

FILED
Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
November 1, 2022
Commissioner of Insurance
BY: *[Signature]*



Disclosure Statement

October 2022

A copy of this Disclosure Statement has been filed with the State Corporation Commission pursuant to Chapter 49, Title 38.2 of the Code of Virginia of 1950, as amended. Such filing does not constitute approval, recommendation or endorsement of the facility by the State Corporation Commission.

Continuing Care Provider

Lucy Corr
6800 Lucy Corr Boulevard
P.O. Drawer 170
Chesterfield, VA 23832-6657
(804) 425-8280

The Health Center Commission for the County of Chesterfield (“Commission”) is the owner of Lucy Corr (“Lucy Corr”). The Board of Supervisors for the County of Chesterfield created the Commission by resolution in 1993. On July 1, 1993, the Commission assumed control of Lucy Corr operations. Lucy Corr is a public, non-profit long-term care facility located in Chesterfield County, Virginia, opened in 1970. As a public body corporate and political subdivision of the Commonwealth of Virginia, Lucy Corr is exempt from State and Federal income taxes.

Officers, Directors, Trustees, Managing and General Partners, and Certain Persons who hold Equity or Beneficial Interests

Officers and Directors. The Commission governs Lucy Corr, and it consists of up to seven members (“Commissioners”) appointed by the County’s Board of Supervisors, along with two advisory members.

Chair

Hobart Harvey
Retired, Vice-President of Financial Services
Virginia Health Care Association
Richmond, VA

Vice Chair/Secretary

Katie McCullough
Consultant
Himformatics
Richmond, VA

Other Commissioners

Joseph James, MD
HCA Primary Health Group
Richmond, VA

Ajit Singh
Chief Medical Officer
HCA Henrico Doctors Hospital
Richmond, VA

Sarah C. Snead
Retired Chesterfield County Deputy
Administrator, Human Services
Ashland, VA

R.T. Taylor
Public Finance Analyst/Banker
Davenport
Chester, VA

Immediate Past Chair
Charles F. Witthoefft
Attorney at Law
Hirschler Fleischer, PC
Richmond, VA

Advisory Member(s)

Dr. James Worsley
Deputy County Administrator
Chesterfield, VA

Alexander Samuel, MD
Director, Chesterfield Regional Health District
Chesterfield, VA

Other Officers. In addition to the persons referenced above, the following persons are officers of Lucy Corr or serve in administrative positions:

Chief Executive Officer
Derrick Kendall, LNHA

Chief Financial Officer
Brett Landi, CPA (inactive)

The address for all Commissioners and Officers is 6800 Lucy Corr Boulevard, P.O. Drawer 170, Chesterfield, VA 23832-0170.

No members of the Health Center Commission, no officers, and no other persons hold any ownership interests in Lucy Corr. No Commissioners are employed by Lucy Corr.

Management Company. Lucy Corr is self-managed.

Beneficial Interests. There are no managing or general partners or any persons having an equity or beneficial interest in Lucy Corr consistent with its status as a governmental organization.

A. Business Experience of Owner.

(i) Lucy Corr (formerly known as “Lucy Corr Village”) has successfully operated a Health Care Center since 1970. A replacement Health Care Center was opened in 1999 and subsequently the Assisted Living Center was opened in 2000. Lucy Corr began offering Independent Living in 2008, through “Springdale at Lucy Corr”.

(ii) The Board of Commissioners has experience as set forth below:

Hobart Harvey, *Chair, At Large Member.* Hobart Harvey served as the Vice President of Financial Services for the Virginia Health Care Association (VHCA), a position he recently

retired from after 18 years of service. His primary responsibilities with VHCA included monitoring Medicare and Medicaid payment issues and related reform initiatives on behalf of the Association's nursing facility and assisted living facility members. Along with his financial responsibilities, Mr. Harvey worked collaboratively with Virginia's Medicaid agency to identify and implement solutions for enhancing oral health for residents of long term care facilities. Prior to joining VHCA, Mr. Harvey served as regional Director of Financial Analysis for the Daughters of Charity National Health System-East, now Ascension Health, in Baltimore, Maryland, where he had overall responsibility for the financial reporting and capital project review and analysis function for the region's fourteen hospitals and health systems. Mr. Harvey also held the position of Senior Manager with Ernst & Young where he provided a variety of financial and reimbursement consulting services to both nursing facilities and hospitals. Mr. Harvey is a graduate of West Virginia University.

Katie McCullough, Vice-Chair, At Large Member. Ms. McCullough, Consultant with Himformatics, has over twenty years of experience serving in various capacities within the health care industry including positions held at Virginia Health Quality Center, Virginia Hospital and Healthcare Association, CJW Medical Center and Mary Washington Healthcare. Ms. McCullough received her B.A. degree in Biology from Mary Baldwin College and her M.H.A. degree from the Virginia Commonwealth University. Currently, she holds the Certified Professional in Healthcare Quality designation and received her certification in Healthcare Lean Six Sigma from Villanova University. Previous professional volunteer positions held include: Virginia Senate Productivity and Quality Award Board of Examiners, Virginia Association for Healthcare Quality Board of Directors and Virginia's Improving Patient Safety and Quality Board of Directors. Currently, Ms. McCullough serves the community in several volunteer endeavors including Shalom Farms, Richmond SPCA, Living Waters of the World, and Grace Covenant Presbyterian Church.

Joseph A. James, MD, *At Large Member*. With 28 years of experience in the medical field, Dr. James is a practicing Internist on staff with HCA Primary Health Group – Johnston-Willis in Richmond, Virginia where he specializes in Geriatrics. Dr. James earned his Bachelor's Degree from City College of NY and his Medical Doctorate from Yeshiva University, Albert Einstein College of Medicine in 1988. Dr. James completed his Internship, Residency and Fellowship at the University of Connecticut and has certifications by The American Board of Internal Medicine for Internal Medicine and Geriatric Medicine. Additionally, Dr. James is a member of the Board of Trustees for Westminster-Canterbury Foundation (Richmond) and currently serves on the Board of Directors for Elk Hill, whose mission is to “enable children and families to transform overwhelming challenges into successful futures” through specialized education, community-based services and residential treatment programs.

Ajit Singh, *At Large Member*. Dr. Singh serves as Chief Medical Officer for HCA Henrico Doctors' Hospital in Richmond, Virginia. Before coming to Virginia, he served as Chief Medical Officer of Terre Haute Regional Hospital, an HCA Hospital in Indiana. While there, he focused on improving quality outcomes, patient safety and medical staff relations.

Prior to serving as Terre Haute's CMO, Dr. Singh was the hospitalist medicine director. In that role, he expanded the program by focusing on building positive relationships with local physicians and providing exceptional care and communication with all involved in the patients' care. He also held roles such as medicine department chair, physician advisor and occupational medicine director, and served on a variety of committees including the utilization review, medical executive, clinical monitoring, physician relations, credentialing and the pharmacy & therapeutics committees. Dr. Singh received his Bachelor of Medicine and Bachelor of Surgery at Jawaharlal Institute of Postgraduate Medical Education and Research (JIPMER), Pondicherry, India. He served as a resident for dermatology, sexually transmitted diseases and leprosy at JIPMER; and was a family medicine resident at Southside Hospital in Bay Shore, NY.

Sarah C. Snead, At Large Member. Ms. Snead served as Chesterfield County's Deputy County Administrator for Human Services from July 2010 until her retirement in 2020. Prior to this appointment, she served as Director of Chesterfield/Colonial Heights Department of Social Services. Ms. Snead received her Masters of Social Work with a concentration in Administration from Virginia Commonwealth University in 1983. As Deputy County Administrator, she oversaw the operations of all Human Services Departments within the county and served as the liaison between the Health Center Commission and the County of Chesterfield. She currently serves as Vice-Chair on the Senior Connections Board of Directors, as Secretary/Board member for Perkinson Center for the Arts and as a member of the Lucy Corr Foundation.

Ralph (RT) Taylor, At Large Member. Mr. Taylor received his BS in Accounting from Virginia Commonwealth University in 1999 and is currently employed with Davenport & Company LLC where he is a Public Finance Analyst/Banker specializing in investment banking for local government entities and not-for-profits. Mr. Taylor's prior community activities include serving on his church audit committee, as a board member of the Chesterfield United Football (Soccer) Club and as a wish interviewer/granter and development committee member for the Make a Wish Foundation, among others.

Charles F. (Rick) Witthoefft, Immediate Past Chair, At Large Member. Mr. Witthoefft is General Counsel For Hirschler Fleischer, PC, and has practiced law at that firm since 1972 as a trial lawyer in varied business disputes and commercial cases. He is a Fellow of the American College of Trial Lawyers and has been recognized by several legal publications for accomplishments in business litigation. Mr. Witthoefft has served diverse professional organizations, including as president of the Richmond Bar Association, Greater Richmond Bar Foundation, Federal Bar Association (Richmond Chapter), and the Lewis F. Powell, Jr. American Inn of Court. His community activities include leadership roles with St. Luke Lutheran Church, St. Michael's Episcopal School, Trinity Episcopal School, James Madison University Parents Council, and the Mary Mortn Parsons Foundation. Mr. Witthoefft received his B.A. degree from Hampden-Sydney College and his J.D. degree from the University of Richmond School of Law.

Dr. James Worsley, Advisory Member. Dr. Worsley was appointed Deputy County Administrator for Human Services in October 2020. Prior to this appointment, he served

as Director of Chesterfield County Parks and Recreation. As Deputy County Administrator, he oversees the operations of all Human Services Departments within the county and serves as the liaison between the Health Center Commission and the County of Chesterfield. Before coming to Chesterfield County in 2016, Dr. Worsley served as Director of Columbus, Georgia Department of Parks and Recreation. He holds a bachelor's degree in therapeutic recreation and a master's degree in management, both from the University of North Carolina at Greensboro and a doctorate in leadership from North Carolina Agricultural and Technical State University. He is also involved in the following: The First Tee of Greater Richmond; Henricus Foundation; Eppington Foundation; Alpha Phi Alpha Fraternity, Inc. and Mentoring Professional Recreators.

Alexander Samuel, MD, Advisory Member. Dr. Samuel was appointed in 2017 as the Director for the Chesterfield Regional Health District. He joined the Virginia Department of Health soon after graduating from residency in 2010, assuming the role of Health Director of the Piedmont Health District, which covers seven rural counties in the central part of the Commonwealth. While in Piedmont, Alex focused on health district organizational development and capacity building. He also worked to develop community collaborations that lead to the creation of an obesity prevention coalition and a successful community health assessment partnership with the local hospital system. Alex enjoys working at the intersection of fields like public health, social science, and organizational management, using skills in community participatory learning methods, ethnographic assessment, community coalition development, and strategic planning, with the aim of integrating evidence-informed approaches into interventions that are ultimately community derived. Alex hails from the wide-open spaces of rural south central Kansas. He obtained his MD from the University Of Kansas School Of Medicine, receiving his Pediatrics training there before entering the General Preventive Medicine and Public Health Residency Program at Johns Hopkins.

(iii) The Commission's day to day operations are the responsibility of the Commission's executive staff, whose principal members are listed below.

Derrick K. Kendall, Chief Executive Officer.

Mr. Kendall joined Lucy Corr in March of 2014. He previously spent 15 years with Virginia-based American Health Care, where he served as Vice President of Operations and as an administrator. A 1993 graduate of Radford University, Mr. Kendall first worked as a Certified Nurse Aide before getting his Nursing Home Administrator license in 1996. Mr. Kendall currently serves as Vice-Chair for the Board of Directors for Virginia Health Care Association and as previous past Chair of its Regulatory Committee. He was honored as the VHCA's "Administrator of the Year" in 2013 and was appointed by the Governor in 2014 and reappointed in 2017 to the Board of Long Term Care and Assisted Living Administrators for the Commonwealth. Mr. Kendall has also served as Chairman of the Blackstone Chamber of Commerce and as President of the Bassett Rotary Club.

Brett D. Landi, Chief Financial Officer. Mr. Landi has over 25 years of experience in the health care accounting field. Prior to joining the Lucy Corr executive team in July 2014, he served in numerous health care accounting roles as an Internal Auditor for Beverly

Enterprises, Reimbursement Director for Friendship Retirement Community in Roanoke, and Chief Financial Officer for Richfield Retirement Community in Salem, VA. These companies provide services relating to stand-alone skilled nursing facilities as well as retirement communities consisting of independent living, assisted living and nursing facility care. Mr. Landi holds a Bachelor of Science degree from Virginia Commonwealth University with a concentration in Accounting.

B. Acquisition of Goods and Services. There are no entities wherein a Health Center Commissioner or officer holds a 10% or greater direct or indirect interest that will be providing goods or services to Lucy Corr.

C. Criminal, Civil and Regulatory Proceedings.

(i) Neither Lucy Corr nor any of the Commissioners, officers or managing employees of Lucy Corr have been convicted of a felony, pleaded *nolo contendere* to a criminal charge, or held liable or enjoined by final judgment in a civil action involving fraud, embezzlement, fraudulent conversion, misappropriation of property or moral turpitude.

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

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

Ownership of Real Property. The Health Center Commission for the County of Chesterfield d/b/a Lucy Corr owns a twenty-seven (27) acre site on which it has constructed a 158,700 square foot building for up to 216 nursing facility residents (the “Health Care Center”). The Health Center Commission for the County of Chesterfield d/b/a/ Lucy Corr also has direct ownership of a 66,725 square foot assisted living building (“Assisted Living”) existing on the site.

Independent Living at Lucy Corr consists of apartments and cottage homes for independent senior living (“Independent Living”). The Independent Living space has been constructed on an adjacent sixteen (16) acre parcel owned by the Health Center Commission for the County of Chesterfield. All property is subject to a right of first refusal held by Chesterfield County and exercisable on the Commission’s decision to no longer use the property for either its existing uses or as the Independent Living Campus of its CCRC and its associated uses.

In addition to the rights of first refusal, the County holds a right of reversion to the effect that title to the twenty-seven (27) acre parcel will revert to the County should Lucy Corr cease operating the Health Care Center for health care services or the sixteen (16) acre project parcel for Independent Living.

Location and Description of Real Property. The Commission's Health Care Center and Assisted Living Center are at 6800 Lucy Corr Boulevard in Chesterfield County, near the County's Government Center. The buildings have a total indoor space of 225,425 square feet on a twenty-seven (27) acre campus.

Construction of the Health Care Center was completed in 1999. It is a steel and metal frame building with brick and vinyl siding. The roof is a pitched shingle and flat rubberized combination. The facility has fire rated doors. It contains 216 semi-private and private skilled nursing beds. It also contains well-appointed common spaces including multipurpose rooms, activity spaces, a beauty shop, six (6) dining rooms, a cafeteria, a chapel, courtyard gardens, lobby entry way and a computer lab. Support operations include a full service laundry, commercial kitchen, five (5) on-station pantries, administrative offices, meeting rooms, maintenance shop, loading dock and central supply room. Clinical and safety features include a combination "call-bell" and personal locator system, generator backup, fire suppression system, sprinkler system, and heat and smoke detection.

The Assisted Living Center is constructed of a cinder block frame, with stone brick face on a cement slab and a flat rubberized roof. The Assisted Living center is licensed for up to fifty-eight (58) total residents, with nine (9) memory support and forty-nine (49) traditional assisted living apartments as well as public spaces, a dining room, business and administration offices, and an adult day center that is licensed to serve up to twenty (20) participants daily. The building also features a combination "call-bell" and personal locator system, a two generator backup system, fire suppression system with a complete sprinkler system and smoke and heat sensors throughout. Windows are a sliding metal frame type. A combination of cinder block and sheet rock comprise interior walls. The doors are fire rated and the flooring is carpeted for comfort, safety and appearance.

The Independent Living apartments and cottages comprising approximately 235,000 square feet, are located on an approximately sixteen (16) acre parcel of land adjacent to the Health Care Center. The Commission currently anticipates that the expansion project will ultimately consist of fifty-two (52) independent living apartments and seventy (70) cottages and will be constructed in phases. Phase I of the project including 52 apartments, 25 cottages and a community center was substantially completed in September 2009. The apartment building is constructed of non-combustible frame construction with an exterior of brick and vinyl siding, reflecting styles compatible with prospective residents' preferences and placed to maximize a sense of privacy. The apartment building also features a combination "call-bell" and personal locator system, fire suppression system with a complete sprinkler system and smoke and heat sensors throughout. Cottages are strategically sited to retain a campus feel, reserving as much of the landscape as possible. Seven (7) of the cottages are designed as single-family homes, and the remainder are duplexes. All cottages have been constructed to residential standards including sloping roofs, porches and ample energy efficient windows. Each cottage also features a

combination “call-bell” and personal locator system, fire suppression system with a complete sprinkler system and smoke and heat sensors throughout.

The community center is located on the first and second floors of the apartment building. Common areas include a lobby/gathering room, information center, business center/library, bistro, pub, coffee shop, activity rooms, private dining room, fitness center and salon.

The table below shows the existing unit mix at Lucy Corr:

Health Care Center	216
Assisted Living Traditional	39
Assisted Living Memory Care	9
Independent Living Cottages	25
Independent Living Apartments	52

The construction of the model cottage was completed in March 2006. Construction of Phase I site work and cottages began in July 2007 and was completed in June 2009. Construction on the Apartment Building began in May 2008 and was ready for occupancy in September 2009.

Affiliation with Religious, Charitable or Other Nonprofit Organizations; Tax Status of Provider.

(a) As the former Chesterfield County Nursing Home, Lucy Corr is located in the Chesterfield County Government Center. Although now a separate legal entity, Lucy Corr maintains a close working relationship with Chesterfield County, sharing knowledge, expertise, and services. By participating in *ad hoc* committees, Lucy Corr benefits from its relationship with the County in emergency preparedness, quality assurance, fund-raising and other initiatives, strengthening its expertise in the industry. The Deputy County Administrator for Human Services and Director of the Chesterfield Regional Health District are both invited to attend Commission meetings as advisory members.

Historically, the County provided financial assistance and subsidies for indigent care to the Commission. Currently, Lucy Corr does not receive financial assistance from the County, nor is there a guarantee that such financial assistance will be available in the future.

The Health Care Center at Lucy Corr is a teaching facility having affiliations with VCU/MCV as well as Brightpoint Community College, J. Sargeant Reynolds Community College, Strayer University, Chesterfield Technical Center and Medical Careers Institute. The Health Care Center was designed to serve as a training and research center for family practice residents, nursing, physical, occupational and speech therapy students, social workers, pharmacists, graduate and doctoral students, and administrators in training. Lucy Corr is a member facility of the Virginia Health Care Association, the American Society on Aging, Virginia Coalition for Aging, Chesterfield Council on Aging, Senior Navigator Site, and the Chesterfield County Chamber of Commerce.

Lucy Corr is also associated with the Lucy Corr Foundation, a recognized charitable organization under §501(c)3 of the Internal Revenue Code. The mission of the Lucy Corr Foundation is to support the residents at Lucy Corr and help them have the very best in services, programs, and activities, enhancing their overall health and quality of life.

(b) The Commission is a political subdivision of the Commonwealth of Virginia and operates in accordance with Title 15.2, Chapter 52 of the Code of Virginia, as amended, as well as all other applicable federal and state regulations. As a political subdivision of the Commonwealth of Virginia, the Commission is exempt from federal and state income taxes.

Services Currently Provided and to be Continued Under Continuing Care Contracts

Residency and General Services. Independent Living General Services covered by the Monthly Service Fees are detailed in Section 5 “General Services” of both the Residency Agreement/Fee for Service and the Residency Agreement/LifeCare (Attachment A). Independent Living Services available at extra charge are detailed in Section 6 “Ancillary Services” of both Residency Agreements.

Lucy Corr currently provides care and services through three (3) licensed programs: (i) skilled nursing care, intermediate nursing care, dementia care, rehabilitation and hospice care are provided in the Health Care Center, which is licensed for 216 beds by the Virginia Department of Health; (ii) an Assisted Living facility licensed by the Virginia Department of Social Services for fifty-eight (58) residents provides memory care in a nine (9) unit center, and residential care for up to thirty-nine (39) residents in three levels of assisted living; and (iii) an Adult Day Center program licensed through the Virginia Department of Social Services provides day and respite care activities for up to twenty (20) participants daily.

Health Care Services. The Health Care Center at Lucy Corr is dedicated to providing cost-effective, quality medical services, including skilled nursing care, post-acute medical and rehabilitative services, long-term, and hospice nursing care. Residents, families and staff benefit from a connection to geriatric medical research and development through the organization’s teaching affiliations. Residents of the Health Care Center receive twenty-four (24) hour support from licensed RNs, LPNs and certified nursing assistants in accommodations that include private and semi-private rooms, a combination “call-bell” locator system, individual thermostatic controls, and telephone and cable access. The Health Care Center’s inter-disciplinary health care team provides initial and ongoing care planning.

The Health Care Center seeks to promote wellness and self-esteem among the residents through nursing programs designed to keep residents at their highest physical function. Pain management, restraint reduction, restorative nursing and fall prevention are among ongoing quality improvement efforts. The Health Care Center’s structured activities and programs provide socialization and access to community resources. These include a creative arts program, religious and spiritual services, educational programs, community

involvement and outings, aerobics and musical programs, intergenerational programming, pet visits, celebrations for special events and holidays, and pastoral care.

Food Service. Each Independent Living resident will receive a monthly dining credit as part of the monthly fee. Joint residents must each participate in a meal plan. Detailed information regarding the food service can be found in Section 5.1 of both the Residency Agreement/Fee for Service and the Residency Agreement/LifeCare.

In Assisted Living and the Health Care Center, three (3) meals a day plus AM and PM snacks are included in the daily rate.

Utilities. Section 4.3 of both the Residency Agreement/Fee for Service and the Residency Agreement/LifeCare sets forth those utility charges not included in the Monthly Service Fee for Independent Living, which vary depending on the type of unit occupied. Utilities are included in the monthly and per diem service fees for both the Assisted Living and Health Care Center.

Services to be Provided Under Continuing Care Program.

Independent Living

For Independent Living residents, the General Services included in the monthly service fee are detailed in Section 5 “General Services” of both the Residency Agreement/Fee for Service and the Residency Agreement/LifeCare. Additional fees for ancillary services may apply.

Assisted Living

For Assisted Living residents, the monthly service fee includes the following services:

- Assistance with activities of daily living (*e.g.*, assistance, to the extent necessary, with dressing, eating, bathing, toileting, administration of medication, ambulation, etc.);
- Three (3) meals daily plus snacks;
- Laundry services for personal items
- All utilities; including cable television and local telephone services
- Maintenance of Assisted Living residence and common areas;
- Weekly housekeeping of the Assisted Living residence;
- 24-hour emergency call;
- Security by trained law enforcement officers from 5:00 pm until 7:00 am on premises seven nights per week;
- A variety of social, recreational, educational, cultural, health and wellness programs.

Health Care Center

Health Care Center residents pay a per diem fee and receive the same services as Assisted Living residents plus skilled nursing supervision and weekly laundering of flat linens and towels.

Services Available at Extra Charge. Additional services that can be purchased on a fee-for-service basis at all levels of care include:

- Guest meals;
- Catering for special occasions;
- Barber, beauty and spa services;
- Additional resident meals;
- Additional housekeeping services;
- Private transportation;
- Usage of guest suites, if available;
- Additional storage, subject to availability; and
- Personal business services
-

Fees Required of Residents. **Attachment B** includes the current fee schedule for Independent Living, Entrance Fees and Monthly Fees, as well as fee schedules for the previous five (5) years.

(i) **Fees and Deposits**

For Independent Living

Prospective entrance fee contract residents of Independent Living units will pay a reservation deposit (10% of the Entrance Fee) in order to reserve a unit. The remaining 90% of the Entrance Fee will become due at the time of move-in. The Entrance Fees currently range from \$128,750 to \$440,563 for new Independent Living residences, depending on the type of entrance fee plan and size of residence selected. A separate non-refundable Entrance Fee is required with respect to a second person sharing a residence. This fee is currently \$10,000 for all entrance fee contracts with the exception of LifeCare contracts which require a \$22,150 second person fee. Lucy Corr currently offers three different types of entrance fee plans including an 80% refundable plan, a declining balance plan, and a LifeCare plan.

In addition, Independent Living entrance fee contract residents will pay a Monthly Service Fee. This fee ranges from \$2,650 to \$5,609 in fiscal year 2023, depending on the unit type and plan selected. The Second Person Monthly Service Fee ranges from \$1,074 to \$1,714 in fiscal year 2023, depending on the unit type and plan selected.

Independent Living at Lucy Corr also offers a limited number of leasing agreements.

For Assisted Living

See Attachment C for current fees in the Assisted Living units. Additional charges for ancillary services may apply.

As part of the CCRC program, Fee-for-Service Independent Living residents who permanently transfer from Independent Living to Assisted Living will pay the then standard monthly fee for Assisted Living. Prior to permanent transfer (and release of the Independent Living unit), transferred Fee-for-Service Independent Living residents temporarily occupying an Assisted Living unit will pay the applicable Monthly Service Fee for Independent Living plus a prorated monthly rate for Assisted Living. Where applicable, the prorated monthly service fee for Assisted Living is payable only to the extent that the Resident has exhausted his ten (10) lifetime days of free Assisted Living or Health Care Center care if applicable and to the extent such care is not covered by insurance or other sources.

As part of the CCRC program, LifeCare Independent Living residents who permanently transfer from Independent Living to Assisted Living Center will pay the Monthly Service Fee associated with their Independent Living unit.

For Health Care Center

See Attachment C for current per diem charges in the Health Care Center. Additional charges for ancillary services may apply.

As part of the CCRC program, Fee-for-service Independent Living residents who permanently transfer to the Health Care Center will pay the then standard per diem rate for the Health Care Center. Prior to permanent transfer (and release of the Independent Living unit), transferred Fee-for-service Independent Living residents temporarily occupying a Health Care Center bed will pay the market per diem rate for Health Care Center care in addition to the Independent Living Monthly Service Fee. Where applicable, the monthly rate for Health Care Center is payable only to the extent that the Resident has exhausted his ten (10) lifetime days of free Assisted Living or Health Care Center care if applicable and to the extent such care is not covered by insurance or other sources. The Health Care Center does accept Medicare and Medicaid.

As part of the CCRC program, LifeCare Independent Living Residents who permanently transfer from Independent Living to the Health Care Center will pay the Monthly Service Fee associated with their Independent Living unit.

(ii) **Use, Escrow, and Return of Resident Deposits.** In accordance with Virginia law, the reservation deposit for Independent Living entrance fee contracts will be held in an escrow account separate from Lucy Corr's operating account, and will be refundable to the prospective resident at any time and for any reason prior to signing the Residency Agreement. The use, escrow and refund of resident deposits are described in general detail in Sections 8 and 11 of the Residency Agreement/Fee for Service and in Sections 9 and 12 of the Residency Agreement/LifeCare. Sections 11.1 and 11.2 of the

Residency Agreement/Fee for Service and Sections 12.1 and 12.2 of the Residency Agreement/LifeCare provide greater detail regarding refunds Prior to Occupancy and After Occupancy and refunds, if any, are dependent upon the type of entrance plan a resident has selected.

(iii) **Fee Adjustments.** The entrance fees and monthly fees set forth above and in Attachment B are subject to periodic increases. Entrance Fees and Monthly Service Fees will be adjusted annually to take into account inflation and changes in the operating costs of Independent Living at Lucy Corr. However, Lucy Corr may adjust Entrance Fees and Monthly Service Fees more frequently if necessary. Any adjustment to the Monthly Service Fee will be made only after the provision of a thirty (30) day written notice to residents.

Onetime, non-refundable community fees and Monthly Service Fees for our limited number of leased units can be adjusted at any time following the initial term, with a thirty (30) day written notice to residents that lease.

Reserve Funding. A reserve fund has been established for the refundable portion of the Entrance Fees for certain qualifying entry fee plans. Refund of this portion of the Entrance Fee will be contingent upon Lucy Corr's receipt of an Entrance Fee from a new resident, or eighteen (18) months, whichever is sooner.

Lucy Corr is required by covenants in various bond issues to maintain a minimum of 100 days cash on hand at all times. In the event an Independent Living residence is not reoccupied within eighteen (18) months, these funds could be available to make a refund under the Residency Agreement.

Reserve funds will be invested in a portfolio comprised of government securities, insured deposits and/or high-grade corporate securities. The Commission will have ultimate responsibility for the investment of reserve funds.

Certified Financial Statements. A copy of Lucy Corr's audited financial statements for FY 2022 is attached as Attachment D.

Pro Forma. Lucy Corr's pro forma income statement for fiscal year 2022 is provided in Attachment E.

Qualifications for New Residents. A minimum age of 62 is required at the time of application. In the case of Joint Residents, with administrative approval, only one must meet the minimum age requirement. Applicants must also demonstrate the ability to meet the cost of care and be capable of independent living.

Please refer to the Residency Agreements, for additional admission requirements and procedures.

Access to Community and Services by Non-Residents. Guests of Residents do not receive the benefit of services afforded Residents.

Procedures for Residents to File a Complaint or Disclose Concerns. Complaints or concerns can be expressed either verbally or in writing to the Chief Executive Officer of Lucy Corr. If the complaint involves the licensed nursing facility or assisted living facility, complaints may also be filed with the licensing agency. Lucy Corr advises residents of this option and will continue to do so.

If the complaints or concern remains unresolved and rises to the level of a claim or dispute, the claim or dispute will be resolved by arbitration. The process for resolving claims or disputes is set forth in further detail in Section 15.9 of the Residency Agreement/Fee for Service and in Section 16.9 of the Residency Agreement/LifeCare.



LUCY
CORR

Disclosure Statement

**Attachment A:
Residency Agreement – Fee for Service
and
Residency Agreement - LifeCare**



LUCY
CORR

INDEPENDENT LIVING
Fee for Service (& Lease)
Residency Agreement

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**LUCY CORR
INDEPENDENT LIVING
FEE FOR SERVICE/LEASE RESIDENCY AGREEMENT**

1. TERMS OF OCCUPANCY

This Residency Agreement (the "Agreement") is made and entered into on _____, by and between The Health Center Commission for the County of Chesterfield dba Lucy Corr (referred to in this Agreement as "the Community", "we" and "our") and _____ (referred to in this Agreement as the "Resident(s)", "you" and "your").

Lucy Corr is a registered continuing care retirement community located in Chesterfield County, Virginia. It is owned and operated by the Health Center Commission for the County of Chesterfield. The Community seeks to provide quality residential housing for retirement age men and women along with an array of personal services and amenities as outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you an unfurnished independent residence ("Residence") in the Community and provide you with general services and amenities as described herein. The Residence is identified as follows:

Residence Type: _____ Address: _____

Residence Number: _____

In consideration of payment of an Entrance Fee and payment of the appropriate Monthly Service Fee as further defined herein, you will be entitled to occupy the Residence and to receive the services and use of the facilities described in this Agreement according to the provisions of this Agreement. The Entrance Fees and initial Monthly Service Fees are as follows:

1.1. Entrance Fee

Plan Option Selected: _____

First Person Entrance Fee: _____

Less Reservation Deposit* Paid: _____

Balance Due at Closing, First Person Fee: _____

Second Person Entrance Fee: _____

Total Balance Due at Closing: _____

*The Reservation Deposit is defined herein as ten percent (10%) of the First Person Entrance Fee. Disbursement and application of the Reservation Deposit is fully described in Sections 8.5 and 8.6 herein.

1.2. Monthly Service Fee

First Person Monthly Fee: _____

Second Person Monthly Fee: _____

Total Monthly Service Fee:* _____

*The Total Monthly Service Fee shown above is the stated Monthly Service Fee for the above residence at the time this agreement is executed. The Monthly Service Fee is subject to change before and after move-in according to the terms discussed in Section 9 of this Agreement.

Your right to occupy the Residence (or such other unit to which you may be transferred in accordance with this Agreement) shall continue until such time as this Agreement is terminated as provided herein.

2. APPLICATION AND ACCEPTANCE FOR RESIDENCY

Our obligations to provide services and facilities under this Agreement are conditioned upon your acceptance for residency at the Community in accordance with this Section. The decision to accept your application for residency shall be at the Community’s sole discretion.

2.1. Residency Requirements for Acceptance.

We require that you be capable of independent living and have assets and income which are sufficient (under foreseeable circumstances and after provision for payment of your obligations hereunder) to meet ordinary and customary living expenses, after assuming occupancy. You hereby represent and warrant that you are capable of independent living and have assets and income which are sufficient to meet ordinary and customary living expenses after the date you occupy the unit (the “Occupancy Date”) and agree to the following:

- a. Admission Application and Financial Information Form.**
You shall complete and submit an Admission Application and Financial Information Form provided by us prior to or when you sign this Agreement. You hereby certify to us that all information reflected on such Admission Application and Financial Information Forms which are hereby incorporated by reference and made a part of this Agreement, including all personal financial data, is complete and accurate.
- b. Resident Information Form.**
You shall submit a confidential medical profile and completed physician’s evaluation form, as required by the Resident Information Form.

c. **Age.**

You must be at least sixty-two (62) years of age on or before the Occupancy Date. In case of Joint Residents, at least one resident must be at least sixty-two (62) years of age on or before the Occupancy Date.

2.2. Admissions Committee.

Upon receipt of the completed Admissions Application, Financial Information Form, and Resident Information Form (collectively, the “Application Forms”), the Reservation Deposit, and a personal interview, the Community’s Admissions Committee will review the information you submitted as a basis for admission. The Admissions Committee will approve or deny the application for admission within thirty (30) days after receiving the completed forms.

2.3. Notification of Decision.

Within fifteen (15) days of the decision of the Admissions Committee, the Community shall notify you in writing of its decision concerning your acceptance for admission. In the event you are not accepted for residency, your deposit(s) shall be refunded in accordance with Section 11.1 within thirty (30) days of the date of written notice to you of non-acceptance for residency, and the parties shall have no further obligations to one another under this Agreement.

2.4. Acceptance for Residency Conditional Upon No Material Changes Prior to Occupancy.

Acceptance for residency in the Community shall be conditioned upon no material change in the matters covered by the Application Forms, prior to your Occupancy Date.

Note: Your Application Forms, including your physician’s evaluation, must be current, within ninety (90) days, of Occupancy Date to ensure you meet the criteria for independent living.

2.5. Full Disclosure.

You acknowledge and agree that the Community has relied upon all of the information contained in your Application Forms to make its decision regarding your residency in the Community. Any misrepresentation or omission by you may render this Agreement null and void. Both prior to and post occupancy, you agree to notify the Community in writing of any material changes in any of the matters covered by the Application Forms.

3. RIGHT TO OCCUPY

3.1. Occupancy Date.

The Occupancy Date is the date that the unit is made available to you for residency. Based on your personal choice, it may or may not be the same as your move-in date. The Occupancy Date will be established by mutual agreement between you and the

Community. Any requests to extend an occupancy date must be requested by you and approved by the Community in writing.

In the event you decide not to move into your Residence on the Occupancy Date, you remain obligated to pay the balance of the Entrance Fee and begin paying the Monthly Service Fee as of the Occupancy Date unless the Community waives that obligation or any part thereof in writing.

3.2. Exclusive Right to Occupy.

Your right to occupy the Residence and receive services under this Agreement shall apply exclusively to you, and to no other individual(s). No person other than the Resident(s) entering into this Agreement shall be permitted to occupy the Residence without the express written permission of the Community. You may not assign or sublet the right to occupy a Residence to any other person.

3.3. Joint Residents / Married Residents.

Whether married or not, when two (2) residents reside together in a selected Residence, they are considered to be “Joint Residents.” Each Joint Resident is required to meet the Community's financial requirements for entrance into the Community, as well as the Community's health qualifications for occupancy of a selected Residence, whether the prospective Joint Residents move to the Community together or on different dates. Joint Residents occupying the same Residence shall pay the appropriate Monthly Service Fee for double occupancy of the Residence.

Each Joint Resident to this Agreement is jointly and severally liable for the payment of the Monthly Service Fee, fees for Ancillary Services (as described in Section 6 herein) and all other amounts required to be paid to the Community and Contracted Providers pursuant to the provisions of this Agreement. If one Joint Resident dies or permanently vacates the Residence, for any reason, the remaining Resident shall assume the status of First Person and shall retain the obligations and rights of this Agreement.

If during the term of this Agreement you marry a person who is not at that time a resident of the Community, your new spouse will be required to meet the Community's financial and health-related qualifications for entrance into the Community. The financial qualifications are meant to serve as a financial protection for the larger community of residents. The Community reserves the right to determine the appropriate level of care within the Community for the spouse or to determine that there is not an appropriate level of care within the Community for the spouse. If your spouse is not accepted by the Community, you may terminate this Agreement in accordance with Section 12 of this Agreement. If your spouse is accepted by the Community, the fee structure described for Joint Residents will apply.

3.4. Pets.

Pets are only allowed in the cottages, duplexes and the designated area(s) of the Apartment Building and only in accordance with the Community's Pet Policy, as set forth in the Resident Handbook.

4. DESCRIPTION OF COMMUNITY

4.1. The Community Campus Description.

The campus currently consists of twenty-five (25) independent living cottages with private courtyards and fifty-two (52) independent living apartments ("Independent Living"); forty eight (48) assisted living residences ("Assisted Living"), two hundred and sixteen (216) health care center beds ("Health Care Center"); adult day center; and rehabilitative services. In addition, common areas can be found in the Community apartment building as well as in the Assisted Living and Health Care Center buildings. All of these buildings, services and common areas are located on one campus (the "Campus"). Long term plans for the Community include approximately one hundred and fifty (150) total independent living apartments, cottages and duplex units ("Independent Living").

For the health and well-being of our residents, the entire Lucy Corr campus (including all cottages, apartments, common areas, and community grounds) is a smoke-free, tobacco-free, vape-free environment. Our smoke-free, tobacco-free, vape-free policy applies to employees, residents and guests.

4.2. The Community Residences.

The Residences will be furnished at our expense with floor coverings, window coverings, self-defrosting refrigerator with freezer and ice maker, range and oven, dishwasher, garbage disposal, washer/dryer, emergency call system, fire sprinkler system and smoke alarm system. (Note: Should the resident demonstrate an inability to use the range, oven, refrigerator, or any appliance in a safe manner, management reserves the right to disconnect/remove the appliance.) All furniture, furnishings, decorations, bed and bath linens, and other personal property will be provided and insured by the Resident.

4.3. Utilities.

For purposes of this section, utilities are defined as follows: water/sewer, waste disposal, electricity, gas, cable television, internet services, and telephone services.

For Apartment Residences, all utilities are included in the Monthly Service Fee with the exception of telephone services. Costs for telephone services will be your responsibility as billed by the provider of your choice.

For Cottage Residences, all utilities are included in the Monthly Service Fee with the exception of electricity, gas, cable television, internet services, and telephone services. Costs for cable television, internet services and telephone services will be your responsibility as billed by the provider of your choice. Costs for electricity and

gas will be line-item additions to your Monthly Service Statement from Lucy Corr (along with a copy of the bill from the utility provider).

4.4. Options and Upgrade Features in a New Residence.

The Community will provide, and Resident may select, certain options and upgrade features in a new Residence for an additional charge. The cost of upgrade features selected will be paid by Resident at the time of selection and will become part of the Residence and the property of the Community. The value of such upgrade features will not be considered in computing Entrance Fee refunds.

4.5. Customized Improvements.

Resident may decorate the Residence to Resident's personal taste with pictures, window treatments, and the like, so long as such decorations are not permanent fixtures to the Residence or can be easily removed without damaging the structural integrity of the Residence. All other customized improvements to any Residence undertaken by you either prior to or after the Occupancy Date must be approved in writing by the Community. If you contract with an outside contractor, the firm or individual contracted with for making the approved improvements, and the plans under which those changes will be made, will be subject to approval by the Community. If you contract with the Community to make the changes, the Community and you will enter into a separate agreement to customize the Residence, to document the details concerning the improvements, and to itemize any charges related to such changes. If the changes you make are, in the Community's sole discretion, not desirable to be kept as a permanent change to the Residence for future residents, then the separate agreement may require you to pay, at the time of installation, the estimated future cost for the Residence to be converted back to its original state.

4.6. The Community's Common Areas.

You will have use of the Community's common areas in accordance with policies and procedures, as modified by the Community from time to time. The Community's common areas may include:

- Indoor Bistro with Outdoor Patio Seating
- Private Dining Room
- Formal Reception Area
- Coffee Nook
- Pub
- Creative Arts Studio/Multipurpose Room
- Lounges on the Third and Fourth Floors
- Beauty & Barber Shop
- Wellness/Fitness Center
- Library with Computer Center
- Mail Room

4.7. Parking.

The Community will provide adequate surface parking for each Residence of the Community. We will provide additional parking on Campus for additional resident vehicles and guests as defined in the Resident Handbook. Recreational vehicles, boats and trailers may not be parked on campus without written permission from the CEO.

4.8. Outdoor Recreation.

The Community grounds include walking trails around and through the campus, outdoor patios and benches, a dog park, resident gardens and lawns for social games.

4.9. Storage Area.

Each apartment Residence will be assigned a lockable, individual storage area.

4.10. Property Taxes and Insurance.

You will not be liable for real estate property taxes for your Residence. You will be responsible for paying applicable property taxes on your personal property such as your automobile. The Community will obtain property and casualty insurance coverage on the buildings and grounds of its Campus. Such coverage will not insure against loss or damage to your personal property or damage or injury to others caused by you. Therefore, you are required to purchase appropriate insurance to cover your personal property and personal liability (automobile, renter's and liability insurances, as applicable).

5. GENERAL SERVICES

The Community will make available the following services to you, as applicable, for the appropriate Monthly Service Fee, during the term and until such time of the termination of this Agreement. The Community may change the Monthly Service Fee or scope of services and care to Residents only after providing thirty (30) days advance written notice of the change, except for changes required by state or federal assistance programs.

5.1. Food Service.

Lunch, dinner and snacks will be available on a daily basis in the Community's Bistro except Sunday when only one meal is served. You may also use your meal credits in the Coffee Nook, and Pub.

You will receive a minimum monthly dining credit as part of your Monthly Service Fee. The meal plan is flexible in that you can purchase additional meal credits prior to the beginning of the month. You may increase your meal plan as often as monthly as long as it is done by the 25th of the previous month. In the case of double occupancy, the two residents may have different meal plans. The monthly dining credit is good for that month only and there is no carryover of dining credits into another month. Dining credits that are not utilized within a month expire.

You may use your dining credit to purchase meals, drinks, and snacks for you or guests. All meal credits must be used at the dining service venues located on the Lucy Corr campus. As food services are purchased, the dining credit will decline by the amount of the purchase until the balance is exhausted. Food services purchased after the dining credit is exhausted will be charged to you and billed on your next Monthly Service Statement.

5.2. Housekeeping and Laundry.

The Community shall provide housekeeping services on a scheduled bi-weekly basis to all Residences. Residents may select from a menu of housekeeping services that can be provided during the allotted housekeeping time. Allotted housekeeping times for each Residence shall be determined in association with the size of the Residence. Residents may purchase additional housekeeping services in accordance with the Community's Housekeeping Policy as set forth in the Resident Handbook.

5.3. Security and Emergency Systems.

The Community shall equip each Residence with smoke detectors and a 24-hour emergency-alert system. After regular business hours, all common doors shall be locked or require coded entrance or will be monitored by staff. The Community will engage security personnel to monitor the Campus during nighttime hours.

5.4. Maintenance.

The Community will maintain all residences, common areas, grounds, equipment and furnishings provided by the Community. If there is damage done to any of these due to you or your guests' negligence, you will be required to cover the cost of such repairs. You are responsible for the maintenance of your own personal property and are required to purchase renter's insurance to cover your personal belongings and personal liability.

5.5. Mail.

The Community will provide a U.S. mailbox or an in-house mailbox in a central location for your use.

5.6. Transportation.

The Community will provide scheduled local group transportation to designated shopping, social, recreational, educational and cultural programs for those Residents wishing to participate and within the limits of the capacities of the Community's vehicles. Upon availability, personal transportation may be arranged and provided for residents on a fee-for-service basis.

5.7. Social and Recreational Programs.

The Community staff will coordinate a variety of social, recreational, educational and cultural programs as described in the Resident Handbook. Specific programs will be based on Residents' interests. Some programs may be provided at the expense of the participating Residents. Participation in these programs is voluntary.

5.8. Wellness Programs.

The Community staff will coordinate a wellness program promoting wellness and preventive health. Specific programs will be based on Residents' interests. Some programs may be provided at the expense of the participating residents. Participation in these programs is voluntary.

6. ANCILLARY SERVICES

6.1. Additional Services Available through the Community.

In addition to the General Services described in Section 5 of this Agreement, the Community anticipates that the following services ("Ancillary Services") will be available to you for an additional fee. These Ancillary Services will be phased in as the Community is developed. Other services not currently listed may also be available. The Community may change the scope of or fees charged for such Ancillary Services only after providing Residents with thirty (30) days advance written notice, except for changes required by state or federal assistance programs.

- Delivery meal service
- Additional housekeeping and laundry services
- Some social, cultural, educational, recreational or wellness programs
- Maintenance and repairs of personal property
- Personal transportation
- Catering services
- Health services: assisted living, nursing care, companion care & adult day care

6.2. Additional Services Available through Contract Providers.

The Community may also contract with outside providers ("Contract Providers") to make the following services available to Residents at the Community:

- Beauty/barber services
- Spa services
- Physical, speech and occupational therapy
- Clinic services as they may be offered

These services will be provided at an additional fee and will be billed either on your monthly statement from the Community or separately by the Contract Providers. Some services may be covered by Medicare or by other medical insurance. These services will be phased in as the Community is developed and some services may not be immediately available. The Community is not responsible for any Contract Providers services, a Contract Provider's actions, or its failure to act in your case. Further, you agree to be responsible for the cost of Contract Provider services and care.

6.3. Services Not Provided by the Community.

Services not provided by the Community include physician services, hospital care, or any other care other than the care we provide through companion care, or in our Adult Day Center, Assisted Living facility, Health Care Center or Clinic. The Community may assist you with obtaining services that we do not provide directly or through Contract Providers and with transfers to other facilities that might meet your special needs. However, the Community does not endorse any outside services, nor is it responsible for the outside services' actions or failure to act. Further, you agree to be solely responsible for the cost of such services and care.

7. HEALTH CARE SERVICES AND CONTINUING CARE

7.1. Health Services in your Residence.

If it is determined that you require assistance with your daily activities, you may contract with a Community-approved agency to provide home health services to you in your Residence in accordance with the Community's policy.

7.2. Temporary Transfer to Health Services.

For purposes of this Agreement, a "Temporary Transfer" is a transfer of an anticipated finite duration. During a Temporary Transfer to our Assisted Living or Health Care Centers, our staff will assist you through the application process for admission to these centers. After exhausting your insurance, Medicare or other government benefits, and health care benefit days if applicable, you will be required to pay both the then current Monthly Service Fee for your Residence and the then current daily rate for Assisted Living or the then current daily rate for nursing care in the Health Care Center until such time as you are discharged from the Assisted Living or Health Care Centers and return to your Residence.

7.3. Permanent Transfer.

For purposes of this Agreement, a "Permanent Transfer" is a transfer of indeterminate duration. During a Permanent Transfer, you shall be requested to release the Residence. If it is determined that you require assisted living or nursing care on an on-going basis in the future, you will receive priority access to our Assisted Living and Health Care Centers provided you meet admission criteria at the time of need. Our staff will assist you through the application process for admission to these levels of care. If Assisted Living or Health Care Center admission is not possible due to medical or availability reasons, our staff will assist you in securing appropriate services for your care. See Section 14.1 concerning your rights in such transfers.

Either the Resident or the Community may seek a Permanent Transfer. For a Community-initiated transfer, except in cases of emergency, we will consult with you, your physician, your family and/or your legal representative, if applicable. The Community will make any decision to transfer you after considering your best interest, and our decision shall be final and binding. Circumstances in which we will find it in your best interest to be transferred include but are not limited to:

- 1) A determination that you can no longer function in an independent manner in a Residence, and that you require additional assistance with activities of daily living or nursing care;
- 2) A determination that you are unable to demonstrate the mental competence and physical ability to leave a building without human assistance or supervision in case of emergency; or
- 3) A determination that your continued residency would be harmful to either yourself or other Community residents or staff.

In the event of a Permanent Transfer, whether at your election or at ours, you or your legal representative shall sign and give to the Community a residence release form (“Residency Release Form”), confirming the date you will vacate the Residence (the “Departure Date”). You or your legal representative shall then be responsible for vacating the Residence and removing all personal possessions by the date you select (in the case whereby you elect to permanently transfer) or by the date we select (if the permanent transfer is Community initiated). The Community shall have the right to show the Residence to interested applicants as of the Departure Date indicated on the Residency Release Form.

If you fail to vacate the Residence by the Departure Date, the Community shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your sole expense, until disposition thereof can be made. The Community assumes no responsibility for your stored possessions.

7.4. Permanent Transfer of one of Joint Residents.

Should one of Joint Residents have a permanent need for Assisted Living or Health Care Center services, the Monthly Service Fee will be reduced by the second person fee for the resident remaining in the Residence and the resident that has transferred will be required to pay the then current daily rate for Assisted Living or the then current daily rate for Health Care Center care to the extent that is it not covered by insurance, Medicare or any other governmental programs or by benefit days to which you are entitled.

7.5. Additional Charges in Health Services.

Residents that are temporarily or permanently admitted to Assisted Living or Health Care Center care will be responsible for all costs and charges not covered by the daily fee. These may include but are not limited to:

- Guest Meals
- Catering
- Beauty/Barber Services
- Transportation Services
- Physician Services & Hospitalization
- Pharmacy

- Incontinence supplies
- Rehabilitation Services
- Hospice Care
- Home Health Care
- Private Duty Sitters

7.6. Limitation of Care.

The Community cannot care for you if you suffer from serious mental illness, drug or alcohol abuse, if you require specialized care which we are unable to provide, or if state or federal laws prohibit your admission.

7.7. Emergency Transfer at the Election of The Community.

If your health and safety or the health and safety of other residents require immediate action, the Chief Executive Officer (with the approval, if reasonably obtainable, of the Medical Director) may transfer you from your current Residence to a different residence or an off-site facility, on a temporary or permanent basis. Emergency circumstances arise when there is a danger of immediate, irreparable harm to your health and safety or to the health and safety of other people at the Community. In the event that you are required to be transferred to the Health Care Center or to Assisted Living during a period when you are legally incompetent, you agree to be bound by the terms of the Agreement in effect at the time of such transfer and by the actions of your legal representative.

8. DEPOSITS AND ENTRANCE FEES

8.1. Payment of Entrance Fee.

You shall pay to the Community the total Entrance Fee, which may be made in a series of deposits on or before the Occupancy Date for your Residence at the Community. In the case of Joint Residents, the Entrance Fee shall be deemed to be a joint asset of the Joint Residents with a right of survivorship until your Occupancy Date. The Community does require an additional fee if multiple Residents occupy the same Residence.

8.2. Escrow of Deposits.

Any and all deposits made by you toward the total Entrance Fee for a Residence will be deposited into an escrow account. Once the refundable portion of your Entrance Fee is released from escrow, it may be held or used by the Community until the termination of this Agreement as provided in Section 11.

8.3. Internal Transfers within Independent Living.

Transfers within Independent Living from one residence to another (i.e. cottage to apartment, apartment to apartment, etc.) may be granted at the sole discretion of the Community.

8.4. Changes to Entrance Fee.

The Entrance Fee stated in this Agreement will not be increased or changed during the duration of the Agreement, except for changes required by state or federal assistance programs. We may increase your Entrance Fee only under the circumstances listed below. You shall not be entitled to a refund or decrease of the Entrance Fee due to any Temporary Transfer or Permanent Transfer, for whatever reason, during the Term of this Agreement.

If you wish to transfer to a Residence with a different Entrance Fee, and such request is approved by the Community, you will be required to enter into a new Residency Agreement subject to the greater of the two Entrance Fees. Likewise, if your Joint Resident transfers to an Independent Living Residence other than yours (see section 2.3 of this Agreement), your Joint resident must enter into a new Residency Agreement and agree to pay to the Community the Entrance Fee that is associated with that Residence. Other refurbishing fees may apply to a move from one independent unit to another (see section 10.2).

8.5. Use of Entrance Fees.

The purpose of the Entrance Fee is to generate investment income to contribute to the operating income of the Community and to help fund the operating costs, capital costs and other obligations of the Community. As such, interest income generated from the investment of Entrance Fees will be paid to the Community.

8.6. Ownership of Deposits and Entrance Fees.

Until you occupy your Residence, all deposits made toward your Entrance Fee shall for all purposes be your property and shall not be the property of the Community for use under the terms of this Agreement, except as stated in Section 11.1. Upon the Occupancy Date of your Residence, all deposits shall be applied toward your Entrance Fee balance. That, and your fully paid Entrance Fee, will become the property of the Community for use in accordance with the terms of this Agreement, and shall not be subject to the claims of your estate or creditors thereafter.

9. MONTHLY SERVICE FEE

9.1. Monthly Service Fee.

The Monthly Service Fee shall be due beginning on the Occupancy Date and will be prorated, if necessary, on a daily basis for the first and last months of occupancy. The Monthly Service Fee shall be billed in advance to you on or before the fifth (5th) day of the month, and shall be paid on or before the fifteenth (15th) day of the month. For your convenience the Lucy Corr accounting office does offer the option of allowing your account to be debited each month.

The Monthly Service Fee may be revised from time to time upon thirty (30) days' prior written notice. The Community generally adjusts fees on an annual basis after having evaluated factors relevant to the costs associated with operating the Community and other financial requirements. Normally, such changes will be

effective on July 1st of each year. The Community also reserves the right, at any time, upon thirty (30) days prior written notice, to adjust the Monthly Service Fee to reflect any unanticipated increases in operating or capital costs.

9.2. Monthly Service Fee in the Event of Transfer to Another Independent Living Residence.

You may elect to move to another Independent Living Residence in the Community, subject to availability, and subject to approval by the CEO. In such event, the Agreement will be amended to reflect the change in Residence and your new Monthly Service Fee associated with your new Residence.

9.3. Monthly Service Fee in the Event of a Temporary Transfer to Health Services.

In the event that you temporarily transfer to another level of care in the Community or to an off-site facility, you shall pay the Monthly Service Fee for your permanent Residence in addition to applicable monthly or daily fees for the temporary residence or off-site facility, as the case may be. Payment of the Monthly Service Fee for your Residence assures that such Residence will remain available to you during a Temporary Transfer. Upon your return to the Residence, you shall continue to pay the current Monthly Service Fee associated with such Residence.

10. OTHER FEES, PERIODIC CHARGES, AND COSTS

10.1. Fees for Ancillary Services.

Fees for Ancillary Services will be charged in accordance with the fee schedules in effect during that month. These charges will be included on your bill on the month following your purchase of these services. You agree to pay these fees on or before the fifteenth (15th) day of the month in which they are billed.

10.2. Refurbishing Fees.

When you permanently vacate a Residence, you agree to pay a one-time charge to the Community to cover the reasonable cost of cleaning and refurbishing the Residence (“Refurbishing Fee”), including but not limited to, super-cleaning or replacement of carpeting, spackling and/or painting of walls and generally restoring the Residence to its original condition, or any other appropriate repairs, at the Community’s sole discretion, as necessary to bring the Residence back to a like-new condition.

10.3. Late Payment of Fees.

We will assess you a late fee of five percent (5%) per month (or the maximum amount allowed by applicable law, if less) of the amount due if the Monthly Service Fee and/or Ancillary Service Fees are not paid in full on or before the fifteenth day (15th) of the month in which they are due. Should your account for any reason be turned over for collection to an attorney or collection agency, or should the Community seek to interpret or enforce any other provision of this Agreement, you agree to pay all court costs and reasonable attorneys’ fees of the Community associated with such matters.

10.4. Medical and Other Insurance.

You shall procure and maintain in force at your own cost, the maximum coverage available to you under Medicare Parts A, B and D and one supplemental health insurance policy, or equivalent insurance coverage acceptable to the Community, to ensure your ability to cover insurable health care costs, and shall furnish to the Community evidence of coverage upon occupancy and thereafter upon request. The Community may accept documented equivalent coverage if you do not qualify for Medicare or are insured under other adequate programs. Supplemental insurance is not provided by the Community. You shall cooperate with the Community in connection with any required application, execution of all necessary forms and the processing and collection of health care payments or reimbursement claims to which the Community may be entitled for health services provided to you. Prior to changing your health insurance coverage, you must notify the Community so that the Community can discuss with you how this may affect the health care services you receive from the Community.

In addition, you shall procure, at your expense, sufficient renter's insurance coverage against damage, loss, or theft of your personal property maintained at the Community and coverage for personal liability and medical payments should a claim be made or suit brought against you for any cause. Evidence of such insurance shall, at the Community's request, be provided prior to and during occupancy.

10.5. Funeral Arrangements and Burial Expenses.

Funeral arrangements and burial expenses are the responsibility of you and your estate. The Community will not make such arrangements or provide such services.

11. TERMINATION AND REFUNDS

11.1. Termination Prior to Occupancy.

Prior to the Occupancy Date, this Agreement is subject to termination as follows:

- a. You or your legal representative will be entitled to full reimbursement of any monies paid to us within thirty (30) days of receiving your written termination of this Agreement, if applicable, and you will be released from liability to pay us any other amount under this Agreement under any one of the following conditions:
 - (i) If you terminate this Agreement within seven (7) days from the date on which you signed this Agreement and paid the Reservation Deposit; or,
 - (ii) If you die or if, because of the onset of a new illness, injury, or incapacity, you would be precluded from occupying your Residence consistent with the representations made by you in the Application Forms of this Agreement; or

- (iii) If the Community's Admission Committee denies your application for admission.
- b. You or your legal representative will be entitled to reimbursement of any monies paid to us less account management fees in the amount of \$2,500.00 within thirty (30) days of receiving your written termination of this Agreement, if applicable, and will be released from liability to pay us any other amount under this Agreement under any one of the following conditions:
 - (i) If you terminate this Agreement for reasons or conditions other than those described in Section 11.1.a; or
 - (ii) If we terminate this Agreement for your failure to pay the entire Entrance Fee on or before the Occupancy Date.

11.2. Termination After Occupancy

After you have assumed occupancy of your Residence, this Agreement is subject to termination as follows:

- a. *Voluntary Termination.* If you terminate this Agreement at any time after your Occupancy Date and the expiration of the right of rescission, the Community shall pay the refundable portion of the Entrance Fee less the costs set forth in Section 11.4 within thirty (30) days after the fulfillment of all the following conditions:
 - (i) You have given sixty (60) days written notice to the Community of your intention to terminate;
 - (ii) You have vacated and removed all possessions from the Residence;
 - (iii) You have signed a Residency Release Form;
 - (iv) You have paid to the community all outstanding fees and charges; and
 - (v) A qualified, new resident has signed a Residency Agreement for the same Residence, the full Entrance Fee has been paid and the right of rescission has expired for that Resident or eighteen (18) months have transpired since the Community released your unit for resale, whichever is sooner.
- b. *Termination due to Death of Resident.* If you die after the Occupancy Date and the expiration of the right of rescission, the Community shall pay the applicable refund of the Entrance Fee less the costs set forth in Section 11.4 within thirty (30) days after the fulfillment of all of the following conditions:
 - (i) Your legal representative has removed all possessions from the Residence;
 - (ii) Your legal representative has signed a Residency Release Form for the Residence;

- (iii) Your legal representative has paid all outstanding fees and charges; and
- (iv) A qualified, new Resident has signed a Residency Agreement for the same Residence, the full Entrance Fee has been paid and the right of rescission has expired for that Resident or when eighteen (18) months have transpired since the Community released your unit for resale, whichever is sooner.

Any such refund shall be paid to your estate or your Trust, as applicable.

If one Joint Resident dies, there will be no refund of the Entrance Fee; instead, so long as a surviving resident continues to reside at the Community, the Entrance Fee shall be deemed to have been paid entirely on behalf of the surviving resident to be refunded to the surviving Joint Resident at the time of his/her termination of this Agreement.

- c. *Termination by the Community.* If the Community terminates this Agreement, the Community shall pay you a refund of the Entrance Fee, less costs set forth in Section 11.4, within thirty (30) days of fulfillment of the conditions set forth in Section 11.2.b, where there is “good cause” for termination.

- (i) The term “good” cause is limited by §38.2-4905 of the Virginia Code, to where a good faith determination in writing, signed by the Chief Executive Officer or Medical Director of the Community, states that (A) you are a danger to yourself or others while remaining in the Community; (B) you fail to pay the Community or have not complied with the provisions for financial inability to pay as set forth in Section 12 herein and are unable to pay the Monthly Service Fee; (C) you repeatedly interfere with the other residents’ quiet enjoyment of the Community; (D) you persistently refuse to comply with the Community’s reasonable rules and regulations set forth in the Resident Handbook and elsewhere; (E) you made a material misrepresentation intentionally or recklessly in your application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either your failure to qualify for residency or a material increase in the cost of providing you the care and services provided under the Agreement; or (F) you otherwise materially fail to comply with this Agreement.

- (ii) The written determination shall state: (A) that the determination is made in good faith, (B) the reasons supporting the determination, (C) the basis for the conclusion that there is no less restrictive reasonable alternative to dismissal, discharge or cancellation for abating the danger posed by you, and (D) you have sixty (60) days to leave or you receive an explanation as to why the danger is such that, where necessary, a notice period of less than sixty (60) days is required. Nothing in the Agreement shall operate to

relieve the Community from the duties under Chapter 13.2 (§55-248.2, et. seq.) of Title 55 when seeking to terminate your occupancy.

- d. *Termination by Abandonment.* If you abandon the Residence and you or your legal representative fails to notify the Community for a period of sixty (60) days, this shall be deemed a material failure to comply with the Agreement, and the Agreement shall terminate and any refund shall be forfeited and deemed waived by Resident. In addition, you shall remain liable for outstanding fees and charges, if any. The Community shall also have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. The Community assumes no responsibility for your stored possessions.

11.3. Vacating the Residence.

Upon termination of the Agreement by your election, election of the Community, or due to your death, you or your legal representative shall sign and give to the Community a Residency Release Form. You or your legal representative shall then be responsible to vacate the Residence and to remove all personal possessions from the Residence. The Community shall have the right to show the Residence to interested applicants as of the date indicated in the Residency Release Form.

If you or your legal representative fail to sign and provide a Residency Release Form indicating a Departure Date, or if you or your legal representative fail to vacate the Residence by the indicated Departure Date or, in the event of a termination by the Community, within the required time for the notice of termination as provided in Section 11.2, the Community shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. The Community assumes no responsibility for your stored possessions.

11.4. Limitation on Amount of Refund.

You shall receive the refundable portion of your Entrance Fee as specified in this Agreement minus any outstanding Monthly Service Fees, Ancillary Services Fees and/or Refurbishing Fees that you owe the Community.

For the Traditional 80% refundable plan, the refund at time of occupancy will be and will remain at 80% of the First Person Entrance Fee, less unpaid monthly fees, expenses and refurbishing costs.

For the Traditional Declining Balance plan, the refund at the time of occupancy will be 90% of the First-Person Entrance Fee. From that point forward the refund will decline by 2% of the full Entrance Fee per month for 45 months. After 45 months, there will be no refund. Unpaid monthly fees, expenses and refurbishing costs, if any, will be billed.

11.5. Monthly Service Fee in the Event of Termination of Agreement.

If you terminate this Agreement, or if the Community terminates this Agreement for good cause in accordance with Section 11.2.c., or if this Agreement should terminate by reason of your death, you or your estate, as the case may be, shall be responsible for the payment of the Monthly Service Fee for the vacated Residence until all of the following conditions are met:

- 1) You or your legal representative has removed all possessions from the Residence;
- 2) You or your legal representative has signed a Residency Release Form for the Residence;
- 3) You or your legal representative has paid all outstanding fees and charges.

12. INABILITY TO PAY

If your sources of funds including available assets and any guarantees are inadequate for you to make the payments required under this Agreement, you shall file with the Chief Executive Officer, on appropriate forms provided by the Chief Executive Officer, a statement of financial inability to pay. As part of this statement, you shall disclose all of your remaining available assets and income. The Chief Executive Officer will review your financial position to determine the existence of any outside assets, including any guaranty agreements, which may be used to pay the Monthly Service Fee for the Residence.

If you have outside assets other than the Entrance Fee, the Chief Executive Officer will establish a plan (“Spending Plan”) for you to spend the available assets and to obtain assistance from family or other available means. Additionally, you shall take the necessary steps to obtain county, state, and federal aid or assistance including Medicare, Medicaid, public assistance and any other public benefit program that you may qualify to receive. You agree to execute any and all documents necessary to make and perfect such claims or rights. If you fail to cooperate with the Spending Plan for the outside assets, the Community may terminate the Agreement for good cause in accordance with Section 11.2.c of this Agreement.

After you have completed the Spending Plan or if you have no outside assets other than the Entrance Fee, the Community may authorize and approve a spend-down of your Entrance Fee. If approved, your Entrance Fee would be used to pay your fees and expenses at the Community. The Entrance Fee will not, however, under any circumstances be released, returned to or made available to you for any other purposes. The Chief Executive Officer will notify you when spend-down of your Entrance Fee begins and again three (3) months before the Entrance Fee is projected to be fully depleted and spent-down.

If requested by the Community, you will transfer to an alternate Residence at the Community if and when available.

You agree to provide periodic statements of financial condition and copies of income tax returns as requested from time to time by the Community.

You will notify the Community of any and all assets acquired by you through any means whatsoever thereafter, and will assign or pay such property received to the Community, in an amount equivalent to the total outstanding charges and fees, owed by you.

Upon completion of the spend-down of your Entrance Fee, you may qualify for assistance from a residency assistance fund if such fund is established by the Community, at the Community's sole discretion. If you are approved for such assistance, the Chief Executive Officer shall inform you of the amount which the residency assistance fund will contribute to the Monthly Service Fees and the amount which you must contribute to the Monthly Service Fee.

If you are unable to secure assistance through a Community residency assistance fund or other sources, the Community may initiate termination of this Agreement in accordance with Section 11.2 c. of this Agreement.

13. RESIDENTS' RIGHTS AND OBLIGATIONS

13.1. Residents' Association.

You shall have the right to participate fully in a Residents' Association, or other organization of residents, and to meet privately to conduct business.

13.2. Resident Guests.

You shall have the right to receive guests and visitors at the Community and to allow such guests and visitors to stay in your Residence according to the Community Guest Policy on a temporary basis. Guest housing, meals, services and guest beds/cots (if available) will be treated as an Ancillary Service, the costs of which are chargeable to the Resident.

13.3. Physicians and Other Professionals.

You shall have the right to select your own attending physicians and other health care professionals, provided such physicians or other health care professionals shall agree to follow the reasonable policies and procedures of the Community and applicable federal and state laws, rules and regulations. You are not required to use on-site medical clinics, pharmacy or related health services that the Community may provide, but your choice of outside service provider must coordinate any necessary medical services with the Community staff and meet all reasonable Community documentation and service delivery standards for your well-being. Any assistance by the Community in coordinating with your choice of an outside service provider shall in no way be an endorsement of the provider, and the Community shall not be deemed responsible for the acts or failure to act of any outside service provider.

13.4. Power of Attorney & Advance Directives.

Although not required, you are strongly encouraged to execute a power of attorney and advance directives and to provide the Community copies for our files.

13.5. Home Health Services.

It is the intent of the Community to enable you to maintain the highest level of independence as possible. As such, you may arrange for home health care services to be provided to you in your Residence at your expense by a Community approved and state licensed, Medicare certified or JCAHO accredited home health care agency. Such services are typically intended for situations when you require temporary or minimal assistance with your daily activities, often rendered following an acute care illness. Any assistance by the Community in choosing an appropriate agency shall in no way be deemed an endorsement of a particular agency, and the Community shall not be deemed responsible for the acts or failure to act of any such agency.

13.6. Ancillary Services and Contract Provider Services.

You acknowledge and agree to pay any and all expenses or charges which may be incurred by or on behalf of you for all costs not covered in the Monthly Services Fee including but not limited to those services listed in Section 6 of this Agreement.

13.7. Unauthorized Transfers of Property.

The Application Forms submitted by or on behalf of you are a material aspect upon which the Community is reasonably relying in determining your qualifications for becoming a Resident of the Community. Being able to meet the financial criteria to become a Resident helps assure the financial stability of this Community. Furthermore, after you assume occupancy, the Community is committed to take every reasonable step to assist you if you have depleted those assets through normal living expenditures so that you may continue to remain as a Resident of the Community. However, in order to protect the Community from a situation wherein you divest yourself of those assets for the purpose of qualifying for assistance or reduction of Monthly Service Fees, you agree not to divest yourself of, sell, or transfer any assets or property interests (excluding expenditures for your normal living expenses) that may result in a reduction in your net worth (assets less liabilities) such that you are unable to meet your financial obligation to Lucy Corr without having first obtained the written consent of the Community.

13.8. Responsibility for Protection of Resident's Property.

We shall not be responsible for damage or loss to any personal property belonging to you caused by fire, flooding or other casualty, or by leaking of water, bursting of pipes, theft or any other cause. You shall be solely responsible, at your own expense, for insuring against property damage or loss and personal liability to others. In the event of your death or transfer from the Community, we will exercise ordinary care in temporarily safekeeping your personal property. If such property is not removed from the Residence and storage area within sixty (60) days after termination of this Agreement, we reserve the right to have such property placed in a commercial warehouse at your or your estate's expense.

13.9. Property Rights.

You acknowledge that, except as expressly set forth in this Agreement, the rights and privileges granted by this Agreement do not include any right, title or interest in any part of the personal property or real property - including land, buildings and improvements - owned, leased or administered by the Community. Your rights are limited to the rights provided in this Agreement for services and the occupancy of the Residences. Except for your right to occupy the Residence, any rights, privileges or benefits under this Agreement shall be subordinate to any mortgage or deed of trust or leasehold interest on any of the premises or interest in real and personal property of the Community, to all amendments, modifications, replacement or refunding, of any such mortgage or deed of trust or leasehold interest, and to such reasonable rules and regulations governing the use of the property as shall from time to time be imposed by the Community. You hereby agree, upon request of the Community, to execute and deliver any document which is required to this effect by the Community, or by the holder of such mortgage or deed of trust or leasehold interest to effect such subordination or to evidence the same, and appoint the Community as your attorney in fact to accomplish that purpose.

13.10. Resident Handbook.

We will establish and adopt policies, forms and procedures for the occupancy and orderly operation and management of the Community. The policies will be established to provide for the safety, welfare, peace and comfort of all Residents consistent with the provisions of the Residency Agreement. These policies will be published in writing in the Resident Handbook, which will be provided to you on or before the date you move in and may be amended from time to time. You agree to abide by such policies and all amendments and additions thereto. In the event that the terms of this Agreement conflict with such policies, the terms of this Agreement shall control. Failure to comply with the Community's policies may result in good cause for the Community to initiate termination of this Agreement.

13.11. Notification of Leave.

You shall be responsible for notifying the Community in advance of any contemplated absence from the Community.

13.12. Notices.

Any notice to the Community by you will be given in writing and mailed or delivered to the Community at the administrative office or at such other address as we may designate in writing. Any notice to you will be given in writing and mailed or delivered to your address.

13.13. Non-Impairment of Financial Responsibility.

After execution of this Agreement, you agree not to impair your ability to meet your financial obligations under this Agreement and cause any act such that you would no longer meet the financial qualifications as set by the Community for your Residence.

14. RIGHTS AND RESPONSIBILITIES OF THE COMMUNITY

14.1. Community Initiated Transfers.

Except in case of emergency, the Community agrees not to transfer you from your Residence to Assisted Living, to the Health Care Center, or to a care facility or hospital which is not on our Campus, for health related or other reasons unless it has consulted with you, your physician, your family and/or your legal representative, if applicable. We will make a transfer decision after considering your best interest, and our decision shall be final and binding. Circumstances in which it may be in your best interest to be transferred include but are not limited to those listed in Section 7.3.

14.2. Community Rules and Regulations.

The Community shall have the right to promulgate reasonable rules and regulations governing the conduct of the Residents, to be accessible to you in the Resident Handbook and in other sources. You shall enjoy the fullest measure of independence consistent with the accommodation in which you live, subject, however, to the limitations of the reasonable policies and procedures now or hereafter adopted by the Community for the conduct and care of all residents. Resident agrees to abide by all such policies and procedures, and generally to conduct himself or herself in such a manner as to promote the peace and harmony of the Community.

14.3. Access to Residences by the Community.

You acknowledge and accept the responsibility of the Community to enter your Residence in order to carry out the purpose and intent of this Agreement and authorize such entry. Such entry includes (1) performance of authorized housekeeping duties; (2) response to medical emergencies; (3) responses to fire protection systems; (4) entry by authorized personnel in the event that the Resident is reported missing or has not responded to a call; (5) scheduled maintenance activities; and (6) enforcement of the Community's policies and procedures. The Community acknowledges and hereby agrees to respect your right to privacy and agrees to limit uninvited entry into the Residence by the Community to emergency situations and scheduled or authorized work as set forth in this section.

14.4. Repair of Damage to Residence.

If your Residence is damaged by fire, flood, storm or other casualty cause and we elect not to terminate this Agreement, we will, at our expense, proceed diligently to repair and restore your Residence. If your Residence is uninhabitable during the repair, we will relocate you to a temporary residence and the Monthly Service Fee will be adjusted for the type of residence you temporarily occupy, but in no event shall it be more than the Monthly Service Fee associated with your Residence.

14.5. Limitation of Liability.

You are required to obtain appropriate insurance in sufficient amounts to cover your personal property. The Community, its officers, agents and employees shall not be responsible for the loss or damage of your personal property due to routine maintenance, housekeeping activities, theft, fire, other casualty or any other cause.

The liability of the Community for damage to or loss of your personal property shall be limited to damage or loss caused by willful negligent acts or omissions of the Community, its officers, agents or employees acting within the scope of their employment.

You also agree that the Community, its officers, agents, or employees will not be liable for any death or injury which is not caused by our willful negligent acts or omissions.

You agree to indemnify and hold the Community and its officers, agents and employees harmless from and against any and all claims, demands, actions and causes of action (including any costs and attorney's fees) whether from injury to person, loss of life or damage to property, occurring in your Residence, at a Lucy Corr-sponsored event, or anywhere on the premises of Lucy Corr and from any liability resulting from the negligence or wrongful acts of other residents and hereby waive any claim that you or your legal representative may have against the Community, its officers, agents or employees therefrom.

15. MISCELLANEOUS PROVISIONS

15.1. Residents' Interest in the Community.

You do not have any proprietary interest in the Community, its assets or properties by virtue of this Agreement. While the Community is interested in your input and comments, this Agreement does not give you the right to participate in management or policy-making decisions for the Community.

15.2. Injury or Accident While Away from the Community.

If you are injured in an accident or become ill while away from the Community, you shall make every reasonable effort to notify the Community as soon as possible. The Community shall not be responsible for or assume the cost of medical care for illness or injury incurred by you while away from the Community.

15.3. Injury Caused by Third Party.

In the event of an accident or injury to you caused by a third party, for which such third party may be liable for the cost of any medical, surgical, nursing or additional care for you resulting therefrom, you or your legal representative shall notify the Community promptly and you or your designated legal representative shall pursue diligently any claim for damages which may be due from such third party for the injury. The Community is not required to bear the cost of medical care or related services to you for which a third party is liable. You agree to indemnify the Community for any expenses incurred by the Community in providing care to you for which a third party is liable.

15.4. No Presumptions.

The use of the singular or one gender in the Agreement terms shall not prevent the terms of the Agreement from being applied equally to multiple parties or services or

to the other gender. Both parties agree that there is no presumption against the drafter of this Agreement in any future dispute. Both you and your advisors have had a full opportunity to read the Agreement and have all your questions answered to your satisfaction.

15.5. Paragraph Headings.

Paragraph headings are added solely to aid in the review of this Agreement and are not to be construed to affect the interpretation of this Agreement.

15.6. Entire Agreement.

This Agreement, the terms of the Disclosure Statement in effect for the Community and any executed amendments represent the entire agreement between the Community, you and your guarantor, if any, and supersedes all prior Agreements and negotiations. Except as contained herein or in any contemporaneous, written agreements, there are no promises or agreements between the parties.

15.7. Amendment.

This Agreement shall be amended only in writing, signed by the Community and by you or your legal representative.

15.8. Binding Effect.

This Agreement is binding upon our successors and assigns and your heirs and legal representatives. The provisions of this Agreement are not assignable or transferable in whole or part by you and you will have no right to sublet the Residence.

15.9. Legal Remedies of Resident and the Community.

This Agreement shall be governed, construed, and performed in accordance with the laws of the Commonwealth of Virginia, without regard to conflict of law principles. Each party hereby submits to the exclusive jurisdiction of any state court sitting in the County of Chesterfield or federal court sitting in the Commonwealth of Virginia in any legal proceeding arising out of or relating to this Agreement. Each party agrees that all claims and matters may be heard and determined in any such court, and each party hereby waives any right to object to such filing on grounds of venue, *forum non-conveniens*, or other venue-related grounds. If you or anyone acting as your legal representative institutes any litigation, arbitration or other proceeding against the Community, you shall pay the Community the reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred by the Community in connection with any such proceeding so long as the Community substantially prevails in such proceeding.

15.10. Severability.

The invalidity or unenforceability of any provision of this Agreement or the application of any such provision shall not affect or impair any other provisions or the validity or enforceability of the remainder of this Agreement, or any application of any other provision of the remainder of this Agreement.

15.11. Subordination.

Your rights under this Agreement will be subordinate to any mortgage, security interest, pledge, or other lien that now encumbers all or any part of the Community's assets and shall be further subordinate to any mortgage, security interest, pledge, or other liens hereafter placed on all or any part of the Community's assets, and you agree to execute, acknowledge and deliver such subordination agreement as any lender or future lender shall reasonably require in order to establish the priority of any such lien.

15.12. Assignment.

In the event that the Community or any of the Community successors or assigns shall give Resident notice that any or all of the rights, duties and obligations of the Community have been assigned to a new person or entity certified as a continuing care provider under the laws of the Commonwealth of Virginia to provide services to residents of the Community, Resident agrees to recognize such new person or entity as the provider under this Agreement, to the extent of such assignment.

15.13. Nondiscrimination.

The Community will be operated on a non-discriminatory basis, and will provide the facilities and services described in this Agreement to individuals regardless of race, color, sex, marital status, religion, creed, handicap, national origin, sexual orientation, or other prohibited categories.

15.14. Failure to Act.

Failure or delay of any party to exercise any right, power, or privilege under this Agreement will not operate as a waiver of such right, power, or privilege, nor shall it prevent any party from seeking strict performance of the Agreement. The failure to act may be excused by Acts of God, terrorism, or other causes beyond the parties' control or influence.

15.15. Authorized Agent Signature.

This Agreement has been executed on behalf of the Community by its duly authorized agent and no officer, director, agent or employee of the Community shall have any personal responsibility hereunder to you under any circumstances.

SIGNATURES ON FOLLOWING PAGE

SIGNATURES

IN WITNESS WHEREOF the parties have hereunto set their hands on the date appearing next to their respective signatures.

The Health Center Commission for the County of Chesterfield dba Lucy Corr

By: _____
Name, Title Date Witness

Resident(s)

Resident (First Person) Date Witness

Resident (Second Person) Date Witness

If applicable: Guarantors: I (We) _____ have read and understand the provisions of this Agreement and by signing my (our) name(s) below, agree to guaranty Resident's obligations incurred under this Agreement in accordance with the Guaranty Agreement.

Guarantor Date Witness

Guarantor Date Witness

Approval:

Chief Executive Officer Date



LUCY
CORR

INDEPENDENT LIVING
LifeCare
Residency Agreement

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**LUCY CORR
INDEPENDENT LIVING
LIFECARE RESIDENCY AGREEMENT**

1. TERMS OF OCCUPANCY

This Residency Agreement (the "Agreement") is made and entered into on _____, by and between The Health Center Commission for the County of Chesterfield dba Lucy Corr (referred to in this Agreement as "the Community", "we" and "our") and _____ (referred to in this Agreement as the "Resident(s)", "you" and "your").

Lucy Corr is a registered continuing care retirement community located in Chesterfield County, Virginia. It is owned and operated by the Health Center Commission for the County of Chesterfield. The Community seeks to provide quality residential housing for retirement age men and women along with an array of personal services and amenities as outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you an unfurnished independent living residence ("Residence") in the Community and provide you with general services and amenities as described herein. The Residence is identified as follows:

Residence Type: _____ Address: _____

Residence Number: _____

In consideration of payment of an Entrance Fee and payment of the appropriate Monthly Service Fee as further defined herein, you will be entitled to occupy the Residence and to receive the services and use of the facilities described in this Agreement according to the provisions of this Agreement. The Entrance Fees and initial Monthly Service Fees are as follows:

1.1. Entrance Fee

Plan Option Selected: _____

First Person Entrance Fee: _____

Less Reservation Deposit* Paid: _____

Balance Due at Closing, First Person Fee: _____

Second Person Entrance Fee: _____

Total Balance Due at Closing: _____

*The Reservation Deposit is defined herein as ten percent (10%) of the First Person Entrance Fee. Disbursement and application of the Reservation Deposit is fully described in Sections 9.5 and 9.6 herein.

1.2. Monthly Service Fee

First Person Monthly Fee: _____

Second Person Monthly Fee: _____

Total Monthly Service Fee:* _____

*The Total Monthly Service Fee shown above is the stated Monthly Service Fee for the above residence at the time this agreement is executed. The Monthly Service Fee is subject to change before and after move-in according to the terms discussed in Section 10 of this Agreement.

Your right to occupy the Residence (or such other unit to which you may be transferred in accordance with this Agreement) shall continue until such time as this Agreement is terminated as provided herein.

2. APPLICATION AND ACCEPTANCE FOR RESIDENCY

Our obligations to provide services and facilities under this Agreement are conditioned upon your acceptance for residency at the Community in accordance with this Section. The decision to accept your application for residency shall be at the Community’s sole discretion.

2.1. Residency Requirements for Acceptance.

We require that you be capable of independent living and have assets and income which are sufficient (under foreseeable circumstances and after provision for payment of your obligations hereunder) to meet ordinary and customary living expenses, after assuming occupancy. You hereby represent and warrant that you are capable of independent living and have assets and income which are sufficient to meet ordinary and customary living expenses after the date you occupy the unit (the “Occupancy Date”) and agree to the following:

- a. Admission Application and Financial Information Form.**
You shall complete and submit an Admission Application and Financial Information Form provided by us prior to or when you sign this Agreement. You hereby certify to us that all information reflected on such Admission Application and Financial Information Forms which are hereby incorporated by reference and made a part of this Agreement, including all personal financial data, is complete and accurate.
- b. Resident Information Form.**
You shall submit a confidential medical profile and completed physician’s evaluation form, as required by the Resident Information Form; you shall

provide a written release giving Lucy Corr access to the most recent two (2) years' EOB (Explanation of Benefits) from your health insurance provider, and you shall complete a physician's assessment by a physician as designated by Lucy Corr.

c. Age.

You must be at least sixty-two (62) years of age on or before the Occupancy Date. In case of Joint Residents, at least one resident must be at least sixty-two (62) years of age on or before the Occupancy Date.

2.2. Admissions Committee.

Upon receipt of the completed Admissions Application, Financial Information Form, and Resident Information Form (collectively, the "Application Forms"), the Reservation Deposit, and a personal interview, the Community's Admissions Committee will review the information you submitted as a basis for admission. The Admissions Committee will approve or deny the application for admission within thirty (30) days after receiving the completed forms.

2.3. Notification of Decision.

Within fifteen (15) days of the decision of the Admissions Committee, the Community shall notify you in writing of its decision concerning your acceptance for admission. In the event you are not accepted for residency, your deposit(s) shall be refunded in accordance with Section 12.1 within thirty (30) days of the date of written notice to you of non-acceptance for residency, and the parties shall have no further obligations to one another under this Agreement.

2.4. Acceptance for Residency Conditional Upon No Material Changes Prior to Occupancy.

Acceptance for residency in the Community shall be conditioned upon no material change in the matters covered by the Application Forms, prior to your Occupancy Date.

Note: Your Application Forms, including your physician's evaluation, must be current, within ninety (90) days, of Occupancy Date to ensure you meet the criteria for independent living.

2.5. Full Disclosure.

You acknowledge and agree that the Community has relied upon all of the information contained in your Application Forms to make its decision regarding your residency in the Community. Any misrepresentation or omission by you may render this Agreement null and void. Both prior to and post occupancy, you agree to notify the Community in writing of any material changes in any of the matters covered by the Application Forms.

3. RIGHT TO OCCUPY

3.1. Occupancy Date.

The Occupancy Date is the date that the unit is made available to you for residency. Based on your personal choice, it may or may not be the same as your move-in date. The Occupancy Date will be established by mutual agreement between you and the Community. Any requests to extend an occupancy date must be requested by you and approved by the Community in writing.

In the event you decide not to move into your Residence on the Occupancy Date, you remain obligated to pay the balance of the Entrance Fee and begin paying the Monthly Service Fee as of the Occupancy Date unless the Community waives that obligation or any part thereof in writing.

3.2. Exclusive Right to Occupy.

Your right to occupy the Residence and receive services under this Agreement shall apply exclusively to you, and to no other individual(s). No person other than the Resident(s) entering into this Agreement shall be permitted to occupy the Residence without the express written permission of the Community. You may not assign or sublet the right to occupy a Residence to any other person.

3.3. Joint Residents / Married Residents.

Whether married or not, when two (2) residents reside together in a selected Residence, they are considered to be "Joint Residents." Each Joint Resident is required to meet the Community's financial requirements for entrance into the Community, as well as the Community's health qualifications for occupancy of a selected Residence, whether the prospective Joint Residents move to the Community together or on different dates. Joint Residents occupying the same Residence shall pay the appropriate Monthly Service Fee for double occupancy of the Residence. If Joint Residents subsequently occupy different Residences, each Resident shall pay the full Monthly Service Fee for his/her respective Residence. If one Joint Resident subsequently develops a need for Assisted Living or Health Care Center services for an indeterminate amount of time (i.e. one resident remains in independent living and the other moves to assisted living), the Monthly Service Fee for the resident requiring Health Services will be the First Person Monthly Fee associated with the Residence. The Monthly Service Fee for the resident remaining in the Residence will be the Second Person Monthly Fee associated with the Residence. Should one Joint Resident die or otherwise terminate this Agreement, the Monthly Service Fee for the remaining Joint Resident shall be the First Person Monthly Fee associated with the Residence.

Each Joint Resident to this Agreement is jointly and severally liable for the payment of the Monthly Service Fee, fees for Ancillary Services (as described in Section 6 herein) and all other amounts required to be paid to the Community and Contracted Providers pursuant to the provisions of this Agreement.

If during the term of this Agreement you marry a person who is not at that time a resident of the Community, your new spouse will be required to meet the Community's financial and health-related qualifications for entrance into the

Community. The financial qualifications are meant to serve as a financial protection for the larger community of residents. The Community reserves the right to determine the appropriate level of care within the Community for the spouse or to determine that there is not an appropriate level of care within the Community for the spouse. If your spouse is not accepted by the Community, you may terminate this Agreement in accordance with Section 12 of this Agreement. If your spouse is accepted by the Community, the fee structure described for Joint Residents will apply.

3.4. Pets.

Pets are only allowed in the cottages, duplexes and the designated area(s) of the Apartment Building and only in accordance with the Community's Pet Policy, as set forth in the Resident Handbook.

4. DESCRIPTION OF COMMUNITY

4.1. The Community Campus Description.

The campus currently consists of twenty-five (25) independent living cottages with private courtyards and fifty-two (52) independent living apartments ("Independent Living"); forty eight (48) assisted living residences ("Assisted Living"), two hundred and sixteen (216) health care center beds ("Health Care Center"); adult day center; and rehabilitative services. In addition, common areas can be found in the Community apartment building as well as in the Assisted Living and Health Care Center buildings. All of these buildings, services and common areas are located on one campus (the "Campus"). Long term plans for the Community include approximately one hundred and fifty (150) total independent living apartments, cottages and duplex units ("Independent Living").

For the health and well-being of our residents, the entire Lucy Corr campus (including all cottages, apartments, common areas, and community grounds) is a smoke-free, tobacco-free, vape-free environment. Our smoke-free, tobacco-free, vape-free policy applies to employees, residents and guests.

4.2. The Community Residences.

The Residences will be furnished at our expense with floor coverings, window coverings, self-defrosting refrigerator with freezer and ice maker, range and oven, dishwasher, garbage disposal, washer/dryer, emergency call system, fire sprinkler system and smoke alarm system. (Note: Should the resident demonstrate an inability to use the range, oven, refrigerator, or any appliance in a safe manner, management reserves the right to disconnect/remove the appliance.) All furniture, furnishings, decorations, bed and bath linens, and other personal property will be provided and insured by the Resident.

4.3. Utilities.

For purposes of this section, utilities are defined as follows: water/sewer, waste disposal, electricity, gas, cable television, internet services, and telephone services.

For Apartment Residences, all utilities are included in the Monthly Service Fee with the exception of telephone services. Costs for telephone services will be your responsibility as billed by the provider of your choice.

For Cottage Residences, all utilities are included in the Monthly Service Fee with the exception of electricity, gas, cable television, internet services, and telephone services. Costs for cable television, internet services and telephone services will be your responsibility as billed by the provider of your choice. Costs for electricity and gas will be line-item additions to your Monthly Service Statement from Lucy Corr (along with a copy of the bill from the utility provider).

4.4. Options and Upgrade Features in a New Residence.

The Community will provide, and Resident may select, certain options and upgrades features in a new Residence for an additional charge. The cost of upgrade features selected will be paid by Resident at the time of selection and will become part of the Residence and the property of the Community. The value of such upgrade features will not be considered in computing Entrance Fee refunds.

4.5. Customized Improvements.

Resident may decorate the Residence to Resident's personal taste with pictures, window treatments, and the like, so long as such decorations are not permanent fixtures to the Residence or can be easily removed without damaging the structural integrity of the Residence. All other customized improvements to any Residence undertaken by you either prior to or after the Occupancy Date must be approved in writing by the Community. If you contract with an outside contractor, the firm or individual contracted with for making the approved improvements, and the plans under which those changes will be made, will be subject to approval by the Community. If you contract with the Community to make the changes, the Community and you will enter into a separate agreement to customize the Residence, to document the details concerning the improvements, and to itemize any charges related to such changes. If the changes you make are, in the Community's sole discretion, not desirable to be kept as a permanent change to the Residence for future residents, then the separate agreement may require you to pay, at the time of installation, the estimated future cost for the Residence to be converted back to its original state.

4.6. The Community's Common Areas.

You will have use of the Community's common areas in accordance with policies and procedures, as modified by the Community from time to time. The Community's common areas may include:

- Indoor Bistro with Outdoor Patio Seating
- Private Dining Room
- Formal Reception Area

- Coffee Nook
- Pub
- Creative Arts Studio/Multipurpose Room
- Lounges on the Third and Fourth Floors
- Beauty & Barber Shop
- Wellness/Fitness Center
- Library with Computer Center
- Mail Room

4.7. Parking.

The Community will provide adequate surface parking for each Residence of the Community. We will provide additional parking on Campus for additional resident vehicles and guests as defined in the Resident Handbook. Recreational vehicles, boats and trailers may not be parked on campus without written permission from the CEO.

4.8. Outdoor Recreation.

The Community grounds include walking trails around and through the campus, outdoor patios and benches, a dog park, resident gardens and lawns for social games.

4.9. Storage Area.

Each apartment Residence will be assigned a lockable, individual storage area.

4.10. Property Taxes and Insurance.

You will not be liable for real estate property taxes for your Residence. You will be responsible for paying applicable property taxes on your personal property such as your automobile. The Community will obtain property and casualty insurance coverage on the buildings and grounds of its Campus. Such coverage will not insure against loss or damage to your personal property or damage or injury to others caused by you. Therefore, you are required to purchase appropriate insurance to cover your personal property and personal liability (automobile, renter's and liability insurances, as applicable).

5. INDEPENDENT LIVING GENERAL SERVICES

The Community will make available the following services to you, as applicable, for the appropriate Monthly Service Fee, during the term and until such time of the termination of this Agreement, so long as you are receiving independent living services. The Community may change the Monthly Service Fee or scope of services and care to Residents only after providing thirty (30) days advance written notice of the change, except for changes required by state or federal assistance programs.

5.1. Food Service.

Lunch, dinner and snacks will be available on a daily basis in the Community's Bistro except Sunday when only one meal is served. You may also use your meal credits in the Coffee Nook, and Pub.

You will receive a minimum monthly dining credit as part of your Monthly Service Fee. The meal plan is flexible in that you can purchase additional meal credits prior to the beginning of the month at a discount. You may increase your meal plan as often as monthly as long as it is done by the 25th of the previous month. In the case of double occupancy, the two residents may have different meal plans. The monthly dining credit is good for that month only and there is no carryover of dining credits into another month. Dining credits that are not utilized within a month expire.

You may use your dining credit to purchase meals, drinks, and snacks for you or guests. All meal credits must be used at the dining service venues located on the Lucy Corr campus. As food services are purchased, the dining credit will decline by the amount of the purchase until the balance is exhausted. Food services purchased after the dining credit is exhausted will be charged to you and billed on your next Monthly Service Statement.

5.2. Housekeeping and Laundry.

The Community shall provide housekeeping services on a scheduled bi-weekly basis to all Residences. Residents may select from a menu of housekeeping services that can be provided during the allotted housekeeping time. Allotted housekeeping times for each Residence shall be determined in association with the size of the Residence. Residents may purchase additional housekeeping services in accordance with the Community's Housekeeping Policy as set forth in the Resident Handbook.

5.3. Security and Emergency Systems.

The Community shall equip each Residence with smoke detectors and a 24-hour emergency-alert system. After regular business hours, all common doors shall be locked or require coded entrance or will be monitored by staff. The Community will engage security personnel to monitor the Campus during nighttime hours.

5.4. Maintenance.

The Community will maintain all residences, common areas, grounds, equipment and furnishings provided by the Community. If there is damage done to any of these due to you or your guests' negligence, you will be required to cover the cost of such repairs. You are responsible for the maintenance of your own personal property and are required to purchase renter's insurance to cover your personal belongings and personal liability.

5.5. Mail.

The Community will provide a U.S. mailbox and an in-house mailbox in a central location for your use.

5.6. Transportation.

The Community will provide scheduled local group transportation to designated shopping, social, recreational, educational and cultural programs for those Residents wishing to participate and within the limits of the capacities of the Community's

vehicles. Upon availability, personal transportation may be arranged and provided for residents on a fee-for-service basis.

5.7. Social and Recreational Programs.

The Community staff will coordinate a variety of social, recreational, educational and cultural programs as described in the Resident Handbook. Specific programs will be based on Residents' interests. Some programs may be provided at the expense of the participating Residents. Participation in these programs is voluntary.

5.8. Wellness Programs.

The Community staff will coordinate a wellness program promoting wellness and preventive health. Specific programs will be based on Residents' interests. Some programs may be provided at the expense of the participating residents. Participation in these programs is voluntary.

6. ANCILLARY SERVICES

6.1. Additional Services Available through the Community.

In addition to the General Services described in Section 5 of this Agreement, the Community anticipates that the following services ("Ancillary Services") will be available at all levels of care for an additional fee. These Ancillary Services will be phased in as the Community is developed. Other services not currently listed may also be available. The Community may change the scope of or fees charged for such Ancillary Services only after providing Residents with thirty (30) days advance written notice, except for changes required by state or federal assistance programs.

- Delivery meal service
- Additional housekeeping and laundry services
- Some social, cultural, educational, recreational or wellness programs
- Maintenance and repairs of personal property
- Personal transportation
- Catering services
- Companion care & adult day care

6.2. Additional Services Available through Contract Providers.

The Community may also contract with outside providers ("Contract Providers") to make the following services available to Independent Living Residents at the Community:

- Beauty/barber services
- Spa services
- Physical, speech and occupational therapy
- Clinic services as they may be offered

These services will be provided at an additional fee and will be billed either on your monthly statement from the Community or separately by the Contract Providers.

Some services may be covered by Medicare or by other medical insurance. These services will be phased in as the Community is developed and some services may not be immediately available. The Community is not responsible for any Contract Providers services, a Contract Provider's actions, or its failure to act in your case. Further, you agree to be responsible for the cost of Contract Provider services and care.

6.3. Services Not Provided by the Community.

The Community may assist you with obtaining services that we do not provide directly or through Contract Providers and with transfers to other facilities that might meet your special needs. However, the Community does not endorse any outside services, nor is it responsible for the outside services' actions or failure to act. Further, you agree to be solely responsible for the cost of such services and care, except as provided in Section 8.3 of this Agreement.

7. HEALTH CARE SERVICES AND CONTINUING CARE

7.1. Health Services in your Residence.

If it is determined that you require assistance with your daily activities, you may contract with a Community approved agency to provide home health services to you in your Residence in accordance with the Community's policy.

7.2. Health Services on the Community's Campus.

The following Health Services are also available on the Community's campus, should you require additional services on a temporary or permanent basis:

- Nursing care in our Health Care Center
- Assisted Living

These Health Services are available to you, provided the Community, in consultation with you, your family (if appropriate), your physician, and our Interdisciplinary Team, determines that you require such services. You agree to sign an appropriate admission agreement to supplement this Residence and Care Agreement should you require Health Services.

7.3. Health Services.

If required pursuant to Section 7.2, the Community will make the following services available to you, within the Health Care Center or Assisted Living Facility, without additional fee beyond the Monthly Service Fee associated with your Residence to the extent such costs are not reimbursable under third-party health coverage for which you are eligible and are required to maintain, as described in Section 11.4 of this Agreement:

- Accommodation in a private room in the Health Care Center (including such accommodation in the Health Care Center memory support unit if required)

- Accommodation in a private Efficiency Apartment in the Assisted Living Facility (including such accommodation in the Assisted Living memory support unit if required)
- Assistance with activities of daily living (e.g., assistance, to the extent necessary, with dressing, eating, bathing, toileting, administration of medication, ambulation, etc.);
- Three (3) meals daily plus snacks;
- All utilities including local telephone, cable and internet services;
- Maintenance of residence and common areas;
- Housekeeping;
- Weekly laundering of resident's flat linens and towels;
- Transportation scheduling;
- 24-hour emergency call;
- Security by trained law enforcement officers from 5:00 pm until 7:00 am on premises seven nights per week;
- A variety of social, recreational, educational, cultural, health and wellness programs.

7.4. Additional Charges for Health Services.

Residents who temporarily or permanently require Assisted Living or Health Care Center care will be responsible for all costs and charges not covered by the Monthly Service Fee. The Community may change the Monthly Service Fee or scope of services and care to Residents only after providing thirty (30) days advance written notice of the change, except for changes required by state or federal assistance programs. In addition to the Ancillary Services described in Section 6 of this Agreement, Health Services that are not covered by the Monthly Service Fee include but are not limited to:

- Physician Services & Hospitalization
- Pharmacy
- Incontinence supplies
- Rehabilitation Services
- Hospice Care
- Home Health Care
- Private Duty Sitters
- Transportation Services

8. CHANGES IN LEVEL OF CARE

8.1. Temporary Transfer to Health Services.

For purposes of this Agreement, a "Temporary Transfer" is a transfer of an anticipated finite duration. During a Temporary Transfer to our Assisted Living or Health Care Centers, our staff will assist you through the application process for admission to these centers. You will remain obligated to pay the Monthly Service Fee associated with your Residence. The Community will pay the additional costs for

Assisted Living or Health Care Center services to the extent such costs are not covered by insurance, Medicare or any other governmental programs or by benefit days for which you are eligible and are required to maintain, as described in Section 11.4 of this Agreement.

8.2. Permanent Transfer.

For purposes of this Agreement, a “Permanent Transfer” is a transfer of indeterminate duration. During a Permanent Transfer, you shall be requested to release the Residence. If it is determined that you require assisted living or nursing care on an on-going basis in the future, you will receive priority access to our Assisted Living and Health Care Centers provided you meet admission criteria at the time of need. You will remain obligated to pay the Monthly Service Fee associated with your Residence. The Community will pay the additional costs for Assisted Living or Health Care Center services to the extent such costs are not covered by insurance, Medicare or any other governmental programs or by benefit days for which you are eligible and are required to maintain, as described in Section 11.4 of this Agreement. Our staff will assist you through the application process for admission to these levels of care. If Assisted Living or Health Care Center admission is not possible due to medical or availability reasons, our staff will assist you in securing appropriate services for your care.

Either the Resident or the Community may seek a Permanent Transfer. For a Community-initiated transfer, except in cases of emergency, we will consult with you, your physician, your family and/or your legal representative, if applicable. The Community will make any decision to transfer you after considering your best interest, and our decision shall be final and binding. Circumstances in which we will find it in your best interest to be transferred include but are not limited to:

- 1) A determination that you can no longer function in an independent manner in a Residence, and that you require additional assistance with activities of daily living or nursing care;
- 2) A determination that you are unable to demonstrate the mental competence and physical ability to leave a building without human assistance or supervision in case of emergency; or
- 3) A determination that your continued residency would be harmful to either yourself or other Community residents or staff.

In the event of a Permanent Transfer, whether at your election or at ours, you or your legal representative shall sign and give to the Community a residence release form (“Residency Release Form”), with the date you will vacate the Residence (the “Departure Date”). You or your legal representative shall then be responsible for vacating the Residence and removing all personal possessions by the date you select (in the case whereby you elect to permanently transfer) or by the date we select (if the permanent transfer is Community initiated). The Community shall have the right to show the Residence to interested applicants as of the Departure Date indicated on the Residency Release Form.

If you fail to vacate the Residence by the Departure Date, the Community shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your sole expense, until disposition thereof can be made. The Community assumes no responsibility for your stored possessions.

8.3. Insufficient Availability in Health Services.

The Community anticipates that there will be adequate bed availability in Assisted Living and the Health Care Center to meet your needs. However, the Community cannot guarantee that an appropriate bed will be available at the precise time a need arises. In the event the Community does not have a bed available in Health Services to meet your needs, the following arrangements will be made by the Community:

- a. *Insufficient Availability in Assisted Living.* If you require Assisted Living care and an appropriate Assisted Living unit is not available at that time, the Community will provide Assisted Living care to you in the Health Care Center until you no longer require Assisted Living services or an Assisted Living unit becomes available, whichever is first to occur. The Monthly Service Fee, while you are receiving Assisted Living care in the Health Care Center will be the Monthly Service Fee associated with your Residence.
- b. *Insufficient Availability in the Health Care Center.* If you require nursing care and a Health Care Center bed is not available at that time, the Community will coordinate your admission to an off-campus licensed nursing facility selected by the Community. The Community will be responsible for payment to the off-campus facility for the cost of nursing care services to the extent such costs are not reimbursable under third-party health coverage for which you are eligible and are required to maintain, as described in Section 11.4 of this Agreement. You will be responsible for continuing to pay the Monthly Service Fee associated with your Residence to the Community. The Community will arrange for your transfer back to the campus as soon as an appropriate bed is available, which may be in the Health Care Center, Assisted Living, or your Residence, depending on your condition.

8.4. Permanent Transfer of one of Joint Residents.

Should one of Joint Residents have a permanent need for Assisted Living or Health Care Center services, the Monthly Service Fee for the resident requiring Health Services will be the First Person Monthly Fee associated with the Residence. The Monthly Service Fee for the resident remaining in the Residence will be the Second Person Monthly Fee associated with the Residence. Should one Joint Resident die or otherwise terminate this Agreement subsequent to such transfer, the Monthly Service Fee for the remaining Joint Resident shall be the First Person Monthly Fee associated with the Residence. The Community will pay the additional costs of Assisted Living or Health Care Center services to the extent such services are not covered by insurance, Medicare or any other governmental programs or by benefit days for

which you are eligible and are required to maintain, as described in Section 11.4 of this Agreement.

8.5. Limitation of Care.

The Community cannot care for you if you suffer from serious mental illness, drug or alcohol abuse, if you require specialized care which we are unable to provide, or if state or federal laws prohibit your admission.

8.6. Emergency Transfer at the Election of the Community.

If your health and safety or the health and safety of other residents require immediate action, the Chief Executive Officer (with the approval, if reasonably obtainable, of the Medical Director) may transfer you from your current Residence to a different residence or an off-site facility, on a temporary or permanent basis. Emergency circumstances arise when there is a danger of immediate, irreparable harm to your health and safety or to the health and safety of other people at the Community. In the event that you are required to be transferred to the Health Care Center or to Assisted Living during a period when you are legally incompetent, you agree to be bound by the terms of the Agreement in effect at the time of such transfer and by the actions of your legal representative.

9. DEPOSITS AND ENTRANCE FEES

9.1. Payment of Entrance Fee.

You shall pay to the Community the total Entrance Fee, which may be made in a series of deposits on or before the Occupancy Date for your Residence at the Community. In the case of Joint Residents, the Entrance Fee shall be deemed to be a joint asset of the Joint Residents with a right of survivorship until your Occupancy Date. The Community does require an additional fee if multiple Residents occupy the same Residence.

9.2. Escrow of Deposits.

Any and all deposits made by you toward the total Entrance Fee for a Residence will be deposited into an escrow account. As of the Occupancy Date, your Entrance Fee may be released to and used by the Community until the Entrance Fee or any portion thereof is refunded to you in accordance with the terms and conditions set forth in Section 12.

9.3. Internal Transfers within Independent Living.

Transfers within Independent Living from one residence to another (i.e. cottage to apartment, apartment to apartment, etc.) may be granted at the sole discretion of the Community.

9.4. Change in Entrance Fee.

The Entrance Fee stated in this Agreement will not be increased or changed during the duration of the Agreement, except for changes required by state or federal assistance programs. You shall not be entitled to a refund or decrease of the Entrance

Fee due to any Temporary Transfer or Permanent Transfer, for whatever reason, during the Term of this Agreement.

If you wish to transfer to a Residence with a higher Entrance Fee, and such request is approved by the Community, you will be required to enter into a new residence and care agreement subject to the greater of the two Entrance Fees. Likewise, if your Joint Resident transfers to a Residence in Independent Living other than yours (see Section 3.3 of this Agreement), your Joint Resident must enter into a new residence and care agreement and agree to pay to the Community the Entrance Fee that is associated with that Residence. Other refurbishing fees may apply to a move from one independent unit to another (see Section 11.2).

9.5. Use of Entrance Fees.

The purpose of the Entrance Fee is to generate investment income to contribute to the operating income of the Community and to help fund the operating costs, capital costs and other obligations of the Community. As such, interest income generated from the investment of Entrance Fees will be paid to the Community and not the resident.

9.6. Ownership of Deposits and Entrance Fees.

Until you occupy your Residence, all deposits made toward your Entrance Fee and held in escrow shall for all purposes be your property and shall not be the property of the Community for use under the terms of this Agreement, except as stated in Section 12.1.b. Upon the Occupancy Date of your Residence, all deposits shall be applied toward your Entrance Fee balance. That, and your fully paid Entrance Fee, will become the property of the Community for use in accordance with the terms of this Agreement, and shall not be subject to the claims of your estate or creditors thereafter.

10. MONTHLY SERVICE FEE

10.1. Monthly Service Fee.

The Monthly Service Fee shall be due beginning on the Occupancy Date and will be prorated, if necessary, on a daily basis for the first and last months of occupancy. The Monthly Service Fee shall be billed in advance to you on or before the fifth (5th) day of the month, and shall be paid on or before the fifteenth (15th) day of the month. For your convenience the Lucy Corr accounting office does offer the option of allowing your account to be debited each month.

The Monthly Service Fee may be revised from time to time upon thirty (30) days' prior written notice. The Community generally adjusts fees on an annual basis after having evaluated factors relevant to the costs associated with operating the Community and other financial requirements. Normally, such changes will be effective on July 1st of each year. The Community also reserves the right, at any time, upon thirty (30) days prior written notice, to adjust the Monthly Service Fee to reflect any unanticipated increases in operating or capital costs.

10.2. Monthly Service Fee in the Event of Transfer to Another Independent Living Residence

You may elect to move to another Independent Living Residence in the Community, subject to availability, and subject to approval by the CEO. In such event, the Agreement will be amended to reflect the change in Residence and your new Monthly Service Fee associated with your new Residence.

10.3. Monthly Service Fee in the Event of a Temporary Transfer to Health Services.

In the event that you temporarily transfer to another level of care in the Community or to an off-site facility, you shall continue to pay the Monthly Service Fee for your permanent Residence. Payment of the Monthly Service Fee for your Residence assures that such Residence will remain available to you during a Temporary Transfer. Upon your return to the Residence, you shall continue to pay the current Monthly Service Fee associated with such Residence.

11. OTHER FEES, PERIODIC CHARGES, AND COSTS

11.1. Fees for Ancillary Services.

Fees for Ancillary Services will be charged in accordance with the fee schedules in effect during that month. These charges will be included on your bill on the month following your purchase of these services. You agree to pay these fees on or before the fifteenth (15th) day of the month in which they are billed.

11.2. Refurbishing Fees.

When you permanently vacate a Residence, you agree to pay a one-time charge to the Community to cover the reasonable cost of cleaning and refurbishing the Residence (“Refurbishing Fee”), including but not limited to, super-cleaning or replacement of carpeting, spackling and/or painting of walls and generally restoring the Residence to its original condition, or any other appropriate repairs, at the Community’s sole discretion, as necessary to bring the Residence back to a like-new condition.

11.3. Late Payment of Fees.

We will assess you a late fee of five percent (5%) per month (or the maximum amount allowed by applicable law, if less) of the amount due if the Monthly Service Fee and/or Ancillary Service Fees are not paid in full on or before the fifteenth day (15th) of the month in which they are due. Should your account for any reason be turned over for collection to an attorney or collection agency, or should the Community seek to interpret or enforce any other provision of this Agreement, you agree to pay all court costs and reasonable attorney’s fees of the Community associated with such matters.

11.4. Medical and Other Insurance.

You shall procure and maintain in force at your own cost, the maximum coverage available to you under Medicare Parts A, B and D and one supplemental health insurance policy, or equivalent insurance coverage acceptable to the Community, to

ensure your ability to cover insurable health care costs, and shall furnish to the Community evidence of coverage upon occupancy and thereafter upon request. . The Community may accept documented equivalent coverage if you do not qualify for Medicare or are insured under other adequate programs. Supplemental insurance is not provided by the Community. You shall cooperate with the Community in connection with any required application, execution of all necessary forms and the processing and collection of health care payments or reimbursement claims to which the Community may be entitled for health care services provided to you. Prior to changing your health insurance coverage, you must notify the Community so that the Community can discuss with you how this may affect the health care services you receive from the Community.

In addition, you shall procure, at your expense, sufficient renter's insurance coverage against damage, loss, or theft of your personal property maintained at the Community and coverage for personal liability and medical payments should a claim be made or suit brought against you for any cause. Evidence of such insurance shall, at the Community's request, be provided prior to and during occupancy.

11.5. Funeral Arrangements and Burial Expenses.

Funeral arrangements and burial expenses are the responsibility of you and your estate. The Community will not make such arrangements or provide such services.

12. TERMINATION AND REFUNDS

12.1. Termination Prior to Occupancy.

Prior to the Occupancy Date, this Agreement is subject to termination as follows:

- a. You or your legal representative will be entitled to full reimbursement of any monies paid to us within thirty (30) days of receiving your written termination of this Agreement, if applicable, and you will be released from liability to pay us any other amount under this Agreement under any one of the following conditions:
 - (i) If you terminate this Agreement within seven (7) days from the date on which you signed this Agreement and paid the Reservation Deposit; or,
 - (ii) If you die or if, because of the onset of a new illness, injury, or incapacity, you would be precluded from occupying your Residence consistent with the representations made by you in the Application Forms of this Agreement; or
 - (iii) If the Community's Admission Committee denies your application for admission.
- b. You or your legal representative will be entitled to reimbursement of any monies paid to us less account management fees in the amount of \$5,000.00 within thirty (30) days of receiving your written termination of this Agreement, if

applicable, and will be released from liability to pay us any other amount under this Agreement under any one of the following conditions:

- (i) If you terminate this Agreement for reasons or conditions other than those described in Section 12.1.a; or
- (ii) If we terminate this Agreement for your failure to pay the entire Entrance Fee on or before the Occupancy Date.

12.2. Termination After Occupancy

After you have assumed occupancy of your Residence, this Agreement is subject to termination as follows:

- a. *Voluntary Termination.* If you terminate this Agreement within twelve (12) full or partial months of your Occupancy Date and the expiration of the right of rescission, the Community will refund your Entrance Fee reduced by fifty percent (50%) for each full or partial month from the Occupancy Date until the effective termination date of this Agreement. If you terminate this Agreement after twelve (12) months from your Occupancy Date and the expiration of the right of rescission, the Entrance Fee will be considered earned by the Community for your residence and care and will not be refunded. The Community shall pay any refundable portion of the Entrance Fee, less the costs set forth in Section 12.4, within thirty (30) days after the fulfillment of all the following conditions:
 - (i) You have given sixty (60) days written notice to the Community of your intention to terminate;
 - (ii) You have vacated and removed all possessions from the Residence;
 - (iii) You have signed a Residency Release Form;
 - (iv) You have paid to the community all outstanding fees and charges; and
 - (v) A qualified, new resident has signed a Residence and Care Agreement for the same Residence, the full Entrance Fee has been paid and the right of rescission has expired for that Resident or eighteen (18) months have transpired since the Community released your unit for resale, whichever is sooner.
- b. *Termination due to Death of Resident Within 12 Months of Occupancy.* If you die after the Occupancy Date and the expiration of the right of rescission but within twelve (12) full or partial months of the Occupancy Date, the Community shall refund the Entrance Fee less the Reservation Deposit (i.e., 10% of the Entrance Fee) and the costs set forth in Section 12.4 within thirty (30) days after the fulfillment of all of the following conditions:
 - (i) Your legal representative has removed all possessions from the Residence;

- (ii) Your legal representative has signed a Residency Release Form for the Residence;
- (iii) Your legal representative has paid all outstanding fees and charges; and
- (iv) A qualified, new Resident has signed a Residence and Care Agreement for the same Residence, the full Entrance Fee has been paid and the right of rescission has expired for that Resident or when eighteen (18) months have transpired since the Community released your unit for resale, whichever is sooner.

Any such refund shall be paid to your estate or your Trust, as applicable.

If one Joint Resident dies, there will be no refund of the Entrance Fee; instead, so long as a surviving resident continues to reside at the Community, the Entrance Fee shall be deemed to have been paid entirely on behalf of the surviving resident to be refunded to the surviving Joint Resident in accordance with the terms of this Agreement.

- c. *Termination due to Death of Resident After 12 Months from Occupancy.* If you die after twelve (12) months from the Occupancy Date and the expiration of the right of rescission, the Entrance Fee and all costs set forth in Section 12.4 will be considered earned by the Community for your residence and care and will not be refunded.
- d. *Termination by the Community.* The Community may terminate this agreement for “good cause,” as described below.
 - (i) The term “good” cause is limited by §38.2-4905 of the Virginia Code, to where a good faith determination in writing, signed by the Chief Executive Officer or Medical Director of the Community, states that (A) you are a danger to yourself or others while remaining in the Community; (B) you fail to pay the Community or have not complied with the provisions for financial inability to pay as set forth in Section 13 herein and are unable to pay the Monthly Service Fee; (C) you repeatedly interfere with the other residents’ quiet enjoyment of the Community; (D) you persistently refuse to comply with the Community’s reasonable rules and regulations set forth in the Resident Handbook and elsewhere; (E) you made a material misrepresentation intentionally or recklessly in your application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either your failure to qualify for residency or a material increase in the cost of providing you the care and services provided under the Agreement; or (F) you otherwise materially fail to comply with this Agreement.

If the Community terminates this Agreement for good cause this shall be deemed a material failure to comply with the Agreement, and the Agreement

shall terminate and the Entrance Fee and all costs set forth in Section 12.4 will be considered earned by the Community for your residence and care and will not be refunded. In addition, you shall remain liable for outstanding fees and charges, if any. The Community shall also have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. The Community assumes no responsibility for your stored possessions.

(ii) The written good cause determination shall state: (A) that the determination is made in good faith, (B) the reasons supporting the determination, (C) the basis for the conclusion that there is no less restrictive reasonable alternative to dismissal, discharge or cancellation for abating the danger posed by you, and (D) you have sixty (60) days to leave or you receive an explanation as to why the danger is such that, where necessary, a notice period of less than sixty (60) days is required. Nothing in the Agreement shall operate to relieve the Community from the duties under Chapter 13.2 (§55-248.2, et. seq.) of Title 55 when seeking to terminate your occupancy.

- e. *Termination by Abandonment.* If you abandon the Residence and you or your legal representative fails to notify the Community for a period of sixty (60) days, this shall be deemed a material failure to comply with the Agreement, and the Agreement shall terminate and any refund shall be forfeited and deemed waived by Resident. In addition, you shall remain liable for outstanding fees and charges, if any. The Community shall also have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. The Community assumes no responsibility for your stored possessions.

12.3. Vacating the Residence.

Upon termination of the Agreement by your election, election of the Community, or due to your death, you or your legal representative shall sign and give to the Community a Residency Release Form. You or your legal representative shall then be responsible to vacate the Residence and to remove all personal possessions from the Residence. The Community shall have the right to show the Residence to interested applicants as of the date indicated in the Residency Release Form.

If you or your legal representative fail to sign and provide a Residency Release Form indicating a Departure Date, or if you or your legal representative fail to vacate the Residence by the indicated Departure Date or, in the event of a termination by the Community, within the required time for the notice of termination as provided in Section 12.2, the Community shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. The Community assumes no responsibility for your stored possessions.

12.4. Limitation on Amount of Refund.

You shall receive any refundable portion of your Entrance Fee as specified in this Agreement minus any outstanding Monthly Service Fees, Ancillary Services Fees and/or Refurbishing Fees that you owe the Community.

12.5. Monthly Service Fee in the Event of Termination of Agreement.

If you terminate this Agreement, or if this Agreement should terminate by reason of your death, you or your estate, as the case may be, shall be responsible for the payment of the Monthly Service Fee for the vacated Residence until all of the following conditions are met:

- 1) You or your legal representative has removed all possessions from the Residence;
- 2) You or your legal representative has signed a Residency Release Form for the Residence; and
- 3) You or your legal representative has paid all outstanding fees and charges.

13. INABILITY TO PAY

If your sources of funds including available assets and any guarantees are inadequate for you to make the payments required under this Agreement, you shall file with the Chief Executive Officer, on appropriate forms provided by the Chief Executive Officer, a statement of financial inability to pay. As part of this statement, you shall disclose all of your remaining available assets and income. The Chief Executive Officer will review your financial position to determine the existence of any outside assets, including any guaranty agreements, which may be used to pay the Monthly Service Fee for the Residence.

If you have outside assets, the Chief Executive Officer will establish a plan (“Spending Plan”) for you to spend the available assets and to obtain assistance from family or other available means. If requested by the Community, you will transfer to an alternate Residence at the Community if and when available. Additionally, you shall take the necessary steps to obtain county, state, and federal aid or assistance including Medicare, Medicaid, public assistance and any other public benefit program that you may qualify to receive. You agree to execute any and all documents necessary to make and perfect such claims or rights. If you fail to cooperate with the Spending Plan for the outside assets, the Community may terminate the Agreement for good cause in accordance with Section 12.2.d of this Agreement.

You agree to provide periodic statements of financial condition and copies of income tax returns as requested from time to time by the Community.

You will notify the Community of any and all assets acquired by you through any means whatsoever thereafter, and will assign or pay such property received to the Community, in an amount equivalent to the total outstanding charges and fees, owed by you.

Should participation in a Spending Plan be insufficient to meet your financial obligations under this agreement, you may qualify for assistance from a residency assistance fund if such fund is established by the Community, at the Community's sole discretion. If you are approved for such assistance, the Chief Executive Officer shall inform you of the amount which the residency assistance fund will contribute to the Monthly Service Fees and the amount which you must contribute to the Monthly Service Fee.

If you are unable to secure assistance through a Community residency assistance fund or other sources, the Community may initiate termination of this Agreement in accordance with Section 12.2 d. of this Agreement.

14. RESIDENTS' RIGHTS AND OBLIGATIONS

14.1. Residents' Association.

You shall have the right to participate fully in a Residents' Association, or other organization of residents, and to meet privately to conduct business.

14.2. Resident Guests.

You shall have the right to receive guests and visitors at the Community and to allow such guests and visitors to stay in your Residence according to the Community Guest Policy on a temporary basis. Guest housing, meals, services and guest beds/cots (if available) will be treated as an Ancillary Service, the costs of which are chargeable to the Resident.

14.3. Physicians and Other Professionals.

You shall have the right to select your own attending physicians and other health care professionals, provided such physicians or other health care professionals shall agree to follow the reasonable policies and procedures of the Community and applicable federal and state laws, rules and regulations. You are not required to use on-site medical clinics, pharmacy or related health services that the Community may provide, but your choice of outside service provider must coordinate any necessary medical services with the Community staff and meet all reasonable Community documentation and service delivery standards for your well-being. Any assistance by the Community in coordinating with your choice of an outside service provider shall in no way be an endorsement of the provider, and the Community shall not be deemed responsible for the acts or failure to act of any outside service provider.

14.4. Power of Attorney & Advance Directives.

Although not required, you are strongly encouraged to execute a power of attorney and advance directives and to provide the Community copies for our files.

14.5. Home Health Services.

It is the intent of the Community to enable you to maintain the highest level of independence as possible. As such, you may arrange for home health care services to be provided to you in your Residence at your expense by a Community approved and

state licensed, Medicare certified or JCAHO accredited home health care agency. Such services are typically intended for situations when you require temporary or minimal assistance with your daily activities, often rendered following an acute care illness. Any assistance by the Community in choosing an appropriate agency shall in no way be deemed an endorsement of a particular agency, and the Community shall not be deemed responsible for the acts or failure to act of any such agency.

14.6. Ancillary Services and Contract Provider Services.

You acknowledge and agree to pay any and all expenses or charges which may be incurred by or on behalf of you for all costs not covered in the Monthly Services Fee including but not limited to those services listed in Section 6 of this Agreement.

14.7. Unauthorized Transfers of Property.

The Application Forms submitted by or on behalf of you are a material aspect upon which the Community is reasonably relying in determining your qualifications for becoming a Resident of the Community. Being able to meet the financial criteria to become a Resident helps assure the financial stability of this Community. Furthermore, after you assume occupancy, the Community is committed to take every reasonable step to assist you if you have depleted those assets through normal living expenditures so that you may continue to remain as a Resident of the Community. However, in order to protect the Community from a situation wherein you divest yourself of those assets for the purpose of qualifying for assistance or reduction of Monthly Service Fees, you agree not to divest yourself of, sell, or transfer any assets or property interests (excluding expenditures for your normal living expenses) that may result in a reduction in your net worth (assets less liabilities) such that you are unable to meet your financial obligation to Lucy Corr without having first obtained the written consent of the Community.

14.8. Responsibility for Protection of Resident's Property.

We shall not be responsible for damage or loss to any personal property belonging to you caused by fire, flooding or other casualty, or by leaking of water, bursting of pipes, theft or any other cause. You shall be solely responsible, at your own expense, for insuring against property damage or loss and personal liability to others. In the event of your death or transfer from the Community, we will exercise ordinary care in temporarily safekeeping your personal property. If such property is not removed from the Residence and storage area within sixty (60) days after termination of this Agreement, we reserve the right to have such property placed in a commercial warehouse at your or your estate's expense.

14.9. Property Rights.

You acknowledge that, except as expressly set forth in this Agreement, the rights and privileges granted by this Agreement do not include any right, title or interest in any part of the personal property or real property - including land, buildings and improvements - owned, leased or administered by the Community. Your rights are limited to the rights provided in this Agreement for services and the occupancy of the Residences. Except for your right to occupy the Residence, any rights, privileges or

benefits under this Agreement shall be subordinate to any mortgage or deed of trust or leasehold interest on any of the premises or interest in real and personal property of the Community, to all amendments, modifications, replacement or refunding, of any such mortgage or deed of trust or leasehold interest, and to such reasonable rules and regulations governing the use of the property as shall from time to time be imposed by the Community. You hereby agree, upon request of the Community, to execute and deliver any document which is required to this effect by the Community, or by the holder of such mortgage or deed of trust or leasehold interest to effect such subordination or to evidence the same, and appoint the Community as your attorney in fact to accomplish that purpose.

14.10. Resident Handbook.

We will establish and adopt policies, forms and procedures for the occupancy and orderly operation and management of the Community. The policies will be established to provide for the safety, welfare, peace and comfort of all Residents consistent with the provisions of the Residency Agreement. These policies will be published in writing in the Resident Handbook, which will be provided to you on or before the date you move in and may be amended from time to time. You agree to abide by such policies and all amendments and additions thereto. In the event that the terms of this Agreement conflict with such policies, the terms of this Agreement shall control. Failure to comply with the Community's policies may result in good cause for the Community to initiate termination of this Agreement.

14.11. Notification of Leave.

You shall be responsible for notifying the Community in advance of any contemplated absence from the Community.

14.12. Notices.

Any notice to the Community by you will be given in writing and mailed or delivered to the Community at the administrative office or at such other address as we may designate in writing. Any notice to you will be given in writing and mailed or delivered to your address.

14.13. Non-Impairment of Financial Responsibility.

After execution of this Agreement, you agree not to impair your ability to meet your financial obligations under this Agreement and cause any act such that you would no longer meet the financial qualifications as set by the Community for your Residence.

15. RIGHTS AND RESPONSIBILITIES OF THE COMMUNITY

15.1. Community Initiated Transfers.

Except in case of emergency, the Community agrees not to transfer you from your Residence to Assisted Living, to the Health Care Center, or to a care facility or hospital which is not on our Campus, for health related or other reasons unless it has consulted with you, your physician, your family and/or your legal representative, if applicable. We will make a transfer decision after considering your best interest, and

our decision shall be final and binding. Circumstances in which it may be in your best interest to be transferred include but are not limited to those listed in Section 8.2.

15.2. Community Rules and Regulations.

The Community shall have the right to promulgate reasonable rules and regulations governing the conduct of the Residents, to be accessible to you in the Resident Handbook and in other sources. You shall enjoy the fullest measure of independence consistent with the accommodation in which you live, subject, however, to the limitations of the reasonable policies and procedures now or hereafter adopted by the Community for the conduct and care of all residents. Resident agrees to abide by all such policies and procedures, and generally to conduct himself or herself in such a manner as to promote the peace and harmony of the Community.

15.3. Access to Residences by the Community.

You acknowledge and accept the responsibility of the Community to enter your Residence in order to carry out the purpose and intent of this Agreement and authorize such entry. Such entry includes (1) performance of authorized housekeeping duties; (2) response to medical emergencies; (3) responses to fire protection systems; (4) entry by authorized personnel in the event that the Resident is reported missing or has not responded to a call; (5) scheduled maintenance activities; and (6) enforcement of the Community's policies and procedures. The Community acknowledges and hereby agrees to respect your right to privacy and agrees to limit uninvited entry into the Residence by the Community to emergency situations and scheduled or authorized work as set forth in this section.

15.4. Repair of Damage to Residence.

If your Residence is damaged by fire, flood, storm or other casualty cause and we elect not to terminate this Agreement, we will, at our expense, proceed diligently to repair and restore your Residence. If your Residence is uninhabitable during the repair, we will relocate you to a temporary residence and the Monthly Service Fee will be adjusted for the type of residence you temporarily occupy, but in no event shall it be more than the Monthly Service Fee associated with your Residence.

15.5. Limitation of Liability.

You are required to obtain appropriate insurance in sufficient amounts to cover your personal property. The Community, its officers, agents and employees shall not be responsible for the loss or damage of your personal property due to routine maintenance, housekeeping activities, theft, fire, other casualty or any other cause. The liability of the Community for damage to or loss of your personal property shall be limited to damage or loss caused by willful negligent acts or omissions of the Community, its officers, agents or employees acting within the scope of their employment.

You also agree that the Community, its officers, agents, or employees will not be liable for any death or injury which is not caused by our willful negligent acts or omissions.

You agree to indemnify and hold harmless the Community and its officers, agents and employees harmless from and against all claims, demands, actions and causes of action (including any costs and attorney's fees) whether from injury to person, loss of life or damage to property, occurring in your Residence, at a Lucy Corr sponsored event, or anywhere on the premises of Lucy Corr and from any liability resulting from the negligence or wrongful acts of other residents and hereby waive any claim that you or your legal representative may have against the Community, its officers, agents or employees therefrom.

16. MISCELLANEOUS PROVISIONS

16.1. Residents' Interest in the Community.

You do not have any proprietary interest in the Community, its assets or properties by virtue of this Agreement. While the Community is interested in your input and comments, this Agreement does not give you the right to participate in management or policy-making decisions for the Community.

16.2. Injury or Accident While Away from the Community.

If you are injured in an accident or become ill while away from the Community, you shall make every reasonable effort to notify the Community as soon as possible. The Community shall not be responsible for or assume the cost of medical care for illness or injury incurred by you while away from the Community.

16.3. Injury Caused by Third Party.

In the event of an accident or injury to you caused by a third party, for which such third party may be liable for the cost of any medical, surgical, nursing or additional care for you resulting therefrom, you or your legal representative shall notify the Community promptly and you or your designated legal representative shall pursue diligently any claim for damages which may be due from such third party for the injury. The Community is not required to bear the cost of medical care or related services to you for which a third party is liable. You agree to indemnify the Community for any expenses incurred by the Community in providing care to you for which a third party is liable.

16.4. No Presumptions.

The use of the singular or one gender in the Agreement terms shall not prevent the terms of the Agreement from being applied equally to multiple parties or services or to the other gender. Both parties agree that there is no presumption against the drafter of this Agreement in any future dispute. Both you and your advisors have had a full opportunity to read the Agreement and have all your questions answered to your satisfaction.

16.5. Paragraph Headings.

Paragraph headings are added solely to aid in the review of this Agreement and are not to be construed to affect the interpretation of this Agreement.

16.6. Entire Agreement.

This Agreement, the terms of the Disclosure Statement in effect for the Community and any executed amendments represent the entire agreement between the Community, you and your guarantor, if any, and supersedes all prior Agreements and negotiations. Except as contained herein or in any contemporaneous, written agreements, there are no promises or agreements between the parties.

16.7. Amendment.

This Agreement shall be amended only in writing, signed by the Community and by you or your legal representative.

16.8. Binding Effect.

This Agreement is binding upon our successors and assigns and your heirs and legal representatives. The provisions of this Agreement are not assignable or transferable in whole or part by you and you will have no right to sublet the Residence.

16.9. Legal Remedies of Resident and the Community.

This Agreement shall be governed, construed, and performed in accordance with the laws of the Commonwealth of Virginia, without regard to conflict of law principles. Each party hereby submits to the exclusive jurisdiction of any state court sitting in the County of Chesterfield or federal court sitting in the Commonwealth of Virginia in any legal proceeding arising out of or relating to this Agreement. Each party agrees that all claims and matters may be heard and determined in any such court, and each party hereby waives any right to object to such filing on grounds of venue, *forum non-conveniens*, or other venue-related grounds. If you or anyone acting as your legal representative institutes any litigation, arbitration or other proceeding against the Community, you shall pay the Community the reasonable costs and expenses (including, but not limited to, reasonable attorney's fees) incurred by the Community in connection with any such proceeding so long as the Community substantially prevails in such proceeding.

16.10. Severability.

The invalidity or unenforceability of any provision of this Agreement or the application of any such provision shall not affect or impair any other provisions or the validity or enforceability of the remainder of this Agreement, or any application of any other provision of the remainder of this Agreement.

16.11. Subordination.

Your rights under this Agreement will be subordinate to any mortgage, security interest, pledge, or other lien that now encumbers all or any part of the Community's assets and shall be further subordinate to any mortgage, security interest, pledge, or other liens hereafter placed on all or any part of the Community's assets, and you agree to execute, acknowledge and deliver such subordination agreement as any lender or future lender shall reasonably require in order to establish the priority of any such lien.

16.12. Assignment.

In the event that the Community or any of the Community successors or assigns shall give Resident notice that any or all of the rights, duties and obligations of the Community have been assigned to a new person or entity certified as a continuing care provider under the laws of the Commonwealth of Virginia to provide services to residents of the Community, Resident agrees to recognize such new person or entity as the provider under this Agreement, to the extent of such assignment.

16.13. Nondiscrimination.

The Community will be operated on a non-discriminatory basis, and will provide the facilities and services described in this Agreement to individuals regardless of race, color, sex, marital status, religion, creed, handicap, national origin, sexual orientation, or other prohibited categories.

16.14. Failure to Act.

Failure or delay of any party to exercise any right, power, or privilege under this Agreement will not operate as a waiver of such right, power, or privilege, nor shall it prevent any party from seeking strict performance of the Agreement. The failure to act may be excused by Acts of God, terrorism, or other causes beyond the parties' control or influence.

16.15. Authorized Agent Signature.

This Agreement has been executed on behalf of the Community by its duly authorized agent and no officer, director, agent or employee of the Community shall have any personal responsibility hereunder to you under any circumstances.

SIGNATURES ON FOLLOWING PAGE

SIGNATURES

IN WITNESS WHEREOF the parties have hereunto set their hands on the date appearing next to their respective signatures.

The Health Center Commission dba Lucy Corr

_____ By: _____
Witness Date

Resident(s)

_____ Resident _____
Witness Date

_____ Resident _____
Witness Date

If applicable: Guarantors: I (We) _____ have read and understand the provisions of this Agreement and by signing my (our) name(s) below, agree to guaranty Resident's obligations incurred under this Agreement in accordance with the Guaranty Agreement.

_____ Guarantor _____
Witness Date

_____ Guarantor _____
Witness Date

Approval:

_____ Date
Chief Executive Officer



LUCY
CORR

Disclosure Statement

**Attachment B:
Independent Living Entrance and Monthly Fees**

- Current Independent Living Fees -



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The entrance fees below represent the actual cost of your residence upon anticipated move-in in FY 2023. Popular upgrade options have been included in many of our homes; respective pricing for those upgrades may be added to the standard entry fees.

Fee for Service Fees - 7/1/2022

Apartments

	Approx. Size	Traditional	Traditional	Monthly Service Fees
		80% Refundable Plan	Declining Refund Plan	
The Castlewood – One Bedroom	863 sf	\$225,313	\$128,750	\$2,650
The Castlewood with Balcony*	863 sf	\$230,720	\$131,840	\$2,650
The Dale – One Bedroom w/Den	1,003 sf	\$252,350	\$144,200	\$2,886
The Dale with Balcony*	1,003 sf	\$257,758	\$147,290	\$2,886
The Cogbill–One BRw/Den & Balcony*	1,010 sf	\$252,350	\$144,200	\$2,886
The Eppington – One Bedroom w/Den	1,013 sf	\$252,350	\$144,200	\$2,979
The Eppington with Balcony*	1,013 sf	\$257,758	\$147,290	\$2,979
The Harrowgate – Two Bedrooms	1,151 sf	\$323,400	\$184,800	\$3,167
The Huguenot – Two Bedrooms	1,221 sf	\$332,413	\$189,950	\$3,308
The Huguenot with Balcony*	1,221 sf	\$337,820	\$193,040	\$3,308
The Monacan – Two Bedrooms w/Den	1,280 sf	\$341,425	\$195,100	\$3,357
The Monacan with Balcony	1,280 sf	\$346,833	\$198,190	\$3,357
The Walthall – Three Bedrooms with Balcony*	1,650 sf	\$402,710	\$230,120	\$3,917
<i>* First Floor Units Have Walk-out Patio</i>				
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$1,074
Cottages				
The Winfree – Garden Cottage				
	1,340 sf	\$386,488	\$220,850	\$3,359
The Weatherford – Traditional Cottage				
	1,603 sf	\$440,563	\$251,750	\$3,771
Second Person Fees (non-refundable)				
		\$10,000	\$10,000	\$1,074



LUCY CORR

CARE THAT CONTINUES WITH YOU

Life Care Fees - 7/1/2022

Apartments

	Entrance Fee	Monthly Fee
The Castlewood – One Bedroom	\$147,807	\$4,063
The Castlewood with Balcony*	\$151,355	\$4,063
The Dale – One Bedroom w/Den	\$165,544	\$4,698
The Dale with Balcony*	\$169,092	\$4,698
The Cogbill—One BRw/Den & Balcony*	\$165,544	\$4,730
The Eppington – One Bedroom w/Den	\$165,544	\$4,743
The Eppington with Balcony*	\$169,092	\$4,743
The Harrowgate – Two Bedrooms	\$189,194	\$4,522
The Huguenot – Two Bedrooms	\$195,106	\$4,788
The Huguenot with Balcony*	\$198,653	\$4,788
The Monacan – Two Bedrooms w/Den	\$201,018	\$5,014
The Monacan with Balcony	\$204,566	\$5,014
The Walthall – Three Bedrooms with Balcony*	\$241,221	\$5,609
<i>* First Floor Units Have Walk-out Patio</i>		
Second Person Fees	\$22,510	\$1,714
Cottages		
The Winfree – Garden Cottage	\$230,580	\$4,353
The Weatherford – Traditional Cottage	\$266,053	\$4,890
Second Person Fees	\$22,510	\$1,714

- Past 5 Years' Independent Living Fees* –
(*Life Care option first offered in 2016)

The entrance fees below represent standard entrance fees as of July 1, 2016. Popular upgrades have been included in many of our units. Pricing for those upgrades may be added to the standard entrance fee. The monthly fees noted as TIER TWO are effective July 1, 2016 and may be adjusted from time to time. TIER ONE monthly fees are also subject to adjustment from time to time.



**FY 2017 FEE-FOR-SERVICE CONTRACT
FEES (beginning July 1, 2016)
Apartments**

	Approx. Size	Traditional 80% Refundable	Traditional 50% Refundable	Traditional Declining Balance	TIER ONE Monthly Service Fees	TIER TWO Monthly Service Fees	Modified 50% Refundable	TIER ONE Modified 50% Monthly Fees	TIER TWO Modified 50% Monthly Fees
The Castlewood - One Bedroom	863	\$225,313	\$180,250	\$128,750	\$1,934	\$2,103	\$225,313	\$1,308	\$1,683
The Castlewood with Balcony*	863	\$230,720	\$184,576	\$131,840	\$1,934	\$2,103	\$230,720	\$1,308	\$1,683
The Dale - One Bedroom w / Den	1,003	\$252,350	\$201,880	\$144,200	\$2,117	\$2,302	\$252,350	\$1,436	\$1,841
The Dale with Balcony*	1,003	\$257,758	\$206,206	\$147,290	\$2,117	\$2,302	\$257,758	\$1,436	\$1,841
The Cogbill - one BR w/ Den & Balcony*	1,010	\$252,350	\$201,880	\$144,200	\$2,117	\$2,302	\$252,350	\$1,436	\$1,904
The Eppington - One Bedroom w/ Den	1,013	\$252,350	\$201,880	\$144,200	\$2,189	\$2,380	\$252,350	\$1,486	\$1,904
The Eppington with Balcony*	1,013	\$257,758	\$206,206	\$147,290	\$2,189	\$2,380	\$257,758	\$1,486	\$2,030
The Harrowgate - Two Bedrooms	1,151	\$323,400	\$258,720	\$184,800	\$2,334	\$2,538	\$323,400	\$1,588	\$2,124
The Huguenot - Two Bedrooms	1,221	\$332,413	\$265,930	\$189,950	\$2,442	\$2,656	\$332,413	\$1,664	\$2,124
The Huguenot with Balcony*	1,221	\$337,820	\$270,256	\$193,040	\$2,442	\$2,656	\$337,820	\$1,664	\$2,157
The Monacan - Two Bedrooms w/ Den	1,280	\$341,425	\$273,140	\$195,100	\$2,479	\$2,696	\$341,425	\$1,689	\$2,157
The Monacan with Balcony*	1,280	\$346,833	\$277,466	\$198,190	\$2,479	\$2,696	\$346,833	\$1,689	\$2,534
The Walthall - Three Bedrooms with Balcony*	1,650	\$402,710	\$322,168	\$230,120	\$2,913	\$3,167	\$402,710	\$1,994	\$2,534
<i>*First Floor Units have Walk-out Patio</i>									
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$10,000	\$721	\$900	\$10,000	\$458	\$720
Cottages									
The Winfree - Garden Cottage	1,340	\$386,488	\$309,190	\$220,850	\$2,533	\$2,754	\$386,488	\$1,772	\$2,203
The Weatherford - Traditional Cottage	1,603	\$440,563	\$352,450	\$251,750	\$2,852	\$3,101	\$440,563	\$1,996	\$2,481
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$10,000	\$700	\$900	\$10,000	\$491	\$720
TIER TWO Monthly Fees apply to residents who signed a contract on or after April 1, 2016									

The entrance fees below represent standard entrance fees as of July 1, 2017. Popular upgrades have been included in many of our units. Pricing for those upgrades may be added to the standard entrance fee. The monthly fees noted as TIER TWO are effective July 1, 2017 and may be adjusted from time to time. TIER ONE monthly fees are also subject to adjustment from time to time.



**FY 2018 FEE-FOR-SERVICE
CONTRACT FEES (beginning July 1, 2017)**

Apartments

	Approx. Size	Traditional 80% Refundable	Traditional 50% Refundable	Traditional Declining Balance	TIER ONE Monthly Service Fees	TIER TWO Monthly Service Fees	Modified 50% Refundable	TIER ONE Modified 50% Monthly Fees	TIER TWO Modified 50% Monthly Fees
The Castlewood - One Bedroom	863	\$225,313	\$180,250	\$128,750	\$1,992	\$2,166	\$225,313	\$1,347	\$1,733
The Castlewood with Balcony*	863	\$230,720	\$184,576	\$131,840	\$1,992	\$2,166	\$230,720	\$1,347	\$1,733
The Dale - One Bedroom w/Den	1,003	\$252,350	\$201,880	\$144,200	\$2,180	\$2,371	\$252,350	\$1,479	\$1,896
The Dale with Balcony*	1,003	\$257,758	\$206,206	\$147,290	\$2,181	\$2,371	\$257,758	\$1,479	\$1,896
The Cogbill - one BR w/Den & Balcony*	1,010	\$252,350	\$201,880	\$144,200	\$2,181	\$2,371	\$252,350	\$1,479	\$1,961
The Eppington - One Bedroom w/Den	1,013	\$252,350	\$201,880	\$144,200	\$2,254	\$2,451	\$252,350	\$1,531	\$1,961
The Eppington with Balcony*	1,013	\$257,758	\$206,206	\$147,290	\$2,255	\$2,451	\$257,758	\$1,531	\$2,091
The Harrowgate - Two Bedrooms	1,151	\$323,400	\$258,720	\$184,800	\$2,404	\$2,614	\$323,400	\$1,636	\$2,188
The Huguenot - Two Bedrooms	1,221	\$332,413	\$265,930	\$189,950	\$2,515	\$2,736	\$332,413	\$1,714	\$2,188
The Huguenot with Balcony*	1,221	\$337,820	\$270,256	\$193,040	\$2,515	\$2,736	\$337,820	\$1,714	\$2,222
The Monacan - Two Bedrooms w/Den	1,280	\$341,425	\$273,140	\$195,100	\$2,554	\$2,777	\$341,425	\$1,740	\$2,222
The Monacan with Balcony*	1,280	\$346,833	\$277,466	\$198,190	\$2,553	\$2,777	\$346,833	\$1,740	\$2,610
The Walthall - Three Bedrooms with Balcony*	1,650	\$402,710	\$322,168	\$230,120	\$3,000	\$3,262	\$402,710	\$2,054	\$2,610
<i>*First Floor Units have Walk-out Patio</i>									
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$10,000	\$743	\$927	\$10,000	\$472	\$742
Cottages									
The Winfree - Garden Cottage	1,340	\$386,488	\$309,190	\$220,850	\$2,609	\$2,837	\$386,488	\$1,825	\$2,269
The Weatherford - Traditional Cottage	1,603	\$440,563	\$352,450	\$251,750	\$2,938	\$3,194	\$440,563	\$2,056	\$2,555
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$10,000	\$721	\$927	\$10,000	\$506	\$742
TIER TWO Monthly Fees apply to residents who signed a contract on or after April 1, 2016									



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Fee for Service Fees - 7/1/2018

Apartments

	Approx. Size	Traditional		Traditional		Traditional		Monthly Service Fees
		80% Refundable Plan	50% Refundable Plan	Declining Refund Plan	Monthly Service Fees			
The Castlewood – One Bedroom	863 sf	\$225,313	\$180,250	\$128,750	\$2,291			
The Castlewood with Balcony*	863 sf	\$230,720	\$184,576	\$131,840	\$2,291			
The Dale – One Bedroom w/Den	1,003 sf	\$252,350	\$201,880	\$144,200	\$2,502			
The Dale with Balcony*	1,003 sf	\$257,758	\$206,206	\$147,290	\$2,502			
The Cogbill–One BRw/Den & Balcony*	1,010 sf	\$252,350	\$201,880	\$144,200	\$2,502			
The Eppington – One Bedroom w/Den	1,013 sf	\$252,350	\$201,880	\$144,200	\$2,585			
The Eppington with Balcony*	1,013 sf	\$257,758	\$206,206	\$147,290	\$2,585			
The Harrogate – Two Bedrooms	1,151 sf	\$323,400	\$258,720	\$184,800	\$2,752			
The Huguenot – Two Bedrooms	1,221 sf	\$332,413	\$265,930	\$189,950	\$2,878			
The Huguenot with Balcony*	1,221 sf	\$337,820	\$270,256	\$193,040	\$2,878			
The Monacan – Two Bedrooms w/Den	1,280 sf	\$341,425	\$273,140	\$195,100	\$2,920			
The Monacan with Balcony	1,280 sf	\$346,833	\$277,466	\$198,190	\$2,920			
The Walthall – Three Bedrooms with Balcony*	1,650 sf	\$402,710	\$322,168	\$230,120	\$3,420			
<i>* First Floor Units Have Walk-out Patio</i>								
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$10,000	\$955			

Cottages

The Winfree – Garden Cottage	1,340 sf	\$386,488	\$309,190	\$220,850	\$2,922
The Weatherford – Traditional Cottage	1,603 sf	\$440,563	\$352,450	\$251,750	\$3,290
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$10,000	\$955

The entrance fees below represent the actual cost of your residence upon anticipated move-in in FY 2019. Popular upgrade options have been included in many of our homes; respective pricing for those upgrades may be added to the standard entry fees.



The entrance fees below represent the actual cost of your residence upon anticipated move-in in FY 2020. Popular upgrade options have been included in many of our homes; respective pricing for those upgrades may be added to the standard entry fees.

Fee for Service Fees - 7/1/2019				
<u>Apartments</u>	Approx. Size	Traditional 80% Refundable Plan	Traditional Declining Refund Plan	Monthly Service Fees
The Castlewood – One Bedroom	863 sf	\$225,313	\$128,750	\$2,354
The Castlewood with Balcony*	863 sf	\$230,720	\$131,840	\$2,354
The Dale – One Bedroom w/Den	1,003 sf	\$252,350	\$144,200	\$2,571
The Dale with Balcony*	1,003 sf	\$257,758	\$147,290	\$2,571
The Cogbill–One BRw/Den & Balcony*	1,010 sf	\$252,350	\$144,200	\$2,571
The Eppington – One Bedroom w/Den	1,013 sf	\$252,350	\$144,200	\$2,656
The Eppington with Balcony*	1,013 sf	\$257,758	\$147,290	\$2,656
The Harrowgate – Two Bedrooms	1,151 sf	\$323,400	\$184,800	\$2,828
The Huguenot – Two Bedrooms	1,221 sf	\$332,413	\$189,950	\$2,957
The Huguenot with Balcony*	1,221 sf	\$337,820	\$193,040	\$2,957
The Monacan – Two Bedrooms w/Den	1,280 sf	\$341,425	\$195,100	\$3,001
The Monacan with Balcony	1,280 sf	\$346,833	\$198,190	\$3,001
The Walthall – Three Bedrooms with Balcony*	1,650 sf	\$402,710	\$230,120	\$3,514
<i>* First Floor Units Have Walk-out Patio</i>				
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$983
<u>Cottages</u>				
The Winfree – Garden Cottage	1,340 sf	\$386,488	\$220,850	\$3,002
The Weatherford – Traditional Cottage	1,603 sf	\$440,563	\$251,750	\$3,380
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$983



Life Care Contracts Effective 12/1/2016

Apartments

	Entrance Fees	Monthly Fees
The Castlewood – One Bedroom	\$131,325	\$3,289
The Castlewood with Balcony*	\$134,477	\$3,289
The Dale – One Bedroom w/Den	\$147,084	\$3,822
The Dale with Balcony*	\$150,236	\$3,822
The Cogbill–One BRw/Den & Balcony*	\$147,084	\$3,849
The Eppington – One Bedroom w/Den	\$147,084	\$3,860
The Eppington with Balcony*	\$150,236	\$3,860
The Harrowgate – Two Bedrooms	\$168,096	\$3,675
The Huguenot – Two Bedrooms	\$173,349	\$3,899
The Huguenot with Balcony*	\$176,501	\$3,899
The Monacan – Two Bedrooms w/Den	\$178,602	\$4,087
The Monacan with Balcony	\$181,754	\$4,087
The Walthall – Three Bedrooms with Balcony*	\$214,322	\$4,588
* <i>First Floor Units Have Walk-out Patio</i>		
Second Person Fees		
	\$20,000	\$1,436

Cottages

The Winfree – Garden Cottage	\$204,867	\$3,589
The Weatherford – Traditional Cottage	\$236,385	\$4,041
Second Person Fees		
	\$20,000	\$1,436



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Life Care Fees - 7/1/2017

Apartments

	Entrance Fee	Monthly Fee
The Castlewood – One Bedroom	\$135,265	\$3,388
The Castlewood with Balcony*	\$138,511	\$3,388
The Dale – One Bedroom w/Den	\$151,497	\$3,937
The Dale with Balcony*	\$154,743	\$3,937
The Cogbill–One BRw/Den & Balcony*	\$151,497	\$3,964
The Eppington – One Bedroom w/Den	\$151,497	\$3,976
The Eppington with Balcony*	\$154,743	\$3,976
The Harrowgate – Two Bedrooms	\$173,139	\$3,785
The Huguenot – Two Bedrooms	\$178,549	\$4,016
The Huguenot with Balcony*	\$181,796	\$4,016
The Monacan – Two Bedrooms w/Den	\$183,960	\$4,210
The Monacan with Balcony	\$187,207	\$4,210
The Walthall – Three Bedrooms with Balcony*	\$220,752	\$4,726
* <i>First Floor Units Have Walk-out Patio</i>		
Second Person Fees		
	\$20,600	\$1,479
Cottages		
The Winfree – Garden Cottage	\$211,013	\$3,697
The Weatherford – Traditional Cottage	\$243,477	\$4,162
Second Person Fees		
	\$20,600	\$1,479



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Life Care Fees - 7/1/2018

Apartments

	Entrance Fee	Monthly Fee
The Castlewood – One Bedroom	\$135,265	\$3,550
The Castlewood with Balcony*	\$138,511	\$3,550
The Dale – One Bedroom w/Den	\$151,497	\$4,115
The Dale with Balcony*	\$154,743	\$4,115
The Cogbill–One BRw/Den & Balcony*	\$151,497	\$4,143
The Eppington – One Bedroom w/Den	\$151,497	\$4,155
The Eppington with Balcony*	\$154,743	\$4,155
The Harrogate – Two Bedrooms	\$173,139	\$3,959
The Huguenot – Two Bedrooms	\$178,549	\$4,196
The Huguenot with Balcony*	\$181,796	\$4,196
The Monacan – Two Bedrooms w/Den	\$183,960	\$4,396
The Monacan with Balcony	\$187,207	\$4,396
The Walthall – Three Bedrooms with Balcony*	\$220,752	\$4,928
<i>* First Floor Units Have Walk-out Patio</i>		
Second Person Fees	\$20,600	\$1,523
Cottages		
The Winfree – Garden Cottage	\$211,013	\$3,808
The Weatherford – Traditional Cottage	\$243,477	\$4,287
Second Person Fees	\$20,600	\$1,523



Life Care Fees - 7/1/2019

Apartments

	Entrance Fee	Monthly Fee
The Castlewood – One Bedroom	\$139,323	\$3,647
The Castlewood with Balcony*	\$142,667	\$3,647
The Dale – One Bedroom w/Den	\$156,041	\$4,228
The Dale with Balcony*	\$159,385	\$4,228
The Cogbill–One BRw/Den & Balcony*	\$156,041	\$4,257
The Eppington – One Bedroom w/Den	\$156,041	\$4,270
The Eppington with Balcony*	\$159,385	\$4,270
The Harrowgate – Two Bedrooms	\$178,333	\$4,067
The Huguenot – Two Bedrooms	\$183,906	\$4,312
The Huguenot with Balcony*	\$187,250	\$4,312
The Monacan – Two Bedrooms w/Den	\$189,479	\$4,517
The Monacan with Balcony	\$192,823	\$4,517
The Walthall – Three Bedrooms with Balcony*	\$227,374	\$5,063
* <i>First Floor Units Have Walk-out Patio</i>		
Second Person Fees	\$21,218	\$1,569

Cottages

The Winfree – Garden Cottage	\$217,343	\$3,913
The Weatherford – Traditional Cottage	\$250,781	\$4,405
Second Person Fees	\$21,218	\$1,569



The entrance fees below represent the actual cost of your residence upon anticipated move-in in FY 2021. Popular upgrade options have been included in many of our homes; respective pricing for those upgrades may be added to the standard entry fees.

Fee for Service Fees - 7/1/2020				
<u>Apartments</u>				
	Approx. Size	Traditional 80% Refundable Plan	Traditional Declining Refund Plan	Monthly Service Fees
The Castlewood – One Bedroom	863 sf	\$225,313	\$128,750	\$2,425
The Castlewood with Balcony*	863 sf	\$230,720	\$131,840	\$2,425
The Dale – One Bedroom w/Den	1,003 sf	\$252,350	\$144,200	\$2,648
The Dale with Balcony*	1,003 sf	\$257,758	\$147,290	\$2,648
The Cogbill–One BRw/Den & Balcony*	1,010 sf	\$252,350	\$144,200	\$2,648
The Eppington – One Bedroom w/Den	1,013 sf	\$252,350	\$144,200	\$2,735
The Eppington with Balcony*	1,013 sf	\$257,758	\$147,290	\$2,735
The Harrowgate – Two Bedrooms	1,151 sf	\$323,400	\$184,800	\$2,913
The Huguenot – Two Bedrooms	1,221 sf	\$332,413	\$189,950	\$3,046
The Huguenot with Balcony*	1,221 sf	\$337,820	\$193,040	\$3,046
The Monacan – Two Bedrooms w/Den	1,280 sf	\$341,425	\$195,100	\$3,091
The Monacan with Balcony	1,280 sf	\$346,833	\$198,190	\$3,091
The Walthall – Three Bedrooms with Balcony*	1,650 sf	\$402,710	\$230,120	\$3,619
<i>* First Floor Units Have Walk-out Patio</i>				
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$1,013
<u>Cottages</u>				
The Winfree – Garden Cottage	1,340 sf	\$386,488	\$220,850	\$3,093
The Weatherford – Traditional Cottage	1,603 sf	\$440,563	\$251,750	\$3,482
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$1,013



The entrance fees below represent the actual cost of your residence upon anticipated move-in in FY 2022. Popular upgrade options have been included in many of our homes; respective pricing for those upgrades may be added to the standard entry fees.

Fee for Service Fees - 7/1/2021				
Approx. Size	Traditional 80% Refundable Plan	Traditional Declining Refund Plan	Monthly Service Fees	
	<u>Apartments</u>			
The Castlewood – One Bedroom	863 sf	\$225,313	\$128,750	\$2,573
The Castlewood with Balcony*	863 sf	\$230,720	\$131,840	\$2,573
The Dale – One Bedroom w/Den	1,003 sf	\$252,350	\$144,200	\$2,802
The Dale with Balcony*	1,003 sf	\$257,758	\$147,290	\$2,802
The Cogbill–One BRw/Den & Balcony*	1,010 sf	\$252,350	\$144,200	\$2,802
The Eppington – One Bedroom w/Den	1,013 sf	\$252,350	\$144,200	\$2,892
The Eppington with Balcony*	1,013 sf	\$257,758	\$147,290	\$2,892
The Harrowgate – Two Bedrooms	1,151 sf	\$323,400	\$184,800	\$3,075
The Huguenot – Two Bedrooms	1,221 sf	\$332,413	\$189,950	\$3,212
The Huguenot with Balcony*	1,221 sf	\$337,820	\$193,040	\$3,212
The Monacan – Two Bedrooms w/Den	1,280 sf	\$341,425	\$195,100	\$3,259
The Monacan with Balcony	1,280 sf	\$346,833	\$198,190	\$3,259
The Walthall – Three Bedrooms with Balcony*	1,650 sf	\$402,710	\$230,120	\$3,803
<i>* First Floor Units Have Walk-out Patio</i>				
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$1,043
<u>Cottages</u>				
The Winfree – Garden Cottage	1,340 sf	\$386,488	\$220,850	\$3,261
The Weatherford – Traditional Cottage	1,603 sf	\$440,563	\$251,750	\$3,661
Second Person Fees (non-refundable)		\$10,000	\$10,000	\$1,043



Life Care Fees - 7/1/2021

Apartments

	Entrance Fee	Monthly Fee
The Castlewood – One Bedroom	\$143,502	\$3,945
The Castlewood with Balcony*	\$146,947	\$3,945
The Dale – One Bedroom w/Den	\$160,723	\$4,561
The Dale with Balcony*	\$164,167	\$4,561
The Cogbill–One BRw/Den & Balcony*	\$160,723	\$4,592
The Eppington – One Bedroom w/Den	\$160,723	\$4,605
The Eppington with Balcony*	\$164,167	\$4,605
The Harrowgate – Two Bedrooms	\$183,683	\$4,390
The Huguenot – Two Bedrooms	\$189,423	\$4,649
The Huguenot with Balcony*	\$192,867	\$4,649
The Monacan – Two Bedrooms w/Den	\$195,163	\$4,868
The Monacan with Balcony	\$198,608	\$4,868
The Walthall – Three Bedrooms with Balcony*	\$234,195	\$5,446
<i>* First Floor Units Have Walk-out Patio</i>		
Second Person Fees	\$21,855	\$1,664

Cottages

The Winfree – Garden Cottage	\$223,864	\$4,226
The Weatherford – Traditional Cottage	\$258,304	\$4,748
Second Person Fees	\$21,855	\$1,664



LUCY
CORR

Disclosure Statement

**Attachment C:
Assisted Living and Health Center Fees**

- Current Assisted Living and Health Care Center Fees -



Schedule of Assisted Living Rates as of July 1, 2022

Traditional Apartments		Daily Rate	30-day Rate Example
Efficiency	283 ft ²	\$159	\$4,759
Studio I	337 ft ²	\$163	\$4,882
Studio II	410 ft ²	\$176	\$5,284
Deluxe	520 ft ²	\$198	\$5,933
Additional Assistance			
Level 2 Moderate Assistance		\$10	\$300
Level 3 Intensive Assistance		\$13	\$390
Respite			
Level 1		\$175	\$5,250
Level 2		\$205	\$6,150
Level 3/Memory Care		\$215	\$6,450
Memory Support Apartments			
Efficiency	283 ft ²	\$210	\$6,304
Studio I	337 ft ²	\$213	\$6,396
Deluxe	520 ft ²	\$246	\$7,385
Other			
Spouse-Roommate		\$47	\$1,410
Spouse-Roommate w/ SCI		\$90	\$2,700
Cable Television		Included	
Local Telephone		Included	
Laundry Services		Included	
Barber & Beauty		Market Price	



LUCY CORR

Thank you for your interest in the Healthcare Center at Lucy Corr. Below are the room and other related service rates effective February 1, 2021

Skilled Care (Bermuda Neighborhood)

Daily Rate

Private Room

\$335

Intermediate Care

Private Room

\$305

Semi-Private Room

\$275

Dementia Care

Private Room

\$305

Semi-Private Room

\$275

Barber & Beauty

Market Price

Medical Supplies & Equipment

Market Price

Oxygen

Market Price

Cable Television

Included in the daily rate

Local Telephone

Included in the daily rate

Laundry Services

Included in the daily rate

Incontinent Care

Included in the daily rate

- Past 5 Years' Assisted Living and Health Care Center Fees -



LUCY CORR

CARE THAT CONTINUES WITH YOU

Schedule of Assisted Living Rates as of August 1, 2017

Traditional Apartments		Daily Rate	30-day Rate Example
Efficiency	283 ft ²	\$138	\$4,140
Studio I	337 ft ²	\$141	\$4,230
Studio II	410 ft ²	\$152	\$4,560
Deluxe	520 ft ²	\$171	\$5,130

Additional Assistance

Level 2 Moderate Assistance	\$9	\$270
Level 3 Intensive Assistance	\$12	\$360

Respite

Level 1	\$153	\$4,590
Level 2	\$185	\$5,550
Level 3	\$197	\$5,910

Memory Support Apartments

Efficiency	283 ft ²	\$182	\$5,460
Studio I	337 ft ²	\$185	\$5,550
Deluxe	520 ft ²	\$215	\$6,450

Other

Spouse-Roommate	\$47	\$1,410
Spouse-Roommate w/ SCI	\$90	\$2,700
Cable Television	\$1	\$30
Local Telephone	\$1	\$30
Laundry Services	\$1	\$30
Barber & Beauty	Market Price	



Schedule of Assisted Living Rates as of July 1, 2018

Traditional Apartments		Daily Rate	30-day Rate Example
Efficiency	283 ft ²	\$142	\$4,260
Studio I	337 ft ²	\$145	\$4,350
Studio II	410 ft ²	\$157	\$4,710
Deluxe	520 ft ²	\$176	\$5,280
Additional Assistance			
Level 2 Moderate Assistance		\$9	\$270
Level 3 Intensive Assistance		\$12	\$360
Respite			
Level 1		\$153	\$4,590
Level 2		\$185	\$5,550
Level 3/Memory Care		\$197	\$5,910
Memory Support Apartments			
Efficiency	283 ft ²	\$187	\$5,610
Studio I	337 ft ²	\$191	\$5,730
Deluxe	520 ft ²	\$221	\$6,630
Other			
Spouse-Roommate		\$47	\$1,410
Spouse-Roommate w/ SCI		\$90	\$2,700
Cable Television		\$1	\$30
Local Telephone		\$1	\$30
Laundry Services		\$1	\$30
Barber & Beauty		Market Price	



Schedule of Assisted Living Rates as of July 1, 2019

Traditional Apartments		Daily Rate	30-day Rate Example
Efficiency	283 ft ²	\$146	\$4,381
Studio I	337 ft ²	\$149	\$4,477
Studio II	410 ft ²	\$161	\$4,826
Deluxe	520 ft ²	\$181	\$5,429
Additional Assistance			
Level 2 Moderate Assistance		\$9	\$270
Level 3 Intensive Assistance		\$12	\$360
Respite			
Level 1		\$153	\$4,590
Level 2		\$185	\$5,550
Level 3/Memory Care		\$197	\$5,910
Memory Support Apartments			
Efficiency	283 ft ²	\$193	\$5,778
Studio I	337 ft ²	\$196	\$5,874
Deluxe	520 ft ²	\$228	\$6,826
Other			
Spouse-Roommate		\$47	\$1,410
Spouse-Roommate w/ SCI		\$90	\$2,700
Cable Television		\$1	\$30
Local Telephone		\$1	\$30
Laundry Services		\$1	\$30
Barber & Beauty		Market Price	



LUCY CORR

CARE THAT CONTINUES WITH YOU

Schedule of Assisted Living Rates
as of August 1, 2020

Traditional Apartments		Daily Rate	30-day Rate Example
Efficiency	283 ft ²	\$150	\$4,500
Studio I	337 ft ²	\$154	\$4,620
Studio II	410 ft ²	\$166	\$4,980
Deluxe	520 ft ²	\$187	\$5,610
Additional Assistance			
Level 2 Moderate Assistance		\$9	\$270
Level 3 Intensive Assistance		\$12	\$360
Respite			
Level 1		\$160	\$4,800
Level 2		\$190	\$5,700
Level 3/Memory Care		\$199	\$5,970
Memory Support Apartments			
Efficiency	283 ft ²	\$198	\$5,940
Studio I	337 ft ²	\$201	\$6,030
Deluxe	520 ft ²	\$232	\$6,960
Other			
Spouse-Roommate		\$47	\$1,470
Spouse-Roommate w/ SCI		\$90	\$2,700
Cable Television		included	
Local Telephone		included	
Laundry Services		included	
Barber & Beauty		Market Price	



Schedule of Assisted Living Rates as of July 1, 2021

Traditional Apartments		Daily Rate	30-day Rate Example
Efficiency	283 ft ²	\$154	\$4,620
Studio I	337 ft ²	\$158	\$4,740
Studio II	410 ft ²	\$171	\$5,130
Deluxe	520 ft ²	\$192	\$5,760
Additional Assistance			
Level 2 Moderate Assistance		\$9	\$270
Level 3 Intensive Assistance		\$12	\$360
Respite			
Level 1		\$164	\$4,920
Level 2		\$195	\$5,850
Level 3/Memory Care		\$205	\$6,150
Memory Support Apartments			
Efficiency	283 ft ²	\$204	\$6,120
Studio I	337 ft ²	\$207	\$6,210
Deluxe	520 ft ²	\$239	\$7,170
Other			
Spouse-Roommate		\$47	\$1,410
Spouse-Roommate w/ SCI		\$90	\$2,700
Cable Television		Included	
Local Telephone		Included	
Laundry Services		Included	
Barber & Beauty		Market Price	



LUCY CORR

Thank you for your interest in the Healthcare Center at Lucy Corr. Below are the room and other related service rates effective January 1, 2019

Skilled Care (Bermuda Neighborhood)

Daily Rate

Private Room

\$325

Intermediate Care

Private Room

\$290

Semi-Private Room

\$265

Dementia Care

Private Room

\$290

Semi-Private Room

\$265

Incontinent Care

\$5/day

Barber & Beauty

Market Price

Medical Supplies & Equipment

Market Price

Oxygen

Market Price

Cable Television

Included in the daily rate

Local Telephone

Included in the daily rate

Laundry Services

Included in the daily rate



LUCY CORR

Thank you for your interest in the Healthcare Center at Lucy Corr. Below are the room and other related service rates effective January 1, 2020

Skilled Care (Bermuda Neighborhood)

Daily Rate

Private Room

\$325

Intermediate Care

Private Room

\$296

Semi-Private Room

\$270

Dementia Care

Private Room

\$296

Semi-Private Room

\$270

Barber & Beauty

Market Price

Medical Supplies & Equipment

Market Price

Oxygen

Market Price

Cable Television

Included in the daily rate

Local Telephone

Included in the daily rate

Laundry Services

Included in the daily rate

Incontinent Care

Included in the daily rate



LUCY CORR

Thank you for your interest in the Healthcare Center at Lucy Corr. Below are the room and other related service rates effective February 1, 2021

Skilled Care (Bermuda Neighborhood)

Daily Rate

Private Room

\$335

Intermediate Care

Private Room

\$305

Semi-Private Room

\$275

Dementia Care

Private Room

\$305

Semi-Private Room

\$275

Barber & Beauty

Market Price

Medical Supplies & Equipment

Market Price

Oxygen

Market Price

Cable Television

Included in the daily rate

Local Telephone

Included in the daily rate

Laundry Services

Included in the daily rate

Incontinent Care

Included in the daily rate



LUCY CORR

Disclosure Statement

**Attachment D:
Audited Financial
Statements June 30, 2021 and
2020**

**HEALTH CENTER COMMISSION FOR THE
COUNTY OF CHESTERFIELD
(dba Lucy Corr)**

**Audited Financial Statements,
Including Management's Discussion and Analysis**

June 30, 2022 and 2021

**HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)**

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Walker Healthcare
Services Group
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of
Health Center Commission for the County of Chesterfield (dba Lucy Corr)
Chesterfield, Virginia

We have audited the accompanying financial statements of the Health Center Commission for the County of Chesterfield (dba Lucy Corr) (the Center), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Center Commission for the County of Chesterfield as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America do not require that the management's discussion and analysis information on pages 5 through 8 be presented. Such information is not a part of the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiry, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information *(continued)*

Net Pension asset and the net OPEB liability

Accounting principles generally accepted in the United States of America require that required supplementary information related to the net pension asset and the net OPEB liability on pages 50 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiry, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, where related to the net pension asset and the net OPEB liability, we have also issued our report dated October 31, 2022 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. Where related to the net pension asset and the net OPEB liability, that report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Walker Healthcare Services Group

Certified Public Accountants
Roanoke, Virginia
October 31, 2022

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Management's Discussion and Analysis

As management of the Health Center Commission for the County of Chesterfield (dba Lucy Corr), we offer readers of Lucy Corr's basic financial statements this narrative overview and analysis of the financial activities of Lucy Corr for the fiscal years ended June 30, 2022 and 2021.

Summary of Commission Operations

The Health Center Commission for the County of Chesterfield dba Lucy Corr is a registered nonprofit continuing care retirement community. For over fifty years, Lucy Corr has distinguished itself by meeting the assisted living and long-term care needs of individuals in the Chesterfield County community. In addition, Lucy Corr expanded services to meet the needs of today's generation of active, value-minded retirees with its independent living campus – Springdale at Lucy Corr. Springdale offers residents the choice of cottages and apartments, along with all the amenities, services, and security associated with a continuing care retirement community.

Overview of the Financial Statements

Lucy Corr follows proprietary fund reporting; accordingly, the basic financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Proprietary fund statements offer short-term and long-term financial information about the activities and operations of the Center.

This discussion and analysis is intended to serve as an introduction to Lucy Corr's basic financial statements. Lucy Corr's basic financial statements comprise four components:

- Statements of Financial Position
- Statements of Operations and Changes in Net Assets
- Statements of Cash Flows
- Notes to Financial Statements.

The statements of financial position present information on all of Lucy Corr's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of Lucy Corr is improving or deteriorating but should be considered in the context of the overall strategic growth of the organization. Additionally, net assets represent amounts available for spending at Lucy Corr's discretion. Such information may be useful in evaluating near-term financing requirements.

The statements of operations and changes in net assets present information showing how the financial position changed during the most recent two fiscal years. All changes in financial position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows only in future fiscal periods (e.g., uncollected patient service revenues, final determination and adjustments to reimbursements from third-party payers such as Medicare and Medicaid and earned but unused time off).

The statements of cash flows, using the indirect method, present information on Lucy Corr's increases and decreases in cash resulting from operating activities, investing activities and financing activities.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

**Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

Financial Highlights

Selected financial information for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total current assets	\$ 20,155,153	\$ 16,836,898
Total capital assets, net	34,445,333	36,283,884
Total restricted and other assets	6,138,004	2,800,614
Deferred outflows of resources	<u>87,758</u>	<u>598,435</u>
Total assets	<u>\$ 60,826,248</u>	<u>\$ 56,519,831</u>
Total current liabilities	\$ 4,873,272	\$ 5,504,520
Total long-term liabilities	45,009,139	47,117,891
Deferred inflows of resources	<u>2,607,268</u>	<u>145,438</u>
Total liabilities	<u>53,663,523</u>	<u>52,767,849</u>
Net assets, end of year	<u>\$ 8,336,609</u>	<u>\$ 3,751,982</u>
Total operating revenues	\$ 25,840,602	\$ 24,636,334
Total operating expenses	(25,667,890)	(24,222,485)
Total non-operating income (expenses)	(283,623)	18,635
Donor restricted assets	<u>4,695,538</u>	<u>-</u>
Increase in net assets	<u>\$ 4,584,627</u>	<u>\$ 432,484</u>

- As noted earlier, net assets may, over time, serve as a useful indicator of financial position. In the case of Lucy Corr, assets exceeded liabilities by \$8,336,609 at June 30, 2022 and \$3,751,982 at June 30, 2021. The increase in net assets specifically relates to the approximate \$4.7 million in one-time funding approved in the most recent Virginia biennium state budget.
- At June 30, 2022 and 2021, Lucy Corr had Mortgage Revenue bond debt outstanding of \$36,422,308 and \$37,753,650, respectively. In addition, entrance fee refunds totaled \$9,596,963 and \$9,834,664, respectively for the same periods.
- Total operating revenues increased by \$1.2 million or 4.9% during FYE 2022. This increase specifically related to the receipt of approximately \$768K in Phase 4 Provider Relief Funds as well as \$250K in ARPA funds from the Commonwealth of Virginia.
- Total operating expenses increased by \$1.4 million or 6% during FYE 2022. This increase related to the continued usage of nurse agency personnel and increased supply costs associated with the pandemic. Those costs were offset by a pension benefit adjustment of \$322K and the termination of our OPEB plan totaling \$608K, thereby reducing our employee benefit costs by \$930K in FYE 2022.

**HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)**

**Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

Operational Highlights

Lucy Corr receives revenues from Medicare, Medicaid, commercial insurance companies and self-pay residents that utilize its services. A number of factors, including the number of licensed beds and occupancy rates at the facilities, the acuity level of residents and the rates of reimbursement among payors, determine the sources and amounts of inpatient services revenues. In addition, our Independent Living facility generates additional cash flow from entrance fees. Lucy Corr manages the fiscal aspects of its business by monitoring key performance indicators that affect revenues and net position.

The following table summarizes key performance indicators for the Health Care Center, Assisted Living Apartments and Springdale Independent Living, in each of the periods indicated:

	<u>2022</u>	<u>2021</u>
Health Care Center Revenue from:		
Medicare	21.6%	20.1%
Medicaid / Hospice	55.6%	56.9%
Federal/State assistance	14.9%	16.1%
Private pay / Commercial insurance	<u>7.9%</u>	<u>6.9%</u>
Total	100.0%	100.0%
Health Care Center Occupancy Statistics:		
Available patient days	78,840	78,840
Actual patient days	62,412	60,296
Forecasted average occupancy	83.3%	89.6%
Occupancy percentage	79.2%	76.5%
Assisted Living Apartment Statistics:		
Available patient days	17,520	17,520
Actual patient days	11,742	13,290
Forecasted average occupancy	89.4%	95.0%
Occupancy percentage	66.4%	75.9%
Springdale Independent Living Statistics:		
Available units	77	77
Actual occupancy	64.4	63.9
Forecasted average occupancy	88.1%	90.3%
Occupancy percentage	83.6%	82.9%

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

**Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

Occupancy is the key driver of financial results and revenue is generated from per diem charges or monthly services fees.

	<u>2022</u>	<u>2021</u>
Health Care Center Forecasted Census from:		
Medicare	13.0%	9.4%
Medicaid / Hospice	80.9%	82.3%
Private pay / Commercial insurance	<u>6.1%</u>	<u>8.3%</u>
Total	100.0%	100.0%
Health Care Center Actual Census from:		
Medicare	11.3%	9.5%
Medicaid / Hospice	80.6%	83.5%
Private pay / Commercial insurance	<u>8.1%</u>	<u>7.0%</u>
Total	100.0%	100.0%

COVID - 19

On March 11, 2020, the World Health Organization (WHO) declared the 2019 novel coronavirus (COVID-19) a pandemic. COVID-19 is a complex and previously unknown virus which impacts seniors, particularly those having other underlying health conditions. The United States continues to experience the pandemic caused by COVID-19 which has disrupted the healthcare industry and our business. Our primary focus continues to be the health and safety of our residents, employees, and their respective families.

COVID-19 has continued to materially and adversely affect our operations, both from a census standpoint and from retaining consistent, qualified personnel to care for our residents. Lucy Corr has, or is expected, to receive a total of approximately \$8 million in pandemic related funds from federal and state government programs to combat lost revenues and related expenses associated with the pandemic.

Economic Conditions/Outlook

Our budgeted revenue numbers for FYE2023 are anticipated to be 7.26% higher than FYE2022 amounts; made up of a 5.4% ramp up in census coupled with an increase in Medicaid funding provided by the Commonwealth during their most recent budget.

We have also included an 8.42% increase in operating expenses to fund, 1) not only pay adjustments to our clinical staff for recruitment and retention purposes, but also for nurse management positions to assist in training and mentoring this new wave of clinical personnel, and 2) increased operating costs which continue to rise due to supply chain issues worldwide.

Requests for Information

This financial report is designed to provide a general overview of Lucy Corr's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Lucy Corr, P.O. Drawer 170, 6800 Lucy Corr Boulevard, Chesterfield, VA 23832-0170.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Statements of Financial Position
June 30, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,157,450	\$ 1,689,927
Investments	10,511,968	11,496,065
Accounts receivable, net	1,522,701	1,422,638
Estimated third-party payor settlements	626,244	607,788
State ARPA Funds receivable	4,695,538	-
Employee Retention Credits receivable	1,400,000	1,400,000
Prepaid expenses	135,668	123,618
Due from Lucy Corr Foundation	67,966	59,204
Inventories	37,658	37,658
	<hr/>	<hr/>
Total current assets	20,155,193	16,836,898
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, net	34,445,333	36,283,884
	<hr/>	<hr/>
OTHER ASSETS		
Net pension asset	6,100,251	2,730,606
Patient trust funds	37,753	70,008
	<hr/>	<hr/>
Total other assets	6,138,004	2,800,614
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Employer pension plan contributions	7,672	-
Change of assumptions - pension	80,086	-
Differences between expected and actual experience - OPEB	-	18,158
Change of assumptions - OPEB	-	387
Net difference between projected and actual earnings on pension plan investments	-	579,890
	<hr/>	<hr/>
Total deferred outflows of resources	87,758	598,435
	<hr/>	<hr/>
Total assets	<u>\$ 60,826,288</u>	<u>\$ 56,519,831</u>

See accompanying notes to financial statements.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Statements of Financial Position
June 30, 2022 and 2021

<u>LIABILITIES AND NET ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Current maturities of bonds payable	\$ 1,398,899	\$ 1,331,343
Accounts payable and accrued expenses	1,266,455	1,191,333
Accrued payroll and payroll related liabilities	1,169,932	1,691,063
Interest payable	130,014	134,797
Deferred revenue	-	111,000
Current portion of refundable entrance fees	907,972	1,044,984
	<hr/>	<hr/>
Total current liabilities	4,873,272	5,504,520
LONG-TERM LIABILITIES		
Bonds payable, net of current maturities	34,631,221	35,983,238
Refundable entrance fees, net	8,688,991	8,789,680
Deferred revenue - nonrefundable entrance fees, net	1,554,178	1,666,141
Net OPEB liability	-	608,824
Accrued benefits	96,996	-
Patient trust funds	37,753	70,008
	<hr/>	<hr/>
Total long-term liabilities	45,009,139	47,117,891
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience - pension	-	52,325
Net difference between projected and actual earnings on pension plan investments	2,607,268	-
Net difference between projected and actual earnings on OPEB trust investments	-	93,113
	<hr/>	<hr/>
Total deferred inflows of resources	2,607,268	145,438
	<hr/>	<hr/>
Total liabilities	52,489,679	52,767,849
NET ASSETS		
Net asset without donor restrictions	3,641,071	3,751,982
Net assets with donor restrictions	4,695,538	-
	<hr/>	<hr/>
Total net assets	8,336,609	3,751,982
	<hr/>	<hr/>
Total liabilities and net assets	\$ 60,826,288	\$ 56,519,831
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Statements of Operations and Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	2022	2021
<u>OPERATING REVENUES</u>		
Net resident revenue	\$ 23,390,378	\$ 22,366,258
Provider Relief Funds	1,150,961	1,134,867
Rental income	602,825	518,260
Earned entrance fees	485,505	416,051
Other revenue	210,933	200,898
	25,840,602	24,636,334
<u>OPERATING EXPENSES</u>		
Salaries and wages	11,858,370	12,090,685
Employee benefits and taxes	1,473,305	1,185,229
Supplies	2,400,227	2,135,217
Repairs and maintenance	536,057	513,319
Contractual services	3,967,399	2,846,251
Bad debt expense	144,000	168,030
Insurance expense	145,209	118,217
Miscellaneous expense	124,696	125,967
Legal and professional	126,194	127,926
Utilities	888,495	863,148
Interest expense	1,655,551	1,704,051
Depreciation	2,348,387	2,344,445
	25,667,890	24,222,485
Operating excess of revenues over expenses	172,712	413,849
<u>NON-OPERATING INCOME</u>		
Investment income, net	44,000	82,642
	44,000	82,642
Excess of revenues over expenses	216,712	496,491
Unrealized loss on investments	(327,623)	(64,007)
Increase (decrease) in net assets without donor restrictions	(110,911)	432,484
Net assets without donor restrictions, beginning of year	3,751,982	3,319,498
Net assets without donor restrictions, end of year	\$ 3,641,071	\$ 3,751,982
Net assets with donor restrictions, beginning of year	-	-
State ARPA Funds Grant	4,695,538	-
Net assets with donor restrictions, end of year	\$ 4,695,538	\$ -
Total change in net assets	\$ 4,584,627	\$ -

See accompanying notes to financial statements.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,584,627	\$ 432,484
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,348,387	2,344,445
Amortization of deferred revenue from entrance fees	(485,505)	(416,051)
Amortization of deferred bond issuance costs	46,860	39,661
Change in operating assets and liabilities:		
Accounts receivable	(303,542)	(91,231)
Prepaid expenses	(12,050)	(37,994)
State ARPA Funds receivable	(4,695,538)	-
Other long-term assets	(2,858,968)	208,366
Accounts payable and accrued expenses	269,366	102,721
Accrued payroll and payroll related liabilities	(521,131)	346,349
Estimated third-party payor settlements	(18,456)	552,251
Employee retention credit receivable	-	(1,400,000)
Deferred revenue	(111,000)	(625,345)
Net OPEB liability	(608,824)	(173,550)
Accrued benefits	96,996	-
Other long-term liabilities	2,461,830	(51,323)
	<u>193,052</u>	<u>1,230,783</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(708,863)	(1,380,000)
	<u>(708,863)</u>	<u>(1,380,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Entrance fees received	1,558,648	755,301
Refunds of entrance fees	(1,219,328)	(440,818)
Principal payments on bonds	(1,331,321)	(1,282,966)
Change in due from Lucy Corr Foundation	(8,762)	(2,273)
Principal payments under capital lease obligations	-	(14,256)
	<u>(1,000,763)</u>	<u>(985,012)</u>
Net increase (decrease) in cash and cash equivalents	(1,516,574)	(1,134,229)
Cash and cash equivalents, beginning of year	13,185,992	14,320,221
Cash and cash equivalents, end of year	<u>\$ 11,669,418</u>	<u>\$ 13,185,992</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Capital expenditures included in accounts payable	<u>\$ -</u>	<u>\$ 274,132</u>
Cash paid during the year for interest	<u>\$ 1,613,474</u>	<u>\$ 1,668,771</u>

See accompanying notes to financial statements.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

**Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

NOTE 1: ORGANIZATION AND NATURE OF BUSINESS

Organization: The Health Center Commission for the County of Chesterfield, Virginia (the Center) operates Lucy Corr, a registered nonprofit continuing care retirement community. The Center was created in 1993 when the Board of Supervisors of the County of Chesterfield (the County) passed a resolution creating the Center for the purpose of operating a 298-licensed-bed, long-term care facility.

Reporting Entity: The governing body of the Center, consisting of seven members, is appointed by the County Board of Supervisors, from individuals in the geographical location it serves, for staggered terms of four years each with initial appointments from one to four years and individual members serving no more than two consecutive full terms. Lucy Corr is a public nonprofit and operates in accordance with Title 15.2, Chapter 52 of the Code of Virginia, as amended, as well as all other applicable federal and state regulations. As a public nonprofit, the Center is exempt from federal and state income taxes.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The basic financial statements are reported using the economic resources measurement focus wherein revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Lucy Corr follows accounting principles generally accepted in the United States of America and governmental accounting standards board pronouncements where applicable.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Center considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,157,450	\$ 1,689,927
Investments: cash and cash equivalents	<u>10,511,968</u>	<u>11,496,065</u>
Total cash and cash equivalents	<u>\$ 11,669,418</u>	<u>\$ 13,185,992</u>

Investments: Investments in equity securities with readily determinable fair values are measured at fair value in the statements of financial operations. Investment income or loss (including realized gains and losses on investments and interest) is included in the excess (deficiency) of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues over expenses.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Statement Presentation: Net assets, revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as:

Net Assets without Donor Restrictions: Resources of the Center that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment. The Commission has established an operating reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or immediate liquidity needs.

Net Assets with Donor Restrictions: Resources of the Center that carry a donor-imposed restriction that permits the center to use or expend the donated assets as specified and for which the restrictions are satisfied by the passage of time or by actions of the Center. As those restrictions are met, the contributions are released from net assets with donor restrictions and are transferred to net assets without donor restrictions. Those resources for which the restrictions are met in the same fiscal year they are received are included in net assets without donor restrictions.

Net Resident Revenues and Accounts Receivable: Net resident revenues are derived from services rendered to residents for skilled nursing, rehabilitation therapy, assisted living, adult day care and independent living. Net resident revenue is reported at the amount that reflects the consideration to which the Center is or expects to be entitled in exchange for providing services. These amounts are due from residents, governmental programs, and other third-party payors, and include variable consideration for retroactive revenue adjustments due to settlement of audits and reviews.

The Center recognizes revenue as its services are rendered. Most services provided by the Center are treated as a single obligation satisfied over time as services are rendered. These routine services performed represent a bundle of services that are considered a single obligation. The obligations are satisfied over time as the resident simultaneously receives and consumes the benefits of the healthcare services provided. There may be ancillary and independent living services which are not included in the daily rates for routine services, but instead are treated as separate obligations satisfied at a point in time when those services are rendered. The Center determines the prices based on established billing rates reduced by contractual adjustments provided to third-party payors. Contractual adjustments are based on contractual agreements and historical experience. The Center considers the resident's ability and intent to pay the amount of consideration upon admission. Subsequent changes resulting from a patient's ability to pay are recorded as bad debt expense, which is included as a component of operating expenses in the statements of operations and changes in net assets.

Accounts receivable are stated at cost less an allowance for doubtful accounts. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated, based on historical collection levels and management's assessment of individual accounts. Accounts are written off when substantially all collection efforts have been exhausted.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment: Lucy Corr capitalizes expenditures with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. When properties are sold or disposed of, their cost and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations. As of June 30, 2022 and 2021, \$2,568,133 of interest has been capitalized. During 2022 and 2021, amortization expense related to capitalized interest was \$82,944 each year. As of June 30, 2022 and 2021, accumulated amortization was \$1,036,792 and \$953,848, respectively.

Property and equipment of Lucy Corr are depreciated using the straight-line method over the estimated useful life, as follows:

Buildings	40 years
Computer software	7 years
Improvements other than buildings	5 – 40 years
Furniture, fixtures, and equipment	5 – 25 years

Pension: The Virginia Retirement System Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Center's retirement plan and additions to/deductions from the Center's retirement plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences: It is Lucy Corr's policy to permit employees to accumulate earned but unused paid time off. All paid time off is accrued when earned and is included in accrued expenses in the accompanying statements of financial position.

Long-Term Obligations: Bonds payable and other long-term obligations are reported as liabilities in the statements of financial position. Obligations are shown net of associated amounts including premiums, discounts or issuance costs, which are amortized over the life of the bonds using the effective interest method.

Unearned Revenue from Advance Fees and Continuing Care Deposits: Unearned revenue from advance fees is recorded upon the occupancy of a unit. Nonrefundable advance fees are amortized over the estimated life expectancy of each resident or couple, adjusted annually. Continuing care deposits, which are refundable to residents upon termination of residency, will be repaid from unrestricted cash and proceeds from resale of residences, and are not amortized. Amounts that are to be refunded within one year from the statement of financial operations date are classified as current. Management has determined that there is no additional obligation to provide future services because monthly fees are adjusted as needed to fund such services.

Provider Relief Funds: The Center recognizes grant income on a systematic basis in line with the recognition of specific expenses and lost revenues for which the grants are intended to compensate and when all requirements to recognize grant income have been met.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

**Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses: The Center's statements of operations and changes in net assets – without donor restrictions distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care, adult day care and independent living services, which is Lucy Corr's principal ongoing operational activity. Operating expenses include the cost of health care and other services provided, administrative expenses, and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Non-exchange revenues, including investment income, are reported as non-operating revenues.

When both restricted and unrestricted resources are available for use, it is Lucy Corr's policy to use restricted resources first and then unrestricted resources, as they are needed.

Income Taxes: Lucy Corr is an affiliate of local governmental units and is exempt by statute from federal and state income taxes. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Advertising: Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021 was \$278,219 and \$237,819, respectively.

Fair Value of Financial Instruments: The Center's financial instruments are cash and cash equivalents, accounts receivable, investments, accounts payable, accrued liabilities, and bonds payable. The recorded values of these items other than bonds payable approximate their fair values based on their short-term nature. The recorded values of the bonds payable approximate their fair values, as interest approximates market rates.

Rental Revenue: Apartments are rented to tenants pursuant to operating lease agreements which generally provide for yearly lease terms. Rental revenue is recognized on a straight-line basis over the lease term as it is contractually billable to the tenant. Deferred revenue is recognized for cash received for which revenue is not yet earned.

Use of Estimates: 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, the disclosed amounts of contingent assets and liabilities, and the reported amounts of revenues and expenses. Management believes the most significant estimates and assumptions are associated with the valuation of resident accounts receivable, estimated amounts due to third-party payors and impairment of long-lived assets. If the underlying estimates and assumptions, upon which the financial statements are based, change in future periods, actual amounts may differ from those included in the accompanying financial statements.

Concentration of Credit Risk: The Center's management places its cash and investments with what it believes to be high quality financial institutions and thus limits its credit exposure. At times, such balances may be in excess of the Federal Deposit Insurance Corporation insurable limits. The Center has incurred no losses related to these uninsured cash balances.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

**Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Policy and Credit Risk: Lucy Corr's investment policy (the Policy) complies with the Code of Virginia and other applicable laws and regulations that permit investments in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers acceptances, repurchase agreements, the State of Virginia Local Government Investment Pool (LGIP), and Virginia Investment Pool.

As required by Virginia statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investor Service, Standard & Poor's, and Fitch Investors Service. Corporate notes must have a minimum of "Aa" long-term debt rating by Moody's Investor Service and a minimum of "AA" long-term debt rating by Standard & Poor's. Negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service.

Although state statutes do not impose credit standards on repurchase agreements, bankers' acceptances, or money market mutual funds, the Center has established credit standards for these investments to minimize portfolio risk.

Lucy Corr's investment portfolio was 100% invested in the State of Virginia funds (credit rating AAA) at both June 30, 2022 and 2021.

Reclassifications: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the previously reported change in net assets.

NOTE 3: LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT

The Center maintains and manages adequate operating funds per the policies set by its commission. Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,157,450	\$ 1,689,927
Accounts receivable, net	1,522,701	1,422,638
Estimated third-party payor settlements, net	626,204	607,788
State ARPA Funds receivable	4,695,538	-
Employee Retention Credits receivable	1,400,000	1,400,000
Investments	<u>10,511,968</u>	<u>11,496,065</u>
Total liquidity	<u>\$ 19,913,861</u>	<u>\$ 16,616,418</u>

The Center's financial assets have no donor or Commission-imposed restrictions.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

**Management’s Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

NOTE 4: CONCENTRATION OF CREDIT RISK

Concentration of Credit Risk: The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of Lucy Corr’s portfolio will be invested in the securities of any single issuer with the following exceptions:

	<u>Maximum</u>
U. S. Treasury	100%
State of Virginia	100%
Each money market mutual fund	50%
Each federal agency	35%
Each repurchase agreement	25%

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from rising interest rates, Lucy Corr’s Policy limits the investment of short-term operating funds to an average weighted maturity of no more than 180 days, with a portion of the portfolio continuously invested in readily available funds. The core portfolio is invested in permitted investments with a stated maturity of no more than five years from the date of purchase.

Custodial Credit Risk: The Policy requires all investment securities purchased by the Center or held as collateral on deposits or investments shall be held by Lucy Corr or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction, subject to the same exceptions listed in Concentration of Credit Risk above. As of June 30, 2022 and 2021, all of Lucy Corr’s investments are held by the State of Virginia LGIP and Virginia Investment Pool in Lucy Corr’s name.

The fair values of Lucy Corr’s investments, which are subject to the concentration of credit risk policy above, are as follows:

<u>Investment Type</u>	<u>Fair Value at June 30, 2022</u>	<u>Fair Value at June 30, 2021</u>
Money market funds – Virginia LGIP	\$ 2,156,350	\$ 2,850,869
Money market funds – Virginia Investment Pool	<u>8,355,618</u>	<u>8,645,196</u>
Total	<u>\$ 10,511,968</u>	<u>\$ 11,496,065</u>

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)

Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021

NOTE 5: ACCOUNTS RECEIVABLE

Lucy Corr grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Accounts receivable were concentrated in the following major payor classes at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Medicaid	\$ 743,099	\$ 691,716
Medicare	331,310	443,601
Private pay	367,112	300,086
Insurance and other	<u>259,325</u>	<u>208,048</u>
	1,700,846	1,643,451
Less allowance for doubtful accounts	<u>(178,145)</u>	<u>(220,813)</u>
Accounts receivable, net	<u>\$ 1,522,701</u>	<u>\$ 1,422,638</u>

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 192,290	\$ 192,290
Buildings	70,880,174	70,614,934
Improvements other than buildings	3,214,700	3,133,405
Computer software	225,429	219,119
Furniture, fixtures, and equipment	<u>8,884,773</u>	<u>8,727,784</u>
	83,397,366	82,887,532
Less accumulated depreciation	<u>(48,952,033)</u>	<u>(46,603,648)</u>
Property and equipment, net	<u>\$ 34,445,333</u>	<u>\$ 36,283,884</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$2,348,387 and \$2,344,445, respectively.

NOTE 7: ENTRANCE FEES AND DEFERRED REVENUE

As a Continuing Care Retirement Community (CCRC), Lucy Corr has a multi-year business and planning cycle which results from its obligation to provide services to life care contract holders for the expected duration of their stay at the facility. On average, this period is approximately 10 years from the date of move-in for all residents.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

**Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

NOTE 7: ENTRANCE FEES AND DEFERRED REVENUE (continued)

Entrance fees are typically paid by residents before they take occupancy of their reserved unit or cottage. Typically, a portion of the entrance fee is refundable to the resident or their appointed estate upon death or move-out once the unit they have occupied has been vacated and proceeds are received from re-sale of their unit or 18 months have passed since move-out. The remainder of the fee is nonrefundable. That portion of the entrance fee which is nonrefundable is recorded as deferred revenue and amortized using the straight-line method over the remaining estimated life expectancy of the resident, as determined by actuarial demographic databases for CCRC residents. The remaining life expectancy is re-evaluated annually, and amortization periods are adjusted if warranted. During 2022 and 2021, deferred revenue from nonrefundable entrance fees of \$485,505 and \$416,051, respectively, was amortized into income. The refundable portion of entrance fees are liabilities and are shown separately as "refundable entrance fees." At June 30, 2022 and 2021 there are \$9,596,963 and \$9,834,664 of advance fees subject to refund provisions, respectively, of which \$907,972 and \$1,044,984, respectively, are considered current liabilities.

Under the residency agreement, a reservation fee of 10% of the entrance fee is required with each reservation. The reservation fee is refundable in full if, before the occupancy date, (i) a written request is received from the applicant, (ii) the applicant is not admitted or (iii) the applicant dies before the date of closing.

Lucy Corr currently offers two types of life-care contract agreements. The first (commonly referred to in the industry as a "Type C" contract) offers the resident priority access to assisted living or health care center care levels. Once permanently transferred to one of these care levels, the resident pays the same daily or monthly rate that a direct entrant would pay for these services. The second life-care contract (commonly referred to as a "Type A" contract) provides residents, who have been permanently transferred to one of these higher care levels, services at a rate equal to the first person monthly fee paid by them for their independent living residence. The following refund plans are offered for these contracts:

- Traditional 80% Refundable Plan (Type C Contract) - The refund at the time of occupancy will be 80% of the first-person entrance fee, less unpaid monthly fees, expenses, and refurbishing costs.
- Traditional 50% Refundable Plan (Type C Contract) - The refund at the time of occupancy will be 90% of the first-person entrance fee. From that point forward, the refund will decline by 2% of the full entrance fee per month for 20 months. After 20 months, the refund will remain at 50% of the first-person entrance fee, less unpaid expenses and refurbishing costs.
- Traditional Declining Balance Plan (Type A and Type C Contracts) - The refund at the time of occupancy will be 90% of the first-person entrance fee. From that point forward, the refund will decline by 2% of the full entrance fee per month for 45 months. After 45 months, there will be no refund. Unpaid expenses and refurbishing costs will be billed.
- Lease/Rental Plan - These contracts typically have a higher monthly fee and no entrance fee requirement.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD

(dba Lucy Corr)

**Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

NOTE 8: BONDS PAYABLE

Long-term debt consists of the following at June 30, 2022 and 2021:

	2022	2021
First Mortgage Revenue Bonds Series 2016, interest ranging from 1.81 %-4.17%, due December 2039.	\$ 18,798,957	\$ 18,224,711
Revenue Refunding Bonds Series 2018, interest of 4.39%, due December 2038.	17,623,351	19,528,939
	36,422,308	37,753,650
Less current maturities	(1,398,899)	(1,331,343)
Less unamortized bond discount and debt issuance costs	(392,188)	(439,069)
Long-term debt	\$ 34,631,221	\$ 35,983,238

The Series 2016 Bonds: In May 2016, Lucy Corr issued \$21,270,000 in Residential Care Facility First Mortgage Revenue Bonds, Series 2016A (Fixed Rate Loan Term Bond), Series 2016B (Fixed Rate Intermediate Term Bond) and Series 2016C (Variable Rate Bond) at interest rates ranging from 1.81 % to 4.17 %. The bonds were issued to advance refund the \$23,050,000 outstanding principal amount of the Commission's Series 2005 Bonds and pay a portion of expenses incurred in connection with the issuance of the Series 2016 Bonds.

The Series 2018 Bonds: In October 2018, Lucy Corr issued \$21,300,000 in Residential Care Facility Revenue Refunding Bonds, Series 2018 (Fixed Rate Loan Term Bond) at an interest rate of 4.39%. The bonds were issued to advance refund the \$22,905,000 outstanding principal amount of the Commission's Series 2008 Bonds and pay a portion of expenses incurred in connection with the issuance of the Series 2018 Bonds.

As security for the Series 2016A, 2016B, 2016C and 2018 Bonds, Lucy Corr conveyed a first mortgage lien on the real estate portion of Lucy Corr's long-term care facility together with all buildings, including improvements and fixtures thereon, and granted a security interest in certain of its equipment at the facility. Additionally, the Master Trust Indenture and related agreements require Lucy Corr to maintain minimum financial ratios and place restrictions on incurring additional debt, consolidations, mergers, and disposition of assets. All covenants were met at June 30, 2022 and for the year then ended.

The County has no obligation, legal, contractual, or otherwise to assist Lucy Corr in its operations or in the payment of its obligations.

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NOTE 8: BONDS PAYABLE (continued)

Principal payments required to be made on the bonds for each of the succeeding five years ending June 30 and thereafter are as follows:

2023	\$ 1,390,258
2024	1,456,737
2025	1,519,988
2026	1,591,858
2027	1,665,189
Thereafter	<u>28,798,278</u>
	<u>\$ 36,422,308</u>

NOTE 9: NET RESIDENT REVENUE

Revenue Recognition

The Center generates revenues, primarily by providing skilled nursing, assisted living, adult day care and independent living services to its patients and residents. Revenues are recognized when services are rendered, in an amount that reflects the consideration to which the Center is or expects to be entitled from patients, third-party payors (including government programs and insurers) and others.

Revenue Streams

Skilled nursing, assisted living and adult day care services

The Center generates revenues by providing services to patients within its facilities. The Center uses teams of experienced medical professionals to provide services prescribed by physicians. These teams include registered nurses, licensed practical nurses, certified nursing assistants and other professionals who provide individualized comprehensive nursing care. The Center's facilities are equipped to provide specialty care as well as standard services, such as room and board, special nutritional programs, social services, recreational activities and related healthcare and other services. The Center assesses collectability on all accounts prior to providing services.

Independent living services

The Center generates revenues by providing services to residents within its independent community. The majority of revenues generated from the community residents is from monthly fees and entrance fees (see Note 7). Lucy Corr offers an outstanding array of social activities, recreational programs, and convenient lifestyle options. The Center assesses collectability on all accounts prior to providing services.

The skilled nursing center recognizes revenue based on contractually agreed-upon amounts or rates. The Center records what it expects to collect, using contractual agreements and historical reimbursement experience within each payor type. A summary of the basis for reimbursement with major third-party payors follows:

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NOTE 9: NET RESIDENT REVENUE (continued)

Medicare

The Medicare program uses a case-mix classification model, the Patient-Driven Payment Model (PDPM), under the Skilled Nursing Facility (SNF) Prospective Payment System for classifying SNF payments covered in a Medicare Part A stay. PDPM is a patient-driven model that more accurately defines medical services provided to residents with the goal of decreasing the cost burden on the provider and increasing the quality of care that residents receive.

Medicaid

The Medicaid program reimburses the Company based on a price-based payment methodology by blending developed price-based rates with historically calculated per diem rates that utilizes RUG categories in a manner similar to Medicare. The facilities are paid up to 48 different facility specific Medicaid RUG rates, which rebase every three years.

The consideration sometimes varies based on settlements with Medicare and Medicaid as a result of retroactive adjustments due to audits and reviews. The Center conservatively estimates revenues, such that net revenues are recorded only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in the future. If actual amounts of consideration ultimately received differ from the Center's estimates, the Center adjusts these estimates, which would affect net revenues in the period as they become known. Adjustments arising from a change in the transaction price were not significant for the years ended June 30, 2022 or 2021.

Revenue Streams: The Center records revenue from contracts with residents and patients by service type and payor source. This shows how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The payment terms and conditions within the Center's revenue-generating contracts vary by service type and payor source. The Center recognizes revenue over time for all services except ancillary and certain independent living services which are recognized as of a point in time. Payments are generally received within 30 to 60 days after billing.

Net resident revenue by service type is comprised of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Skilled nursing services	\$ 19,352,569	\$ 18,224,638
Assisted living services	1,922,744	2,201,375
Independent living service fees	1,978,768	1,858,027
Adult daycare service fees	<u>136,297</u>	<u>82,218</u>
Total net resident revenue	<u>\$ 23,390,378</u>	<u>\$ 22,366,258</u>

The Center has minimal unsatisfied performance obligations at the end of the year, as the residents and patients are typically under no obligation to remain in the facilities or under its care. As the Center's obligations generally relate to contracts less than a year, the Center has elected the optional exemption to not disclose the amount of obligations that are unsatisfied or partially unsatisfied at the end of the year. Additionally, as the period between the time of service and time of payment is typically one year or less, the Center elected the optional exemption to not adjust for the effects of a significant financing component.

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NOTE 9: NET RESIDENT REVENUE (continued)

Net resident revenue by payor source is comprised of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Medicaid	63%	59%
Medicare	15%	15%
Private pay	21%	25%
Insurance and other	1%	1%
	<u>100%</u>	<u>100%</u>

Laws and regulations governing the Medicaid and Medicare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 10: RELATED PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, the County provided administrative services to Lucy Corr totaling \$26,495 and \$16,746, respectively, which are included as contractual services expense in the accompanying statements of operations and changes in net assets.

On October 20, 2000, Lucy Corr created the Lucy Corr Foundation (the Foundation) to assist Lucy Corr in its efforts to enhance the quality of life of those it serves by acting as its principal fundraiser. From time to time, Lucy Corr pays expenses on behalf of the Foundation in order to facilitate liquidity needs. These amounts are repaid as soon as possible. At June 30, 2022 and 2021, the amount due from the Foundation was \$67,966 and \$59,204, respectively.

NOTE 11: DEFINED BENEFIT PENSION PLAN

Lucy Corr contributes to the Virginia Retirement System (VRS or System), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the System.

Plan Description

All full-time, salaried permanent employees of Lucy Corr are automatically covered by the VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active duty military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees: Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out below:

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NOTE 11: DEFINED BENEFIT PENSION PLAN *(continued)*

PLAN 1:

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, credit service and average final compensation at retirement using a formula.

Eligible Members

Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as members of Plan 1 or ORP.

Retirement Contributions

Members contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Service Credit

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine eligibility for retirement and to calculate the retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

Calculating the Benefit

The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Normal Retirement Age

Age 65.

Earliest Unreduced Retirement Eligibility

Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

Earliest Reduced Retirement Eligibility

Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (*continued*)

- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage

For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

PLAN 2:

About Plan 2

Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.

Eligible Members

Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as members of Plan 2 or ORP.

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.

Normal Retirement Age

Normal Social Security retirement age.

Earliest Unreduced Retirement Eligibility

Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.

Earliest Reduced Retirement Eligibility

Age 60 with at least five years (60 months) of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.

Eligibility:

Same as Plan 1.

Exceptions to COLA Effective Dates:

Same as Plan 1.

Disability Coverage

For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Purchase of Prior Service

Same as Plan 1.

HYBRID RETIREMENT PLAN:

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

- The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees and members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Defined Benefit Component:

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine eligibility for retirement and to calculate the retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component:

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (*continued*)

Vesting

Defined Benefit Component:

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions from the defined contribution component of the plan, based on service:

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distributions are not required, except as governed by law.

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Defined Benefit Component:

The retirement multiplier for the defined benefit component is 1.00%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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NOTE 11: DEFINED BENEFIT PENSION PLAN *(continued)*

Defined Contribution Component:

Not applicable.

Normal Retirement Age

Defined Benefit Component:

Same as Plan 2.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

Age 60 with at least five years (60 months) of service credit.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2.

Defined Contribution Component:

Not applicable.

Eligibility:

Same as Plan 1 and Plan 2.

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

Disability Coverage

Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exception:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	126
Inactive members:	
Vested inactive members	57
Non-vested inactive members	473
LTD	2
Inactive members active elsewhere in VRS	64
Total inactive members	596
Active members	154
Total covered employees	876

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Lucy Corr was not obligated to make contractually required contributions for the year ended June 30, 2022. The contractually required rate is based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Lucy Corr did not make contributions to the pension plan for the years ended June 30, 2022 and 2021.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less the employer's fiduciary net position. Lucy Corr's net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total pension asset for employees in Lucy Corr's retirement plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent-5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service-related.

Pre-Retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related.

Pre-Retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board Action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Mortality rates (pre-retirement, post-retirement healthy, and disabled) are updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Retirement rates are adjusted to better fit experience for Plan1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
- Withdrawal rates are adjusted to better fit experience at each year age and service through 9 years of service.

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Mortality rates (pre-retirement, post-retirement healthy, and disabled) are updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Retirement rates are adjusted to better fit experience for Plan1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
- Withdrawal rates are adjusted to better fit experience at each year age and service through 9 years of service.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS – Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP – Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
Inflation			2.50%
Expected arithmetical nominal return			7.39%

Discount Rate

The discount rate used to measure the total pension asset was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension asset.

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

Changes in Net Pension Asset (Liability)

	Increase (Decrease)		
	Plan Fiduciary Net Position (a)	Total Pension Liability (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2020	\$ 19,416,440	\$ 16,685,834	\$ 2,730,606
Changes for the year:			
Service cost	-	488,058	(488,058)
Interest	-	1,095,783	(1,095,783)
Change in assumptions	-	525,006	(525,006)
Difference between expected and actual experience	-	50,293	(50,293)
Contributions-employee	285,178	-	285,178
Net investment income	5,256,434	-	5,256,434
Benefit payments, including refunds of employee contributions	(904,024)	(904,024)	-
Administrative expense	(13,320)	-	(13,320)
Other changes	493	-	493
Net changes	<u>4,624,761</u>	<u>1,255,116</u>	<u>3,369,645</u>
Balances at June 30, 2021	<u>\$ 24,041,201</u>	<u>\$ 17,940,950</u>	<u>\$ 6,100,251</u>

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents Lucy Corr's net pension asset using the discount rate of 6.75% as well as what Lucy Corr's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Lucy Corr's net pension asset	\$ 3,931,632	\$ 6,100,251	\$ 7,886,341

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NOTE 11: DEFINED BENEFIT PENSION PLAN (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2022 and 2021, Lucy Corr recognized pension (benefit) expense of \$(322,570) and \$64,653, respectively. At June 30, 2022, Lucy Corr reported deferred outflows of resources and deferred inflows of resources related to its pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,672	\$ -
Changes of assumptions	80,086	
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,607,268</u>
 Total	 <u>\$ 87,758</u>	 <u>\$ 2,607,268</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30:	
2023	\$ (523,135)
2024	(595,623)
2025	(607,325)
2026	<u>(793,427)</u>
Total	<u>\$ (2,519,510)</u>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

Lucy Corr has provided post-retirement healthcare benefits to certain employees who retire from Lucy Corr. Pursuant to a December 16, 2021 Board Resolution, Lucy Corr Village terminated its other postretirement benefits (OPEB) plan in fiscal year 2022. The OPEB trust was liquidated on April 22, 2022 and the available balance of assets, or \$725,623, was allocated to plan participants based on their pro-rata share of the plan's total actuarial present value of benefits as of December 31, 2021. As a result of the plan termination, the OPEB plan's Total OPEB Liability and Fiduciary Net Position as of June 30, 2022 was \$0. Also, remaining balances of deferred inflows and outflows as of June 30, 2022 were fully recognized in the fiscal year 2022 OPEB expense.

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NOTE 12: OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) *(continued)*

Plan Description

Participants in the Plan must have been hired before July 1, 2007 (with the exception of employees hired at an executive level), attain age 55, retire directly from active employment, and satisfy one of the Virginia Retirement System's (VRS) retirement eligibility requirements to be eligible for retiree health benefits. VRS retirement eligibility requirements are listed below.

General Employees' Plan 1:

Plan 1 includes all members vested as of January 1, 2013.

- Attain age 50 with at least ten years of service with VRS for a reduced pension benefit, or
- Attain age 55 with at least five years of service with VRS for a reduced pension benefit, or
- Attain age 65 with at least five years of service with VRS for an unreduced pension benefit, or
- Attain age 50 with at least 30 years of service with VRS for an unreduced pension benefit.

General Employees' Plan 2 and Hybrid Plan:

Plan 2 includes all members not vested as of January 1, 2013, and members hired on or after July 1, 2010. The Hybrid Plan includes members hired on or after January 1, 2014 or by member election.

- Attain age 60 with at least five years of service with VRS for a reduced pension benefit, or
- Attain 90 points (age plus service) with VRS for an unreduced pension benefit, or
- Attain Social Security Normal Retirement Age with at least five years of service with VRS for an unreduced pension benefit.

Medical and dental coverage was provided to eligible retirees and their dependents. Health benefits were offered until the retiree's death. If the retiree predeceased the spouse, the surviving spouse was not eligible to continue medical or dental coverage.

Pre-65 retirees who have at least ten years of service with Lucy Corr were eligible for a contribution toward retiree-only coverage. The amount of the contribution depended on years of service with Lucy Corr at retirement. Participants with less than ten years of service with Lucy Corr at retirement were not eligible for a contribution. These retirees were responsible for 100% of the retiree-only premium cost. Lucy Corr did not make contributions toward dental or spouse/dependent medical premiums.

General Employees' Plan 2 and Hybrid Plan: *(continued)*

Post-65 retirees were eligible for an employer reimbursement of their Medicare supplement plan premiums. The amount of the reimbursement depended on the participant's employment status as of July 1, 2007, exempt/nonexempt status as of July 1, 2007, years of service with Lucy Corr as of July 1, 2007, and years of service with Lucy Corr at retirement. Retirees who did not meet the eligibility conditions as of July 1, 2007 were responsible for their own Medicare Supplement premiums. Lucy Corr did not contribute toward dental or spouse Medicare premiums.

Disabled retirees were subject to the same eligibility requirements and were eligible for the same benefits as other retirees. The Plan did not include a pre-retirement death benefit, nor did it include a withdrawal benefit. Benefit service was credited from the first of the month following the date of hire with Lucy Corr.

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NOTE 12: OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) *(continued)*

Funding Policy

Lucy Corr pre-funded benefits through contributions to an irrevocable trust. The funding policy was to contribute the Actuarially Determined Contribution as calculated by the actuary. The Actuarially Determined Contribution for the years ended June 30, 2022 and 2021, was \$92,364 and \$98,372, respectively. Contributions to the plan for the years ended June 30, 2022 and 2021 were \$117,212 and \$172,363, respectively. As of June 30, 2021, the fair value of the plan's assets totaled \$738,062.

Net OPEB Liability

Lucy Corr's net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, calculated based on the discount rate and actuarial assumptions below, and projected forward to the measurement date of June 30, 2022. There have been no significant changes between the valuation date and the measurement date. Lucy Corr's net OPEB liability was \$608,824 at June 30, 2021.

Actuarial Methods and Assumptions

Actuarial valuations for OPEB funding purposes are performed biennially as of July 1. The most recent valuation was performed as of July 1, 2020.

Actuarial cost method	Projected Unit Credit
Amortization method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period	16 years remaining as of July 1, 2021
Amortization growth rate	0.00%
Asset valuation method	Market value
Inflation	2.50%
Payroll growth	Not applicable
Discount rate	6.50%
Healthcare trend rates	Based on the Getzen Trend Model

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NOTE 12: OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (continued)

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 1,346,886	\$ 738,062	\$ 608,824
Changes for the year:			
Service cost	4,622	-	4,622
Interest on Total OPEB Liability	60,887	-	60,887
Changes of assumptions	(569,560)	-	(569,560)
Contributions-employer	-	117,212	(117,212)
Net investment income	-	6,978	(6,978)
Benefit payments	(842,835)	(842,835)	-
Administrative expense	-	(19,417)	19,417
Net changes	(1,346,886)	(738,062)	(608,824)
Balances at June 30, 2022	\$ -	\$ -	\$ -

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2022 and 2021, Lucy Corr recognized OPEB (benefit) expense of (\$566,180) and \$91,211, respectively

Eligibility and Methodology for Distribution of Funds

The following participants are eligible to receive an asset allocation:

- Post-65 retirees who are eligible for an employer contribution toward medical premiums, regardless of whether they are actively submitting receipts for premium reimbursements.
- Post-65 retirees who are eligible for an employer contribution toward medical premiums but are currently part-time employees.
- Post-65 grandfathered Chesterfield County retirees for whom Lucy Corr Village is providing monthly medical premium reimbursements to the County. (It is expected that Lucy Corr Village will retain the allocated assets for these retirees, and then use the allocation to continue reimbursing the County.)
- Pre-65 retirees who are receiving an employer contribution toward medical premiums.
- Active employees who meet the plan's eligibility requirements, either because they were hired prior to July 1, 2007 or because they were hired after July 1, 2007 at an executive level.

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NOTE 12: OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (continued)

The asset allocation is based on each eligible participant's pro-rata portion of the actuarial present value of benefits as of December 31, 2021. The present value includes three components: the participant's monthly benefit, the participant's future life expectancy, and an assumed interest rate to discount future benefits to the present. The actuarial present value is also based on the assumptions that (1) active employees under age 65 as of December 31, 2021 will retire at age 65 and (2) active employees ages 65 and over as of December 31, 2021 retired on that date.

The monthly benefits reflected in the asset allocation upon termination of the plan are described below.

Post-65 Retirees, Grandfathered Chesterfield County	Monthly reimbursements provided by Lucy Corr Village to Chesterfield County on behalf of these retirees as of December 31, 2021. The reimbursements are assumed to remain level for the life of the retiree.
Post-65 Retirees, Retired prior to July 1, 2007	Maximum post-65 employer subsidy under the terms of the Plan. (\$326.34 per month as of December 31, 2021.) Maximum post-65 employer subsidies are described on pages 7 and 8 of Lucy Corr Village's July 1, 2020 OPEB valuation report. These maximum subsidies remain level for the life of the retiree.
Post-65 Retirees, Retired after July 1, 2007	Maximum post-65 employer subsidy under the terms of the Plan.
Pre-65 Retirees	<i>Pre-65:</i> Pre-65 employer subsidy under the terms of the Plan. (\$731.20 per month as of December 31, 2021 and assumed to remain level until the retiree attains age 65.) <i>Post-65:</i> Maximum post-65 employer subsidy under the terms of the Plan
Active Employees, either Hired prior to July 1, 2007, or Hired after July 1, 2007 at an Executive Level	Maximum post-65 employer subsidy under the terms of the Plan, based on projected service at age 65.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Lucy Corr is subject to legal proceedings and claims which arise in the ordinary course of providing health care services. Lucy Corr maintains malpractice insurance on a claims-made basis (\$2,000,000 per claim and unlimited in the aggregate) for claims made during the term of the policy. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for asserted and unasserted claims. In addition, management is not aware of any asserted or unasserted claims not covered by the policy or any other insured liability. However, the outcome of such claims cannot be estimated. Lucy Corr carries excess coverage through a commercial general liability policy up to \$1,000,000 per occurrence.

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NOTE 13: COMMITMENTS AND CONTINGENCIES (continued)

Regulatory Contingencies

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. Recently, government activity has increased with respect to investigations and 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.

NOTE 14: ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing program services and other activities have been summarized on the functional expense statements. Accordingly, certain costs have been allocated among program and supporting services. Such allocations are determined by management on an equitable basis. Employee benefits are allocated by payroll, and depreciation and nonspecific interest are allocated by square footage.

	Year Ended June 30, 2022						
	Skilled Nursing	Assisted Living	Adult Day Care	Independent Living	Total Program Services	Support Services	Total Expense
Salaries and wages	\$ 8,248,277	\$ 1,151,188	\$ 134,255	\$ 331,834	\$ 9,865,554	\$ 1,992,816	\$ 11,858,370
Employee benefits and taxes	1,019,942	141,151	16,461	32,487	1,210,041	263,264	1,473,305
Supplies	1,963,914	166,938	12,169	180,067	2,323,088	77,139	2,400,227
Repairs and maintenance	148,111	35,884	208	69,936	254,139	281,918	536,057
Contractual services	2,790,883	334,925	425	105,403	3,231,636	735,763	3,967,399
Bad debt expense	132,000	12,000	-	-	144,000	-	144,000
Insurance expense	45,920	30,714	318	57,170	134,122	11,087	145,209
Miscellaneous expense	81,019	8,008	1,558	9,006	99,591	25,105	124,696
Legal and professional	42,712	22,793	236	52,225	117,966	8,228	126,194
Utilities	514,269	143,189	8,740	151,384	817,582	70,913	888,495
Interest expense	756,804	-	-	898,747	1,655,551	-	1,655,551
Depreciation and amortization	1,030,500	286,056	18,168	1,013,663	2,348,387	-	2,348,387
Total expenses	\$ 16,774,351	\$ 2,332,846	\$ 192,538	\$ 2,901,922	\$ 22,201,657	\$ 3,466,233	\$ 25,667,890

	Year Ended June 30, 2021						
	Skilled	Assisted	Adult Day	Independent	Total Program	Support Services	Total Expense
Salaries and wages	\$ 8,444,073	\$ 1,238,437	\$ 100,317	\$ 337,252	\$ 10,120,079	\$ 1,970,606	\$ 12,090,685
Employee benefits and taxes	1,775,118	257,692	20,751	62,467	2,116,028	(930,799)	1,185,229
Supplies	1,745,656	176,599	6,870	151,951	2,081,076	54,141	2,135,217
Repairs and maintenance	124,269	35,144	-	100,330	259,743	253,576	513,319
Contractual services	1,868,509	189,110	405	26,179	2,084,203	762,048	2,846,251
Bad debt expense	158,430	9,600	-	-	168,030	-	168,030
Insurance expense	37,449	24,985	258	46,506	109,198	9,019	118,217
Miscellaneous expense	83,223	6,754	1,173	3,664	94,814	31,153	125,967
Legal and professional	47,426	21,870	226	50,509	120,031	7,895	127,926
Utilities	511,402	120,654	6,887	155,045	793,988	69,160	863,148
Interest expense	780,729	-	-	923,322	1,704,051	-	1,704,051
Depreciation and amortization	1,030,500	286,056	18,168	1,009,721	2,344,445	-	2,344,445
Total expenses	\$ 16,606,784	\$ 2,366,901	\$ 155,055	\$ 2,866,946	\$ 21,995,686	\$ 2,226,799	\$ 24,222,485

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NOTE 15: FAIR VALUE MEASUREMENTS

The Center values its financial instruments in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. As defined in FASB ASC 820, fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (“exit price”). To estimate fair value, the Center utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting Organization’s own assumptions.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

The following tables set forth the financial assets that were accounted for at fair value as of June 30, 2022 and 2021, by level within the fair value hierarchy. As required, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Center’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

<i>Assets at Fair Value Level 1</i>	<u>2022</u>	<u>2021</u>
Investments		
Money market funds – Virginia LGIP	\$ 2,156,350	\$ 2,850,869
Money market funds – Virginia Investment Pool	<u>8,355,618</u>	<u>8,645,196</u>
	<u>\$ 10,511,968</u>	<u>\$ 11,496,065</u>

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NOTE 16: CORONAVIRUS PANDEMIC (“COVID-19”)

In March 2020, a novel strain of coronavirus (COVID-19) was reported and the outbreak continues to evolve as of the date of this report. The World Health Organization declared the outbreak a “Public Health Emergency of International Concern” in 2020. As a result of the spread of the COVID-19 coronavirus, the Center’s operations have been affected by certain orders issued in 2020 by government officials in response to the COVID-19 outbreak. The pandemic and these containment measures have had an adverse impact on the Center’s results of operations in 2020 and 2021. The financial results for the year ended June 30, 2021 have been significantly impacted by COVID-19 with census in skilled facilities dropping and operating expenses increasing.

On March 18, 2020, the Families First Coronavirus Response Act was enacted, which provided a temporary 6.2% increase to each qualifying state’s Medicaid Federal Medical Assistance Percentage (FMAP) effective January 1, 2020. The temporary FMAP increase is set to end on the last day of the calendar quarter in which the COVID-19 public health emergency period ends. As part of the requirements for receiving the temporary FMAP increase, states must cover testing services and treatments for COVID-19 and may not impose deductibles, copayments, coinsurance or other cost sharing charges for any quarter in which the temporarily increased FMAP is claimed. Further, the Virginia Medicaid program implemented additional reimbursement provisions and forms of support to assist providers. The \$20 daily Medicaid rate add-on ended on June 30, 2021. On April 7, 2021, the Virginia General Assembly passed the 2022 budget which includes a \$15 daily Medicaid rate add-on effective July 1, 2021 through June 30, 2022. The Center cannot predict the extent to which further FMAP funding programs will be implemented.

In further response to the pandemic, on March 27, 2020, the President signed into law the bipartisan CARES Act, which authorized the cash distribution of relief funds to reimburse healthcare providers for health care related expenses or lost revenues that are attributable to coronavirus. Nursing facility and home health operators participating in Medicare and Medicaid may be eligible to receive compensation for costs incurred in the course of providing medical services, such as those related to obtaining personal protective equipment, COVID-19 related testing supplies, and increased staffing or training, provided that such costs are not compensated by another source. The secretary of Health and Human Services (HHS) has broad authority and discretion to determine payment eligibility and the amount of such payments.

The Center was impacted by certain provisions of the CARES Act, as summarized below.

Provider Relief Funds

The CARES Act authorized HHS to distribute relief fund grants to healthcare providers to support healthcare-related expenses or lost revenue attributable to COVID-19. HHS has made several rounds of distributions to providers based upon a variety of factors and providers have been able to apply for additional funding. During April 2020, the Center first began receiving relief grants from CARES Act funds administered by HHS. Through June 30, 2022, the Center has received \$2,407,153 in these initial relief grants, the majority of which are related to skilled nursing care programs. These funds come with terms and condition certifications in which all providers are required to submit documents to ensure the funds will be used for health-care related expenses or lost revenue attributable to COVID-19.

On July 22, 2020, the President announced an additional \$5 billion relief fund to be used to protect residents of long-term care facilities and nursing homes from the impact of COVID-19. The applicable payments under this relief fund to the Center are:

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NOTE 16: CORONAVIRUS PANDEMIC (“COVID-19”) (continued)

- Approximately \$2.5 billion in payments to be used primarily to support increased testing and meet staffing and personal protective equipment needs. The Center received \$768,838 and \$323,200 from the relief grants under the program for the years ended June 30, 2022 and 2021, respectively.
- Approximately \$2 billion for Quality Incentive Payments Program (QIP) to be paid in five distributions. In order to qualify for payments under QIP, a facility must have an active state certification as a nursing home or skilled nursing facility and receive reimbursement from CMS. HHS will administer quality checks on nursing home certification status to identify and remove facilities that have a terminated, expired, or revoked certification or enrollment. Facilities must also report to at least one of three data sources that will be used to establish eligibility and collect necessary provider data to inform payment. The QIP Program was scheduled to be divided into five performance periods (September, October, November, and December 2020 and the last period will be for the combined four months of September 2020 – December 2020). All nursing homes or skilled nursing facilities meeting the previously noted qualifications were eligible for each of the performance periods. During the year ended June 30, 2021, the Center received \$186,322 of QIP payments.

The Center recognizes relief funds as income once there is reasonable assurance that the applicable terms and conditions required to retain the funds have been met. The Center recognized \$900,511 and \$1,134,867 of aggregate relief funds discussed above within the “*Provider Relief Funds*” caption in the statements of operations and changes in net assets for the years ended June 30, 2022 and 2021, respectively. As of 2021, amounts not recognized as income was \$111,000 and was reflected within the “*Deferred revenue*” caption on the statements of financial position.

The income for provider relief funds estimated at June 30, 2022 may change as the Center's ability to utilize and retain funds will depend on the magnitude and impact of the pandemic, as well as HHS' reporting requirements as they continue to change and evolve. HHS' interpretation of the underlying terms and conditions of these Provider Relief Funds payments, including auditing and reporting requirements, continues to change and evolve. Additional guidance or new and amended interpretations of existing guidance on the terms and conditions may result in changes in the Center's estimates, the inability to recognize additional income from provider relief grants, or the derecognition of amounts previously recognized, which may be material.

Temporary Suspension of Medicare Sequestration

The Budget Control Act of 2011 requires a mandatory, across the board reduction in federal spending, called a sequestration. Medicare fee for service claims with dates of service or dates of discharge on or after April 1, 2013 incur a 2.0% reduction in Medicare payments. All Medicare rate payments and settlements have incurred this mandatory reduction and it will continue to remain in place through at least 2023, unless Congress takes further action. In response to COVID-19, the CARES Act also provided for the temporary suspension of the automatic 2% reduction of Medicare claim reimbursement for the period May 1, 2020 through December 31, 2020. Through subsequent Acts, the suspension was extended through March 31, 2022. A gradual return to previous levels will occur with 1% for the period April 1, 2022 through June 30, 2022 and a full return to 2% beginning July 1, 2022. The Center has not determined the impact of the suspension of sequestration.

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NOTE 16: CORONAVIRUS PANDEMIC (“COVID-19”) (continued)

Payroll Tax Deferral.

Under the CARES Act, the Company has elected to defer payment, on an interest free basis, of the employer portion of social security payroll taxes incurred from March 27, 2020 to December 31, 2020. The provision requires that the deferred taxes be paid over a two-year period with half the amount required to be paid by December 31, 2021, and the other half by December 31, 2022. As of June 30, 2022 and 2021, the deferral was approximately \$150,000 and \$300,000, respectively, which represents the Company's share of the social security taxes.

American Rescue Plan Act

On February 16, 2022 the Department of Medical Assistance Services announced distributions pursuant to the American Rescue Plan Act of 2021 to eligible nursing facilities. DMAS approved a \$5 per Medicaid day payment to eligible nursing facilities for the dates of service from July 1, 2021 through June 30, 2022. The amount recognized for the year ended June 30, 2022 was \$250,410 and is recorded within the “*Provider Relief Funds*” caption in the statement of operations and changes in net assets.

The Virginia state budget for FY 2023 includes central appropriations of \$9.7 million in one-time funding to the five government-owned nursing homes in Virginia. The funding is from the federal ARPA funds and is meant to address unreimbursed costs for pandemic related expenses at these facilities, due to being deemed ineligible to receive pandemic Paycheck Protection Program (PPP) loans available to many other private providers, which were forgiven if employment levels were maintained. The Center expects to receive \$4,695,538 to reimburse expenses incurred in the 18-month period ending June 30, 2021. The Center recognized as income with donor restrictions \$4,695,538 (See Note 18) reflected as “State ARPA Funds Grant” on the statements of operations and changes in net assets. The funding should be finalized and received in FY 2023.

Employee Retention Credits

The CARES Act established the Employee Retention Credit (ERC), a payroll tax credit for eligible employers, including tax-exempt organizations, that pay qualified wages, including certain health plan expenses, to some or all employees after March 12, 2020 and before January 1, 2021. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act), a part of the CAA, was enacted on December 27, 2020. The Relief Act modified and expanded the ERC to include wages paid in the first half of 2021. During the first quarter of 2021, the Center met the requirements to qualify for the ERC. The Center estimates the credits they will receive will be approximately \$1,400,000. This estimate is reflected as “*Employee Retention Credits receivable*” on the statements of financial position and a reduction of “*Employee benefits and taxes*” on the statements of operations and changes in net assets. As of June 30, 2022, the Center has not received any reimbursement of the ERC.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021

NOTE 17: SUBSEQUENT EVENTS

The Center has evaluated subsequent events through October 31, 2022, which is the date the financial statements were available to be issued, and determined that, except as discussed below, there were no subsequent events requiring disclosure.

Management is currently evaluating the impact of the COVID-19 pandemic on the industry and the specific impact is being monitored on an ongoing basis. In response to the pandemic, the Company is availing itself of the various forms of government support, including the Relief Funds from the CARES Act, and certain other programs.

NOTE 18: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions (time-restricted) are \$4,695,538 at June 30, 2022. Funds recognized under the ARPA program (See Note 16) are restricted as the funds have not been received as of June 30, 2022. The funds are expected to be received in FY 2023.

REQUIRED SUPPLEMENTARY INFORMATION

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Virginia Retirement System
Schedule of Changes in Net Pension Asset and Related Ratios
For the Plan Years Ended June 30, 2014-2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability								
Service cost	\$ 488,058	\$ 473,167	\$ 473,405	\$ 536,257	\$ 611,165	\$ 687,462	\$ 749,875	\$ 751,012
Interest	1,095,783	1,067,044	1,034,067	1,006,498	960,785	948,421	907,354	836,774
Changes of assumptions	525,006	-	448,686	-	(91,286)	-	-	-
Difference between expected and actual experience	50,293	(253,576)	(95,782)	(340,744)	(69,999)	(735,123)	(421,387)	-
Benefit payments, including refunds of employee contributions	(904,024)	(817,718)	(831,682)	(784,669)	(730,567)	(717,702)	(580,632)	(578,367)
Net change in total pension liability	1,255,116	468,917	1,028,694	417,342	680,098	183,058	655,210	1,009,419
Total pension liability-beginning	16,685,834	16,216,917	15,188,223	14,770,881	14,090,783	13,907,725	13,252,515	12,243,096
Total pension liability-ending	<u>\$ 17,940,950</u>	<u>\$ 16,685,834</u>	<u>\$ 16,216,917</u>	<u>\$ 15,188,223</u>	<u>\$ 14,770,881</u>	<u>\$ 14,090,783</u>	<u>\$ 13,907,725</u>	<u>\$ 13,252,515</u>
Plan Fiduciary Net Position								
Contributions-employer	\$ -	\$ 41,222	\$ 43,628	\$ 116,446	\$ 143,503	\$ 366,884	\$ 361,551	\$ 442,495
Contributions-employee	285,178	266,515	272,931	268,357	303,401	314,678	311,053	334,611
Net investment income	5,256,434	372,599	1,242,697	1,318,215	1,973,959	281,846	701,346	2,071,247
Benefit payments, including refunds of employee contributions	(904,024)	(817,718)	(831,682)	(784,669)	(730,567)	(717,702)	(580,632)	(578,367)
Administrative expense	(13,320)	(12,824)	(12,538)	(11,486)	(11,449)	(9,861)	(9,367)	(10,905)
Other changes	493	(438)	(781)	(1,170)	(1,754)	(119)	(148)	109
Net change in plan fiduciary net position	4,624,761	(150,644)	714,255	905,693	1,677,093	235,726	783,803	2,259,190
Plan fiduciary net position-beginning	19,416,440	19,567,084	18,852,829	17,947,136	16,270,043	16,034,317	15,250,514	12,991,324
Plan fiduciary net position-ending	<u>\$ 24,041,201</u>	<u>\$ 19,416,440</u>	<u>\$ 19,567,084</u>	<u>\$ 18,852,829</u>	<u>\$ 17,947,136</u>	<u>\$ 16,270,043</u>	<u>\$ 16,034,317</u>	<u>\$ 15,250,514</u>
Net Pension Asset	<u>\$ 6,100,251</u>	<u>\$ 2,730,606</u>	<u>\$ 3,350,167</u>	<u>\$ 3,664,606</u>	<u>\$ 3,176,255</u>	<u>\$ 2,179,260</u>	<u>\$ 2,126,592</u>	<u>\$ 1,997,999</u>
Fiduciary net position as a percentage of total pension liability	134.00%	116.36%	120.66%	124.13%	121.50%	115.47%	115.29%	115.08%
Covered-employee payroll	\$ 6,902,907	\$ 6,724,318	\$ 6,190,588	\$ 6,096,209	\$ 6,459,133	\$ 6,934,461	\$ 6,987,933	\$ 6,899,358
Net pension asset as a percentage of covered-employee payroll	88.37%	40.61%	54.12%	60.11%	49.17%	31.43%	30.43%	28.96%

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Virginia Retirement System
Schedule of Employer Contributions-Pension
For the Years Ended June 30, 2014 through June 30, 2022

Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a % of Covered- Employee Payroll
2022	\$ -	\$ -	\$ -	\$ 6,433,730	0.00%
2021	\$ -	\$ -	\$ -	\$ 6,902,907	0.00%
2020	\$ 41,214	\$ 41,214	\$ -	\$ 6,724,318	0.61%
2019	\$ 48,470	\$ 48,470	\$ -	\$ 6,190,588	0.78%
2018	\$ 116,446	\$ 116,446	\$ -	\$ 6,096,209	1.91%
2017	\$ 143,503	\$ 143,503	\$ -	\$ 6,459,133	2.22%
2016	\$ 372,631	\$ 372,631	\$ -	\$ 6,934,461	5.37%
2015	\$ 361,551	\$ 361,551	\$ -	\$ 6,987,933	5.17%
2014	\$ 442,495	\$ 442,495	\$ -	\$ 6,899,358	6.41%

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Notes to Required Supplementary Information-Defined Benefit Pension Plan
For the Year Ended June 30, 2022

NOTE 1. CHANGES OF BENEFIT TERMS

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

NOTE 2. CHANGES OF ASSUMPTIONS

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board Action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Mortality rates (pre-retirement, post-retirement healthy, and disabled) are updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Retirement rates are adjusted to better fit experience for Plan1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
- Withdrawal rates are adjusted to better fit experience at each year age and service through 9 years of service.

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Mortality rates (pre-retirement, post-retirement healthy, and disabled) are updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Retirement rates are adjusted to better fit experience for Plan1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
- Withdrawal rates are adjusted to better fit experience at each year age and service through 9 years of service.

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr Village)
Other Postemployment Benefits Plan (OPEB)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Plan Years Ended June 30, 2018-2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 4,622	\$ 5,448	\$ 7,723	\$ 3,432	\$ 4,615
Interest on total OPEB liability	60,887	82,642	87,583	78,756	53,361
Effect of economic/demographic gains or losses	(569,560)	78,683	-	420,638	-
Changes of assumptions	-	1,679	(415)	293,179	-
Benefit payments	(842,835)	(172,363)	(165,008)	(149,659)	(83,486)
Net change in total OPEB liability	(1,346,886)	(3,911)	(70,117)	646,346	(25,510)
Total OPEB liability - beginning	1,346,886	1,350,797	1,420,914	774,568	800,078
Total OPEB liability - ending	<u>\$ -</u>	<u>\$ 1,346,886</u>	<u>\$ 1,350,797</u>	<u>\$ 1,420,914</u>	<u>\$ 774,568</u>
Plan Fiduciary Net Position					
Contributions-employer	\$ 117,212	\$ 172,363	\$ 165,008	\$ 149,659	\$ 83,486
Net investment income	6,978	170,783	16,887	24,321	46,328
Benefit payments	(842,835)	(172,363)	(165,008)	(149,659)	(83,486)
Administrative expense	(19,417)	(1,144)	(1,115)	(1,076)	(1,042)
Net change in plan fiduciary net position	(738,062)	169,639	15,772	23,245	45,286
Plan fiduciary net position - beginning	738,062	568,423	552,651	529,406	484,120
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ 738,062</u>	<u>\$ 568,423</u>	<u>\$ 552,651</u>	<u>\$ 529,406</u>
Net OPEB Liability	<u>\$ -</u>	<u>\$ 608,824</u>	<u>\$ 782,374</u>	<u>\$ 868,263</u>	<u>\$ 245,162</u>
Fiduciary net position as a percentage of total OPEB liability	0.00%	54.80%	42.08%	38.89%	68.35%
Covered-employee payroll	\$ 6,433,730	\$ 6,902,907	\$ 6,724,318	\$ 6,190,588	\$ 6,096,209
Net OPEB liability as a percentage of covered-employee payroll	0.00%	8.82%	11.63%	14.03%	3.54%

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Other Postemployment Benefits Plan (OPEB)
Schedule of Employer Contributions-OPEB
For the Years Ended June 30, 2014 through June 30, 2022

Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a % of Covered- Employee Payroll
2022	\$ 92,364	\$ 117,212	\$ (24,848)	\$ 6,433,730	1.82%
2021	\$ 98,372	\$ 172,363	\$ (73,991)	\$ 6,902,907	2.50%
2020	\$ 97,577	\$ 165,008	\$ (67,431)	\$ 6,724,318	2.45%
2019	\$ 96,831	\$ 149,659	\$ (52,828)	\$ 6,190,588	2.42%
2018	\$ 42,000	\$ 83,486	\$ (41,486)	\$ 6,096,209	1.37%
2017	\$ 41,200	\$ 68,327	\$ (27,127)	\$ 6,459,133	1.06%
2016	\$ 40,500	\$ 81,872	\$ (41,372)	\$ 6,934,461	1.18%
2015	\$ 78,000	\$ 72,859	\$ 5,141	\$ 6,987,933	1.04%
2014	\$ 103,700	\$ 77,906	\$ 25,794	\$ 6,899,358	1.13%

HEALTH CENTER COMMISSION FOR THE COUNTY OF CHESTERFIELD
(dba Lucy Corr)
Notes to Required Supplementary Information-Other Postemployment Benefits Plan (OPEB)
For the Year Ended June 30, 2022

NOTE 1. CHANGES OF BENEFIT TERMS

There have been no significant changes to Plan benefit provisions between the prior actuarial valuation date of July 1, 2018 and the measurement date of June 30, 2022.

NOTE 2. CHANGES OF ASSUMPTIONS

There have been no significant changes to Plan assumptions between the prior actuarial valuation date of July 1, 2018 and the measurement date of June 30, 2022.



Walker Healthcare
Services Group
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS

To the Honorable Members of
Health Center Commission for the County of Chesterfield (dba Lucy Corr)
Chesterfield, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the Health Center Commission for the County of Chesterfield (dba Lucy Corr) (Lucy Corr), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Lucy Corr's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lucy Corr's internal control. Accordingly, we do not express an opinion on the effectiveness of Lucy Corr's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Lucy Corr's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lucy Corr's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lucy Corr's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, where related to the net pension asset and the net OPEB liability, in considering Lucy Corr's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walker Healthcare Services Group

Roanoke, Virginia
October 31, 2022



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Disclosure Statement

**Attachment E:
Pro Forma**

**Health Center Commission for the County of Chesterfield
Forecasted Statements of Revenue, Expenses and Occupancy
For the Year Ending June 30, 2023**

	Forecast 2023 (in 000's)
REVENUE	
Medicare	\$ 5,018
Self Pay/Insurance	1,340
Medicaid/Hospice	15,805
Day Care	236
Assisted Living	2,614
Springdale	3,102
Other Resident Services	<u>200</u>
NET RESIDENT REVENUE	\$ 28,315
OPERATING EXPENSES	
Salaries	\$ 14,014
Benefits	3,305
Vendor Services	3,385
Bad Debts	144
Supplies	2,480
Utilities	810
Dues, Travel and Meetings	96
Other Expenses	<u>91</u>
TOTAL OPERATING EXPENSES	\$ 24,325
EARNINGS BEFORE INT., DEPREC. & AMORT.	\$ 3,990
NON-OPERATING REVENUES	
Amortization of Entrance Fees	\$ 501
Interest Income	<u>48</u>
TOTAL NON-OPERATING REVENUES	\$ 549
NON-OPERATING EXPENSES	
Interest Expense	\$ 1,539

Depreciation and Amortization	<u>2,550</u>
	\$ 4,089
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$ (3,540)
CHANGE IN NET ASSETS	<u><u>450</u></u>

<u>Forecasted Occupancy</u>	<u>Capacity</u>	<u>Average</u>	<u>Percentage</u>
Independent Living Facility	77	71	92.21%
Skilled Nursing Facility	216	194	89.81%
Assisted Living Facility	48	41	85.42%
Adult Day Center	20	14	70.00%

Health Center Commission for the County of Chesterfield
Statements of Revenue, Expenses and Changes in Net Position
Forecast v. Actual
For the Year Ending June 30, 2022

(Amounts in 000's)

Operating Revenues	2022 Forecast	2022 Actual	Variance
Resident Fees- Independent Living	\$ 2,742	\$ 2,630	\$ (112)
Resident Fees- Nursing	\$ 20,499	\$ 20,462	\$ (37)
Resident Fees-Assisted Living	\$ 2,721	\$ 1,970	\$ (751)
Fees from Adult Day Center	\$ 199	\$ 136	\$ (63)
Other Revenue	\$ 235	\$ 157	\$ (77)
Total Operating Revenue	\$ 26,396	\$ 25,355	\$ (1,041)
Operating Expenses			
Salaries & Benefits	\$ 15,464	\$ 13,331	\$ (2,133)
Vendor Services	\$ 3,526	\$ 4,830	\$ 1,304
Supplies & Other Expenses	\$ 2,651	\$ 2,703	\$ 52
Depreciation & Amortization	\$ 2,550	\$ 2,395	\$ (155)
Utilities	\$ 795	\$ 799	\$ 4
Total Operating Expenses	\$ 24,986	\$ 24,058	\$ (928)
Non-Operating Revenues (Expenses)			
Interest Income	\$ 66	\$ 44	\$ (22)
Amortization – entrance fees	\$ 501	\$ 485	\$ (16)
Loss on investments	\$ -	\$ (327)	\$ (327)
Interest Expense	\$ (1,595)	\$ (1,609)	\$ (14)
Total Nonoperating Expenses	\$ (1,028)	\$ (1,407)	\$ (379)
Increase (Decrease) in Net Assets – Unrestricted	\$ 383	\$ (110)	\$ (493)
Increase in Net Assets – Restricted	\$ -	\$ 4,695	\$ 4,695
Net Position, Beginning	\$ 3,752	\$ 3,752	\$ -
Net Position, Ending	\$ 4,135	\$ 8,337	\$ 4,202

Lucy Corr focuses primarily on the medical and physical issues facing the elderly population with a strong commitment to treating residents who require a high level of skilled nursing care and extensive rehabilitation therapy. We use teams of experienced medical professionals, including therapists, to provide services prescribed by physicians. These teams include registered nurses, licensed practical nurses, certified nursing assistants, and other professionals who provide individualized comprehensive nursing care 24 hours a day. We also provide other services to each of our skilled nursing residents, including room and board, special nutritional programs, social services, recreational activities and other related healthcare services.

Occupancy is the key driver of financial results and revenue is generated from per diem charges or monthly services fees in our skilled nursing facility, assisted living apartments, adult day center, and independent living apartments

and cottages. Our skilled nursing facility payer sources include Medicare, Medicaid, insurers, private pay, and others. Our assisted living apartments and independent living facility derive its revenue from private pay sources only. In addition, our independent living facility generates additional cash flow from entrance fees, which typically represent a portion of income available to meet capital and debt service requirements for the organization. Fiscal year 2022 forecasted average occupancy for the skilled nursing, assisted living, and independent living business divisions was 83.3%, 89.4% and 88.1%, respectively. The forecasted census mix for skilled nursing was 80.9% Medicaid, 13.0% Medicare, and 6.1% Private Pay. In fiscal year 2022, actual average occupancy was 79.2%, 66.4%, and 83.6%, respectively; while, skilled nursing census mix was 80.6% Medicaid, 11.3% Medicare, and 8.1% Private Pay. This year required continuing efforts to meet the challenges of improving operating performance for our skilled nursing and independent living business divisions. The heavy reliance on Medicaid, which generates our lowest per-diem reimbursement and higher acuity levels of the skilled residents, puts significant pressures on operating performance for the organization.



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Disclosure Statement

**Attachment F:
Administrative Letter 2013-01
Compliance**

The following information is provided to comply with Administrative Letter 2013-01:

	<u>2022</u>	<u>2021</u>
Total current assets	\$ 20,155,153	\$ 16,836,898
Total capital assets, net	34,445,333	36,283,884
Total other assets	6,138,004	2,800,614
Deferred outflows of resources	<u>87,758</u>	<u>598,435</u>
Total assets	<u>\$ 60,826,248</u>	<u>\$ 56,519,831</u>
Total current liabilities	\$ 4,873,272	\$ 5,504,520
Total long-term liabilities	45,009,139	47,117,891
Deferred inflows of resources	<u>2,607,268</u>	<u>145,438</u>
Total liabilities	<u>53,663,523</u>	<u>52,767,849</u>
Net assets, end of year	<u>\$ 8,336,609</u>	<u>\$ 3,751,982</u>
Total operating revenues	\$ 25,840,602	\$ 24,636,334
Total operating expenses	(25,667,890)	(24,222,485)
Total non-operating income (expenses)	(283,623)	18,635
Donor restricted assets	<u>4,695,538</u>	<u>-</u>
Increase in net assets	<u>\$ 4,584,627</u>	<u>\$ 432,484</u>

- As noted earlier, net assets may, over time, serve as a useful indicator of financial position. In the case of Lucy Corr, assets exceeded liabilities by \$8,336,609 at June 30, 2022 and \$3,751,982 at June 30, 2021. The increase in net assets specifically relates to the approximate \$4.7 million in one-time funding approved in the most recent Virginia biennium state budget.
- At June 30, 2022 and 2021, Lucy Corr had Mortgage Revenue bond debt outstanding of \$36,422,308 and \$37,753,650, respectively. In addition, entrance fee refunds totaled \$9,596,963 and \$9,834,664, respectively for the same periods.
- Total operating revenues increased by \$1.2 million or 4.9% during FYE 2022. This increase specifically related to the receipt of approximately \$768K in Phase 4 Provider Relief Funds as well as \$250K in ARPA funds from the Commonwealth of Virginia.
- Total operating expenses increased by \$1.4 million or 6% during FYE 2022. This increase related to the continued usage of nurse agency personnel and increased supply costs associated with the pandemic. Those costs were offset by a pension benefit adjustment of \$322K and the termination of our OPEB plan totaling \$608K, thereby reducing our employee benefit costs by \$930K in FYE 2022.

Operational Highlights

Lucy Corr receives revenues from Medicare, Medicaid, commercial insurance companies and self-pay residents that utilize its services. A number of factors, including the number of licensed beds and occupancy rates at the facilities, the acuity level of residents and the rates of reimbursement among payors, determine the sources and amounts of inpatient services revenues. In addition, our Independent Living facility generates additional cash flow from entrance fees. Lucy Corr manages the fiscal aspects of its business by monitoring key performance indicators that affect revenues and net position.

The following table summarizes key performance indicators for the Health Care Center, Assisted Living Apartments and Springdale Independent Living, in each of the periods indicated:

	<u>2022</u>	<u>2021</u>
Health Care Center Revenue from:		
Medicare	21.6%	20.1%
Medicaid / Hospice	55.6%	56.9%
Federal/State assistance	14.9%	16.1%
Private pay / Commercial insurance	<u>7.9%</u>	<u>6.9%</u>
Total	100.0%	100.0%
Health Care Center Occupancy Statistics:		
Available patient days	78,840	78,840
Actual patient days	62,412	60,296
Forecasted average occupancy	83.3%	89.6%
Occupancy percentage	79.2%	76.5%
Assisted Living Apartment Statistics:		
Available patient days	17,520	17,520
Actual patient days	11,742	13,290
Forecasted average occupancy	89.4%	95.0%
Occupancy percentage	66.4%	75.9%
Springdale Independent Living Statistics:		
Available units	77	77
Actual occupancy	64.4	63.9
Forecasted average occupancy	88.1%	90.3%
Occupancy percentage	83.6%	82.9%

Occupancy is the key driver of financial results and revenue is generated from per diem charges or monthly services fees.

Health Care Center Forecasted Census from:		
Medicare	13.0%	9.4%
Medicaid / Hospice	80.9%	82.3%
Private pay / Commercial insurance	<u>6.1%</u>	<u>8.3%</u>
Total	100.0%	100.0%
Health Care Center Actual Census from:		
Medicare	11.3%	9.5%
Medicaid / Hospice	80.6%	83.5%
Private pay / Commercial insurance	<u>8.1%</u>	<u>7.0%</u>
Total	100.0%	100.0%



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Disclosure Statement

**Attachment G:
Internal Control Corrective Action Plan**

- There were no Management Letter Comments for Fiscal Year Ended 2021 -