

WF
WARWICK FOREST
Active retirement living by Riverside

FILED
Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
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Commissioner of Insurance
BY: Sarowar Jahan



2023 Disclosure Statement



2023 Disclosure Statement

Riverside Retirement Services, Inc., doing business as Warwick Forest Retirement Community.
Continuing Care Retirement Community registration statement and disclosure statement.

Warwick Forest Retirement Community Disclosure Statement. The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the facility by the State Corporation Commission.

I. The Organization Introduction and Information

A. The Organization and Its Operation

Riverside Retirement Services, Inc., was organized to meet the need for a quality retirement community for residents of the Tidewater area of Virginia and generally uses the name Warwick Forest when doing business. It is a Virginia not-for-profit, nonstock corporation.

Riverside Retirement Services, Inc., was incorporated on Dec. 30, 1985, as a sole member corporation of the parent company Riverside Healthcare Association, Inc., which generally uses the name Riverside Health System, a nonprofit, nonstock Virginia corporation organized to plan and provide a multitude of health care services.

Warwick Forest is committed to providing our neighbors with superior social, cultural, recreational and health care services, all on one beautiful campus.

We believe in a preventive and proactive approach to wellness in an environment that promotes independence, well-being and quality of life. Our approach to healthful living is holistic – encompassing body, mind, and spirit – and that philosophy resonates throughout our community. This commitment echoes Riverside Health System’s fundamental vision for older adults, which is “As I age, I will control my destiny in a place of my choosing.”

The mission of the corporation is to provide a broad array of services to persons 55 years of age or older including housing, healthcare, security and to develop a satisfying lifestyle and environment. The facility supports and enhances the highest degree of independence appropriate to each individual resident. A copy of Riverside’s Philosophy Mission and Values Statement are presented in Appendix F.

B. Not-for-Profit Status

Warwick Forest is classified by the Internal Revenue Service as a 501(c)(3) corporation. This not-for-profit classification exempts the organization from corporate income taxes and allows Warwick Forest to receive charitable contributions that may be tax-deductible by the donor. Under IRS regulations, no earnings of the corporation may be used for the benefit of nor distributed to corporate directors, officers or other individuals. All excess funds remain with Warwick Forest for use in its programs and services and for ongoing financial stability.

C. Affiliations

Warwick Forest has as its sole member Riverside Healthcare Association, Inc. Riverside Healthcare Association elects the board members for Warwick Forest. There exists no direct or indirect responsibility of Riverside Healthcare Association for the financial or contractual obligations of Warwick Forest.

D. Licensure

Warwick Forest is licensed to provide continuing care in Virginia in accordance with Commonwealth law. The license is issued by the Virginia Bureau of Insurance. Warwick Forest is licensed by the Virginia Department of Social Services to operate a 273-resident assisted living facility, comprised of Keswick Place and Nottingham. The nursing facility services are provided by Lifelong Health and Rehabilitation Warwick Forest Lifelong Health and Rehabilitation, a 209-bed skilled and long-term care services facility licensed by the Virginia Department of Health.

E. Credit Rating

Riverside Retirement Services, Inc., doing business as Warwick Forest, is “unrated.”



A. Physical Location and Capacity

Warwick Forest resides on approximately 20 acres of a parcel of land of more than 79 acres in the City of Newport News on the corner of Denbigh Boulevard and Old Denbigh Boulevard. Newport News is ideally located between historic Williamsburg and the beaches of Virginia. Cultural and educational opportunities abound, and three major airports are within proximity.

The campus is a mix of single-story and mid-rise buildings (up to three floors) and a nonadjacent central administration building.

Residential units (127)*

Assisted living units (137)*

38,000 square feet of community space

The first phase opened in February of 1988 with 50 residences and common areas. March of 1994 added four more independent living residences. In December 1995, 60 assisted living units were added with an additional three independent living residences. Four additional independent living residences were added in 1998 and 57 more assisted living units were added in October 1998. A major expansion of 96 independent living apartments along with the 25,000-square-foot community center, featuring indoor pool, spa, fitness room, theater, dining rooms, tavern, bistro, game and craft room and administration opened in 2008. In 2013, the Nottingham apartment building became licensed as assisted living. Capital improvements at Warwick Forest are ongoing.

B. Board of Directors

A voluntary board of directors appointed by Riverside Health System at its annual meeting manages the business and affairs of Warwick Forest. The current members of the board of directors, any office they hold in the corporation and their principal business affiliation and addresses are as follows. See Appendix G for any changes since this annual update.

Riverside Lifelong Health
BOARD OF DIRECTORS 2023

Jared L. Bates

LTG – Army (Retired)
3017 Margaret Jones Ln.
Williamsburg, VA 23185

Rick N. Elofson

Certified Public Accountant (Retired)
21 Paula Maria Drive
Newport News, VA 23606

Barbara S. Haywood

Registered Nurse, Certified (RN-C) (Retired)
118 Pebble Beach Ln.
Williamsburg, VA 23185

Joyce Jarrett

Professor/Administrator
Hampton University (Retired)
129 Chandler Ct.
Williamsburg, VA 23185

Keith Roots

SR. AVP, University Advancement
CNU
2709 N Elizabeth Harbor Drive
Chesapeake, VA 23321

Conway W. Smith

Attorney (Retired)
810 Riverside Drive
Newport News, VA 23606

Dawn R. Smith

Director, Culture & Ethics
HHI
13 Stratford Road
Newport News, VA 23601

Kirby H. Smith

Marine Surveyor
Tidewater Marine Surveys
7194 Duval Ave.
Gloucester, VA 23061

Brooke Tiller

Senior Vice President, Wealth Management
Wells Fargo Private Bank
600 Thimble Shoals Blvd., Suite 375
Newport News, VA 23606

Joseph Verser

Heath, Old & Verser, PLC
11832 Rock Landing Drive, #201
Newport News, VA 23606

Frankye Myers

SVP/CNO
Riverside Health System
701 Town Center Drive, Suite 1000
Newport, News, VA 23606

Riverside Lifelong Health
NON-VOTING MEMBERS

Edward Heckler

SVP/President

Riverside Health System

Lifelong Health

1020 Old Denbigh Blvd., Suite 1020A

Newport News, VA 23602

Jason Villaflor

AVP

Riverside Health System Lifelong Health

1020 Old Denbigh Blvd, Suite 1020A

Newport News, VA 23602

Diana Jarrett

Chief Nursing Officer

Riverside Health System

Lifelong Health

1020 Old Denbigh Blvd., Suite 1020A

Newport News, VA 23602

Lisa Kirby

Executive Director

Lifelong Health Nursing Home Facilities

Riverside Health System

Lifelong Health

1020 Old Denbigh Blvd., Suite 1020A

Newport News, VA 23602

Gregg Shivers, MD

Service Line Chief

Riverside Health System, Lifelong Health

1020 Old Denbigh Blvd, Suite 1020A

Newport News, VA 23602

Riverside Health System
BOARD OF DIRECTORS 2023

Julie Badger, CPA, Ex. Director Eastern Shore of VA, Community Foundation

Dwayne B. Blake
Retired Vice President,
Investor Relations
Huntington Ingalls Industries, Inc.

William L. Brauer
Retired Executive Vice President,
Christopher Newport University

Valerie C. Butler
The Christopher Jordan Group
Real Estate Professionals

Thomas Byrd – Vice Chair
Anthem (Retired)

Michael J. Dacey
President and Chief Executive Officer
Riverside Health System

Heather Engel
Managing Partner
Strategic Cyber Partners

G. Royden Goodson, III
Chief Executive Officer
Warwick Mechanical Group

David F. Jones, MD
Physician

Harold D. Jones, III, MD
Retired Physician

Gabriel A. Morgan - Chair
Sheriff Newport News
Newport News Sheriff's Office

Daniel J. Sherlock
Brig. Gen. (USAF-Retired)

Conway W. Smith, III
Attorney (Retired)

Jennifer Smith-Brown
Managing Partner
J. Smith Enterprises

Alexis Swann
President
TowneBank of the Virginia Peninsula
& Williamsburg

Jorge Yinat
Founder
J|W|Y Business Enterprise Trust

Riverside Health System
NON-VOTING MEMBERS

W. William Austin, Jr.
Senior Vice President, Chief Financial Officer
Riverside Health System

Michael Dacey
President, Chief Operations Officer
Riverside Health System

Frankye Myers
Senior Vice President, Chief Nursing Officer
Riverside Health System

Jason O. Houser
General Counsel
Riverside Health System

C. Residents Association

A vibrant quality of Warwick Forest is the active involvement of residents in most aspects of the campus through membership in the Residents Association, with an elected council and appointed committee structure. All residents are members on the basis of being residents of Warwick Forest. Association members elect representatives to a Residents Council board, which is the governing body of the association. The Residents Council generally meets monthly and is joined by the executive director of Warwick Forest. The council president appoints the chairpersons of a large number of standing committees, ranging in scope from building and grounds — dining to hospitality.

Management works very closely with the residents through the association, its council and its committees. Each department manager meets routinely with the appropriate resident committees. Resident-initiated questions and issues relating to operations are directed to the committee level for clarification or discussion with management. Parameters for programs and policies are developed at this level.

Programs and policies developed in this way generally are referred to the executive director of Warwick Forest with consensus having been reached between the residents' committee and Warwick Forest manager. Similar support is sought and are usually reached at the Resident Council level. The executive director and Riverside senior leadership is thereby assured that policies that they must consider, and policies that are within the discretion of management to approve and implement, have had considerable and very real resident input.



II. Facility Introduction and Information

D. Executive Leadership



Steven L. Minter, MHA, LNHA
Executive Director of Warwick Forest Retirement Community.

Steve has served in the senior living profession for over 30 years. He joined Riverside in 2019 as Administrator at Lifelong Health and Rehabilitation Lifelong Health and Rehabilitation Warwick Forest. In his role as the Executive Director of Warwick Forest Retirement Community, Steve has responsibility for all operations which include the oversight and coordination of the services received by those who currently call or will call Warwick Forest home. Those services include but are not limited to dining, housekeeping, buildings and grounds maintenance, resident services (including event planning/ activities, wellness & fitness, and chaplaincy services), nursing services, security and marketing/sales.

Prior to joining Riverside, he has held progressive leadership positions including General Manager for SeniorCorp, a private duty home care provider in Virginia Beach, Virginia, and Director of Operations for Sentara Life Care Corporation in Norfolk, Virginia. In his career, he has been involved in a variety of senior living operations including adult day health care, meals on wheels programs and Program for All Intensive Care for the Elderly (PACE). He is a Licensed Nursing Home Administrator and holds a B.S. in Business Administration from East Carolina University and a Master's degree in Health Care Administration from Central Michigan University. He has remained active in the community serving on numerous state and local boards including Chairman of the Board for the Department of Medical Assistance Services in Virginia, and at-large board membership for Shell Point Village, Florida's largest single-site Continuing Care Retirement Community. Steve and his wife, Julie, enjoy spending time with their son, Steven, his wife, Morgan, and son Matthew.



Ed Heckler, PT, MSHA
President, Lifelong Health and Aging Related Services, joined the Riverside team in 1997. Throughout his many positions, he has remained dedicated to high quality, patient-centered care, interdisciplinary collaboration and the operational success of the organization. His over 23 years of experience across the health care spectrum, from physical therapist to manager to multi-department director, gives him a unique and valuable perspective.

In his current role, Ed oversees Riverside's nursing facilities, assisted living facilities, continuing care retirement communities, home health, hospice agencies, wellness centers and rehabilitation services. Under his leadership, nursing facilities received an average four-star rating under the five-star CMS rating system, in addition to achieving the Virginia Health Care Association Bronze Award for Quality Improvement in four facilities.

Prior to his current role as President of Lifelong Health and Aging Related Services, Ed served as Administrator of Riverside Rehabilitation Institute, a 50-bed acute rehabilitation hospital, creating significant financial and patient satisfaction improvements. He holds a Bachelor of Science in Physical Therapy from the University of Buffalo and a Master of Science in Health Care Administration from Virginia Commonwealth University. Ed lives in York County with his wife and two children.

Frankye Myers, MSN, RN, NE-BC
Senior Vice President and Chief Nursing Officer
Riverside Health System

Frankye joined Riverside Health System in March 2022 as Chief Nursing Officer (CNO) and brings more than 30 years of leadership experience in the coordination of patient care, quality, education, and clinical operations. Prior to joining Riverside, Frankye was a healthcare executive at a company she founded where she leveraged her leadership and clinical skills to gain accreditation and licensure of a skilled nursing agency, among other key accomplishments.

In addition to her experience in medical staff relations, recruitment, and employee engagement, Frankye brings eight years of academic leadership experience in nursing education to her current role. She held key leadership roles at HCA John Randolph Medical Center and Chippenham Johnston-Willis Medical Center, where she was CNO for nine years. Previously, Frankye worked at VCU Health System, where she worked as adjunct faculty in the School of Nursing.

Frankye has a Master of Science in Nursing with a focus on Nursing Administration from Barry University. She completed her Nursing Administration internship at Coral Springs Medical Center in Florida. Prior to her internship, Frankye earned her Bachelor of Science in Nursing at Barry University in Miami Shores, Florida.

In addition to her role at Riverside, Frankye is the former VNA Chapter 5 President Elect and the former Commissioner of Nursing Practice Elect. Frankye is a member of Sigma Theta Tau International Honor Society of Nursing, and the American College of Healthcare Executives (ACHE).



Michael J. Dacey, M.D.
President and Chief Executive Officer
Riverside Health System

Dr. Mike Dacey joined Riverside Health System in January 2018 as Executive Vice President and Chief Clinical Operations Officer, he became President and Chief Operating Officer in 2019. He assumed the role of Chief Executive Officer on January 1, 2023. He previously served as president and chief operating officer for Kent Hospital and served the Care New England Health System (CNE) from 2000 through 2017.

During the three years prior to joining Riverside, Dr. Dacey oversaw Kent Hospital, a community teaching hospital with 2,200 employees and a medical staff of over 700 physicians. He was also appointed president of Memorial Hospital of Rhode Island, a Brown University School of Medicine teaching hospital during 2015.

In an earlier role, Dr. Dacey served as chief clinical integration officer for Care New England and oversaw the Care New England Physician Organization. He was also involved in a number of other areas with Care New England including work with their medical group, value-based care and quality and safety.

Dr. Dacey earned his medical degree at George Washington University School of Medicine and Health Sciences, finished his internal medicine residency at Walter Reed Army Medical Center, completed a multidisciplinary critical care medicine fellowship at the University of Pittsburgh Medical Center and earned a Master of Science in health care management from Harvard School of Public Health.

Dr. Dacey is highly respected for his clinical work as a hospitalist and intensivist as well as for bringing expertise and a patient-focused approach to his leadership roles.

E. Full Disclosure Practice

Warwick Forest discloses to its residents all policies and summary financial information related to the life plan community. Copies of the annual disclosure statements are archived in the Warwick Forest library for resident and public reference.

No member of the board of directors, staff member or consultant has a financial interest in Warwick Forest. Warwick Forest does not hire nor pay board members on either a contractual or any other basis. Warwick Forest has not received nor intends to receive goods, leases or services of an aggregate value of \$500 or more from any professional service firm, association, trust, partnership or corporation in which a member of the board has a 10 percent or greater interest. There is a board policy that governs the evaluation and disclosure of potential conflicts of interest. Each board member is asked each year to disclose whether or not they have business relationships with residents.

Residents are free to have business relationships with board members or with organizations they own, control, are employed by, or are otherwise affiliated. Warwick Forest neither endorses nor encourages residents to do business with board members or related organizations and is not involved in establishing continuing business relationships between residents and board members.



Appendices

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APPENDIX A

Warwick Forest Retirement Community

Warwick Forest Retirement Community Disclosure Statement. The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the facility by the State Corporation Commission.

Appendix A

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I. Continuing Care Provider

Give the name and business address of the provider and a statement of whether the provider is a partnership, foundation, association, corporation or other type of business or legal entity. Such statement shall also set forth the jurisdiction in which the provider is organized if applicable.

If the provider is composed of multiple legal entities, give the required information for all such entities and provide a specific description of their relationship to each other.

Response: Riverside Retirement Services, Inc., 1020 Old Denbigh Blvd., Newport News, Virginia 23602, is a not-for-profit Virginia Nonstock Corporation organized to plan, develop and operate planned retirement housing, the first of such facilities located on property at the corner of Denbigh and Old Denbigh Boulevard, in the city of Newport News, Virginia. Riverside Retirement Services, Inc., was incorporated on Dec. 30, 1985, as a sole member corporation of Riverside Healthcare Association, Inc. (doing business as Riverside Health System), a nonprofit, nonstock Virginia corporation organized to plan and provide a multitude of health care services. It is headquartered at 701 Town Center Drive, Suite 1000, Newport News, VA 23606. The purpose of organizing Riverside Retirement Services was to plan and develop retirement-related services including planned residential housing for the elderly utilizing some of the resources already available through the Riverside Health System.



II. Officers, Directors, Trustees, Managing and General Partners, and Certain Persons Who Hold Equity Or Beneficial Interests

Give the names and business addresses of the officers, directors, trustees, managing or general partners, and any person having a 10 percent or greater equity or beneficial interest in the provider, and a description of such persons interest in or occupation with the provider. In the case of a nonstock corporation, also provide the required information for members of the nonstock corporation.

Response: The business affairs of Riverside Retirement Services, Inc., are managed by a voluntary board of directors appointed by Riverside Health System. The current members of the board of directors, any office they hold within the corporation and their principle business affiliation are listed in the Introduction.

III. Beneficial Interests

Beneficial Interests means any current interest in a provider that is directly related to the financial performance of that provider. Beneficial interest includes:

1. All forms of direct or indirect ownership of a provider, including ownership through another legal entity.

Response: None

2. Ownership or control of any voting class of securities issued by the provider.

Response: None

3. Any contract, including a lease of management contract, with a provider where the amount of consideration under the contract is tied to the financial performance of the provider.

Response: None

IV. Business Experience of; Acquisition of Goods and Services from; and Criminal, Civil and Regulatory Proceedings against the Provider, its Officers, Directors, Trustees, Managing and General Partners; Certain Persons Who Hold Equity or Beneficial Interests; and the Management

For (i) the provider, (ii) any person named in the previous section, or (iii) the proposed management, if the facility will be managed on a day-to-day basis by a person other than an individual directly employed by the provider;

a. Give a description of any specific business experience in the operation or management of similar facilities.

Response: Riverside Retirement Services, Inc., draws on the experience of numerous professionals within the corporation and from Riverside Healthcare Association. Personnel from both corporations have vast expertise in planning, development and management of large-scale health care and housing projects. Riverside Retirement Services has engaged the services of a qualified executive director for direct supervision and management of operations.



The Riverside Healthcare Association is an organization of owned or managed health care facilities, retirement communities, and associated support service facilities. These facilities include, but are not limited to, more than 350 retirement housing units, 470 long term care beds and 814 acute care beds.

The association is organized as a private, nonprofit corporation. The responsibility and authority for the management is vested in a voluntary board of directors.

The purposes of the Riverside Healthcare Association are to provide a comprehensive range of health care, wellness, housing and associated support services to all persons who can benefit from them and to organize these services in an economical manner and in accordance with standards of excellence.

The association willingly accepts the responsibility to provide this comprehensive health care in the form of programs of acute, long-term, mental health, ambulatory, rehabilitative, preventative, end-of-life and home care.

These services and programs are conducted without regard to race, color, religion, sex, gender identity or national origin.

b. Give the name and address of any professional service, firm, association, foundation, trust, partnership or corporation or any other business or legal entity in which such person has, or which has in such person, a 10 percent or greater direct or indirect interest and which is presently intended to, will or may provide goods, leases or services to the provider of a value of \$500 or more within any year, including:

1. A description of the goods, leases or services and the probable or anticipated cost thereof to the provider;
2. The process by which the contract was awarded;
3. Any additional offers that were received; and
4. Any additional information requested by the commission detailing how and why a contract was awarded.

Response: Riverside Retirement Services, Inc., is a nonprofit, nonstock corporation, which has as its sole member, Riverside Healthcare Association, a nonprofit, nonstock corporation. Riverside Healthcare Association provides planning, consulting and operational services to Riverside Retirement Services, Inc., at cost.

Because of the affiliation between Riverside Retirement Services and Riverside Healthcare Association, there was no formal process used, nor a formal contract signed in the provision of planning, consulting and operational services by RHA. No additional offers for such services were either solicited or received. Costs for such services by RHA are charged on an actual cost basis. Costs for 2022 were \$2,628,373 and include various direct contracted services, supplies and contract management services and related costs incurred in conducting business for RRS. Because of the inherent economies of scale available to RHA, substantial savings inure to the benefit of RRS over the cost of such services and products had they not been acquired through RHA. These costs cover a wide range of services and goods such as food, insurance, accounting and various labor costs.

Other than the affiliation arrangement, neither the provider nor officers or board members of the corporation has a 10 percent or greater direct or indirect interest in any professional firm, service, association, foundation, trust, partnership, corporation or any other business or legal entity which is presently intended to, will or may provide goods, leases or services to RRS of a value of \$500 or more within any year.

c. Give a description of any matter in which such person:

1. Has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; or
2. Is subject to an injunctive or restrictive order of a court of record, or within the past five years had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to 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; or
3. Is currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

Response: It has been certified that none of the above items is or has been applicable to the provider or any person or member noted in the "Officers, Directors . . ." section of this document.



V. Ownership of Real Property

Give full and detailed information regarding direct and indirect ownership of the property on which the facility is or will be operated and of the buildings in which it is or will be operated.

Response: Currently, Patrick Henry Hospital, Inc., holds title to the real property which includes more than 79 acres fronting Old Denbigh and Denbigh Boulevards. Riverside Retirement Services, Inc., leases approximately 20 acres on which the retirement community and assisted living facility are located. The building and improvements to the property are owned by Riverside Retirement Services, Inc.

VI. Location and Description of Real Property

Give the location and description of the real property of the facility, existing or proposed, and to the extent proposed, the estimated completion date or dates of improvements, whether or not construction has begun and the contingencies under which construction may be deferred.

Response: The project is located on approximately 20 acres of land in the City of Newport News on the corner of Denbigh Boulevard and Old Denbigh Boulevard.

The campus is a mix of single-story and mid-rise buildings (up to three floors) and a nonadjacent central administration building. The approximate square footage is as follows:

Residential units (127)	160,824 sq. ft.
Assisted living units (137)	71,778 sq. ft.
Central service buildings	38,000 sq. ft.

The first phase, which opened Feb. 1, 1988, included 50 residential living units of approximately 36,000 square feet and approximately 9,000 square feet of central services space. On March 22, 1994, four additional living units totaling approximately 4,300 square feet were made available for occupancy. On Dec. 5, 1995, 60 assisted living units were made available for occupancy totaling approximately 50,000 square feet, as well as three additional independent living units. Four more independent living units of approximately 4,300 square feet were made available for occupancy on Jan. 31, 1998. An addition to the assisted living facility of 57 assisted living units, of approximately 53,000 square feet, was completed on Oct. 19, 1998.

The marketing of an expansion of independent living began April 19, 2005. Construction began in fall 2006 and reached completion in May 2008. The first expansion apartment building (Stratford) opened in April 2008 along with the 25,000-square-foot community center, featuring indoor pool, spa, fitness room, theater, dining rooms, tavern, bistro, game and craft room and administration facilities.

The second expansion apartment building (Manchester) opened in May, marking the completion of this phase of the expansion. Each apartment building is 80,000 square feet and contains 48 one-and two-bedroom apartments.

This submission and its financial projections apply to the 127 independent living units and the 137-unit assisted living facility.

In 2013, the Nottingham independent living apartment building became licensed as assisted living. As independent living residents leave, they are being replaced by assisted living residents. This changed the current occupancy numbers to 134 assisted living apartments and 130 independent living apartments. When the transition is complete, there will be 127 independent residences and 137 assisted living residences.

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

Give a statement as to:

a. Whether the provider is or ever has been affiliated with a religious, charitable or other nonprofit organization, the nature of any such affiliation, and the extent to which the affiliate organization is or will be responsible for the financial and contractual obligation of the provider. This section shall be divided into appropriately labeled subsections for parts a. and b. A response for each part is required.

Response: Riverside Retirement Services, Inc., was incorporated on Dec. 30, 1985, as a nonprofit, nonstock corporation and is a subsidiary of Riverside Healthcare Association. The specific affiliation between the two corporations is limited to the following:

- a. Riverside Retirement Services, Inc., has as its sole member Riverside Healthcare Association.
- b. Riverside Healthcare Association elects the board members for Riverside Retirement Services, Inc.

There exists no direct or indirect responsibility of Riverside Healthcare Association for the financial or contractual obligations of Riverside Retirement Services, Inc.



b. Any provision of the federal Internal Revenue Code under which the provider is exempt from the payment of income tax. This section shall be divided into appropriately labeled subsections for parts a. and b. A response for each part is required.

Response: Riverside Retirement Services, Inc., has applied for and received exemption from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

VIII. Services Provided Under Continuing Care Contracts

Describe the services provided or proposed to be provided under Continuing Care Contracts, including the extent to which medical care is furnished. The disclosure statement shall clearly state which services are included in basic Continuing Care contracts and which services are made available by the provider at extra charge.

Response: Warwick Forest provides a full continuing care program through the LifeCare option whereby the entrance fee and monthly fee provides a substantial lifetime subsidy for long-term health care, acting as financial protection against possible future assisted living and nursing care expenses. Please refer to LifeCare Agreement, Section VI. A, B, and C (Appendix D). Warwick Forest also offers a LifePlan. With this plan, residents have priority access for assisted living or convalescent care. For these health care services, residents will be charged the then-current published rates. Other services and benefits are similar to the LifeCare Agreement. Please refer to LifePlan agreement, Section VI. A, B, and C (Appendix D). In addition, Warwick Forest also offers a Combined LifeCare and LifePlan agreement which offers priority access to assisted living and/or convalescent care and provides a couple the opportunity to cover one spouse under the LifePlan Agreement and the other spouse under the LifeCare agreement. The program provided by Warwick Forest in the agreement includes the use of a number of services and facilities.

Special agreements are offered to meet various financial situations by adding specific sections to standard agreements. The Home Purchase option provides a delay of the entrance fee payment for up to 15 months. Terms require the prospective resident to list with an agreed-upon realtor, decrease the selling price by 5 percent every quarter, and if the home is not sold after 15 months, Riverside will purchase the home at 80 percent of the current market value or the appraised value, whichever is less.

The Promissory Note options allows for 20 percent of the entrance fee to be payable each year at the anniversary of the contract date. When the entrance fee is paid in full, the resident has an option to sign a LifeCare contract, at which time they will have the health care coverage at the benefit rate.

The Short-term Stay Agreement allows for a guest who is not a permanent resident to stay for an agreed-upon time. The guest has the option to enter into a LifeCare contract upon approval and payment of the entrance fee.

IX. Fees Required of Residents

Give a description of all fees required of residents, including any entrance fee and periodic charges. The description shall include (i) a description of all proposed uses of any funds or property required to be transferred to the provider or any other person prior to residents occupancy of the facility and of any entrance fee, (ii) a description of provisions for the escrowing and return of any such funds, assets or entrance fee, the manner and conditions of return and to whom earnings on escrowed funds are payable as discussed in Code Section 38.2-4904.1 and (iii) a description of the manner by which the provider may adjust periodic charges or other recurring fees and any limitations on such adjustments. If the facility is already in operation, or if the provider operates one or more similar facilities within this Commonwealth, there shall be included tables showing the frequency and average dollar amount of each increase in periodic rates at each facility for the previous five years or such shorter period that the facility has been operated by the provider.

Response:

1. Please refer to Warwick Forest LifeCare and LifePlan Agreements (Appendix D). Fee schedules are included in Appendix E.

2. Please refer to Warwick Forest Reservation Agreement (Appendix D)

3. Long-term Care

a. For assisted living or convalescent center care, LifeCare residents pay the "Health Services Resident Rate." From 2007 forward, new LifeCare residents (after 10 free days life-time benefit are used) pay a flat monthly rate of \$3,884, monthly for assisted living and/or convalescent care fees when temporarily or permanently residing in those areas. This is subject to rate increases. Please see Introduction.

b. For assisted living or convalescent center care, LifePlan residents pay the current published fees for any level of care. Please see LifePlan Agreement in Appendix D. These rates are subject to rate increases. Refer to the Introduction.

c. In the combined agreement, one spouse receives LifeCare, the other spouse receives the LifePlan. For assisted living or convalescent center care, the LifeCare resident pays the "Health Services Resident Rate." From 2007 forward new LifeCare residents will, (after 10 free days life time benefit are used) pay a flat monthly rate of \$3,884, for assisted living and/or convalescent center care fees when temporarily or permanently residing in those areas. This is subject to rate increases. For assisted living or convalescent care, the resident who has a Combined LifeCare and LifePlan Agreement will pay the then current published fees.

d. For assisted living or convalescent center care, residents with a Trial Period Agreement will pay the then current fees.

e. Residents with nonstandard agreements, such as short-term stays or financing, are charged published market rates for health services.

4. Additional Charges

The following are additional charges to the Convalescent Center room and board rates: (1) medication; (2) physical therapy; (3) occupational therapy; (4) podiatry; (5) psychiatric consultation; (6) dental work; (7) physician care; (8) private room; (9) guest rooms.

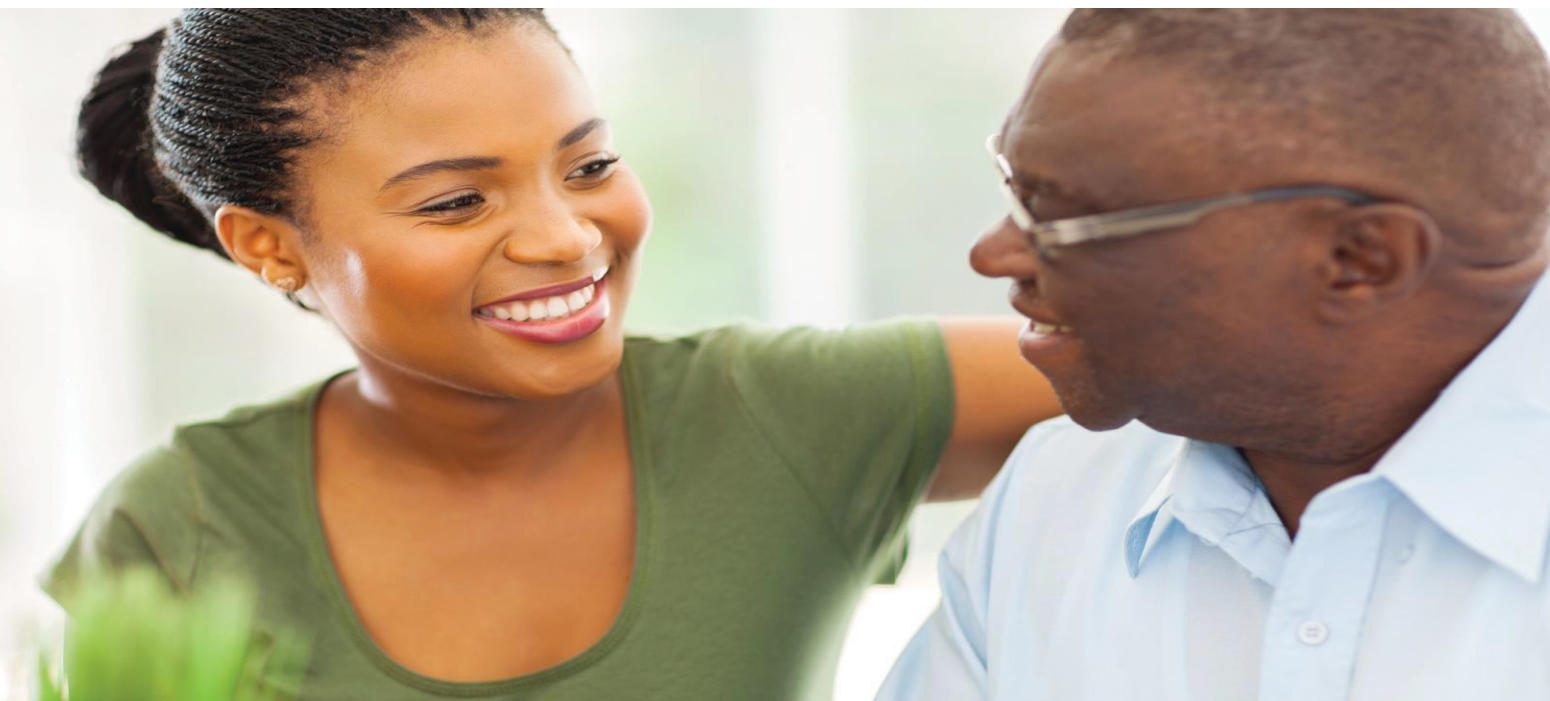
The following are elective services not included in the monthly fee of assisted living: telephone, personal laundry and bed linens, premium cable TV, medication, beauty shop, physician care, therapy services and podiatry.

Keswick Apartments (Linden, Elm, Frasier, and Hickory), as well as all Nottingham apartments (Holly, Magnolia, Pine and Cedar), require an additional charge for residents with LifeCare agreements (but no additional charge will apply for Laurel, Bradford or Spruce apartments).

5. Periodic Fee Charges

While the intent of Warwick Forest, a not-for-profit provider, is to adjust periodic charges (monthly fees) only to a level that does not exceed the adjustments incurred by Warwick Forest in the operation of the community, there is no contractual limitation on the size or frequency of fee adjustments. Periodic fee adjustments will be made with at least a 30-day notice to residents.

Independent Living Residents			
Year	Rate Increase	Weighted Average Dollar Amount of Each Increase (Single Person)	Weighted Average Dollar Amount of Each Increase (Second Person)
2023	6%	\$246	\$27
2022	4%	\$153	\$101
2022	2%	\$67	\$25
2020	3%	\$98	\$36
2019	3%	\$95	\$35
2018	2.5%	\$91	\$34



X. Reserve Funding

Describe any provisions that have been made or will be made to provide reserve funding or security to enable the provider to fully perform its obligations under continuing care contracts, including the establishment of escrow accounts, trusts or reserve funds, together with the manner in which such funds will be invested and the names and experience of persons who will make the investment decisions.

This description shall include a specific explanation of how the value of such reserve funding was established and, if available, it shall include the opinion of a qualified actuary.

Response: Due to the strength of its own balance sheet, with 12/31/21, investment balance of \$27 million, Riverside Retirement Services is able to fund all interest and principal on borrowed funds, to make payments for replacements and retirement reserve funds, to make payments to residents for refunds which are due and to make payments to long-term care providers for the care of residents to the extent specified in the Residence Agreement. RRS does not intend to set up different funds for these purposes.

There are no restrictions or limitations on the amounts of indebtedness or liability which RRS may incur, nor are there any restrictions on the disposition of assets, nor are there any restrictions on the investment of funds. The Riverside Health System board would control and set investment strategy.

Significant security to enable RRS to fully perform its obligations under continuing care contracts include:

1. A sound actuarially based fee structure which will cover capital costs and operating costs as they change
2. RRS's own financial strength
3. The financial resources and investment experience of Riverside Healthcare Association.

The projected cash flow of RRS reflects substantial growth in unrestricted cash reserves, which insulates the community from shortfalls in meeting general refund and health care liabilities. RRS is subject to an annual independent audit as a requirement of this disclosure statement. Such an audit requires a periodic calculation of the "future service obligation" of RRS to its residents using approved actuarial methodology. This procedure affords added ability and security to residents and others having an interest in knowing if RRS is able to fully perform its continuing care obligations.

XI. Certified Financial Statements

Give certified financial statements of the provider, including (i) a balance sheet as of the end of the two most recent fiscal years and (ii) income statements of the provider for the two most recent fiscal years or such shorter period that the provider has been in existence. Such statements shall conform to generally accepted accounting principles and shall be certified by an independent, certified public accountant. The opinion of the independent, certified public accountant shall be included in this section.

Response: Please refer to Appendix G.

XII. Pro Forma Income Statement Jan. 1 to Dec. 31, 2022

Response: Please refer to Appendix C.



XIII. Admission of New Residents

Give a description of the provider's criteria for admission of new residents.

Response: Applicants shall be deemed to be eligible for admission to Warwick Forest as continuing care residents if they meet the following guidelines:

1. **Age.** Residents should be a minimum of 55 years of age by the date of occupancy. If a married couple, one spouse must have attained 55 years of age by the date of occupancy.

2. Documentation

Residents must have submitted the following:

- a. Signed completed copy of the Expression of Interest and the Reservation Agreement;
- b. Proof of payment of the reservation fees;
- c. Confidential Application Form, correctly completed;
- d. Confidential Financial Statement, correctly completed;
- e. Personal Health History, correctly completed;
- f. Physician's Examination Form, correctly completed;
- g. Confidential Medical Screening.

3. Physical Eligibility

- a. Resident must be in good health and capable of independent living as certified by Warwick Forest.
- b. Resident must submit to an interview assessment by a Warwick Forest representative designed to determine the applicant's ability to live independently for the foreseeable future. It is the intent of this policy that the residents be active, able to independently carry out activities of daily living and be able to function at a high level physically and mentally into the foreseeable future.
- c. Be free of communicable diseases that would threaten the well-being of himself, other residents or the staff and visitors of Warwick Forest.
- d. Resident must submit a physical exam report by a physician reflecting they are free from tuberculosis and are not in need of nursing or supervisory care.

4. Physical Examination

Applicants must have a physical examination by a physician within 30 days prior to move-in, in part, indicating the resident is free from tuberculosis and is not in need of nursing or supervisory care.

5. Financial Eligibility

An applicant shall be deemed financially eligible if their income and assets are projected to be adequate based on average life expectancy and if the applicant meets the requirements for insuring against health care costs.

6. Social Eligibility

An applicant shall be deemed to be socially eligible if the applicant is suited for a congregate living environment. This decision will be based upon information in the application and from staff handling

the application.

7. Confidentiality

All information and discussions related to the applicant's application for admission shall be held in strictest confidence.

8. Non-discrimination

In the approval process of applications for residency to an RRS facility, there shall be no discrimination against any applicant for reason of sex, gender identity, race, religion, creed, national origin or employment history.

9. Residence Change

Prior to occupancy, a resident may choose a different size or style of apartment. Any increase in the reservation fee based on a larger entrance fee must be paid immediately at the rates then in effect. Any decrease in reservation fee, based on a smaller apartment, will be refunded to the resident by RRS within 30 days. After occupancy, the opportunity to move is available. If moving to a larger residence, the difference in the entrance fee and monthly fee is due. If moving to a smaller one, the resident will be billed at the lower monthly rate. No consideration is given for the difference in the entrance fee. A transfer fee of \$10,000 is applied to residents moving from one Independent Living accommodation to another.

10. Waiting List

Waiting lists are actively managed to offer the opportunity to reserve residences in a fair and equitable manner. Individuals and couples eligible for residency may join the Warwick Forest Advantage Club (waitlist) by paying a refundable deposit of \$1,500. Depositors provide occupancy preferences in terms of type of residences and preferred year of occupancy. Vacancies are first offered to residents on the internal transfer list, based on date of deposit and residence type preferred and then to nonresidents on the Advantage Club.

11. Shared Residences

Apartments can be shared by individuals that are related by blood or by marriage. Exceptions can be made to this guideline in cases of individuals who have been sharing living arrangements for an extended period of time. In those cases, for purposes of financial analysis and treatment under policies of the corporation, those residents shall be treated as a married or blood-related couple.

12. Payment of Entrance Fee

Payment of the entrance fee in full is to be made seven days in advance of residency unless otherwise authorized. Payment must be made before residency, unless specified in the Reservation Agreement.

13. Rules and Guidelines of Residency

Prior to or upon admission, the resident will be supplied with a copy of the rules and guidelines of residency and other information helpful to the resident to become familiar with the operational routine of the facility.

14. Resident Handbook

Prior to or upon admission the resident will be given a copy of the Resident Handbook. The handbook is subject to change at the discretion of administration. The most recent update supersedes all previous handbooks. The handbook outlines the policies of the community and for the betterment of the community. Residents will be subject to the handbook provisions.

XIV. Access to Facility by Nonresidents

Give a description of the provider's policies regarding access to the facility and its services for non-residents.

Response: Riverside Retirement Services policy on access to facility by new residents

It is intended that the facilities and services of RRS are provided primarily for the use of residents, not for non-residents. However, residents are free to invite guests to their individual residence for daily and overnight visits and to make available to nonresidents, on a temporary basis, such services as guest meals and open entertainment functions at a cost-of-service basis.

1. RRS shall have total authority and control over the access to its services by nonresidents and may decide when such services have been used or are being used to excess.
2. Information regarding charges for services accessible to nonresidents shall be readily available. Services and functions which are not available to nonresidents shall be those which are not publicized as being available to nonresidents.
3. Any nonresident utilizing RRS facilities and services shall be an invited guest of a resident or RRS management.

XV. Anticipated Source and Application of Purchase or Construction Fund

If operation of the facility has not yet commenced, give a statement of the anticipated source and application of the funds used or to be used in the purchase or construction of the facility, including:

Response: The operation of the facility has commenced. Therefore, this section is not applicable.

XVI. Procedure for Resident to File a Complaint or Disclose a Concern

Give a description of the procedure by which a resident may file a complaint or disclose any concern:

Response: Warwick Forest believes it can only provide a valuable service if open communication can occur between residents and management. To this end, management provides residents with various avenues to the solution of problems. The complaint procedure provides easy access to all levels of staff for the sake of efficiency. In addition, management helps to foster an active and involved Residents Association by meeting regularly with that organization's governing body and its various committees.

For more broad-based issues, a Residents Association has been formed. The purpose of the Residents Association as found in that organization's bylaws is as follows:

- a. An organization which will, through its board of directors, committees and members, cooperate with Warwick Forest and its board of directors in promoting a favorable atmosphere for enhancing living conditions;
- b. An amicable and effective procedure for coordinating, presenting and settling grievances;
- c. Assist Warwick Forest by interpreting policy to the residents when requested to do so and by furnishing help and support through committees appointed for that purpose;
- d. An open forum for all members to voice their suggestions for aiding each other and Warwick Forest in any respect.



APPENDIX B

Changes since Last Annual Update and Board Changes During 2023

Warwick Forest Retirement Community Disclosure Statement. The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the facility by the State Corporation Commission.

Changes to the Disclosure and Board Members since the Annual Update

There have been no changes as of April 30, 2023.



APPENDIX C

Pro Forma Income Statement

Warwick Forest Retirement Community Disclosure Statement. The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the facility by the State Corporation Commission.

Warwick Forest Pro Forma Income Statement

Jan. 1, 2023 - Dec. 31, 2023

Response: The following anticipates income and expense for the fiscal year beginning January 1, 2023, and ending December 31, 2023.

	Budget 2023
Revenue	
Long-term care revenues	\$8,309,412
Provision for bad debt	(17,289)
Other revenues	9,472,789
Total revenue	\$17,764,912

Expenses	
Salaries and benefits	\$8,447,660
Services and other	4,847,750
Supplies	1,742,549
Depreciation/amortization	2,761,044
Interest	-

Total expenses	\$17,799,003
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Operating gain (loss)	\$(34,091)
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Non-operating gains and losses:	\$1,366,405
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Investment income, including realized and unrealized gains

Excess of revenues, gains and other

Support over expenses:	\$1,332,314
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Revenue budget was based on past history of favorable occupancies and rate increases competitive with the local market area. Labor costs are expected to increase to allow for annual reviews and anticipated changes in the hiring market for 2023. Expenses were increased with a 6% inflation factor, unless a specific inflation factor was received from a vendor, and/or other market benchmarks.

Warwick Forest Pro Forma Income Statement-Comparison

Revenue	Budget 2022	Actual 2022	Difference	% Difference
Long-term care revenues	\$7,616,041	\$7,114,263	\$(501,778)	-7%
Provision for bad debts	(15,334)	(15,331)	3	0%
Other revenues	9,378,262	9,615,014	236,752	3%
Total revenues	\$16,978,968	\$16,713,946	\$(265,022)	-2%

Expenses	Budget 2022	Actual 2022	Difference	% Difference
Salaries and benefits	\$7,866,830	\$7,760,405	\$106,425	1%
Services and other	4,569,616	4,861,736	(292,120)	-6%
Supplies	1,602,908	1,530,086	72,822	5%
Depreciation/ amortization	3,340,641	3,310,023	30,618	1%
Interest	-	-	-	0%
Total expenses	\$17,379,995	\$17,462,250	\$(82,255)	0%
Operating gain (loss)	\$(401,028)	\$(748,304)	\$(347,276)	87%
Non-operating gains and losses:	\$988,003	\$(3,597,616)	\$(4,585,619)	-464%
Excess of revenues, gains and other support over expenses	\$586,975	\$(4,345,920)	\$(4,932,895)	-840%

Material Differences between 2022 Pro Forma Income Statement and the Actual Results of Operation as Reported in the 2022 Certified Financial Statements

Revenue was lower than projected due to unfavorable volume and resulting unfavorable monthly fees and entrance fee revenue. Salaries and benefits were favorable due to lower labor and staffing costs. Services and other expenses were unfavorable because of increased purchased services, to include intercompany expenses, contract labor and maintenance expenses. Supplies expenses were favorable due to reduced maintenance supplies and expendable equipment expenses. Depreciation was favorable as a result of lower CIP capital

projects. Investment income was unfavorable due to unfavorable market returns.

Summary of Financial Information

Warwick Forest as of Dec. 31, 2022

	2022	2021
Total Assets	\$61,643,088	\$67,378,878
Total Liabilities	\$18,653,596	\$19,972,324
Total Net Assets	\$42,989,492	\$47,406,554
Total Revenues	\$16,713,946	\$15,182,453
Total Expenses	\$17,462,250	\$16,510,497
Operating Income (Loss)	\$(748,304)	\$(1,328,044)
Net Income (Loss)	\$(4,345,920)	\$(770,307)

Narrative on financial condition:

Warwick Forest has a fiscally strong balance sheet, cash flow and income statement. Warwick Forest does not anticipate any negative financial outcomes that would interfere with its ability to meet contracted obligations to its residents now or in the coming years.

Occupancy	Capacity of Units	Average Occupancy	Percentage
Independent Living	127	121	95%
Assisted Living	137	114	83%



APPENDIX D

Continuing Care Standard Agreements

Warwick Forest Retirement Community Disclosure Statement. The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the facility by the State Corporation Commission.



Warwick Forest

LifeCare Agreement

**1004 Old Denbigh Blvd.
Newport News, VA 23602
(757) 886-2200**

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This Agreement is made and entered into by and between Riverside Retirement Services, Inc. (hereinafter referred to as "Warwick Forest") and _____ (hereinafter referred to as "Resident," (whether one or more persons) this _____ day of _____, 2022.

ARTICLE I Fees and Refunds

A. ENTRANCE FEE

1. Residence Number & Type

Resident has selected and shall have a personal non-assignable right to reside in Residence No. _____/Residence Type _____ (the "Residence"), subject to the conditions and terms of this Agreement.

2. Amount

In consideration of the continuing care program outlined in this Agreement and residency in the above described Residence, the Resident agrees to pay Warwick Forest the total amount of \$_____ which if for two persons, the sum of \$_____ shall be construed to be the Entrance Fee for the first person, and \$_____ shall be construed to be the Entrance Fee for the second person. The Ten Percent (10%) deposit made at the time of the Reservation Agreement, or \$_____ shall count towards the total Entrance Fee listed above. The balance due at the Closing Date is \$_____.

Except as otherwise provided in a Financing Arrangement, the balance of the Entrance Fee shall be due and payable on the date that shall occur at least seven (7) days prior to the assigned occupancy date and at a date and time mutually agreeable to all parties (the "Closing Date").

B. MONTHLY FEE

1. Current Amount

The current Monthly Fee associated with the Residence selected by the Resident is \$_____ per month for the first person occupying the Residence, plus \$_____ per month for the second person occupying the Residence. The Monthly Fee shall be paid to Warwick Forest in advance before occupancy and by the first day of each month. The Monthly Fee charges shall begin on the assigned occupancy date or 30 days after notice that the Residence is ready for occupancy, whichever is earlier, and shall be paid on a pro-rated-basis through the last day of the current month.

2. Statement

The Monthly Fee and any other applicable charges shall be considered delinquent if not paid after the tenth day of the month in which they are due. All delinquent accounts shall draw a finance charge at no more than the maximum rate allowed by law.

3. **Adjustments**

The Monthly Fee may be adjusted by Warwick Forest consistent with the cost of operating and maintaining Warwick Forest as well as the future service obligations of Warwick Forest and upon 30 days notice to the Resident. Initials: _____

C. ENTRANCE FEE

Three different refund options are listed below. Only one refund option will apply for purposes of this Agreement. The option selected cannot be changed during the term of this Agreement or any subsequent Agreements as may be required due to a change in Residence. Resident has reviewed the current proposed pricing associated with these options and have selected the following Entrance Fee refund plan for purposes of this agreement (please initial next to the chosen plan).

1. **BASE Plan (Declining Refund)**

Should this Agreement be terminated by either party for any reason after the first 30 days from the execution date of this Agreement, the Entrance Fee paid (first person and second person) will be refunded to the Resident or the Resident's estate less 2% per calendar month calculated from the first month of occupancy. After 50 calendar months of occupancy, there will be no refund.

2. **Plan 90:** _____

Should this Agreement be terminated by either party for any reason after the execution date of this Agreement and before the end of the first 30 days from the execution date of this Agreement, the Entrance Fee paid (first person and second person) will be refunded to the Resident or the Resident's estate in full.

Should this Agreement be terminated by the Resident or Warwick Forest for any reason after the first 30 days from the execution date of this Agreement, the Entrance Fee paid will be refunded, at 90% of the Entrance Fee paid (first person and second person), regardless of the length of time thereafter that the Agreement remains in force.

For actuarial reasons, Plan 90 availability and rates are age-rated based on age at occupancy. Plan 90 is available at baseline rates to single Residents and couples if all individuals are under age 81, and available at higher rates to single Residents and couples where at least one individual is at least age 81 but not yet 86. Plan 90 is not available to single Residents and couples where any individual is age 86 or higher.

3. **Plan 50:** _____

Should this Agreement be terminated by either party for any reason after the execution date of this Agreement and before the end of the first 30 days from the execution date of this Agreement, the Entrance Fee paid (first person and second person) will be refunded to the Resident or the Resident's estate in full.

Should this Agreement be terminated by the Resident or Warwick Forest for any reason after the first 30 days from the execution date of this Agreement, the Entrance Fee paid will be refunded, minus two percent (2%) per month of occupancy, but not less than 50% of the Entrance Fee paid.

For actuarial reasons, Plan 50 availability and rates are age-rated based on age at occupancy. Plan 50 is available at baseline rates to single Residents and couples if

all individuals are under age 81, and available at higher rates to single Residents and couples where at least one individual is at least age 81 but not yet 86. Plan 90 is not available to single Residents and couples where any individual is 86 or higher.

D. CALCULATION & PAYMENT OF ENTRANCE FEE REFUNDS

1. Calculation

For purposes of the above Plan no Entrance Fee refund will include amounts paid for improvements to the Residence, Monthly Fees or other periodic charges.

Any Entrance Fee refund shall not include interest that has accrued from the date the Resident's Entrance Fee was paid. Refunds for additional Entrance Fee paid after initial occupancy for such reasons as "upgrade" or marriage will be calculated from the date of original occupancy and this Agreement.

If Resident is already occupying a residence at Warwick Forest and/or this Agreement serves to supersede a prior Residence and Services Agreement, the Entrance Fee refund under this Agreement shall be calculated from the date of the original Agreement and/or the initial date of occupancy, whichever is earlier.

2. Payment of Refund

All refunds due under the Entrance Fee refund option will be made within six (6) weeks after the last of the following: (i) this Agreement is terminated; (ii) your Residence has been vacated; and (iii) your Residence is occupied by a new Resident.

PET REGISTRATION

Residents with pets must register with Resident Services by completing the "Pet Registration Form." Pets must be properly vaccinated and licensed/registered in residing jurisdiction. Pet owner will have in force liability in the minimum amount of \$100,000 covering the action of a pet. A onetime nonrefundable \$500 pet fee is required. Initials _____

ARTICLE II Continuing Care Program

The Life Care Program provided by Warwick Forest in this Agreement includes the use of a number of services and facilities. Outlined below is a description of those services and facilities.

A. SERVICES AND FACILITIES

1. Residence

Subject to the terms of this Agreement, the Resident has the non-assignable right to reside in the previously described Residence for the remainder of the Resident's life or in the event Resident is more than one person, for the remainder of the life of the survivor. Carpet and floor treatments, refrigerator, range/oven, washer/dryer, garbage disposal, microwave, and a dishwasher, shall be furnished by Warwick Forest. The Resident shall provide all other furnishings for the Residence.

2. Dining Plan

Dining Services offers three meals a day, seven days a week. Residents may choose to eat any or all meals each day. Residents will receive a meal credit on a quarterly basis. In addition to any menu item the meal credit can also be used for guests and special functions. Residents away from the campus 21 cumulative days or more during the quarter will receive a partial credit on their monthly statement according to the program outlined in the resident handbook.

3. Housekeeping

Resident's Residence will be cleaned once each week. This cleaning includes vacuuming floor surfaces that are accessible, light dusting on surfaces free of clutter, and necessary cleaning of bathroom and kitchen counters and fixtures. Additionally, heavier housekeeping services such as window washing and floor maintenance will be performed on a scheduled basis. Other housekeeping tasks such as dishwashing, laundry, bed making, etc., are the responsibility of the Resident but can be provided by Warwick Forest on an available basis at an additional charge.

4. Maintenance

Repairs, maintenance and replacements of property and equipment owned by Warwick Forest shall be performed and provided by Warwick Forest to keep such property and equipment in good repair and order as deemed necessary by Warwick Forest. The above work also includes custodial services for all public spaces and appropriate grounds maintenance. Repairs to Resident's personal possessions are the responsibility of the Resident.

5. Utilities

Utilities reasonably required in connection with the occupancy of the Residence, including water, sewer, heating, air-conditioning, electricity, and trash removal are included in the fees. The Residence telephone, internet services and cable T.V. charges are the responsibility of the Resident.

6. Security

Warwick Forest will use reasonable care in providing security on the premises including the use of personnel dedicated to that purpose, but will not be responsible for losses of personal property.

7. Emergency Response

Each Residence will be equipped with emergency response systems which, when activated, will summon assistance from Warwick Forest.

8. Property Insurance

Warwick Forest insures property and equipment against reasonable losses. Personal property and personal liability insurance for Residents are the responsibility of the Resident.

9. Taxes

Warwick Forest pays all real estate, property, and use taxes on all Warwick Forest property and any applicable business operations. The Resident is responsible for his/her own personal property taxes and personal income taxes.

10. Parking

Parking spaces have been provided in sufficient number to allow one car per Residence. Additional parking spaces for Residents, guests and staff are also provided and have been designed to be in close proximity to the ultimate user. Residents of the Manchester and Stratford Apartments will be provided access to one covered parking space designed to be in close proximity to the Residence. Additional parking spaces for Residents, guests and staff of the Manchester and Stratford Apartments are also provided and have been designed to be in close proximity to the ultimate user.

11. Additional Storage

Apartment Residents without a designated storage space in the Residence shall have one additional secured storage space in the public area.

12. Scheduled Transportation

Regularly scheduled trips in Warwick Forest vehicles to nearby shopping and “other popular destinations” will be covered by the Resident fees. Other special trips may be arranged at a nominal charge depending on demand.

13. Planned Recreation, Wellness, and Activity Programs

Social, cultural and recreational activities will be provided or arranged by Warwick Forest staff and made available to Residents. Participation is strictly voluntary.

14. Congregate Facilities

Residents shall have the right to the use and enjoyment, in concert with others, of the indoor and outdoor public areas and recreational facilities at no extra charge. Exceptions to this right will be a fee for use of certain spaces and purchases of supplies, merchandise and expendables by Residents and their guests for private purposes.

15. Wellness Clinic

The Resident Wellness Clinic is staffed by a licensed nurse who will provide at no charge certain diagnostic monitoring and health promotion services. This individual can also, with the Resident’s physicians’ involvement, assist in coordinating the Resident’s health care services. Payment for any services arranged by the Wellness Clinic, which involve charges by other health professionals, are the responsibility of the Resident.

16. Long-Term Health Care

Warwick Forest provides Resident a lifetime guarantee of long-term health care. Resident is guaranteed priority access to certain accommodations in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Lifelong Health and Rehabilitation Warwick Forest if ordered by a physician and approved by the Health Services Director. Resident is also guaranteed discounted rates in these Long Term Care areas (see Article III “Warwick Forest Health Services”).

B. SERVICES AVAILABLE AT EXTRA CHARGE

1. Meals, in addition to the Flex Plan credit.
2. Guest Meals & Rooms
3. Additional Housekeeping
4. Individual Telephone Use
5. Cable T.V. Channels/Plans
6. Special Events or Transportation
7. Variable Costs for Crafts Supplies
8. Services of Any On-Site Private Vendors (Such as: Barber, Beautician, etc.)
9. Catering or Set-up / Clean-up Services
10. Health Services Not Included in the Health Care Rate.
11. Other services may be made available.

Thirty days notice will be provided of any changes in the scope of care or services.

C. EXCLUSIONS

Warwick Forest will at no time be responsible for the debts of a Resident or for medical expenses incurred for services or items not covered by the Health Services Resident Rate (see Article III B).

ARTICLE III Warwick Forest Health Services

A. ACCESS

Warwick Forest offers on-site licensed care through its Keswick Place Assisted Living and Lifelong Health and Rehabilitation Lifelong Health and Rehabilitation Warwick Forest, or other Riverside facilities. If any such licensed levels of care are not available on-site, or if such space is occupied and not immediately available, Warwick Forest will contract for such space off-site and provide Resident access for such space until that service can be provided by the community.

B. CHARGES

1. Resident agrees to pay the Health Services Resident Rate for any temporary stay beyond the 10 “Benefit” days (see Temporary stay, Section C.1) and any permanent stay in any level of care in the Health Services, or for the equivalent contracted service off-site as described above.
2. The Health Services Resident Rate for year 20232022 is \$ 3,884 per month, per person. The Health Services Resident Rate shall be adjusted annually by Warwick Forest to account for inflation and be consistent with the cost of operating and maintaining Warwick Forest as well as the future service obligations of Warwick Forest. The Health Services Resident Rate includes the cost of your stay in a Type A, B, C Assisted Living Residence,

or a semi-private bed at Lifelong Health and Rehabilitation Lifelong Health and Rehabilitation Warwick Forest, including nursing care and meals. The rate does not cover additional services you may need including but not limited to, prescription medicine, medical equipment and supplies, ambulance charges, nutritional supplements, special nursing care and barber/beauty services.

3. The Health Services Resident Rate will be calculated on a pro-rata daily basis for partial month stay. Should the need of permanent Health Services arise, under this Agreement the Resident agrees to pay the Health Services Resident Rate for as long as those services are needed.
4. If Resident alone occupies two physically connected Assisted Living suites, the Health Services Resident Rate will apply for only one suite and the Non-CCRC Resident rate will apply to the other suite.
5. If one Assisted Living suite is occupied by a couple, the applicable Monthly Fee will be 1 and 2/3 of the Health Services Resident Rate. Once a single Resident occupies the suite, the full Monthly Fee that applies to that person's Residence and Services Agreement will be charged.
6. If Resident occupies both an Assisted Living residence and a Convalescent Care accommodation simultaneously, Resident will be billed for both on a pro-rated basis for partial months.

C. RETENTION OF RESIDENCE DURING STAY IN HEALTH CARE FACILITIES

The following outlines the effect of your stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest on the Resident's Monthly Fee.

1. Temporary Stay

Over the course of the Residence and Services Agreement, each Resident is entitled to up to 10 "Benefit" days of Assisted Living or nursing facility care for temporary stays in a Type A, B, C Assisted Living Suite or semi-private Lifelong Health and Rehabilitation Warwick Forest accommodations at no additional charge. During this time, the Resident will be responsible for "additional charges" not included in the Health Services Resident Rate (see Article III, Section B). During a temporary stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, the Resident will continue to pay the Monthly Fee for the Residence plus the Health Services Resident Rate following the use of the 10 "Benefit" days.

2. Permanent Stay

If Warwick Forest, in its sole discretion, but after consultation with you, your family and your physician, determines that you are physically or mentally incapable of living independently for the foreseeable future, the Resident will be deemed to have permanent status at Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and pay the appropriate Resident Rates. In the case of a single Resident, the Resident will release the Residence to Warwick Forest. The Resident's Monthly Fee will

terminate the date the Residence is vacated. Once permanent status in Lifelong Health and Rehabilitation Warwick Forest has been determined, the Residence must be vacated within 30 days. In the case of a couple where one Resident's stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest becomes permanent, the Resident remaining in the Residence will pay the first person Monthly Fee. In the case of a couple where both Residents are on permanent status in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, the Residents will release the Residence to Warwick Forest and cease to pay the Monthly Fee on the date the Residence is Vacated. A Resident who has transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest who has not vacated his or her Residence in accordance with this Agreement shall continue to pay the then current Resident's Monthly Fee for his or her Residence until such time as the Residence is vacated. In the case of dual occupancy when one Resident is transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, such Resident shall pay the then current single person Health Services Resident Rate while the Resident remaining in the Residence shall pay the then current first person Monthly Fee associated with their Residence. If both Residents are transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and surrender their Residence in accordance with this Agreement, each Resident shall pay the then current first person Health Services Resident Rate. The Residence must be vacated within 30 days of the date the last Resident has been deemed to have permanent Convalescent Care status. If personal belongings are not removed by that time, property will be removed by Warwick Forest and stored at Resident's expense. For purposes of this Agreement, "Vacated" shall mean all of the Resident's personal belongings shall be removed from the Residence and the Residence shall be returned to the condition it was in prior to the Resident residing in it.

3. Recovery from a Permanent Stay

Should you release your Residence to Warwick Forest for a permanent stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and later be judged by Warwick Forest to be capable of living independently again, you will be offered the next available Residence of the type and size equivalent to that last occupied. If you wish to return to a different type and size Residence, the Upgrading or Downgrading provisions of Article IV, Section D will apply.

D. HEALTH CARE INSURANCE

1. Resident agrees to procure and maintain Medicare Parts A and Part B, and a Medicare Supplement Plan or equivalent hospital and medical insurance coverage (e.g. TRICARE for Life).
2. If Resident is entitled to medical care or payment by insurance or government agencies, the Resident shall make application for such care or payment.

3. Resident shall authorize, as necessary, any provider of hospitalization, medical or other health services to receive reimbursement under the above Medicare, TRICARE, and Supplemental insurance programs.

ARTICLE IV Change in Resident Status

A. MARRIAGE TO ANOTHER RESIDENT

Should Resident marry another Resident, he either may terminate the Residence and Services Agreement, release a single Residence back to Warwick Forest, receive any refund due, and become a party to the new spouse's Residence and Services Agreement. The Monthly Fee for the released Residence shall terminate upon vacancy, and the Monthly Fee for the Residence retained shall simultaneously be raised to the double occupancy level.

B. MARRIAGE TO A NON-RESIDENT

Should Resident marry a Non-Resident who satisfies the guidelines for acceptance as outlined in this Agreement, Warwick Forest will offer the Non-Resident the opportunity to become a party to this Residence and Services Agreement at an Entrance Fee equal to one-half of the then first person Entrance Fee and at the Double Occupancy Monthly Fee.

Qualifying for, but declining to become part of this Agreement, disqualifies the Non-Resident for residency at Warwick Forest. For those individuals who do not medically qualify for coverage under this Agreement, yet are able to live independently, Warwick Forest may offer alternate Residence and Services Agreements. Upon occupancy of the Residence by the new spouse, the Monthly Fee will then be raised to the two-person rate.

C. ADDITIONAL OCCUPANT TO RESIDENCE

1. Should a Resident wish to have a second person occupy the Residence who satisfies the guidelines for acceptance as outlined in this Agreement and who is not related by blood or marriage, Warwick Forest will offer that qualified non-Resident the opportunity to become a party to this Residence and Services Agreement at an Entrance Fee equal to one-half the then current first person Entrance Fee for the applicable Residence to be occupied and at the applicable and then current Double Occupancy Monthly Fee. An addendum to this agreement will be signed by both Residents indicating financial responsibility for the other and designating the division calculation of the applicable refund to each upon (vacating the Residence by the last occupant) termination of the Agreement by the last Resident.
2. Warwick Forest's acceptance of this second person shall be contingent upon his/her ability to meet the health, financial and general criteria for admission to Warwick Forest.

D. CHANGE OF RESIDENCE

After occupancy, if Resident applies in writing to Warwick Forest to move from one Residence to another of either a larger or smaller size, and Warwick Forest agrees to such a move, the following provisions shall apply:

1. **Upgrading:** Should Resident move from one Residence to a larger one, Resident will pay the difference in Entrance Fees from the current Entrance Fee then in effect for the smaller Residence to the Entrance Fee then in effect for the larger Residence. The calculation for any future refunds will be based on the date of original occupancy of the smaller Residence and the total Entrance Fee, and the Monthly Fee will be increased to that of the larger Residence at the time occupancy of the larger Residence commences.
2. **Downgrading:** If Resident moves from one Residence to a smaller Residence, there will not be a refund of the Entrance Fee paid. Any refund at the time the smaller Residence is vacated, however, will be calculated based on the original Entrance Fee paid. Resident's Monthly Fee will be reduced to that of the smaller Residence at the time occupancy of the smaller Residence commences, and the larger residence is vacated.
3. **Fees:** A Resident who moves from one Residence to another within Independent Living will be charged for the refurbishment of the Residence they are vacating to include painting and floor covering replacement costs.

ARTICLE V Resident Rights & Responsibilities

In addition to those rights and responsibilities noted elsewhere in this Agreement, the following also apply to you and any authorized guest of your Residence.

A. ADMISSION AND CONTINUED OCCUPANCY

Your acceptance as a Resident and your continued residency at Warwick Forest are based upon the following criteria:

1. You are a minimum of 55 years of age.
2. You are physically and mentally capable of living independently and meet the medical requirements of Warwick Forest both at the time of application and then again within 30 days prior to occupancy.
3. You are free of communicable diseases.
4. You possess the financial capabilities to meet your obligations to Warwick Forest for your expected lifetime (unless other arrangements have been made).
5. Your presence does not threaten the health, safety or well-being of others at Warwick Forest.
6. You agree to abide by the reasonable rules and regulations of Warwick Forest and the reasonable changes to those rules, which may be adopted later.
7. You respect the rights of other Residents.

B. PROPERTY RIGHTS

You understand and agree that this is an Agreement primarily for shelter and services. Though you are granted a right of occupancy, this Agreement is not a lease and you will have no right, title or interest in any of the real or personal property of Warwick Forest. Your rights under this Agreement may not be assigned, transferred, inherited or devised.

C. PRESERVATION OF RESIDENT'S ASSETS

At the request of Warwick Forest, you agree to make arrangements for the preservation and management of your financial resources by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Warwick Forest it appears that your continued management of your financial affairs may prevent you from meeting your financial obligations to Warwick Forest.

D. POWER OF ATTORNEY

You agree to execute and maintain in effect, a Durable Power of Attorney, valid under Virginia law. This Durable Power of Attorney shall designate as your attorney-in-fact, your spouse, a bank, lawyer, relative, or other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits, as fully and completely as you would if acting personally. It should be in a form which survives your incapacity or disability and be otherwise satisfactory to Warwick Forest. You will deliver a fully executed copy of this Durable Power of Attorney to Warwick Forest prior to occupancy of your Residence. Any advanced directives such as a "Living Will" should be filed with Warwick Forest upon occupancy.

E. RESIDENTS' ASSOCIATION

All Residents of Warwick Forest are members of the Residents' Association. The Administration will confer regularly with representatives of the Association about matters of interest and/or concern to the Residents.

F. GUESTS, ACCESS, AND USE BY NON-RESIDENTS

You will be free to invite guests to your Residence for visits. You may purchase meals for your guests at prevailing rates. Warwick Forest reserves the right to establish a visitor code of conduct. In general, the facilities and services of Warwick Forest are intended for the use of the Residents.

G. FURNISHINGS

You may furnish and use your Residence in accordance with applicable policies and procedures as well as within the zoning regulations and Virginia law.

H. HOUSEKEEPING

You agree to maintain your Residence in a clean, safe and orderly condition, as required by health and safety regulations, and to perform all usual light housekeeping. Warwick

Forest may deem necessary, at Resident's expense, such tasks required to return the Residence to a safe, clean and orderly condition if the day-to-day responsibilities of the Resident have been neglected.

I. OTHER RIGHTS

You have the right to enjoy Warwick Forest public areas and amenities on an equal basis with other Residents and to participate as you choose in planned activities or programs. Management programs for the common safety and security of all Residents will also be offered.

ARTICLE VI Warwick Forest Rights & Responsibilities

In addition to those rights and responsibilities of Warwick Forest noted elsewhere in this Agreement, the following also apply:

A. MANAGEMENT

Warwick Forest is responsible for the overall management and operation of Warwick Forest consistent with sound business practices and fairness to all Residents. Warwick Forest has the right to hire professional management services to meet this responsibility.

B. AUTHORITY FOR ADMISSIONS, DISMISSAL, AND FEES

Warwick Forest retains all authority regarding admission, dismissal, and adjustment of fees of Warwick Forest.

C. RIGHT OF ENTRY

Authorized employees shall be permitted into your Residence with reasonable notice at all reasonable times for housekeeping, maintenance, and inspection, and at any time in case of emergencies.

D. CONFIDENTIALITY

Warwick Forest has the right to request and receive medical and financial data from you that is in our sole judgment, necessary to carry out our responsibilities. Warwick Forest has the responsibility to keep all of the personal, medical, and financial information you have supplied to us in confidence, and it will only be shared with those who, in our opinion, have a need to know.

ARTICLE VII Termination Provisions

A. TERMINATION FOR CAUSE

Any one of the following conditions shall be cause for Warwick Forest to terminate this Agreement:

1. Non-payment by the Resident of the monthly fee or other periodic fees. (also, see Article VIII, Non-Payment of Fees).
2. Resident's failure to abide by the rules and regulations of Warwick Forest including such reasonable amendments as may be adopted from time to time.
3. Resident's health or behavior resulting in a threat to the health, safety, peace or well-being of the Resident or others.
4. Resident's material misstatements or failure to state a material fact in the Resident application, financial statement or health self-assessment filed with Warwick Forest
5. Warwick Forest shall give you reasonable notice of your termination date, and determination that your continued occupancy represents a violation of this Agreement or a threat to safety of others or of yourself shall be a factor in determining the reasonableness of that notice. You will further be given reasonable opportunity to cure within a reasonable period whatever conduct is alleged to warrant the cancellation of the Agreement. Refund provisions of this Agreement will apply less any outstanding debts of Resident to Warwick Forest.
6. Warwick Forrest is a smoke free facility. Smoking on the premises may be considered a material breach of this Agreement.

B. DEATH

In the event this Agreement is terminated due to your death, your estate will be responsible for the Monthly Fee until your Residence is vacated. Your estate will be responsible for moving any tangible personal property within thirty days (30) after your death. Should any property remain in your Residence after that date, you hereby authorize Warwick Forest to remove the property from your Residence and store it at the expense of your estate.

C. TERMINATION PRIOR TO OCCUPANCY

If Resident dies before occupying the Residence, or is precluded through illness, injury, or incapacity from becoming a Resident under the terms of the Residence and Services Agreement, the Agreement is automatically rescinded and the Resident or his legal representative shall receive a full refund of all money paid to Warwick Forest, except those costs specifically incurred by Warwick Forest at the request of the Resident and set forth in writing in a separate addendum, signed by both parties to the Agreement.

D. TERMINATION BY RESIDENT AFTER OCCUPANCY

1. Grace Period

In the event Resident terminates this Agreement in writing within 7 days of the execution date and surrenders the Residence within 7 days of the execution date, Resident shall be entitled to a full refund of the Entrance Fee. (The Application Fee of \$300 is not refundable).

2. Termination After Grace Period

Resident may terminate this Agreement by providing written notice to Warwick Forest. The Monthly Fee will continue until the Residence is vacated or 30 days has expired whichever is later. The selected Entrance Fee refund option of this Agreement will apply.

E. SPECIAL TERMS AND EXCEPTIONS

Upon termination by either you or Warwick Forest you agree to pay Warwick Forest all amounts owed to it, any reasonable expenses incurred in connection with the termination, which includes, but is not limited to: cost of any repairs, replacement of property, and painting or other refurbishment of your residence considered necessary by Warwick Forest in order to prepare it for a new Resident. Warwick Forest may offset any amounts owed it by you against any refund due. These costs do not include fair wear and tear.

ARTICLE VIII Non-Payment of Fees

If you become unable to pay the Monthly Fee for your Residence or the Health Services Resident Rate for reasons other than willful dissipation of your assets, Warwick Forest in our sole judgment, may elect to assist you in the identification and arrangement for funds from sources including, but not limited to, the Davis Fund (the internal benevolence fund), and public assistance from local, state and federal governments. You agree to assist us in the application for such support and to execute reasonable and necessary documents for this purpose. Additionally, any sums expended by Warwick Forest or the Davis Fund, plus interest at up to the maximum rate allowed by law, will represent a claim against you or your estate or against any Entrance Fee refund due at the time this Agreement is terminated. Nothing in this section should be construed as a guarantee of assistance or relief from the Resident's financial obligations to Warwick Forest.

ARTICLE IX Modification of Residence

Warwick Forest reserves the right to determine the serviceability and condition of carpeting, appliances, and all similar items provided by us in your Residence. You may apply in writing to and contract with Warwick Forest to make authorized modifications to your Residence at your expense and risk. Charges for such modifications will cover the complete cost of the work to be done and an additional charge to restore the Residence to its original condition upon your vacating the Residence, if in Warwick Forest's opinion, such modifications adversely affect the desirability of the Residence for re-occupancy. The modifications shall be done so as to create the least possible inconvenience to other Residents in Warwick Forest. Any modifications which result in permanent installation, shall become Warwick Forest's property upon installation and shall remain with your Residence when you vacate your Residence. You waive all rights to compensation for the modifications made to your Residence. If the modification requires additional maintenance, additional ongoing charges may apply.

ARTICLE X
Personal Injury or Loss of Property

A. INJURY OR DAMAGE BY YOU

You agree to reimburse Warwick Forest for any costs incurred or damages suffered by it resulting from your carelessness, negligence or wrongful acts, or that of your guests. You hereby release Warwick Forest from liability for your death, injury to your person or your property caused by any theft, fire, assault or other cause beyond the control of Warwick Forest and from liability resulting from the negligence or wrongful acts of other Residents and do waive any claim that may accrue to you arising against Warwick Forest therefrom.

B. INJURY BY A THIRD PARTY

In case of accident or injury to you caused by third parties you hereby agree to bring any claims or initiate legal action, if necessary, against the person who has caused injury to you for compensation for the injury. You hereby authorize and direct the person or firm designated by you as your attorney-in-fact to prosecute such claims or causes of action. After recovering damages from such claims or causes of action you agree to reimburse Warwick Forest for all costs and damages incurred by it (including reasonable costs of care furnished to you by Warwick Forest because of such accident or injury).

ARTICLE XI
Miscellaneous

A. STATEMENT OF NON-DISCRIMINATION

Neither race, nor color, nor sex, nor religion, nor national origin has any bearing upon your acceptance or rejection for residency, the execution of this Agreement, or normal conduct of business of Warwick Forest.

B. REPRESENTATIONS MADE BY RESIDENT

The application and the statements of your finances, personal data, and health self-assessment filed with Warwick Forest are incorporated into this Agreement and all statements therein are deemed to be true as of the date made. You represent that there have been no material changes in the information provided since the date of application. Any material misstatement, or any material omission to state a fact called for, may result in the termination of this Agreement by Warwick Forest.

C. REQUIREMENTS PRIOR TO OCCUPANCY

The following must be provided to Warwick Forest by the Resident prior to occupancy:

1. Proof of the required Medicare, TRICARE, and Supplemental Insurance coverage or their equivalent.
2. All required personal, confidential, financial, and medical information.
3. Copy of Durable Power of Attorney and Advanced Directives, if any.

4. Certification of name and address of the administrator or executor of your last will and testament and trustee, if any, and location of your last will and testament and trust, if any.
5. Signed authorization and payment for modifications (if any) to your Residence.
6. Execution of the Agreement.
7. Payment of the balance of your Entrance Fee and applicable Monthly Fee.

D. SUCCESSORS AND ASSIGNS

Resident responsibilities owed Warwick Forest under this Agreement shall inure to the benefits of its successors and assigns.

E. OTHER PROMISES

Warwick Forest representatives have made no other promises or representations regarding your Residence, facilities, refunds or services and this Agreement has precedence over the description of services in promotional materials or presentations. This Agreement constitutes the entire Agreement between you and Warwick Forest, and no waiver or modification shall be valid unless made in writing, signed by you and by Warwick Forest and attached herewith as a part of this Agreement.

In witness whereof, the parties hereto have executed this Agreement the day and year first above mentioned.

By: _____
Warwick Forest Representative

Resident(s): _____ Witness(es): _____

In and for Newport News, Commonwealth of Virginia, the foregoing instrument was acknowledged before me this _____ day of _____, 2022 by:

Notary Public

My Commission Expires



Warwick Forest
Combined LifeCare and LifePlan
Agreement

1004 Old Denbigh Blvd.
Newport News, VA 23602
(757) 886-2200

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This Agreement is made and entered into by and between Riverside Retirement Services, Inc., d/b/a Warwick Forest (“Warwick Forest”) and _____ (the “LifeCare Resident”) and _____ (the “R&S Resident”, together with the LifeCare Resident, the “Residents”)) this _____ day of _____, 2022.

WHEREAS, Warwick Forest and the LifeCare Resident has met the criteria for the LifeCare Residence and Services Agreement between Warwick Forest and the LifeCare Resident (the “Agreement”);

WHEREAS, the R&S Resident does not meet the criteria for the Resident Healthcare Services Rate under the LifeCare Residence and Services Agreement;

WHEREAS, the Residents have agreed to pay for all expenses related to health services for the R&S Resident; and

WHEREAS, Warwick Forest and the Residents desire to amend and revise certain terms of the Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE I Fees and Refunds

A. ENTRANCE FEE

1. Residence Number & Type

Resident has selected and shall have a personal non-assignable right to reside in Residence No. _____ Residence Type _____ (the “Residence”), subject to the conditions and terms of this Agreement.

2. Amount

In consideration of the continuing care program outlined in this Agreement and residency in the above described Residence, the Resident agrees to pay Warwick Forest the total amount of \$ _____ which if for two persons, the sum of \$ _____ shall be construed to be the Entrance Fee for the first person, and \$ _____ shall be construed to be the Entrance Fee for the second person. The Ten Percent (10%) deposit made at the time of the Reservation Agreement, or \$ _____ shall count towards the total Entrance Fee listed above. The balance due at the Closing Date is \$ _____.

The balance of the Entrance Fee shall be due and payable on the date that shall occur at least seven (7) days prior to the assigned occupancy date and at a date and time mutually agreeable to all parties (the “Closing Date”).

B. MONTHLY FEE

4. Current Amount

The current Monthly Fee associated with the Residence selected by the Resident is \$_____ per month for the first person occupying the Residence, plus \$_____ per month for the second person occupying the Residence. The Monthly Fee shall be paid to Warwick Forest in advance before occupancy and by the first day of each month. The Monthly Fee charges shall begin on the assigned occupancy date or 30 days after notice that the Residence is ready for occupancy, whichever is earlier, and shall be paid on a pro-rated-basis through the last day of the current month.

5. Statement

The Monthly Fee and any other applicable charges shall be considered delinquent if not paid after the tenth day of the month in which they are due. All delinquent accounts shall draw a finance charge at no more than the maximum rate allowed by law.

6. Adjustments

The Monthly Fee may be adjusted by Warwick Forest consistent with the cost of operating and maintaining Warwick Forest as well as the future service obligations of Warwick Forest and upon 30 days notice to the Resident. Initials:_____

C. ENTRANCE FEE

The refund option for your plan is outlined below. The option cannot be changed during the term of this Agreement or any subsequent Agreements as may be required due to a change in Residence. By signing this agreement you acknowledge that have you reviewed the current proposed pricing associated with the refund options and have selected the following Entrance Fee refund plan for purposes of this agreement.

BASE Plan (Declining Refund)

Should this Agreement be terminated by either party for any reason after the first calendar month from the execution date of this Agreement, the Entrance Fee paid (first person and second person) will be refunded to the Resident or the Resident's estate less 2% per calendar month calculated from the first month of occupancy. After 50 calendar months of occupancy, there will be no refund.

D. CALCULATION & PAYMENT OF ENTRANCE FEE REFUNDS

1. Calculation

For purposes of the above Plan no Entrance Fee refund will include amounts paid for improvements to the Residence, Monthly Fees or other periodic charges.

Any Entrance Fee refund shall not include interest that has accrued from the date the Resident's Entrance Fee was paid. Refunds for additional Entrance Fee paid after initial occupancy for such reasons as "upgrade" or marriage will be calculated from the date of original occupancy and this Agreement.

If Resident is already occupying a residence at Warwick Forest and/or this Agreement serves to supersede a prior Residence and Services Agreement, the Entrance Fee refund under this Agreement shall be calculated from the date of the original Agreement and/or the initial date of occupancy, whichever is earlier.

2. Payment of Refund

All refunds due under the Entrance Fee refund option will be made within ten business days after the last of the following: (i) this Agreement is terminated; (ii) your Residence has been vacated; and (iii) your Residence is occupied by a new Resident.

PET REGISTRATION

Residents with pets must register with Resident Services by completing the “Pet Registration Form.” Pets must be properly vaccinated and licensed/registered in residing jurisdiction. Pet owner will have in force liability in the minimum amount of \$100,000 covering the action of a pet. A onetime nonrefundable \$500 pet fee is required. **Initials** _____

**ARTICLE II
Continuing Care Program**

The Continuing Care Program provided by Warwick Forest in this Agreement includes the use of a number of services and facilities. Outlined below is a description of those services and facilities.

A. SERVICES AND FACILITIES

1. Residence

Subject to the terms of this Agreement, the Resident has the non-assignable right to reside in the previously described Residence for the remainder of the Resident’s life or in the event Resident is more than one person, for the remainder of the life of the survivor. Carpet and floor treatments, refrigerator, range/oven, washer/dryer, garbage disposal, microwave, and a dishwasher, shall be furnished by Warwick Forest. The Resident shall provide all other furnishings for the Residence.

2. Dining Plan

Dining Services offers three meals a day, seven days a week. Residents may choose to eat any or all meals each day. Residents will receive a meal credit on a quarterly basis. The meal credits are the equivalent to one dinner meal a day that consists of a beverage, soup or salad, one entrée with a choice of two vegetables, bread and a desert. In addition to any menu item the meal credit can also be used for guests and bar charges. Residents away from the campus 21 cumulative days or more during the quarter will receive a meal refund.

3. Housekeeping

Resident’s Residence will be cleaned once each week. This cleaning includes vacuuming floor surfaces that are accessible, light dusting on surfaces free of clutter, and necessary cleaning of bathroom and kitchen counters and fixtures. Additionally, heavier housekeeping services such as window washing and floor maintenance will be performed on a scheduled basis. Other housekeeping tasks such as dishwashing,

laundry, bed making, etc., are the responsibility of the Resident but can be provided by Warwick Forest on an available basis at an additional charge.

4. Maintenance

Repairs, maintenance and replacements of property and equipment owned by Warwick Forest shall be performed and provided by Warwick Forest to keep such property and equipment in good repair and order as deemed necessary by Warwick Forest. The above work also includes custodial services for all public spaces and appropriate grounds maintenance. Repairs to Resident's personal possessions are the responsibility of the Resident.

5. Utilities

Utilities reasonably required in connection with the occupancy of the Residence, including water, sewer, heating, air-conditioning, electricity, and trash removal are included in the fees. The Residence telephone, internet services and cable T.V. charges are the responsibility of the Resident.

6. Security

Warwick Forest will use reasonable care in providing security on the premises including the use of personnel dedicated to that purpose, but will not be responsible for losses of personal property.

7. Emergency Response

Each Residence will be equipped with emergency response systems which, when activated, will summon assistance from Warwick Forest.

8. Property Insurance

Warwick Forest insures property and equipment against reasonable losses. Personal property and personal liability insurance for Residents are the responsibility of the Resident.

9. Taxes

Warwick Forest pays all real estate, property, and use taxes on all Warwick Forest property and any applicable business operations. The Resident is responsible for his/her own personal property taxes and personal income taxes.

10. Parking

Parking spaces have been provided in sufficient number to allow one car per Residence. Additional parking spaces for Residents, guests and staff are also provided and have been designed to be in close proximity to the ultimate user.

Residents of the Manchester and Stratford Apartments will be provided access to one covered parking space designed to be in close proximity to the Residence. Additional parking spaces for Residents, guests and staff of the Manchester and Stratford Apartments are also provided and have been designed to be in close proximity to the ultimate user.

11. Additional Storage

Apartment Residents without a designated storage space in the Residence shall have one additional secured storage space in the public area.

12. Scheduled Transportation

Regularly scheduled trips in Warwick Forest vehicles to nearby shopping and “other popular destinations” will be covered by the Resident fees. Other special trips may be arranged at a nominal charge depending on demand.

13. Planned Recreation, Wellness, and Activity Programs

Social, cultural and recreational activities will be provided or arranged by Warwick Forest staff and made available to Residents. Participation is strictly voluntary.

14. Congregate Facilities

Residents shall have the right to the use and enjoyment, in concert with others, of the indoor and outdoor public areas and recreational facilities at no extra charge. Exceptions to this right will be a fee for use of certain spaces and purchases of supplies, merchandise and expendables by Residents and their guests for private purposes.

15. Wellness Clinic

The Resident Wellness Clinic is staffed by a licensed nurse who will provide at no charge certain diagnostic monitoring and health promotion services. This individual can also, with the Resident’s physicians’ involvement, assist in coordinating the Resident’s health care services. Payment for any services arranged by the Wellness Clinic, which involve charges by other health professionals, are the responsibility of the Resident.

16. Long-Term Health Care

Warwick Forest provides LifeCare Resident a lifetime guarantee of long-term health care. Both Residents are guaranteed priority access to certain accommodations in the Keswick Place Assisted Living or the on-site Lifelong Health and Rehabilitation Warwick Forest if ordered by a physician and approved by the Health Services Director. LifeCare Resident is also guaranteed discounted rates in these Long Term Care areas (see Article III “Warwick Forest Health Services”).

Notwithstanding the foregoing, of the R&S Resident shall need accommodations in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and the associated health care services, the R&S Resident shall pay the Warwick Forest published daily market rates for care services then in effect at the time the services are requested.

B. SERVICES AVAILABLE AT EXTRA CHARGE

1. Meals, in addition to the Flex Plan credit.
2. Guest Meals & Rooms
3. Additional Housekeeping
4. Individual Telephone Use
5. Cable T.V. Channels/Plans
6. Special Events or Transportation
7. Variable Costs for Crafts Supplies

8. Services of Any On-Site Private Vendors (Such as: Barber, Beautician, etc.)
9. Catering or Set-up / Clean-up Services
10. Health Services Not Included in the Health Care Rate.
11. Other services may be made available.
12. Health Services for R&S Resident.

Thirty days notice will be provided of any changes in the scope of care or services.

C. EXCLUSIONS

Warwick Forest will at no time be responsible for the debts of a Resident or with regard to the LifeCare Resident for medical expenses incurred for services or items not covered by the Health Services Resident Rate (see Article III B). Warwick Forest will at no time be responsible for medical expenses incurred for services for the R&S Resident.

ARTICLE III Warwick Forest Health Services

A. ACCESS

Warwick Forest offers on-site licensed care through its Keswick Place Assisted Living and Lifelong Health and Rehabilitation Warwick Forest, or other Riverside facilities. If any such licensed levels of care are not available on-site, or if such space is occupied and not immediately available, Warwick Forest will contract for such space off-site and provide Resident access for such space until that service can be provided by the community.

B. CHARGES

1. LifeCare Resident agrees to pay the Health Services Resident Rate for any temporary stay beyond the 10 "Benefit" days (see Temporary stay, Section C.1) and any permanent stay in any level of care in the Health Services or for the equivalent contracted services off-

site as described above; The R&S Resident agrees to pay the current (published daily market rates) for any temporary stay and any permanent stay in any level of care in the Health Services or for the equivalent contracted service off-site as described above.

2. The Health Services Resident Rate, for the LifeCare Resident, for _____ is \$_____ per month. The Health Services Resident Rate shall be adjusted annually by Warwick Forest to account for inflation and consistent with the cost of operating and maintaining Warwick Forest as well as the future service obligations of Warwick Forest. The Health Services Resident Rate includes the cost of the LifeCare Resident's stay in a Type A, B, C Assisted Living Residence, or a semi-private room at Lifelong Health and Rehabilitation Warwick Forest bed, including nursing care and meals. The rate does not cover additional services you may need including but not limited to, prescription medicine, medical equipment and supplies, ambulance charges, nutritional supplements, special nursing care and barber/beauty services.

3. The Health Services Resident Rate for the LifeCare Resident shall be calculated on a pro-rata daily basis for a partial month stay. Should the need of permanent Health Services arise, under this Agreement the LifeCare Resident agrees to pay the Health Services Resident Rate (See Section B.2) for as long as those services are needed. The daily market rate for the R&S Resident shall be calculated on a pro-rata daily basis for a partial month stay. Should the need of permanent Health Services arise, under this Agreement, the R&S Resident agrees to pay the daily market rate for as long as those services are needed.
4. If one Assisted Living suite is occupied by a couple, the applicable Monthly Fee will be the Health Services Resident Rate (for the LifeCare Resident) plus 2/3 of the daily market rate (for the R&S Resident). Once a single Resident occupies the suite, the Health Services Resident Rate or the **full** daily market rate that applies to that person's contract will be charged.
5. If a Resident occupies both an Assisted Living suite and a room at The Gardens simultaneously, Resident will be billed on a pro-rated basis for partial months.

C. RETENTION OF RESIDENCE DURING STAY IN HEALTH CARE FACILITIES

The following outlines the effect of your stay in the Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest on the Resident's Monthly Fee.

1. Temporary Stay

Over the course of the Residence and Services Agreement, the LifeCare Resident is entitled to up to 10 "Benefit" days of Assisted Living or nursing facility care for temporary stays in a Type A, B, C Assisted Living Suite or semi-private Convalescent Center accommodations at no additional charge. During this time, the LifeCare

Resident will be responsible for "additional charges" not included in the Health Services Resident Rate (see Article III, Section B). During a temporary stay in the Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, the LifeCare Resident will continue to pay the Monthly Fee for the Residence plus the Health Services Resident Rate following the use of the 10 benefit days. During a temporary stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest the R&S Resident will continue to pay the Monthly Fee for the Residence plus the daily market rate for the care received at Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest.

2. Permanent Stay

If Warwick Forest in its sole discretion, but after consultation with Resident, Resident's family and personal physician, determines that Resident is physically or mentally incapable of living independently for the foreseeable future, the Resident will be deemed to have permanent status at Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and pay the Health Services Resident Rate in the case of the LifeCare Resident or the appropriate daily market

rate in the case of the R&S Resident. In the case of a single Resident, the Resident will release the Residence to Warwick Forest. The Resident's Monthly Fee will terminate the date the Residence is vacated. Once permanent status in Lifelong Health and Rehabilitation Warwick Forest has been determined, the Residence must be vacated within 30 days. In the case of a couple where one Resident's stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest becomes permanent, the Resident remaining in the Residence will pay the first person Monthly Fee. In the case of a couple where both Residents are on permanent status in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, the Residents will release the Residence to Warwick Forest and cease to pay the Monthly Fee on the date the Residence is Vacated. A Resident who has transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest who has not vacated his or her Residence in accordance with this Agreement, shall continue to pay the then current Resident's Monthly Fee for his or her Residence until such time as the

Residence is vacated. In the case of dual occupancy when one Resident is transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, such Resident shall pay either the then current single person Health Services Resident Rate or the daily market rate, whichever is applicable to such Resident, while the Resident remaining in the Residence shall pay the then current first person Monthly Fee associated with their Residence. If both Residents are transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and surrender their Residence in accordance with this Agreement, the LifeCare Resident shall pay the then current first person Health Services Resident Rate and the R&S Resident shall pay the daily market rate. The Residence must be vacated within 30 days of the date the last Resident has been deemed to have permanent Convalescent Care status. If personal belongings are not removed by that time, property may be removed by Warwick Forest and stored at Resident's expense. For purposes of this Agreement, "Vacated" shall mean all of the Resident's personal belongings shall be removed from the Residence and the Residence shall be returned to the condition it was in prior to the Resident residing in it.

3. Recovery from a Permanent Stay

Should you release your Residence to Warwick Forest for a permanent stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and later be judged by Warwick Forest to be capable of living independently again, you will be offered the next available Residence of the type and size equivalent to that last occupied. If you wish to return to a different type and size Residence, the Upgrading or Downgrading provisions of Article IV, Section D will apply.

D. HEALTH CARE INSURANCE

1. Resident agrees to procure and maintain Medicare Parts A and Part B, and a Medicare Supplement Plan or equivalent hospital and medical insurance coverage (e.g. TRICARE for Life).
2. If Resident is entitled to medical care or payment by insurance or government agencies, the Resident shall make application for such care or payment.

3. Resident shall authorize, as necessary, any provider of hospitalization, medical or other health services to receive reimbursement under the above Medicare, TRICARE, and Supplemental insurance programs.

ARTICLE IV Change in Resident Status

A. MARRIAGE TO ANOTHER RESIDENT

Should Resident marry another Resident, either may terminate the Residence and Services Agreement, release a single Residence back to Warwick Forest, receive any refund due, and become a party to the new spouse's Residence and Services Agreement. The Monthly Fee for the released Residence shall terminate upon vacancy, and the Monthly Fee for the Residence retained shall simultaneously be raised to the double occupancy level.

B. MARRIAGE TO A NON-RESIDENT

Should Resident marry a Non-Resident who satisfies the guidelines for acceptance as outlined in this Agreement, Warwick Forest will offer the Non-Resident the opportunity to become a party to this Residence and Services Agreement at an Entrance Fee equal to one-half of the then first person Entrance Fee and at the Double Occupancy Monthly Fee.

Qualifying for, but declining to become part of this Agreement, disqualifies the Non-Resident for residency at Warwick Forest. For those individuals who do not medically qualify for coverage under this Agreement, yet are able to live independently, Warwick Forest may offer the Alternate Residence and Services Agreements. Upon occupancy of the Residence by the new spouse, the Monthly Fee will then be raised to the two-person rate.

C. ADDITIONAL OCCUPANT TO RESIDENCE

1. Should a Resident wish to have a second person occupy the Residence who satisfies the guidelines for acceptance as outlined in this Agreement and who is not related by blood or marriage, Warwick Forest will offer that qualified non-Resident the opportunity to become a party to this Residence and Services Agreement at an Entrance Fee equal to one-half the then current first person Entrance Fee for the applicable Residence to be occupied and at the applicable and then current Double Occupancy Monthly Fee. An addendum to this agreement will be signed by both Residents indicating financial responsibility for the other and designating the division calculation of the applicable refund to each upon (vacating the Residence by the last occupant) termination of the Agreement by the last Resident.
2. Warwick Forest's acceptance of this second person shall be contingent upon his/her ability to meet the health, financial and general criteria for admission to Warwick Forest.

D. CHANGE OF RESIDENCE

After occupancy, if Resident applies in writing to Warwick Forest to move from one Residence to another of either a larger or smaller size, and Warwick Forest agrees to such a move, the following provisions shall apply:

1. **Upgrading:** Should Resident move from one Residence to a larger one, Resident will pay the difference in Entrance Fees from the current Entrance Fee then in effect for the smaller Residence to the Entrance Fee then in effect for the larger Residence. The calculation for any future refunds will be based on the date of original occupancy of the smaller Residence and the total Entrance Fee, and the Monthly Fee will be increased to that of the larger Residence at the time occupancy of the larger Residence commences.
2. **Downgrading:** If Resident moves from one Residence to a smaller Residence, there will not be a refund of the Entrance Fee paid. Any refund at the time the smaller Residence is vacated, however, will be calculated based on the original Entrance Fee paid. Resident's Monthly Fee will be reduced to that of the smaller Residence at the time occupancy of the smaller Residence commences, and the larger residence is vacated.
3. **Fees:** A Resident who moves from one Residence to another within Independent Living will be charged for the refurbishment of the Residence they are vacating to include painting and floor covering replacement costs.

ARTICLE V Resident Rights & Responsibilities

In addition to those rights and responsibilities noted elsewhere in this Agreement, the following also apply to you and any authorized guest of your Residence.

A. ADMISSION AND CONTINUED OCCUPANCY

Your acceptance as a Resident and your continued occupancy at Warwick Forest are based upon the following criteria:

1. You are a minimum of 60 years of age.
2. You are physically and mentally capable of living independently and meet the medical requirements of Warwick Forest both at the time of application and again 30 days prior to occupancy.
3. You are free of communicable diseases.
4. You possess the financial capabilities to meet your obligations to Warwick Forest for your expected lifetime (unless other arrangements have been made).
5. Your presence does not threaten the health, safety or well-being of others at Warwick Forest.
6. You agree to abide by the reasonable rules and regulations of Warwick Forest and the reasonable changes to those rules, which may be adopted later.
7. You respect the rights of other Residents.

B. PROPERTY RIGHTS

You understand and agree that this is an Agreement primarily for shelter and services. Though you are granted a right of occupancy, this Agreement is not a lease and you will have no right, title or interest in any of the real or personal property of Warwick Forest. Your rights under this Agreement may not be assigned, transferred, inherited or devised.

C. PRESERVATION OF RESIDENT'S ASSETS

At the request of Warwick Forest, you agree to make arrangements for the preservation and management of your financial resources by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Warwick Forest it appears that your continued management of your financial affairs may prevent you from meeting your financial obligations to Warwick Forest.

D. POWER OF ATTORNEY

You agree to execute and maintain in effect, a Durable Power of Attorney, valid under Virginia law. This Durable Power of Attorney shall designate as your attorney-in-fact, your spouse, a bank, lawyer, relative, or other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits, as fully and completely as you would if acting personally. It should be in a form which survives your incapacity or disability and be otherwise satisfactory to Warwick Forest. You will deliver a fully executed copy of this Durable Power of Attorney to Warwick Forest prior to occupancy of your Residence. Any advanced directives such as a "Living Will" should be filed with Warwick Forest upon occupancy.

E. RESIDENTS' ASSOCIATION

All Residents of Warwick Forest are members of the Residents' Association. The Administration will confer regularly with representatives of the Association about matters of interest and/or concern to the Residents.

F. GUESTS, ACCESS, AND USE BY NON-RESIDENTS

You will be free to invite guests to your Residence for visits. You may purchase meals for your guests at prevailing rates. Warwick Forest reserves the right to establish a visitor code of conduct. In general, the facilities and services of Warwick Forest are intended for the use of the Residents.

G. FURNISHINGS

You may furnish and use your Residence in accordance with applicable policies and procedures as well as within the zoning regulations and Virginia law.

H. HOUSEKEEPING

You agree to maintain your Residence in a clean, safe and orderly condition, as required by health and safety regulations, and to perform all usual light housekeeping. Warwick

Forest may deem necessary, at Resident's expense, such tasks required to return the Residence to a safe, clean and orderly condition if the day-to-day responsibilities of the Resident have been neglected.

I. OTHER RIGHTS

You have the right to enjoy Warwick Forest public areas and amenities on an equal basis with other Residents and to participate as you choose in planned activities or programs. Management programs for the common safety and security of all Residents will also be offered.

ARTICLE VI Warwick Forest Rights & Responsibilities

In addition to those rights and responsibilities of Warwick Forest noted elsewhere in this Agreement, the following also apply:

A. MANAGEMENT

Warwick Forest is responsible for the overall management and operation of Warwick Forest consistent with sound business practices and fairness to all Residents. Warwick Forest has the right to hire professional management services to meet this responsibility.

B. AUTHORITY FOR ADMISSIONS, DISMISSAL, AND FEES

Warwick Forest retains all authority regarding admission, dismissal, and adjustment of fees of Warwick Forest.

C. RIGHT OF ENTRY

Authorized employees shall be permitted into your Residence with reasonable notice at all reasonable times for housekeeping, maintenance, and inspection, and at any time in case of emergencies.

D. CONFIDENTIALITY

Warwick Forest has the right to request and receive medical and financial data from you that is in our sole judgment, necessary to carry out our responsibilities. Warwick Forest has the responsibility to keep all of the personal, medical, and financial information you have supplied to us in confidence, and it will only be shared with those who, in our opinion, have a need to know.

ARTICLE VII Termination Provisions

A. TERMINATION FOR CAUSE

Any one of the following conditions shall be cause for Warwick Forest to terminate this Agreement:

1. Resident's failure to perform obligations under this contract including the obligation to pay Monthly Fees and other charges (also see Article VIII, Non-Payment of Fees).
2. Resident's failure to abide by the rules and regulations of Warwick Forest including such reasonable amendments as may be adopted from time to time.
3. Resident's health or behavior resulting in a threat to the health, safety, peace or well-being of the Resident or others.
4. Resident's material misstatements or failure to state a material fact in the Resident application, financial statement or health self-assessment filed with Warwick Forest.
5. Warwick Forrest is a smoke free facility. Smoking on the premises may be considered a material breach of this Agreement

Warwick Forest shall give you reasonable notice of your termination date, and determination that your continued occupancy represents a violation of this Agreement or a threat to safety of others or of yourself shall be a factor in determining the reasonableness of that notice. You will further be given reasonable opportunity to cure within a reasonable period whatever conduct is alleged to warrant the cancellation of the Agreement. Refund provisions of this Agreement will apply less any outstanding debts of Resident to Warwick Forest.

B. DEATH

In the event this Agreement is terminated due to your death, your estate will be responsible for the Monthly Fee until your Residence is vacated. Your estate will be responsible for moving any tangible personal property within thirty days (30) after your death. Should any property remain in your Residence after that date, you hereby authorize Warwick Forest to remove the property from your Residence and store it at the expense of your estate.

C. TERMINATION PRIOR TO OCCUPANCY

If Resident dies before occupying the Residence, or is precluded through illness, injury, or incapacity from becoming a Resident under the terms of the Residence and Services Agreement, the Agreement is automatically rescinded and the Resident or his legal representative shall receive a full refund of all money paid to Warwick Forest, except those costs specifically incurred by Warwick Forest at the request of the Resident and set forth in writing in a separate addendum, signed by both parties to the Agreement.

D. TERMINATION BY RESIDENT AFTER OCCUPANCY

1. Grace Period

In the event Resident terminates this Agreement in writing within 7 days of the execution date and surrenders the Residence within 7 days of the execution date, Resident shall be entitled to a full refund of the Entrance Fee.

2. Termination after Grace Period

Resident may terminate this Agreement by providing written notice to Warwick Forest. The Monthly Fee will continue until the Residence is vacated or 30 days has expired whichever is later. The selected Entrance Fee refund option of this Agreement will apply.

E. SPECIAL TERMS AND EXCEPTIONS

Upon termination by either you or Warwick Forest you agree to pay Warwick Forest all amounts owed to it, any reasonable expenses incurred in connection with the termination, which includes, but is not limited to: cost of any repairs, replacement of property, and painting or other refurbishment of your residence considered necessary by Warwick Forest in order to prepare it for a new Resident. Warwick Forest may offset any amounts owed it by you against any refund due. These costs do not include fair wear and tear.

**ARTICLE VIII
Non-Payment of Fees**

If you become unable to pay the Monthly Fee for your Residence or the Health Services Resident Rate for reasons other than willful dissipation of your assets, Warwick Forest in our sole judgment, may elect to assist you in the identification and arrangement for funds from sources including, but not limited to, the Davis Fund (the internal benevolence fund), and public assistance from local, state and federal governments. You agree to assist us in the application for such support and to execute reasonable and necessary documents for this purpose. Additionally, any sums expended by Warwick Forest or the Davis Fund, plus interest at up to the maximum rate allowed by law, will represent a claim against you or your estate or against any Entrance Fee refund due at the time this Agreement is terminated. Nothing in this section should be construed as a guarantee of assistance or relief from the Resident's financial obligations to Warwick Forest.

**ARTICLE IX
Modification of Residence**

Warwick Forest reserves the right to determine the serviceability and condition of carpeting, appliances, and all similar items provided by us in your Residence. You may apply in writing to and contract with Warwick Forest to make authorized modifications to your Residence at your expense and risk. Charges for such modifications will cover the complete cost of the work to be done and an additional charge to restore the Residence to its original condition upon your vacating the Residence, if in Warwick Forest's opinion, such modifications adversely affect the desirability of the Residence for re-occupancy. The modifications shall be done so as to create the least possible inconvenience to other Residents in Warwick Forest. Any modifications which result in permanent installation, shall become Warwick Forest's property upon installation and shall remain with your Residence when you vacate your Residence. You waive all rights to compensation for the modifications made to your Residence. If the modification requires additional maintenance, additional ongoing charges may apply.

ARTICLE X
Personal Injury or Loss of Property

A. INJURY OR DAMAGE BY YOU

You agree to reimburse Warwick Forest for any costs incurred or damages suffered by it resulting from your carelessness, negligence or wrongful acts, or that of your guests. You hereby release Warwick Forest from liability for your death, injury to your person or your

property caused by any theft, fire, assault or other cause beyond the control of Warwick Forest and from liability resulting from the negligence or wrongful acts of other Residents and do waive any claim that may accrue to you arising against Warwick Forest therefrom.

B. INJURY BY A THIRD PARTY

In case of accident or injury to you caused by third parties you hereby agree to bring any claims or initiate legal action, if necessary, against the person who has caused injury to you for compensation for the injury. You hereby authorize and direct the person or firm designated by you as your attorney-in-fact to prosecute such claims or causes of action. After recovering damages from such claims or causes of action you agree to reimburse Warwick Forest for all costs and damages incurred by it (including reasonable costs of care furnished to you by Warwick Forest because of such accident or injury).

ARTICLE XI
Miscellaneous

A. STATEMENT OF NON-DISCRIMINATION

Neither race, nor color, nor sex, nor religion, nor national origin has any bearing upon your acceptance or rejection for residency, the execution of this Agreement, or normal conduct of business of Warwick Forest.

B. REPRESENTATIONS MADE BY RESIDENT

The application and the statements of your finances, personal data, and health self-assessment filed with Warwick Forest are incorporated into this Agreement and all statements therein are deemed to be true as of the date made. You represent that there have been no material changes in the information provided since the date of application. Any material misstatement, or any material omission to state a fact called for, may result in the termination of this Agreement by Warwick Forest.

C. REQUIREMENTS PRIOR TO OCCUPANCY

The following must be provided to Warwick Forest by the Resident prior to occupancy:

1. Proof of the required Medicare, TRICARE, and Supplemental Insurance coverage or their equivalent.

2. All required personal, confidential, financial, and medical information.
3. Copy of Durable Power of Attorney and Advanced Directives, if any.
4. Certification of name and address of the administrator or executor of your
 - a. last will and testament and trustee, if any, and location of your last will and testament and trust, if any.
5. Signed authorization and payment for modifications (if any) to your Residence.
6. Execution of the Agreement.
7. Payment of the balance of your Entrance Fee and applicable Monthly Fee.

D. SUCCESSORS AND ASSIGNS

Resident responsibilities owed Warwick Forest under this Agreement shall inure to the benefits of its successors and assigns.

E. OTHER PROMISES

Warwick Forest representatives have made no other promises or representations regarding your Residence, facilities, refunds or services and this Agreement has precedence over the description of services in promotional materials or presentations. This Agreement constitutes the entire Agreement between you and Warwick Forest, and no waiver or modification shall be valid unless made in writing, signed by you and by Warwick Forest and attached herewith as a part of this Agreement.

In witness whereof, the parties hereto have executed this Agreement the day and year first above mentioned.

By: _____
Warwick Forest Representative

Resident(s): _____ Witness(es): _____

In and for Newport News, Commonwealth of Virginia, the foregoing instrument was acknowledged before me this _____ day of _____, 2022 by:

Notary Public

My Commission Expires



Warwick Forest LifePlan Agreement

**1004 Old Denbigh Blvd.
Newport News, VA 23602
(757) 886-2200**

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This LifePlan Agreement (“Agreement”) is made and entered into by and between Riverside Retirement Services, Inc. (hereinafter referred to as “Warwick Forest”) and _____ (hereinafter referred to as “Resident” or “you” (whether one or more persons) this ___ day of _____, 2022.

ARTICLE I Fees and Refunds

A. ENTRANCE FEE

1. Residence Number & Type

Resident has selected and shall have a personal non-assignable right to reside in Residence No. ____/Residence Type _____ (the “Residence”), subject to the conditions and terms of this Agreement.

2. Amount

In consideration of the continuing care program outlined in this Agreement and residency in the above described Residence, the Resident agrees to pay Warwick Forest the total amount of \$_____ which if for two persons, the sum of \$_____ shall be construed to be the Entrance Fee for the first person, and \$_____ shall be construed to be the Entrance Fee for the second person. Resident’s deposit of ten percent (10%) of the Entrance Fee shall be made at the time the Resident agrees to reserve the Residence (the “Deposit”). The Deposit will be applied towards payment of the Entrance Fee. The balance due at the Closing Date (defined below) is \$_____.

Except as otherwise provided in a Financing Arrangement, the balance of the Entrance Fee shall be due and payable on the date that shall occur at least seven (7) days prior to the assigned occupancy date and at a date and time mutually agreeable to all parties (the “Closing Date”).

The Entrance Fee principle amount above will not change during the duration of this Agreement, unless the Resident chooses to upgrade to a larger residence (see “Change of Residence”, Article IV, Section D).

B. MONTHLY FEE

1. Current Amount

The current Monthly Fee associated with the Residence selected by the Resident is \$_____ per month for the first person occupying the Residence, plus \$_____ per month for the second person occupying the Residence. The Monthly Fee shall be paid to Warwick Forest in advance before occupancy and by the first day of each month. The Monthly Fee charges shall begin on the assigned occupancy date or 30 days after notice that the Residence is ready for occupancy, whichever is earlier, and shall be paid on a pro-rated-basis through the last day of the current month.

2. **Statement**

The Monthly Fee and any other applicable charges shall be considered delinquent if not paid after the tenth day of the month in which they are due. All delinquent accounts shall draw a finance charge at no more than the maximum rate allowed by law.

3. **Adjustments**

The Monthly Fee may be adjusted by Warwick Forest consistent with the cost of operating and maintaining Warwick Forest as well as the future service obligations of Warwick Forest and upon 30 days notice to the Resident.

C. ENTRANCE FEE

Three different refund options are listed below. Only one refund option will apply for purposes of this Agreement. The option selected cannot be changed during the term of this Agreement or any subsequent Agreements as may be required due to a change in Residence. Resident has reviewed the current proposed pricing associated with these options and have selected the following Entrance Fee refund plan for purposes of this agreement (please initial next to the chosen plan).

1. **BASE Plan** (Declining Refund)

Choice 1 _____ Initials: _____ or **Choice 2** _____ Initials: _____

Should this Agreement be terminated by either party for any reason after the first 30 days from the execution date of this Agreement, the Entrance Fee paid (first person and second person) will be refunded to the Resident or the Resident’s estate less 2% per calendar month calculated from the first month of occupancy. After 50 calendar months of occupancy, there will be no refund.

2. **Plan 90:** _____ Initials: _____

Should this Agreement be terminated by either party for any reason after the execution date of this Agreement and before the end of the first 30 days from the execution date of this Agreement, the Entrance Fee paid (first person and second person) will be refunded to the Resident or the Resident’s estate in full.

Should this Agreement be terminated by the Resident or Warwick Forest for any reason after the first 30 days from the execution date of this Agreement, the Entrance Fee paid will be refunded, at 90% of the Entrance Fee paid (first person and second person), regardless of the length of time thereafter that the Agreement remains in force.

For actuarial reasons, Plan 90 availability and rates are age-rated based on age at occupancy. Plan 90 is available at baseline rates to single Residents and couples if all individuals are under age 81, and available at higher rates to single Residents and couples where at least one individual is at least age 81 but not yet 86. Plan 90 is not available to single Residents and couples where any individual is age 86 or higher.

3. **Plan 50:** _____ **Initials:** _____

Should this Agreement be terminated by either party for any reason after the execution date of this Agreement and before the end of the first 30 days from the execution date of this Agreement, the Entrance Fee paid (first person and second person) will be refunded to the Resident or the Resident's estate in full.

Should this Agreement be terminated by the Resident or Warwick Forest for any reason after the first 30 days from the execution date of this Agreement, the Entrance Fee paid will be refunded, minus two percent (2%) per month of occupancy, but not less than 50% of the Entrance Fee paid.

For actuarial reasons, Plan 50 availability and rates are age-rated based on age at occupancy. Plan 50 is available at baseline rates to single Residents and couples if all individuals are under age 81, and available at higher rates to single Residents and couples where at least one individual is at least age 81 but not yet 86. Plan 90 is not available to single Residents and couples where any individual is 86 or higher.

D. CALCULATION & PAYMENT OF ENTRANCE FEE REFUNDS

1. **Calculation**

For purposes of the above Plan, no Entrance Fee refund will include amounts paid for improvements to the Residence, Monthly Fees or other periodic charges.

Any Entrance Fee refund shall not include interest that has accrued from the date the Resident's Entrance Fee was paid. Refunds for additional Entrance Fee paid after initial occupancy for such reasons as "upgrade" or marriage will be calculated from the date of original occupancy and this Agreement.

2. **Payment of Refund**

All refunds due under the Entrance Fee refund option will be made within six (6) weeks after the last of the following: (i) this Agreement is terminated; (ii) your Residence has been vacated; and (iii) your Residence is occupied by a new Resident.

PET REGISTRATION

Residents with pets must register with Resident Services by completing the "Pet Registration Form." Pets must be properly vaccinated and licensed/registered in residing jurisdiction. Pet owner will have in force liability in the minimum amount of \$100,000 covering the action of a pet. A onetime nonrefundable \$500 pet fee is required. **Initials** _____

ARTICLE II Continuing Care Program

The Continuing Care Program provided by Warwick Forest in this Agreement includes the use of a number of services and facilities. Outlined below is a description of those services and facilities.

A. SERVICES AND FACILITIES

1. Residence

Subject to the terms of this Agreement, the Resident has the non-assignable right to reside in the previously described Residence for the remainder of the Resident's life or in the event Resident is more than one person, for the remainder of the life of the survivor. Carpet and floor treatments, refrigerator, range/oven, washer/dryer, garbage disposal, microwave, and a dishwasher, shall be furnished by Warwick Forest. The Resident shall provide all other furnishings for the Residence.

2. Dining Plan

Dining Services Department offers three meals a day, seven days a week. Residents may choose to eat any or all meals each day. Residents will receive a meal credit on a quarterly basis. The meal credits are the equivalent to one dinner meal a day that consists of a beverage, soup or salad, one entrée with a choice of two vegetables, bread and a dessert. In addition to any menu item the meal credit can also be used for guests and bar charges. Residents away from the campus 21 days or more during the quarter may request a meal refund.

3. Housekeeping

Resident's Residence will be cleaned once each week. This cleaning includes vacuuming floor surfaces that are accessible, light dusting on surfaces free of clutter, and necessary cleaning of bathroom and kitchen counters and fixtures. Additionally, heavier housekeeping services such as window washing and floor maintenance will be performed on a scheduled basis. Other housekeeping tasks such as dishwashing, laundry, bed making, etc., are the responsibility of the Resident but can be provided by Warwick Forest on an available basis at an additional charge.

4. Maintenance

Repairs, maintenance and replacements of property and equipment owned by Warwick Forest shall be performed and provided by Warwick Forest to keep such property and equipment in good repair and order as deemed necessary by Warwick Forest. The above work also includes custodial services for all public spaces and appropriate grounds maintenance. Repairs to Resident's personal possessions are the responsibility of the Resident.

5. Utilities

Utilities reasonably required in connection with the occupancy of the Residence, including water, sewer, heating, air-conditioning, electricity, and trash removal are included in the fees. Residence telephone cable T.V. and internet service charges are the responsibility of the Resident.

6. Security

Warwick Forest will use reasonable care in providing security on the premises including the use of personnel dedicated to that purpose, but will not be responsible for losses of personal property.

7. Emergency Response

Each Residence will be equipped with emergency response systems which, when activated, will summon assistance from Warwick Forest.

8. Property Insurance

Warwick Forest insures property and equipment against reasonable losses. Personal property and personal liability insurance for Residents are the responsibility of the Resident.

9. Taxes

Warwick Forest pays all real estate, property, and use taxes on all Warwick Forest property and any applicable business operations. The Resident is responsible for his/her own personal property taxes and personal income taxes.

10. Parking

Parking spaces have been provided in sufficient number to allow one car per Residence. Additional parking spaces for Residents, guests and staff are also provided and have been designed to be in close proximity to the ultimate user. Residents of the Manchester and Stratford Apartments will be provided access to one covered parking space designed to be in close proximity to the Residence. Additional parking spaces for Residents, guests and staff of the Manchester and Stratford Apartments are also provided and have been designed to be in close proximity to the ultimate user.

11. Additional Storage

Apartment Residents without a designated storage space in the Residence shall have one additional secured storage space in the public area.

12. Scheduled Transportation

Regularly scheduled trips in Warwick Forest vehicles to nearby shopping and “other popular destinations” will be covered by the Resident fees. Other special trips may be arranged at a nominal charge depending on demand.

13. Planned Recreation, Wellness, and Activity Programs

Social, cultural and recreational activities will be provided or arranged by Warwick Forest staff and made available to Residents. Participation is strictly voluntary.

14. Congregate Facilities

Residents shall have the right to the use and enjoyment, in concert with others, of the indoor and outdoor public areas and recreational facilities at no extra charge. Exceptions to this right will be a fee for use of certain spaces and purchases of supplies, merchandise and expendables by Residents and their guests for private purposes.

15. Wellness Clinic

The Resident Wellness Clinic is staffed by a licensed nurse who will provide at no charge certain diagnostic monitoring and health promotion services. This individual can also, with the Resident's physicians' involvement, assist in coordinating the Resident's health care services. Payment for any services arranged by the Wellness Clinic, which involve charges by other health professionals, are the responsibility of the Resident.

16. Health Care Services & Rehabilitation

Resident is guaranteed priority access to certain accommodations in the on-site Assisted Living Center or Lifelong Health and Rehabilitation Warwick Forest if ordered by a physician and approved by the Health Services Director. If the Resident shall need accommodations in the on-site Assisted Living Center or Lifelong Health and Rehabilitation Warwick Forest and the associated health care services, the Resident shall pay Warwick Forest published rates, for long term care services then in effect at the time the services are requested.

B. SERVICES AVAILABLE AT EXTRA CHARGE

1. Meals, in addition to the Flex Plan credit
2. Guest Meals & Rooms
3. Additional Housekeeping
4. Individual Telephone Use
5. Cable T.V. Channels/Plans
6. Internet Services
7. Special Events or Transportation
8. Variable Costs for Crafts Supplies
9. Services of Any On-Site Private Vendors (Such as: Barber, Beautician, etc.)
10. Catering or Set-up / Clean-up Services
11. Health Services
12. Other services may be made available

Thirty days' notice will be provided of any changes in the scope of care or services.

C. LIFECARE

Warwick Forest offers a LifeCare Program through a separate agreement. The LifeCare Program offers Health Services and other additional services described above available to residents at a discounted rate, subject to an eligibility determination by Warwick Forest. In the event Resident desires to convert to the LifeCare program, the Entrance Fee must first be paid to Warwick Forest in full. In the event Resident participates in a Financing Arrangement, Resident will have the right to convert to the LifeCare program within thirty (30) days after the payment of the Entrance Fee, and the Entrance Fee will be credited towards certain financial obligations within the new LifeCare contract. Notwithstanding anything herein to the contrary, Resident's conversion to the LifeCare Program will be subject to the admission and eligibility

requirements, a health assessment and a financial review to determine Resident's eligibility to participate.

D. EXCLUSIONS

Warwick Forest will at no time be responsible for the debts of a Resident or for medical expenses incurred for services.

ARTICLE III Warwick Forest Health Facilities

A. ACCESS

Warwick Forest offers on-site licensed care through its Keswick Place Assisted Living Community and Lifelong Health and Rehabilitation Warwick Forest, or other Riverside facilities. If any such licensed levels of care are not available on-site, or if such space is occupied and not immediately available, Warwick Forest will contract for such space off-site and provide Resident access for such space until that service can be provided.

B. CHARGES

1. Resident agrees to pay the current published daily market rates for any temporary stay and any permanent stay in any level of care in the Health Services, or for the equivalent contracted service off-site as described above.
2. The daily market rate will be calculated on a pro-rata daily basis for partial month stay. Should the need of permanent Health Services arise, under this Agreement the Resident agrees to pay the daily market rate for as long as those services are needed.
3. If Resident alone occupies two physically connected Assisted Living suites, the daily market rate will apply for both suites.
4. If one Assisted Living suite is occupied by a couple, the applicable Monthly Fee will be 1 2/3 of the daily market rate. Once a single Resident occupies the suite, the daily market rate will be charged.
5. If Resident occupies both an Assisted Living suite and a Convalescent bed simultaneously, Resident will be billed for both. Bills for partial months of occupancy will be pro-rated.

C. RETENTION OF RESIDENCE DURING STAY IN HEALTH CARE FACILITIES

The following outlines the effect of your stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest on the Monthly Fee for your Residence.

1. Temporary Stay

During a temporary stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, the Resident will continue to pay the Monthly Fee for the Residence plus the daily market rate for the care received at Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest.

2. Permanent Stay

If Warwick Forest in its sole discretion, but after consultation with you, your family and your physician, determines that you are physically or mentally incapable of living independently for the foreseeable future, the Resident will be deemed to have permanent status at Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and pay the appropriate daily market rate. In the case of a single Resident, the Resident will release the Residence to Warwick Forest. The Resident's Monthly Fee for the Residence will terminate the date the Residence is vacated. Once permanent status in Lifelong Health and Rehabilitation Warwick Forest has been determined, the Residence must be vacated within 30 days. In the case of a couple where one Resident's stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest becomes permanent; the Resident remaining in the Residence will pay the first person Monthly Fee. In the case of a couple where both Residents are on permanent status in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, the Residents will release the Residence to Warwick Forest and cease to pay the Monthly Fee on the date the Residence is vacated. A Resident who has transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest who has not vacated his or her Residence in accordance with this Agreement, shall continue to be obligated to pay the then current Resident's Monthly Fee for his or her Residence until such time as such Residence is vacated. In the case of dual occupancy when one Resident is transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest such Resident shall pay the then current single person daily market rate while the Resident remaining in the Residence shall pay the then current first person Monthly Fee associated with their Residence. If both Residents are transferred to Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, and surrender their Residence in accordance with this Agreement, each Resident shall pay the then current first person Healthcare rate. The Residence must be vacated within 30 days of the date the last Resident has been deemed to have permanent Convalescent Care status. If personal belongings are not removed by that time, property will be removed by Warwick Forest and stored at Resident's expense. For the purposes of this Agreement "vacated" shall mean all of the Resident's personal belongings shall be removed from the Residence and the Residence shall be returned to the condition it was in prior to the Resident residing in it.

3. Recovery from a Permanent Stay

Should you release your Residence to Warwick Forest for a permanent stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and later be judged by Warwick Forest to be capable of living independently again, you will be

offered the next available Residence of the type and size equivalent to that last occupied. If you wish to return to a different type and size Residence, the Upgrading or Downgrading provisions of Article IV, Section D will apply.

D. HEALTH CARE INSURANCE

1. Resident agrees to procure and maintain Medicare Parts A and Part B, and a Medicare Supplement Plan or equivalent hospital and medical insurance coverage (e.g. TRICARE for Life).
2. If Resident is entitled to medical care or payment by insurance or government agencies, the Resident shall make application for such care or payment.
3. Resident shall authorize, as necessary, any provider of hospitalization, medical or other health services to receive reimbursement under the above Medicare, TRICARE, and Supplemental insurance programs.

ARTICLE IV Change in Resident Status

A. MARRIAGE TO ANOTHER RESIDENT

Should Resident marry another resident of Warwick Forest, either Resident or the spouse may terminate his or her respective LifePlan Agreement, release the Residence back to Warwick Forest, receive any refund due, and become a party to the new spouse's LifePlan Agreement. The Monthly Fee for the released Residence shall terminate upon the released Resident's vacancy, and the Monthly Fee for the Residence retained shall simultaneously be raised to the double occupancy level.

B. MARRIAGE TO A NON-RESIDENT

Should Resident marry a Non-Resident who satisfies the guidelines for acceptance as outlined in this Agreement, Warwick Forest will offer the Non-Resident the opportunity to become a party to this LifePlan Agreement at an Entrance Fee equal to one-half the then current first person Entrance Fee as noted and at the Double Occupancy Monthly Fee.

Qualifying for, but declining to become part of this Agreement, disqualifies the Non-Resident for residency at Warwick Forest. If the Non-Resident does not qualify for coverage under this Agreement then the Non-Resident shall not be eligible for residency at Warwick Forest and as such shall not be permitted to reside with the Resident in the Residence at Warwick Forest.

C. ADDITIONAL OCCUPANT TO RESIDENCE

1. Should a Resident wish to have a second person occupy the Residence who satisfies the guideline for acceptance as outlined in this agreement and who is not related by blood or marriage, Warwick Forest will offer that qualified non-Resident the opportunity to become a party to this contract at an Entrance Fee equal to one-half the then current first person

Entrance Fee for the applicable agreement type and applicable Residence to be occupied and at the applicable and then current Double Occupancy Monthly Fee. An addendum to this LifePlan Agreement will be signed by both Residents indicating financial responsibility for the other and designating the division calculation of the applicable refund to each upon (vacating the Residence by the last occupant) termination of the Agreement by the last Resident.

2. Warwick Forest's acceptance of this second person shall be contingent upon his/her ability to meet the health, financial and general criteria for admission to Warwick Forest.

D. CHANGE OF RESIDENCE

After occupancy, if Resident applies in writing to Warwick Forest to move from one Residence to another of either a larger or smaller size, and Warwick Forest agrees to such a move, the following provisions shall apply:

1. **Upgrading:** Should Resident move from one Residence to a larger one, Resident will pay the difference in Entrance Fees from the current Entrance Fee then in effect for the smaller Residence to the Entrance Fee then in effect for the larger Residence. The calculation for any future refunds will be based on the date of original occupancy of the smaller Residence and the total Entrance Fee, and the Monthly Fee will be increased to that of the larger Residence at the time occupancy of the larger unit commences.
2. **Downgrading:** If Resident moves from one Residence to a smaller Residence, there will not be a refund in the Entrance Fee paid. Any refund at the time the smaller Residence is vacated, however, will be calculated based on the original Entrance Fee paid. Resident's Monthly Fee will be reduced to that of the smaller Residence at the time occupancy of the smaller Residence commences, and the larger residence is vacated.
3. **Fees:** A Resident who moves from one Residence to another within Independent Living will be charged for the refurbishment of the Residence they are vacating to include painting and floor covering replacement costs.

ARTICLE V Resident Rights & Responsibilities

In addition to those rights and responsibilities noted elsewhere in this Agreement, the following also apply to you and any authorized guest of your Residence.

A. ADMISSION AND CONTINUED OCCUPANCY

Your acceptance as a Resident and your continued occupancy at Warwick Forest are based upon the following criteria:

1. You are a minimum of 55 years of age.

2. You are physically and mentally capable of living independently and meet the medical requirements of Warwick Forest both at the time of application and again 30 days prior to occupancy.
3. You are free of communicable diseases.
4. You possess the financial capabilities to meet your obligations to Warwick Forest for your expected lifetime (unless other arrangements have been made).
5. Your presence does not threaten the health, safety or well-being of others at Warwick Forest.
6. You agree to abide by the reasonable rules and regulations of Warwick Forest and the reasonable changes to those rules, which may be adopted later.
7. You respect the rights of other Residents.

B. PROPERTY RIGHTS

You understand and agree that this is an Agreement primarily for shelter and services. Though you are granted a right of occupancy, this Agreement is not a lease and you will have no right, title or interest in any of the real or personal property of Warwick Forest. Your rights under this Agreement may not be assigned, transferred, inherited or devised.

C. PRESERVATION OF RESIDENT'S ASSETS

At the request of Warwick Forest, you agree to make arrangements for the preservation and management of your financial resources by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Warwick Forest it appears that your continued management of your financial affairs may prevent you from meeting your financial obligations to Warwick Forest.

D. POWER OF ATTORNEY

You agree to execute and maintain in effect, a Durable Power of Attorney, valid under Virginia law. This Durable Power of Attorney shall designate as your attorney-in-fact, your spouse, a bank, lawyer, relative, or other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits, as fully and completely as you would if acting personally. It should be in a form which survives your incapacity or disability and be otherwise satisfactory to Warwick Forest. You will deliver a fully executed copy of this Durable Power of Attorney to Warwick Forest prior to occupancy of your Residence. Any advanced directives such as a "Living Will" should be filed with Warwick Forest upon residency.

E. RESIDENTS' ASSOCIATION

All Residents of Warwick Forest are members of the Residents' Association. The Administration will confer regularly with representatives of the Association about matters of interest and/or concern to the Residents.

F. GUESTS, ACCESS, AND USE BY NON-RESIDENTS

You will be free to invite guests to your Residence for visits. You may purchase meals for your guests at prevailing rates. Warwick Forest reserves the right to establish a visitor code of conduct. In general, the facilities and services of Warwick Forest are intended for the use of the Residents.

G. FURNISHINGS

You may furnish and use your Residence in accordance with applicable policies and procedures as well as within local zoning regulations and Virginia law.

H. HOUSEKEEPING

You agree to maintain your Residence in a clean, safe and orderly condition, as required by health and safety regulations, and to perform all usual light housekeeping. Warwick Forest may deem necessary, at Resident's expense, such tasks required to return the Residence to a safe, clean and orderly condition if day-to-day responsibilities of the Resident have been neglected.

I. OTHER RIGHTS

You have the right to enjoy Warwick Forest public areas and amenities on an equal basis with other Residents and to participate as you choose in planned activities or programs. Management programs for the common safety and security of all Residents will also be offered.

ARTICLE VI

Warwick Forest Rights & Responsibilities

In addition to those rights and responsibilities of Warwick Forest noted elsewhere in this Agreement, the following also apply:

A. MANAGEMENT

Warwick Forest is responsible for the overall management and operation of Warwick Forest consistent with sound business practices and fairness to all Residents. Warwick Forest has the right to hire professional management services to meet this responsibility.

B. AUTHORITY FOR ADMISSIONS, DISMISSAL, AND FEES

Warwick Forest retains all authority regarding admission, dismissal, and adjustment of fees of Warwick Forest.

C. RIGHT OF ENTRY

Authorized employees shall be permitted into your Residence with reasonable notice at all reasonable times for housekeeping, maintenance, and inspection, and at any time in case of emergencies.

D. CONFIDENTIALITY

Warwick Forest has the right to request and receive medical and financial data from you that is in our sole judgment, necessary to carry out our responsibilities. Warwick Forest has the responsibility to keep all of the personal, medical, and financial information you have supplied to us in confidence, and it will only be shared with those who, in our opinion, have a need to know.

ARTICLE VII Termination Provisions

A. TERMINATION FOR CAUSE

Any one of the following conditions shall be cause for Warwick Forest to terminate this Agreement:

1. Nonpayment by the Resident of the Monthly Fees and other periodic charges (also see Article VIII, Non-Payment of Fees).
2. Resident's failure to abide by the rules and regulations of Warwick Forest including such reasonable amendments as may be adopted from time to time.
3. Resident's health or behavior resulting in a threat to the health, safety, peace or well-being of the Resident or others.
4. Resident's material misstatements or failure to state a material fact in the Resident application, financial statement or health self-assessment filed with Warwick Forest.
5. A default by Resident under a Financing Arrangement if applicable.
6. Warwick Forrest is a smoke free facility. Smoking on the premises may be considered a material breach of this Agreement.

Warwick Forest shall give you reasonable notice of your termination date, and determination that your continued occupancy represents a violation of this Agreement or a threat to safety of others or of yourself shall be a factor in determining the reasonableness of that notice. You will further be given reasonable opportunity to cure within a reasonable period whatever conduct is alleged to warrant the cancellation of the Agreement. Refund provisions of this Agreement will apply less any outstanding debts of Resident to Warwick Forest.

B. DEATH

In the event this Agreement is terminated due to your death, your estate will be responsible for the Monthly Fee until your Residence is vacated. Your estate will be responsible for moving any tangible personal property within thirty days (30) after your death. Should any property remain in your Residence after that date, you hereby authorize Warwick Forest to remove the property from your Residence and store it at the expense of your estate.

C. TERMINATION PRIOR TO OCCUPANCY

If Resident dies before occupying the facility, or is precluded through illness, injury, or incapacity from becoming a Resident under the terms of the LifePlan Agreement, the Agreement is automatically rescinded and the Resident or his legal representative shall receive a full refund of all money paid to Warwick Forest, except those costs specifically incurred by Warwick Forest at the request of the Resident and set forth in writing in a separate addendum, signed by both parties to the Agreement.

D. TERMINATION BY RESIDENT AFTER OCCUPANCY

1. Grace Period

In the event Resident terminates this Agreement in writing within 7 days of the execution date and surrenders the Residence within 7 days of the execution date, Resident shall be entitled to a full refund of the Entrance Fee (less the application fee of \$300).

2. Termination After Grace Period

Resident may terminate this Agreement by providing written notice to Warwick Forest. The Monthly Fee will continue until the Residence is vacated or 30 days has expired whichever is later. The selected Entrance Fee refund option of this Agreement will apply.

E. SUPERSEDED AGREEMENT

In the event Warwick Forest and Resident enter into a LifeCare Agreement or other residency agreement intended to supersede this Agreement, this Agreement will automatically terminate upon the effective date of such other agreement.

F. SPECIAL TERMS AND EXCEPTIONS

Upon termination by either you or Warwick Forest you agree to pay Warwick Forest all amounts owed to it, any reasonable expenses incurred in connection with the termination, which includes, but is not limited to: cost of any repairs, replacement of property, and painting or other refurbishment of your unit considered necessary by Warwick Forest in order to prepare it for a new Resident. Warwick Forest may offset any amounts owed it by you against any refund due. These costs do not include fair wear and tear.

ARTICLE VIII

Non-Payment of Fees

If you become unable to pay the Monthly Fee for your Residence or the daily market rate for reasons other than willful dissipation of your assets, Warwick Forest in our sole judgment, may elect to assist you in the identification and arrangement for funds from sources including, but not limited to, the Davis Fund (the internal benevolence fund), and public assistance from local, state and federal governments. You agree to assist us in the application for such support and to execute reasonable and necessary documents for this purpose. Additionally, any sums expended by Warwick Forest or the Davis Fund, plus interest at up to the maximum rate allowed by law, will represent a claim against you or your estate or against any Entrance Fee refund due at the time this Agreement is terminated. Nothing in this section should be construed as a guarantee of assistance or relief from the Resident's financial obligations to Warwick Forest.

ARTICLE IX Modification of Residence

Warwick Forest reserves the right to determine the serviceability and condition of carpeting, appliances, and all similar items provided by us in your Residence. You may apply in writing to and contract with Warwick Forest to make authorized modifications to your Residence at your expense and risk. Charges for such modifications will cover the complete cost of the work to be done and an additional charge to restore the Residence to its original condition upon your vacating the Residence, if in Warwick Forest's opinion, such modifications adversely affect the desirability of the Residence for re-occupancy. The modifications shall be done so as to create the least possible inconvenience to other Residents in Warwick Forest. Any modifications which result in permanent installation, shall become Warwick Forest's property upon installation and shall remain with your Residence when you vacate your Residence. You waive all rights to compensation for the modifications made to your Residence. If the modification requires additional maintenance, additional ongoing charges may apply.

ARTICLE X Personal Injury or Loss of Property

A. INJURY OR DAMAGE BY YOU

You agree to reimburse Warwick Forest for any costs incurred or damages suffered by it resulting from your carelessness, negligence or wrongful acts, or that of your guests. You hereby release Warwick Forest from liability for your death, injury to your person or your property caused by any theft, fire, assault or other cause beyond the control of Warwick Forest and from liability resulting from the negligence or wrongful acts of other Residents and do waive any claim that may accrue to you arising against Warwick Forest therefrom.

B. INJURY BY A THIRD PARTY

In case of accident or injury to you caused by third parties you hereby agree to bring any claims or initiate legal action, if necessary, against the person who has caused injury to you for compensation for the injury. You hereby authorize and direct the person or firm designated by you as your attorney-in-fact to prosecute such claims or causes of action. After recovering damages from such claims or causes of action you agree to reimburse Warwick Forest for all costs and damages incurred by it (including reasonable costs of care furnished to you by Warwick Forest because of such accident or injury).

ARTICLE XI Miscellaneous

A. STATEMENT OF NON-DISCRIMINATION

Neither race, nor color, nor sex, nor religion, nor national origin has any bearing upon your acceptance or rejection for residency, the execution of this Agreement, or normal conduct of business of Warwick Forest.

B. REPRESENTATIONS MADE BY RESIDENT

The application and the statements of your finances, personal data, and health self-assessment filed with Warwick Forest are incorporated into this Agreement and all statements therein are deemed to be true as of the date made. You represent that there have been no material changes in the information provided since the date of application. Any material misstatement, or any material omission to state a fact called for, may result in the termination of this Agreement by Warwick Forest.

C. REQUIREMENTS PRIOR TO OCCUPANCY

The following must be provided to Warwick Forest by the Resident prior to occupancy:

1. Proof of the required Medicare, TRICARE, and Supplemental Insurance coverage or their equivalent.
2. All required personal, confidential, financial, and medical information.
3. Copy of Durable Power of Attorney and Advanced Directives, if any.
4. Certification of name and address of the administrator or executor of your last will and testament and trustee, if any, and location of your last will and testament and trust, if any.
5. Signed authorization and payment for modifications (if any) to your Residence.
6. Execution of the Agreement.
7. Payment of the balance of your Entrance Fee and applicable Monthly Fee.

D. SUCCESSORS AND ASSIGNS

Resident responsibilities owed Warwick Forest under this Agreement shall inure to the benefits of its successors and assigns.

E. OTHER PROMISES

Warwick Forest representatives have made no other promises or representations regarding your Residence, facilities, refunds or services and this Agreement has precedence over the description of services in promotional materials or presentations. This Agreement constitutes the entire Agreement between you and Warwick Forest, and no waiver or modification shall be valid unless made in writing, signed by you and by Warwick Forest and attached herewith as a part of this Agreement.

In Witness Whereof, the parties hereto have executed this Agreement the day and year first above mentioned.

Riverside Retirement Services, Inc.

By: _____

Name/Title: _____

Resident: _____ **Witness:** _____

Print: _____

Resident: _____ **Witness:** _____

Print: _____

In and for Newport News, Commonwealth of Virginia, the foregoing instrument was acknowledged before me this _____ day of _____, 2022 by:

Notary Public

My Commission Expires

Notary Number: _____



Warwick Forest LifePlan with Trial Period Agreement

**1004 Old Denbigh Blvd.
Newport News, VA 23602
(757) 886-2200**

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Warwick Forest LifePlan Agreement with Trial Period

This LifePlan Agreement with Trial Period (“Agreement”) is made and entered into by and between Riverside Retirement Services, Inc. (hereinafter referred to as “Warwick Forest”) and _____ (hereinafter referred to as “Resident” or “you” (whether one or more persons) this ____ day of _____, 2022.

ARTICLE I Deposits & Fees

Warwick Forest is a continuing care retirement community designed for active retirement living (the “Community”). Resident agrees to occupy residence # _____, a _____ type of residence at (address) _____ (the “Residence”). Warwick Forest reserves the right to limit this option to Cottages and Nottingham Apartments only.

The term shall commence on the ____ day of _____, 2022 (“Commencement Date”) and shall continue for a term of two years expiring on the ____ day of _____, 2024 (“Expiration Date”). Further, Resident agrees to pay Warwick Forest the following amounts:

Monthly Services Fee

Resident agrees to pay Warwick Forest a monthly services fee throughout the term of this Agreement, beginning on the Commencement Date. Such fee shall be payable in advance, on or before the first day of each month. Subject to future adjustment in rates by Warwick Forest, the initial monthly services fee shall be \$ _____ for the first person occupying the residence, and \$ _____ for the second person occupying the residence.

The monthly services fee is prorated on a per diem basis in the event you move in other than the first day of the calendar month. This per diem charge will be payable prior to occupancy.

Prior to the Expiration Date, Warwick Forest will notify Resident of Resident’s options upon the expiration of this Agreement. Within 60 days of the Expiration Date, Resident agrees to convert to a continuing care agreement (“CC Agreement”) to remain within the Community or move out of the Community. Resident’s decision to enter into a CC Agreement will be subject to certain admissions, financial and health eligibility requirements. Upon signing the CC Agreement, Resident will furnish the applicable Entrance Fee and begin paying the then-current monthly services fee associated with the financial arrangement that applies.

Statement

The monthly services fee and any other applicable charges shall be considered delinquent if not paid on or prior to the tenth (10th) day of the month in which they are due. All delinquent accounts shall draw a finance charge at no more than the maximum rate allowed by law.

Adjustments

The monthly services fee may be adjusted by Warwick Forest consistent with the cost of operating and maintaining Warwick Forest, as well as the future service obligations of Warwick Forest and upon 30 days written notice to the Resident.

Reservation Deposit

To reserve a Residence, Resident will furnish to Warwick Forest a Reservation Deposit equal to the full monthly services fee. You acknowledge that this \$ _____ Reservation Deposit shall be retained by Warwick Forest and credited as your Security Deposit upon occupancy of the Residence. In addition, Resident will furnish the first month's monthly services fee, pro-rated per diem based on the agreed-upon move-in date.

In the event of voluntary termination by the Resident before occupancy, or if Warwick Forest determines that the Resident does not qualify for occupancy for health or financial reasons, the full Reservation Deposit Amount will be refunded to Resident.

Pet Registration

Residents with pets must register with Resident Services by completing the "Pet Registration Form." Pets must be properly vaccinated and licensed/registered in residing jurisdiction. Pet owner will have in force liability in the minimum amount of \$100,000 covering the action of a pet. A onetime nonrefundable \$500 pet fee is required. **Initials** _____

ARTICLE II Continuing Care Program

The Continuing Care Program provided by Warwick Forest in this Agreement includes the use of a number of services and facilities. Outlined below is a description of those services and facilities.

A. SERVICES AND FACILITIES

1. Residence

Subject to the terms of this Agreement, the Resident has the non-assignable right to reside in the previously described Residence for the term of this Agreement. Carpet and floor treatments, refrigerator, range/oven, washer/dryer, garbage disposal, microwave, and a dishwasher, shall be furnished by Warwick Forest. The Resident shall provide all other furnishings for the Residence.

2. Dining Plan

Dining Services Department offers three meals a day, seven days a week. Residents may choose to eat any or all meals each day. Residents will receive a meal credit on a quarterly basis. The meal credits are the equivalent to one dinner meal a day that consists of a beverage, soup or salad, one entrée with a choice of two vegetables, bread and a dessert. In addition to any menu item the meal credit can also be used for guests and bar charges. Residents away from the campus 21 days or more during the quarter may request a meal refund.

3. Housekeeping

Resident's Residence will be cleaned once each week. This cleaning includes vacuuming floor surfaces that are accessible, light dusting on surfaces free of clutter, and necessary cleaning of bathroom and kitchen counters and fixtures. Additionally, heavier housekeeping services such as window washing and floor maintenance will be performed on a scheduled basis. Other housekeeping tasks such as dishwashing, laundry, bed making, etc., are the responsibility of the Resident but can be provided by Warwick Forest on an available basis at an additional charge.

4. Maintenance

Repairs, maintenance and replacements of property and equipment owned by Warwick Forest shall be performed and provided by Warwick Forest to keep such property and equipment in good repair and order as deemed necessary by Warwick Forest. The above work also includes custodial services for all public spaces and appropriate grounds maintenance. Repairs to Resident's personal possessions are the responsibility of the Resident.

5. Utilities

Utilities reasonably required in connection with the occupancy of the Residence, including water, sewer, heating, air-conditioning, electricity, and trash removal are included in the fees. Residence telephone cable T.V. and internet service charges are the responsibility of the Resident.

6. Security

Warwick Forest will use reasonable care in providing security on the premises including the use of personnel dedicated to that purpose, but will not be responsible for losses of personal property.

7. Emergency Response

Each Residence will be equipped with emergency response systems which, when activated, will summon assistance from Warwick Forest.

8. Property Insurance

Warwick Forest insures property and equipment against reasonable losses. Personal property and personal liability insurance for Residents are the responsibility of the Resident.

9. Taxes

Warwick Forest pays all real estate, property, and use taxes on all Warwick Forest property and any applicable business operations. The Resident is responsible for his/her own personal property taxes and personal income taxes.

10. Parking

Parking spaces have been provided in sufficient number to allow one car per Residence. Additional parking spaces for Residents, guests and staff are also provided and have been

designed to be in close proximity to the ultimate user. Residents of the Manchester and Stratford Apartments will be provided access to one covered parking space designed to be in close proximity to the Residence. Additional parking spaces for Residents, guests and staff of the Manchester and Stratford Apartments are also provided and have been designed to be in close proximity to the ultimate user.

11. Additional Storage

Apartment Residents without a designated storage space in the Residence shall have one additional secured storage space in the public area.

12. Scheduled Transportation

Regularly scheduled trips in Warwick Forest vehicles to nearby shopping and “other popular destinations” will be covered by the monthly services fee. Other special trips may be arranged at a nominal charge depending on demand.

13. Planned Recreation, Wellness, and Activity Programs

Social, cultural and recreational activities will be provided or arranged by Warwick Forest staff and made available to Residents. Participation is strictly voluntary.

14. Congregate Facilities

Residents shall have the right to the use and enjoyment, in concert with others, of the indoor and outdoor public areas and recreational facilities at no extra charge. Exceptions to this right will be a fee for use of certain spaces and purchases of supplies, merchandise and expendables by Residents and their guests for private purposes.

15. Wellness Clinic

The Resident Wellness Clinic is staffed by a licensed nurse who will provide at no charge certain diagnostic monitoring and health promotion services. This individual can also, with the Resident’s physicians’ involvement, assist in coordinating the Resident’s health care services. Payment for any services arranged by the Wellness Clinic, which involve charges by other health professionals, are the responsibility of the Resident.

16. Health Care & Rehabilitation

Resident is guaranteed priority access to certain accommodations in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest if ordered by a physician and approved by the Health Services Director. If the Resident shall need accommodations in Keswick Place or The Gardens and the associated health care services, the Resident shall pay Warwick Forest the published market rates, for long-term health care, rehabilitation or assisted living services then in effect at the time the services are requested.

B. SERVICES AVAILABLE AT EXTRA CHARGE

1. Meals, in addition to the Flex Plan credit
2. Guest Meals & Rooms
3. Additional Housekeeping

4. Individual Telephone Use
5. Cable T.V. Channels/Plans
6. Internet Services
7. Special Events or Transportation
8. Variable Costs for Crafts Supplies
9. Services of Any On-Site Private Vendors (Such as: Barber, Beautician, etc.)
10. Catering or Set-up / Clean-up Services
11. Health Services
12. Other services may be made available

Thirty days notice will be provided of any changes in the scope of care or services.

C. EXCLUSIONS

Warwick Forest will at no time be responsible for the debts of a Resident or for medical expenses incurred for services.

ARTICLE III Warwick Forest Health Facilities

A. ACCESS

Warwick Forest offers on-site licensed care through its Keswick Place Assisted Living and Lifelong Health and Rehabilitation Warwick Forest, or other Riverside facilities. If any such licensed levels of care are not available on-site, or if such space is occupied and not immediately available, Riverside will offer priority access to another Riverside location subject to the published rates and terms of the admissions agreement for that facility.

B. CHARGES

1. Resident agrees to pay the current published per diem charge for any temporary stay and any permanent stay in any level of care in the Health Services, or for the equivalent service off-site as described above.
2. The daily market rate will be calculated on a pro-rated daily basis for partial month stay. Should the need for permanent Health Services arise, the Resident agrees to pay the daily market rate for as long as those services are needed.
3. If Resident alone occupies two physically connected Assisted Living suites, the daily market rate will apply for both suites.
4. If one Assisted Living suite is occupied by a couple, the applicable Monthly services fee will be 1 2/3 of the daily market rate. Once a single Resident occupies the suite, the daily market rate will be charged.

5. If Resident occupies both an Assisted Living suite and a Convalescent room simultaneously, Resident will be billed for both. Bills for partial months of occupancy will be pro-rated.

C. RETENTION OF RESIDENCE DURING STAY IN HEALTH CARE FACILITIES

The following outlines the effect of your stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest on the Monthly services fee for your Residence.

1. Temporary Stay

During a temporary stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest, the Resident will continue to pay the Monthly Services Fee for the Residence plus the daily market rate for the care received at Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest.

2. Permanent Stay

If Warwick Forest in its sole discretion, but after consultation with you, your family and your physician, determines that you are physically or mentally incapable of living independently for the foreseeable future, the Resident will be deemed to have permanent status at Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and pay the appropriate daily market rate. In the case of a single Resident, the Resident will release the Residence to Warwick Forest. The Resident's monthly services fee for the Residence will terminate the date the Residence is vacated. Once permanent status in Keswick Place or The Gardens has been determined, the Residence must be vacated within 30 days.

In the case of a couple where one Resident's stay in Keswick Place or The Gardens becomes permanent; the Resident remaining in the Residence will pay the first person monthly services fee.

In the case of a couple where both Residents are on permanent status in Keswick Place or The Gardens, the Residents will release the Residence to Warwick Forest and cease to pay the monthly services fee on the date the Residence is vacated. A Resident who has transferred to Keswick Place or The Gardens, who has not vacated his or her Residence in accordance with this Agreement, shall continue to be obligated to pay the then current monthly services fee for the Residence until such time as such Residence is vacated. In the case of dual occupancy when one Resident is transferred to Keswick

Place or The Gardens such Resident shall pay the then current single person daily market rate while the Resident remaining in the Residence shall pay the then current first person monthly services fee associated with their Residence. If both Residents are transferred to Keswick Place or The Gardens, and surrender their Residence in accordance with this Agreement, each Resident shall pay the then current daily market rates for those health services. The Residence must be vacated within 30 days of the date the last Resident has been deemed to have permanent health care status. If personal belongings are not

removed by that time, property will be removed by Warwick Forest and stored at Resident's expense. For the purposes of this Agreement "vacated" shall mean all of the Resident's personal belongings shall be removed from the residence and the residence shall be returned to the condition it was in prior to the Resident residing in it.

3. Recovery from a Permanent Stay

Should you release your residence to Warwick Forest for a permanent stay in Keswick Place Assisted Living or Lifelong Health and Rehabilitation Warwick Forest and later be judged by Warwick Forest to be capable of living independently again, you will be offered the opportunity to execute a new Residency Agreement, subject to the terms and policies for admission under that agreement.

D. HEALTH CARE INSURANCE

1. Resident agrees to procure and maintain Medicare Parts A and Part B, and a Medicare Supplement Plan or equivalent hospital and medical insurance coverage (e.g. TRICARE for Life).
2. If Resident is entitled to medical care or payment by insurance or government agencies, the Resident shall make application for such care or payment.
3. Resident shall authorize, as necessary, any provider of hospitalization, medical or other health services to receive reimbursement under the above Medicare, TRICARE, and Supplemental insurance programs.

**ARTICLE IV
Change in Resident Status**

A. MARRIAGE TO ANOTHER RESIDENT

Should Resident marry another resident of Warwick Forest, either Resident or the spouse may terminate his or her respective residency agreement, release the residence back to Warwick Forest, and become a party to the new spouse's residency agreement. The monthly services fee for the released Residence shall terminate upon the released Resident's vacancy, and the Monthly services fee for the residence retained shall simultaneously be raised to the double occupancy level.

B. MARRIAGE TO A NON-RESIDENT

Should Resident marry a Non-Resident who satisfies the guidelines for acceptance as outlined in this Agreement, Warwick Forest will offer the Non-Resident the opportunity to become a party to this agreement at the increased monthly services fee for two persons.

Qualifying for, but declining to become part of this agreement, disqualifies the Non-Resident for residency at Warwick Forest. If the Non-Resident does not qualify for coverage under this

Agreement then the Non-Resident shall not be eligible for residency at Warwick Forest and as such shall not be permitted to reside with the Resident in the residence at Warwick Forest.

C. ADDITIONAL OCCUPANT TO RESIDENCE

1. Should a Resident wish to have a second person occupy the Residence who satisfies the guideline for acceptance as outlined in this agreement and who is not related by blood or marriage, Warwick Forest will offer that qualified non-Resident the opportunity to become a party to this agreement. An addendum to this agreement will be signed by both Residents indicating financial responsibility for the other and designating the division calculation of the applicable monthly services fee for two persons.
2. Warwick Forest's acceptance of this second person shall be contingent upon his/her ability to meet the health, financial and general criteria for admission to Warwick Forest.

D. CHANGE OF RESIDENCE

After occupancy, if the Resident desires to change residences, a written request may be submitted to Warwick Forest's Executive Director. The Executive Director maintains full authority to approve or deny these requests and to determine financial arrangements if approved.

ARTICLE V Resident Rights & Responsibilities

In addition to those rights and responsibilities noted elsewhere in this Agreement, the following also apply to you and any authorized guest of your Residence.

A. ADMISSION AND CONTINUED OCCUPANCY

Your acceptance as a Resident and your continued occupancy at Warwick Forest are based upon the following criteria:

1. You are a minimum of 60 years of age.
2. You are physically and mentally capable of living independently and meet the medical requirements of Warwick Forest both at the time of application and again 30 days prior to occupancy.
3. You are free of communicable diseases.
4. You possess the financial capabilities to meet your obligations to Warwick Forest for your expected lifetime (unless other arrangements have been made).
5. Your presence does not threaten the health, safety or well-being of others at Warwick Forest.
6. You agree to abide by the reasonable rules and regulations of Warwick Forest and the reasonable changes to those rules, which may be adopted later.
7. You respect the rights of other Residents.

B. PROPERTY RIGHTS

You understand and agree that this is an Agreement primarily for shelter and services. Though you are granted a right of occupancy, this Agreement is not a lease and you will have no right, title or interest in any of the real or personal property of Warwick Forest. Your rights under this Agreement may not be assigned, transferred, inherited or devised.

C. PRESERVATION OF RESIDENT'S ASSETS

At the request of Warwick Forest, you agree to make arrangements for the preservation and management of your financial resources by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Warwick Forest it appears that your continued management of your financial affairs may prevent you from meeting your financial obligations to Warwick Forest.

D. POWER OF ATTORNEY

You agree to execute and maintain in effect, a Durable Power of Attorney, valid under Virginia law. This Durable Power of Attorney shall designate as your attorney-in-fact, your spouse, a bank, lawyer, relative, or other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits, as fully and completely as you would if acting personally. It should be in a form which survives your incapacity or disability and be otherwise satisfactory to Warwick Forest. You will deliver a fully executed copy of this Durable Power of Attorney to Warwick Forest prior to occupancy of your Residence. Any advanced directives such as a "Living Will" should be filed with Warwick Forest upon residency.

E. RESIDENTS' ASSOCIATION

All Residents of Warwick Forest are members of the Residents' Association. The Administration will confer regularly with representatives of the Association about matters of interest and/or concern to the Residents.

F. GUESTS, ACCESS, AND USE BY NON-RESIDENTS

You will be free to invite guests to your Residence for visits. You may purchase meals for your guests at prevailing rates. Warwick Forest reserves the right to establish a visitor code of conduct. In general, the facilities and services of Warwick Forest are intended for the use of the Residents. Guest suites are also available for a daily market rate, based on availability.

G. FURNISHINGS

You may furnish and use your Residence in accordance with applicable policies and procedures as well as within local zoning regulations and Virginia law.

H. HOUSEKEEPING

You agree to maintain your Residence in a clean, safe and orderly condition, as required by health and safety regulations, and to perform all usual light housekeeping. Warwick Forest may deem necessary, at Resident's expense, such tasks required to return the Residence to a safe, clean and orderly condition if day-to-day responsibilities of the Resident have been neglected.

I. OTHER RIGHTS

You have the right to enjoy Warwick Forest public areas and amenities on an equal basis with other Residents and to participate as you choose in planned activities or programs. Management programs for the common safety and security of all Residents will also be offered.

ARTICLE VI

Warwick Forest Rights & Responsibilities

In addition to those rights and responsibilities of Warwick Forest noted elsewhere in this Agreement, the following also apply:

A. MANAGEMENT

Warwick Forest is responsible for the overall management and operation of Warwick Forest consistent with sound business practices and fairness to all Residents. Warwick Forest has the right to hire professional management services to meet this responsibility.

B. AUTHORITY FOR ADMISSIONS, DISMISSAL, AND FEES

Warwick Forest retains all authority regarding admission, dismissal, and adjustment of fees of Warwick Forest.

C. RIGHT OF ENTRY

Authorized employees shall be permitted into your Residence with reasonable notice at all reasonable times for housekeeping, maintenance, and inspection, and at any time in case of emergencies.

D. CONFIDENTIALITY

Warwick Forest has the right to request and receive medical and financial data from you that is in our sole judgment, necessary to carry out our responsibilities. Warwick Forest has the responsibility to keep all of the personal, medical, and financial information you have supplied to us in confidence, and it will only be shared with those who, in our opinion, have a need to know.

ARTICLE VII
Termination Provisions

A. TERMINATION FOR CAUSE

Any one of the following conditions shall be cause for Warwick Forest to terminate this Agreement:

1. Nonpayment by the Resident of the monthly services fees and other periodic charges.
2. Resident's failure to abide by the rules and regulations of Warwick Forest including such reasonable amendments as may be adopted from time to time.
3. Resident's health or behavior resulting in a threat to the health, safety, peace or well-being of the Resident or others.
4. Resident's material misstatements or failure to state a material fact in the Resident application, financial statement, health self-assessment filed with Warwick Forest or, if applicable, any disclosures, financial or otherwise, used by Warwick Forest to determine Resident's eligibility to live at Warwick Forest.
5. Resident chooses not to execute a CC Agreement to take effect upon the expiration of this Agreement.
6. Warwick Forrest is a smoke free facility. Smoking on the premises may be considered a material breach of this Agreement.

Warwick Forest shall provide Resident with reasonable notice of termination under this Section. Warwick Forest's determination that Resident's continued occupancy represents a violation of this Agreement or a threat to safety of others or of Resident shall be a factor in determining the reasonableness of that notice. Warwick Forest will provide Resident with a reasonable opportunity to cure whatever conduct is alleged to warrant the cancellation of the Agreement within a reasonable period, as specified in the notice.

If terminated, Resident shall remove Resident's property from the Residence within 10 days after termination of the Agreement or within 30 days if caused by permanent transfer to health services. After the time outlined above, Warwick Forest will store such property at Resident's or Resident's estate's expense for 30 days after which time it may be disposed of without liability to Warwick Forest.

B. DEATH

In the event this Agreement is terminated due to Resident's death, Resident's estate will be responsible for the monthly services fee until the Residence is vacated. Resident's estate will be responsible for moving any tangible personal property within thirty days (30) after your death. Should any property remain in the Residence after that date, Resident hereby authorizes

Warwick Forest to remove the property from the Residence and store it at the expense of Resident's estate.

C. TERMINATION PRIOR TO OCCUPANCY

If Resident dies before occupying the Residence, or is precluded through illness, injury, or incapacity from occupying the Residence under the terms of this Agreement, the Agreement is automatically rescinded and the Resident or his legal representative shall receive a full refund of all money paid to Warwick Forest, except those costs specifically incurred by Warwick Forest at the request of the Resident and set forth in writing in a separate addendum, signed by both parties to the Agreement.

D. TERMINATION BY RESIDENT AFTER OCCUPANCY

This Agreement is for a two-year term and may not be terminated by the Resident for reasons other than permanent transfer to a health services facility on or off campus, or if this Agreement is superseded by the execution of a CC Agreement. If Resident voluntarily vacates the Residence prior to the end of the term of the Agreement, the monthly services fees will continue to be due through the end of the term.

This Agreement will be terminated by both parties if superseded by a fully executed CC Agreement before the end of the term.

E. SPECIAL TERMS AND EXCEPTIONS

Upon termination of this Agreement you agree to pay Warwick Forest all amounts owed to it, any reasonable expenses incurred in connection with the termination, which includes, but is not limited to: cost of any repairs, replacement of property, and painting or other refurbishment of your unit considered necessary by Warwick Forest in order to prepare it for a new Resident. Warwick Forest may offset any amounts owed it by you against any Security Deposit refund due. These costs do not include fair wear and tear.

ARTICLE VIII Non-Payment of Fees

If you become unable to pay the monthly services fee for your Residence for reasons other than willful dissipation of your assets, Warwick Forest in our sole judgment, may elect to assist you in the identification and arrangement for funds from sources including, but not limited to, the Davis Fund (the internal benevolence fund), and public assistance from local, state and federal governments. You agree to assist us in the application for such support and to execute reasonable and necessary documents for this purpose. Additionally, any sums expended by Warwick Forest or the Davis Fund, plus interest at up to the maximum rate allowed by law, will represent a claim against you or your estate or against any Entrance Fee refund due at the time this Agreement is terminated. Nothing in this section should be construed as a guarantee of assistance or relief from the Resident's financial obligations to Warwick Forest.

ARTICLE IX
Modification of Residence

Warwick Forest reserves the right to determine the serviceability and condition of carpeting, appliances, and all similar items provided by us in your Residence. You may apply in writing to and contract with Warwick Forest to make authorized modifications to your Residence at your expense and risk. Charges for such modifications will cover the complete cost of the work to be done and an additional charge to restore the Residence to its original condition upon your vacating the Residence, if in Warwick Forest's opinion, such modifications adversely affect the desirability of the Residence for re-occupancy. The modifications shall be done so as to create the least possible inconvenience to other Residents in Warwick Forest. Any modifications which result in permanent installation shall become Warwick Forest's property upon installation and shall remain with your Residence when you vacate your Residence. You waive all rights to compensation for the modifications made to your Residence. If the modification requires additional maintenance, additional ongoing charges may apply.

ARTICLE X
Personal Injury or Loss of Property

A. INJURY OR DAMAGE BY YOU

You agree to reimburse Warwick Forest for any costs incurred or damages suffered by it resulting from your carelessness, negligence or wrongful acts, or that of your guests. You hereby release Warwick Forest from liability for your death, injury to your person or your property caused by any theft, fire, assault or other cause beyond the control of Warwick Forest and from liability resulting from the negligence or wrongful acts of other Residents and do waive any claim that may accrue to you arising against Warwick Forest therefrom.

B. INJURY BY A THIRD PARTY

In case of accident or injury to you caused by third parties you hereby agree to bring any claims or initiate legal action, if necessary, against the person who has caused injury to you for compensation for the injury. You hereby authorize and direct the person or firm designated by you as your attorney-in-fact to prosecute such claims or causes of action. After recovering damages from such claims or causes of action you agree to reimburse Warwick Forest for all costs and damages incurred by it (including reasonable costs of care furnished to you by Warwick Forest because of such accident or injury).

ARTICLE XI
Miscellaneous

A. STATEMENT OF NON-DISCRIMINATION

Neither race, nor color, nor sex, nor religion, nor national origin has any bearing upon your acceptance or rejection for residency, the execution of this Agreement, or normal conduct of business of Warwick Forest.

B. REPRESENTATIONS MADE BY RESIDENT

The application and the statements of your finances, personal data, and health self-assessment filed with Warwick Forest are incorporated into this Agreement and all statements therein are deemed to be true as of the date made. You represent that there have been no material changes in the information provided since the date of application. Any material misstatement, or any material omission to state a fact called for, may result in the termination of this Agreement by Warwick Forest.

C. REQUIREMENTS PRIOR TO OCCUPANCY

The following must be provided to Warwick Forest by the Resident prior to occupancy:

1. Proof of the required Medicare, TRICARE, and Supplemental Insurance coverage or their equivalent.
2. All required personal, confidential, financial, and medical information.
3. Copy of Durable Power of Attorney and Advanced Directives, if any.
4. Certification of name and address of the administrator or executor of your last will and testament and trustee, if any, and location of your last will and testament and trust, if any.
5. Signed authorization and payment for modifications (if any) to your Residence.
6. Execution of the Agreement.
7. Payment of the balance of your Entrance Fee and applicable Monthly Fee.

D. SUCCESSORS AND ASSIGNS

Resident responsibilities owed Warwick Forest under this Agreement shall inure to the benefits of its successors and assigns.

E. OTHER PROMISES

Warwick Forest representatives have made no other promises or representations regarding your Residence, facilities, refunds or services and this Agreement has precedence over the description of services in promotional materials or presentations. This Agreement constitutes the entire Agreement between you and Warwick Forest, and no waiver or modification shall be valid unless made in writing, signed by you and by Warwick Forest and attached herewith as a part of this Agreement.

F. RESIDENCE AGREEMENT FOR CONTINUING CARE

1. Conversion to continuing care agreement

If the Resident wishes to convert to a continuing care residency agreement, the Entrance Fee rates will be locked in during the course of the Security Deposit agreement. Current published fee schedules for continuing care agreements will be furnished to the Resident upon execution of this agreement.

2. Medical Requirements

To be considered for a continuing care agreement, Residents are subject to the standard health qualifications for admission. Warwick Forest will conduct a physical examination within 30 days prior to conversion and reserves the right to decline the Resident's application for the continuing care agreement for medical or other reasons at any time prior to the closing date.

[Remainder of Page Left Intentionally Blank]

In Witness Whereof, the parties hereto have executed this Agreement the day and year first above mentioned.

Riverside Retirement Services, Inc.

By: _____

Name/Title: _____

Resident(s): _____ **Witness:** _____

Print: _____

Resident(s): _____ **Witness:** _____

Print: _____

In and for Newport News, Commonwealth of Virginia, the foregoing instrument was acknowledged before me this _____ day of _____, 2022 by:

Notary Public

My Commission Expires

Notary Number: _____

Warwick Forest Reservation Agreement

THIS RESERVATION AGREEMENT (the “Agreement”) is made this _____ day of _____, 2022, by and between Riverside Retirement Services, Inc., a non-profit non-stock Virginia Corporation authorized to provide continuing care by the State Corporation Commission of Virginia, d/b/a Warwick Forest (“Warwick Forest”) and _____ (“Prospective Resident”). If Prospective Resident is two persons, both are deemed to be included in the words “Prospective Resident” as used in this Reservation Agreement.

Whereas, Warwick Forest owns and operates a continuing care retirement community called Warwick Forest (the “Community”) that includes (i) residential cottages and apartment housing, (ii) Keswick Place Assisted Living (“Assisted Living”) consisting of accommodations intended for use by persons requiring assisted-care living assistance, (iii) Lifelong Health and Rehabilitation Warwick Forest (“Health Center”) providing nursing home services and facilities and (iv) certain other amenities for the use and benefit of the residents of the community.

It is understood that upon satisfactory completion of all required forms, acceptance of the undersigned for occupancy at Warwick Forest, the payment of all required fees and the execution of a Residence and Services Agreement, the undersigned will be qualified for residency to Warwick Forest in accordance with the provisions of a Residence and Services Agreement and this Agreement as hereinafter set forth:

ARTICLE I Reservation of Residence

A. Residence Selection. Prospective Resident intends to reserve a _____ type of residence, number _____ (the “Residence”) within the Community.

B. Change in Residence Selection. Prospective Resident may change the original residence selected above at any time, subject to availability, by mutual agreement of both parties. Such consent shall be in writing and signed by both the Prospective Resident and Warwick Forest.

ARTICLE II Eligibility

Prospective Resident must be 55 years of age by the date of occupancy. Where the Prospective Resident is a couple, one spouse must be 55 years of age by the date of occupancy.

ARTICLE III Residency Requirements

In addition to the eligibility requirements outlined in Article III, Prospective Resident must meet the following criteria in order to be approved for occupancy:

- A. Be in good health and capable of living independently into the foreseeable future as certified by Warwick Forest in its sole discretion at time of application and then again at time of occupancy.
- B. Be free of communicable diseases that would threaten his/her well-being, or that of other residents, staff or guests of Warwick Forest.
- C. Demonstrate proof of having sufficient assets and income, based on average life expectancies, to adequately cover Prospective Resident's applicable Entrance and Monthly Fee and his/her living expenses in addition to such Fees.
- D. Procure and maintain Medicare Parts A & B, and a Medicare Supplement Plan or equivalent hospital and medical insurance coverage.
- E. Submit signed and completed Reservation Agreement with Ten Percent (10%) Deposit.
- F. At least seven (7) days prior to the assigned occupancy date and at a date and time mutually agreeable to all parties (the "Closing Date") submit a signed Residence and Services Agreement along with applicable Entrance Fee Balances and Monthly Fee.
- G. Warwick Forest is a smoke free facility. Smoking on the premises may be considered a material breach of this Agreement

ARTICLE IV Residency Procedures

- A. Application Forms. After signing this Agreement, prospective Resident will submit an Application for Residency, a Health Self-Assessment and a Confidential Financial Statement on forms provided by the Community to be reviewed by the Residency Committee.

Prospective Resident will also submit a Physician's Statement completed by his/her physician prior to initial evaluation by the Residency Committee and an updated copy if Residency Committee deems necessary prior to occupancy.

ARTICLE V
Financial Arrangements

A. Entrance Fee. The Prospective Resident agrees to pay Warwick Forest an Entrance Fee equal to \$ _____ as a condition of becoming a Resident. The amount and terms of the Entrance Fee shall be paid as follows:

1. Ten Percent (10%) Deposit. An amount equal to Ten Percent (10%) of the total Entrance Fee, based on the plan selected by the Prospective Resident, \$ _____, is due and payable when executing this Agreement (the "Ten Percent Deposit").
2. The balance of the Entrance Fee shall be due and payable prior to the assigned occupancy date and at a date and time mutually agreeable to all parties (the "Closing Date").
3. Should full payment of the Entrance Fee and/or execution of the Residence and Services Agreement not occur on or before the Closing Date, Warwick Forest shall, at its option, have the right to reallocate the reserved residence to other persons upon written notice to the Prospective Resident and he/she shall then have no further right to become a Resident of Warwick Forest. The Ten Percent Deposit previously paid by the Prospective Resident shall be returned to him/her within thirty (30) days.
4. The Ten Percent Deposit will be placed in an escrow account in a Virginia-based bank by Warwick Forest as the property of the undersigned until:
 - a. the reserved Residence is occupied,
 - b. the reserved Residence is available for immediate occupancy,
 - c. the Prospective Resident wishes to terminate this Agreement.
5. These escrow funds are not subject to any liens, judgments or claims against Warwick Forest.

B. Monthly Fee. The Monthly Fee associated with the Residence selected by the Prospective Resident is based on type of Residence and number of residents.

1. The Monthly Fee shall be paid to Warwick Forest in advance before occupancy and by the first day of each month. The Monthly Fee charges shall begin on the first day of occupancy or thirty (30) days after notice that the Residence is ready for occupancy, whichever is earlier, and shall be paid on a pro-rated basis through the last day of the current month.
2. The Monthly Fee may be adjusted by Warwick Forest consistent with the cost of operating and maintaining Warwick Forest as well as future service obligations of Warwick Forest and upon thirty (30) days' notice to the Resident. **Initial** _____

C. Checks for all fees should be made payable to Warwick Forest.

- D. Pet Registration. Residents with pets must register with Resident Services by completing the "Pet Registration Form." Pets must be properly vaccinated and licensed/registered in residing jurisdiction. Pet owner will have in force liability in the minimum amount of \$100,000 covering the action of a pet. A onetime nonrefundable \$500 pet fee is required.

Initials _____

ARTICLE VI

Notice, Termination and Refund of Deposit

- A. Any notice to Prospective Resident shall be sufficient if mailed to the address given or as Prospective Resident later advises Warwick Forest in writing.
- B. Prospective Resident's rights under this application are personal to him/her, may not be assigned and shall not pass to his/her heirs or personal representative.
- C. The Ten Percent Deposit will be refunded to the Prospective Resident within six (6) weeks of receipt of his/her written request:
1. In the event the Prospective Resident does not qualify or is not accepted for residency,
 2. If the Prospective Resident dies before taking occupancy (unless the Prospective Resident is two persons, in which case the survivor continues to be a party to this Agreement),
 3. If it is determined prior to occupancy that the Prospective Resident is not eligible based on his/her medical condition or ability to live independently,
 4. If it is determined by Warwick Forest in its sole opinion that the Prospective Resident is not eligible based on his/her ability to meet the financial obligation of Warwick Forest.
- D. The Ten Percent Deposit will be refunded if the Prospective Resident desires to voluntarily terminate this Agreement. The above refund will be issued within thirty (30) days of receipt by Warwick Forest of the written request for refund.

ARTICLE VII

Residence and Services Agreement

Prospective Resident acknowledges that a copy of the Residence and Services Agreement has been made available to the Prospective Resident for review and that within seven (7) days prior to occupancy, Prospective Resident must, in addition to the requirements of this Agreement, enter into a Residence and Services Agreement with Warwick Forest.

ARTICLE VIII
Expiration of Agreement

If not sooner terminated under previous sections, this Agreement shall terminate on _____, 2020 unless the Prospective Resident enters into a Residence and Services Agreement, pays the balance of the applicable Entrance Fee and commences paying the applicable Monthly Fee. Upon such termination, the refund provision in “Article VII.D” of this Agreement will apply to any monies paid to Warwick Forest. Any refund will also be reduced by any costs incurred by Warwick Forest.

ARTICLE IX
Standard Design Options

Warwick Forest residences will come standard with the following features. Please indicate any special requests or custom design options by no later than the date and time of your selections appointment with the Director of Resident Services.

- Luxury vinyl wood plank floor in main living area, hallway and adjoining closets
- Carpet in bedrooms
- Luxury Vinyl Tile in bathrooms
- New paint up to 2 colors; white trim
- Ceiling fans with light fixtures and remotes in living room, bedrooms, sunroom and balcony
- Brushed Nickel light fixtures in dining area, breakfast nook, den, and hallway
- Stainless appliances
- Custom cabinets in kitchen
- Granite in Level 1 or 2 in kitchen and bath
- Crown molding in main living area
- Indoor/Outdoor carpet on balcony (if applicable)
- Adjustable wire shelving

Changes or Comments:

Signature

ARTICLE X
Payment for Custom Design Options

If Prospective Resident selects design options at an additional cost to be included in the reserved residence, Prospective Resident may pay for such options when ordered. Once ordered and paid, the cost of ordered options is irrevocable and non-refundable. If customized design options are provided beyond our standard offerings, the prospective resident will be responsible for these customized expenses if resident desires to voluntarily terminate this agreement.

Initial _____

The undersigned Prospective Resident understands and agrees to the terms of this Reservation Agreement and further agrees that this Reservation Agreement must be accepted by Warwick Forest and the Prospective Resident be accepted for occupancy in order for him/her to have any rights to occupancy in the reserved Residence at Warwick Forest.

Prospective Resident (please print)

Signature

Prospective Resident (please print)

Signature

Date

Current Address (Number and Street)

City, State, Zip Code

Telephone

WARWICK FOREST

Signature

Title

Date

Reserved Residence #: _____

Type: _____

Projected Occupancy Date: _____

Contract Requested: _____

Entrance Fee: _____

Deposit: _____

Due Date: _____



APPENDIX E

Fee Schedules

Warwick Forest Retirement Community Disclosure Statement. The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the facility by the State Corporation Commission.

Warwick Forest Fee Schedules Effective Jan. 1, 2023

Floor Plan	LifePlan Single	LifePlan Couple	LifeCare Single	LifeCare Couple	Monthly Fee Single	Monthly Fee Couple
COTTAGES						
POPLAR (680 sq. ft.) one bedroom, one bath*	\$137,807	\$ 141,583	\$178,147	\$219,690	\$3,147	\$4,561
DOGWOOD (816 sq. ft.) two bedroom, two bath*	\$173,104	\$176,880	\$214,149	\$255,693	\$3,246	\$4,660
SYCAMORE (1,100 sq. ft.) two bedroom, two bath, sunroom*	\$204,287	\$208,063	\$262,256	\$303,799	\$3,476	\$4,890
MAPLE (1350 sq. ft.) primary bedroom, second bedroom/den, two bath and two patios*	\$219,427	\$223,203	\$285,853	\$327,397	\$3,631	\$5,045
APARTMENTS						
BIRCH (930 sq. ft.) one bedroom, two bath*	\$190,017	\$193,792	\$235,934	\$277,477	\$3,250	\$4,664
WILLOW (1221 sq. ft.) primary bedroom, second bedroom/den, two bath*	\$210,425	\$214,201	\$279,606	\$321,150	\$3,640	\$5,054
CYPRESS (1320 sq. ft.) primary bedroom, second bedroom/den, two bath*	\$220,013	\$223,788	\$291,573	\$333,117	\$3,813	\$5,227
OAKS (1581 sq. ft.) primary bedroom, second bedroom, den, two bath and breakfast	\$254,253	\$258,028	\$350,870	\$392,414	\$4,168	\$5,582

*All cottages and apartments also have a living and dining room and personal patio or balcony.

LifeCare health services rate \$3,884 . There are options for refundable entrance fees.

Warwick Forest 2023 Ancillary Charges

RESIDENT CARE SERVICES	Cost
C.N.A assistance (contracted)	At cost
Personal Laundry	\$60.00/month
Flu Vaccination	At cost
Blood Lab Work	\$8.00
Bath (additional)	\$25.00
Ear Wax Removal	\$10.00
Emergency Glucose Testing	\$8.00
Hem occult Testing	\$8.00
Suture Removal	\$10.00
Urine Testing	\$10.00
External Pharmacy Management – 1-4 prescriptions \$150.00 per month, 5+ prescriptions \$250.00 per month	\$150.00-\$250.00 per month
Minor Wound Care	\$5.00
Extended Prescribed Wound Care Supply Cost plus \$2.50 to \$20.00, depending on Nursing Service needed	\$3.50 to \$21.50
Emergency Call Pendant	\$150.00
Depends	At cost + tax
Life Enrichment Services	Cost
Events	At cost
Transportation with Escort	\$35.00hr*
Transportation without Escort	\$25.00/hr.*
*minimum charge of 2 hours	
Dining Services	Cost
Keswick Place-Guest Meals, Breakfast	\$15.00
Keswick Place-Guest Meals, Lunch	\$15.00
Keswick Place-Guest Meals, Dinner	\$15.00
Warwick Commons-Guest Meals	Menu price
Warwick Commons-Bar Charges	Menu price
Environmental Services	Cost
Housekeeper (in addition to weekly service)	\$30.00 (minimum 1 hr. and 30 min increments thereafter)
Mattress Encasements (depending on mattress size)	\$55.00-75.00
Carpet Cleaning (depending on Residence type)*	\$60.00-\$200.00*
Spot Removal*	\$25.00 per area*
Dry Cleaning	At cost
*AL: starting after 3 rd occurrence	
SPA Services	Cost
Basic Manicure	Male \$20.00 Female \$20.00

Gel Manicure	\$35.00
Basic Pedicure	\$35.00
Elite Pedicure	\$45.00
Acrylic	\$35.00
Gel Polish Removal	\$10.00
Re-polish	\$10.00
Shampoo	\$10.00
Beard/Trim	\$10.00
Haircut	Male \$20.00 Female \$25
Hair Color and Conditioner	\$56.00
Shampoo Set	\$35.00
Permanent, Cut & Blow Dry	\$86.00
Deep Conditioning	\$7.00
Shampoo, blow dry, curl	\$35.00
Shampoo, Shaping & hair drying	\$35.00
Maintenance Services	Cost
Maintenance (personal items)	80.00*/hr. (minimum 1 hr. and 30 minutes increments thereafter)
CFS 60 Watt light bulbs (personal lamps and light fixtures)	\$5.00
CFS 100 Watt light bulbs (personal lamps and light fixtures)	\$7.00
Refrigerator Filter	\$60.00
Key replacement	\$8.00
Badge replacement	\$10.00
Others	Cost
Pet Fee	\$500.00
Pet Cleanup Fee	\$100.00 per occurrence
Guest Suite	\$115.00 tax included
Telephone	At cost
Enhanced Cable Package, Keswick Place: Basic included	At cost
Cable for Nottingham, Stratford, Manchester, Cottages	At cost
Long Term Care Insurance – Initial Set Up Fee	\$60.00
Long Term Care Insurance – Monthly Filing Fee	\$10.00



APPENDIX F

Philosophy, Mission and Values Statement

Warwick Forest Retirement Community Disclosure Statement. The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the facility by the State Corporation Commission.

Philosophy, Mission and Values Statement

CORE VALUES

As with any culture, at Riverside our Core Values are fundamental beliefs that influence our identity and areas of focus...in effect, everything we do.

Trust Earned Through Safety, Quality of Care, and Service

Trust is at the center of our vision. It is vital, both in developing relationships with customers and patients as well as with each team member. This value is reflected in two focus areas:

1. People
2. The Safety, Quality, and Service Experience

Teamwork, Diversity and Respect

We deliver the Riverside Care Difference by working as a team to put our customers at the heart of all we do. The idea of team is also crucial to our Team Up for Safety program. This value is reflected in our People and Safety, Quality and Service focus areas.

Physician Integration and Leadership

A physician leadership model integrated across all parts of our system sets us apart. Each division is led by administrators and physicians working as a team. This value is reflected in our People and Safety, Quality and Service focus areas.

Deep Community Involvement

Riverside welcomes our responsibility to deliver another 100 years of service to our community. Our tradition of involvement and engagement reaches back more than a century. Giving back is ingrained in our mission to care for others as we would care for those we love. Participation and partnership as citizens of the community are vital to us. This value is reflected in our Finance focus area.

Healthy Growth and Financial Stability

We can only fulfill our commitment to long-term service by using our resources responsibly and efficiently. This value is reflected in the Growth focus area.

MISSION

To care for others as we would care for those we love – to enhance their well-being and improve their health.

Our mission is why we exist. We carry it out by committing to the Riverside Care Difference, the way we deliver care and services as a team, by putting our patients at the heart of what we do. The Riverside Care Difference represents our ongoing commitment to keep residents safe, help them heal, be kind and respect their wishes.



APPENDIX G

Certified Financial Statement

Warwick Forest Retirement Community Disclosure Statement. The filing of this disclosure statement with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the facility by the State Corporation Commission.



RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Financial Statements and Supplementary Schedules

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

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KPMG LLP
Suite 1900
440 Monticello Avenue
Norfolk, VA 23510

Independent Auditors' Report

The Board of Directors
Riverside Healthcare Association, Inc.:

Opinion

We have audited the consolidated financial statements of Riverside Healthcare Association, Inc. and its subsidiaries (the System), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in net assets without donor restrictions, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the System as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the System 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.

Emphasis of Matter

As discussed in Note 2(s) to the consolidated financial statements, in 2022, the System adopted new accounting guidance ASU 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, 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 consolidated 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 System'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 41-50 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Norfolk, Virginia
May 4, 2023

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(In thousands)

Assets	2022	2021
Current assets:		
Cash and cash equivalents	\$ 37,182	160,292
Accounts receivable	180,542	159,936
Due from third-party payors	85,565	62,039
Other receivables	12,606	8,334
Other current assets	<u>59,807</u>	<u>51,211</u>
Total current assets	375,702	441,812
Investments	572,193	722,962
Land, buildings, and equipment, net	964,094	863,721
Right-of-use assets	125,678	—
Other assets	<u>91,019</u>	<u>98,461</u>
Total assets	\$ <u>2,128,686</u>	<u>2,126,956</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 56,459	73,713
Accrued liabilities	103,881	115,029
Borrowings under line of credit	—	324
Current portion of long-term debt and obligations under finance leases	24,798	8,760
Current portion due to third-party payors	—	84,336
Other current liabilities	<u>61,891</u>	<u>29,960</u>
Total current liabilities	247,029	312,122
Deferred revenue	64,790	61,520
Long-term debt, less current portion	504,675	522,942
Obligations under finance leases, less current portion	64,536	21
Pension and postretirement obligations	100,869	172,803
Due to third-party payors, less current portion	—	1,407
Other liabilities	<u>216,416</u>	<u>138,886</u>
Total liabilities	<u>1,198,315</u>	<u>1,209,701</u>
Net assets:		
Without donor restrictions	902,770	889,749
Noncontrolling interest	<u>113</u>	<u>103</u>
Total without donor restrictions	902,883	889,852
With donor restrictions	<u>27,488</u>	<u>27,403</u>
Total net assets	<u>930,371</u>	<u>917,255</u>
Total liabilities and net assets	\$ <u>2,128,686</u>	<u>2,126,956</u>

See accompanying notes to consolidated financial statements.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets Without Donor Restrictions

Years ended December 31, 2022 and 2021

(In thousands)

	<u>2022</u>	<u>2021</u>
Operating revenues, gains, and other support without donor restrictions:		
Patient service revenue	\$ 1,444,888	1,325,720
Long-term care revenue	71,396	67,568
Other operating revenues	156,021	189,195
Net assets released from restrictions for operations	<u>743</u>	<u>786</u>
Total operating revenues, gains, and other support	<u>1,673,048</u>	<u>1,583,269</u>
Operating expenses:		
Salaries and benefits	876,676	815,878
Services and other	336,215	298,736
Supplies	318,923	299,652
Depreciation and amortization	96,765	86,614
Interest	<u>16,459</u>	<u>15,397</u>
Total operating expenses	<u>1,645,038</u>	<u>1,516,277</u>
Net operating income	<u>28,010</u>	<u>66,992</u>
Nonoperating gains and losses:		
Investment (loss) gain, net	(98,266)	30,384
Pension and postretirement benefit (costs)	7,986	(19,584)
Loss on the extinguishment of debt	<u>—</u>	<u>(5,116)</u>
Total nonoperating gains and losses, net	<u>(90,280)</u>	<u>5,684</u>
(Deficiency) excess of revenues, gains, and other support over expenses and losses before noncontrolling interest	(62,270)	72,676
Noncontrolling interest	<u>(10)</u>	<u>(11)</u>
(Deficiency) excess of revenues, gains, and other support over expenses and losses attributable to Riverside Health System	<u>(62,280)</u>	<u>72,665</u>
Change in fair value of financial instruments – interest rate swap agreement	5,927	2,325
Change in plan assets and benefit obligations of pension and postretirement plans	77,066	81,551
Cumulative effect of change in lease classification	(3,045)	—
Other	<u>(4,647)</u>	<u>278</u>
Change in net assets without donor restrictions attributable to Riverside Health System	\$ <u><u>13,021</u></u>	<u><u>156,819</u></u>

See accompanying notes to consolidated financial statements.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2022 and 2021

(In thousands)

	<u>Without donor restrictions</u>		<u>With donor restrictions</u>	<u>Total</u>
	<u>Riverside Health System</u>	<u>Noncontrolling Interest</u>		
Balance at December 31, 2020	\$ 732,930	4,519	19,326	756,775
Excess of revenues over expenses	72,665	11	—	72,676
Change in fair value of financial instruments – interest rate swap agreement	2,325	—	—	2,325
Change in plan assets and benefit obligations of pension and postretirement plans	81,551	—	—	81,551
Other	278	—	—	278
Change in ownership of Coastal Virginia Rehabilitation	—	(3,586)	—	(3,586)
Change in ownership of Peninsula Hospital Services	—	(841)	—	(841)
Contributions	—	—	320	320
Donor-restricted investment income, net	—	—	5,393	5,393
Net assets released from restrictions	—	—	(786)	(786)
Other	—	—	3,150	3,150
Change in net assets	<u>156,819</u>	<u>(4,416)</u>	<u>8,077</u>	<u>160,480</u>
Balance at December 31, 2021	<u>889,749</u>	<u>103</u>	<u>27,403</u>	<u>917,255</u>
(Deficiency) excess of revenues over expenses	(62,280)	10	—	(62,270)
Change in fair value of financial instruments – interest rate swap agreement	5,927	—	—	5,927
Change in plan assets and benefit obligations of pension and postretirement plans	77,066	—	—	77,066
Cumulative effect of change in lease classification	(3,045)	—	—	(3,045)
Other	(4,647)	—	—	(4,647)
Contributions	—	—	3,069	3,069
Donor-restricted investment loss, net	—	—	(3,009)	(3,009)
Net assets released from restrictions	—	—	(743)	(743)
Other	—	—	768	768
Change in net assets	<u>13,021</u>	<u>10</u>	<u>85</u>	<u>13,116</u>
Balance at December 31, 2022	<u>\$ 902,770</u>	<u>113</u>	<u>27,488</u>	<u>930,371</u>

See accompanying notes to consolidated financial statements.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
 Years ended December 31, 2022 and 2021
 (In thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ 13,116	160,480
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	96,765	86,614
Net realized and unrealized loss (gain) on investments	116,753	(25,459)
Gain on sale of assets	(175)	(22,776)
Change in fair value of interest rate swap	(5,927)	(2,325)
Change in ownership of Coastal Virginia Rehabilitation	—	3,586
Loss on the extinguishment of debt	—	5,116
Net periodic pension cost	16,878	29,346
Components of the change in net pension and postretirement liabilities	(77,066)	(81,551)
Other	—	(552)
Cumulative effect of change in lease classification	3,045	—
Changes in assets and liabilities:		
Accounts receivable	(20,606)	(8,643)
Due (from) to third-party payors	(109,269)	(76,096)
Other receivables	(4,272)	(487)
Other current assets	(8,596)	(4,035)
Right-of-use assets	10,037	—
Other assets	(278)	(1,852)
Accounts payable	(21,656)	9,896
Accrued liabilities	(11,148)	27,592
Other current liabilities	12,261	(11,526)
Deferred revenue	3,270	3,294
Contributions to pension plan	(11,746)	(24,118)
Other liabilities	(21,108)	7,481
Net cash (used in) provided by operating activities	<u>(19,722)</u>	<u>73,985</u>
Cash flows from investing activities:		
Capital expenditures	(126,393)	(98,412)
Proceeds from sales of capital assets	768	5,122
Purchases of investments	(153,209)	(238,774)
Proceeds from sales of investments	194,945	31,383
Proceeds from sales of facilities	—	25,973
Other	—	987
Net cash used in investing activities	<u>(83,889)</u>	<u>(273,721)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	241,394
Proceeds from borrowings under line of credit	609,876	376,982
Repayments of line of credit	(610,200)	(380,654)
Principal payments on long-term debt and capital leases	(19,175)	(126,897)
Other	—	(1,827)
Net cash (used in) provided by financing activities	<u>(19,499)</u>	<u>108,998</u>
Net decrease in cash and cash equivalents	<u>(123,110)</u>	<u>(90,738)</u>
Cash and cash equivalents, beginning of year	<u>160,292</u>	<u>251,030</u>
Cash and cash equivalents, end of year	\$ <u>37,182</u>	\$ <u>160,292</u>
Supplemental disclosures of cash flow information:		
Land, buildings, and equipment purchases in accounts payable	\$ 4,042	4,072
Cash paid for interest	17,535	17,092
Major moveable equipment obtained through finance leases	2,254	—

See accompanying notes to consolidated financial statements.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(1) Organization

Riverside Healthcare Association, Inc. and subsidiaries is an organization of owned or contractually managed healthcare providers, including acute care, long-term care, physician services, home health, and associated support services located principally in Newport News, Virginia. Riverside Healthcare Association, Inc. and subsidiaries currently operate under the trade name of Riverside Health System. Riverside Health System comprises four major divisions: the Acute Hospital Division, the Other Acute Healthcare Division, the Lifelong Health and Aging-Related Services Division, and the Healthcare Support Division.

The Acute Hospital Division is composed of the following:

- Doctors' Hospital of Williamsburg, a 40-bed acute care hospital doing business as Riverside Doctors' Hospital Williamsburg
- Riverside Hospital, Inc., consisting primarily of an acute care general hospital licensed for 450 beds operating under the trade name Riverside Regional Medical Center and a 98-bed psychiatric and chemical dependence center doing business as Riverside Behavioral Health Center
- Riverside Middle Peninsula Hospital, Inc., a 67-bed acute care hospital doing business as Riverside Walter Reed Hospital
- Shore Health Services, Inc., a 52-bed acute care hospital doing business as Riverside Shore Memorial Hospital

The Other Acute Healthcare Division is composed of the following:

- MiChuMi, LLC, doing business as MDEExpress, which operates five urgent care centers
- Peninsula Cancer Institute, LLC, which employs 15 physicians and 13 advanced practice providers in seven practices
- Riverside Physician Services, Inc., doing business as Riverside Medical Group, which employs 383 physicians and 232 advanced practice providers in 110 practices

The Lifelong Health and Aging-Related Services Division operates 478 nursing home beds; 288 assisted living beds; and provides skilled, rehabilitation, intermediate, and home-for-adult services. The division also manages home care and community-based services for Riverside Health System.

The Lifelong Health and Aging-Related Services Division is composed of the following:

- At Home Partners, LLC (At Home Partners), 80% owned by Riverside Retirement Services, Inc.
- Center for Excellence in Aging and Geriatric Health, doing business as Center for Excellence in Aging and Lifelong Health
- Francis N. Sanders Nursing Home, Inc.
- Patrick Henry Hospital, Inc.
- Patriots Colony, Inc.
- Riverside Convalescent Centers, Inc.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

- Riverside Hospice and Homecare Services, LLC
- Riverside Retirement Services, Inc.
- Riverside Wellness and Fitness Centers, Inc.
- Sanders Common, Ltd.
- Shore Life Care, Inc.
- Tilden and Virginia Davis Support Foundation, Inc.

The Healthcare Support Division is composed of the following:

- Newport News General and Non-Sectarian Hospital Association, Inc., a real estate holding company
- Peninsula Hospital Services, Inc. (PHS), a laundry service company, wholly owned by Riverside Healthcare Foundation, Inc.
- Peninsula Radiosurgery Associates, LLC, a radiosurgery center management company
- Quarterpath Williamsburg, LLC
- Rehabilitation Institute of Virginia, Inc., a healthcare holding company
- RHS MedInsur, Ltd. (MedInsur), a wholly owned captive insurance company
- Riverside Advantage, Inc.
- Riverside Health System Foundation, Inc.
- Riverside Healthcare Foundation, Inc.
- Riverside Healthcare Association, Inc., a wholly owned holding company
- Riverside Healthcare Services, Inc., which provides financial services, risk management, and management contract services to related organizations
- Riverside Management Services, Inc., which provides managerial and advisory services primarily to related organizations
- Riverside Medical Equipment Center, Inc., a physician office billing company
- Virginia Surgical Management, LLC, a surgery center management company

All are hereinafter referred to collectively as the "System."

Basis for Consolidation

The accompanying consolidated financial statements include the assets, liabilities, and net assets and operations of all the controlled corporations mentioned above. All significant intercompany accounts and transactions have been eliminated in consolidation.

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(2) Summary of Significant Accounting Policies

(a) *Use of Estimates*

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

(b) *Cash and Cash Equivalents*

The System considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents, with the exception of short-term investments that are included within investments in the accompanying consolidated balance sheets.

(c) *Accounts Receivable*

Accounts receivable are amounts due from patients or residents, less implicit and explicit price concessions. Price concessions are based on historical collection trends, market conditions, and management's judgment regarding the ability to collect specific accounts.

(d) *Inventories*

Inventories consist primarily of drugs and medical supplies and are stated at the lower of average cost or net realizable value and are recorded in other current assets on the accompanying consolidated balance sheets.

(e) *Investments*

The System's investments include marketable securities, alternative investments, and equity method investments.

Marketable debt and equity securities are carried at fair value determined in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*. The System has designated its marketable securities as trading securities and recognizes investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) as nonoperating gains and losses in the accompanying consolidated statements of operations.

The System's alternative investments are reported at net asset value (NAV) as a practical expedient; gains or losses are recorded as nonoperating gains and losses in the accompanying consolidated statements of operations unless it is probable that all or a portion of the investment will be sold for an amount other than NAV. The System has concluded, as a practical expedient, that NAV approximates fair value.

Joint ventures and other investments in which the System does not control but does, however, have the ability to exercise significant influence are accounted for under the equity method of accounting in the accompanying consolidated financial statements.

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The System also has investments designated for self-insurance held at MedInsur of approximately \$49,650 and \$46,800, respectively, on December 31, 2022 and 2021.

The System's investments are exposed to several risks, including market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur and that such changes could materially affect the amounts reported in the System's consolidated financial statements. The System manages such risks through diversification of the investment portfolio, monitoring and due diligence, and the use of third-party service providers.

(f) Land, Buildings, and Equipment, Net

Land, buildings, and equipment are stated at cost. Depreciation is computed on the straight-line method using the following estimated useful lives:

	<u>Years</u>
Land improvements	2–25
Buildings and improvements	5–40
Fixed equipment	5–20
Major movable equipment	2–20

Gains or losses on the disposal of land, buildings, and equipment are included in other operating revenues on the accompanying consolidated statements of operations.

(g) Goodwill

The System accounts for goodwill in accordance with FASB ASC Topic 350, *Intangibles – Goodwill and Other*. As of December 31, 2022 and 2021, the balance of goodwill was approximately \$40,000 and is included in other assets in the accompanying consolidated balance sheets. In accordance with ASC Topic 350, the System's goodwill is not amortized but rather is tested annually for impairment. Management evaluates goodwill amounts for impairment annually at the end of the reporting period. No impairment loss was recognized in 2022 or 2021.

(h) Deferred Compensation Plan

The System sponsors an eligible deferred compensation plan as described under Internal Revenue Code (IRC) section 457. Eligible plans allow employees to defer income taxation on retirement savings into future years and plan participants can contribute up to the IRC limit. The System records an asset for the investments and a corresponding liability related to the payment to the employees in future years. Investments held by the System under a rabbi trust arrangement and the liability associated with the deferred compensation plan are included within other (noncurrent) assets and other (noncurrent) liabilities, respectively, in the accompanying consolidated balance sheets. On December 31, 2022 and 2021, the assets and liability were approximately \$47,200 and \$54,900, respectively.

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On December 31, 2022 and 2021, investments held by the rabbi trust arrangement included marketable equity securities, money market mutual funds, and other investments, substantially all of which would be classified as Level 1 securities within the valuation hierarchy. The allocation by investment type on December 31 were as follows:

	<u>2022</u>	<u>2021</u>
Equity securities	91 %	92 %
Money market mutual funds	8	6
Other	1	2

All investment earnings and expenses of the rabbi trust are reported in the System's consolidated statements of operations within investment income, net and the related compensation cost from the change in fair value of the amount owed to the employees is recorded in net pension and postretirement costs. For the year ended December 31, 2022, net unrealized investment losses of \$10,329, and deferred compensation cost of \$10,329. For the year ended December 31, 2021, net unrealized investment gains of \$6,400, and deferred compensation cost of \$6,400. These gains and losses related to the deferred compensation plan were recognized by the System in nonoperating gains and losses.

(i) Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided federal assistance for individuals and businesses. Under the CARES Act Provider Relief Funding, the System received \$88,399 in federal grants, \$59,505 of which were recognized prior to 2021, \$12,924 of which were recognized in 2021, and \$15,970 of which were recognized in 2022 as grant revenue in other operating revenues on the accompanying consolidated statements of operations. In addition to the federal grants received, the System received and recognized state of Virginia CARES Act grants from the Department of Medical Assistance Services in the amount of \$2,970 and \$3,870 during the years ended December 31, 2021 and 2022, respectively. The System considered FAQs and other guidance issued by the U.S. Department of Health and Human Services (HHS) when assessing whether the terms and conditions of the Provider Relief Funding were met. The amounts recognized as revenue could change in the future based on continuing analysis of lost operating revenues and COVID-19-related expenses as well as the evolving guidance provided by HHS.

In April 2020, the System received \$149,379 of advance payments from the Centers for Medicaid and Medicare Services (CMS). These advanced payments, which continue to be earned when future Medicare claims are reported to CMS, are recorded in due to third-party payors on the accompanying consolidated balance sheets. CMS started to recoup the advance payments in April 2021. The balances on December 31, 2022 and 2021 were \$0 and \$84,336, respectively.

Furthermore, the CARES Act included a provision that allows the System to defer the employer's portion of Social Security payroll taxes. On December 31, 2021, the System had \$10,810 of Social Security deferred payroll taxes remaining, which were included in accrued liabilities on the accompanying consolidated balance sheets. The System paid the remaining Social Security deferred payroll taxes in 2022.

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(j) *Deferred Revenue*

Patriots Colony, Inc. (Patriots Colony) and Warwick Forest (a division of Riverside Retirement Services, Inc.) are continuing care retirement communities. Residents admitted to the facilities pay a fee at admission (advance fee) and a monthly fee to cover the cost of their care (periodic fee). Note 2(n) further discusses recognition of the monthly fees when the performance obligations are met.

Under the terms of the various contracts, the advance fees range from nonrefundable to 95% refundable. The advance fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue and are amortized over time using an actuarial valuation that includes estimated remaining life expectancy and remaining healthcare usage of each individual resident, or joint and last survivor life expectancy of each pair of residents occupying the same unit. The refundable portion of these advance fees is repayable to the resident upon the resident vacating the unit and generally becomes nonrefundable over time. The refundable portion is classified as other current liabilities and is not amortized.

The deferred revenue balance on December 31, 2022 was \$64,790, consisting of \$61,821 in advance fees and \$2,969 in other deferred revenue. The deferred revenue balance on December 31, 2021 was \$61,520, consisting of \$58,358 in advance fees and \$3,162 in other deferred revenue.

As of December 31, 2022 and 2021, the portion of advance fees subject to refund provisions were approximately \$18,000 and \$17,400, respectively. Amounts expected to be refunded to current residents, based on the System's experience, were approximately \$5,100 and \$6,500 on December 31, 2022 and 2021, respectively, and are recorded in other current liabilities in the accompanying consolidated balance sheets.

The amounts relating to long-term care residents' advance fees are as follows:

Balance at December 31, 2020	\$	55,667
Amortization of entrance fees		(5,355)
Current year entrance fees		10,062
Refunds and terminations		<u>(2,016)</u>
Balance at December 31, 2021		58,358
Amortization of entrance fees		(6,009)
Current year entrance fees		12,374
Refunds and terminations		<u>(2,902)</u>
Balance at December 31, 2022	\$	<u>61,821</u>

(k) *Obligation to Provide Future Services*

Patriots Colony and Warwick Forest calculate the present value of the net cost of future services and future use of facilities to current residents and members and compares that amount with the balances of deferred revenue from advanced entrance fees. If the present value of the net obligation to provide future services and future use of facilities (discounted at 5%) exceeds the deferred revenue from advanced entrance fees, a liability is recorded with the corresponding charge to income. The

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calculation is performed biennially for each program in alternating years. On December 31, 2022 and 2021, deferred revenue from advanced entrance fees exceeded the calculation of the present value of the net cost of future services and future use of facilities for Patriots Colony and Warwick Forest. Therefore, an additional liability for an obligation to provide future services and use of facilities is not required.

(l) Derivatives Policy

The System manages its exposure to interest rate volatility through use of an interest rate swap contract. This contract qualifies as a derivative financial instrument. In accordance with the provisions of FASB ASC Subtopic 954-815, *Health Care Entities – Derivatives and Hedging*, the System applies the provisions of FASB ASC Topic 815, *Derivatives and Hedging*, in the same manner as for-profit entity. That is, the gain or loss items related to derivative instruments that affect a for-profit entity's income from continuing operations under ASC Topic 815 similarly affect the System's performance indicator, and the gain or loss items that are excluded from a for-profit entity's income from continuing operations similarly are excluded from the System's performance indicator. Under ASC Subtopic 954-815, to exclude the change in fair value from the performance indicator, the derivative instrument must not only be related to a specific bond issue, but also be a statistically correlated hedge of the current interest cash flow on the bonds. The System's performance indicator is referred to as excess of revenues, gains, and other support over expenses and losses. The net amount that becomes due or payable under the contracts is recognized currently in operating income. The System recognizes the derivative instrument at its estimated fair value on the balance sheet date and the gains and losses in its consolidated statements of operations and changes in net assets without donor restrictions. As of December 31, 2022 and 2021, the System has recorded the estimated fair value within other liabilities on the accompanying consolidated balance sheets. See note 10 for further details.

(m) Net Assets

The System classifies resources into two net assets categories based on the existence or absence of restrictions imposed by donors: without donor restrictions and with donor restrictions.

(i) Net Assets without Donor Restrictions

Net assets without donor restrictions are those net assets that are the result of revenues and income from standard operations of the System and are not subject to donor-imposed stipulations. Expenses, as reported on the consolidated statements of operations, reduce the total net assets without donor restrictions that resulted from revenues and other income.

Also included in this category are net assets in the plant replacement fund that the Board of Directors has the ability to but has not designated for specific purposes other than general plant replacement.

(ii) Net Assets with Donor Restrictions

Net assets with donor restrictions are unconditional promises to give cash and other assets whose use by the System has been limited by donors to a specific time period or purpose. These unconditional promises are discounted at a risk adjusted rate commensurate with the duration of the payment term which approximates fair value at the date the promise is received. When a donor

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restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, the assets are reclassified as net assets without donor restrictions and are reported in the consolidated statements of operations and changes in net assets without donor restrictions as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the year they are received are reflected as increases in net assets without donor restrictions in the accompanying consolidated financial statements.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained by the System in perpetuity, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations.

(n) Patient Service Revenue and Long-Term Care Revenue

(i) Patient Service Revenue

Revenue from patients is reported at the estimated net realizable amounts to be received from patients, third-party payors, or others for services rendered. The nature of the services provided determines performance obligations and the System recognizes revenue as performance obligations are satisfied, which is typically over time. The net realizable amounts include estimated retroactive adjustments under reimbursement agreements with third-party payors that are accrued on an estimated basis in the period the performance obligations are met and are based on current and historical experience, as well as reimbursement and other information, such as charges and allowable costs. The amounts are adjusted in future periods as changes to current, historical, and forecasted data becomes readily available.

(ii) Long-Term Care Revenue

Long-term care revenue includes revenue from patients in the nursing home, as well as revenue from residents in continuing care retirement communities. Revenue from patients in the nursing home divisions are recorded in a similar manner to patient service revenue in that patient revenue is recorded over time as the performance obligations are satisfied.

Revenue from residents in continuing care retirement communities is reported at the amount that reflects the consideration the System expects to receive in exchange for services provided. The amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Revenue is recognized as the performance obligations are satisfied. Residents' fees include a fixed fee at admission and monthly fees. Residency agreements are generally for a term of one month with options to renew. The options to renew generally do not provide a material right to the resident (i.e., incremental discount) that the resident would not receive without entering into that contract, therefore, the System recognizes the monthly fees as revenue when the services for the month are performed and the performance obligation is met.

(o) Charity Care

The System's policy is to provide medical care without regard to the patient's ability to pay for such services. Charity care is based upon a review of the patient's financial circumstances. The amounts charged to patients that qualify for charity care are not recorded as patient service revenue and are excluded from accounts receivable because the System does not pursue collection of these amounts;

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however, the expenses incurred in providing these services are included in the System's operating expenses.

(p) Noncontrolling Interest

Noncontrolling interest represents the minority shareholders' respective proportionate share for each of the net assets of PHS and At Home Partners. Revenues in excess of expenses are allocated to the minority shareholders of PHS and At Home Partners in proportion to the minority shareholders' ownership percentage and are reflected as income attributable to noncontrolling interest in the accompanying consolidated statements of operations.

In July 2021, the System became the full owner of PHS. The System now fully consolidates PHS without noncontrolling interest.

(q) Income Taxes

The System has received a group exemption letter from the Internal Revenue Service (IRS) under the corporation name Riverside Healthcare Association, Inc. recognizing each of its wholly owned subsidiaries, except for Riverside Medical Equipment Center, Inc., Newport News General and Non-Sectarian Hospital Association, Inc., Shore Health Services, Inc., Shore Life Care, Inc., Tilden and Virginia Davis Support Foundation, Inc., and Peninsula Hospital Services, Inc., stating they are exempt from income taxes pursuant to Section 501(c)(3) of the IRC, except for unrelated business income. Newport News General and Non-Sectarian Hospital Association, Inc. has retained its determination letter from the IRS stating it is exempt from income taxes pursuant to IRC Section 501(c)(2). Shore Health Services, Inc., Shore Life Care, Inc., and Tilden and Virginia Davis Support Foundation, Inc. have retained their determination letters stating they are exempt from income taxes pursuant to IRC Section 501(c)(3). No provision for income taxes was required for the years ended December 31, 2022 and 2021. As of December 31, 2022 and 2021, there were no uncertain tax positions.

(r) Mission Statement and Nonoperating Gains and Losses

The System's primary mission is to provide the highest quality care based on the medical needs of the citizens of the surrounding communities. Only those activities directly associated with the furtherance of this purpose are considered to be operating activities.

Other activities that result in gains or losses unrelated to the System's primary mission are considered to be nonoperating. Nonoperating gains and losses include earnings on investments and gains and losses resulting from unusual or infrequent transactions.

(s) Recently Adopted Accounting Pronouncements

In March 2021, the FASB issued Accounting Standards Update (ASU) No. 2021-03, *Intangibles – Goodwill and Other (Topic 350)*. This ASU provides an accounting alternative to private companies or not-for-profit entities, which allows them to perform goodwill impairment testing annually at the end of the reporting period and does not require monitoring of triggering events throughout the period as previously required. The System adopted this ASU in 2021. The adoption of this ASU did not have a material impact on the consolidated financial statements.

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In February 2016, the FASB issued ASU No. 2016-02, *Leases*, intended to improve financial reporting about leasing transactions. The new lease standard requires lessees to record most leases currently classified as operating leases on their consolidated balance sheets as lease assets and lease liabilities but recognize expenses on their income statements in a manner similar to current accounting. The guidance also eliminates current real estate-specific provisions and changes the sale and leaseback accounting model for all entities. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. The System adopted this ASU in 2022. The System has recorded an increase in assets and liabilities presented in the consolidated balance sheets to record right-of-use assets and lease obligations for operating leases upon adoption of the standard. The System adopted this ASU in 2022 under the modified retrospective method and recognized operating lease right-of-use assets of \$135,716, net of deferred incentives, and corresponding operating lease liabilities of \$150,820 on the consolidated balance sheet, within other liabilities. There were minor adjustments to the consolidated statements of operations and changes in net assets without donor restrictions. As a result of the adoption of ASU No. 2016-02, *Leases*, the Christopher Newport University Warwick Medical finance obligation was moved from long-term debt to obligations under finance leases on the associated balance sheet as of December 31, 2022.

(3) Patient Service Revenue and Long-term Care Revenue

The System has two main sources of operating revenue: (1) contracts with patients through Acute and Other Acute Hospital Divisions and (2) contracts with patients or residents through the Lifelong Health and Aging-Related Services Division.

The amounts recognized as revenue are due from patients, residents, third-party payors, or others, and include estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined. Generally, for inpatient services, the System bills the patient and third-party payors several days after services are performed and after the patient is discharged from the hospital. For outpatient services, the System bills patients and third-party payors several days after the services are rendered. The nature of the services provided determines performance obligations; the System typically recognizes revenue over time as performance obligations are satisfied. Other performance obligations that are deemed to be satisfied at a point in time may include services such as pharmacy sales. These obligations are satisfied when (1) goods are provided to the patients, residents, or other customers and (2) further services are not required in order to satisfy the performance obligation.

The System recognizes revenue for performance obligations satisfied over time based on actual charges incurred as services are provided to the patient or resident. Performance obligations incurred over time include services provided in inpatient acute care facilities, ancillary outpatient services provided in a facility or in a provider office including those rendered on the same day, long-term care facility services, and home care services. For inpatient and long-term care facility services, the performance obligation is measured from the point of admission to the time when services and goods are no longer required to satisfy the contract with the patient, which is generally at the time of discharge. These services are considered to be one performance obligation.

For inpatients at acute care facilities that have been admitted but not yet discharged at the end of the reporting period, an unsatisfied or partially satisfied performance obligations exists. The System recognizes

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revenue based on gross charges for services provided through the end of the month and accrues revenue based on charges posted after year-end that relate to the reporting period. These performance obligations are related to contracts that are expected to have a duration of less than one year and are therefore not disclosed separately as unsatisfied at the end of the reporting period.

The System determines the transaction price based on gross charges for services provided, less explicit and implicit price concessions and variable constraints. Contracts with patients usually involve a third-party payor and the System has agreements with certain third-party payors that provide for reimbursement at amounts different from their established rates. The gross charges are reduced for the difference between the reimbursement from third-party payors and the gross charge amount (explicit price concessions). Additionally, the System provides medical care without regard to the patient's ability to pay for services. Uninsured patients receive a discount from billed charges for medically necessary services.

If the System identifies subsequent adjustments to the transaction price that would cause adverse changes in a patient or payor's ability to pay, the amounts are recorded as bad debt expense. Bad debt expense is included in operating expenses in the accompanying consolidated statement of operations. The amount included as bad debt expense for the years ended December 31, 2022 and 2021 was not material to the System.

The System uses a portfolio approach as a practical expedient in recognizing patient revenue as patient accounts receivable are valued. The System does not expect its portfolio results to differ materially from valuing individual contracts.

There were no changes to the estimate of transaction price in the valuation of patient service revenue in 2022 and 2021 as compared with prior years.

The System does not adjust the amount of consideration from patients and third-party payors for the effects of a significant financing component because the System expects that the period between the time when patients receive services and when the System receives payments for those services will be one year or less. The System does, however, enter into payment arrangements with patients that allow payments in excess of one year. The System does not consider the financing component significant to the contract for these payment plans.

Laws and regulations governing the Medicare and Medicaid programs are 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. Adjustments to revenue estimates related to prior periods resulted in increases in patient service revenue of approximately \$4,884 and \$1,993 for the years ended December 31, 2022 and 2021, respectively.

A summary of the basis of hospital reimbursement from major third-party payors is as follows:

(a) Acute Care

Medicare – Inpatient services and capital costs related to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Substantially all Medicare outpatient services are paid at prospectively determined rates, which vary according to services rendered. Other outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement

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methodology. The System’s Medicare cost reports have been final-settled by the intermediary through December 31, 2012.

There are several Medicare Advantage Programs in the System’s service area. Inpatient acute care services are reimbursed at prospectively determined rates per discharge based upon the Medicare inpatient patient classification system. Outpatient services are reimbursed at prospectively determined rates based upon the Medicare Outpatient Prospective Payment System.

Medicaid – Inpatient services are reimbursed at prospectively determined operating rates and tentative, cost-based capital and education rates per discharge, with final settlement of capital and education costs determined after submission of annual cost reports by the System and audits thereof by the Medicaid fiscal intermediary. Outpatient services are reimbursed at prospective determined rates. The System’s Medicaid cost reports have been final-settled by the intermediary through December 31, 2020.

There are several Medicaid managed programs in the System’s service area. Inpatient acute care services are reimbursed at prospectively determined rates. Outpatient services are reimbursed at either a percentage of charges or prospectively determined rates.

The State of Virginia assesses a fee or tax on hospital gross patient service revenue. The revenue from this assessment is used to increase payments made to hospitals for the unreimbursed costs of hospital services provided to Medicaid patients of \$38,181 and \$24,307 for 2022 and 2021, respectively. The System’s patient service revenue reflects the increase in payment for services to Medicaid patients and hospital tax assessment expense reflects the fees assessed by the State. Reimbursement and the assessment under this program are reflected in the accompanying consolidated statements of operations and changes in net assets without donor restrictions as follows:

			<u>2022</u>	<u>2021</u>
Reimbursement	Patient service revenue	\$	146,601	110,597
Assessment	Services and other		52,927	40,899

Blue Cross – For Blue Cross Health Maintenance Organization (HMO) subscribers, inpatient acute care services are reimbursed on prospectively determined rates per discharge, and outpatient services are reimbursed according to a fee schedule. For Blue Cross Preferred Provider Organization (PPO) subscribers, inpatient acute care services are reimbursed on a discharge basis, and outpatient services are reimbursed based upon a fee schedule. For other Blue Cross subscribers, inpatient acute care and outpatient services are reimbursed based upon a percentage of charges.

Commercial and Other Insured – Each hospital also has payment agreements with certain commercial insurance carriers, HMOs, and PPOs. The basis for payment to the System under these agreements is primarily a discount from established charges.

Self-pay – The System provides certain discounts to the uninsured. Uninsured patients received a 50% discount from billed charges in 2022 and 2021.

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The payor mix of major third-party payors for acute care, based on percentages of patient service revenue, for the years ended December 31 was as follows:

	<u>2022</u>	<u>2021</u>
Medicare (including Medicare Advantage)	37 %	35 %
Medicaid (including Medicaid HMO)	24	21
Blue Cross (including Blue Cross HMO)	21	21
Commercial and other insured	17	22
Self-pay	1	1
	<u>100 %</u>	<u>100 %</u>

(b) Long-Term Care

The majority of long-term care services were provided to Medicaid and Medicare patients in 2022 and 2021. Skilled nursing services provided under the Medicare program are reimbursed based upon a case-mix and geographically adjusted prospective payment. Medicaid reimburses based on a blending of the facility's historical price-based rate with patient-specific case mix rate, with an add-on for facility specific capital. The Lifelong Health and Aging-Related Services Division's Medicaid cost reports have been final-settled by the intermediary through December 31, 2020.

The payor mix of major third-party payors for the Lifelong Health and Aging-Related Services Division, based on percentages of long-term care revenue, for the years ended December 31 was as follows:

	<u>2022</u>	<u>2021</u>
Medicare (including Medicare Advantage)	28 %	31 %
Medicaid (including Medicaid HMO)	29	25
Blue Cross (including Blue Cross HMO)	1	1
Commercial and other insured	1	2
Self-pay	41	41
	<u>100 %</u>	<u>100 %</u>

(c) Riverside Medical Group

Patient service revenue for Riverside Medical Group (RMG) are included in patient service revenue in the accompanying consolidated statements of operations and changes in net assets without donor restrictions. These services are reimbursed based on established fee schedules for Medicare and Medicaid, negotiated fee schedules for Blue Cross and commercial payors, and capitated rates for HMOs.

For the years ended December 31, 2022 and 2021, patient service revenue for RMG totaled approximately \$265,786 and \$258,400, respectively.

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The payor mix of major third-party payors for RMG, based on percentages of patient service revenue, for the years ended December 31 was as follows:

	<u>2022</u>	<u>2021</u>
Medicare (including Medicare Advantage)	44 %	44 %
Medicaid (including Medicaid HMO)	11	15
Blue Cross (including Blue Cross HMO)	23	23
Commercial and other insured	19	17
Self-pay	3	1
	<u>100 %</u>	<u>100 %</u>

(d) Regulatory Environment

National and state healthcare-related legislation has been and is expected to continue to be introduced in the U.S. Congress and the Commonwealth of Virginia Legislature. Such legislation has addressed benefits provided, insurance coverage, and provider reimbursement. The healthcare 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 healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management is not aware of any material noncompliance with fraud and abuse-related rules or other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory action unknown or unasserted at this time.

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(4) Community Benefit Expense

The System's estimated cost of providing services to the indigent and benefits to the broader community during the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Benefits for the indigent:		
Unreimbursed cost of charity	\$ 27,454	25,048
Unreimbursed costs of Medicaid program	<u>26,066</u>	<u>2,928</u>
Total quantifiable benefits for the indigent at cost	<u>53,520</u>	<u>27,976</u>
Benefits for the broader community:		
Education and research programs	19,162	15,597
Other community benefits	<u>6,799</u>	<u>6,380</u>
Total quantifiable benefits for the broader community	25,961	21,977
Implicit price concessions	<u>34,527</u>	<u>25,787</u>
Total quantifiable community benefits	<u>\$ 114,008</u>	<u>75,740</u>

The System accepts all patients regardless of their ability to pay. Benefits for indigent patients include services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured. This includes traditional charity care at the estimated cost and the costs of treating Medicaid beneficiaries in excess of government payments. Distinguishing uncollected patient revenue between charity and implicit price concessions requires full consideration of both the financial and nonfinancial circumstances of the patient, which are not always available to the organization. Therefore, both traditional charity care and implicit price concessions are included as a component of benefits for indigent patients.

Benefits for the broader community include services provided to other individuals who may not qualify as indigent but need special services and support. Examples include the elderly, substance abusers, victims of child abuse, and the disabled. Benefits for the broader community also include the cost of health promotion and education, health clinics and screenings, and the unreimbursed cost of medical training. The costs for these services have been estimated using multiple costing methodologies, including the application of cost-to-charge ratios, internal cost accounting estimates, Medicare allowable costs, and, where possible, the amount provided as support to the community group or building activity.

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(5) Investments

The estimated values of the System's investments at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Short-term investments	\$ 3,661	3,651
Money market mutual funds	5,444	2,936
Fixed-income securities:		
Bond mutual funds	278,594	372,349
International bond mutual funds	16,048	10,114
U.S. government bonds and notes	14,915	10,451
Mortgage-backed securities	12,567	14,012
Corporate bonds and notes	12,685	13,582
Equity securities:		
Common trust funds:		
International	44,984	102,455
Domestic	41,346	16,450
Foreign stocks	30,077	41,920
Pooled investments	13,555	10,867
Marketable equity securities	62,541	88,662
Fund of funds	<u>22,857</u>	<u>23,213</u>
Total investments at fair market value	559,274	710,662
Equity method investments	9,416	11,049
Other investments	<u>3,503</u>	<u>1,251</u>
Total investments	\$ <u><u>572,193</u></u>	\$ <u><u>722,962</u></u>

The fair market values of the System's investments, excluding certain alternative investments and equity method investments, and other investments, were determined by year-end closing prices reported in the listings of the applicable major exchanges.

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Investment income for the years ended December 31 consists of the following:

	2022	2021
Interest and dividends	\$ 15,478	10,318
Realized (losses) gains, net	(6,825)	12,959
Unrealized (losses) gains on trading securities, net	(96,590)	707
Investment (losses) gains from deferred compensation investments	(10,329)	6,400
Total investment income (loss), net included in change in net assets without donor restrictions	(98,266)	30,384
Donor-restricted investment income (loss), net	(3,009)	5,393
Total investment income (loss), net	\$ (101,275)	35,777

(6) Fair Value Measurements

The System's financial instruments include cash and cash equivalents, receivables, investments, accounts payable, accrued liabilities, and long-term debt. With the exception of long-term debt, the carrying amounts of these instruments approximate their fair values because of the short maturity or frequent repricing of these instruments.

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction among market participants at the measurement date. ASC Topic 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability.

In determining fair value, the System uses the market approach. The market approach utilizes prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. As a basis for considering market participant assumptions in fair value measurements, ASC Topic 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 and Level 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value levels are as follows:

- Level 1 – Inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the System has the ability to access at the measurement date.
- Level 2 – Inputs are other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

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- Level 3 – Inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The System’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

The following tables present information about the fair value of the System’s financial assets and liabilities on a recurring basis:

	December 31, 2022				
	Total fair value	Level 1	Level 2	Level 3	NAV¹
Investments:					
Short-term investments	\$ 3,661	3,661	—	—	—
Money market mutual funds	5,444	5,444	—	—	—
Fixed-income securities:					
Bond mutual funds	278,594	190,600	87,994	—	—
International bond mutual funds	16,048	—	—	—	16,048
U.S. government bonds and notes	14,915	—	14,915	—	—
Mortgage-backed securities	12,567	—	12,567	—	—
Corporate bonds and notes	12,685	—	12,685	—	—
Equity securities:					
Common trust funds:					
International	44,984	—	—	—	44,984
Domestic	41,346	—	—	—	41,346
Foreign stocks	30,077	19,091	—	—	10,986
Pooled investments	13,555	—	—	—	13,555
Marketable equity securities	62,541	62,541	—	—	—
Fund of funds	22,857	—	—	—	22,857
Total assets at fair value	\$ 559,274	281,337	128,161	—	149,776
Liability:					
Interest rate swap contract	\$ 2,763	—	2,763	—	—
Total liability at fair value	\$ 2,763	—	2,763	—	—

¹ Investments reported at NAV as a practical expedient estimate of fair value at December 31, 2022

There were no significant transfers among Levels 1, 2, or 3 during the year ended December 31, 2022.

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	December 31, 2021				
	Total fair value	Level 1	Level 2	Level 3	NAV²
Investments:					
Short-term investments	\$ 3,651	3,651	—	—	—
Money market mutual funds	2,936	2,936	—	—	—
Fixed-income securities:					
Bond mutual funds	372,349	246,579	115,321	—	10,449
International bond mutual funds	10,114	—	—	—	10,114
U.S. government bonds and notes	10,451	—	10,451	—	—
Mortgage-backed securities	14,012	—	14,012	—	—
Corporate bonds and notes	13,582	—	13,582	—	—
Equity securities:					
Common trust funds:					
International	102,455	—	—	—	102,455
Domestic	16,450	—	—	—	16,450
Foreign stocks	41,920	27,792	—	—	14,128
Pooled investments	10,867	—	—	—	10,867
Marketable equity securities	88,662	88,662	—	—	—
Fund of funds	23,213	—	—	—	23,213
Total assets at fair value	\$ <u>710,662</u>	<u>369,620</u>	<u>153,366</u>	<u>—</u>	<u>187,676</u>
Liability:					
Interest rate swap contract	\$ <u>8,690</u>	<u>—</u>	<u>8,690</u>	<u>—</u>	<u>—</u>
Total liability at fair value	\$ <u>8,690</u>	<u>—</u>	<u>8,690</u>	<u>—</u>	<u>—</u>

² Investments reported at NAV as a practical expedient estimate of fair value at December 31, 2021

There were no significant transfers among Levels 1, 2, or 3 during the year ended December 31, 2021.

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The following table summarizes certain characteristics of the alternative investments, which are valued using the NAV as of December 31:

Fund	2022	2021	Investment strategy	Liquidity restrictions	Remaining commitment
Bond mutual fund	\$ —	10,449	Fund seeks to generate positive absolute returns over time rather than track the performance of any particular index. This is a private placement vehicle over rolling five-year period.	Daily, with 15 days notice	N/A
International bond mutual fund	16,048	10,114	Fund goal is to outperform the investment benchmark (Citigroup World Government Bond Index – Unhedged) by at least 2% average annual basis over rolling five-year period.	Daily, with 10 days notice	N/A
Common trust fund – international	44,984	102,455	Fund seeks to provide long-term total return in excess of the MSCI EAFE Index.	Monthly, with 10 days notice	N/A
Common trust fund – domestic	41,346	16,450	Fund seeks to provide long-term return in excess of indices.	Monthly, with 10 days notice	N/A
Foreign stocks	10,986	14,128	Fund seeks to achieve long-term total return, primarily by investing in equity securities of non-U.S. small capitalization companies.	Monthly, with 15 days notice	N/A
Pooled investments	13,555	10,867	Investments seek to achieve long-term earnings.	No redemptions	\$ 13,143
Fund of funds	22,857	23,213	Funds seek to deliver positive returns regardless of the direction of the market with the major driver of investment returns coming from active management.	Quarterly, with 65 to 100 days notice	N/A
	<u>\$ 149,776</u>	<u>187,676</u>			

The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

Fixed-income securities consist of U.S. Treasury and other U.S. government agencies securities, corporate debt, mortgage-backed securities, other asset-backed securities, and bond mutual funds. The fair value is based upon proprietary valuation models that may consider market characteristics, such as benchmark yield curves, option-adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal repayments, underlying collateral, and other security features in order to estimate relevant cash flows, which are discounted to fair value.

Equity securities consist of publicly traded index funds and publicly traded equity securities (common stocks and preferred stocks). The fair value of investments is determined by management using third-party service providers utilizing various methods dependent upon the specific type of investment. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Where significant inputs are used by these third-party dealers or independent pricing services to determine

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fair values, the securities are classified within Level 2. Certain assets measured at fair value using the NAV are classified as Level 2 in accordance with FASB ASC Topic 820, *Fair Value Measurement*.

The System uses Level 2 inputs of interest rates and yield curves to value the interest rate swap.

(7) Land, Buildings, and Equipment, Net

A summary of land, buildings, and equipment at December 31 is as follows:

	2022	2021
Land and improvements	\$ 159,136	159,482
Buildings and improvements	1,092,824	1,050,953
Fixed equipment	34,698	34,571
Major movable equipment	609,030	523,538
Construction in progress	139,558	100,732
Land, buildings, and equipment	2,035,246	1,869,276
Less accumulated depreciation	(1,071,152)	(1,005,555)
Land, buildings, and equipment, net	\$ 964,094	863,721

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was \$96,765 and \$86,614, respectively. Capitalized interest expense net of capitalized interest income for the years ended December 31, 2022 and 2021 is approximately \$4,900 and \$2,000, respectively. Within major movable equipment, there are \$56,497 of assets associated with finance leases.

As of December 31, 2022 and 2021, construction in progress consisted primarily of renovations at Riverside Regional Medical Center, Riverside Doctors' Hospital Williamsburg, and Riverside Behavioral Health Center. On December 31, 2022 and 2021, the estimated cost to complete construction in progress was approximately \$122,000 and \$80,000, respectively.

(8) Retirement Plans

(a) Defined-contribution plans

The System sponsors defined-contribution plans under IRC Sections 401(k) and 403(b), which cover substantially all employees, and matches a percentage of contributions made by employees. Expenses related to the Riverside Health Services 401(k) Savings Plan and the Riverside Health System 403(b) Retirement Plan totaled approximately \$9,600 and \$8,400, respectively, for the years ended December 31, 2022 and 2021. Those expenses are included in salaries and benefits expense on the accompanying consolidated statements of operations.

(b) Pension and postretirement plans

In addition to the defined-contribution plans, the System has a noncontributory, defined-benefit pension plan (the Riverside Plan) that covers substantially all employees of the System that were employed prior to January 1, 2012, except for those employees in the Lifelong Health and Aging-Related Services Division. Prior to January 1, 2011, the System had three noncontributory, defined-benefit pension

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plans. The plans were merged effective January 1, 2011. The benefit structures of the plans remain unchanged after the merger. This plan is not available to new employees effective January 1, 2012. The System also provides healthcare benefits for eligible retired employees and accrues the estimated costs for such benefits during years that the employees render services to the System.

Benefits are based on years of service and the participant's compensation for each plan year in which the participant accrued credited service, as determined in accordance with the terms of the Riverside Plan.

The System's annual contributions to the Riverside Plan are actuarially determined amounts required to provide the benefits of the Riverside Plan and to meet the minimum funding standards as required by law. Funds released through terminations of nonvested employees are applied to reduce the System's future contributions. The System plans to contribute \$0 in 2023.

The reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of plan assets for the year ended December 31 and the accumulated benefit obligation at December 31 are as follows:

	Pension benefits		Postretirement benefits	
	2022	2021	2022	2021
Accumulated benefit obligation	\$ 602,593	818,089	—	—
Changes in benefit obligation:				
Benefit obligations at beginning of year	845,601	862,626	7,415	7,470
Service cost	14,349	15,988	186	174
Interest cost	25,451	23,467	237	203
Actuarial (gain) loss	(238,435)	(29,735)	(632)	385
Employee contributions	—	—	85	72
Benefits paid	<u>(28,126)</u>	<u>(26,745)</u>	<u>(831)</u>	<u>(889)</u>
Benefit obligation at end of year	618,840	845,601	6,460	7,415
Changes in plan assets:				
Fair value of plan assets at beginning of year	680,213	620,970	—	—
Actual return on plan assets	(138,656)	62,687	—	—
Employer contributions	11,000	23,301	746	817
Participant contributions	—	—	85	72
Benefits paid	<u>(28,126)</u>	<u>(26,745)</u>	<u>(831)</u>	<u>(889)</u>
Fair value of plan assets at end of year	<u>524,431</u>	<u>680,213</u>	<u>—</u>	<u>—</u>
Funded status	\$ <u><u>(94,409)</u></u>	<u><u>(165,388)</u></u>	<u><u>(6,460)</u></u>	<u><u>(7,415)</u></u>

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	<u>Pension benefits</u>		<u>Postretirement benefits</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net (loss) gain recognized in net assets at December 31	\$ (91,679)	(168,348)	3,954	3,557

	<u>Pension</u>		<u>Postretirement</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Weight average assumptions used to determined net periodic benefit costs:				
Discount rate	3.07 %	2.77 %	3.07 %	2.77 %
Expected long-term return on assets	6.50	6.50	N/A	N/A
Compensation rate increase	3.00	3.00	N/A	N/A

The expected return on plan assets is based on current market expectations. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans.

	<u>Postretirement</u>	
	<u>2022</u>	<u>2021</u>
Healthcare cost trend rate:		
Cost trend rate assumed for next year	5.60 %	5.20 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.00	4.50
Year that the rate reaches the ultimate trend rate	2045	2035

The components of net periodic pension cost for the year ended December 31 are as follows:

	<u>Pension</u>		<u>Postretirement</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 14,349	15,988	186	174
Interest cost	25,451	23,467	237	203
Expected return on plan assets	(40,253)	(36,927)	—	—
Amortization of net loss (gain)	17,143	26,817	(235)	(376)
Net periodic pension cost	\$ <u>16,690</u>	<u>29,345</u>	<u>188</u>	<u>1</u>

The service cost component of net periodic pension cost is included in salaries and benefits expense as operating expenses on the consolidated statements of operations and changes in net assets without donor restrictions. The remaining components of net periodic pension cost are included in nonoperating gains and losses.

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Other pension-related changes are included as changes in net assets on the consolidated statements of operations and changes in net assets without donor restrictions. The components of these other changes for the year ended December 31 are as follows:

	Pension		Postretirement	
	2022	2021	2022	2021
Actuarial gain (loss)	\$ 59,526	55,496	632	(385)
Amortization of actuarial loss (gain)	17,143	26,817	(235)	(376)
Pension-related changes other than periodic pension cost	\$ 76,669	82,313	397	(761)

The System's policy is to provide for growth of capital with a moderate level of volatility by investing assets per the target allocations stated above. The assets will be reallocated periodically to meet the above target allocations. The investment policy will be reviewed periodically, under the advisement of a certified investment advisor, to determine if the policy should be changed.

The expected long-term rate of return for the Riverside Plan's total assets is based on the expected return of each of the above categories and weighted based on the median of the target allocation for each class. Equity securities are expected to return 6.57% to 7.62% over the long term, while cash and fixed-income securities are expected to return approximately 3.00% to 6.03%. Real estate, hedge funds, and private equity are expected to return approximately 6.44%, 6.32%, and 9.87% respectively.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension	Postretirement
2023	\$ 33,139	672
2024	35,055	531
2025	36,853	540
2026	38,561	538
2027	40,216	555
2028–2032	219,022	2,684

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The fair value of the System's qualified pension plan assets, by asset category, are as follows:

Asset category	December 31, 2022				
	Total fair value	Level 1	Level 2	Level 3	NAV¹
Short-term investments	\$ 3,240	3,240	—	—	—
Fixed-income securities:					
Collective trust funds	211,199	—	211,199	—	—
Equity securities:					
Collective trust funds	238,461	—	238,461	—	—
Alternative investments	71,531	—	22,919	—	48,612
Total assets	\$ 524,431	3,240	472,579	—	48,612

¹ Investments reported at NAV as a practical expedient estimate of fair value at December 31, 2022

Asset category	December 31, 2021				
	Total fair value	Level 1	Level 2	Level 3	NAV²
Short-term investments	\$ 2,646	2,646	—	—	—
Fixed-income securities:					
Collective trust funds	284,645	—	284,645	—	—
Equity securities:					
Collective trust funds	309,742	—	309,742	—	—
Alternative investments	83,180	—	36,678	—	46,502
Total assets	\$ 680,213	2,646	631,065	—	46,502

² Investments reported at NAV as a practical expedient estimate of fair value at December 31, 2021

The fair value levels and valuation methodology are consistent with those disclosed in note 6.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

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(9) Long-Term Debt

Long-term debt at December 31 is as follows:

	2022	2021
Long-term debt:		
Economic Development Authority of the City of Newport News, Virginia, Health System Revenue Bonds Series 2015A	\$ 100,000	100,000
Economic Development Authority of the City of Newport News, Virginia, Health System Revenue Bonds Series 2015B	21,000	23,000
Industrial Development Authority of the City of Newport News, Virginia, Health System Series 2017A	50,000	50,000
Economic Development Authority of the City of Newport News, Virginia, Health System Revenue Bond Series 2017B	44,364	48,201
2020 Towne Bank Loan Agreement	56,645	58,095
2021 Taxable Series Bond	245,510	246,510
Christopher Newport University Warwick Medical finance obligation	—	7,940
Other	—	5
	517,519	533,751
Plus unamortized premium based on imputed interest rate of 3.38%	1,098	1,156
Less unamortized debt issuance costs	(3,020)	(3,284)
Less current portion of long-term debt	(10,922)	(8,681)
Total long-term debt	\$ 504,675	522,942
Borrowings under lines of credit:		
Lines of credit	\$ —	324

(a) Long-Term Debt

The Economic Development Authority of the City of Newport News, Virginia, Health System Revenue Bonds (Riverside Health System) Series 2015A and Series 2015B were issued on July 22, 2015 for \$100,000 and \$25,000, respectively. The interest rates were fixed at 5.33% and 3.09%, respectively, with maturities through July 1, 2045 and July 1, 2030, respectively.

The Industrial Development Authority of the City of Newport News, Virginia, Health System Series 2017A tax-exempt bonds were issued on August 18, 2017 for \$50,000. The interest rate was fixed at 5.00%, with maturities through July 1, 2046.

The Economic Development Authority of the City of Newport News, Virginia, Health System Refunding Revenue Bonds Series 2017B were issued on September 7, 2017. The 2017B bonds were issued for \$68,555 with a variable rate ranging from 0.81% to 4.50% during 2022, with maturities through July 1, 2037.

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On February 27, 2020, the System entered into a \$60,000 taxable loan agreement. The interest rate on the loan is fixed at 2.21%, with maturities through July 1, 2050.

On November 9, 2021, the System issued \$246,510 in taxable bonds (Series 2021). The interest rate on the debt was fixed at 3.31%. A portion of the proceeds from the 2021 Series was used to refund both the Series 2012 Revenue Bonds and the 2017 taxable loan that had \$64,335 and \$50,000 of principal outstanding, respectively. A loss on extinguishment of \$5,116 was recognized and is included in nonoperating gains and losses in the accompanying consolidated statement of operations for 2021.

Scheduled maturities of long-term debt, as described above, are as follows:

2023	\$	10,922
2024		11,197
2025		11,477
2026		11,762
2027		12,062
Thereafter		<u>460,099</u>
Total	\$	<u><u>517,519</u></u>

(b) Line of Credit

The System has a \$40,000 revolving line of credit with Wells Fargo Bank, National Association for the purpose of financing the System's general short-term working capital needs with an annual maturity date of September 24. On September 22, 2022, the line of credit was renewed with a maturity date of September 21, 2023. The System has drawn \$0 and \$324 against the line of credit as of December 31, 2022 and 2021, respectively. The interest rate at December 31, 2022 and 2021 was 5.05% and 0.80%, respectively. On December 15, 2022, the line of credit was increased to \$50,000.

(c) Debt Covenants

The System is subject to a debt service coverage ratio, days cash on hand requirements, and credit ratio of unrestricted cash and investments to the outstanding principal amount and certain restrictions and limitations with respect to the incurrence of indebtedness, consolidation and merger, transfer of assets, and addition and withdrawal of entities to or from the System. The System was in compliance with its debt covenants for the years ended December 31, 2022 and 2021.

(10) Derivatives

In 2008, the System entered into an interest rate swap agreement with Deutsche Bank with a notional amount of \$63,730 to hedge against interest rate risk related to the Series 2004 variable rate bonds. In 2011, the Series 2004 bonds were refinanced with the Series 2011C bonds. In 2017, the Series 2011C bonds were refinanced with the 2017B bonds, and there was no change in the maturity date from July 1, 2037.

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The following summarizes the general terms for the System's interest rate swap agreement:

Notional amount – Original	\$	63,730
Notional amount – Current		40,590
Trade date		10/3/2008
Effective date		10/3/2008
Termination date		7/1/2037
Fixed rate		3.53 %
Fair value at December 31, 2020	\$	(11,015)
Change in fair value		<u>2,325</u>
Fair value at December 31, 2021		(8,690)
Change in fair value		<u>5,927</u>
Fair value at December 31, 2022	\$	<u><u>(2,763)</u></u>

This change has been included as a separate change in net assets in the accompanying consolidated statements of operations and changes in net assets without donor restrictions.

(11) Functional Expenses

The System provides general healthcare services to residents within its geographical location. Expenses related to providing these services are as follows:

	<u>Patient-related healthcare services</u>	<u>General and administrative services</u>	<u>Education, fundraising, and other services</u>	<u>Total</u>
For the year ended				
December 31, 2022:				
Salaries and benefits	\$ 691,239	153,684	31,753	876,676
Services and other	283,865	48,911	3,439	336,215
Supplies	313,892	4,189	842	318,923
Depreciation and amortization	89,025	6,923	817	96,765
Interest	<u>13,928</u>	<u>2,160</u>	<u>371</u>	<u>16,459</u>
Total	\$ <u>1,391,949</u>	<u>215,867</u>	<u>37,222</u>	<u>1,645,038</u>

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

	<u>Patient-related healthcare services</u>	<u>General and administrative services</u>	<u>Education, fundraising, and other services</u>	<u>Total</u>
For the year ended				
December 31, 2021:				
Salaries and benefits	\$ 625,372	154,294	36,212	815,878
Services and other	200,495	69,383	28,858	298,736
Supplies	292,489	6,250	913	299,652
Depreciation and amortization	38,057	41,175	7,382	86,614
Interest	<u>11,863</u>	<u>2,782</u>	<u>752</u>	<u>15,397</u>
Total	\$ <u><u>1,168,276</u></u>	<u><u>273,884</u></u>	<u><u>74,117</u></u>	<u><u>1,516,277</u></u>

The System has expenses relating to functional classifications of patient-related healthcare services, general and administrative services, and education, fundraising, and other services. The accompanying consolidated statements of operations and changes in net assets without donor restrictions reports certain natural expense classifications that are attributed to these functional classifications. Natural expenses attributed to more than one functional expense classification are allocated based on the ratio of the individual functional classification's expense to total expense prior to allocation. In 2022 and 2021, approximately \$68,891 and \$85,400 in expenses were allocated based on the ratio of total expenses by category.

(12) Lease Commitments

Information as of and for the year ended December 31, 2022:

The System leases property and equipment under both operating and finance leases. Leases with terms greater than 12 months are recorded with the related right-of-use assets and right-of-use obligations at the present value of the lease payments over the term, on the accompanying consolidated balance sheet at December 31, 2022. The Systems uses US Treasury risk-free rate of return as the discount rate, as most leases do not provide a readily determinable implicit interest rate. Leases that include rental escalation clauses and renewal options are factored into the determination of the lease payments where appropriate.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

	<u>Balance sheet classification</u>	<u>December 31, 2022</u>
Assets:		
Operating leases	Right-of-use assets	\$ 125,678
Finance leases	Land, buildings, and equipment, net	<u>56,497</u>
Total lease assets		<u>\$ 182,175</u>
Liabilities:		
Current:		
Operating leases	Other current liabilities	\$ 20,208
Finance leases	Current portion of long-term debt and obligations under finance leases	13,876
Non-current:		
Operating leases	Other liabilities	120,760
Finance leases	Obligations under finance leases, less current portion	<u>64,536</u>
Total lease liabilities		<u>\$ 219,380</u>
Weighted average remaining term - operating leases		8.8 years
Weighted average remaining term - finance leases		7.3 years
Weighted average discount rate operating leases		1.7 %
Weighted average discount rate - finance leases		1.6 %

The following table represents certain information related to lease expenses for finance and operating leases for the year ended December 31, 2022. All expenses related to operating leases and short-term and variable lease expense are including in services and other expenses.

Finance lease expense:		
Amortization of leased assets	\$	12,628
Interest on lease liability		1,240
Operating leases		21,509
Variable lease expense		1,066
Short term lease expense		2,178
Sublease income		<u>(908)</u>
Total expenses	\$	<u>37,713</u>

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

The following table represents supplemental cash flow information for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of liabilities:		
Operating cash flows from operating leases	\$	20,896
Operating cash flows from finance leases (interest)		1,137
Financing cash flow from finance leases (principal)		13,258

The following table reconciles the undiscounted cash flows to the finance lease liabilities and operating lease liabilities recorded on the accompanying consolidated balance sheet at December 31, 2022:

	<u>Operating leases</u>	<u>Finance leases</u>
2023	\$ 22,453	15,001
2024	20,192	14,264
2025	18,308	13,812
2026	15,698	6,830
2027	12,564	5,351
Thereafter	<u>63,096</u>	<u>28,209</u>
Total undiscounted cash flows	152,311	83,467
Less: present value discount	<u>(11,343)</u>	<u>(5,055)</u>
Present value of future minimum lease payments	140,968	78,412
Less: current obligations under leases	<u>(20,208)</u>	<u>(13,876)</u>
Non-current lease obligations	\$ <u><u>120,760</u></u>	<u><u>64,536</u></u>

(13) Liquidity and Availability

The System has financial assets available within one year of the balance sheet date for general expenditures as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 37,182	160,292
Accounts receivable	180,542	159,936
Due from third-party payors	85,565	62,039
Other receivables	<u>12,606</u>	<u>8,334</u>
	\$ <u><u>315,895</u></u>	<u><u>390,601</u></u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The System has a requirement from bond holders to maintain financial assets, which consist of cash and short-term

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

investments, on hand to meet a minimum of 90 days of normal operating expenses. As more fully described in note 9, the System also has a line of credit totaling \$50,000, which is drawn upon daily to meet operational needs. The amount drawn at December 31, 2022 and 2021 was \$0 and \$324, respectively. The System invests excess cash in short-term investments that are readily available (next day). Investments available to be used to meet normal operating expenses at December 31, 2022 and 2021 were \$522,862 and \$676,582, respectively.

The System has future construction commitments totaling approximately \$122,000. The major projects included in this commitment that are funded by taxable bond proceeds total \$74,500. This includes the addition of a medical office building and other facility upgrades at Riverside Doctors' Hospital Williamsburg, totaling \$41,000. This also includes an emergency department expansion and other facility upgrades at Riverside Behavioral Health Center in Hampton, totaling \$10,500. The proceeds are also being used for upgrades at the Gloucester, Williamsburg, and Newport News Radiation-Oncology Cancer Centers, totaling approximately \$10,400. Various projects at Riverside Shore Memorial Hospital, Riverside Walter Reed Hospital, and Riverside Regional Medical Center have taxable bond commitments at December 31, 2022 of \$2,400, \$2,000 and \$3,100, respectively. The remaining \$5,100 of taxable proceeds are being used for projects at various diagnostic centers, cancer centers, and other facilities.

(14) Net Assets

The composition of net assets at December 31 is presented as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions:		
Hospital and physician operations	\$ 713,004	682,522
Lifelong health operations	189,766	207,227
Noncontrolling interest	<u>113</u>	<u>103</u>
Total without donor restrictions	\$ <u>902,883</u>	<u>889,852</u>
With donor restrictions:		
Purpose-restricted donor contributions:		
Capital expenditures	\$ 8,125	9,298
Patient support	10,372	9,645
Other	6,135	5,486
Perpetual in nature donor contributions	<u>2,856</u>	<u>2,974</u>
Total with donor restrictions	\$ <u>27,488</u>	<u>27,403</u>

(15) Insurance Coverage

Professional Liability

On December 31, 2022 and 2021, the System maintains professional liability insurance coverage of \$2,500 and \$2,450, respectively, per occurrence and \$16,000 and \$12,000, respectively, annual aggregate with a wholly owned captive insurance company, MedInsur. In addition, the System has obtained additional coverage from a commercial insurance company totaling \$20,000 for excess umbrella coverage.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

The System's professional liability insurance coverage is on a claims-made basis. The System accrues for the estimated ultimate cost of uninsured and self-insured asserted and unasserted malpractice claims when incidents occur. On December 31, 2022 and 2021, the System had accrued approximately \$25,400 and \$28,200, respectively, for claims associated with MedInsur. These claims are recorded in other liabilities on the accompanying consolidated balance sheets.

The estimated liability for professional liability claims will be significantly affected if current and future claims differ from historical trends. Management monitors reported claims closely and considers potential outcomes that are estimated by actuaries. Adequate provisions have been made related to the risks in determining the professional liability accrual.

Workers' Compensation

The System is responsible for workers' compensation claims of up to \$300 per loss event and an aggregate deductible of \$8,000 per year. The System is fully insured for claims occurring prior to January 1, 1994. The System has accrued for the estimated ultimate cost of reported and incurred but not reported claims as of December 31, 2022 and 2021. On December 31, 2022 and 2021, the System had accrued approximately \$4,600 and \$4,800, respectively. These claims are recorded in other liabilities on the accompanying consolidated balance sheets.

(16) Related-Party Transactions

The System has an investment on December 31, 2022 and 2021 of \$134 representing a 9.95% ownership in Newport News Town Center, LLC (NNTC), a real estate development company. One of the members of the System's Board of Directors is a partner in entities that have an ownership interest in NNTC. The System does not lease space in property owned by NNTC. NNTC is a partner in other real estate development companies. NNTC and its related partnerships have loans guaranteed by the System. On December 31, 2022 and 2021, the System guaranteed approximately \$1,300 of the loans. NNTC may require additional capital from its owners in the event of construction cost overruns. The System expects no material liability related to these guarantees due to the remote likelihood that the System will be required to perform under the guarantees.

During 2022 and 2021, the System made payments for professional services of approximately \$24,200 and \$18,100, respectively, to entities that are affiliated with a member of the System's Board of Directors.

As disclosed in note 9, on February 27, 2020, the System entered into a \$60,000 taxable loan agreement. The interest rate on the loan is fixed at 2.21%, with maturities through July 1, 2050. As of December 31, 2022 and 2021, one member of the System's Board of Directors was affiliated with the lender.

On December 31, 2022 and 2021, the System has an investment of \$6,557 and \$7,373, respectively, representing a 50% ownership in Chesapeake, Riverside, and UVA Radiosurgery Center, LLC. Changes in equity of this investment are recorded in other operating revenues in the accompanying consolidated statements of operations. During 2022 and 2021, the System recognized decreases in equity of approximately \$816 and \$1,029, respectively. Also, in 2022, the System received \$2,500 in dividends from Chesapeake, Riverside, UVA Radiosurgery Center, LLC. Liabilities due to the entity are included within other current liabilities on the accompanying consolidated balance sheets. On December 31, 2022 and 2021, the System had liabilities due to Chesapeake, Riverside, and UVA Radiosurgery Center, LLC of approximately \$8,061 and \$9,961, respectively.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

In August 2021, the System paid \$861 for a 10% ownership interest in Mary Washington Health Plan. On December 31, 2022, the System records the investment using the cost method. Liabilities due to the entity are included within accounts payable on the accompanying consolidated balance sheet. On December 31, 2022 and 2021, the System had liabilities payable to Mary Washington Health Plan of \$0 and \$1,183, respectively.

(17) Concentration of Credit Risk

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31 is as follows:

	<u>2022</u>	<u>2021</u>
Medicare (including Medicare Advantage)	40 %	37 %
Medicaid (including Medicaid HMO)	18	15
Blue Cross (including Blue Cross HMO)	14	16
Commercial and other insured	23	27
Self-pay	5	5
	<u>100 %</u>	<u>100 %</u>

(18) Subsequent Events

The System has evaluated events through May 4, 2023, which is the date the consolidated financial statements were available for issuance, and determined that there are no other items to disclose.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2022

(In thousands)

Assets	Members of the obligated group	Other entities	Eliminations of intercompany and joint ventures	Total
Current assets:				
Cash and cash equivalents	\$ 35,215	1,967	—	37,182
Accounts receivable	155,989	24,553	—	180,542
Due from affiliates	236,364	—	(236,364)	—
Due from third-party payors	76,260	9,305	—	85,565
Other receivables	41,779	272	(29,445)	12,606
Other current assets	44,885	5,644	9,278	59,807
Total current assets	590,492	41,741	(256,531)	375,702
Investments	520,472	51,721	—	572,193
Land, buildings, and equipment, net	835,004	129,090	—	964,094
Right-of-use assets	121,985	3,693	—	125,678
Other assets	90,955	64	—	91,019
Total assets	\$ 2,158,908	226,309	(256,531)	2,128,686
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 47,370	9,089	—	56,459
Accrued liabilities	116,610	(12,729)	—	103,881
Borrowings under line of credit	—	—	—	—
Current portion of long-term debt and obligations under finance leases	24,798	—	—	24,798
Due to affiliates	—	236,364	(236,364)	—
Current portion due to third-party payors	—	—	—	—
Other current liabilities	42,480	1,349	18,062	61,891
Total current liabilities	231,258	234,073	(218,302)	247,029
Deferred revenue	64,782	(9,270)	9,278	64,790
Long-term debt, less current portion	504,675	—	—	504,675
Obligations under finance leases, less current portion	64,536	—	—	64,536
Pension and postretirement obligations	100,869	—	—	100,869
Other liabilities	187,081	29,335	—	216,416
Total liabilities	1,153,201	254,138	(209,024)	1,198,315
Net assets:				
Without donor restrictions	1,009,046	(58,656)	(47,620)	902,770
Noncontrolling interest	—	—	113	113
Total without donor restrictions	1,009,046	(58,656)	(47,507)	902,883
With donor restrictions	(3,339)	30,827	—	27,488
Total net assets	1,005,707	(27,829)	(47,507)	930,371
Total liabilities and net assets	\$ 2,158,908	226,309	(256,531)	2,128,686

The "Members of the Obligated Group" consists of Riverside Hospital, Inc., Riverside Middle Peninsula Hospital, Inc., Patrick Henry Hospital, Inc., Riverside Healthcare Services, Inc., Riverside Healthcare Foundation, Inc., Riverside Management Services, Inc., Rehabilitation Institute of Virginia, Inc., Riverside Wellness and Fitness Centers, Inc., Riverside Retirement Services, Inc., Riverside Convalescent Centers, Inc., Riverside Medical Equipment Company, Inc., Newport News General and Non-sectarian Hospital Association, Inc., Riverside Physician Services, Inc., and Patriots Colony, Inc.

See accompanying independent auditors' report.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2021

(In thousands)

Assets	Members of the obligated group	Other entities	Eliminations of intercompany and joint ventures	Total
Current assets:				
Cash and cash equivalents	\$ 158,728	1,564	—	160,292
Accounts receivable	140,698	19,238	—	159,936
Due from affiliates	222,859	—	(222,859)	—
Due from third-party payors	54,921	7,118	—	62,039
Other receivables	26,680	(115)	(18,231)	8,334
Other current assets	49,508	7,024	(5,321)	51,211
Total current assets	653,394	34,829	(246,411)	441,812
Investments	675,173	47,789	—	722,962
Land, buildings, and equipment, net	736,838	126,883	—	863,721
Other assets	98,405	56	—	98,461
Total assets	\$ 2,163,810	209,557	(246,411)	2,126,956
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 66,328	7,385	—	73,713
Accrued liabilities	106,984	8,045	—	115,029
Borrowings under line of credit	324	—	—	324
Current portion of long-term debt and obligations under capital leases	8,760	—	—	8,760
Due to affiliates	—	222,859	(222,859)	—
Current portion due to third-party payors	70,200	14,136	—	84,336
Other current liabilities	25,685	4,275	—	29,960
Total current liabilities	278,281	256,700	(222,859)	312,122
Deferred revenue	61,531	5,310	(5,321)	61,520
Long-term debt, less current portion	522,937	5	—	522,942
Obligations under capital leases, less current portion	21	—	—	21
Pension and postretirement obligations	172,803	—	—	172,803
Due to third-party payors, less current portion	1,480	(73)	—	1,407
Other liabilities	109,358	29,528	—	138,886
Total liabilities	1,146,411	291,470	(228,180)	1,209,701
Net assets:				
Without donor restrictions	1,004,468	(96,385)	(18,334)	889,749
Noncontrolling interest	—	—	103	103
Total without donor restrictions	1,004,468	(96,385)	(18,231)	889,852
With donor restrictions	12,931	14,472	—	27,403
Total net assets	1,017,399	(81,913)	(18,231)	917,255
Total liabilities and net assets	\$ 2,163,810	209,557	(246,411)	2,126,956

The "Members of the Obligated Group" consists of Riverside Hospital, Inc., Riverside Middle Peninsula Hospital, Inc., Patrick Henry Hospital, Inc., Riverside Healthcare Services, Inc., Riverside Healthcare Foundation, Inc., Riverside Management Services, Inc., Rehabilitation Institute of Virginia, Inc., Riverside Wellness and Fitness Centers, Inc., Riverside Retirement Services, Inc., Riverside Convalescent Centers, Inc., Riverside Medical Equipment Company, Inc., Newport News General and Non-sectarian Hospital Association, Inc., Riverside Physician Services, Inc., and Patriots Colony, Inc.

See accompanying independent auditors' report.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets

Year ended December 31, 2022

(In thousands)

	Members of the obligated group	Other entities	Eliminations of intercompany and joint ventures	Total
Operating revenues, gains, and other support without donor restrictions:				
Patient service revenue and long-term care revenue	\$ 1,311,681	207,017	(2,414)	1,516,284
Other operating revenues	196,926	28,911	(69,816)	156,021
Net assets released from restrictions for operations	713	30	—	743
Total operating revenues, gains, and other support	<u>1,509,320</u>	<u>235,958</u>	<u>(72,230)</u>	<u>1,673,048</u>
Operating expenses:				
Salaries and benefits	803,660	84,564	(11,548)	876,676
Services and other	307,248	84,273	(55,306)	336,215
Supplies	282,442	36,905	(424)	318,923
Depreciation and amortization	87,732	9,034	(1)	96,765
Interest	16,455	549	(545)	16,459
Total operating expenses	<u>1,497,537</u>	<u>215,325</u>	<u>(67,824)</u>	<u>1,645,038</u>
Net operating income	<u>11,783</u>	<u>20,633</u>	<u>(4,406)</u>	<u>28,010</u>
Nonoperating gains and losses:				
Investment income, net	(92,373)	(5,348)	(545)	(98,266)
Net pension and postretirement costs	7,986	—	—	7,986
Total nonoperating gains, net	<u>(84,387)</u>	<u>(5,348)</u>	<u>(545)</u>	<u>(90,280)</u>
Deficiency of revenues, gains, and other support over expenses and losses before noncontrolling interest	(72,604)	15,285	(4,951)	(62,270)
Noncontrolling interest	—	—	(10)	(10)
Deficiency of revenues, gains, and other support over expenses and losses attributable to Riverside Health System	(72,604)	15,285	(4,961)	(62,280)
Change in fair value of financial instruments – interest rate swap agreement	5,927	—	—	5,927
Change in plan assets and benefit obligations of pension and postretirement plans	77,066	—	—	77,066
Cumulative effect of change in lease classification	(3,045)	—	—	(3,045)
Other	(2,766)	22,444	(24,325)	(4,647)
Change in net assets without donor restrictions attributable to Riverside Health System	<u>\$ 4,578</u>	<u>37,729</u>	<u>(29,286)</u>	<u>13,021</u>

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets

Year ended December 31, 2022

(In thousands)

	Members of the obligated group	Other entities	Eliminations of intercompany and joint ventures	Total
Change in net assets without donor restrictions attributable to Riverside Health System	\$ 4,578	37,729	(29,286)	13,021
Change in noncontrolling interest	—	—	10	10
Change in net assets without donor restrictions	<u>4,578</u>	<u>37,729</u>	<u>(29,276)</u>	<u>13,031</u>
Change in net assets with donor restrictions:				
Contributions (distributions)	(1,957)	5,026	—	3,069
Donor-restricted investment (loss) gain, net	(14,368)	11,359	—	(3,009)
Net assets released from restrictions	(713)	(30)	—	(743)
Other	768	—	—	768
Change in net assets with donor restrictions	<u>(16,270)</u>	<u>16,355</u>	<u>—</u>	<u>85</u>
Total change in net assets	<u>(11,692)</u>	<u>54,084</u>	<u>(29,276)</u>	<u>13,116</u>
Net assets, beginning of year	<u>1,017,399</u>	<u>(81,913)</u>	<u>(18,231)</u>	<u>917,255</u>
Net assets, end of year	\$ <u><u>1,005,707</u></u>	<u><u>(27,829)</u></u>	<u><u>(47,507)</u></u>	<u><u>930,371</u></u>

The "Members of the Obligated Group" consists of Riverside Hospital, Inc., Riverside Middle Peninsula Hospital, Inc., Patrick Henry Hospital, Inc., Riverside Healthcare Services, Inc., Riverside Healthcare Foundation, Inc., Riverside Management Services, Inc., Rehabilitation Institute of Virginia, Inc., Riverside Wellness and Fitness Centers, Inc., Riverside Retirement Services, Inc., Riverside Convalescent Centers, Inc., Riverside Medical Equipment Company, Inc., Newport News General and Non-sectarian Hospital Association, Inc., Riverside Physician Services, Inc., and Patriots Colony, Inc.

See accompanying independent auditors' report.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets

Year ended December 31, 2021

(In thousands)

	Members of the obligated group	Other entities	Eliminations of intercompany and joint ventures	Total
Operating revenues, gains, and other support without donor restrictions:				
Patient service revenue and long-term care revenue	\$ 1,213,842	183,213	(3,767)	1,393,288
Other operating revenues	211,543	30,131	(52,479)	189,195
Net assets released from restrictions for operations	771	15	—	786
Total operating revenues, gains, and other support	<u>1,426,156</u>	<u>213,359</u>	<u>(56,246)</u>	<u>1,583,269</u>
Operating expenses:				
Salaries and benefits	750,036	74,926	(9,084)	815,878
Services and other	257,469	87,760	(46,493)	298,736
Supplies	267,312	32,742	(402)	299,652
Depreciation and amortization	75,997	10,639	(22)	86,614
Interest	15,396	530	(529)	15,397
Total operating expenses	<u>1,366,210</u>	<u>206,597</u>	<u>(56,530)</u>	<u>1,516,277</u>
Net operating income	<u>59,946</u>	<u>6,762</u>	<u>284</u>	<u>66,992</u>
Nonoperating gains and losses:				
Investment income, net	31,489	(651)	(454)	30,384
Net pension and postretirement costs	(19,584)	—	—	(19,584)
Loss on the extinguishment of debt	(5,116)	—	—	(5,116)
Total nonoperating gains, net	<u>6,789</u>	<u>(651)</u>	<u>(454)</u>	<u>5,684</u>
Excess of revenues, gains, and other support over expenses and losses before noncontrolling interest	66,735	6,111	(170)	72,676
Noncontrolling interest	—	—	(11)	(11)
Excess of revenues, gains, and other support over expenses and losses attributable to Riverside Health System	66,735	6,111	(181)	72,665
Change in fair value of financial instruments – interest rate swap agreement	2,325	—	—	2,325
Change in plan assets and benefit obligations of pension and postretirement plans	81,551	—	—	81,551
Other	7,568	(1,976)	(5,314)	278
Change in net assets without donor restrictions attributable to Riverside Health System	<u>\$ 158,179</u>	<u>4,135</u>	<u>(5,495)</u>	<u>156,819</u>

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets

Year ended December 31, 2021

(In thousands)

	Members of the obligated group	Other entities	Eliminations of intercompany and joint ventures	Total
Change in net assets without donor restrictions attributable to				
Riverside Health System	\$ 158,179	4,135	(5,495)	156,819
Change in noncontrolling interest	—	—	11	11
Change in ownership of Coastal Virginia Rehabilitation	—	(7,318)	3,732	(3,586)
Change in ownership of Peninsula Hospital Services	—	—	(841)	(841)
Change in net assets without donor restrictions	<u>158,179</u>	<u>(3,183)</u>	<u>(2,593)</u>	<u>152,403</u>
Change in net assets with donor restrictions:				
Contributions (distributions)	(1,707)	2,027	—	320
Donor-restricted investment income, net	3,691	1,702	—	5,393
Net assets released from restrictions	(771)	(15)	—	(786)
Other	3,150	—	—	3,150
Change in net assets with donor restrictions	<u>4,363</u>	<u>3,714</u>	<u>—</u>	<u>8,077</u>
Total change in net assets	<u>162,542</u>	<u>531</u>	<u>(2,593)</u>	<u>160,480</u>
Net assets, beginning of year	<u>854,857</u>	<u>(82,444)</u>	<u>(15,638)</u>	<u>756,775</u>
Net assets, end of year	<u>\$ 1,017,399</u>	<u>(81,913)</u>	<u>(18,231)</u>	<u>917,255</u>

The "Members of the Obligated Group" consists of Riverside Hospital, Inc., Riverside Middle Peninsula Hospital, Inc., Patrick Henry Hospital, Inc., Riverside Healthcare Services, Inc., Riverside Healthcare Foundation, Inc., Riverside Management Services, Inc., Rehabilitation Institute of Virginia, Inc., Riverside Wellness and Fitness Centers, Inc., Riverside Retirement Services, Inc., Riverside Convalescent Centers, Inc., Riverside Medical Equipment Company, Inc., Newport News General and Non-sectarian Hospital Association, Inc., Riverside Physician Services, Inc., and Patriots Colony, Inc.

See accompanying independent auditors' report.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES
 Consolidating Balance Sheet with Lifelong Health and Aging-Related Services Divisional Detail
 December 31, 2022
 (In thousands)

Assets	Riverside Retirement Services, Inc.							Other entities						Eliminations	Total Riverside Health System
	Warwick Forest	Choose Home	Center for Excellence in Aging and Lifelong Health	At Home Partners	Investment in Riverside Retirement Services Subsidiaries	Other Divisions	Riverside Retirement Services Eliminations	Consolidated Riverside Retirement Services, Inc.	Sanders Common, Ltd.	Francis N. Sanders Nursing Home, Inc.	Patriots Colony, Inc.	Riverside Advantage Inc.	All Other Riverside Health System		
Current assets:															
Cash and cash equivalents	\$ 135	129	7	646	—	—	917	2,709	(2,748)	(86)	—	36,390	—	37,182	
Accounts receivable	9	(364)	(3)	—	—	—	(358)	96	556	924	—	179,324	—	180,542	
Due from affiliates	(15,006)	1,235	(4,428)	(103)	(4)	80	(18,226)	(3,534)	(14,603)	11,541	(2,576)	9,336	18,062	—	
Due from third-party payors	228	—	—	—	—	—	228	(1)	48	3	—	85,287	—	85,565	
Other receivables	1,355	48	64	—	53	—	(459)	1,061	—	2	2,909	—	9,634	(1,000)	
Other current assets	27	14	—	—	—	—	—	41	—	11	40	—	59,715	—	
Total current assets	(13,252)	1,062	(4,360)	543	49	80	(459)	(16,337)	(730)	(16,734)	15,331	(2,576)	379,686	17,062	
Investments	22,389	470	—	—	—	—	22,859	—	—	67,509	2,066	479,759	—	572,193	
Land, buildings, and equipment, net	22,901	17	18	—	—	—	22,936	1,545	8,443	49,106	—	882,064	—	964,094	
Right-of-use assets	1	—	168	—	—	—	169	—	—	4	—	125,505	—	125,678	
Other assets	—	—	—	—	—	—	—	—	—	—	—	91,019	—	91,019	
Total assets	\$ 32,039	1,549	(4,174)	543	49	80	(459)	29,627	815	(8,291)	131,950	(510)	1,958,033	17,062	
Liabilities and Net Assets															
Current liabilities:															
Accounts payable	\$ 1,186	—	7	17	—	80	—	1,290	101	308	750	40	53,970	—	
Accrued liabilities	(1,257)	(3)	—	(38)	—	—	—	(1,298)	79	(988)	(512)	—	106,600	—	
Borrowings under line of credit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Current portion of long-term debt and obligations under finance leases	—	—	—	—	—	—	—	—	—	—	—	—	24,798	—	
Current portion due to third-party payors	—	—	—	—	—	—	—	—	(54)	54	—	—	—	—	
Other current liabilities	1,277	5	79	—	—	—	—	1,381	73	31	4,929	—	37,435	18,062	
Total current liabilities	1,206	2	86	(21)	—	80	—	1,353	199	(595)	5,167	40	222,803	18,062	
Deferred revenue	18,299	2,376	—	—	—	—	—	20,675	2	7	42,557	—	1,549	—	
Long-term debt, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	504,675	—	
Obligations under finance leases, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	64,536	—	
Pension and postretirement obligations	—	—	—	—	—	—	—	—	—	—	—	—	100,869	—	
Other liabilities	1	—	87	—	—	—	—	88	—	10	3	—	216,315	—	
Total liabilities	19,506	2,378	173	(21)	—	80	—	22,116	201	(578)	47,727	40	1,110,747	18,062	
Net assets:															
Without donor restrictions	12,180	(829)	(4,347)	564	49	—	(459)	7,158	614	(7,713)	84,223	(550)	820,038	(1,000)	
Noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	113	113	
Total without donor restrictions	12,180	(829)	(4,347)	564	49	—	(459)	7,158	614	(7,713)	84,223	(550)	820,151	(1,000)	
With donor restrictions	353	—	—	—	—	—	—	353	—	—	—	—	27,135	—	
Total net assets	12,533	(829)	(4,347)	564	49	—	(459)	7,511	614	(7,713)	84,223	(550)	847,286	(1,000)	
Total liabilities and net assets	\$ 32,039	1,549	(4,174)	543	49	80	(459)	29,627	815	(8,291)	131,950	(510)	1,958,033	17,062	

See accompanying independent auditors' report.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES
 Consolidating Balance Sheet with Lifelong Health and Aging-Related Services Divisional Detail
 December 31, 2021
 (In thousands)

Assets	Riverside Retirement Services, Inc.							Other entities						Eliminations	Total Riverside Health System
	Warwick Forest	Choose Home	Center for Excellence in Aging and Lifelong Health	At Home Partners	Investment in Riverside Retirement Services Subsidiaries	Other Divisions	Riverside Retirement Services Eliminations	Consolidated Riverside Retirement Services, Inc.	Sanders Common, Ltd.	Francis N. Sanders Nursing Home, Inc.	Patriots Colony, Inc.	Riverside Advantage Inc.	All Other Riverside Health System		
Current assets:															
Cash and cash equivalents	\$ 48	25	8	646	—	—	727	473	(442)	62	—	159,472	—	160,292	
Accounts receivable	(19)	(320)	(3)	—	—	—	(342)	85	497	674	—	159,022	—	159,936	
Due from affiliates	(13,940)	1,374	(3,926)	(71)	(1)	41	(16,523)	(911)	(14,562)	9,692	(861)	23,165	—	—	
Due from third-party payors	243	—	—	—	—	—	243	(1)	48	3	—	61,746	—	62,039	
Other receivables	2,538	62	205	—	6	—	(412)	—	2	1,277	—	5,656	(1,000)	8,334	
Other current assets	20	6	—	—	—	—	26	5	5	33	—	51,142	—	51,211	
Total current assets	(11,110)	1,147	(3,716)	575	5	41	(13,470)	(349)	(14,452)	11,741	(861)	460,203	(1,000)	441,812	
Investments	26,058	547	—	—	—	—	26,605	—	—	78,528	861	722,968	—	722,962	
Land, buildings, and equipment, net	24,408	20	13	—	—	—	24,441	1,610	8,132	51,111	—	778,427	—	863,721	
Other assets	—	—	—	—	—	—	—	—	—	—	—	98,461	—	98,461	
Total assets	\$ 39,356	1,714	(3,703)	575	5	41	(412)	37,576	1,261	(6,320)	141,380	—	1,954,059	(1,000)	2,126,956
Liabilities and Net Assets															
Current liabilities:															
Accounts payable	\$ 1,218	—	53	55	—	41	—	1,367	109	251	646	1,183	70,157	—	73,713
Accrued liabilities	472	8	—	5	—	—	—	485	79	282	2,691	—	111,492	—	115,029
Borrowings under line of credit	—	—	—	—	—	—	—	—	—	—	—	—	324	—	324
Current portion of long-term debt and obligations under capital leases	—	—	—	—	—	—	—	—	—	—	—	—	8,760	—	8,760
Current portion due to third-party payors	—	—	—	—	—	—	—	—	—	—	—	—	84,336	—	84,336
Other current liabilities	1,154	(8)	—	—	—	—	—	1,146	57	6	6,368	—	22,383	—	29,960
Total current liabilities	2,844	—	53	60	—	41	—	2,998	245	539	9,705	1,183	297,452	—	312,122
Deferred revenue	19,562	2,514	10	—	—	—	—	22,086	2	4	37,695	—	1,733	—	61,520
Long-term debt, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	522,942	—	522,942
Obligations under capital leases, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	21	—	21
Pension and postretirement obligations	—	—	—	—	—	—	—	—	—	—	—	—	172,803	—	172,803
Due to third-party payors, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	1,407	—	1,407
Other liabilities	—	—	—	—	—	—	—	—	—	50	13	—	138,823	—	138,886
Total liabilities	22,406	2,514	63	60	—	41	—	25,084	247	593	47,413	1,183	1,135,181	—	1,209,701
Net assets:															
Without donor restrictions	16,526	(800)	(3,766)	515	5	—	(412)	12,068	1,014	(6,913)	93,967	(1,183)	791,796	(1,000)	889,749
Noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	103	—	103
Total without donor restrictions	16,526	(800)	(3,766)	515	5	—	(412)	12,068	1,014	(6,913)	93,967	(1,183)	791,899	(1,000)	889,852
With donor restrictions	424	—	—	—	—	—	—	424	—	—	—	—	26,979	—	27,403
Total net assets	16,950	(800)	(3,766)	515	5	—	(412)	12,492	1,014	(6,913)	93,967	(1,183)	818,878	(1,000)	917,255
Total liabilities and net assets	\$ 39,356	1,714	(3,703)	575	5	41	(412)	37,576	1,261	(6,320)	141,380	—	1,954,059	(1,000)	2,126,956

See accompanying independent auditors' report.

RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES
Consolidating Statement of Operations with Lifelong Health and Aging-Related Services Divisional Detail
Year ended December 31, 2022
(In thousands)

	Riverside Retirement Services, Inc.							Other entities						Eliminations	Total Riverside Health System
	Warwick Forest	Choose Home	Center for Excellence in Aging and Lifelong Health	At Home Partners	Investment in Riverside Retirement Services Subsidiaries	Other Divisions	Riverside Retirement Services Eliminations	Consolidated Riverside Retirement Services, Inc.	Sanders Common, Ltd.	Francis N. Sanders Nursing Home, Inc.	Patriots Colony, Inc.	Riverside Advantage Inc.	All Other Riverside Health System		
Operating revenues, gains, and other support without donor restrictions:															
Patient service revenue	\$ —	—	—	—	—	—	—	—	—	—	—	—	1,444,917	(29)	1,444,888
Long-term care revenue	7,099	13	—	—	—	—	7,112	2,049	7,089	12,164	—	—	42,982	—	71,396
Other operating revenues	9,615	1,649	440	1,285	47	—	(1,401)	11,635	183	560	17,865	—	140,266	(14,488)	156,021
Net assets released from restrictions for operations	—	—	—	—	—	—	—	—	—	—	—	—	743	—	743
Total operating revenues, gains, and other support	16,714	1,662	440	1,285	47	—	(1,401)	18,747	2,232	7,649	30,029	—	1,628,908	(14,517)	1,673,048
Operating expenses:															
Salaries and benefits	7,686	74	696	319	—	—	8,775	1,366	4,211	11,209	—	—	855,208	(4,093)	876,676
Services and other	4,969	1,514	309	917	3	—	(1,354)	6,358	1,151	2,020	(1,183)	—	327,268	(9,618)	336,215
Supplies	1,497	24	13	—	—	—	1,534	37	893	2,665	—	—	313,800	(6)	318,923
Depreciation and amortization	3,310	2	3	—	—	—	3,315	78	780	4,410	—	—	88,185	(3)	96,765
Interest	—	—	—	—	—	—	—	—	545	251	—	—	16,460	(797)	16,459
Total operating expenses	17,462	1,614	1,021	1,236	3	—	(1,354)	19,982	2,632	8,449	28,754	(1,183)	1,600,921	(14,517)	1,645,038
Net operating income (loss)	(748)	48	(581)	49	44	—	(47)	(1,235)	(400)	(800)	1,275	1,183	27,987	—	28,010
Nonoperating gains and losses:															
Investment loss, net	(3,598)	(77)	—	—	—	—	—	(3,675)	—	—	(11,019)	(550)	(83,022)	—	(98,266)
Net pension and postretirement costs	—	—	—	—	—	—	—	—	—	—	—	—	7,986	—	7,986
Total nonoperating gains, net	(3,598)	(77)	—	—	—	—	—	(3,675)	—	—	(11,019)	(550)	(75,036)	—	(90,280)
Excess (deficiency) of revenues, gains, and other support over expenses and losses before noncontrolling interest	(4,346)	(29)	(581)	49	44	—	(47)	(4,910)	(400)	(800)	(9,744)	633	(47,049)	—	(62,270)
Noncontrolling interest	—	—	—	—	—	—	(10)	(10)	—	—	—	—	—	—	(10)
Excess (deficiency) of revenues, gains, and other support over expenses and losses attributable to Riverside Health System	\$ (4,346)	(29)	(581)	49	44	—	(57)	(4,920)	(400)	(800)	(9,744)	633	(47,049)	—	(62,280)

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RIVERSIDE HEALTHCARE ASSOCIATION, INC. AND SUBSIDIARIES
 Consolidating Statement of Operations with Lifelong Health and Aging-Related Services Divisional Detail
 Year ended December 31, 2021
 (In thousands)

	Riverside Retirement Services, Inc.							Other entities						Eliminations	Total Riverside Health System
	Warwick Forest	Choose Home	Center for Excellence in Aging and Lifelong Health	At Home Partners	Investment in Riverside Retirement Services Subsidiaries	Other Divisions	Riverside Retirement Services Eliminations	Consolidated Riverside Retirement Services, Inc.	Sanders Common, Ltd.	Francis N. Sanders Nursing Home, Inc.	Patriots Colony, Inc.	Riverside Advantage Inc.	All Other Riverside Health System		
Operating revenues, gains, and other support without donor restrictions:															
Patient service revenue	\$ —	—	—	—	—	—	—	—	—	—	—	—	1,325,827	(107)	1,325,720
Long-term care revenue	6,630	—	—	—	—	—	(70)	6,560	1,720	7,104	10,972	—	41,293	(81)	67,568
Other operating revenues	8,555	1,460	629	829	6	—	(930)	10,549	447	178	17,225	—	172,989	(12,193)	189,195
Net assets released from restrictions for operations	—	—	—	—	—	—	—	—	—	—	—	—	786	—	786
Total operating revenues, gains, and other support	15,185	1,460	629	829	6	—	(1,000)	17,109	2,167	7,282	28,197	—	1,540,895	(12,381)	1,583,269
Operating expenses:															
Salaries and benefits	7,143	195	656	129	—	—	—	8,123	1,147	3,833	10,137	—	795,901	(3,263)	815,878
Services and other	4,604	1,050	375	653	1	—	(968)	5,715	977	2,078	9,037	1,183	288,755	(9,009)	298,736
Supplies	1,507	9	6	—	—	—	—	1,522	13	811	2,473	—	294,848	(15)	299,652
Depreciation and amortization	3,257	4	11	—	—	—	—	3,272	77	726	4,730	—	77,861	(52)	86,614
Interest	—	—	—	—	—	—	—	—	—	497	102	—	15,396	(598)	15,397
Total operating expenses	16,511	1,258	1,048	782	1	—	(968)	18,632	2,214	7,945	26,479	1,183	1,472,761	(12,937)	1,516,277
Net operating income (loss)	(1,326)	202	(419)	47	5	—	(32)	(1,523)	(47)	(663)	1,718	(1,183)	68,134	556	66,992
Nonoperating gains and losses:															
Investment income, net	555	14	—	—	—	—	—	569	—	—	1,888	—	28,483	(556)	30,384
Net pension and postretirement costs	—	—	—	—	—	—	—	—	—	—	—	—	(19,584)	—	(19,584)
Loss on the extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	(5,116)	—	(5,116)
Total nonoperating gains, net	555	14	—	—	—	—	—	569	—	—	1,888	—	3,783	(556)	5,684
Excess (deficiency) of revenues, gains, and other support over expenses and losses before noncontrolling interest	(771)	216	(419)	47	5	—	(32)	(954)	(47)	(663)	3,606	(1,183)	71,917	—	72,676
Noncontrolling interest	—	—	—	—	—	—	(9)	(9)	—	—	—	—	(2)	—	(11)
Excess (deficiency) of revenues, gains, and other support over expenses and losses attributable to Riverside Health System	\$ (771)	216	(419)	47	5	—	(41)	(963)	(47)	(663)	3,606	(1,183)	71,915	—	72,665

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