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Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
April 28, 2022
Commissioner of Insurance
BY:

THE CULPEPER

1948

A Continuing Care Retirement Community for All Levels of Care

Disclosure Statement

for

Culpeper Baptist Retirement Community, Inc., dba The Culpeper 12425 Village Loop Culpeper, VA 22701 540-825-2411

A Subsidiary of Virginia Baptist Homes, Inc., dba LifeSpire of Virginia

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

4/22/2022

NAME OF PROVIDER:

VIRGINIA BAPTIST HOMES, INC., DBA LIFESPIRE OF VIRGINIA

BUSINESS ADDRESS OF PROVIDER:

3961 STILLMAN PARKWAY
GLEN ALLEN, VA 23060

NAME OF FACILITY:

CULPEPER BAPTIST RETIREMENT COMMUNITY, INC., DBA THE CULPEPER

BUSINESS ADDRESS OF FACILITY:

12425 VILLAGE LOOP
CULPEPER, VA 22701

LOCATION OF FACILITY:

12425 VILLAGE LOOP
CULPEPER, VA 22701

LEGAL ENTITY:

Virginia Baptist Homes, Inc., dba LifeSpire of Virginia ("LifeSpire" or "LSV") was incorporated on March 25, 1946, as a not-for-profit, non-stock corporation. Its subsidiary corporations Lakewood Manor Baptist Retirement Community, Inc., dba Lakewood ("Lakewood"); Culpeper Baptist Retirement Community, Inc., dba The Culpeper ("The Culpeper"); Newport News Baptist Retirement Community, Inc., dba The Chesapeake ("The Chesapeake"); and The Glebe, Inc. ("The Glebe");, and Lynchburg Baptist Retirement Community, LLC, dba The Summit. Were incorporated on January 23, 1984; January 24, 1984; January 23, 1984; October 14, 1998 and June 30, 2021 respectively. All corporations were incorporated in the Commonwealth of Virginia and are currently certified by the State Corporation Commission Clerk's Office to be in good standing.

OFFICERS OF LIFESPIRE

The Officers of LifeSpire also serve as the Officers of Lakewood; The Chesapeake; The Culpeper; The Glebe, Inc and The Summit. The Officers as of December 31, 2021 were:

Mr. Jonathan R. Cook LifeSpire 3961 Stillman Parkway Glen Allen, VA 23060	President & Chief Executive Officer
Mrs. Tracey Jennings LifeSpire 3961 Stillman Parkway Glen Allen VA 23060	Chief Operating Officer
Mr. Christopher M. Markwith LifeSpire 3961 Stillman Parkway Glen Allen, VA 23060	Senior Vice President, Chief Financial Officer & Treasurer
Ms. Lisa H. Legeer LifeSpire 3961 Stillman Parkway Glen Allen, VA 23060	Chief Strategy and Integration Officer
Mr. J. Peter Robinson LifeSpire 3961 Stillman Parkway Glen Allen, VA 23060	Chief Marketing Officer & Public Relations, Assistant Secretary
Mr. Matt Scott 11137 Sterling Cove Drive Chesterfield, VA 23838	Secretary
Mrs. Christine Moran LifeSpire 3961 Stillman Parkway Glen Allen, VA 23060	Assistant Treasurer

OFFICERS OF THE BOARD OF TRUSTEES

The Officers of the Board of Trustees of LifeSpire also serve as the Officers of the Board of Trustees of Lakewood; The Chesapeake; The Culpeper; The Glebe, and The Summit. The Officers as of December 31, 2021 were:

Rev. Dan Carlton 12269 Robin Road Culpeper VA 22701	Board Chair Minister Culpeper Baptist Church
Rev. Nelson Harris 2014 Memorial Ave Roanoke VA 24015	Vice Chair Minister Heights Community Church

MEMBERS OF THE BOARD OF TRUSTEES

The Members of the Board of Trustees of LifeSpire also serve as the Members of the Board of Trustees of Lakewood; The Culpeper; The Chesapeake; The Glebe; and The Summit. The Members of the Board of Trustees as of December 31, 2021 were:

Mr. James Bales
729 Thimble Shoals Blvd,
Unit 1E Newport News, VA 23606
Principal, James Bales Financial, LLC

Rev. Herbert O. Browning, Jr.
14320 Regatta Pointe Road
Midlothian, VA 23112
Minister (Retired)

Rev. Daniel Carlton
12269 Robin Road
Culpeper, VA 22701
Minister, Culpeper Baptist Church

Dr. Valerie Carter Smith
2828 Emerywood Parkway
Henrico, VA 23294
Executive Director, WMU of Virginia

Mr. R. Scott Cave
4005 Harcourt Lane
Richmond, VA 23233
Compensation Director (Retired) Anthem Blue Cross Blue Shield

Rev. Nelson Harris
2014 Memorial Avenue
Roanoke, VA 24015
Minister, Heights Community Church

Mr. John Jung
210 Kinloch Road
Manakin Sabot VA 23103
Retired BB&T

Mr. Michael E. Keck
3403 Henrieta Hartford Rd.
Mt. Pleasant, SC 29466
EVP, Xenith Bank (Retired)

Ms. Sara Marchello
2222 Chesapeake Avenue
Hampton, VA 23661
Associate Provost & Registrar College of William and Mary

Mr. Gary Thomson
PO Box 6492
Richmond VA 23230
Managing Partner Thomson Consulting, LLC

Mr. Samuel G. Oakey, III
P.O. Box 1579
Roanoke, VA 24007
President/Chairman
Oakey's Funeral Services

Mr. Matthew Scott
11137 Sterling Cove Drive
Chesterfield, VA 23838
Health Care Consultant
Self Employed

Mr. Michael M. Smith
7560 Regina Court
Myrtle Beach, SC 29572
(Retired)

Dr. Tiffany Franks
420 West Main Street
Danville, VA 24541
President, Averett University

Mrs. Sharon Brooks
21300 Old Neck Road
Charles City VA 23030
Chief Marketing Officer
2Life Communities

Mr. Jim Poats
1504 Clayton Avenue
Lynchburg, VA 24503

Mr. John Poma
137 Waterton
Williamsburg VA 23188
Chief Legal Counsel Tidewater Physicians

Mr. Arne Owens
12820 Pennmardle Lane
Richmond VA 23233
Retired Deputy Asst. Secretary
US Department of Health and Human Services

Dr. Pamela Parsons
2100 Tazewell Ave
Chester, VA 23836
VCU Department of Nursing

BUSINESS EXPERIENCE OF THE PROVIDER, TRUSTEES, CORPORATE OFFICERS AND MANAGEMENT OF FACILITY:

The Provider – LifeSpire

LifeSpire has been operating continuing care retirement communities since August 2, 1948. Since the beginning, LifeSpire has responded to continuing growth demands for its services. The original community, The Culpeper, has a capacity of 160 residences. The Chesapeake opened in 1969 and has 375 residences. Lakewood (located in Henrico County) opened in 1977 and has a capacity of 495 residences. The Glebe in Daleville, Virginia, which opened in 2005, currently has a capacity of 238 residences. The Summit LLC has 144 residences.

Management Company

The Culpeper is managed by LifeSpire, which provides operational, human resources, accounting, IT, purchasing, project management, and other services. This community and LifeSpire will, from time to time, utilize third party services and consulting from various industry professionals to complement their internal management capabilities.

Trustees

The Trustees of LifeSpire and its subsidiary corporations represent a cross section of business experience. Their selection to the Board is based primarily on their contribution potential to the total organization. This may be for their ability to elicit support from denominational leadership or for their technical expertise in some facet of the business community. Listed above is information relating to the specific occupation and business experience of each Trustee.

Corporate Officers

Listed below are the credentials of the corporate officers of LifeSpire, and its subsidiary corporations, as of December 31, 2021.

President: Mr. Jonathan R. Cook

Mr. Jonathan Cook has over 27 years of experience within the senior living/elder care field. He assumed the position of President and CEO of LifeSpire in December 2014. In this position, he serves as the Chief Executive Officer of LifeSpire and all its subsidiaries. He oversees four LSV communities in Virginia, the Virginia Baptist Homes Foundation and corporate office.

Prior to his employment with LifeSpire, Mr. Cook served with Lutheran Homes of South Carolina as well as Life Care Services, LLC. Within these organizations he served in several capacities including Administrator, Executive Director, and Regional Director of Operations overseeing a portfolio of 12 communities.

Additionally, Mr. Cook has always attempted to advocate and advance the industry through mentoring numerous Administrators-in-training, serving on the Alzheimer's Association board and exchange club, as well as assuming leadership roles in Leading Age of Indiana and South Carolina. Mr. Cook has presented at numerous industry conferences on topics including hospitality, campus repositioning, operations, and professional development programs.

Mr. Cook is a graduate of the Richard Stockton College of New Jersey and is a licensed Nursing Home Administrator in North Carolina, South Carolina and Virginia.

Chief Operating Officer: Mrs. Tracey Jennings

Mrs. Jennings brings over 20 years of leadership experience in the senior living and health care arena. Mrs. Jennings joined LifeSpire as the Chief Operating Officer in December of 2021. Prior to joining the LSV family Tracey was with Centra Health. Tracey held numerous positions including managing director of senior care where she oversaw Centra Health's long-term care communities; COO of Bedford Memorial Hospital; and vice president of care coordination, where she led care coordination and case management processes and systems. Prior to joining Centra, Tracey worked as a nursing home administrator in the Lynchburg region.

Mrs. Jennings has a bachelor's degree from Ferrum College and is a licensed nursing home administrator and preceptor in Virginia. Additionally, she serves on Leading Age Virginia's Board of Directors, the Governor's Long-Term Care task force and Centra Specialty Hospital's Board of Directors.

Senior Vice President for Finance, Chief Financial Officer & Treasurer: Mr. Christopher M. Markwith

Mr. Markwith is Chief Financial Officer for LifeSpire of Virginia. He began his career at LifeSpire of Virginia in January 2018, bringing more than 20 years in progressive leadership roles. As a Certified Public Accountant and Certified Information Systems Auditor, Mr. Markwith has served in financial roles at a number of health-care related organizations, including director of finance and controller at MCV Physicians, director of finance and human resources at Virginia Health Quality Center, chief financial officer at Patient Services, Inc., and chief financial officer and operations director and Health Savings Administrators, LLC. He holds a Bachelor of Science degree in business administration from the University of Mary Washington and master's degree in business administration from Virginia Commonwealth University.

Chief Strategy and Integration Officer: Ms. Lisa Legeer

Ms. Legeer joined the LifeSpire team as chief strategy and integration officer in June 2021. In this role, she will be responsible for growing top-line revenues, as well as adding other complementary business lines to the organization. She will assist in leading strategic planning efforts and will be responsible for the cultivation of acquisition, merger and affiliation opportunities for the organization. Ms. Legeer has more than 20 years of experience serving senior living and healthcare organizations with strategic and development planning, performance improvement and marketing. Prior to joining the LifeSpire team, she served as senior vice president of strategic partnerships for GlynnDevins—a data, analytics and marketing technology company. She also worked for the accounting firm Dixon Hughes Goodman LLP for 14 years. She holds a bachelor's degree in rhetoric and communication studies from the University of Virginia.

Chief Marketing Officer & Public Relations & Assistant Secretary: Mr. J. Peter Robinson

Mr. Robinson joined LifeSpire in January 2009. Mr. Robinson oversees marketing, sales, public relations, and brand strategy for LifeSpire. Prior to joining LifeSpire, Mr. Robinson worked for Sunnyside Retirement Community from 1993 to 1999. In 2000, Mr. Robinson began working for Sunrise Senior Living where he held a variety of positions including regional manager for the Virginia portfolio of assisted living communities and regional manager for a portfolio of CCRCs in the Mid-Atlantic region.

Mr. Robinson is a graduate of James Madison University with a Bachelor of Arts in History and is also a graduate of George Mason University with a Master of Science in Health Systems Management. Mr. Robinson, a resident of Richmond, is married to Myra Robinson and together they have four children.

Secretary: Mr. Matthew Scott.

Mr. Matthew Scott was elected as a member of the Board of Trustees in 2018 and was subsequently elected as Secretary in December 2021.

Mr. Matthew Scott serves as Head of Health Care Consultants in Richmond, Virginia.

Assistant Treasurer: Mrs. Christine Moran

Christine Moran leads LifeSpire's accounting team and is responsible for all aspects of accounting information, production, compliance, and management pertaining to LifeSpire and its affiliates. As a Certified Public Accountant, she monitors and manages the company's cash position and its nonprofit foundation's business affairs and serves as valued accounting and financial consultant to LifeSpire's senior leadership and communities. Christine has more than 25 years' experience in progressive leadership roles in accounting and finance with a concentration in nonprofit organizations. Christine holds a Bachelor of Science in accounting from the State University of New York, College at Brockport. She lives in the Richmond area.

Management Personnel of Facility

Executive Director: Mr. James F. Jacobsen

Mr. Jacobsen was named Executive Director of The Culpeper in September 2015. His employment with LifeSpire began August 1991 when he initially was hired and served as Director of Dining Services at The Culpeper, before transferring to Lakewood in 1995. Over the next 20 years, Mr. Jacobsen was instrumental in coordinating and facilitating a number of initiatives at Lakewood. He has played key roles during various organizational transitions while serving at LSV. He was often described as the face of "Customer Service" while serving as Administrator of Resident Life at Lakewood for many years.

Mr. Jacobsen is a licensed Nursing Home Administrator in Virginia, and he holds an Associate degree of Applied Science with a major in Business Management. He has completed the Certified Dietary Managers Program from the University of Florida and maintains his certification through the Association of Nutrition and Food Service Professionals. He is an active member of the International Facility Managers Association and long term member and past Chairman within LeadingAge Virginia.

ACQUISITION OF GOODS AND SERVICES

LifeSpire will be providing, or arranging for and overseeing the provision of, the actual services contracted for under the Fee for Service Residency Agreement through its own organization and staff. The Provider has no subsidiary companies, agencies, and/or arrangements with vendors and suppliers of service from which it will be purchasing supplies or services. The procurement of supplies and services will be made with established vendors and qualified professionals and will be based, among other things, on professional credentials, availability, proximity, reputation, quality of merchandise and/or service, continuity of supply and/or service, competitive prices, etc. Negotiation for best rates will be made when deemed appropriate. Bids may be called for in specific situations, but the decision will not be governed exclusively by the lowest bidder.

BENEFICIAL AND/OR EQUITY INTERESTS OF TRUSTEES, CORPORATE OFFICERS AND MANAGEMENT

No Officer or Member of the Board of Trustees, or member of the management of LifeSpire, or its subsidiary corporations has any beneficial or equity interest in LifeSpire or its subsidiary corporations. The following six Corporate Officers are employed by LifeSpire, and serve in their respective position by Board appointment:

Mr. Jonathan R. Cook	President & Chief Executive Officer
Mrs. Tracey Jennings	Chief Operating Officer
Mr. Chris M. Markwith	Senior Vice President for Finance, Chief Financial Officer & Treasurer
Ms. Lisa Legeer	Chief Strategy & Integration Officer
Mr. J. Peter Robinson	Chief Marketing Officer & Public Relations and Assistant Secretary
Mrs. Christine Moran	Assistant Treasurer

Members of the Board of Trustees of LifeSpire and its subsidiaries receive no compensation. They serve voluntarily on a rotating basis for a period of four years. Each member of the Board of Trustees completes a disclosure statement attesting to any potential areas of conflict of interest and to the extent of any business dealings they may have with the corporation. These disclosure statements are kept on file in the Corporate Office of LifeSpire and are updated periodically, as needed.

CRIMINAL, CIVIL AND REGULATORY PROCEEDINGS AGAINST PROVIDER, TRUSTEES, CORPORATE OFFICERS, AND MANAGEMENT

Neither LifeSpire nor its corporate subsidiaries, its Officers, Trustees, or Management:

1. Have been convicted of a felony or pleaded nolo contendere to a criminal charge, or been held liable or enjoined in a civil action by final judgment, if the crime or civil

action involved fraud, embezzlement, fraudulent conversion, misappropriation of property or moral turpitude; or

2. Are 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 related 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. Are currently the subject of any state or federal prosecution or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

OWNERSHIP OF REAL PROPERTY

The land on which The Culpeper is located, is fully owned by LifeSpire, as are all improvements, such as buildings, driveways, walkways, landscaping, etc. There is a deed of trust on The Culpeper property to support existing debt.

LOCATION AND DESCRIPTION OF REAL PROPERTY

The Culpeper is situated on 99 acres on Route 15, just south of the town limits of Culpeper. The grounds are a showplace of mature trees and shrubbery. The Community is built on a knoll and presides over one of the loveliest views in the foothills of the Blue Ridge Mountains. The Community is less than an hour's commute from Northern Virginia, 45 minutes from Charlottesville, and 35 minutes from Fredericksburg.

The facilities contain 176 residences in 46 private two bedroom houses, 54 assisted living residences, 32 memory support studio apartments and 47 skilled nursing beds in a building opened in 2019. The 125,000 square foot facility is of colonial style architectural design, blending in beautifully with the rural setting. The original main building was constructed in 1950 and replaced with the existing main building in 2019.

The Culpeper's main building contains apartments licensed for assisted living and a dedicated neighborhood for Memory Support. The Culpeper's assisted living apartments contain a mix of studio, one bedroom and two-bedroom apartments. The Memory Support neighborhood contains private studio apartments. The Culpeper offers a dedicated Rehab to home neighborhood in skilled nursing, designed specifically for residents receiving short-term rehab to recover from an injury or illness. Space is provided for residents' recreational and wellness functions. Departments providing food service (offering meals three times daily), housekeeping and laundry services, maintenance services, and hair styling salons are also located within the facility.

A new neighborhood of cottages, the Hillside Cottages, is currently under construction. The Hillside cottages will be built around a central courtyard, and most will have expansive views of the Blue Ridge mountains. Construction on the Hillside cottages began in 2020. The Culpeper is building an outdoor entertainment area called The Overlook. The Overlook will be a covered seating area with fireplace, tv, firepit, bathrooms and outdoor kitchen. Clupeper's master plan provides an overview of the comprehensive strategy for future growth and ongoing enhancement of the community.

AFFILIATIONS WITH RELIGIOUS, CHARITABLE, OR OTHER NON-PROFIT ORGANIZATIONS

Baptist General Association of Virginia

LifeSpire is affiliated with its sponsoring agency, the Baptist General Association of Virginia (BGAV). This affiliation stems from the BGAV's original concern that there should be facilities in Virginia to provide benevolent care for the aged in a Christian environment.

LeadingAge

LifeSpire and its subsidiaries are members of LeadingAge and LeadingAge Virginia. These organizations are composed of similar continuing care communities that have joined together for the purpose of continuing education, facility management, the professional exchange of ideas, to affect stronger purchasing power, etc. This affiliation is voluntary and is limited to the continued payment of annual dues.

Virginia Health Care Association-Virginia Center for Assisted Living

LifeSpire is a member of the Virginia Health Care Association, which is Virginia's largest association advocating for long term care providers representing nursing centers and assisted living communities. VHCA-VCAL conducts legislative and regulatory advocacy on behalf of its members on reimbursement and compliance issues and provides accredited continuing education for long term care administrators

TAX STATUS OF PROVIDER

LifeSpire and its subsidiary corporations are nonprofit and have been determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code in 1948.

SERVICES PROVIDED UNDER FEE FOR SERVICE RESIDENCY AGREEMENTS

LifeSpire shall furnish, at no additional cost to the Resident, the following services under the Fee for Service Residency Agreement at the Main Building of The Culpeper:

1. Residents may bring their own furniture. Blinds are included in some accommodations. Some accommodations are carpeted.

   Note: Should the Resident demonstrate his/her inability to use any appliance in his/her room safely (as, for example, by repeated ignition of fire or by damage to or misuse of such equipment) the management of the Community has the right to turn off power to or remove such appliance(s). Use of appliances in the Resident's room is specifically prohibited without the approval of the Executive Director.

2. Emergency Medical Care in the Resident's living unit by the Community's 24-hour nursing personnel and on-call medical staff. A special emergency response system is provided in each living unit to signal for assistance.

3. Three nutritionally well-balanced meals are served daily. Special diets will be provided at no extra cost when requested by the Resident's physician. If Resident is a patient in the Health Care Center, three meals per day will also be provided.

4. Utilities, including electricity, heat, water, air conditioning, sewer services, trash removal,

telephone and television cable hookups.

5. Insurance of the Community against all reasonable losses and liabilities, other than personal liability and personal property owned by the Resident.

6. Personnel on duty 24-hours per day to protect the property and interests of the Resident and of the Community.

7. Lighted off-street parking for all Residents and guests.

8. Maintenance of living units, public spaces, and all Community-owned items. This also includes upkeep of the grounds and other custodial functions.

9. Transportation in Community-owned vehicles to local grocery stores and shopping centers, as well as to nearby cultural and social events, on a scheduled basis.

10. Cleaning of the living unit by the Community's housekeeping staff on a weekly basis.

11. Washers and dryers are located in the building for the convenience of the Residents to care for his/her personal laundry needs.

12. Use and enjoyment of all Community and common areas, plus participation in all Community-planned religious and social activities and events, as desired. Craft and hobby opportunities, library facilities, and other leisurely activities are scheduled.

ADDITIONAL AVAILABLE SERVICES (Requiring Extra Charges)

Additional services are available to the Resident which are not covered in the Fee for Service Residency Agreement which require a separate and additional charge. These include, but are not limited to, the following:

1. On-site Health Care Center – This nursing care facility is fully staffed 24 hours per day with competent professionals who are ready to attend to the nursing care needs of all residents of the Community. Care in this facility is available, at the prevailing cost, to the Resident deemed needing its services by the Community's staff physician. In addition to medical and nursing care, patients in the Health Care Center will receive three full meals daily. This on-site nursing facility allows for the Resident being cared for by familiar persons in familiar surroundings close to friends.

2. Health Care Services – Generally all medically related services will be the financial responsibility of the Resident. Included, but not limited to, are the following:

    a. All hospital care (done on either an in-patient or on an out-patient basis). Facility will only provide access for such care, when needed. Only hospitals accredited by the Joint Commission on Accreditation of Hospitals will be utilized.

    b. Private duty nursing service or personal sitters (at the hospital and in the facility's Health Care Center).

c. All physician services needed by Resident, except for those specifically covered in the Fee for Service Residency Agreement. (Section II:H: 1-5)

d. All dental treatment and care of the Resident's teeth, including purchase and/or repairs to dentures (partial and complete).

e. Ophthalmological care, including routine eye examinations.

f. Prosthetic devices and limbs (including repair and replacement thereof), hearing aids, wheelchairs, walkers, canes, etc.

g. Pharmacy services and medications (including prescription and non-prescription drugs).

3. Meals for guests of the Resident.

4. Expendable supplies in arts and crafts.

5. Hair care services available in the Community-operated salons.

FEES REQUIRED OF RESIDENTS

The fee structure for Residents entering The Culpeper with a Fee for Service Residency Agreement includes an initial Entrance Fee along with a Monthly Fee. The Entrance Fee varies with the size and type of accommodation selected and whether for single or double occupancy. No advance deposits are required for consideration for admission to the Community.

If not already enrolled, Resident must apply for and secure, before execution of the contract, coverage under Medicare, parts A and B, and/or any other public hospital or medical insurance benefit programs which may be enacted as successor or supplement to Medicare. In addition, Resident shall also carry acceptable supplemental medical insurance coverage from a private carrier. Resident shall provide the Community with evidence of such coverage or of acceptable substitute insurance plan(s) and shall pay all premiums for same. The Community does not participate in Medicare Advantage, and it is not an acceptable coverage as described in this section.

Listed below are the **current Entrance Fees and Monthly Charges effective January 1, 2022** required of Residents entering The Culpeper under the Fee for Service Agreement:

Cottages

Keswick I - VI	Entrance Fee	Monthly Fee
Single Occupancy	$107,000 - $284,000	$2,520 - $3,150
Double Occupancy	$140,000 - $317,000	$3,568 - $5,024
Waverly (Two-Bedroom Duplex)		
Single Occupancy	284,000	3,150
Double Occupancy	317,000	4,588
Anna		
Single Occupancy	274,000	2,813
Double Occupancy	305,000	4,149

Conway		
Single Occupancy	373,000	3,509
Double Occupancy	412,000	5,091
Hughes		
Single Occupancy	399,000	3,769
Double Occupancy	438,000	5,351
Rapidan		
Single Occupancy	441,000	4,158
Double Occupancy	480,000	5,740
Rivanna		
Single Occupancy	481,000	4,549
Double Occupancy	520,000	6,131

Current Entrance Fee and Per Diem Rates for direct admission to Assisted Living

Type of Accommodation	Entrance Fee	Daily Fee
Brookneal Studio (kitchenette, bedroom, bath)	68,000	188
Caroline (1 bedroom, living room, kitchenette, bath)	72,000	199
Davenport (1 bedroom, living room, kitchenette, bath)		
Single Occupancy	75,000	203
Double Occupancy	88,000	220
Essex (1 bedroom, living room, kitchenette, bath)		
Single Occupancy	75,000	203
Double	88,000	220
Jefferson (2 bedrooms, living room, kitchenette, 1 &1/2 bath)		
Single	80,000	217
Double	89,000	234
Additional Assisted Living Level of Care Fees	AL Level II - $17/day	AL Level III - $34/day
Memory Care Private Suite (single occupancy only)	94,000	259

Note: With a Fee for Service Residency Agreement at the time of temporary or permanent transfer to Assisted Living, Memory Care or the Health Care Center the Resident will pay for their current Daily Fee less Ten Percent (10%). (See V: A. and C. of Fee for Service Residency Agreement for specific conditions relating thereto.) This per diem charge applies for each Resident regardless of whether the Resident requires such services on a temporary or permanent basis or whether they have been paying for Residential Care on a couples' rate. The rate for the spouse remaining under Residential Care will be billed at the single occupancy rate for Residential Care for type of accommodation occupied.

Rate Schedule of Two Bedroom Cottages

In addition to the aforementioned accommodations in the main building complex at The Culpeper, there are seventeen (17) freestanding Keswick cottages and ten (10) Waverly duplexes on the campus. These dwellings are centrally air-conditioned and equipped with major appliances (including washer and dryer). The residents are responsible for all utilities except water and sewer and trash collection. The higher monthly fees for Assisted Living and Health Care and charges for other services covered under the Fee for Service Residency Agreement apply when the Resident moves into Assisted Living, Memory Care or into the Health Care Center. Included in the fees is a Flexible Meal Program with a declining balance.

Adjustment of Entrance Fees

Entrance Fees will be subject to adjustment if the type of accommodation or level of service initially contracted for by the Resident is changed at the request of the Resident. There will be no refund of Entrance Fee should the Resident voluntarily elect to move to a smaller or less expensive accommodation. Any such adjustments will be controlled by the then in force Entrance Fees. (See Section IV: L. of the Fee for Service Residency Agreement for specific references to situations affecting a change or an increase in the Entrance Fee.)

Adjustment of Monthly Fees

Monthly Fees are payable in advance. Adjustment of the monthly fee may be made by the Community upon a thirty (30) day written notice to the Resident, or as required by state or federal assistance programs. Adjustments will be controlled by changes in the costs of operations and/or changes by the Resident to a different accommodation (Section III: C. through F.).

Listed below are the last five years of rate increases experienced by The Culpeper. These fees cover all increases in fees during the past five years.

	2022	2021	2020	2019	2018
Independent Living	5.00%	2.45%	3.95%	3.5%	3.75%
2nd Person	5.00%	2.45%	3.95%	3.5%	3.75%
Assisted Living	5.00%	2.45%	3.95%	3.5%	3.75%
Memory Care	5.00%	2.45%	3.95%	3.5%	3.75%
Skilled Nursing Facility	5.00%	2.45%	3.95%	3.5%	3.75%

RESERVE FUNDING

Historical Perspective

LifeSpire was established originally as a benevolent ministry to the aged Baptists of Virginia. As a benevolent ministry, the original residents were generally persons with limited financial resources. The procedure, in early years, was to transfer what limited resources the resident possessed, along with what income he/she was receiving, to the corporation in exchange for life care. These funds were not escrowed on behalf of specific residents, but were used as needed to cover current expenses, to expand the then existing facilities, and to construct new facilities. The total concern in that day was to provide, as funds were available, care for the largest number of residents in need of benevolence as possible. Baptist churches throughout Virginia viewed this as a ministry and were generous in the raising of funds for specific financial needs as they occurred. Funds not needed on an immediate basis were invested in the manner deemed best by management of the corporation. Any indebtedness was kept as low as possible.

As residents with greater resources entered the communities, their funds were used to a great extent for construction costs and to retire capital improvement debts.

In July 2014, The Glebe issued two series of bonds totaling $41,155,000, The Glebe Series 2014A and 2014B bonds. These bonds were used to refund the outstanding Series 2012A bonds and, along with a partial forgiveness in accordance with their provisions, the 2012B bonds in full. At that time, The Glebe Series 2012A and 2012B bonds were cancelled and extinguished. In conjunction with this transaction, The Glebe recognized a net gain on extinguishment of $18,468,511. The Series 2014A and 2014B bonds are collateralized by a deed of trust of certain facilities of The Obligated Group as well as a security interest in certain other assets and property.

In October 2016, the Obligated Group issued a series of bonds totaling $85,505,000, the LifeSpire Series 2016 bonds. These bonds were used to refund all remaining outstanding Series 2003 and 2006 bonds, as well as a bank line of credit that was obtained in 2015 to fund capital expenditures. The Series 2016 bonds are collateralized by a deed of trust of the Obligated Group's facilities as well as a security interest in certain other assets and property.

In July 2017, the Obligated Group issued notes to two banks, related to EDA of Culpeper County, Virginia, Series 2017A and 2017B bonds, for $30,000,000 and $18,112,000, respectively, to fund the project costs of replacing the Assisted Living and Health Care buildings at The Culpeper, which were more than sixty years old. While these bonds carry variable interest rates, concurrent interest rate swap transactions were executed to hedge the associated interest rate risk. The Series 2017A & B bonds are collateralized by a deed of trust of the Obligated Group's facilities as well as a security interest in certain other assets.

In December 2017, the Obligated Group issued two series of bonds in the amounts of $49,750,000 (Series C) and $23,250,000 (Series D) to the public and a bank, respectively. Series 2017C are fixed rate bonds with up to a thirty-year maturity, while Series 2017D is a variable rate bond with a maturity of five years, intended to be retired using entrance fee receipts from new independent living units (Series 2017D was paid off in December 2020). These bonds are intended to i) fund strategic improvements at Lakewood, ii) fund a memory support neighborhood at The Glebe, and iii) pay off The Glebe's Series 2014B bonds. The Series 2017C & D bonds are collateralized by a deed of trust of the Obligated Group's facilities as well as a security interest in certain other assets.

In conjunction with the Series 2017C & D transactions discussed above, The Glebe became a member of the Obligated Group and The Glebe's existing debt became equally and ratably secured under the Obligated Group's master trust indenture. The primary objective of this restructuring was to help align and integrate the operations of all LifeSpire communities to promote their mutual goals and better fulfill their collective mission.

In August 2021, the Obligated Group issued Series 2021 fixed rate bonds with up to a thirty-year maturity in the amount of $77,875,00 and a 2021 Taxable Loan of $15,494,000 with up to a five-year maturity. Funds were used to refund the Series 2017A and 2017B, terminate the swap agreement, and to finance construction of cottages at The Culpeper and Lakewood and the purchase of The Summit in Lynchburg, VA. The 2021 Taxable loan is to be repaid with entrance fees from the new cottages at The Culpeper and Lakewood.

Equity, Position on Property, Plant, and Equipment

The 2021 Audited Financial Statements for LifeSpire list Property, Plant, and Equipment, less accumulated depreciation, at $253,753,800 with a total of $258,755,483 in outstanding debt.

Agreement Provision for Escrowing of Entrance Fees

Since there is no requirement by the Bureau of Insurance to escrow deposits of $1,000 or less received by the Community prior to the date the resident is permitted to occupy a residence in the Community, there is no provision in the Fee for Service Residency Agreement that Entrance Fees be escrowed.

Position Relating to Future Funding of Entrance Fees

LifeSpire annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services). The obligation is discounted at 5.5% in both 2021 and 2020, based on the expected long-term rate of return on investments. Increases or decreases in the obligation are charged or credited to operations, respectively. As of December 31, 2021, and 2020, LifeSpire had no future service obligation.

RESTRICTED FUNDS INFORMATION

Net Assets with Donor Restrictions

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

Contributed Support

LifeSpire's policy is to provide care to residents regardless of their ability to pay, or the amount of assistance they receive from governmental programs or from outside donations. LifeSpire funded from contributed support approximately $1,217,000 and $1,184,000 benevolent assistance and contractual adjustments for its residents in 2021 and 2020, respectively.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Depreciation Funding

Annual depreciation costs are not currently being funded in a separate restricted fund at any of the communities. While LSV does not presently have a funded depreciation policy or restricted-purpose funded depreciation accounts, beginning in 2015 they began segregating a portion (the present consolidated target is 25%) of net entrance fee cash receipts into Entrance Fee Reserve accounts that were established for each community. While these accounts are not restricted, their intended purpose is to support cash requirements for capital expenditures and entrance fee refunds.

Refunding and Amortization of Entrance Fees

For financial reporting purposes, LifeSpire complies with Generally Accepted Accounting Principles, which require the amortization of Entrance Fees over the actuarially estimated life expectancy of each resident, adjusted annually.

For refund purposes, Entrance Fees are amortized over their contractually stipulated timeframe (generally 50 months). Residents who elect to withdraw or who expire before their Entrance Fee is fully amortized will be refunded any unamortized portion thereof, less a predetermined administration fee. Funds needed for this purpose based on historical trends for 2021 would be about $5,451,000 for all communities. These funds can be drawn out of the General Fund without adverse effect on the cash flow of the corporation.

Investment Position of LifeSpire

It is the position of LifeSpire to invest all funds as judiciously as possible. Investments are made in quality investment instruments to reduce the risk factor to safe levels. Investments are managed by the Investment Committee of the Board of Trustees of LifeSpire.

Our strong financial position allowed us to become Fitch rated in 2020 and this rating was reaffirmed in 2021. Our current rating is BBB with a stable outlook.

AUDITED FINANCIAL STATEMENTS

Included are the audited financial statements of Virginia Baptist Homes, Incorporated and Subsidiaries for the years ended December 31, 2021 and 2020, with supplemental information and the opinion of independent accountants. Under generally accepted accounting principles, the financial statements of The Culpeper are consolidated with those of Virginia Baptist Homes, Incorporated, d/b/a LifeSpire of Virginia ("LSV") and five other entities under common control (collectively the "LSV Family"). Though balance sheet and income statement accounts for each individual corporation are consolidated in the financial statements, no LSV entity is liable for any indebtedness of any other LSV entity other than the limited cross liability of the LSV Obligated Group for the LSV Long-Term Debt. The LSV Obligated Group consists of LSV, The Culpeper, Lakewood, The Chesapeake, The Glebe and The Summit. Each of these entities is a legally separate corporation but each, including The Culpeper, is legally obligated for payment of certain indebtedness (the "Obligated Group Debt") incurred under a Master Trust Indenture dated as of October 1, 2016, as amended and revised. The Obligated Group Debt consists of the outstanding bonds that are described in the Historical Perspective section.

Virginia Baptist Homes Foundation, Inc. is not a member of the LSV Obligated Group. Also excluded from the LSV Obligated Group are certain defined parcels of land located in Culpeper, Virginia and Daleville, Virginia

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES, GAINS, AND OTHER SUPPORT		
Residential Services, Including Amortization of Deferred Revenue from Advance Fees of $16,839,927 and $14,900,857 in 2021 and 2020, Respectively	$ 67,838,082	$ 63,081,876
Health Care Services	23,583,748	23,695,404
Continuing Care At Home Services, Including Amortization of Deferred Revenue from Advance Fees of $332,033 and $316,332 in 2021 and 2020, Respectively	782,369	635,065
Net Assets Released from Restrictions Used for Operations	456,640	645,458
Gifts and Donations	1,528,887	2,593,820
Contribution Revenue-Paycheck Protection Program Loan Forgiveness	7,304,655	-
Investment Income	4,314,148	2,727,469
Other	2,396,907	1,812,816
Total Revenue, Gains, and Other Support	108,205,436	95,191,908
OPERATING EXPENSES		
Salaries, Wages and Professional Fees	47,525,042	44,043,526
Provisions for Depreciation and Amortization	16,624,092	15,358,107
Interest	10,093,692	9,034,011
Other	30,146,877	25,261,403
Total Operating Expenses	104,389,703	93,697,047
OPERATING INCOME	3,815,733	1,494,861
NONOPERATING INCOME (LOSS)		
Change in Unrealized Gains on Investments	3,580,279	2,489,467
Loss on Extinguishment of Debt	(641,731)	-
Loss on Investment in Joint Venture	(357,635)	-
Change in Value of Interest Rate Swap Agreements	936,379	(2,247,471)
Total Nonoperating Income	3,517,292	241,996
EXCESS OF REVENUES, GAINS AND OTHER SUPPORT OVER EXPENSES	7,333,025	1,736,857

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess of Revenues, Gains, and Other Support Over Expenses	$ 7,333,025	$ 1,736,857
Other Changes in Net Assets without Donor Restrictions:		
Net Assets Released from Restrictions for Acquisition of Property, Plant and Equipment	-	20,850
Increase in Net Assets without Donor Restrictions	7,333,025	1,757,707
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts, Grants and Bequests	1,222,321	1,120,409
Change in Value of Annuity Obligations	(63,562)	(74,295)
Change in Present Value of Perpetual Trust Funds	1,526,162	588,892
Net Assets Released from Restrictions	(456,640)	(666,308)
Increase in Net Assets with Donor Restrictions	2,228,281	968,698
INCREASE IN NET ASSETS	9,561,306	2,726,405
Net Assets (Deficit) - Beginning of Year	(26,456,771)	(29,183,176)
NET ASSETS (DEFICIT) - END OF YEAR	$ (16,895,465)	$ (26,456,771)

Occupancy Summary:

STATISTICAL SUMMARY
Average Year-to-Date Through 12/31/2021

	UNITS AVAILABLE					UNITS OCCUPIED					OCCUPANCY PERCENT				
	ILU	AL	MS	HC	Total	ILU	AL	MS	HC	Total	ILU	AL	MS	HC	TOTAL
Culpeper	33	54	32	47	166	32	51	24	39	146	98.0%	94.5%	74.0%	83.3%	88.0%
Chesapeake	251	57	16	52	376	244	49	15	49	356	97.1%	86.1%	91.8%	93.6%	94.7%
Lakewood	324	60	14	96	494	299	47	7	80	433	92.3%	78.9%	50.9%	82.8%	87.7%
Summit	101	43	-	-	144	97	41	-	-	138	95.6%	96.1%	0.0%	0.0%	95.7%
Glebe	154	32	20	32	238	148	30	18	28	224	95.9%	95.1%	89.3%	87.2%	94.1%
OBLIGATED GROUP	862	246	82	227	1,417	819	218	63	195	1,298	94.9%	89.1%	77.2%	86.0%	91.5%

Revenues:

Combined revenues for LSV of \$108.2M through Q4 2021 and exceeded the previous year's results by \$13.0M. The favorable increase over the prior year was due to a \$4.8M increase in Residential Service income as the result of new cottages at The Culpeper, the acquisition of independent and assisted living at The Summit in Lynchburg, VA and driving occupancy levels at all the communities coupled with an average 2.45% increase in monthly rates. Health Care Service remained flat at \$23.6M which was the result of COVID-19 limiting outside admissions for Medicare A rehabilitation stays. Investment income was strong at $4.3M, up from the prior year by $2.7M. Loans received in 2020 under the CARES Act Payroll Protection Program were forgiven and $7.3 million recognized in revenue.

Combined Independent Living ("IL") unit occupancy for The Group averaged 819 through Q4, 9 unit more than the Q4/2020 average adjusted for the addition of The Summit IL occupancy which averaged 97 units.

Operating Expenses:

Combined operating expenses for LSV of $104.4M through Q4 2021 were $10.7M more than the previous year. 'Salaries, wages and professional fees' exceeded the previous year by $3.5M; this variance was primarily due to i) salary administration programs aimed at specific high-turnover positions, that were budgeted to help address industry-wide staffing challenges in our operating areas which caused a move to a minimum $15 per hour staring wage for all positions, ii) overtime to cover positions necessary for resident care that were open due to turnover, other exigencies, and the COVID-19 Pandemic, iii) average merit increases for staff of 4.0%, and iv) the addition of The Summit staffing due the acquisition October 1, 2021. While staffing and staff retention are a concern to the entire senior living industry in this time of economic uncertainty, The Group's leadership and communities continue to work diligently to prudently manage its labor-related costs without adversely impacting service to our residents.

Depreciation and Interest expense were up over the prior year $1.3M and $1.1M respectively and are primarily the result of the Summit acquisition. Other (non-staffing related) operating expenses are $4.9M more than the previous year and are related to the continuing cost brought on by the COVID-19 Pandemic, the acquisition of The Summit, and rising inflation which is driving up food and supply costs.

Entrance Fee Deferrals:

New entrance fee deferrals granted were $511K more than collections of previously deferred entrance fees through Q4, 2021, increasing The Group's outstanding entrance fee deferral balance to $3.6M on December 31, 2021. We expect that most of the presently outstanding deferrals will be collected over the next six months.

Net Entrance Fee Receipts:

Net entrance fee receipts through Q4, 2021 were $21.8M, versus $21.0M through Q4, 2020. Average Independent Living occupancy was up 0.7% over the prior year while average Assisted Living occupancy was down 2.3% due to COVID-19.

Financial Ratios and Covenant Compliance:

Interim calculations indicate that, as shown below, The Group's financial ratio covenants, calculated in accordance with the definitions in the applicable bond documents, continue to have been exceeded as of December 31, 2021. Please note that deferred entrance fees are not included in the Debt Service Coverage Ratio calculation.

Interim Covenant Tests:

	Results	Required
Days Cash on Hand (a)	452	120
Debt Service Coverage Ratio (a)	2.04	1.20

(a) Tested annually at December 31st.

The Culpeper
Statement of Operations
Twelve Months Ended December 31, 2021

	Month 12				Prior Year		
	Actual	Plan	Variance	Percent Variance	Actual	Variance	Percent Variance
Unrestricted Revenues							
Earned Entrance Fees	$ 1,328,199	$ 981,180	$ 347,019	35.37%	$ 1,122,088	$ 206,111	18.37%
Independent Living	1,777,994	1,202,952	575,042	47.80%	1,826,427	(48,433)	-2.65%
Assisted Living	2,705,549	3,264,530	(558,982)	-17.12%	2,239,446	466,102	20.81%
Memory Support	2,027,040	2,621,723	(594,683)	-22.68%	2,190,993	(163,953)	-7.48%
Health Care	5,358,707	6,121,188	(762,481)	-12.46%	5,647,597	(288,890)	-5.12%
Clinic	55,253	115,608	(60,355)	-52.21%	55,808	(555)	-0.99%
Total Resident Income	13,252,742	14,307,181	(1,054,439)	-7.37%	13,082,360	170,383	1.30%
Net assets released for operations	88,358	-	88,358	0.00%	4,974	83,384	1676.49%
Unrestricted gifts and donations	270,111	317,000	(46,889)	-14.79%	533,781	(263,670)	-49.40%
Investment income for current operations	3,675	3,000	675	22.49%	1,841	1,834	99.63%
Corporate Income Allocation	-	-	-	0.00%	181,580	(181,580)	-100.00%
Other Income	1,570,137	154,008	1,416,129	919.52%	264,726	1,305,412	493.12%
Total Operating Income	15,185,023	14,781,190	403,833	2.73%	14,069,260	1,115,763	7.93%
Operating Expenses							
Salaries and wages	6,510,376	6,383,100	127,276	1.99%	6,113,550	396,826	6.49%
Benefits	1,109,431	1,195,369	(85,939)	-7.19%	583,585	525,846	90.11%
Interest Expense	2,068,573	1,714,180	354,393	20.67%	1,943,102	125,471	6.46%
Depreciation	1,631,230	1,538,673	92,558	6.02%	1,562,928	68,303	4.37%
Corporate Office Expenses	1,013,229	962,874	50,355	5.23%	992,908	20,321	2.05%
Other Expenses	3,845,326	3,323,070	522,257	15.72%	3,689,481	155,845	4.22%
Total Operating Expenses	16,178,165	15,117,266	1,060,899	7.02%	14,885,553	1,292,612	8.68%
Operating Income	(993,142)	(336,076)	(657,066)	195.51%	(816,293)	(176,849)	21.66%
Investment income for non current operations							
Gain (Loss) on Interest Rate SWAP Obligation	294,648	-	294,648	0.00%	(2,247,471)	2,542,119	-113.11%
Excess of revenues over expenses	$ (698,494)	$ (336,076)	$ (362,418)	107.84%	$ (3,063,764)	$ 2,365,270	-77.20%

Revenues:

Total Operating Income for 2021 was above budget, by $404K, and outperformed 2020 by $1.1M. Revenue was above budget as a result of the funding provided by the CARES Act Payroll Protection loan forgiveness. This helped to offset revenue shortfalls in the higher levels of care due to continue effects of the pandemic.

Operating Expenses:

Total Operating Expenses for 2021 were unfavorable to budget by $1.1M and exceeded the previous year's expense by $1.3M. The unfavorable performance to budget was driven by continuing costs associated with the pandemic, increase in inflation, and the move to a $15 per hour minimum starting wage.

PRO FORMA INCOME STATEMENT FOR LIFESPIRE

A summary copy of the 2022 operating budget (pro forma income statement) is included. The detailed budget was developed by both the management of the retirement communities and LifeSpire, reviewed by the Finance Committee of the Board of Trustees, with final approval by the full Board of Trustees. In the preparation of this budget, the following major assumptions were used:

1. We are projecting the following average occupancy for 2022:

	Budget 12/31/22
Capacity	
Independent Living	49
Assisted Living	54
Memory Support	32
Health Care	47
Total	**182**
Occupancy	
Independent Living	46.5
Assisted Living	53.0
Memory Support	28.0
Health Care	
Private Pay	22.5
Medicare	11.0
Medicaid	10.0
Total Health Care	43.5
Total Occupancy	171.0
% Occupancy	
Independent Living	94.9%
Assisted Living	98.1%
Memory Support	87.5%
Health Care	92.6%
% Total	94.0%

2. Revenue increases were partially driven by monthly fee increases of 5.0% in 2022 versus 2.45% in 2021

3. Annual wage rate increases are assumed to average 3.0%, which is 0.5% higher than 2021. Some position-specific market driven changes may vary from this average.

4. Budgeted "controllable" (i.e., non-salary related) operating expenses for 2022 are estimated to generally increase by 3.0% to 5.0% over 2021 forecast results due to various program changes offsetting anticipated inflation. There are minor specific variations to reflect known circumstances and to improve market comparability, resident care, or regulatory compliance.

Proforma Income Statement

The Culpeper (2022 Budget)

	Budget 2021	Budget 2022	Variance Percentage	Variance Dollar
OPERATING REVENUES				
Earned Entrance Fees	981,180.00	1,062,219.00	8.3%	81,039.00
Independent Living revenue	1,202,952.20	1,762,820.45	46.5%	559,868.25
Assisted Living revenue	3,264,530.31	3,546,321.99	8.6%	281,791.68
Memory Support revenue	2,621,722.55	2,525,235.30	-3.7%	(96,487.25)
Health Care revenue	5,871,424.37	6,320,356.04	7.6%	448,931.67
Therapy revenue	259,764.00	257,744.00	-0.8%	(2,020.00)
Adjustment to Allowance for Bad Debts	(9,999.96)	(9,192.00)	-8.1%	807.96
Other Operating Revenue	269,616.00	439,824.00	63.1%	170,208.00
Gift Income	317,000.04	317,000.04	0.0%	-
Investment Income	3,000.00	3,600.00	20.0%	600.00
Net Assets Released For Operations	-	151,476.00	0.0%	151,476.00
TOTAL REVENUES	**14,781,189.51**	**16,377,404.83**	**10.8%**	**1,596,215.32**
COMPENSATION EXPENSES				
Health Care - Salaries and Wages	3,755,215.59	4,647,289.45	23.8%	892,073.86
Benefits	715,266.00	756,469.01	5.8%	41,203.01
Resident and Member Services - Salaries and Wages	1,318,345.80	1,543,981.13	17.1%	225,635.33
Benefits	232,714.32	256,300.87	10.1%	23,586.55
Facilities Services - Salaries and Wages	440,523.48	673,070.22	52.8%	232,546.74
Benefits	79,497.12	111,729.66	40.5%	32,232.54
Administrative and General - Salaries and Wages	540,720.36	592,135.62	9.5%	51,415.26
Benefits	167,891.84	178,325.30	6.2%	10,433.46
TOTAL COMPENSATION EXPENSES	**7,250,174.51**	**8,759,301.26**	**20.8%**	**1,509,126.75**
OTHER EXPENSE				
Health Care	44,700.00	50,460.00	12.9%	5,760.00
Resident and Member Services	403,024.08	428,200.00	6.2%	25,175.92
Facilities Services	363,932.88	328,240.00	-9.8%	(35,692.88)
Administrative and General	340,724.04	428,600.00	25.8%	87,875.96
TOTAL OTHER EXPENSE	**1,152,381.00**	**1,235,500.00**	**7.2%**	**83,119.00**
GENERAL EXPENSES				
Health Care	900,630.24	904,490.00	0.4%	3,859.76
Resident and Member Services	739,530.15	775,438.04	4.9%	35,907.89
Facilities Services	576,874.93	498,900.00	-13.5%	(77,974.93)
Administrative and General	2,783,495.03	3,326,052.84	19.5%	542,557.81
TOTAL GENERAL EXPENSES	**5,000,530.35**	**5,504,880.88**	**10.1%**	**504,350.53**
NON-OPERATING EXPENSES				
Non-Operating Expenses	1,714,179.96	2,099,319.37	22.5%	385,139.41
TOTAL NON-OPERATING EXPENSES	**1,714,179.96**	**2,099,319.37**	**22.5%**	**385,139.41**
TOTAL EXPENSES	**15,117,265.82**	**17,599,001.51**	**16.4%**	**2,481,735.69**
Excess of revenues, gains and other support over expenses	**(336,076.31)**	**(1,221,596.67)**	**263.5%**	**(885,520.36)**

ADMISSION OF NEW RESIDENTS

Admission of new residents to Culpeper Baptist Retirement Community dba The Culpeper is limited to individuals sixty-two (62) years of age and over. Due to licensing restrictions, persons with known communicable diseases, who are not ambulatory, and/or who need nursing or convalescent care will not be allowed admission. Additionally, admission is restricted to prospective residents who have the financial ability to meet the reasonably expected costs of their care while a resident.

All prospective applicants for admission undergo an interview and verification process to determine if they meet the physical and financial admission criteria.

Virginia Baptist Homes, Inc. dba LifeSpire of Virginia was established as a Baptist agency to minister to the needs of Baptists and others. Under no circumstance is admission denied on the basis of race, creed, or national origin.

Health Care Center

The Health Care Center at the Culpeper Baptist Retirement Community dba The Culpeper is generally reserved for care of residents who have contracted for continuing care services, who can no longer function independently, and who are in need of more intensive medical and nursing care. However, direct admission to the Health Care Center of non-continuing care residents is permitted since the Center is certified as a Medicaid and Medicare provider. As such, admission is open to non-continuing care residents without regard to age, race, creed, national origin, and financial resources. Admission of non-continuing care residents will be conditional on the availability of beds, as the Community's primary responsibility is to those residents who have contracted for continuing care.

PROCEDURE FOR RESIDENT TO FILE A COMPLAINT OR DISCLOSE CONCERN

LifeSpire welcomes the active involvement of residents and provides multiple opportunities for participation in governance. All residents are members of the Resident Council and are invited to participate on numerous committees to provide input, suggestions and direction that impact community life. In addition, LifeSpire conducts quarterly meetings with an ad hoc Resident Advisory Committee ("RAC") generally made up of the resident council president and other residents interested in operating metrics and financials; investment results; Board of Trustees focus areas; and strategic direction and initiatives for the community and the organization. Finally, to promote communication and engagement, LifeSpire's Board of Trustees established a formal board committee, the Resident Engagement Committee, which meets twice annually with the Board's executive committee.

Resident Council and Corporate Governance

Virginia Baptist Homes, Inc. dba LifeSpire of Virginia ("LifeSpire" or "LSV") serves as the management company for the community. LifeSpire is governed by a Board of Trustees who serve voluntarily to set the strategic direction, ensure the necessary resources and provide oversight as fiduciaries who are entrusted with the long-term sustainability of the organization. The Members of the Board of Trustees for LifeSpire also serve as the Members of the Board of Trustees for each LifeSpire community.

While residents do not serve on the LifeSpire Board of Trustees, LifeSpire welcomes the active involvement of residents and provides multiple opportunities for participation in governance. The primary channel is the Resident Council. All residents of the community are automatically members of the Resident Council and are invited to participate on numerous committees to provide input, suggestions and direction that impact community life.

In addition, LifeSpire conducts quarterly meetings with an ad hoc Resident Advisory Committee ("RAC"). The RAC is generally made up of the Resident Council President and other residents interested in operating metrics and financials, investment results, Board of Trustees focus areas and strategic direction and initiatives for the community and the organization. LifeSpire management generally shares the same reports that are provided to the Board of Trustees.

LifeSpire takes great pride in being open and transparent. To promote communication and engagement, the Board of Trustees established a formal board committee, the Resident Engagement Committee, which meets twice annually with the Board's executive committee.

The council and committee structures are shown below.

Resident Council

- Community-led programs
- LSV participates as needed or as requested
- Occurs at community on community's timeline

Resident Advisory Committee

- Voluntary participation from resident population with interest in financial performance of community and LSV
- Executive Director determines participants
- LSV team produces the agenda and leads the meeting
- Occurs at communities quarterly and typically after the LSV board meeting

Resident Engagement Committee

- Formal Board Committee as structured in the by-laws
- LSV CEO and Board Chair create agenda, invitation and structure for meeting
- Held in conjunction with March and September LSV board meetings

Chapter 49 of Title 38.2 of the Code of Virginia (the "Code") provides for regulatory oversight of Continuing Care Retirement Communities by the State Corporation Commission Bureau of Insurance. Refer to A Guide to the Regulation of Continuing Care Retirement Communities in Virginia for more information.

It is our goal to maintain an exceptional living environment and to acknowledge the important contributions residents make to the success of the Community. We encourage residents to share recommendations with the Community. The Community will be responsive toward resident recommendations and implement changes where possible and appropriate. We also encourage residents to inform staff of existing services and policies which are satisfactory and should continue unchanged.

The Culpeper is committed to providing the highest level of quality resident care and superior resident and responsible representative satisfaction. To that end, The Culpeper will address all resident /resident representative complaints and/or grievances in a thorough and timely manner. LifeSpire communities respect the resident's right to voice complaints and/or grievances to the facility or to other agencies or entities that hear grievances without discrimination or reprisal. The resident or responsible representative has the right to file complaints and/or grievances orally, in writing, or via electronic means (email, text, or fax). Reports may be made with full disclosure of the reporter's identity or may be made anonymously.

The Culpeper has a complaint and grievance policy which is available to the resident and resident representative. Such information will be posted throughout the community (healthcare, assisted living, independent living, and clinic) and a copy of the Resident Complaint and Grievance Policy will be given to the resident as requested.

We encourage pursuit of open communication so that we may work together on *any* matter that may arise. If, however, one still feels that the issue has not been satisfactorily resolved, it may be pursued further by contacting:

Apartments, Cottages and Assisted Living residents:

Division of Licensing Program
The Virginia Department of Social Services
Regional Licensing Administrator: Mary Goodwin
(540)347-6340

Licensing Inspector
410 Rosedale Court, Suite 270
Warrenton, Virginia 20186
Telephone: (540)347-6345
Adult Protective Services Hotline: 1-888-832-3858
or:
The Department for the Aging
1610 Forest Avenue, Suite 100
Richmond, Virginia 23229
(804)662-9333 or 800-552-3402

If a resident of the Health Care Center:

The Virginia Department of Health
Office of Licensure and Certification
Complaint Coordinator
Phone: (804)367-2100
Toll Free: 1-800-955-1819
Email: OLC-complaints@vdh.virginia.gov
or:

Kathi Walker
Local/Sub state Ombudsman
P.O. Box 1568
Culpeper, VA 22701
Phone: (540)825-3100 ext. 3450
kwalker@rrcsb.org
Fax: 540-825-0392

Ms. Joani Latimer, State Ombudsman
Office of the State Long-Term Care Ombudsman
Virginia Department for Aging and Rehabilitative Services
8004 Franklin Farms Drive
Richmond, VA 23229
Phone: (804) 565-1600
Fax: (804)662-9140
Toll Free: 1-800-552-3402

At no time will any staff member of the Community take any improper action against a resident for lodging a complaint, regardless of validity of the complaint. The Executive Director or Administrator will follow-up within five (5) days on all resident complaints and explain to the resident what can or cannot be done to remedy the complaint or implement the suggestion.

2022 Ancillary Charges

Beauty Shop Fees	Fee
Shampoo	15.00
Shampoo/Set	30.00
Shampoo/Blow Dry	25.00
Shampoo with Curling Iron	25.00
Haircut	20.00
Perm with Cut, Shampoo/Set	100.00
Deep Conditioner Treatment	7.00
Full Permanent Color with Shampoo/Set	75.00
Root Retouch with Shampoo/Set	65.00
Shape up/Curl/Touchup	15.00
Highlights/Shampoo/Set	75.00
Men's Brow, Ear Trim	10.00
Men's Beard Trim	10.00
Manicure	28.00
Polish Change	8.00
Combined Service Packages:	
Haircut/Shampoo/Blow Dry	.00
Haircut/Shampoo/Set or curling iron	40.00
Wig Services, Shampoo and Style	20.00
Products:	$15.00
Shampoo	$$5.500
Conditioner	$$4.500
Thickening Spray	$$5.400
Hairspray	$$0.500
Base Coat	$$0.000
Nail Color	$$0.00
Top Coat	$$10.00

Linen/Laundry Services *	Fee
Personal Laundry	45.00 / month
Bedding	45.00 / month
Bedspreads:	
Twin	8.00
Full	10.00
Queen or King	17.00
Comforter	25.00
Bed Linen Change Weekly	25.00 / month
Ironing Services (See Laundry Services Director)	3.00-5.00 per item
** These fees apply to Independent Living only.*	

Transportation	Fee
Medical (out of Culpeper)	1.00/per mile plus 15.00/hour
Medical (within Culpeper)	NO CHARGE
Non Medical* (subject to driver availability) ** i.e., airports, personal business, banking* **Reservation required through Director of Resident Services**	2.00 per mile plus 15.00/hour

Meals	Fee
Cottage Residents:	See Menu Pricing
Guests:	

Breakfast	11.00
Lunch	13.00
Supper	13.00
Children age 5 – 12	7.00
Children age 4 and under	FREE
GUEST HOLIDAY RATES	
Easter / Mother's Day / Father's Day Brunch Thanksgiving / Christmas	
Adults	24.00
Children age 5 – 12	12.00
Children age 4 and under	FREE
CATERING SERVICES	
A four (4) week notice is requested for large group events. See Executive Chef or Director of Dining Services to review availability, menu, pricing and location of event. An estimated cost will be provided for your review.	
Maintenance	**Fee**
Labor (services rendered on resident's personal property)	30.00 / hour Billed in increments of ½ hours
Internal Move	30.00 / hour per staff member
Miscellaneous	**Fee**
Basic Cable Service	40.00 / month
Basic Telephone Service	35.00 / month
Cable Hookup – One time charge at admission if The Culpeper supplies custom size cable	20.00
Companion Services	25.00 / hour
Completion of Long Term Care Insurance Paperwork	35.00 / each time
Duplicate Apartment Key	20.00 / each
Medication Administration (Independent Living Only)	140.00 / month
Personal Shopping / Concierge Service	$5.00/Stop
SARA Pendant Replacement	125.00 / each
Security Key Card Replacement	20.00 / each
Shower Bench	$50.00/each
Shower Curtain	$60.00/each
WanderGuard Monitor Bracelets (Health Care)	30.00 / month
Wireless Internet (Cottages)	$55 / month

THE CULPEPER

A Continuing Care Retirement Community for All Levels of Care

FEE FOR SERVICE RESIDENCY AGREEMENT

EQUAL HOUSING OPPORTUNITY

THE CULPEPER

1948

A Continuing Care Retirement Community for All Levels of Care

FEE FOR SERVICE RESIDENCY AGREEMENT

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THE CULPEPER

A Continuing Care Retirement Community for All Levels of Care

FEE FOR SERVICE RESIDENCY AGREEMENT

Culpeper Baptist Retirement Community, Inc.
Culpeper, VA

This is a Fee for Service Residency Agreement ("Agreement") between Culpeper Baptist Retirement Community, Inc., a Virginia non-stock, non-profit corporation (together, the "Community" "Culpeper", "our", "we", "us", or "CBRC"), and ______________________________________ (hereinafter referred to as "you", "your", or "Resident" including when joint residents are listed here).

LifeSpire of Virginia, a trade name for Virginia Baptist Homes, Inc., is the sole member of Culpeper Baptist Retirement Community, Inc., a faith-based provider of senior living services. CBRC is located at 12425 Village Loop in the Culpeper, Virginia area which provides residential living, community areas and programs, and a continuum of wellness, assisted living and health care services. CBRC assisted living area is licensed by the Virginia Department of Social Services and its healthcare/nursing area is licensed by the Virginia Department of Health.

You have made application for residency at CBRC and in reliance on your responses to our application, CBRC wishes to enter into this Agreement with you. Subject to the terms and conditions of this Agreement, we are pleased to offer to you residency at CBRC and by your signature at the end of this document, you agree to accept the following terms and conditions.

I. KEY TERMS AND DEFINITIONS

A. *Assisted Living.* A level of care provided at our Community where, when admitted, a resident receives assistance with daily living activities after evaluation. Assisted Living is an area of care licensed by the Virginia Department of Social Services. *See,* Article II, Section I (1), *Assisted Living.*

B. *Room Reservation Rate.* When applicable, if you are a permanent resident of our Assisted Living or Health Care Center, the Room Reservation Rate is the amount charged to hold your space while you are temporarily at a different level of care. This is sometimes referred to as a "Bed Hold". *See,* Article V, Section C, *Retaining Your Prior Residence/Room Reservation Rate.*

C. *Daily Rate.* The Daily Rate is a rate we charge for services in our Assisted Living or Health Care Center. Generally, if you need to make a transition from your Independent Living Residence to Assisted Living or the Health Care Center (other than for a Medicare Stay), you will pay a Discounted Daily Rate.

D. *Discounted Daily Rate.* The Discounted Daily Rate is our Daily Rate less Ten Percent (10%) as described in Article III, Section F (1), *Assisted Living Discounted Daily Rate,* Article III, Section F (2), *Health Care Center.*

E. *Entrance Fee.* An initial entrance payment is made to us at the time of your entry into the Community. *See,* Article III, Section A, *Entrance Fee.*

F. *Health Care Center.* Our nursing level of care is provided for in the Health Care Center. Nursing Care is provided at this level of care for certain rehabilitation and long term nursing services. Our Health Care Center is licensed by the Virginia Department of Health. *See,* Article II, Section I (2), *Health Care Center.*

G. *Residential Living.* Our residential living area where meals and other services are available to you as set forth in this Agreement. The Monthly Fee is paid for your Residence in the Residential Living Area, as well as certain other services as set forth in this Agreement.

H. *Interdisciplinary Care Planning ("ICP") Team.* The ICP Team consists of members of the various disciplines on our staff that evaluate and plan your care in our Community after consultation with you and your family.

I. *Monthly Fee.* A fee charged for your Independent Living Residence and certain other services described in this Agreement. *See,* Article III, Section C, *Monthly Fee.*

II. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES

A. **Residence.** You shall have the exclusive right to occupy, use, and enjoy as your residence number _______________, a/an _______________apartment/cottage (hereinafter, including any other residence you may select, the "Residence"), subject to the terms of this Agreement.

B. **Furnishings in the Residence.** You may furnish your Residence with your furniture, furnishings, decorations and other personal property. Although we do not provide furniture or furnishings in Independent Living, we do provide standard large household appliances in the cottages and an urgent call system for your safety. (The urgent call system should be used in addition to first calling 911 if your life or health is in danger.)

C. **Changes to the Residence.** Should you wish to make changes to your Residence, any physical or structural improvements are required to be approved in advance by us in writing and paid for by you. All improvements must be in conformity with all applicable building codes and will become part of the Residence and the property of the Community when construction is completed. The value of any such improvement will not be considered in computing refunds, and the Community will have a vested ownership in such improvements. You agree that if we permit you to make physical or structural improvements to your Residence we, in our reasonable discretion, can require you to cover the cost of returning the Residence to its original condition when your Residence is vacated.

D. **Common Areas and Amenities.** We provide a variety of common areas and amenities for the use and benefit of all residents.

E. Parking. A parking area is provided for you and your guests.

F. Storage. Limited additional storage may be available for an additional charge.

G. Services and Programs. The services and programs included in your Monthly Fee are listed in sub-section 1 of this Section G. These services and programs may be adjusted from time to time and, when possible, thirty (30) days' notice will be given. Services and programs vary at the different levels of care.

1. *Services included in your Monthly Fee:*

(a) Utilities -- The Community will furnish heating, air conditioning, electricity, water, sewer, trash removal and municipal services for apartment residences. Residents occupying a cottage are responsible for all utilities except water, sewer and trash removal. All Residents are responsible for the charges related to telephone and cable services.

(b) Basic housekeeping services every week for apartments and every other week for cottages, including vacuum cleaning, cleaning of bathroom(s) and kitchen, and trash removal.

(c) Grounds keeping, including lawn, tree and shrubbery care, and snow removal from cars.

(d) Transportation to medical providers and medical appointments scheduled in accordance with Community policy.

(e) Security services.

(f) An urgent call system and smoke detectors.

(g) Planned wellness, social, recreational, spiritual, educational and cultural activities; arts and crafts; exercise and health programs; and other special activities designed to meet your needs. There may be a charge related to some programs.

(h) Wireless internet connection (Wi-Fi) in designated common areas. Wireless internet connection is not available in cottages.

(i) The Community provides to the residents residing in an Apartment a Flexible Meal Program with a declining balance which equates to one meal per day.

2. Services *Available with an Additional Charge:*

(a) Telephone, Internet, and cable services in your Residence.

(b) Personal laundry service.

(c) Beauty salon and Barber services.

(d) Companion Care and Private Duty Services.

(e) Meals not included in the meal plan taken by you or your guest(s) will be paid for at the time of purchase or billed to you on a monthly basis. The Community reserves the right to amend the meal plan options from time to time, including implementing a declining balance program. Optional premium beverages, such as beer or wine, may be available at an additional charge. Premium beverages are not included with a meal.

(f) Special Diets -- please make sure that you fully communicate these needs to our Dining Services Manager; some special diets may be met without an additional charge.

(g) Room Service is available for delivery to your Residence in accordance with the Community's policy.

(h) Housekeeping services beyond those included in your Monthly Fee.

(i) Transportation for special, personal, or group trips.

H. Maintenance and Repairs. The Community maintains and keeps in repair its own improvements, furnishings, and equipment. With the exception of ordinary wear and tear, you will be responsible for the cost of repairing damage to our property when caused by you or your guest(s).

I. Assisted Living and Nursing Services:

1. **Assisted Living.** If our Interdisciplinary Care Planning Team ("ICP Team") after consultation with you and your family, determines that you require assistance with the activities of daily living or that you have other needs such that Assisted Living is the appropriate level of care for you, the Community will make available and you agree to accept a transfer to our Assisted Living area ("Assisted Living"). Assistance in daily living needs may include bathing, dressing or grooming, administration of medication, transportation or assistance to programs and services throughout the Community. *See*, Article III, Section F, *Fees/Charges for Assisted Living and Health Care Services*, for the fees and charges in Assisted Living. The degree of your independence in performing daily living activities is a factor in determining the appropriate level of care for you. To the extent that space permits, you may bring some of your own furniture and furnishings to your Assisted Living residence. Should space not be available in Assisted Living, you may be required to temporarily receive services in the Health Care Center (as defined in this Agreement) until an appropriate Assisted Living residence is available. Assisted Living services rendered in the Health Care Center shall be charged to you at the Assisted Living

Discounted Daily Rate.

2. **Health Care Center.** If the Community, in conjunction with its ICP Team, determines that you require the services of a licensed nursing facility, the Community will make available such nursing care in, and you agree to move to, the Community's licensed nursing facility (the "Health Care Center"). Should space not be available in the Health Care Center, you may be required to be temporarily transferred to an outside nursing facility (herein an "Outside Facility"). *See*, Article II, Section I (3), *Limitations on Care*. You are responsible for all fees and charges at the Outside Facility and, should you maintain a residence with us, your fees under this Agreement. If your transfer is due to space limitations at the Community, you will receive priority admittance when a bed becomes available in our Health Care Center. Further, while at an Outside Facility due solely to our inability to offer you bed space in our Health Care Center, we will pay the difference between the daily rate you actually pay out of pocket at the Outside Facility and the Discounted Daily Rate you would pay to us if a bed had been available at our Community (if what you pay is higher) until (i) a bed in our Community is offered to you, (ii) you are no longer in need of nursing care as determined by our ICP Team or (iii) you are no longer able to be cared for in our Community and your stay at the Outside Facility becomes permanent as determined by our ICP Team.

3. **Limitations on Care.** There are limitations to the type of nursing care that we are able to provide. The following are examples of limitations: if you have a dangerously contagious disease, an uncontrolled or untreated mental condition or specialized psychiatric condition, any condition requiring services which are prohibited under our license as an Assisted Living Community or which we are unable to provide to you within the Community (including by reason of lack of specialized staffing, beds or space), or if you require nursing care services beyond routine nursing services. Also, Assisted Living regulations of the Virginia Department of Social Services requires our residents to be physically and mentally capable of self-preservation by evacuating in response to an emergency without assistance. We will assist you in transferring to an appropriate hospital, institution or other facility. You are responsible for all fees and charges at the facility to which you are transferred. If your move to the hospital, health care facility, or other institution is permanent, then you may terminate this Agreement. If your move to the hospital, health care facility, or other institution is temporary and you maintain a residence with us, you will continue to pay your fees to us under this Agreement.

4. **Clinic Services.** The Community makes available at the Community's clinic a variety of routine health care services (the "Clinic"). Some Clinic services may be at an additional charge.

5. **Health Related Charges Not Covered.** Our Assisted Living area provides assistance with the activities of daily living and our Health Care Center provides routine nursing services as part of our fee. We do not cover the items listed in this section except some of the listed items are covered in a Medicare Stay in our Health Care Center. Should you have need for these services or others which we do not provide, you are responsible for paying for such items and services whether provided at the Community or elsewhere, and whether arranged for by you or by us on your behalf:

a) Charges of any physician, physical therapist, speech therapist, or occupational therapist, dentist, podiatrist, psychologist, psychiatrist or other health care professional;
b) Hospital, ambulance and other health care provider charges;
c) Charges for medicines, drugs, lab services and x-ray services, vitamins, food supplements, dental work, glasses, hearing aids, orthopedic devices, durable medical equipment, personal care supplies and other health related items.

6. **Staffing.** Assisted Living and the Health Care Center are staffed by licensed and/or certified nursing staff twenty-four (24) hours per day.

7. **Medical Director.** The overall coordination and supervision of health care services by the Community in the licensed areas of care will be provided by a Medical Director who is a licensed physician selected by the Community (the "Medical Director").

8. **Charges for Additional Levels of Care.** While in Assisted Living or the Health Care Center, you agree to pay the additional fees and charges for Assisted Living or Health Care Center as applicable and as published by us and available to you upon request. *See,* Article III, Section F, *Fees/Charges for Assisted Living and Health Care Services.*

9. **Personal/Attending Physician.** You may choose to use the services of a personal attending physician and you will be responsible for the charges by that physician. The physician may or may not be the Community's Medical Director. However, the attending physician you choose must be willing to follow the policies and procedures of the Community and meet the requirements of the Community including the making of regular visits to you when required by our policies and procedures. In the event your attending physician is not available, our Medical Director may issue appropriate orders for you. Transportation to medical appointments may be provided by the Community in accordance with the Community's policies and procedures; please review the procedures in the Resident Handbook in making arrangements for transportation.

III. FINANCIAL ARRANGEMENTS

A. Entrance Fee. You agree to pay to the Community an Entrance Fee (the "Entrance Fee") as a condition of becoming a Resident.

Entrance Fee Type	Amount of Entrance Fee	Amortization Schedule
Standard	$	The Entrance Fee, less an initial 4% administrative charge paid to us, will be amortized, accrued and transferred to us at 2% per month for 50 months after which time the Entrance Fee is fully amortized and you are not entitled to a refund.*

* Prior to payment, we reserve the right to deduct from any refund charges owed to us.

For purposes of the Amortization Schedule above, a partial month counts as a full month. For additional refund information, *see*, Article VI, *Termination and Refund Provisions.*

B. Terms of Payment of the Entrance Fee. The Entrance Fee is due and payable as follows:

1. **Deposit.** Prior to the signing of this Agreement you must have signed a Reservation Agreement and paid a ten percent (10%) deposit.

2. **Balance of the Entrance Fee.** The balance of the total Entrance Fee $_________ (less the deposit previously paid) for the Entrance Fee option selected by you is due and payable upon the signing of this Agreement and prior to occupancy of the Residence.

3. **Non-Standard Selections and Upgrade Charges.** Any non-standard selections and upgrades to your Residence requested by you may result in additional charges which must be paid in full prior to your move-in. You are not eligible for a refund for these charges.

C. Monthly or Daily Fee. In addition to the Entrance Fee, you agree to pay a monthly fee when your Residence is made available to you and during the term of this Agreement which shall be payable in advance by the tenth (10^{th}) of each month. As of the date of this Agreement, the monthly fee associated with your Residence is $________________ per month, and an additional $____________ per month if a second Resident occupies your Residence (adjusted as provided herein the "Monthly Fee"). The Monthly Fee may be increased by the Community during the term of this Agreement as described in Article III, Section D, *Increases in Fees.* The Monthly Fee shall be paid by you for so long as you occupy, or retain the right to occupy, your Residence. If your Residence is in Assisted Living, you will pay the Discounted Daily Rate instead of the Monthly Fee. *See*, Article III, Section F (1), *Assisted Living Daily Rate*. If a resident opts to prepay monthly fees in a lump sum payment and the lump sum payment is accepted by the Community, we agree not to increase the fee structure during the agreed upon term for care and services for which the lump sum is paid, except for changes related to state and federal funding. Currently, the Community does not accept lump sum payments.

D. Increases in Fees. The fees are charged to provide the facilities, programs, and services described in this Agreement and are intended to also provide for the cost of the expenses associated with the operation, maintenance, and management of the Community, as well as maintaining the viability and marketability of the Community. You agree that the Community shall have the authority to increase the Monthly Fee and Daily Rate from time to time during the term of this Agreement as the Community, in its sole discretion, deems necessary in order to reflect increases and changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis, maintaining the quality of services called for herein as well as maintaining the marketability of the Community and providing for the future of the Community. A thirty (30) day written notice will be given to you before there is any adjustment in fees and charges, or before there is any significant change in the scope of services to be provided hereunder.

E. Monthly Statements. The Community will furnish you with monthly statements showing the total amount of fees and other charges due hereunder which shall be payable on or before the tenth (10^{th}) day of the month. The Community charges interest at a rate of one and one-half percent (1½%) per month on any unpaid balance. You agree to pay all costs of collection including court costs, attorney fees and other fees and expenses incurred by us in collecting payment.

F. Fees/Charges for Assisted Living and Health Care Services.

1. **Assisted Living Discounted Daily Rate.** If your Residence is in, or if you move permanently to, Assisted Living you will pay the Daily Rate less ten percent (10%) for Assisted Living as published by the Community from time to time and as adjusted in Article III, Section D, *Increases in Fees*. If you move to Assisted Living on a temporary basis, you will pay the Discounted Daily Rate plus your Monthly Fee. If you release and vacate your Residence and become a permanent resident of Assisted Living, you will no longer pay the Monthly Fee. *See, Article III,* Section F (3), *Transfer and Continuance of Monthly Fee*.

2. **Health Care Center.** We offer nursing and skilled nursing care in our Health Care Center.
   (a) *Medicare Stay.* Our Health Care Center is certified under the Medicare program (Title XVIII of the Social Security Act) to provide skilled nursing care. If you are in need of skilled nursing care and you meet the requirements determined by the Medicare program, your admission to our Health Care Center will be pursuant to the Medicare program (a "Medicare Stay"). You will be responsible for paying all deductibles and other permitted non-covered charges during your Medicare Stay. Since Medicare covers part of this stay, you do not pay the Discounted Daily Rate; however, you will continue to pay your Monthly Fee. When you are admitted to our Health Care Center, you will execute a separate Health Care Center Residency Agreement with us. We reserve the right to withdraw from the Medicare program at any time.
   (b) *Non-Medicare Stay*. If you move permanently to our Health Care Center not pursuant to a Medicare Stay (or if your Medicare Stay ceases and you remain in our Health Care Center), you will pay the Discounted Daily Rate for the Health Care Center as published by the Community from time to time, as adjusted in Article III, Section D, *Increases in Fees*. If you move temporarily to Health Care Center, you will pay the Discounted Daily Rate plus the Monthly Fee. If you release and vacate your Residence and become a permanent resident of our Health Care Center, you will no longer pay the Monthly Fee. *See*, Article III, Section F (3), *Transfer and Continuance of Monthly Fee*.

3. **Transfer and Continuance of Monthly Fee.**

   (a) *Temporary Transfer.* Should you qualify for services in Assisted Living or the Health Care Center and temporarily (as determined by the Community) occupy a residence in such area, you will be charged, in addition to the Monthly Fee, an amount equal to the then published current Discounted Daily Rate for such services. *See also*, Article V, Section C, *Retaining Your Prior Residence/Room Reservation Rate*.

(b) *Permanent Transfer.* Upon permanent transfer (as determined by the Community) to an Assisted Living or the Health Care Center, you will release and vacate your Residence and (i) no longer pay the Monthly Fee for your Residence, but instead, (ii) pay the then published current Discounted Daily Rate for the residence in Assisted Living or the Health Care Center. In addition to the Discounted Daily Rate, charges will be made for ancillary services as more fully described in Article III, Section F (4), *Additional Charges for Ancillary Services.*

(c) *Joint Residents.*

(1) If you share your Residence with another resident and one of you temporarily transfers to Assisted Living or the Health Care Center, you will pay (i) the first and second person Monthly Fee and (ii) Discounted Daily Rate for Assisted Living or Health Care.

(2) If both of you are temporarily placed at another level of care, you will pay (i) either the Room Reservation Rate for your permanent accommodation if your permanent accommodation is in Assisted Living or the Health Care Center or the first and second person Monthly Fee if your permanent accommodation is in Independent Living, and (ii) the Discounted Daily Rate for each of the rooms occupied by you in Assisted Living or the Health Care Center.

4. **Additional Charges for Ancillary Services.** Additional charges may be made for ancillary services provided at the Community. Ancillary services are services not included in the Monthly Fee/Discounted Daily Rate. Examples of such additional charges for ancillary services may include, but are not limited to, the cost of prescription and non-prescription medications, personal laundry, staff accompaniment of resident to scheduled medical appointments, podiatric, dental and optical services, physicians' services, laboratory tests, physical therapy, occupational therapy, speech therapy, rehabilitative treatments, wheelchairs, other medical equipment and medical supply needs, ambulance service, and any other medical services beyond those included in your Monthly Fee or Daily Rate. Also, any professional services (medical or otherwise) contracted by you, or on your behalf, shall be billed directly to you or your representative. Ancillary services may be changed from time to time by the Community at its discretion.

5. **Care in Another Facility.** If the Community determines that you need care beyond that which the Community makes available (*See*, Article II, Section I(3), *Limitations on Care*), and requires transfer to another facility, we will assist you in transferring to a hospital, institution or other facility (*See,* Article V, Section B, *Transfer to Hospital or Other Facility*); however, all expenses resulting from such transfer and care shall be borne entirely by you.

6. **Illness Away From the Community.** The Community does not provide care, in any manner or degree, for you when away from the Community nor can the Community ensure your safe return to the Community.

IV. TERMS OF RESIDENCY

A. **Age and Occupancy Requirements.** We believe that our residents deserve to be treated fairly at all times. As an equal opportunity housing provider, we provide housing opportunities regardless of race, color, national origin, religion, sex, physical or mental disability, familial status or any other classification protected by applicable federal, state or local law. Entrance is restricted to persons sixty-two (62) years of age or older. An exception to the age requirement may be requested in the case of double occupancy where one resident will meet the age requirement and the other is at least fifty-five (55) years of age, but such exception is subject to our discretion and approval.

B. **Policies and Procedures.** All Residents shall abide by the Community's policies and procedures including such amendments, modifications, and changes to the Resident Handbook as may be adopted by the Community. General resident policies and procedures are found in the Resident Handbook.

C. **Private Duty Personnel.** If you wish to hire private duty companions and similar personnel, such persons must be hired pursuant to the requirements found in our policies and procedures and you are responsible for ensuring that any such private duty person follows our policies and procedures at all times. We reserve the right to prohibit any person, including a private duty person hired by you, from coming onto the Community's property when, in our discretion, it is reasonable to do so. Any approved private duty personnel shall be paid by the Resident. You may not employ current or former employees of the Community as private duty personnel without the expressed written consent of the Community.

D. **Use of Tobacco Products.** The use of tobacco products is prohibited throughout the Community, including its buildings, campus, and community vehicles. This policy is applicable to all Residents, guests, visitors, employees, and contract personnel.

E. **Changes in and Use of Your Residence.** The Community has the right to alter or change your Residence to meet requirements of any applicable statute, law, or regulation. Your Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.

F. **Visitors.** You are welcome to have visitors in your Residence. Overnight stays are limited to short term visits and may not exceed thirty (30) days per calendar year per guest. No person other than you may reside in your Residence without the approval of the Community.

G. **Loss or Damage of Property.** The Community is not responsible for the loss or damage of any of your property due to theft, mysterious disappearance, fire or any other cause. You are responsible for providing any desired tenant/renters' insurance protection covering any such loss..

H. **Health Insurance and Supplemental Insurance.** You agree to provide the Community with evidence of health insurance coverage under Medicare Parts A and B as well as hospital or medical insurance benefit programs which supplement Medicare. Such supplemental insurance should cover Medicare co-insurance and deductibles. You shall furnish to us such evidence of coverage as we may from time to time request. Should your supplemental health insurance or equivalent coverage not fully cover a qualified stay in the Health Care Center, should it not pay benefits directly to us or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a qualified stay in the Health Care Center, you shall be financially responsible for paying to us deductibles, co-insurance amounts, and any other charges for each qualified stay in the Health Care Center, *see also* Article IV, Section R, *Managed Care*. If you are not eligible to be covered under Medicare, you must provide evidence of coverage under comparable insurance accepted by the Community. You are responsible for the payment of premiums for such coverage during your residency at the Community. You agree to authorize us to receive reimbursement under this insurance coverage and assign to the Community the right to appeal Medicare coverage determinations. *See*, Article IV, Section R, *Managed Care*, for additional information.

I. **Occupancy by Two Residents.** In the event more than one resident executes this Agreement, you will pay an Entrance Fee and Monthly Fee based on the joint residency. Each joint resident is jointly and severally liable and responsible for the terms of this Agreement. This Agreement shall not terminate until the death of the second to die of the residents or the termination of the Agreement by both residents. If you do not wish to be a joint resident with the obligations required hereunder, you and the other resident may seek to qualify separately and sign separate agreements upon qualification. In the event that two Residents occupy the Residence under the terms of this Agreement as joint residents, upon the permanent transfer to Assisted Living or the Health Care Center or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence. The remaining Resident will pay the then current single person Monthly Fee while occupying the Residence. Should the remaining or surviving Resident wish to move to another Residence, the policies of the Community governing residence transfer will pertain.

J. **Marriage During Occupancy.** If while occupying your Residence you marry a person who is also a resident of the Community, you and the other resident may occupy the Residence of either of you. Such married residents will pay the Monthly Fee for double occupancy associated with the residence occupied by them. In the event that you marry a person who is not a resident of the Community, your spouse may become a resident under your existing Agreement, if your spouse meets all the then current financial and medical requirements to reside in the Community and enters into a then current version of the Agreement with the Community and pays the then current second person Entrance Fee for the Residence. You and your new spouse shall pay the first person and second person Monthly Fees associated with the Residence. If your new spouse does not meet the requirements of the Community for admission as a resident, and you choose to terminate this Agreement, you may terminate this Agreement as provided in Article VI, Section B, *Voluntary Termination After Occupancy*.

K. **Added Resident.** If a non-resident joins you in sharing your Residence for which you paid the entire Entrance Fee and in which you are living alone, such non-resident must (i) qualify by meeting all the then current financial and health requirements to reside in the Community (ii) enter into a then current version of the Agreement with the Community and (iii) pay the then current second person Entrance Fee for the appropriate accommodation. The Residents shall pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the resident joining you remains in the Residence after your death or transfer, the remaining resident will be charged the first person Monthly Fee for the Residence and will be subject to the terms and conditions of this Agreement as if such person were the original Resident. If the remaining resident subsequently permanently transfers to Assisted Living or the Health Care Center, the resident will pay the then current Discounted Daily Rate applicable to the level of service received.

L. **Residence Change Upon Request of Resident.** Subject to availability, in accordance with our policies and procedures and with the approval of the Executive Director, you may request to move to another residence (the "New Residence") in the Community. You will be required to pay: (i) the cost of any work necessary to bring your Residence to market ready condition, (ii) the then current Monthly Fee for the New Residence, beginning the first of the month following the move date, and (iii) the difference between the two Entrance Fees if the Entrance Fee for the New Residence is larger than the original Entrance Fee. No refund of the Entrance Fee will be given if a resident elects to move to a smaller residence. Physical improvements or upgrades made to the original residence will not be transferred or relocated to the New Residence. Physical improvements or upgrades to the New Residence may be negotiated and made with the approval of the Executive Director and paid for by the Resident.

M. **Rights of Resident.** You have the right to occupy, use and enjoy the Residence, common areas, amenities, programs, and services of the Community during your lifetime unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Community other than the rights and privileges as described in this Agreement.

N. **Right of Entry.** You hereby authorize our employees or agents to enter your Residence for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency.

O. **Residents' Council.** You are invited to participate in the Residents' Council and/or its committees which will be open to all residents and governed by the Bylaws of the Council.

P. **Financial Requirements.** Upon entrance, you must have assets and income which will be sufficient under foreseeable circumstances to pay your financial obligation under this Agreement and to meet your ordinary living expenses. The Community, at its discretion, may require you to periodically furnish updated financial information upon request.

Q. **Representations.** You affirm that the representations made in each part of the Application, including but not limited to the Application for Residency, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by the Community as a basis for entering into this Agreement.

R. **Managed Care.** If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B and supplemental insurance coverage, the terms governing care in the Health Care Center will be as follows:

1. Participating Provider. If we are a participating provider with your managed care program, we will agree to accept, as full payment, reimbursement at the rate we negotiate with your managed care program.

2. Not a Participating Provider. If we are not a participating provider with your managed care program and you choose to receive health care services at a managed care participating provider during a qualified stay, then you understand and agree that you must relocate for as long as necessary for all those services, and be responsible for all charges for those health care services. In addition, while receiving health care services at the managed care participating provider, you understand and agree that unless this Agreement is terminated, you will continue to pay the Monthly Fee for your Residence.

3. Negotiated Managed Care Rate. If we are not a participating provider in your managed care program and you would still like to receive health care services in the Health Care Center during a qualified stay, we will attempt to negotiate an acceptable reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we will agree to accept the rate provided by your managed care program as full payment.

4. No Negotiated Managed Care Rate. If we are not a participating provider in your managed care program and a negotiated rate is not agreed upon between your managed care program and us, and you still desire to receive health care services in the Health Care Center during a qualified stay, then you agree that your charges for health care services in the Health Care Center will be at our then-current Discounted Daily Rate. If you choose to retain your Residence, the Monthly Fee for your Residence will continue. In addition, you will pay for the charges for meals in excess of the one meal per day included in your Monthly Fee at the then-current charges for meals.

5. Post Medicare-Qualified Stay. At the conclusion of each such qualified stay, you will be entitled to health care services in the Health Care Center in accordance with all the terms of this Agreement.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE

A. Transfers to Assisted Living or Health Care Center. It is our policy to see that you reside in an area of the Community where your specific needs are best met, and the appropriate level of care is available to you. To assist us in being able to care for you, you agree to cooperate with our ICP Team and to provide to us all reasonable requests for current information regarding your health. The Community is organized as a "continuing care retirement community" ("CCRC") where we have made certain assumptions in our planning that you will move seamlessly through a continuum of care and receive the appropriate level of care in the most cost-effective and efficient setting. Our ICP Team, in consultation with you and your family, will make a determination of the appropriate level of care for you. In making these determinations, the ICP Team will consult with you and will review potential reasonable accommodations to allow you to stay on a desired level of care so long as that level of care is appropriate for you. You will not be permitted to remain on a lower level of care if we determine that it may not allow us to provide you the appropriate level of care needed in your particular circumstances in consideration of your safety and security and that of other residents of the Community given the structure of care in our Community. You agree that, after you have established Residency, we may transfer you to the Assisted Living, Health Care Center or to another facility (*see*, Article V, Section B *Transfer to Hospital or Other Facility*), at such time as we, in consultation with the ICP Care Team, determine that such a transfer is necessary for your wellbeing. The ICP Team, in consultation with you, your family and/or your physician, will determine based on its criteria for evaluation and placement whether your transfer is temporary or permanent. At the time of temporary or permanent transfer, you will pay the Discounted Daily Rate for the new level of care where you receive services. (*See*, Article III, Section F, *Fees/Charges for Assisted Living and Health Care Services*). If your Residence is occupied by two Residents at the time of permanent transfer, the remaining Resident will pay the then current single occupancy Monthly Fee. *See also*, Article V, Section C, *Retaining Your Prior Residence/Room Reservation Rate*.

B. Transfer to Hospital or Other Facility. If our ICP Team determines that you need care beyond that which can reasonably be provided by the Community or is necessary for your well-being, you agree that we may transfer you to a hospital, health care facility, or other institution equipped to provide such care; such outside care will be at your sole expense. A transfer to a hospital, another health care facility, or other institution will be made only after consultation, to the extent possible, with you or your representative, and your attending physician. The Medical Director in consultation with your attending physician shall have the ultimate authority to authorize your transfer to a hospital, health care facility, or other institution. While away from our Community, you remain responsible for all your fees, rates and charges to us for your Residence or your Assisted Living or Health Care services.

C. Retaining Your Prior Residence/Room Reservation Rate. In Assisted Living or the Health Care Center, if your transfer has not become permanent, your current Assisted Living or Health Care Center residence accommodation may be reserved at an additional charge of seventy percent (70%) of the Discounted Daily Rate ("Room Reservation Rate"). Payment of the Room Reservation Rate reserves your permanent accommodation while you are temporarily in a different level of care. If you wish to reserve your independent living Residence while temporarily residing in Assisted Living or Health Care Center, you will also continue to pay your single person Monthly Fee in addition to the Daily Discounted Rate. *For Joint Residents see*, Article III, Section F(3)(c), *Joint Residents*.

D. Release and Vacation of Residence. If a determination is made by the Community that any transfer described in Article V, Section A, *Transfers to Assisted Living or Health Care Center* or Section B, *Transfers to Hospital or Other Facility*, is permanent in nature, you shall release and vacate your Residence. If the Community subsequently determines that you can resume occupancy in an apartment or cottage residence comparable to the Residence, you shall have priority access to such residence as soon as one becomes available. If a Residence is occupied by two persons, the Residence will not be surrendered due to the health of the first Resident and the second Resident may continue to reside in the Residence.

VI. TERMINATION AND REFUND PROVISIONS

A. Trial Period. The first sixty (60) days of occupancy at the Community will be considered to be a trial period (the "Trial Period"). During such sixty (60) day Trial Period, you will have the right to terminate this Agreement by giving the Community written notice of such termination. In the event of such termination by you, or in the event of your death during such Trial Period, you (or your estate) shall receive a full refund of the Entrance Fee paid, less (i) an administrative charge equal to four percent (4%) of the total amount of the Entrance Fee as described in Article III, Section A, *Entrance Fee,* and (ii) the cost to us of restoring your Residence to market ready condition. Also, during such Trial Period, the Community shall have the right to terminate this Agreement based on the Community's determination that your emotional, physical or mental condition adjustment will not permit adaptation to the living environment at the Community, by giving you written notice of such termination. In the event of such termination by the Community, the Community will refund the full Entrance Fee paid by you (less the 4% administrative charge). Upon any termination of the Agreement pursuant to this section, the Resident's property shall be removed from the Residence in accordance with Article IX, Section G, *Property Disposition Upon Transfer or Death.* You are responsible for payment of your Monthly Fee (or Daily Rate) for any time you spend in your Residence. You must vacate the Community within sixty (60) days of the date you give us notice that you are terminating the Agreement. Any refund due you under this paragraph, less any upgrade charges, shall be paid within sixty (60) days after you vacate the premises.

B. Voluntary Termination After Occupancy. At any time after occupancy, you may terminate this Agreement by giving the Community sixty (60) days written notice of such termination. You will be responsible for your Monthly Fee or Discounted Daily Rate during the sixty (60) day notice period. If you are entitled to a refund, your refund will be paid when your Residence is sold to a new resident and the new entrance fee for your Residence has been received by us. If less than fifty (50) months has elapsed since you entered the Community, your refund, if any, will be the Entrance Fee, less (i) the initial four percent (4%) administrative charge paid to us, and (ii) less the balance amortized and accrued at two percent (2%) per month for fifty (50) months after which time the Entrance Fee is fully amortized and you are not entitled to a refund. Any refund due you under this paragraph will be made at such time as the Residence you occupied shall have been sold to a new resident and such new resident shall have paid to the Community such new resident's full Entrance Fee for the Residence. The processing of the refund check will be initiated the day following the occupancy of the Residence by the new Resident. If a current Resident of our Community transfers to your Residence, then your refund will be paid at such time as the Residence of the transferring Resident is occupied by a new Resident and such new Resident shall have paid to us a new full Entrance Fee for the transferring Resident's Residence. For the purposes of this section, a partial month counts as a full month. For clarity, the four percent (4%) administrative fee is deducted from your Entrance Fee refund, if any, is a percentage of the net after such deduction.

C. Termination Upon Death. In the event of your death at any time after the Trial Period, this Agreement shall terminate and the refund of the Entrance Fee paid by you shall be determined and paid in the same manner described in Article VI, Section B, *Voluntary Termination After Occupancy.* When this Agreement is between CBRC and a husband and wife, (or two related family members who are joint residents) and a refund is due, the unamortized portion of the entry fee refund, if any, will be paid only when (i) the Agreement is terminated with the husband and wife simultaneously or (ii) when the Agreement is terminated with the surviving spouse, or family member who is a joint resident, where one has predeceased the other. Should a Residence be vacated prior to the end of a month, the Community will refund a pro-rated portion of the remaining Monthly Fee based on the day the Residence is vacated. As is provided in Article VI, Section B, *Voluntary Termination After Occupancy,* any refund due you under this paragraph will be made at such time as the Residence you occupied shall have been sold to a new resident and such new resident shall have paid to the Community such new resident's full Entrance Fee for the Residence or, in the case of a current Resident transferring to your Residence, when the transferring Resident's Residence is occupied and a new full Entrance Fee has been paid to us for that Residence. For the purposes of the Entrance Fee refund, if any, a partial month counts as a full month.

D. **Termination by the Community.** The Community reserves the right to terminate the Agreement at any time beyond the Trial Period for good cause. Good cause shall be limited to: (a) proof that you are a danger to yourself or others, (b) nonpayment by you of the Monthly Fee/Daily Rate or other periodic fee, (c) repeated conduct by you that interferes with other Resident's quiet enjoyment of the Community, (d) persistent refusal to comply with reasonable written policies and procedures of the Community, (e) a material misrepresentation made intentionally or recklessly by you in application for residency, or related materials, regarding information which, if accurately provided, would have resulted in your failure to qualify for residency or a material increase in the cost of providing you the care and services provided for under this Agreement, or (f) material breach by you of the terms and conditions of this Agreement. The Community will give you written notice of the conduct and/or Agreement infraction which warrants termination of this Agreement, with a fifteen (15) day period in which to correct or cure the matter. If not corrected or cured within the fifteen (15) day period, you will have an additional fifteen (15) days in which to make other living or service arrangements after which you must vacate your Residence. This Agreement may not be terminated in less than the thirty (30) day combined period except by mutual written agreement by the Community and the Resident. Until the effective date of termination, you will continue to pay the established Monthly Fee. Any refund of the Entrance Fee paid by you shall be paid in the same manner described in Article VI, Section B, *Voluntary Termination After Occupancy*.

E. **Condition of Residence.** At the effective date of termination of this Agreement, you shall vacate the Residence and shall leave it in good condition except for normal wear and tear ("Good Condition"). You shall be liable to the Community for any cost incurred in restoring the Residence to Good Condition.

VII. RIGHT TO RESCIND AGREEMENT

You have the right to rescind this Agreement without penalty or forfeiture of any portion of the Entrance Fee within seven (7) days after executing the Agreement. The Monthly Fee will be prorated for the number of days you occupied the Residence and that amount will be deducted from the refund. You shall not be required to move into the Community before expiration of the seven (7) day period. If before moving into the Community, you die or are precluded through illness, injury or incapacity from becoming a resident under the terms of this Agreement, this Agreement is automatically rescinded and you (or your representative) shall receive a full refund, less those costs specifically incurred by us at your request and set forth in a separate addendum signed by both you and us. You are considered to have moved into the Community upon the sooner to occur of (i) your actually physically occupying your Residence (including by placing any of your furniture into the Residence) or (ii) thirty (30) days after you pay the balance of your Entrance Fee.

VIII. FINANCIAL ASSISTANCE

A. Residency Continuance. It is the intent of the Community to permit residents to continue to reside within the Community if a Resident becomes no longer capable of paying the Monthly Fee/Daily Rate and/or charges of the Community as a result of financial reversals occurring after occupancy, provided such reversals, in the Community's judgment, are not the result of willful, intentional, or unreasonable dissipation of the Resident's assets and as limited in this section. Dissipation of assets can take many forms, including but not limited to, overuse of certain discretionary services, such as home care services, when circumstances indicate more judicious use of your resources. When a Resident becomes unable to pay through no fault of his or her own, the Community will give careful consideration to subsidizing the fees and charges payable by the resident so long as such subsidy can be made without impairing the ability of the Community to attain its objectives while operating on a sound financial basis. Any determination by the Community with regard to the granting of financial assistance shall be within the sole discretion of the Community, and the Community does not guarantee that it will subsidize the fees and charges payable by any Resident. If financial assistance is awarded, some change in your accommodations at the Community may be required. Resident agrees to apply for Medicaid if eligible.

IX. GENERAL

A. Assignment. Your rights and privileges under this Agreement to the Residence, common areas, amenities, services, and programs of the Community are personal to you and may not be transferred or assigned.

B. Management of the Community. The absolute rights of management are reserved by the Community, its Board of Trustees, Officers, and its Executive Director. Residents do not have the right to determine acceptance or terms of acceptance of any other Resident.

C. Entire Agreement. This Agreement and the rules, regulations, policies and procedures adopted by the Community as amended from time to time, constitute the entire Agreement between the Community and the Resident. The Community shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or presuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement.

D. Successors and Assigns. Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Community and the heirs, executors, administrators, personal representatives, successors, and assigns of the Resident, including but not limited to the trustee of an *inter vivos* trust of which you are a trustee.

E. Durable General Power of Attorney and Medical Directive. You agree to execute and maintain a durable general power of attorney designating some competent person as attorney-in-fact for you. You are further encouraged to consider execution of an Advance Medical Directive and Health Care Power of Attorney. You shall provide to, and at all times maintain with, the Community current copies of the Power of Attorney or document designating a responsible party for you with the powers of such party specifically enumerated, remaining valid upon your incapacity and properly notarized, Advance Medical Directive, and Health Care Power of Attorney. A responsible party and/or agent under a power of attorney (collectively "Agent") that you have designated shall agree that when he or she comes into control of or access to your assets, the Agent agrees that your funds under his or her control shall be used for your welfare, including but not limited to making prompt payment in accordance with the terms of this Agreement. Should we incur expenses in having a conservator of a guardian of the person appointed for you, you agree that we shall be reimbursed from your assets for the expenses we incur.

F. **Transfer of Property.** You agree not to make any gift or other transfer of property for the purpose of evading your obligations under this Agreement or if such gift or transfer would render you unable to meet such obligations within your lifetime. You also agree to comply with all the Community's policies prohibiting and/or regarding the making of gifts or donations to or for the individual benefit of the Community's employees, such employees' spouses and/or relatives.

G. **Property Disposition Upon Transfer or Death.**

1. In the event of your permanent transfer from the Residence to some other living accommodation, all of your property shall be removed from the Residence within fifteen (15) days after notice by the Community to you or your duly named representative.
2. If such property is not removed within such periods of time by you or your duly named representative, you or your estate shall remain liable and shall pay the then current Monthly Fee for your Residence until all property is removed. The Community shall have the option, but not the obligation, to remove and store such property for thirty (30) days; and thereafter, if such property is not claimed and storage fees are incurred by the Community, then title to such property shall be vested in the Community and the property shall be disposed of as the Community, in its sole discretion deems proper, without any liability of the Community to you or your estate or heirs.
3. Any expenses incurred by the Community in disposing of your property hereunder shall be added to the final Monthly Fee/Daily Rate charged to you. Monthly fees are due on the tenth (10^{th}) of the month and are not refundable.

H. **Governing Law and Venue.** This Agreement shall be governed by the laws of the Commonwealth of Virginia without regard to Virginia's conflicts of law provisions. The Parties agree, should there be any suit or action related to this Agreement, venue shall be in the Circuit Court of the County or City in Virginia where the Community is located.

I. **Notice Provisions.** Any notices, consents, or other communications to the Community hereunder (collectively "notices") shall be in writing and addressed as follows:

Registered Agent
Culpeper Baptist Retirement Community
1900 Lauderdale Drive

Richmond, Virginia 23238

With a Copy to the Executive Director
Culpeper Baptist Retirement Community
12425 Village Loop
Culpeper, Virginia 22701

Your address for the purpose of giving notice is the address appearing after your signature below.

J. **Severability.** If any provision or clause of this Agreement is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision or clause shall be severed from the Agreement and the balance of this Agreement shall remain in full force and effect.

K. **Availability of Disclosure Statement.** You acknowledge that at least three (3) days prior to your execution of this Agreement, you have received a copy of our annual disclosure statement which we have filed with the Virginia State Corporation Commission.

L. **Waiver of One Breach Not a Waiver of Any Other.** Our failure to insist upon your strict performance and observance of compliance with any of the provisions of this Agreement in any one or more instances shall not be construed to be a waiver of relinquishment by us of our right to insist upon your future strict compliance.

M. **Modification of Agreement and Policies and Procedures.** We reserve the right to modify the Agreement unilaterally in order to conform to changes in the law or applicable regulations and to modify unilaterally our rules, regulations, policies and procedures.

N. **Assignability.** You may not assign or subcontract your rights or obligations under this Agreement. You consent to the assignment by us of our right, title and interest in this Agreement in whole or in part to any successor owner or lender, either outright or as security for any indebtedness of ours or Virginia Baptist Homes, Inc. Any assignment by us shall not be deemed a termination of this Agreement.

IN WITNESS WHEREOF, Culpeper Baptist Retirement Community, Inc. has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement and the Entrance Fee has been paid as of this ____ day of ____________, 20_____.

______________________________ ______________________________

Witness

Resident

Witness

Resident

Current Address (Number and Street)

City, State, Zip Code

Telephone

CULPEPER BAPTIST RETIREMENT COMMUNITY, INC., D/B/A THE CULPEPER

Signature

Title

Date

Summary of Financial Information
Culpeper Baptist Retirement Community, Inc., d/b/a The Culpeper
As of and for the Years Ending December 31, 2020 and 2019

	Current Year	Prior Year
Total Assets	52,528,934	47,881,429
Total Liabilities	67,844,123	60,634,233
Total Net Assets	(15,315,189)	(12,752,804)
Total Revenue	14,069,260	10,583,953
Total Expenses	14,885,553	12,010,058
Operating Income (Loss)	(816,293)	(1,426,105)
Net Income (Loss)	(2,562,385)	(3,242,790)

Narrative on Financial Condition:

Total Assets increased $4.6M and Total Liabilities increased $7.2M these are largely the result of a full year of operations in our new build that opened in 2019 and additional construction of 25 new cottages which began in 2020. While Total Revenues increased 32.9%, primarily from filling capacity in Memory Support, Total Expenses increased 23.9%, primarily due to increases in staffing cost, interest on current debt, and general expenses related to the COVID-19 pandemic. Total Expenses include $1.6M and $1.0M of depreciation and amortization expense for 2020 and 2019, respectively. Please see the attached audited financial statements for further detailed information.

Occupancy Information:	Unit Capacity	Average Occupancy	Average % Occupancy
Independent Living	27	27	98.6%
Assisted Living	54	51	95.2%
Memory Support	32	26	81.5%
Nursing	47	42	89.6%

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND ACCOMPANYING INFORMATION

YEARS ENDED DECEMBER 31, 2021 AND 2020

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Virginia Baptist Homes, Incorporated
dba: LifeSpire of Virginia and Subsidiaries
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries (LifeSpire) which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LifeSpire as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and with the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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 LifeSpire and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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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 and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auding Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LifeSpire's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LifeSpire'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.

Board of Trustees
Virginia Baptist Homes, Incorporated
dba: LifeSpire of Virginia and Subsidiaries

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022, on our consideration of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 25, 2022

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 35,002,386	$ 40,627,589
Current Portion of Assets Whose Use is Limited	4,541,991	1,505,959
Accounts Receivable	3,837,058	2,871,247
Notes Receivable	3,580,125	3,068,821
Prepaid Expenses	1,219,257	1,046,000
Deposits and Other	2,441,250	1,502,600
Total Current Assets	50,622,067	50,622,216
INVESTMENTS	77,525,760	60,148,802
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	11,591,162	10,065,000
ASSETS WHOSE USE IS LIMITED		
Externally Restricted Under Bond Indenture Agreement (Held by Trustee)	34,676,435	15,501,330
Less: Amounts Available for Current Liabilities	(4,541,991)	(1,505,959)
Total Assets Whose Use is Limited	30,134,444	13,995,371
PROPERTY, PLANT AND EQUIPMENT, NET	253,753,800	214,314,522
OTHER ASSETS	579,822	353,246
Total Assets	$ 424,207,055	$ 349,499,157

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable	$ 7,059,148	$ 4,553,781
Salaries and Wages	3,088,897	2,823,226
Interest Payable	1,781,479	1,514,371
Annuities Payable	79,357	93,109
Deposits from Prospective Residents	1,790,000	868,403
Deferred Revenue	325,660	13,129
Current Portion of Lease Payable	295,679	328,864
Current Portion of Long-Term Debt	6,245,000	5,724,001
Refundable Advance - CARES Act	459,807	8,009,249
Advance Fee Refund Liability	5,450,686	4,112,732
Total Current Liabilities	26,575,713	28,040,865
ADVANCE FEE REFUND LIABILITY, LESS CURRENT PORTION	46,865,136	34,820,980
DEFERRED REVENUE FROM ADVANCE FEES	113,721,716	104,808,460
ANNUITIES PAYABLE	332,348	395,997
LIABILITIES UNDER INTEREST RATE SWAP AGREEMENTS	-	4,758,785
LEASE PAYABLE, LESS CURRENT PORTION	1,097,124	1,251,163
LONG-TERM DEBT, NET	252,510,483	201,879,678
Total Liabilities	441,102,520	375,955,928
NET ASSETS (DEFICIT)		
Without Donor Restrictions	(37,736,080)	(45,069,105)
With Donor Restrictions	20,840,615	18,612,334
Total Net Assets (Deficit)	(16,895,465)	(26,456,771)
Total Liabilities and Net Assets (Deficit)	$ 424,207,055	$ 349,499,157

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES, GAINS, AND OTHER SUPPORT		
Residential Services, Including Amortization of Deferred Revenue from Advance Fees of $16,839,927 and $14,900,857 in 2021 and 2020, Respectively	$ 67,838,082	$ 63,081,876
Health Care Services	23,583,748	23,695,404
Continuing Care At Home Services, Including Amortization of Deferred Revenue from Advance Fees of $332,033 and $316,332 in 2021 and 2020, Respectively	782,369	635,065
Net Assets Released from Restrictions Used for Operations	456,640	645,458
Gifts and Donations	1,528,887	2,593,820
Contribution Revenue-Paycheck Protection Program Loan Forgiveness	7,304,655	-
Investment Income	4,314,148	2,727,469
Other	2,396,907	1,812,816
Total Revenue, Gains, and Other Support	108,205,436	95,191,908
OPERATING EXPENSES		
Salaries, Wages and Professional Fees	47,525,042	44,043,526
Provisions for Depreciation and Amortization	16,624,092	15,358,107
Interest	10,093,692	9,034,011
Other	30,146,877	25,261,403
Total Operating Expenses	104,389,703	93,697,047
OPERATING INCOME	3,815,733	1,494,861
NONOPERATING INCOME (LOSS)		
Change in Unrealized Gains on Investments	3,580,279	2,489,467
Loss on Extinguishment of Debt	(641,731)	-
Loss on Investment in Joint Venture	(357,635)	-
Change in Value of Interest Rate Swap Agreements	936,379	(2,247,471)
Total Nonoperating Income	3,517,292	241,996
EXCESS OF REVENUES, GAINS AND OTHER SUPPORT OVER EXPENSES	7,333,025	1,736,857

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess of Revenues, Gains, and Other Support Over Expenses	$ 7,333,025	$ 1,736,857
Other Changes in Net Assets without Donor Restrictions:		
Net Assets Released from Restrictions for Acquisition of Property, Plant and Equipment	-	20,850
Increase in Net Assets without Donor Restrictions	7,333,025	1,757,707
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts, Grants and Bequests	1,222,321	1,120,409
Change in Value of Annuity Obligations	(63,562)	(74,295)
Change in Present Value of Perpetual Trust Funds	1,526,162	588,892
Net Assets Released from Restrictions	(456,640)	(666,308)
Increase in Net Assets with Donor Restrictions	2,228,281	968,698
INCREASE IN NET ASSETS	9,561,306	2,726,405
Net Assets (Deficit) - Beginning of Year	(26,456,771)	(29,183,176)
NET ASSETS (DEFICIT) - END OF YEAR	$ (16,895,465)	$ (26,456,771)

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 9,561,306	$ 2,726,405
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of Deferred Revenue from Advance Fees	(17,171,960)	(15,217,189)
Proceeds from Advance Fees and Deposits	22,150,592	16,488,688
Amortization of Intangible Assets	49,290	49,291
Amortization of Deferred Financing Costs	177,681	286,106
Amortization of Bond Discount	39,570	39,572
Amortization of Bond Premium	(453,515)	(339,256)
Loss on Extinguishment of Debt	641,731	-
Loss on Investment in Joint Venture	357,635	-
Loss on Sale of Property, Plant and Equipment	59,730	7,450
Provision for Bad Debts	673,876	154,275
Provision for Depreciation	16,574,802	15,308,816
Decrease in Annuity Obligations	(77,401)	(60,002)
Proceeds from Contributions Restricted for Long-Term Investment	(1,222,321)	(1,120,409)
Net Realized and Unrealized Gains on Long-Term Investments	(4,781,726)	(3,848,159)
Change in Present Value of Trust Funds	(1,526,162)	(588,892)
Change in Value of Interest Rate Swap Agreements	(936,379)	2,247,471
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(1,639,687)	27,951
Escrow Receivable	-	2,555,382
Prepaid Expenses	(173,257)	(365,998)
Notes Receivable	(511,304)	2,612,579
Other Current Assets	(938,651)	2,405,370
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,551,387	(2,731,830)
Deferred Revenue	312,531	-
Refundable Advance - CARES Act	(7,549,442)	8,009,249
Salaries and Wages	265,671	(1,103,049)
Interest Payable	267,108	(12,367)
Deposits from Prospective Residents	936,097	(2,165,412)
Net Cash Provided by Operating Activities	18,637,202	25,366,042

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	$ (15,269,482)	$ (5,950,588)
Proceeds from Sale of Property, Plant and Equipment	1,900	-
Initial Investment in Joint Venture	(633,500)	-
Net Cash Paid for Purchase of The Summit	(8,678,386)	-
Net Purchases of Investments	(10,141,188)	(7,587,648)
Net Cash Used by Investing Activities	(34,720,656)	(13,538,236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Long-Term Investment	1,222,321	1,120,409
Refunds of Advance Fees and Deposits	(5,158,733)	(3,964,848)
Proceeds from Refundable Advance Fees	5,211,328	5,572,173
Payment of Deferred Financing Costs	(1,710,168)	-
Termination of Interest Rate Swap Agreements	(3,822,406)	-
Issuance of Long-Term Debt	77,257,552	-
Bond Issue Premium on Long-Term Debt	10,283,110	-
Early Repayment on Long-Term Debt	(45,471,604)	-
Payments on Long-Term Debt	(5,724,000)	(23,485,233)
Net Cash Provided (Used) by Financing Activities	32,087,400	(20,757,499)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	16,003,946	(8,929,693)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	44,052,936	52,982,629
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 60,056,882	$ 44,052,936
Cash and Cash Equivalents	$ 35,002,386	$ 40,627,589
Restricted Cash included in Assets Limited as to Use	25,054,496	3,425,347
Total Cash, Cash Equivalents and Restricted Cash	$ 60,056,882	$ 44,052,936
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Property and Equipment Additions in Accounts Payable	$ 293,145	$ 1,339,165
Property and Equipment Obtained through Long-Term Debt	$ 6,861,447	$ 10,713,073
Right of Use Assets Obtained through Operating Leases Payable	$ 92,851	$ 127,007
Fixed Assets Acquired From Purchase	$ 35,178,025	$ -
Priority Deposits	(79,000)	-
Deferred Revenue from Advance Fees	(17,170,639)	-
Purchase of the Summit Financed through Long-Term Debt	(9,250,000)	-
Net Cash from Purchase	$ 8,678,386	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia (LifeSpire) is a nonprofit corporation founded in 1946 as an agency of the Baptist General Association of Virginia (BGAV). LifeSpire operates retirement communities in Culpeper, Richmond, Newport News, Lynchburg, and Roanoke, Virginia which provide diversified residential and health care services to retirement community residents. In February 2016, LifeSpire began doing business as LifeSpire of Virginia; this change did not affect LifeSpire's underlying corporate identity or the identities or business names of its affiliates.

LifeSpire operates its retirement communities under arrangements whereby residents enter into agreements which require payment of a one-time advance fee and a monthly maintenance fee. Generally, these payments entitle residents to the use and privileges of LifeSpire for life, including certain nursing services provided in LifeSpire's nursing facilities. The occupancy agreement does not entitle the residents to an interest in the real estate or other property owned by LifeSpire.

Culpeper Baptist Retirement Community, Inc. (doing business as The Culpeper), Newport News Baptist Retirement Community, Inc. (doing business as The Chesapeake), Lakewood Manor Baptist Retirement Community, Inc. (doing business as Lakewood), The Glebe, Inc. (The Glebe), Lynchburg Baptist Retirement Community, LLC (doing business as The Summit) and Virginia Baptist Homes Foundation, Inc. (Foundation) are wholly owned, nonprofit subsidiaries of LifeSpire.

In 2019, Lakewood began operations of a new program known as Lakewood at Home. This program allows for members to remain in their private residences while enjoying many of the benefits and services offered at a retirement community. The activity of Lakewood at Home is combined with Lakewood Manor Baptist Retirement Community, Inc. in the consolidating and combining financial statements included in the Accompanying Information. Combining schedules have been included for Lakewood to present the activity of the two programs.

In 2020, LifeSpire entered into a joint venture with an unrelated third party to form Senior Living Partners of Virginia, LLC (SLPV). SLPV was created to provide home health services and to promote the health and care of seniors from a broad cross-section of the communities served by the organizations. LifeSpire has a 50% interest in SLPV. No consideration was paid in 2020 related to this joint venture. In 2021, $633,500 was transferred to SLPV as LifeSpire's opening capital contribution. This investment is included in Other Assets in the accompanying consolidated balance sheet as of December 31, 2021 and is recorded under the equity method. LifeSpire recorded a loss on this investment of $357,635 which represents its share of SLPV's results and is included in nonoperating income (loss) in the statements of operations and change in net assets (deficit).

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

Organization (Continued)

In 2021, LifeSpire purchased the assets associated with the independent living and assisted living facilities of The Summit and undeveloped land on the property of The Summit for $30,250,000. LifeSpire assumed these assets of The Summit as well as certain liabilities related to deferred entrance fee contracts, priority deposits and leases payable. A summary of assets received and liabilities assumed is as follows:

Assets:	
Notes Receivable	$ 289,806
Property, Plant and Equipment	35,178,025
Liabilities:	
Priority Deposits	(79,000)
Deferred Revenue from Advance Fees	(17,170,639)
Net Assets:	
Net Assets with Donor Restrictions	(507,855)

Use of Estimates

The preparation of 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.

Basis for Consolidation

The consolidated financial statements include the accounts of LifeSpire and its wholly owned subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

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

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

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

Basis of Presentation (Continued)

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

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Cash and Cash Equivalents

LifeSpire considers cash and cash equivalents to include cash on hand and all highly liquid investments with a maturity of three months or less when purchased.

LifeSpire maintains cash balances at several financial institutions located within its market area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC). At times, deposits may exceed FDIC amounts.

Notes Receivable

Notes receivable is comprised of amounts due to LifeSpire for advance fees due from residents who have moved into the facility but have not yet paid the full amount of the contractually agreed upon advance fee. The notes vary in length from 4 to 12 months, bear interest at varying rates, up to 4%, and are collateralized by the resident's personal investments.

Allowance for Doubtful Accounts

LifeSpire provides an allowance for doubtful accounts using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. Accounts past due are individually analyzed for collectability. In addition, an allowance is estimated for other accounts based on the historical experience of LifeSpire. The allowance for doubtful accounts was approximately $1,025,000 and $545,000 at December 31, 2021 and 2020, respectively.

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

Beneficial Interest in Perpetual Trusts

LifeSpire holds a beneficial interest in several Perpetual Trusts. These trusts are administered by independent trustees and generally consist of cash and cash equivalents, mutual funds, and debt and equity securities, which are carried at fair value. Under the terms of the trusts, the donors have established and funded the trusts with specified distributions to be made to LifeSpire. Under the terms of several of the trusts, distributions of income are to be made in perpetuity. Because the trusts are perpetual, these funds are reported as perpetually restricted net assets with donor restrictions.

Income distributions from these trusts are recorded as investment income in the consolidated statements of operations and changes in net assets (deficit) without donor restrictions, while any appreciation (depreciation) in the trust value is recorded as a change in perpetually restricted net assets with donor restrictions, in accordance with donor restrictions. Under the terms of some of the trusts, distributions of income and/or principal are made at the discretion of the trustee. Due to this restriction, these funds are reported as purpose restricted net assets with donor restrictions. Distributions from these trusts are recorded as other revenue, while any appreciation (depreciation) in the trust value is recorded as a change in purpose restricted net assets with donor restrictions, in accordance with donor restrictions.

Investments

Investments with readily determinable market values are carried at fair value, with the exception of certain investments in absolute return strategy investments or hedge funds whose fair value is not readily determinable and whose investment is less than 3%. Such investments are accounted for using the lower of cost or market method. Other hedge fund investments whose investment is greater than 3% are accounted for under the equity method. Investments are comprised of stocks, mutual funds and hedge funds. The fair values of marketable equity securities, bonds and mutual funds are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Five of the hedge funds are not considered liquid; however, they intend to have distributions made within three years and extend no longer than 10 years. Realized gains and losses are reported as activity without restriction.

Unrealized gains (losses) are included in excess of revenues, gains and other support over expenses and are reported as nonoperating income (loss). The cost of securities sold is based on the specific identification method, adjusted for impairment in the value of investments.

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

Assets Whose Use is Limited

Assets whose use is limited include assets held by a trustee under bond indenture agreements. Amounts required to meet current liabilities have been reclassified as current assets. Assets whose use is limited are carried at fair value.

Property, Plant and Equipment

Property, plant and equipment are reported on the basis of cost. Donated items are recorded at fair market value at the date of contribution. LifeSpire capitalizes all assets over $1,000 with a useful life greater than three years.

Depreciation is computed using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives. The general range of estimated useful lives for buildings and land improvements is 20 to 40 years and the general range for equipment is 4 to 20 years. LifeSpire performs a review of its long-lived assets (including property and equipment) for impairment when events or changes in circumstances indicate the carrying value of such assets may not be recoverable.

If an indication of impairment is present, LifeSpire determines recoverability of its long-lived assets by evaluating the probability that undiscounted future cash flows will be less than the carrying amount of the assets. If future estimated undiscounted cash flows are less than the carrying amount of the long-lived assets, then such assets are written down to their estimated fair value. The fair value is determined based on valuation techniques such as comparison to fair values of similar assets or using a discounted cash flow analysis. Management believes that there are no impairments to long-lived assets in 2021 and 2020.

Deferred Financing Costs

Financing costs incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related indebtedness which approximates the effective interest method.

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

Leases

LifeSpire determines if an arrangement is a lease at inception. Operating leases are included in property, plant, and equipment as right-of-use (ROU) assets and lease payable in the consolidated balance sheets. ROU assets present LifeSpire's right to use an underlying asset for the lease term and lease payables represent LifeSpire's obligation to make lease payments arising from the lease. ROU assets and payables are recognized at the commencement date of the lease based on present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that LifeSpire will exercise the option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. LifeSpire has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease payables or ROU assets on the consolidated balance sheets.

Advance Fees

Advance fees represent the payments received at the time a resident is admitted to one of the communities. The nonrefundable portion of advance fees is recorded as deferred revenue from advance fees and is amortized into income over the estimated life expectancy of the residents, or couples, adjusted annually. The refundable portion of advance fees received is presented on the consolidated balance sheets as a refundable advance fee liability. The refundable portion of advance fees is not amortized to income. Upon the death of a sole surviving resident, any remaining unamortized portion of the nonrefundable advance fee is recognized as operating revenue.

The residency agreements at certain of LifeSpire's communities provide for a declining refund upon termination by the residents during the first 50 months of occupancy. Refunds are generally payable the sooner of, one year or upon resale of the unit; however, beginning in 2016, residency agreements do not include the one-year requirement. These amounts are included as an advance fee refund liability. LifeSpire has estimated the current portion of this liability based on actual refunds paid over a ten-year period.

Obligation to Provide Future Services

LifeSpire annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services). The obligation is discounted at 5.5% in both 2021 and 2020, based on the expected long-term rate of return on investments. Increases or decreases in the obligation are charged or credited to operations, respectively. As of December 31, 2021 and 2020, LifeSpire had no future service obligation.

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

Refundable Advance – CARES ACT

Paycheck Protection Program
In April 2020, LifeSpire received loan proceeds in the amount of $7,304,656 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Therefore, LifeSpire has classified this loan as a conditional contribution for accounting purposes as of December 31, 2020. In 2021, the SBA granted forgiveness on the entire PPP Loan. This forgiveness of the PPP Loan is shown as Contribution Revenue – Paycheck Protection Program Loan Forgiveness in the accompanying consolidated statements of operations and changes in net assets (deficit). Forgiveness is subject to review by the SBA for 6 years.

Provider Relief Funding
In response to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved and received by LifeSpire as of December 31, 2021 was $3,156,053. The PRF's are subject to certain restrictions on eligible expenses or uses and reporting requirements. At December 31, 2021 and 2020, LifeSpire recognized $704,503 and $1,991,743, respectively, as gifts and donation revenue in the consolidated statement of operations and $459,807 and $704,594, respectively, as a Refundable Advance in the consolidated balance sheets. Management believes the amounts have been recognized appropriately as of December 31, 2021 and 2020.

Charity Care and Community Benefit

The mission of LifeSpire is to empower its residents with choices in purposeful living. LifeSpire employs a uniform financial qualification process for all prospective residents and will, under certain circumstances, provide housing and care to residents regardless of their ability to pay for those services.

LifeSpire defines and measures its community benefit primarily through the benevolence it provides to residents who cannot cover the full cost of their care. All residents are financially qualified at admission using actuarial life expectancies and the projected ability of the residents' income and assets to cover the estimated cost of future health care. LifeSpire provides care to residents who meet certain criteria under its financial assistance policy at a reduced rate. Key elements used to determine eligibility include a resident's demonstrated inability to pay due to increasing acuity of care, increasing costs of care and/or increasing longevity.

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

Charity Care and Community Benefit (Continued)

LifeSpire has estimated its direct and indirect costs of providing charity care under its financial assistance policy. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the direct and allocated expenses by level of care to the corresponding revenues charged on an annual basis. The cost-to-charge ratio is applied to the charity care charges foregone to calculate the estimated cost of providing charity care. Using this methodology, LifeSpire has estimated the costs for services and supplies furnished under LifeSpire's financial assistance policy to be approximately $1,217,000 and $1,184,000 for the years ended December 31, 2021 and 2020, respectively.

Primarily through the support of the Virginia Baptist Homes Foundation, LifeSpire received approximately $1,110,000 and $1,150,000 to subsidize the costs of providing charity care under its financial assistance policy for the years ended December 31, 2021 and 2020, respectively.

In 2019, LifeSpire created the "Fresh Start" program at The Chesapeake to provide ongoing support to team members in need. Included under this program, a house purchased by LifeSpire is being used to provide ongoing support to team members in need with up to three months of housing while they work on a plan to become financially independent.

Operating Indicator

LifeSpire's operations include all revenue without restriction, gains, expenses and losses for the reporting period except for contributions of long-term assets and net assets released from restrictions for acquisition of property, plant, and equipment.

The board of trustees designates LifeSpire's investment income for support of current operations, consisting primarily of interest, dividend and realized gains and losses on investments related to funded depreciation and escrowed advance fees from residents. In addition, other activities not related to LifeSpire's mission are considered to be nonoperating.

Nonoperating gains and losses also include the change in unrealized gains (losses) on investments, loss on extinguishment of debt, loss on investment in joint venture, loss on disposal of property, plant and equipment, changes in obligation to provide future services and use of facilities to current residents and change in value of interest rate swap agreements.

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

Income Taxes

LifeSpire and each of its subsidiaries are nonprofit organizations exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

LifeSpire and each of its subsidiaries file as tax-exempt organizations. Management is not aware of any activities that would jeopardize the tax-exempt status of any of the entities. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for LifeSpire or its subsidiaries.

LifeSpire and each of its subsidiaries follow guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance has had no impact on LifeSpire's consolidated financial statements.

Professional Liability Insurance

LifeSpire has obtained general and professional liability insurance issued by Virginia Senior Care RRG, a Washington, DC risk retention group. LifeSpire's professional liability is on the claims-made basis. Under a claims-made policy, determination of coverage is triggered by the date the insured first becomes aware and notifies the insurer of a claim or potential claim.

Fair Value Measurements

LifeSpire categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that LifeSpire has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on LifeSpire's own assumptions, as there is little, if any, related market activity.

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

Fair Value Measurements (Continued)

Subsequent to initial recognition, LifeSpire may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. treasury and other U.S. government bonds. Level 2 inputs include deferred annuity obligations due from LifeSpire and liabilities under Interest Rate Swap agreements. Assets valued using Level 3 inputs include beneficial interests in perpetual trusts. Unobservable inputs for the Level 3 assets include amount and timing of distributions from the trusts.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. LifeSpire follows the policy to value certain financial instruments at fair value; however, LifeSpire has not elected to measure any existing financial instruments at fair value. LifeSpire may elect to measure newly acquired financial instruments at fair value in the future.

Reclassifications

Certain amounts in the 2020 consolidated financial statements have been reclassified to conform to the 2021 presentation. These reclassifications had no effect on previously reported net assets or change in net assets.

Subsequent Events

In preparing these consolidated financial statements, LifeSpire has evaluated events and transactions for potential recognition or disclosure through April 25, 2022, the date the consolidated financial statements were issued.

NOTE 2 RESIDENTIAL, HEALTH CARE, AND CONTINUING CARE AT HOME SERVICES REVENUE

Residential, health care, and continuing care at home services revenue is reported at the amount that reflects the consideration to which LifeSpire expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, LifeSpire bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

NOTE 2 RESIDENTIAL, HEALTH CARE, AND CONTINUING CARE AT HOME SERVICES REVENUE (CONTINUED)

Performance obligations are determined based on the nature of the services provided by LifeSpire. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. LifeSpire believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services, housing residents receiving services in the facilities, or participants in their continuing care at home program. LifeSpire considers daily services provided to residents of the skilled nursing facilities, monthly rental for housing services, and monthly fees for continuing care at home services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter.

Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and LifeSpire does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, LifeSpire has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

LifeSpire determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with LifeSpire's policy, and/or implicit price concessions provided to residents. LifeSpire determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. LifeSpire determines its estimate of implicit price concessions based on its historical collection experience.

NOTE 2 RESIDENTIAL, HEALTH CARE, AND CONTINUING CARE AT HOME SERVICES REVENUE (CONTINUED)

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

<u>Medicare and Medicaid</u>

LifeSpire's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). CMS finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, therapy minutes are removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Some of LifeSpire's licensed nursing facilities participate in the Medicaid program which is administered by Virginia's Department of Medical Assistance Services (DMAS). DMAS uses a price-based payment system to reimburse providers, which was weighted for each claim based on the Resource Utilization Group (RUG) score listed on each claim. Each year DMAS publishes a priced-based total case mix rate and a total indirect rate, both of which make up the bulk of the base payment rate for each provider. The total case mix rate and the total indirect rate are determined by a preassigned peer group of geographically similar regions within Virginia. The price-based rate was weighted for the severity of care of the documented RUG listed for each claim. Effective October 1, 2019, new PDPM HIPPS codes replaced RUG scores listed on each claim for determining reimbursement amounts. Annual Medicaid cost reports are required by the state of Virginia, however, they are not used to settle the costs of claims. Instead, the cost reports are used in the development of price-based rates and to monitor the adequacy of the reimbursement methodology.

<u>Other</u>

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

NOTE 2 RESIDENTIAL, HEALTH CARE, AND CONTINUING CARE AT HOME SERVICES REVENUE (CONTINUED)

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and LifeSpire's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2021 or 2020.

Generally, residents or at home participants who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. LifeSpire estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2021 and 2020. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

LifeSpire has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement, and timing of when revenue is recognized.

The composition of residential, health care, and continuing care at home services revenue by primary payor for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Medicare	$ 9,946,383	$ 9,664,356
Medicaid	594,233	542,102
Private	79,164,093	74,833,529
Commercial Insurers	2,499,490	2,372,358
	$ 92,204,199	$ 87,412,345

Revenue from resident's deductibles and coinsurance are included in the categories presented above based on the primary payor.

NOTE 2 RESIDENTIAL, HEALTH CARE, AND CONTINUING CARE AT HOME SERVICES REVENUE (CONTINUED)

The composition of residential, health care, and continuing care at home services revenue based on LifeSpire's lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Service Lines:		
Independent Living	$ 37,304,221	$ 35,060,773
Assisted Living	9,464,081	8,554,294
Memory Support	4,229,853	4,565,952
Health Care Services	23,583,748	23,695,404
Continuing Care At Home Services	450,336	318,733
Amortization of Entrance Fees	17,171,960	15,217,189
	$ 92,204,199	$ 87,412,345
Method of Reimbursement:		
Monthly Service Fees	$ 47,218,638	$ 43,933,800
Amortization of Entrance Fees	17,171,960	15,217,189
Fee for Service	27,813,601	28,261,356
	$ 92,204,199	$ 87,412,345
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	$ 92,204,199	$ 87,412,345

Financing Component

LifeSpire has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to its expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, LifeSpire does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

NOTE 2 RESIDENTIAL, HEALTH CARE, AND CONTINUING CARE AT HOME SERVICES REVENUE (CONTINUED)

Contract Costs

LifeSpire has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that LifeSpire otherwise would have recognized is one year or less in duration.

The opening and closing contract balances were as follows:

	Accounts and Notes Receivable	Deferred Revenue from Advance Fees	Advance Fee Refund Liability
January 1, 2020	$ 8,734,873	$ 105,185,671	$ 35,610,806
December 31, 2020	5,940,068	104,808,460	38,933,712
December 31, 2021	7,417,183	113,721,716	52,315,822

NOTE 3 INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Investments and assets whose use is limited are summarized as follows as of December 31:

	2021	2020
Investments and Assets Whose Use is Limited		
Cash and Short-Term Investments	$ 25,054,496	$ 3,425,347
Mutual Funds	24,688,510	19,230,953
Marketable Equity Securities	32,283,753	24,679,974
Fixed Income	27,799,463	25,310,260
Absolute Return Strategy Investments/Hedge Funds (Liquidity in Excess of a Year)	2,160,169	2,754,918
Equity Method Securities	215,804	248,680
Total	$ 112,202,195	$ 75,650,132

At December 31, the assets held by the trustee under various bond agreements are as follows:

	2021	2020
Bond Sinking Fund	$ 3,136,608	$ 3,182,500
Debt Service Reserve Fund	9,481,119	9,791,980
Construction Fund	19,734,223	620,708
Principal Fund	418,246	309,000
Interest Fund	1,906,239	1,597,142
Total	$ 34,676,435	$ 15,501,330

NOTE 3 INVESTMENTS AND ASSETS WHOSE USE IS LIMITED (CONTINUED)

Under LifeSpire's reserve spending policy, dividends, interest and realized gains and losses generated by the portion of the investment pool related to funded depreciation and escrowed advance fees from residents are appropriated to support current operations. The following schedule summarizes investment income:

	2021	2020
Dividends and Interest	$ 3,112,701	$ 1,368,777
Net Realized Gains	1,201,447	1,358,692
Total Investment Income	$ 4,314,148	$ 2,727,469

Marketable equity and debt securities and other investments are carried at fair value based on quoted market prices. Realized gains and losses on the sale of investments are determined based on the cost of specific investment sold.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following as of December 31:

	2021	2020
Land and Land Improvements	$ 28,771,923	$ 23,447,252
Buildings and Fixed Equipment	373,199,691	329,955,688
Vehicles	2,301,823	2,221,238
Movable Equipment	30,650,644	30,182,142
Right of Use Assets	2,093,637	2,001,274
Construction in Progress	10,726,086	3,702,793
	447,743,804	391,510,387
Less: Accumulated Depreciation	193,990,004	177,195,865
	$ 253,753,800	$ 214,314,522

Capitalized interest totaled approximately $1,123,000 for the year ended December 31, 2020. No interest was capitalized in 2021.

Construction in progress at December 31, 2021 and 2020 was related to expansion projects at LifeSpire's facilities, as well as apartment renovations and improvements to common areas. As of December 31, 2021 LifeSpire has remaining construction commitments amounting to approximately $11,512,000 related to these projects.

NOTE 5 LEASES

LifeSpire leases equipment as well as certain office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027 and many cases provide for rent escalations and renewal options. Renewal options are at the sole discretion of LifeSpire. Escalation terms include fixed-rent escalations annually. Total rent expense on these leases was approximately $190,000 and $135,000 for 2021 and 2020, respectively.

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2021, is as follows:

Year Ending December 31,	Amount
2022	$ 347,084
2023	334,299
2024	291,570
2025	276,575
2026	255,953
Thereafter	25,208
Total Lease Payments	1,530,689
Less: Current Portion	(295,679)
Less: Imputed Interest	(137,886)
Present Value of Lease Payable, Net of Current Portion	$ 1,097,124

The lease payable will continue to be impacted by new leases, lease modifications, lease terminations, and reevaluation of any new facts and circumstances. As of December 31, 2021, the weighted average lease term remaining that is included in the maturities of the lease payables is 4.7 years.

As the rate implicit in each lease is not readily determinable, LifeSpire uses an incremental borrowing rate to calculate the lease liability that represents an estimate of the interest rate LifeSpire would have to borrow on a collateralized basis over the term of a lease. The weighted average discount rate used for operating leases was 4.0% at December 31, 2021 and 2020.

NOTE 6 LONG-TERM DEBT AND NOTES PAYABLE

Long-term debt consists of the following as of December 31:

Description	2021	2020
Industrial Development Authority of Botetourt County, Virginia Residential Care Facility Revenue Refunding Bonds Series 2014A (Glebe Series 2014A Bonds):		
Serial bond, matures June 30, 2044. Interest is payable semiannually at a variable rate between 3% and 6%. Principal payments began January 1, 2015.	$ 34,035,000	$ 34,745,000
Economic Development Authority of the City of Newport News, Virginia Residential Care Facilities Revenue Refunding Bonds (LifeSpire of Virginia), Series 2016:		
Serial bonds, due in graduated annual installments ranging from $2,550,000 in 2017 to $3,520,000 in 2026 and bear interest at varying rates ranging from 1.9% to 5%.	15,955,000	18,795,000
Term bond, due December 1, 2029. Interest is payable semiannually at a rate of 3.5%.	9,095,000	9,095,000
Term bond due December 1, 2031. Interest is payable semiannually at a rate of 5.0%.	10,530,000	10,530,000
Term bond due December 1, 2038. Interest is payable semiannually at a rate of 5.0%.	36,430,000	36,430,000
Economic Development Authority of Culpeper County, Virginia Residential Care Facilities Revenue Bond (LifeSpire of Virginia) Series 2017A		
Serial bond, with maximum draw of $30 million, matures July 1, 2047. Interest was payable monthly at a variable rate of One-Month LIBOR times 67% plus 2.65% (2.657% as of December 31, 2021). Interest payments began September 1, 2017. Monthly principal payments began August 1, 2020. Paid in full in 2021.	-	28,949,825

NOTE 6 LONG-TERM DEBT AND NOTES PAYABLE (CONTINUED)

Description	2021	2020
Economic Development Authority of Culpeper County, Virginia Residential Care Facilities Revenue Bond (LifeSpire of Virginia) Series 2017B		
Serial bond, with maximum draw of $18.112 million, matures July 1, 2047. Interest was payable monthly at a variable rate of One-Month LIBOR times 67% plus 2.25% (2.257% as of December 31, 2021). Interest payments began September 1, 2017. Monthly principal payments began August 1, 2020. Paid in full in 2021.	$ -	$ 17,635,780
Economic Development Authority of Henrico County, Virginia Residential Care Facility Revenue and Refunding Bonds (LifeSpire of Virginia) Series 2017C		
Serial bonds, due in graduated annual installments ranging from $1,060,000 in 2021 to $1,270,000 in 2027 and bear interest at varying rates ranging from 3.0% to 3.5%.	7,055,000	8,115,000
Term bond, due December 1, 2032. Interest is payable semiannually at a rate of 4.0%.	7,120,000	7,120,000
Term bond, due December 1, 2037. Interest is payable semiannually at a rate of 5.0%.	8,840,000	8,840,000
Term bond, due December 1, 2047. Interest is payable semiannually at a rate of 5.0%.	25,675,000	25,675,000
Term loan, due August 1, 2026. Interest is payable monthly at a variable rate of Daily Simple SOFR plus 1.3% (1.35% at December 31, 2021).	15,494,000	-

NOTE 6 LONG-TERM DEBT AND NOTES PAYABLE (CONTINUED)

Description	2021	2020
Virginia Small Business Financing Authority, Residential Care Facilities Revenue and Refunding Bonds (LifeSpire of Virginia) Series 2021		
Serial bonds, due in graduated annual installments ranging from $1,455,000 in 2022 to $1,635,000 in 2026 and bear interest at 3%.	$ 7,715,000	$ -
Term bond, due December 1, 2031. Interest is payable semiannually at a rate of 4.0%.	9,120,000	-
Term bond, due December 1, 2036. Interest is payable semiannually at a rate of 4.0%.	11,100,000	-
Term bond, due December 1, 2041. Interest is payable semiannually at a rate of 4.0%.	13,505,000	-
Term bond, due December 1, 2051. Interest is payable semiannually at a rate of 4.0%.	36,435,000	-
Total	248,104,000	205,930,605
Less: Current Portion	(6,245,000)	(5,724,001)
Less: Unamortized Deferred Financing Costs	(4,924,425)	(4,033,669)
Plus: Unamortized Bond Premium	16,486,039	6,656,444
Less: Unamortized Bond Discount	(910,131)	(949,701)
Total	$ 252,510,483	$ 201,879,678

In October 2016, LifeSpire defeased the outstanding Series 2006A and 2006C Bonds and the outstanding amounts drawn on the line of credit by issuing a note for $85,505,000 in relation to Economic Development Authority of the City of Newport News, Virginia Residential Care Facilities Revenue Refunding Bonds Series 2016 (Series 2016 Bonds). In connection with the refunding of the Series 2006A and 2006C Bonds, LifeSpire recognized a loss on extinguishment in 2016 of $1,903,178 related to the write-off of deferred financing costs.

NOTE 6 LONG-TERM DEBT AND NOTES PAYABLE (CONTINUED)

In June 2014, The Glebe issued two new notes totaling $41,155,000 in relation to the Industrial Development Authority of Botetourt County, Virginia Residential Care Facility Revenue Refunding Bonds (Series 2014A Bonds) and Industrial Development Authority of Botetourt County, Virginia Residential Care Facility Revenue Refunding Bonds (Series 2014B Bonds). The Glebe Series 2014A and 2014B Bonds were used to refund the outstanding Virginia Small Business Financing Authority Residential Care Facility Revenue Refunding Bonds (Series 2012A Bonds). The Virginia Small Business Financing Authority Residential Care Facility Subordinated Taxable Bonds Series 2012B Bonds (Series 2012B Bonds) were also refunded through this issuance; however, a portion of the Series 2012B Bonds were forgiven in accordance with the provisions of the Series 2012 Bonds. At that time, The Glebe Series 2012A and 2012B Bonds were cancelled and extinguished and were no longer considered outstanding. The Series 2014A and 2014B Bonds are collateralized by a deed of trust of certain facilities of The Glebe as well as a security interest in certain other assets and property. The Series 2014B Bond was paid in full in January 2018.

In July 2017, LifeSpire issued a note for $30,000,000 to fund the project costs of the Culpeper renovations in relation to the Economic Development Authority of Culpeper County, Virginia Residential Care Facilities Revenue Bond Series 2017A (Series 2017A Bond). Monthly payments of interest began September 1, 2017 at a variable interest rate of One-Month LIBOR times 67% plus a spread of 2.65%. Monthly principal payments began August 1, 2020 with all unpaid principal and interest due July 1, 2047. The Series 2017A Bond was refinanced in 2021 and paid off with the issuance of the Series 2021 Bonds.

In July 2017, LifeSpire issued a note for $18,112,000 to fund the project costs of the Culpeper renovations in relation to the Economic Development Authority of Culpeper County, Virginia Residential Care Facilities Revenue Bond Series 2017B (Series 2017B Bond). Monthly payments of interest began September 1, 2017 at a variable interest rate of One-Month LIBOR times 67% plus a spread of 2.25%. Monthly principal payments began August 1, 2020 with all unpaid principal and interest due July 1, 2047. The Series 2017B Bonds was refinanced in 2021 and paid off with the issuance of the Series 2021 Bonds.

In December 2017, LifeSpire issued a note totaling $49,750,000 to fund the project costs of the Lakewood and The Glebe renovations and refund $2,565,000 of The Glebe Series 2014B Bonds in relation to the Economic Development Authority of Henrico County, Virginia Residential Care Facilities Revenue and Refunding Bonds Series 2017C (Series 2017C Bonds). The 2017C Bonds are comprised of serial bonds due in annual installments through 2027 and term bonds due in 2032, 2037 and 2047.

NOTE 6 LONG-TERM DEBT AND NOTES PAYABLE (CONTINUED)

In August 2021, LifeSpire issued a note totaling $77,875,000 to fund the purchase of The Summit, refund the existing Series 2017A and Series 2017B Bonds, terminate the interest rate swap agreements associated with the Series 2017A and Series 2017B bonds, pay for certain costs of issuance and fund project costs at Lakewood and Culpeper in relation to the Virginia Small Business Financing Authority Residential Care Facilities Revenue and Refunding Bonds Series 2021 (Series 2021 Bonds). The 2021 Bonds are comprised of serial bonds due in annual installments through 2026 and term bonds due in 2031, 2036, 2041 and 2051. In addition to the Series 2021 Bonds, a taxable loan not to exceed $15,600,000 (the 2021 Taxable Loan) was issued to fund the purchase of The Summit, pay for certain costs of issuance, and provide working capital for renovations to The Summit. The 2021 Taxable Loan is comprised of $6,240,000 due within 3 years of closing with the remainder due 5 years after closing.

The Series 2016, 2017 and 2021 Bonds are collateralized by a deed of trust of certain facilities of the LifeSpire Obligated Group as well as a security interest in inventory, accounts, documents, instruments, other monies, chattel paper and general intangibles. The related agreements also contain certain covenants, including a requirement that days cash on hand (as defined) be in excess of 120 days and that the long-term debt service coverage ratio be in excess of 1.20. Management believes LifeSpire is in compliance with these covenants as of December 31, 2021.

Each member of the LifeSpire Obligated Group under the Master Trust Indenture dated January 1, 2003 and the Amended and Restated Master Trust Indenture dated October 1, 2016 is jointly and severally liable for the payment of all LifeSpire Obligated Group Long-Term Debt; however, the individual LifeSpire Obligated Group members are not liable for any other claims against the other LifeSpire Obligated Group members. As part of the Series 2017C Bond issuance described above, a supplemental indenture was entered into related to the Amended and Restated Master Trust Indenture dated October 1, 2016. As part of this supplemental indenture, The Glebe was brought into the Obligated Group and is now subject to the provisions of each Master Trust Indenture noted above. As part of the Series 2021 Bond issuance described above, a supplemental indenture was entered into related to the Amended and Restated Master Trust Indenture dated October 1, 2016. As part of this supplemental indenture, The Summit was brought into the Obligated Group and is now subject to the provisions of each Master Trust Indenture noted above. These changes were adopted retrospectively.

Accordingly, no LifeSpire entity is liable for any indebtedness of any other LifeSpire entity other than the limited cross liability of the LifeSpire Obligated Group for the LifeSpire Long-Term Debt as discussed above. The Foundation is not a member of the LifeSpire Obligated Group.

NOTE 6 LONG-TERM DEBT AND NOTES PAYABLE (CONTINUED)

In July 2017 LifeSpire entered into two forward dated interest rate swap agreements related to the Series 2017A and Series 2017B Bonds. The swap agreements were with financial institutions and had a notional principal balance of $29,718,000 and $18,112,000, respectively, with an effective date of July 1, 2019 and a termination date of August 1, 2027. Under the swap agreements, the interest rates on LifeSpire’s Series 2017A and Series 2017B Bonds variable rate borrowings were effectively converted to 1.856% and 1.858%, respectively. LifeSpire recognized the fair value of its interest rate swaps on the consolidated balance sheet, representing a liability of approximately $4,759,000 at December 31, 2020. An analysis on the effectiveness of the swaps was not performed, causing the change in fair value of the swaps to be included in excess of revenues, gains, and other support over expenses. These swaps were terminated in 2021 as part of the Series 2021 bond issuance.

Scheduled sinking fund and principal repayments of long-term debt are as follows:

Year Ending December 31,	Amount
2022	$ 6,245,000
2023	12,705,000
2024	9,789,000
2025	10,075,000
2026	10,385,000
Thereafter	198,905,000
	$ 248,104,000

During 2021 and 2020, LifeSpire paid approximately $9,779,000 and $9,046,000, respectively, for interest, net of amounts capitalized.

NOTE 7 ADVANCE FEES AND DEPOSITS

A refundable deposit of $1,000 of the advance fee is made at the time a priority list agreement for The Culpeper, The Chesapeake, Lakewood, The Summit or The Glebe is executed. Advance fees received from residents are subject to the refund provisions of Residents’ Agreements. Refunds expire ratably over a 10 to 50-month period starting from the resident’s date of entrance. At December 31, 2021 and 2020, the portion of advance fees subject to refund provisions amounted to approximately $96,057,000 and $83,298,000, respectively. Amounts expected to be refunded to current residents, based on LifeSpire’s experience, are approximately $5,451,000 and $4,113,000 at December 31, 2021 and 2020, respectively.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2021 and 2020:

	2021	2020
Subject to Expenditure for Specific Purpose:		
Purchase of Equipment	$ 355,874	$ 89,841
Benevolent Care of Residents	3,501,585	3,257,484
Other	97,472	65,166
	3,954,931	3,412,491
Annuity Trust Agreements	830,018	893,580
Beneficial Interests in Perpetual Trusts	11,591,162	10,065,000
Subject to the Corporation's Spending Policy and Appropriation:		
Endowment Funds	4,464,504	4,241,263
Total Net Assets With Donor Restrictions	$ 20,840,615	$ 18,612,334

During the years ended December 31, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2021	2020
Purchase of Equipment	$ -	$ 20,850
Benevolent Care of Residents	445,586	605,074
Other	11,054	40,384
Total Releases	$ 456,640	$ 666,308

LifeSpire's net assets with donor restrictions include individual endowments established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

<u>Interpretation of Relevant Law</u>

The state of Virginia adopted the Virginia Prudent Management of Institutional Funds Act (the Act). The Board of Trustees of LifeSpire has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, LifeSpire classifies as perpetually restricted net assets (1) the original value of gifts donated to the permanent endowment and (2) the original value of subsequent gifts to the permanent endowment.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Interpretation of Relevant Law (Continued)

The remaining portion of the donor-restricted Endowment Fund that is not classified in perpetually restricted net assets with donor restrictions is classified as purpose restricted net assets with donor restrictions until those amounts are appropriated for expenditure by LifeSpire in a manner consistent with the standard of prudence prescribed in the Act.

In accordance with the Act, LifeSpire considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of LifeSpire and the Donor-Restricted Endowment Fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of LifeSpire
- The investment policy of LifeSpire

Funds with Deficiencies

It is LifeSpire's policy to maintain the corpus amounts of each individual Donor-Restricted Endowment Fund received. If the fair value of assets associated with Individual Donor-Restricted Endowment Funds were to fall below the level that the donor or the Act requires LifeSpire to retain as a fund of perpetual duration, in accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions.

Return Objectives and Risk Parameters

LifeSpire has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that LifeSpire must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, LifeSpire relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Management targets a diversified asset allocation that meets LifeSpire's long-term rate of return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

Spending Policy and How the Investment Objectives Relate to Spending Policy

LifeSpire's spending policy is consistent with its objective of preservation of the fair value of the original gift of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Perpetually restricted net assets of approximately $16,056,000 and $14,306,000 at December 31, 2021 and 2020, respectively, are restricted to investment in perpetuity, the income some of which is not donor restricted and is expendable primarily to support residential services. Of these totals, approximately $11,591,000 and $10,065,000 relates to split interest agreements that are administered and managed by third parties as trustees at December 31, 2021 and 2020, respectively. LifeSpire does not have the ability to make any investing decisions related to these funds. The remaining $4,465,000 and $4,241,000 of perpetually restricted net assets with donor restrictions are managed by LifeSpire at December 31, 2021 and 2020, respectively. LifeSpire had no board designated endowment funds for the years ended December 31, 2021 and 2020.

The perpetually restricted assets include beneficial interest in charitable remainder trusts, as well as other investments which are pooled with LifeSpire's investment portfolio with the objectives of providing long-term growth of capital, maximizing the return on assets over the long-term while diversifying investments within asset classes to reduce the impact of losses in single investments.

Endowment net asset composition by type of fund was as follows as of December 31:

	2021	2020
Donor-Restricted Endowment Funds:		
Portion subject to appropriation under UPMIFA	$ 1,146,986	$ 1,146,986
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	4,464,504	4,241,263
Total Funds	$ 5,611,490	$ 5,388,249

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)

The following is the change in endowment net assets managed by LifeSpire for the years ended December 31, 2021 and 2020:

	2021			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, Beginning of the Year	$ -	$ 1,146,986	$ 4,241,263	$ 5,388,249
Realized Losses and Change in Unrealized Losses on Investments	-	-	-	-
Contributions	-	-	223,241	223,241
Endowment Net Assets, End of Year	$ -	$ 1,146,986	$ 4,464,504	$ 5,611,490

	2020			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, Beginning of the Year	$ -	$ 1,146,986	$ 4,118,197	$ 5,265,183
Realized Losses and Change in Unrealized Losses on Investments	-	-	-	-
Change in Value of Annuity Obligations	-	-	-	-
Contributions	-	-	123,066	123,066
Endowment Net Assets, End of Year	$ -	$ 1,146,986	$ 4,241,263	$ 5,388,249

NOTE 9 ANNUITY PLAN

All employees of LifeSpire are eligible to participate in the GuideStone 403(b) Plan (the Plan). The Plan provides retirement contributions for those employees completing six months of service and a minimum of 500 hours of service during a six-month period. LifeSpire matches eligible employees' contributions. The match is determined as a percentage of the participant's compensation, not to exceed 3.5% in 2020 and 4.5% in 2021. The participant is fully vested in the matching contribution. LifeSpire may also make discretionary contributions. Participants may make voluntary contributions, not to exceed the lesser of $18,500 or 20%, with certain exceptions, of their annual compensation during the plan year.

Contributions by LifeSpire were approximately $798,000 and $680,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 LIQUIDITY AND AVAILABILITY

LifeSpire invests cash in excess of short-term requirements in short-term investments. In addition, LifeSpire has long-term mutual funds and equity securities which are liquid within one week and hedge funds and equity method securities which are liquid quarterly. As of December 31, 2021 and 2020, LifeSpire had working capital of $24,046,354 and $22,581,351, respectively.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash and Cash Equivalents	$ 35,002,386	$ 40,627,589
Investments and Assets Whose Use is Limited:		
Cash and Short-Term Investments	10,112,284	3,425,347
Mutual Funds	24,688,510	19,230,953
Marketable Equity Securities	32,283,753	24,679,974
Fixed Income	27,799,463	10,429,638
Equity Method Securities	215,804	248,680
Accounts Receivable, Net	3,837,058	2,871,247
Notes Receivable	3,580,125	3,068,821
Less: Purpose Restricted Net Assets	(3,954,931)	(3,412,491)
Total Financial Assets Available to Meet Liquidity Needs	$ 133,564,452	$ 101,169,758

NOTE 11 FAIR VALUE MEASUREMENTS

LifeSpire uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. All assets have been valued using a market approach, except for Level 3 beneficial interests in perpetual trusts. Alternative funds held by LifeSpire seek long-term capital appreciation and reduction of overall portfolio risk through investing in hedge funds of funds, real estate investment trusts, or commodities. LifeSpire established alternative investment valuation procedures in which Management validates the fair value reported by the third-party investment manager. For additional information on how LifeSpire measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of LifeSpire measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Whose Use is Limited and Investments:				
Mutual Funds	$ 24,688,510	$ -	$ -	$ 24,688,510
Marketable Equity Securities	32,283,753	-	-	32,283,753
Fixed Income	27,799,463	-	-	27,799,463
Beneficial Interest in Perpetual Trust Funds	-	-	11,591,162	11,591,162
Total Assets	$ 84,771,726	$ -	$ 11,591,162	$ 96,362,888
Liabilities:				
Annuities Payable	$ -	$ 411,705	$ -	$ 411,705
Total Liabilities	$ -	$ 411,705	$ -	$ 411,705

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

	2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Whose Use is Limited and Investments:				
Mutual Funds	$ 19,230,953	$ -	$ -	$ 19,230,953
Marketable Equity Securities	24,679,974	-	-	24,679,974
Fixed Income	25,310,260	-	-	25,310,260
Beneficial Interest in Perpetual Trust Funds	-	-	10,065,000	10,065,000
Total Assets	$ 69,221,187	$ -	$ 10,065,000	$ 79,286,187
Liabilities:				
Annuities Payable	$ -	$ 489,106	$ -	$ 489,106
Interest Rate Swap Agreements	-	4,758,785	-	4,758,785
Total Liabilities	$ -	$ 5,247,891	$ -	$ 5,247,891

The tables above include all assets whose use is limited and investments with the exception of cash and short-term investments and absolute return strategy investments/hedge funds and equity method investments as these investments are measured at cost at December 31, 2021 and 2020.

The following table presents changes in assets measured at fair value using Level 3 inputs on a recurring basis for the year ended December 31:

	Beneficial Interests
Balance at January 1, 2020	$ 9,476,108
Total Gains or Losses (Realized or Unrealized) for the Year Included in Operating Profit	588,892
Balance at December 31, 2020	10,065,000
Total Gains or Losses (Realized or Unrealized) for the Year Included in Operating Profit	1,526,162
Balance at December 31, 2021	$ 11,591,162

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

Certain alternative investments held by LifeSpire calculate net asset value per share (or its equivalent). The following tables set forth additional disclosures for the fair value measurement of these investments that calculate net asset value per share for the years ended December 31, 2021 and 2020:

	2021			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
TIFF Partners V-US	$ 33,152	$ 35,000	Quarterly	10 Business Days
MAP 2004	219,191	-	Short-term	10 Business Days
Commonfund Int'l Partners V	61,316	15,719	Quarterly	10 Business Days
Venture Investment Assoc. V	170,835	15,000	Quarterly	10 Business Days
MAP 2006	133,593	-	Short-term	10 Business Days
SFM Private Equity I, L.P.	215,804	335,000	Quarterly	5 Business Days
MAP 2009	304,524	-	Short-term	10 Business Days
SFM Opportunities V, L.P.	1,209,350	192,927	Quarterly	5 Business Days
Total	$ 2,347,765	$ 593,646		

	2020			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
TIFF Partners V-US	$ 37,520	$ 35,000	Quarterly	10 Business Days
MAP 2004	229,406	-	Short-term	10 Business Days
Commonfund Int'l Partners V	75,297	15,719	Quarterly	10 Business Days
Venture Investment Assoc. V	167,106	15,000	Quarterly	10 Business Days
MAP 2006	305,861	-	Short-term	10 Business Days
SFM Private Equity I, L.P.	182,357	335,000	Quarterly	5 Business Days
MAP 2009	532,483	-	Short-term	10 Business Days
SFM Opportunities V, L.P.	989,848	235,000	Quarterly	5 Business Days
Total	$ 2,519,878	$ 635,719		

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

The investment funds are valued at the net asset value (NAV) of units, which are based on market prices of the underlying investments, held by LifeSpire at year-end. TIFF Partners' investment objective is to invest in domestic private equity investment partnerships and to maintain endowment purchasing power for its investors by generating returns greater than those provided by the broader United States stock market. MAP 2004 and MAP 2009 invest in direct and indirect interests in natural gas and oil royalty interests associated with some of the largest, long-life gas fields in the U.S. Commonfund International Partners V invests in approximately 15 to 20 top-tier international private equity and venture capital funds. Venture Investment Associates V was formed to provide investors with significant long-term appreciation through investment in private equity partnerships. SFM Opportunities V, L.P. invest in nonmarketable limited partnership interests in private equity partnerships that invest in the energy sector or other national resources. MAP 2006 invests in direct and indirect royalty interests and entering derivatives in order to reduce the risk associated with the investments. SFM Private Equity I, L.P. invests in nonmarketable limited partnership interests in private equity partnerships with the objective to generate long-term returns greater than those available through traditional public equity investing.

NOTE 12 COMMITMENTS AND CONTINGENCIES

As an agency of the BGAV, LifeSpire receives certain additional support which approximated $21,000 and $8,000 during the years ended December 31, 2021 and 2020, respectively.

LifeSpire is subject to legal proceedings and claims which arise in the course of providing health care services. LifeSpire maintains liability insurance coverage for claims made during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Liability Insurance

LifeSpire, together with other similar retirement communities in the state of Virginia, is a shareholder of Virginia Senior Care Group, a limited liability corporation whose primary purpose is that of obtaining general liability and professional insurance for its shareholders. Under the terms of the policy, the risk for these entities is pooled and a potential liability for this coverage is actuarially determined. Premiums paid represent a portion of the potential liability, as actuarially determined for the group. In addition, LifeSpire maintains a loss fund deposit in the event that claims exceed the premiums. The policy also provides for umbrella coverage, which functions as an extension of the primary limit. The policy is written on a claims first made basis and has a component of reinsurance. Management has not recorded any liabilities related to this policy as it is not aware of any underfunding within the pool.

Health Insurance

During 2012, LifeSpire began to self-insure its employees' health plan by joining the Heritage Group Health Program, with the exception of The Glebe which joined in 2016. This program, on behalf of LifeSpire and other similar retirement communities in the state of Virginia, has contracted with an administrative service company to supervise and administer the program and act as its representative. Provisions for expected future payments are accrued based on LifeSpire's experience and include amounts for claims filed and claims incurred but not reported. LifeSpire insures for excessive and unexpected health claims and is liable for claims not to exceed $100,000 for each employee per plan year and an aggregate amount of $1,000,000 per plan year.

COVID-19

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to LifeSpire, COVID-19 may impact various parts of its 2022 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes that they are taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2021.

NOTE 13 FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on a square footage basis include occupancy, repairs and maintenance, taxes, utilities, other, depreciation and interest expense. Dietary and food services expenses are allocated based on number of meals served. The expenses that are allocated based on the number of units occupied include legal and accounting, marketing, and professional services. Supplies are allocated based on resident days.

Program, management, and fundraising expenses for the year ended December 31, 2021 are summarized as follows:

	Program Services						
	Independent Living	Assisted Living	Health Center	Total	Management and General	Fundraising	Total
Salaries and Wages	$ 11,268,868	$ 10,558,526	$ 14,891,258	$ 36,718,652	$ 3,391,019	$ 419,590	$ 40,529,261
Employee Benefits	1,980,251	1,824,386	2,326,182	6,130,819	390,489	65,538	6,586,846
Dietary and Food Service	2,496,328	1,377,685	1,070,616	4,944,629	-	-	4,944,629
Therapy	-	-	3,701,992	3,701,992	-	-	3,701,992
Insurance	786,723	133,216	47,505	967,444	24,560	-	992,004
Marketing Expense	934,109	239,509	169,881	1,343,499	-	24,225	1,367,724
Professional Services	853,777	218,912	155,272	1,227,961	440,925	120	1,669,006
Rental Equipment	242,081	40,991	14,618	297,690	20,973	-	318,663
Occupancy, Repairs, and Maintenance	4,034,096	683,092	243,594	4,960,782	467,664	26,787	5,455,233
Supplies	1,594,697	394,968	1,989,972	3,979,637	154,732	17,239	4,151,608
Taxes	129,764	21,973	7,836	159,573	-	-	159,573
Telephone	709,013	120,057	42,813	871,883	139,191	999	1,012,073
Utilities	2,531,287	428,622	152,849	3,112,758	-	-	3,112,758
Other	2,136,018	361,691	128,981	2,626,690	804,316	239,543	3,670,549
Depreciation	13,325,360	2,256,378	853,926	16,435,664	185,098	3,330	16,624,092
Interest Expense	8,259,386	1,352,130	482,176	10,093,692	-	-	10,093,692
Total Expenses by Function	$ 51,281,758	$ 20,012,136	$ 26,279,471	$ 97,573,365	$ 6,018,967	$ 797,371	$ 104,389,703

NOTE 13 FUNCTIONAL EXPENSES (CONTINUED)

Program, management, and fundraising expenses for the year ended December 31, 2020 are summarized as follows:

	Program Services						
	Independent Living	Assisted Living	Health Center	Total	Management and General	Fundraising	Total
Salaries and Wages	$ 11,175,706	$ 9,239,184	$ 12,805,276	$ 33,220,166	$ 3,579,229	$ 440,082	$ 37,239,477
Employee Benefits	2,124,337	1,756,420	2,434,354	6,315,111	432,952	55,986	6,804,049
Dietary/Food Service	2,949,360	1,175,512	219,356	4,344,228	-	-	4,344,228
Therapy	-	-	3,621,535	3,621,535	-	-	3,621,535
Insurance	606,589	96,147	37,371	740,107	34,060	-	774,167
Marketing Expense	686,136	190,829	158,739	1,035,704	-	21,672	1,057,376
Professional Services	571,862	159,047	132,302	863,211	312,513	1,176	1,176,900
Rental Equipment	176,657	28,001	10,884	215,542	9,200	-	224,742
Occupancy, Repairs, and Maintenance	2,563,357	406,302	157,923	3,127,582	389,287	24,439	3,541,308
Supplies	1,676,815	466,469	2,091,575	4,234,859	86,814	12,133	4,333,806
Taxes	87,344	13,844	5,381	106,569	-	-	106,569
Telephone	647,764	102,673	39,907	790,344	100,669	315	891,328
Utilities	2,325,044	368,528	143,241	2,836,813	-	-	2,836,813
Other	1,432,828	227,296	88,346	1,748,470	560,720	43,441	2,352,631
Depreciation	12,402,092	1,965,779	813,360	15,181,231	173,267	3,609	15,358,107
Interest Expense	7,444,647	1,180,005	409,359	9,034,011	-	-	9,034,011
Total Expenses by Function	$ 46,870,538	$ 17,376,036	$ 23,168,909	$ 87,415,483	$ 5,678,711	$ 602,853	$ 93,697,047

INDEPENDENT AUDITORS' REPORT
ON ACCOMPANYING INFORMATION

Board of Trustees
Virginia Baptist Homes, Incorporated
dba: LifeSpire of Virginia and Subsidiaries
Richmond, Virginia

We have audited the consolidated financial statements of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries as of and for the year ended December 31, 2021 and our report thereon dated April 25, 2022 which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information and combining information for the Obligated Group as listed under "Accompanying Information" on the table of contents are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies or the Obligated Group, and they are 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 consolidating and combining 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 auditing standards generally accepted in the United States of America. In our opinion, the consolidating information and combining information for the Obligated Group are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 25, 2022

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VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2021

	Consolidated	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	The Summit, Incorporated	Virginia Baptist Homes Foundation, Incorporated
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	$ 35,002,386	$ -	$ 23,766,905	$ (169,484)	$ (282,513)	$ (550,563)	$ 10,575,245	$ (163,508)	$ 1,826,304
Assets Whose Use is Limited	4,541,991	-	495,079	1,187,428	-	1,736,493	1,024,250	98,741	-
Accounts Receivable	3,837,058	-	-	821,399	638,600	1,462,816	556,297	357,946	-
Notes Receivable	3,580,125	-	-	407,200	628,400	1,317,000	662,400	565,125	-
Prepaid Expenses	1,219,257	-	860,036	32,124	63,630	90,906	88,005	84,556	-
Due from Affiliates	-	(172,373,331)	9,737,132	11,588,919	41,754,195	74,802,321	7,167,367	27,323,397	-
Deposits and Other	2,441,250	-	1,305,365	182,985	-	952,900	-	-	-
Total Current Assets	50,622,067	(172,373,331)	36,164,517	14,050,571	42,802,312	79,811,873	20,073,564	28,266,257	1,826,304
INVESTMENTS	77,525,760	-	16,904,708	31,250	2,703,334	27,177,360	19,804,507	-	10,904,601
BENEFICIAL INTEREST IN PERPETUAL TRUST	11,591,162	-	4,698,531	959,561	756,132	1,831,158	3,345,780	-	-
ASSETS WHOSE USE IS LIMITED									
Under Bond Indenture Agreement	34,676,435	-	6,713,287	18,887,410	-	6,472,269	1,382,262	1,221,207	-
Less: Amounts Available for Current Liabilities	(4,541,991)	-	(495,079)	(1,187,428)	-	(1,736,493)	(1,024,250)	(98,741)	-
Total Assets Whose Use is Limited	30,134,444	-	6,218,208	17,699,982	-	4,735,776	358,012	1,122,466	-
PROPERTY, PLANT AND EQUIPMENT, NET	253,753,800	-	1,900,080	53,015,442	34,845,190	93,255,773	35,461,631	35,170,009	105,675
OTHER ASSETS	579,822	-	275,865	-	-	-	303,957	-	-
Total Assets	$ 424,207,055	$ (172,373,331)	$ 66,161,909	$ 85,756,806	$ 81,106,968	$ 206,811,940	$ 79,347,451	$ 64,558,732	$ 12,836,580

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2021

	Consolidated	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	The Summit, Incorporated	Virginia Baptist Homes Foundation, Incorporated
LIABILITIES AND NET ASSETS (DEFICIT)									
CURRENT LIABILITIES									
Accounts Payable	$ 7,059,148	$ -	$ 476,106	$ 889,690	$ 1,185,847	$ 2,510,993	$ 1,195,052	$ 799,215	$ 2,245
Salaries and Wages	3,088,897	-	3,087,588	-	1,114	195	-	-	-
Interest Payable	1,781,479	-	291,269	178,104	-	189,115	1,024,250	98,741	-
Annuities Payable	79,357	-	-	-	-	-	-	-	79,357
Deposits from Prospective Residents	1,790,000	-	-	225,800	139,600	1,226,600	118,000	80,000	-
Due to Affiliates	-	(172,373,331)	53,502,961	32,794,890	58,964,315	20,991,642	5,171,837	546,387	401,299
Deferred Revenue	325,660				5,351	320,309	-	-	-
Current Portion of Lease Payable	295,679	-	128,416	17,005	23,708	84,878	24,531	17,141	-
Current Portion of Long-Term Debt	6,245,000	-	203,810	1,009,324	2,049,794	1,547,378	915,746	518,948	-
Refundable Advance - CARES Act	459,807	-	-	91,618	18,158	189,104	160,927	-	-
Advance Fee Refund Liability	5,450,686	-	-	169,959	1,428,625	1,357,065	1,629,843	865,194	-
Total Current Liabilities	26,575,713	(172,373,331)	57,690,150	35,376,390	63,816,512	28,417,279	10,240,186	2,925,626	482,901
ADVANCE FEE REFUND LIABILITY, LESS CURRENT PORTION	46,865,136	-	-	-	16,180,017	10,435,710	10,750,509	9,498,900	-
DEFERRED REVENUE FROM ADVANCE FEES	113,721,716	-	-	8,568,950	23,123,849	55,075,572	19,898,242	7,055,103	-
ANNUITIES PAYABLE	332,348	-	-	-	-	-	-	-	332,348
LEASE PAYABLE, LESS CURRENT PORTION	1,097,124	-	623,412	23,916	26,608	275,690	75,067	72,431	-
LONG-TERM DEBT, NET	252,510,483	-	8,242,711	57,420,914	47,986,017	55,424,531	38,812,384	44,623,926	-
Total Liabilities	441,102,520	(172,373,331)	66,556,273	101,390,170	151,133,003	149,628,782	79,776,388	64,175,986	815,249
NET ASSETS (DEFICIT)									
Without Donor Restrictions	(37,736,080)	-	(5,397,841)	(18,505,515)	(71,152,676)	53,315,094	(3,884,348)	(153,892)	8,043,098
With Donor Restrictions	20,840,615	-	5,003,477	2,872,151	1,126,641	3,868,064	3,455,411	536,638	3,978,233
Total Net Assets (Deficit)	(16,895,465)	-	(394,364)	(15,633,364)	(70,026,035)	57,183,158	(428,937)	382,746	12,021,331
Total Liabilities and Net Assets (Deficit)	$ 424,207,055	$ (172,373,331)	$ 66,161,909	$ 85,756,806	$ 81,106,968	$ 206,811,940	$ 79,347,451	$ 64,558,732	$ 12,836,580

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED DECEMBER 31, 2021

	Consolidated	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	The Summit, Incorporated	Virginia Baptist Homes Foundation, Incorporated
REVENUES, GAINS, AND OTHER SUPPORT									
Residential Services	$ 67,838,082	$ -	$ -	$ 7,838,782	$ 18,349,136	$ 26,152,838	$ 13,689,403	$ 1,807,923	$ -
Health Care Services	23,583,748	-	-	5,413,959	4,960,281	9,790,432	3,423,212	(4,136)	-
Continuing Care At Home Services	782,369	-	-	-	-	782,369	-	-	-
Net Assets Released from Restrictions Used for Operations	456,640	-	-	88,358	23,766	292,511	50,005	2,000	-
Gifts and Donations	1,528,887	-	-	270,111	276,106	521,771	300,568	4,200	156,131
Contribution Revenue - Paycheck Protection Program Loan Forgiveness	7,304,655	-	492,800	1,262,554	1,828,682	2,572,842	1,147,777	-	-
Investment Income	4,314,148	-	1,095,679	3,675	145,109	1,407,522	1,100,056	147	561,960
Other	2,396,907	(7,236,827)	7,232,499	307,584	711,944	556,287	344,628	42,929	437,863
Total Revenue, Gains, and Other Support	108,205,436	(7,236,827)	8,820,978	15,185,023	26,295,024	42,076,572	20,055,649	1,853,063	1,155,954
EXPENSES									
Salaries, Wages and Professional Fees	47,525,042	-	3,794,548	7,619,806	11,174,152	15,793,329	7,897,493	760,752	484,962
Provisions for Depreciation and Amortization	16,624,092	-	185,098	1,631,230	4,526,406	6,650,761	3,421,193	206,074	3,330
Interest	10,093,692	-	256,622	2,068,573	2,252,604	2,660,518	2,467,465	387,910	-
Other	30,146,877	(7,236,827)	3,000,560	4,858,556	9,924,064	13,016,074	5,623,152	652,219	309,079
Total Operating Expenses	104,389,703	(7,236,827)	7,236,828	16,178,165	27,877,226	38,120,682	19,409,303	2,006,955	797,371
Operating Income (Loss)	3,815,733	-	1,584,150	(993,142)	(1,582,202)	3,955,890	646,346	(153,892)	358,583
NONOPERATING INCOME (LOSS)									
Change in Unrealized Gains (Losses) on Investments	3,580,279	-	(6,591,602)	-	494,924	4,111,990	3,563,466	-	2,001,501
Loss on Extinguishment of Debt	(641,731)	-	-	(641,731)	-	-	-	-	-
Loss on Investment in Joint Venture	(357,635)	-	(357,635)	-	-	-	-	-	-
Change in Value of Interest Rate Swap Agreements	936,379	-	-	936,379	-	-	-	-	-
Total Nonoperating Income (Loss)	3,517,292	-	(6,949,237)	294,648	494,924	4,111,990	3,563,466	-	2,001,501
EXCESS (DEFICIT) OF REVENUES, GAINS AND OTHER SUPPORT OVER (UNDER) EXPENSES	7,333,025	-	(5,365,087)	(698,494)	(1,087,278)	8,067,880	4,209,812	(153,892)	2,360,084

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Consolidated	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	The Summit, Incorporated	Virginia Baptist Homes Foundation, Incorporated
NET ASSETS WITHOUT DONOR RESTRICTIONS									
Excess (Deficit) of Revenues, Gains and Other Support Over (Under) Expenses	$ 7,333,025	$ -	$ (5,365,087)	$ (698,494)	$ (1,087,278)	$ 8,067,880	$ 4,209,812	$ (153,892)	$ 2,360,084
Transfer to (from) Affiliate	-	-	(2,300,000)	-	-	-	-	-	2,300,000
Increase (Decrease) in Net Assets without Donor Restrictions	7,333,025	-	(7,665,087)	(698,494)	(1,087,278)	8,067,880	4,209,812	(153,892)	4,660,084
NET ASSETS WITH DONOR RESTRICTIONS									
Gifts, Grants and Bequests	1,222,321	-	-	330,840	18,530	52,901	52,057	538,638	229,355
Change in Value of Annuity Obligations	(63,562)	-	-	-	-	-	-	-	(63,562)
Change in Present Value of Perpetual Trusts	1,526,162	-	405,433	137,837	128,960	269,781	584,151	-	-
Net Assets Released from Restrictions	(456,640)	-	-	(88,358)	(23,766)	(292,511)	(50,005)	(2,000)	-
Increase (Decrease) in Donor Restricted Net Assets	2,228,281	-	405,433	380,319	123,724	30,171	586,203	536,638	165,793
INCREASE (DECREASE) IN NET ASSETS	9,561,306	-	(7,259,654)	(318,175)	(963,554)	8,098,051	4,796,015	382,746	4,825,877
Net Assets (Deficit) - Beginning of Year	(26,456,771)	-	6,865,290	(15,315,189)	(69,062,481)	49,085,107	(5,224,952)	-	7,195,454
NET ASSETS (DEFICIT) - END OF YEAR	$ (16,895,465)	$ -	$ (394,364)	$ (15,633,364)	$ (70,026,035)	$ 57,183,158	$ (428,937)	$ 382,746	$ 12,021,331

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING BALANCE SHEET OF OBLIGATED GROUP
DECEMBER 31, 2021

	Combined	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	The Summit, Incorporated
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	$ 33,176,082	$ -	$ 23,766,905	$ (169,484)	$ (282,513)	$ (550,563)	$ 10,575,245	$ (163,508)
Assets Whose Use is Limited	4,541,991	-	495,079	1,187,428	-	1,736,493	1,024,250	98,741
Accounts Receivable	3,837,058	-	-	821,399	638,600	1,462,816	556,297	357,946
Notes Receivable	3,580,125	-	-	407,200	628,400	1,317,000	662,400	565,125
Prepaid Expenses	1,219,257	-	860,036	32,124	63,630	90,906	88,005	84,556
Due from Affiliates	401,299	(171,972,032)	9,737,132	11,588,919	41,754,195	74,802,321	7,167,367	27,323,397
Deposits and Other	2,441,250	-	1,305,365	182,985	-	952,900	-	-
Total Current Assets	49,197,062	(171,972,032)	36,164,517	14,050,571	42,802,312	79,811,873	20,073,564	28,266,257
INVESTMENTS	66,621,159	-	16,904,708	31,250	2,703,334	27,177,360	19,804,507	-
BENEFICIAL INTEREST IN PERPETUAL TRUST	11,591,162	-	4,698,531	959,561	756,132	1,831,158	3,345,780	-
ASSETS WHOSE USE IS LIMITED								
Under Bond Indenture Agreement	34,676,435	-	6,713,287	18,887,410	-	6,472,269	1,382,262	1,221,207
Less: Amounts Available for Current Liabilities	(4,541,991)	-	(495,079)	(1,187,428)	-	(1,736,493)	(1,024,250)	(98,741)
Total Assets Whose Use is Limited	30,134,444	-	6,218,208	17,699,982	-	4,735,776	358,012	1,122,466
PROPERTY, PLANT AND EQUIPMENT, NET	253,648,125	-	1,900,080	53,015,442	34,845,190	93,255,773	35,461,631	35,170,009
OTHER ASSETS	579,822	-	275,865	-	-	-	303,957	-
Total Assets	$ 411,771,774	$ (171,972,032)	$ 66,161,909	$ 85,756,806	$ 81,106,968	$ 206,811,940	$ 79,347,451	$ 64,558,732

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING BALANCE SHEET OF OBLIGATED GROUP (CONTINUED)
DECEMBER 31, 2021

	Combined	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	The Summit, Incorporated
LIABILITIES AND NET ASSETS (DEFICIT)								
CURRENT LIABILITIES								
Accounts Payable	$ 7,056,903	$ -	$ 476,106	$ 889,690	$ 1,185,847	$ 2,510,993	$ 1,195,052	$ 799,215
Salaries and Wages	3,088,897	-	3,087,588	-	1,114	195	-	-
Interest Payable	1,781,479	-	291,269	178,104	-	189,115	1,024,250	98,741
Deposits from Prospective Residents	1,790,000	-	-	225,800	139,600	1,226,600	118,000	80,000
Due to Affiliates	-	(171,972,032)	53,502,961	32,794,890	58,964,315	20,991,642	5,171,837	546,387
Deferred Revenue	325,660	-	-	-	5,351	320,309	-	-
Current Portion of Lease Payable	295,679	-	128,416	17,005	23,708	84,878	24,531	17,141
Current Portion of Long-Term Debt	6,245,000	-	203,810	1,009,324	2,049,794	1,547,378	915,746	518,948
Refundable Advance - CARES Act	459,807	-	-	91,618	18,158	189,104	160,927	-
Advance Fee Refund Liability	5,450,686	-	-	169,959	1,428,625	1,357,065	1,629,843	865,194
Total Current Liabilities	26,494,111	(171,972,032)	57,690,150	35,376,390	63,816,512	28,417,279	10,240,186	2,925,626
ADVANCE FEE REFUND LIABILITY, LESS CURRENT PORTION	46,865,136	-	-	-	16,180,017	10,435,710	10,750,509	9,498,900
DEFERRED REVENUE FROM ADVANCE FEES	113,721,716	-	-	8,568,950	23,123,849	55,075,572	19,898,242	7,055,103
LEASE PAYABLE, LESS CURRENT PORTION	1,097,124	-	623,412	23,916	26,608	275,690	75,067	72,431
LONG-TERM DEBT, NET	252,510,483	-	8,242,711	57,420,914	47,986,017	55,424,531	38,812,384	44,623,926
Total Liabilities	440,688,570	(171,972,032)	66,556,273	101,390,170	151,133,003	149,628,782	79,776,388	64,175,986
NET ASSETS (DEFICIT)								
Without Donor Restrictions	(45,779,178)	-	(5,397,841)	(18,505,515)	(71,152,676)	53,315,094	(3,884,348)	(153,892)
With Donor Restrictions	16,862,382	-	5,003,477	2,872,151	1,126,641	3,868,064	3,455,411	536,638
Total Net Assets (Deficit)	(28,916,796)	-	(394,364)	(15,633,364)	(70,026,035)	57,183,158	(428,937)	382,746
Total Liabilities and Net Assets (Deficit)	$ 411,771,774	$ (171,972,032)	$ 66,161,909	$ 85,756,806	$ 81,106,968	$ 206,811,940	$ 79,347,451	$ 64,558,732

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) OF OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2021

	Combined	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	The Summit, Incorporated
REVENUES, GAINS, AND OTHER SUPPORT								
Residential Services	$ 67,838,082	$ -	$ -	$ 7,838,782	$ 18,349,136	$ 26,152,838	$ 13,689,403	$ 1,807,923
Health Care Services	23,583,748	-	-	5,413,959	4,960,281	9,790,432	3,423,212	(4,136)
Continuing Care At Home Services	782,369	-	-	-	-	782,369	-	-
Net Assets Released from Restrictions Used for Operations	456,640	-	-	88,358	23,766	292,511	50,005	2,000
Gifts and Donations	1,372,756	-	-	270,111	276,106	521,771	300,568	4,200
Contribution Revenue - Paycheck Protection Program Loan Forgiveness	7,304,655	-	492,800	1,262,554	1,828,682	2,572,842	1,147,777	-
Investment Income	3,752,188	-	1,095,679	3,675	145,109	1,407,522	1,100,056	147
Other	1,959,044	(7,236,827)	7,232,499	307,584	711,944	556,287	344,628	42,929
Total Revenue, Gains, and Other Support	107,049,482	(7,236,827)	8,820,978	15,185,023	26,295,024	42,076,572	20,055,649	1,853,063
EXPENSES								
Salaries, Wages and Professional Fees	47,040,080	-	3,794,548	7,619,806	11,174,152	15,793,329	7,897,493	760,752
Provisions for Depreciation and Amortization	16,620,762	-	185,098	1,631,230	4,526,406	6,650,761	3,421,193	206,074
Interest	10,093,692	-	256,622	2,068,573	2,252,604	2,660,518	2,467,465	387,910
Other	29,837,798	(7,236,827)	3,000,560	4,858,556	9,924,064	13,016,074	5,623,152	652,219
Total Expenses	103,592,332	(7,236,827)	7,236,828	16,178,165	27,877,226	38,120,682	19,409,303	2,006,955
OPERATING INCOME (LOSS)	3,457,150	-	1,584,150	(993,142)	(1,582,202)	3,955,890	646,346	(153,892)
NONOPERATING INCOME (LOSS)								
Change in Unrealized Gains (Losses) on Investments	1,578,778	-	(6,591,602)	-	494,924	4,111,990	3,563,466	-
Loss on Extinguishment of Debt	(641,731)	-	-	(641,731)	-	-	-	-
Loss on Investment in Joint Venture	(357,635)	-	(357,635)	-	-	-	-	-
Change in Value of Interest Rate Swap Agreements	936,379	-	-	936,379	-	-	-	-
Total Nonoperating Income (Loss)	1,515,791	-	(6,949,237)	294,648	494,924	4,111,990	3,563,466	-
EXCESS (DEFICIT) OF REVENUES, GAINS AND OTHER SUPPORT OVER (UNDER) EXPENSES	4,972,941	-	(5,365,087)	(698,494)	(1,087,278)	8,067,880	4,209,812	(153,892)

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) OF OBLIGATED GROUP (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Combined	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	The Summit, Incorporated
NET ASSETS WITHOUT DONOR RESTRICTIONS								
Excess (Deficit) of Revenues, Gains, and Other Support Over (Under) Expenses	$ 4,972,941	$ -	$ (5,365,087)	$ (698,494)	$ (1,087,278)	$ 8,067,880	$ 4,209,812	$ (153,892)
Transfer to (from) Affiliate	(2,300,000)	-	(2,300,000)	-	-	-	-	-
Increase (Decrease) in Net Assets without Donor Restrictions	2,672,941	-	(7,665,087)	(698,494)	(1,087,278)	8,067,880	4,209,812	(153,892)
NET ASSETS WITH DONOR RESTRICTIONS								
Gifts, Grants, and Bequests	992,966	-	-	330,840	18,530	52,901	52,057	538,638
Change in Present Value of Perpetual Trusts	1,526,162	-	405,433	137,837	128,960	269,781	584,151	-
Net Assets Released from Restrictions	(456,640)	-	-	(88,358)	(23,766)	(292,511)	(50,005)	(2,000)
Increase (Decrease) in Donor Restricted Net Assets	2,062,488	-	405,433	380,319	123,724	30,171	586,203	536,638
INCREASE (DECREASE) IN NET ASSETS	4,735,429	-	(7,259,654)	(318,175)	(963,554)	8,098,051	4,796,015	382,746
Net Assets (Deficit) at Beginning of Year	(33,652,225)	-	6,865,290	(15,315,189)	(69,062,481)	49,085,107	(5,224,952)	-
NET ASSETS (DEFICIT) AT END OF YEAR	$ (28,916,796)	$ -	$ (394,364)	$ (15,633,364)	$ (70,026,035)	$ 57,183,158	$ (428,937)	$ 382,746

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	Obligated Group	Nonobligated Group	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	$ 4,735,429	$ 4,825,877	$ 9,561,306
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Amortization of Deferred Revenue from Advance Fees	(17,171,960)	-	(17,171,960)
Proceeds from Advance Fees and Deposits	22,150,592	-	22,150,592
Amortization of Intangible Assets	49,290	-	49,290
Amortization of Deferred Financing Costs	177,681	-	177,681
Amortization of Bond Discount	39,570	-	39,570
Amortization of Bond Premium	(453,515)	-	(453,515)
Loss on Extinguishment of Debt	641,731	-	641,731
Loss on Joint Venture	357,635	-	357,635
Loss on Sale of Property, Plant and Equipment	59,730	-	59,730
Provision for Bad Debts	673,876	-	673,876
Provision for Depreciation	16,571,472	3,330	16,574,802
Decrease in Annuity Obligations	-	(77,401)	(77,401)
Proceeds from Contributions Restricted for Long-Term Investment	(992,966)	(229,355)	(1,222,321)
Net Realized and Unrealized Gains on Long-Term Investments	(2,479,460)	(2,302,266)	(4,781,726)
Change in Present Value of Trust Funds	(1,526,162)	-	(1,526,162)
Change in Value of Interest Rate Swap Agreements	(936,379)	-	(936,379)
Decrease (Increase) in Operating Assets:			
Accounts Receivable	(1,639,687)	-	(1,639,687)
Escrow Receivable	-	-	-
Prepaid Expenses	(187,840)	14,583	(173,257)
Notes Receivable	(511,304)	-	(511,304)
Other Current Assets	1,322,055	(2,260,706)	(938,651)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	3,549,599	1,788	3,551,387
Deferred Revenue	312,531	-	312,531
Refundable Advance - CARES Act	(7,549,442)	-	(7,549,442)
Salaries and Wages	265,688	(17)	265,671
Interest Payable	267,108	-	267,108
Deposits from Prospective Residents	936,097	-	936,097
Net Cash Provided by Operating Activities	18,661,369	(24,167)	18,637,202

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Obligated Group	Nonobligated Group	Total
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	$ (15,269,482)	$ -	$ (15,269,482)
Proceeds from Sale of Property, Plant and Equipment	1,900	-	1,900
Initial Investment into Joint Venture	(633,500)	-	(633,500)
Assets Acquired net of Liabilities Assumed and Debt Issued for Purchase of The Summit	(8,678,386)	-	(8,678,386)
Net Purchases of Investments	(9,992,864)	(148,324)	(10,141,188)
Net Cash Used by Investing Activities	(34,572,332)	(148,324)	(34,720,656)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Contributions Restricted for Long-Term Investment	992,967	229,354	1,222,321
Refunds of Advance Fees and Deposits	(5,158,733)	-	(5,158,733)
Proceeds from Refundable Advance Fees	5,211,328	-	5,211,328
Increase in Deferred Financing Costs	(1,710,168)	-	(1,710,168)
Termination of Interest Rate Swaps	(3,822,406)	-	(3,822,406)
Issuance of Long-Term Debt	77,257,552	-	77,257,552
Bond Issue Premium on Long-Term Debt	10,283,110	-	10,283,110
Early Repayment of Long-Term Debt	(45,471,604)	-	(45,471,604)
Payments on Long-Term Debt	(5,724,000)	-	(5,724,000)
Net Cash Provided (Used) by Financing Activities	31,858,046	229,354	32,087,400
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	15,947,083	56,863	16,003,946
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	42,283,495	1,769,441	44,052,936
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 58,230,578	$ 1,826,304	$ 60,056,882
Cash and Cash Equivalents	$ 33,176,082	$ 1,826,304	35,002,386
Restricted Cash included in Assets Limited as to Use	25,054,496	-	25,054,496
Total Cash, Cash Equivalents, and Restricted Cash	$ 58,230,578	$ 1,826,304	$ 60,056,882
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Property and Equipment Additions in Accounts Payable	$ 293,145	$ -	$ 293,145
Property, Plant and Equipment Obtained through Long-Term Debt	$ 6,861,447	$ -	$ 6,861,447
Right of Use Assets Obtained through Operating Leases Payable	$ 92,851	$ -	$ 92,851
Fixed Assets Acquired From Purchase	$ 35,178,025	$ -	$ 35,178,025
Priority Deposits	(79,000)	-	(79,000)
Deferred Revenue from Advance Fees	(17,170,639)	-	(17,170,639)
Purchase of the Summit Financed through Long-Term Debt	(9,250,000)	-	(9,250,000)
Net Cash from Purchase	$ 8,678,386	$ -	$ 8,678,386

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING BALANCE SHEET OF LAKEWOOD MANOR
DECEMBER 31, 2021

	Combined	Eliminations	Lakewood Manor Baptist Retirement Community, Incorporated	Lakewood at Home
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ (550,563)	$ -	$ (542,841)	$ (7,722)
Assets Whose Use is Limited	1,736,493	-	1,736,493	-
Accounts Receivable	1,462,816	-	1,462,781	35
Notes Receivable	1,317,000	-	1,317,000	-
Prepaid Expenses	90,906	-	88,642	2,264
Due from Affiliates	74,802,321	(6,664)	71,305,616	3,503,369
Deposits and Other	952,900	-	952,900	-
Total Current Assets	79,811,873	(6,664)	76,320,591	3,497,946
INVESTMENTS	27,177,360	-	25,045,904	2,131,456
BENEFICIAL INTEREST IN PERPETUAL TRUST	1,831,158	-	1,831,158	-
ASSETS WHOSE USE IS LIMITED				
Under Bond Indenture Agreement	6,472,269	-	6,472,269	-
Less: Amounts Available for Current Liabilities	(1,736,493)	-	(1,736,493)	-
Total Assets Whose Use is Limited	4,735,776	-	4,735,776	-
PROPERTY, PLANT AND EQUIPMENT, NET	93,255,773	-	92,884,816	370,957
Total Assets	$ 206,811,940	$ (6,664)	$ 200,818,245	$ 6,000,359

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING BALANCE SHEET OF LAKEWOOD MANOR (CONTINUED)
DECEMBER 31, 2021

	Combined	Eliminations	Lakewood Manor Baptist Retirement Community, Incorporated	Lakewood at Home
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Accounts Payable	$ 2,510,993	$ -	$ 2,473,242	$ 37,751
Salaries and Wages	195	-	195	-
Interest Payable	189,115	-	189,115	-
Deposits from Prospective Residents	1,226,600	-	1,226,600	-
Due to Affiliates	20,991,642	(6,664)	18,754,102	2,244,204
Deferred Income	320,309	-	320,309	-
Current Portion of Lease Payable	84,878	-	26,924	57,954
Current Portion of Long-Term Debt	1,547,378	-	1,547,378	-
Refundable Advance - CARES Act	189,104	-	189,104	-
Advance Fee Refund Liability	1,357,065	-	1,295,196	61,869
Total Current Liabilities	28,417,279	(6,664)	26,022,165	2,401,778
ADVANCE FEE REFUND LIABILITY, LESS CURRENT PORTION	10,435,710	-	6,410,580	4,025,130
DEFERRED REVENUE FROM ADVANCE FEES	55,075,572	-	55,075,572	-
LEASE PAYABLE, LESS CURRENT PORTION	275,690	-	14,625	261,065
LONG-TERM DEBT, NET	55,424,531	-	55,424,531	-
Total Liabilities	149,628,782	(6,664)	142,947,473	6,687,973
NET ASSETS (DEFICIT)				
Without Donor Restrictions	53,315,094	-	54,002,708	(687,614)
With Donor Restrictions	3,868,064	-	3,868,064	-
Total Net Assets (Deficit)	57,183,158	-	57,870,772	(687,614)
Total Liabilities and Net Assets (Deficit)	$ 206,811,940	$ (6,664)	$ 200,818,245	$ 6,000,359

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
OF LAKEWOOD MANOR
YEAR ENDED DECEMBER 31, 2021

	Combined	Eliminations	Lakewood Manor Baptist Retirement Community, Incorporated	Lakewood at Home
REVENUES, GAINS, AND OTHER SUPPORT				
Residential Services	$ 26,152,838	$ -	$ 26,152,838	$ -
Health Care Services	9,790,432	-	9,790,432	-
Continuing Care At Home Services	782,369	-	-	782,369
Net Assets Released from Restrictions				
Used for Operations	292,511	-	292,511	-
Gifts and Donations	521,771	-	521,771	-
Contribution Revenue - Paycheck Protection				
Program Loan Forgiveness	2,572,842		2,572,842	-
Investment Income	1,407,522	-	1,265,940	141,582
Other	556,287	-	556,287	-
Total Revenue, Gains, and Other Support	42,076,572	-	41,152,621	923,951
EXPENSES				
Salaries, Wages and Professional Fees	15,793,329	-	15,303,389	489,940
Provisions for Depreciation and Amortization	6,650,761	-	6,639,370	11,391
Interest	2,660,518	-	2,647,655	12,863
Other	13,016,074	-	12,759,037	257,037
Total Operating Expenses	38,120,682	-	37,349,451	771,231
Operating Income (Loss)	3,955,890	-	3,803,170	152,720
NONOPERATING INCOME				
Change in Unrealized Gains on Investments	4,111,990	-	4,562,505	(450,515)
Total Nonoperating Income	4,111,990	-	4,562,505	(450,515)
EXCESS OF REVENUES, GAINS AND OTHER SUPPORT OVER EXPENSES	8,067,880	-	8,365,675	(297,795)

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS OF LAKEWOOD MANOR (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Combined	Eliminations	Lakewood Manor Baptist Retirement Community, Incorporated	Lakewood at Home
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Excess of Revenues, Gains and Other Support Over Expenses	$ 8,067,880	$ -	$ 8,365,675	$ (297,795)
Net Assets Released from Restrictions for Acquisition of Property, Plant, and Equipment	-	-	-	-
Increase in Net Assets without Donor Restrictions	8,067,880	-	8,365,675	(297,795)
NET ASSETS WITH DONOR RESTRICTIONS				
Gifts, Grants and Bequests	52,901	-	52,901	-
Change in Present Value of Perpetual Trusts	269,781	-	269,781	-
Net Assets Released from Restrictions	(292,511)	-	(292,511)	-
Decrease in Donor Restricted Net Assets	30,171	-	30,171	-
INCREASE IN NET ASSETS	8,098,051	-	8,395,846	(297,795)
Net Assets (Deficit) - Beginning of Year	49,085,107	-	49,474,926	(389,819)
NET ASSETS (DEFICIT) - END OF YEAR	$ 57,183,158	$ -	$ 57,870,772	$ (687,614)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Virginia Baptist Homes, Incorporated
dba: LifeSpire of Virginia and Subsidiaries
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries (LifeSpire), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of operations and changes in net assets (deficit), and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 25, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries (LifeSpire)'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries (LifeSpire)'s internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries (LifeSpire)'s internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries (LifeSpire)'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 25, 2022