended September 30, 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue, gains and other support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing care</td>
<td>$ 16,214,875 $</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
<td>$ 16,214,875</td>
</tr>
<tr>
<td>Less contractual loss with Medicare</td>
<td>(665,064)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(665,064)</td>
</tr>
<tr>
<td>Less contractual loss with Medicaid</td>
<td>(1,629,700)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,629,700)</td>
</tr>
<tr>
<td></td>
<td>13,920,111</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,920,111</td>
</tr>
<tr>
<td>Assisted living</td>
<td>5,433,642</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,433,642</td>
</tr>
<tr>
<td>Less contractual loss with Social Services</td>
<td>(309,137)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(309,137)</td>
</tr>
<tr>
<td>Less community service loss</td>
<td>(455,836)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(455,836)</td>
</tr>
<tr>
<td></td>
<td>4,668,669</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,668,669</td>
</tr>
<tr>
<td>Resident services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>-</td>
<td>197,299</td>
<td>-</td>
<td>18,043</td>
<td>-</td>
<td>215,342</td>
</tr>
<tr>
<td>Service fees</td>
<td>-</td>
<td>3,676,036</td>
<td>2,525,842</td>
<td>-</td>
<td>(2,618,623)</td>
<td>3,583,255</td>
</tr>
<tr>
<td>Amortization of life-leases</td>
<td>-</td>
<td>2,067,147</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,067,147</td>
</tr>
<tr>
<td>Gain on unit turnover</td>
<td>-</td>
<td>744,737</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>744,737</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>6,685,219</td>
<td>2,525,842</td>
<td>18,043</td>
<td>(2,618,623)</td>
<td>6,610,481</td>
</tr>
<tr>
<td>Pharmaceutical sales</td>
<td>-</td>
<td>-</td>
<td>168,084</td>
<td>-</td>
<td>-</td>
<td>168,084</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,598,417</td>
<td>-</td>
<td>-</td>
<td>624,982</td>
<td>(1,666,638)</td>
<td>556,761</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,038,057</td>
<td>-</td>
<td>4,038,057</td>
</tr>
<tr>
<td>Interest, dividends and realized investment gains</td>
<td>69,124</td>
<td>57,142</td>
<td>55,210</td>
<td>309,197</td>
<td>-</td>
<td>490,673</td>
</tr>
<tr>
<td>Other income</td>
<td>1,596,455</td>
<td>153,287</td>
<td>-</td>
<td>-</td>
<td>(1,521,011)</td>
<td>228,731</td>
</tr>
<tr>
<td></td>
<td>3,263,996</td>
<td>210,429</td>
<td>223,294</td>
<td>4,972,236</td>
<td>(3,187,649)</td>
<td>5,482,306</td>
</tr>
<tr>
<td><strong>Total operating revenue, gains and other support</strong></td>
<td>21,852,776</td>
<td>6,895,648</td>
<td>2,749,136</td>
<td>4,990,279</td>
<td>(5,806,272)</td>
<td>30,681,567</td>
</tr>
</tbody>
</table>
Expenses:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare and resident services, administrative, and fundraising and public relations</td>
<td>$19,974,326</td>
</tr>
<tr>
<td>Interest and other, net</td>
<td>$6,773,839</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>$-2,482</td>
</tr>
</tbody>
</table>

Income (loss) from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (loss) from operating activities</td>
<td>$1,394,419</td>
</tr>
</tbody>
</table>

Nonoperating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized investment gains</td>
<td>$58,960</td>
</tr>
<tr>
<td>Change in annuity value of split-interest obligations</td>
<td>$-29,593</td>
</tr>
<tr>
<td>Change in fair value of swap contracts</td>
<td>$(2,531,646)</td>
</tr>
</tbody>
</table>

Increase (decrease) in net assets without donor restrictions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in net assets without donor restrictions</td>
<td>$(1,078,267)</td>
</tr>
</tbody>
</table>

Change in Net Assets with Donor Restrictions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$528,097</td>
</tr>
<tr>
<td>Investment income</td>
<td>$664,576</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>$(4,038,057)</td>
</tr>
</tbody>
</table>

Decrease in net assets with donor restrictions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in net assets with donor restrictions</td>
<td>$(2,845,384)</td>
</tr>
</tbody>
</table>

Change in net assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$(3,688,244)</td>
</tr>
</tbody>
</table>
## BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

### CONSOLIDATING SCHEDULE OF EXPENSES

**Year Ended September 30, 2020**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 9,791,277</td>
<td>$ 1,265,676</td>
<td>$ 1,644,663</td>
<td>$ 228,353</td>
<td>-</td>
<td>$ 12,929,969</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>742,596</td>
<td>91,755</td>
<td>110,543</td>
<td>15,497</td>
<td>-</td>
<td>960,391</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>1,338,823</td>
<td>196,093</td>
<td>225,113</td>
<td>44,457</td>
<td>-</td>
<td>1,804,486</td>
</tr>
<tr>
<td>Insurance</td>
<td>362,577</td>
<td>140,754</td>
<td>8,714</td>
<td>7,261</td>
<td>-</td>
<td>519,306</td>
</tr>
<tr>
<td>Support of related organization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>64,569</td>
</tr>
<tr>
<td>Support services</td>
<td>1,511,223</td>
<td>2,547,800</td>
<td>28,176</td>
<td>155,232</td>
<td>(4,232,082)</td>
<td>10,349</td>
</tr>
<tr>
<td>Food</td>
<td>1,203,367</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,203,367</td>
</tr>
<tr>
<td>Management fees</td>
<td>277,629</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>277,629</td>
</tr>
<tr>
<td>Supplies</td>
<td>774,105</td>
<td>114,452</td>
<td>45,655</td>
<td>70,334</td>
<td>-</td>
<td>1,004,546</td>
</tr>
<tr>
<td>Technology service fees</td>
<td>178,121</td>
<td>129,076</td>
<td>6072</td>
<td>6072</td>
<td>-</td>
<td>307,197</td>
</tr>
<tr>
<td>Professional fees</td>
<td>150,592</td>
<td>32,770</td>
<td>149,415</td>
<td>13,884</td>
<td>-</td>
<td>346,661</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>22,673</td>
<td>5,364</td>
<td>6,072</td>
<td>5,609</td>
<td>-</td>
<td>39,718</td>
</tr>
<tr>
<td>Professional development</td>
<td>33,559</td>
<td>6,935</td>
<td>16,569</td>
<td>3,156</td>
<td>-</td>
<td>60,219</td>
</tr>
<tr>
<td>Heat and utilities</td>
<td>476,907</td>
<td>353,775</td>
<td>8,271</td>
<td>3,166</td>
<td>(54,000)</td>
<td>44,503</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>63,183</td>
<td>23,883</td>
<td>8,271</td>
<td>3,166</td>
<td>-</td>
<td>144,794</td>
</tr>
<tr>
<td>Purchased repairs</td>
<td>257,539</td>
<td>77,165</td>
<td>2,506</td>
<td>675</td>
<td>-</td>
<td>337,885</td>
</tr>
<tr>
<td>Renovations</td>
<td>-</td>
<td>156,858</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>156,858</td>
</tr>
<tr>
<td>Equipment replacement</td>
<td>-</td>
<td>7,687</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,687</td>
</tr>
<tr>
<td>Shrubbery and landscaping</td>
<td>-</td>
<td>1,096</td>
<td>-</td>
<td>31,500</td>
<td>-</td>
<td>32,596</td>
</tr>
<tr>
<td>Telephone</td>
<td>102,934</td>
<td>76,287</td>
<td>201,016</td>
<td>3,302</td>
<td>-</td>
<td>383,539</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>27,682</td>
<td>8,450</td>
<td>46,113</td>
<td>14,370</td>
<td>-</td>
<td>96,615</td>
</tr>
<tr>
<td>Employee and public relations</td>
<td>14,326</td>
<td>12,483</td>
<td>144,794</td>
<td>-</td>
<td>-</td>
<td>144,794</td>
</tr>
<tr>
<td>Marketing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>144,794</td>
</tr>
<tr>
<td>Transportation</td>
<td>74,981</td>
<td>14,673</td>
<td>19,540</td>
<td>343</td>
<td>(65,545)</td>
<td>44,083</td>
</tr>
<tr>
<td>Medical and surgical supplies</td>
<td>461,211</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>461,211</td>
</tr>
<tr>
<td>Cost of prescriptions sold</td>
<td>-</td>
<td>-</td>
<td>195,502</td>
<td>-</td>
<td>-</td>
<td>195,502</td>
</tr>
<tr>
<td>Refuse disposal</td>
<td>159,274</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>159,274</td>
</tr>
<tr>
<td>Rentals</td>
<td>24,610</td>
<td>11,902</td>
<td>24,491</td>
<td>11,931</td>
<td>(46,918)</td>
<td>26,016</td>
</tr>
<tr>
<td>Description</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>--------------------------------------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Bad debts</td>
<td>225,882</td>
<td>7,568</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Property taxes</td>
<td>-</td>
<td>354,621</td>
<td>-</td>
<td>1,184</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>32,110</td>
<td>14,641</td>
<td>1,514</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,328,768</td>
<td>1,515,305</td>
<td>4,061</td>
<td>941</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-range planning</td>
<td>-</td>
<td>-</td>
<td>48,426</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medicare-therapies, lab and pharmacy</td>
<td>1,144,118</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>19,358</td>
<td>5,492</td>
<td>6,026</td>
<td>13,888</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>-</td>
<td>16,034</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss on construction in progress</td>
<td>-</td>
<td>11,565</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>435,278</td>
<td>91,503</td>
<td>-</td>
<td>-</td>
<td>8,217</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>21,234,703</strong></td>
<td><strong>7,291,663</strong></td>
<td><strong>2,988,403</strong></td>
<td><strong>2,598,326</strong></td>
<td><strong>(6,276,306)</strong></td>
<td><strong>27,836,789</strong></td>
</tr>
</tbody>
</table>
## BRIDGECATR HEALTHCARE, INC. AND AFFILIATES

### CONSOLIDATING SCHEDULE OF EXPENSES

**Year Ended September 30, 2019***

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 9,256,572</td>
<td>$ 1,043,217</td>
<td>$ 1,522,901</td>
<td>$ 228,499</td>
<td></td>
<td>$ 12,051,189</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>674,023</td>
<td>75,818</td>
<td>105,446</td>
<td>15,790</td>
<td></td>
<td>871,077</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>1,500,431</td>
<td>182,973</td>
<td>245,082</td>
<td>47,738</td>
<td></td>
<td>1,976,224</td>
</tr>
<tr>
<td>Insurance</td>
<td>342,505</td>
<td>115,650</td>
<td>8,136</td>
<td>6,556</td>
<td></td>
<td>472,847</td>
</tr>
<tr>
<td>Support of related organization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,897,142</td>
<td>(1,807,014)</td>
<td>90,128</td>
</tr>
<tr>
<td>Support services</td>
<td>1,409,357</td>
<td>2,352,809</td>
<td>26,400</td>
<td>146,328</td>
<td>(3,850,897)</td>
<td>83,997</td>
</tr>
<tr>
<td>Food</td>
<td>1,196,320</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>1,196,320</td>
</tr>
<tr>
<td>Management fees</td>
<td>266,643</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>266,643</td>
</tr>
<tr>
<td>Supplies</td>
<td>655,641</td>
<td>124,584</td>
<td>47,702</td>
<td>89,039</td>
<td></td>
<td>916,966</td>
</tr>
<tr>
<td>Network</td>
<td>-</td>
<td>104,502</td>
<td>-</td>
<td>-</td>
<td></td>
<td>104,502</td>
</tr>
<tr>
<td>Professional fees</td>
<td>88,748</td>
<td>16,452</td>
<td>155,966</td>
<td>10,859</td>
<td></td>
<td>272,025</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>27,139</td>
<td>4,597</td>
<td>6,197</td>
<td>3,260</td>
<td></td>
<td>41,193</td>
</tr>
<tr>
<td>Professional development</td>
<td>65,764</td>
<td>19,979</td>
<td>39,051</td>
<td>9,199</td>
<td></td>
<td>133,993</td>
</tr>
<tr>
<td>Heat and utilities</td>
<td>454,885</td>
<td>357,570</td>
<td>-</td>
<td>321</td>
<td></td>
<td>812,776</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>61,055</td>
<td>20,747</td>
<td>9,495</td>
<td>6,458</td>
<td>(46,500)</td>
<td>51,255</td>
</tr>
<tr>
<td>Purchased repairs</td>
<td>270,835</td>
<td>109,733</td>
<td>2,344</td>
<td>1,002</td>
<td></td>
<td>383,914</td>
</tr>
<tr>
<td>Renovations</td>
<td>-</td>
<td>180,489</td>
<td>-</td>
<td>-</td>
<td></td>
<td>180,489</td>
</tr>
<tr>
<td>Equipment replacement</td>
<td>-</td>
<td>11,118</td>
<td>-</td>
<td>-</td>
<td></td>
<td>11,118</td>
</tr>
<tr>
<td>Shrubbery and landscaping</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>204,911</td>
<td>90,463</td>
<td>118,219</td>
<td>6,587</td>
<td></td>
<td>420,180</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>16,014</td>
<td>2,947</td>
<td>52,191</td>
<td>18,967</td>
<td></td>
<td>90,119</td>
</tr>
<tr>
<td>Employee and public relations</td>
<td>20,557</td>
<td>42,814</td>
<td>64,884</td>
<td>38,775</td>
<td></td>
<td>167,030</td>
</tr>
<tr>
<td>Marketing</td>
<td>-</td>
<td>58</td>
<td>160,296</td>
<td>-</td>
<td></td>
<td>160,354</td>
</tr>
<tr>
<td>Transportation</td>
<td>76,334</td>
<td>18,539</td>
<td>434</td>
<td>910</td>
<td>(63,475)</td>
<td>32,742</td>
</tr>
<tr>
<td>Medical and surgical supplies</td>
<td>403,025</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>403,025</td>
</tr>
<tr>
<td>Cost of prescriptions sold</td>
<td>-</td>
<td>-</td>
<td>163,788</td>
<td>-</td>
<td>-</td>
<td>163,788</td>
</tr>
<tr>
<td>Refuse disposal</td>
<td>140,185</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>140,185</td>
</tr>
<tr>
<td>Rentals</td>
<td>9,107</td>
<td>11,812</td>
<td>23,483</td>
<td>11,742</td>
<td>(46,966)</td>
<td>9,178</td>
</tr>
<tr>
<td>Category</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Bad debts</td>
<td>39,973</td>
<td>-</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Property taxes</td>
<td>-</td>
<td>363,057</td>
<td>-</td>
<td>2,162</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>32,288</td>
<td>15,473</td>
<td>969</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,327,220</td>
<td>1,498,133</td>
<td>7,331</td>
<td>(346)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-range planning</td>
<td>-</td>
<td>-</td>
<td>74,536</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medicare-therapies, lab and pharmacy</td>
<td>1,397,900</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>36,894</td>
<td>10,305</td>
<td>8,062</td>
<td>40,602</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on sale of fixed assets</td>
<td>-</td>
<td>2,482</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss on construction in progress</td>
<td>-</td>
<td>11,565</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>484,031</td>
<td>99,395</td>
<td>-</td>
<td>-</td>
<td>8,580</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total expenses**

<table>
<thead>
<tr>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,458,357</td>
<td>6,887,281</td>
<td>2,842,931</td>
<td>2,581,590</td>
<td>(5,806,272)</td>
<td>26,963,887</td>
</tr>
</tbody>
</table>
## BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

### SCHEDULE OF EXPENSES – BRIDGEWATER HOME, INC.

**Year Ended September 30, 2020**

<table>
<thead>
<tr>
<th>Operating and administrative:</th>
<th>Admin-</th>
<th>Food</th>
<th>Village</th>
<th>House-</th>
<th>Village</th>
<th>Laundry</th>
<th>Maintenance</th>
<th>Nursing</th>
<th>Restorative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>istration</td>
<td>Service</td>
<td>Dining</td>
<td>House-keeping</td>
<td>House-keeping</td>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$154,097</td>
<td>$923,361</td>
<td>$633,564</td>
<td>$23,928</td>
<td>$159,679</td>
<td>$6,970,378</td>
<td>$169,642</td>
<td>$6,970,378</td>
<td>$85,914</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>11,214</td>
<td>76,061</td>
<td>47,632</td>
<td>2,674</td>
<td>11,885</td>
<td>5,650</td>
<td>19,681</td>
<td>532,580</td>
<td>5,861</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>41,938</td>
<td>181,358</td>
<td>95,842</td>
<td>5,634</td>
<td>35,433</td>
<td>14,146</td>
<td>42,008</td>
<td>824,969</td>
<td>14,099</td>
</tr>
<tr>
<td>Insurance</td>
<td>362,577</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Support services</td>
<td>1,508,004</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Food</td>
<td>-</td>
<td>815,015</td>
<td>388,352</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management fees</td>
<td>-</td>
<td>143,078</td>
<td>72,693</td>
<td>61,858</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplies</td>
<td>40,546</td>
<td>159,205</td>
<td>93,224</td>
<td>124,793</td>
<td>517</td>
<td>22,689</td>
<td>48,855</td>
<td>264,601</td>
<td>893</td>
</tr>
<tr>
<td>Technology service fees</td>
<td>168,250</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,871</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees</td>
<td>51,324</td>
<td>5,796</td>
<td>14,769</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>78,097</td>
<td>606</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>16,803</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,167</td>
<td>-</td>
</tr>
<tr>
<td>Professional development</td>
<td>4,700</td>
<td>531</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,503</td>
<td>-</td>
</tr>
<tr>
<td>Heat and utilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,617</td>
<td>459,632</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>62,535</td>
<td>648</td>
</tr>
<tr>
<td>Purchased repairs</td>
<td>618</td>
<td>54,578</td>
<td>15,886</td>
<td>3,997</td>
<td>2,785</td>
<td>10,313</td>
<td>158,598</td>
<td>8,439</td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>91,601</td>
<td>223</td>
<td>-</td>
<td>220</td>
<td>798</td>
<td>-</td>
<td>3,445</td>
<td>5,016</td>
<td>-</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>1,441</td>
<td>11,727</td>
<td>4,093</td>
<td>1,130</td>
<td>1,625</td>
<td>-</td>
<td>7,060</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employee and public relations</td>
<td>4,336</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>222</td>
<td>9,768</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transportation</td>
<td>5,789</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>68,520</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medical and surgical supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>461,211</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Refuse disposals</td>
<td>-</td>
<td>74,483</td>
<td>-</td>
<td>84,791</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rentals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,017</td>
<td>23,593</td>
<td>-</td>
</tr>
<tr>
<td>Bad debts</td>
<td>225,882</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>32,110</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>36,143</td>
<td>24,458</td>
<td>49,594</td>
<td>6,311</td>
<td>24,387</td>
<td>160,655</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medicare</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,144,118</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,424</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,795</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating and administrative</strong></td>
<td><strong>2,763,356</strong></td>
<td><strong>2,459,588</strong></td>
<td><strong>1,373,738</strong></td>
<td><strong>317,936</strong></td>
<td><strong>212,227</strong></td>
<td><strong>145,824</strong></td>
<td><strong>1,087,771</strong></td>
<td><strong>10,609,989</strong></td>
<td><strong>107,373</strong></td>
</tr>
</tbody>
</table>

| Interest                       | 20,808   | -     | -       | -       | -       | -     | -     | -         | -       |

| Change in fair value of swap contracts | - | - | - | - | - | - | - | - | - |

| Loss on disposal of fixed assets | - | - | - | - | - | - | - | - | - |

| **Total expenses**              | **$2,763,356** | **$2,459,588** | **$1,373,738** | **$317,936** | **$212,227** | **$145,824** | **$1,087,771** | **$10,609,989** | **$107,373** |
## BRIDG WATER HEALTHCARE, INC. AND AFFILIATES

### SCHEDULE OF EXPENSES – BRIDG WATER HOME, INC. (Continued)

Year Ended September 30, 2020

<table>
<thead>
<tr>
<th>Operating and administrative:</th>
<th>Beauty Shop</th>
<th>Village Shop</th>
<th>Adult Activities</th>
<th>Social Services</th>
<th>Volunteer Services</th>
<th>Chaplaincy</th>
<th>Other (Allocable)</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 96,546 $</td>
<td>$ 29,154 $</td>
<td>$ 64,917 $</td>
<td>$ 142,320 $</td>
<td>$ 52,996 $</td>
<td>$ 111,008 $</td>
<td>- $</td>
<td>$ 9,791,277</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>6,700</td>
<td>1,964</td>
<td>4,792</td>
<td>10,052</td>
<td>3,278</td>
<td>2,572</td>
<td>-</td>
<td>742,596</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>5,603</td>
<td>14,772</td>
<td>8,258</td>
<td>24,647</td>
<td>13,479</td>
<td>16,637</td>
<td>-</td>
<td>1,338,823</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>362,577</td>
</tr>
<tr>
<td>Support services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,219</td>
<td>-</td>
<td>-</td>
<td>1,511,223</td>
</tr>
<tr>
<td>Food</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,203,367</td>
</tr>
<tr>
<td>Management fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>277,629</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,663</td>
<td>9,023</td>
<td>3,582</td>
<td>479</td>
<td>2,536</td>
<td>499</td>
<td>-</td>
<td>774,105</td>
</tr>
<tr>
<td>Technology service fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>178,121</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>150,592</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>-</td>
<td>-</td>
<td>197</td>
<td>-</td>
<td>1,006</td>
<td>500</td>
<td>-</td>
<td>22,673</td>
</tr>
<tr>
<td>Professional development</td>
<td>-</td>
<td>300</td>
<td>-</td>
<td>-</td>
<td>1,173</td>
<td>903</td>
<td>-</td>
<td>33,559</td>
</tr>
<tr>
<td>Heat and utilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,658</td>
<td>-</td>
<td>-</td>
<td>476,907</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>63,183</td>
</tr>
<tr>
<td>Purchased repairs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,325</td>
<td>-</td>
<td>-</td>
<td>257,539</td>
</tr>
<tr>
<td>Telephone</td>
<td>203</td>
<td>-</td>
<td>753</td>
<td>-</td>
<td>675</td>
<td>-</td>
<td>-</td>
<td>102,934</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>-</td>
<td>-</td>
<td>156</td>
<td>450</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,682</td>
</tr>
<tr>
<td>Employee and public relations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,326</td>
</tr>
<tr>
<td>Transportation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>672</td>
<td>-</td>
<td>74,981</td>
</tr>
<tr>
<td>Medical and surgical supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>461,211</td>
</tr>
<tr>
<td>Refuse disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>159,274</td>
</tr>
<tr>
<td>Rentals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24,610</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>225,882</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32,110</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,191</td>
<td>-</td>
<td>381</td>
<td>665</td>
<td>719</td>
<td>30,891</td>
<td>1,036,970</td>
<td>1,328,768</td>
</tr>
<tr>
<td>Medicare</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,144,118</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,139</td>
<td>-</td>
<td>-</td>
<td>19,358</td>
</tr>
<tr>
<td><strong>Total operating and administrative</strong></td>
<td>$112,906</td>
<td>$55,213</td>
<td>$82,127</td>
<td>$181,397</td>
<td>$79,995</td>
<td>$173,015</td>
<td>$2,769,088</td>
<td>$20,799,425</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>414,470</td>
<td>435,278</td>
</tr>
<tr>
<td>Change in fair value of swap contracts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,317,648</td>
<td>1,317,648</td>
<td>-</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$112,906</td>
<td>$55,213</td>
<td>$82,127</td>
<td>$181,397</td>
<td>$79,995</td>
<td>$173,015</td>
<td>$2,769,088</td>
<td>$22,552,351</td>
</tr>
</tbody>
</table>
BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

SCHEDULE OF EXPENSES – BRIDGEWATER HOME, INC.
Year Ended September 30, 2019

<table>
<thead>
<tr>
<th>Operating and administrative:</th>
<th>Administration</th>
<th>Food Service</th>
<th>Village Dining</th>
<th>Housekeeping</th>
<th>Village Housekeeping</th>
<th>Laundry and Linen Services</th>
<th>Maintenance</th>
<th>Nursing</th>
<th>Restorative Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 164,096</td>
<td>$ 885,782</td>
<td>$ 588,878</td>
<td>$ 60,353</td>
<td>$ 135,012</td>
<td>$ 83,171</td>
<td>$ 224,992</td>
<td>$ 6,539,197</td>
<td>$ 79,352</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>12,266</td>
<td>64,625</td>
<td>44,712</td>
<td>5,020</td>
<td>9,951</td>
<td>5,959</td>
<td>16,148</td>
<td>479,738</td>
<td>5,417</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>22,590</td>
<td>207,575</td>
<td>90,323</td>
<td>6,408</td>
<td>32,640</td>
<td>25,420</td>
<td>38,324</td>
<td>964,191</td>
<td>15,208</td>
</tr>
<tr>
<td>Insurance</td>
<td>342,505</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Support services</td>
<td>1,416,240</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Food</td>
<td>-</td>
<td>880,214</td>
<td>316,106</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management fees</td>
<td>-</td>
<td>128,141</td>
<td>64,830</td>
<td>73,672</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplies</td>
<td>31,547</td>
<td>132,117</td>
<td>67,380</td>
<td>82,823</td>
<td>1,554</td>
<td>19,836</td>
<td>67,104</td>
<td>222,240</td>
<td>2,533</td>
</tr>
<tr>
<td>Professional fees</td>
<td>37,522</td>
<td>2,699</td>
<td>1,492</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>208</td>
<td>46,752</td>
<td>-</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>11,434</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>13,792</td>
<td>-</td>
</tr>
<tr>
<td>Professional development</td>
<td>9,775</td>
<td>4,809</td>
<td>135</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>45,448</td>
<td>-</td>
</tr>
<tr>
<td>Heat and utilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,731</td>
<td>435,904</td>
<td>-</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>50</td>
<td>-</td>
<td>-</td>
<td>211</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>57,218</td>
<td>3,546</td>
</tr>
<tr>
<td>Purchased repairs</td>
<td>1,707</td>
<td>64,451</td>
<td>18,361</td>
<td>1,311</td>
<td>-</td>
<td>1,564</td>
<td>165,486</td>
<td>15,932</td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>188,735</td>
<td>202</td>
<td>-</td>
<td>228</td>
<td>965</td>
<td>-</td>
<td>-</td>
<td>4,646</td>
<td>8,538</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>1,793</td>
<td>1,691</td>
<td>131</td>
<td>788</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,616</td>
<td>-</td>
</tr>
<tr>
<td>Employee and public relations</td>
<td>6,143</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,292</td>
<td>-</td>
</tr>
<tr>
<td>Transportation</td>
<td>6,973</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>68,240</td>
<td>-</td>
</tr>
<tr>
<td>Medical and surgical supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>403,025</td>
<td>-</td>
</tr>
<tr>
<td>Refuse disposals</td>
<td>-</td>
<td>69,948</td>
<td>-</td>
<td>70,237</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rentals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>832</td>
<td>8,275</td>
<td>-</td>
</tr>
<tr>
<td>Bad debts</td>
<td>39,973</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>32,288</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>40,488</td>
<td>24,153</td>
<td>262</td>
<td>5,929</td>
<td>-</td>
<td>5,596</td>
<td>23,224</td>
<td>158,166</td>
<td>-</td>
</tr>
<tr>
<td>Medicare</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,397,900</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4,603</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,094</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating and</strong></td>
<td><strong>2,370,728</strong></td>
<td><strong>2,466,407</strong></td>
<td><strong>1,192,610</strong></td>
<td><strong>306,980</strong></td>
<td><strong>180,122</strong></td>
<td><strong>152,277</strong></td>
<td><strong>1,035,771</strong></td>
<td><strong>10,427,982</strong></td>
<td><strong>102,510</strong></td>
</tr>
<tr>
<td>Interest</td>
<td>20,808</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in fair value of swap contracts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$ 2,370,728</strong></td>
<td><strong>$ 2,466,407</strong></td>
<td><strong>$ 1,192,610</strong></td>
<td><strong>$ 306,980</strong></td>
<td><strong>$ 180,122</strong></td>
<td><strong>$ 152,277</strong></td>
<td><strong>$ 1,035,771</strong></td>
<td><strong>$ 10,427,982</strong></td>
<td><strong>$ 102,510</strong></td>
</tr>
</tbody>
</table>
BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES

SCHEDULE OF EXPENSES – BRIDGEWATER HOME, INC. (Continued)
Year Ended September 30, 2019

<table>
<thead>
<tr>
<th>Operating and administrative:</th>
<th>Beauty Shop</th>
<th>Village Beauty Shop</th>
<th>Adult Care Activities</th>
<th>Social Services</th>
<th>Volunteer Services</th>
<th>Chaplaincy (Allocable)</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$96,569</td>
<td>$32,793</td>
<td>$61,058</td>
<td>$144,817</td>
<td>$53,036</td>
<td>$107,466</td>
<td>$9,256,572</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>7,562</td>
<td>1,444</td>
<td>4,530</td>
<td>10,942</td>
<td>3,293</td>
<td>2,416</td>
<td>674,023</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>16,569</td>
<td>15,336</td>
<td>9,363</td>
<td>21,810</td>
<td>15,652</td>
<td>19,022</td>
<td>1,504,413</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>342,505</td>
</tr>
<tr>
<td>Support services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6,883)</td>
<td>-</td>
<td>-</td>
<td>1,409,357</td>
</tr>
<tr>
<td>Food</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,196,320</td>
</tr>
<tr>
<td>Management fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>266,643</td>
</tr>
<tr>
<td>Supplies</td>
<td>3,568</td>
<td>7,139</td>
<td>9,237</td>
<td>603</td>
<td>6,702</td>
<td>1,258</td>
<td>655,641</td>
</tr>
<tr>
<td>Professional fees</td>
<td>75</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>88,748</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>-</td>
<td>-</td>
<td>210</td>
<td>-</td>
<td>1,194</td>
<td>500</td>
<td>27,139</td>
</tr>
<tr>
<td>Professional development</td>
<td>-</td>
<td>-</td>
<td>472</td>
<td>446</td>
<td>2,693</td>
<td>432</td>
<td>65,764</td>
</tr>
<tr>
<td>Heat and utilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,250</td>
<td>-</td>
<td>454,885</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>61,055</td>
</tr>
<tr>
<td>Purchased repairs</td>
<td>-</td>
<td>-</td>
<td>2,023</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>270,835</td>
</tr>
<tr>
<td>Telephone</td>
<td>197</td>
<td>-</td>
<td>856</td>
<td>-</td>
<td>544</td>
<td>-</td>
<td>204,911</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>-</td>
<td>-</td>
<td>233</td>
<td>1,949</td>
<td>813</td>
<td>-</td>
<td>16,014</td>
</tr>
<tr>
<td>Employee and public relations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,557</td>
</tr>
<tr>
<td>Transportation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,121</td>
<td>-</td>
<td>76,334</td>
</tr>
<tr>
<td>Medical and surgical supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>403,025</td>
</tr>
<tr>
<td>Refuse disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>140,185</td>
</tr>
<tr>
<td>Rentals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,107</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>39,973</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32,288</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,432</td>
<td>-</td>
<td>382</td>
<td>660</td>
<td>714</td>
<td>30,466</td>
<td>1,327,220</td>
</tr>
<tr>
<td>Medicare</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,397,900</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,197</td>
<td>-</td>
<td>-</td>
<td>36,894</td>
</tr>
<tr>
<td><strong>Total operating and administrative</strong></td>
<td>$125,972</td>
<td>$56,712</td>
<td>$85,252</td>
<td>$182,390</td>
<td>$80,577</td>
<td>$172,288</td>
<td>$1,035,748</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>463,223</td>
</tr>
<tr>
<td>Change in fair value of swap contracts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,531,646</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$125,972</td>
<td>$56,712</td>
<td>$85,252</td>
<td>$182,390</td>
<td>$80,577</td>
<td>$172,288</td>
<td>$4,030,617</td>
</tr>
</tbody>
</table>
## BRIDGEWATER VILLAGE, INC.
### Operating Budget
### Fiscal Year Ending September 30, 2021

### REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Living Services</td>
<td>$8,534,062</td>
</tr>
<tr>
<td>Investment Revenue</td>
<td>201,856</td>
</tr>
</tbody>
</table>

**Total Revenue** $8,735,918

### EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dining Services</td>
<td>$1,462,132</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>$4,509,387</td>
</tr>
<tr>
<td>Resident Services</td>
<td>$ 526,625</td>
</tr>
<tr>
<td>General &amp; Administrative Services</td>
<td>$1,537,780</td>
</tr>
<tr>
<td>Interest</td>
<td>$ 518,500</td>
</tr>
<tr>
<td>Amortization &amp; Loan Costs</td>
<td>$ 19,425</td>
</tr>
<tr>
<td>Other</td>
<td>$ 413,045</td>
</tr>
</tbody>
</table>

**Total Expenses** $8,986,894

### INCREASE (DECREASE) IN NET ASSETS

$ (250,976)

### MAJOR BUDGET ASSUMPTIONS

- Occupancy of 95.00% Fee increase of $29 per month (3.00%)
Summary of Financial Information
Bridgewater Village, Inc.
9/30/2020

<table>
<thead>
<tr>
<th></th>
<th>Current Year</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$51,928,889</td>
<td>$54,069,813</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$51,800,498</td>
<td>$53,421,159</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$128,391</td>
<td>$648,654</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$7,761,523</td>
<td>$6,940,615</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$8,281,786</td>
<td>$8,775,030</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$299,055</td>
<td>$8,367</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>($520,263)</td>
<td>($1,834,415)</td>
</tr>
</tbody>
</table>

Narrative on financial condition:

Bridgewater Village, Inc. has continued constructing a new apartment building, dining venue, and renovating existing community space for residents. During a prior fiscal year, the organization borrowed the entire funds to pay the costs of the project and the unexpended funds are currently held as restricted cash. The funds that have been expended on the project are classified as a construction in progress asset. Total Liabilities have decreased due to the debt repayment related to the project as resident contract fees were collected during fiscal year September 30, 2020. Total Revenues have increased as residents have moved into the new apartment building.

<table>
<thead>
<tr>
<th>Occupancy Information:</th>
<th>Capacity of Units</th>
<th>Average Occupancy</th>
<th>Percentage Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Living</td>
<td>274</td>
<td>263.25</td>
<td>96.08%</td>
</tr>
<tr>
<td>Assisted Living</td>
<td>86</td>
<td>71.68</td>
<td>96.12%</td>
</tr>
<tr>
<td>Nursing</td>
<td>127</td>
<td>119.85</td>
<td>94.36%</td>
</tr>
</tbody>
</table>