

# Fort Norfolk Retirement Community, Inc.

## ANNUAL DISCLOSURE STATEMENT

Submitted January 31, 2023



A copy of this Disclosure Statement has been filed with the State Corporation Commission of the Commonwealth of Virginia pursuant to Section 38.2-4901 of the Code of Virginia of 1950, as amended. Such Filing does not constitute approval, recommendation or endorsement of the facility by the State Corporation Commission.

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## 1. CONTINUING CARE PROVIDER

Fort Norfolk Retirement Community, Inc.  
/dba Harbor's Edge  
One Colley Ave  
Norfolk, VA 23510

Fort Norfolk Retirement Community, Inc. ("FNRC") is a Virginia non-profit, non-stock corporation incorporated on February 28, 2002. FNRC has been recognized by the Internal Revenue Service as an organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

## 2. OWNERSHIP OF REAL PROPERTY

FNRC and the City of Norfolk negotiated a Land Disposition and Development Contract, pursuant to which the City purchased the land, cleared and prepared the site for construction, and then leased the land to FNRC for development of the Community. FNRC owns the buildings that have been constructed on the property.

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

**Board of Directors.** FNRC is governed by its Board of Directors (the "Board"). Members of the Board (the "Board Members") are elected each year, at an annual meeting held in April (the "Annual Meeting") by a majority vote of the current Board Members. The Board Members serve staggered terms of one, two or three years, as designated by the Board at the time of each Board Member's election. Corporate officers are elected by the Board each year at the Annual Meeting. The current members of the Board are as follows:

Officers	Directors
Dr. H. Edward Davidson – Chair	Scott Sautter
RADM Jack Kavanaugh – Vice Chair	Guy Tower, Esq.
William R. Van Buren, III – Secretary/ Treasurer	Thomas Knox L.D. Britt, MD, MPH Jennifer Sanford
Vincent Mastracco – General Counsel	

The business address for these individuals in their capacity as Board Members is as follows: Administrative Office, Harbor's Edge, One Colley Avenue, Norfolk, VA 23510.

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

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

## 4. BUSINESS EXPERIENCE OF BOARD AND MANAGEMENT

### **Business Experience of FNRC**

FNRC was established as a stand-alone 501(c) (3) organization with the sole purpose of developing and managing a Continuing Care Retirement Community (CCRC) in the State of Virginia. To assist with the

project; FNRC contracted with developers, consultants, management, and architects to plan, develop and later manage the project.

### **Business Experience of Board, Officers and Management Team**

The directors and officers of FNRC are comprised of local industry and civic leaders with experience on many governing boards, both for profit and not-for-profit entities. They represent a cross section of skills, some in government, others in medical and others in private for-profit entities.

**C. A. “Neil” Volder III, Chief Executive Officer.** Mr. Volder through his company Volder Consulting, Inc., the original developer of the Community, oversees the day-to-day operations and marketing at the Community.

In 2000, Mr. Volder conceived the concept of developing the City’s first and only CCRC and assembled and led the development team to design, develop and construct Phase 1 of Harbor’s Edge, consisting of Harbor Tower and the Health Care Unit. Mr. Volder also led the development of Phase 2, the River Tower with expanded amenities and additional Assisted Living units. Mr. Volder has over 40 years of real estate and financial management experience. From 1994 to 2000, Mr. Volder worked for the Christian Broadcasting Network (“CBN”) in Virginia Beach, Virginia as Advisor to the Chairman, M.G. “Pat” Robertson. During that time, among other duties, he was assigned to oversee the development, marketing, and financing of a CCRC planned for the CBN campus. He was also responsible for the management of a four-star hotel and conference center. From 1987 to 1990, he was President/CEO of Mortgage Centers, Inc., a multi-state mortgage operation. In 1990, Mr. Volder founded Virginia Healthcare Finance Center, a joint venture with Blue Cross/Blue Shield of Virginia, specializing in financing for hospitals. Prior to 1987, Mr. Volder was Chief Operating Officer of Great Atlantic Management, a large regional real estate development and management firm responsible for more than 120 projects, including office parks, shopping centers, and multi-family housing projects throughout the Southeast. Mr. Volder received his Bachelor of Business Administration from Old Dominion University and is a graduate of the School of Banking at Louisiana State University. After graduation from college, he spent 18 years with United Virginia Bank (“UVB”, now SunTrust Bank). When he resigned, he was President and CEO of UVB’s fourth largest commercial banking operation, headquartered in Newport News, Virginia. At United Virginia Bank, Mr. Volder was involved with the original financing of Westminster Canterbury on Chesapeake Bay, the first CCRC in Southeastern Virginia. See “Consulting and Professional Services” below for more information about Mr. Volder.

**Colleen Baybutt, Chief Operating Officer (COO).** Ms. Baybutt is the Founder and President of HR Business Solutions (HRBS), a consulting firm that has supported Harbor’s Edge continuously from 2006, from start up through stabilization, refinancing and development of a second residential tower. Ms. Baybutt’s role has evolved based on the Community’s needs over time and includes cross functional oversight over multiple departments and Community-wide projects. She works directly with the CEO on Board and Corporate matters, providing strategic planning, consultative, analytical and litigation support. Ms. Baybutt’s experience handling complex negotiations with business partners, licensing entities, insurance settlements, and executive placement has proven essential to the growth and stability of the operations. Ms. Baybutt is a certified Senior Professional in Human Resources and holds a Bachelor of Science in Industrial and Labor Relations from Cornell University. Ms. Baybutt has 38 years of experience in human resources planning and compliance and has been a presenter at senior living conferences, including the Leading Age Virginia conference.

**Robert Braubitz, Chief Financial Officer.** Mr. Braubitz was named Chief Financial Officer in December 2022 and is responsible for the financial management of Harbor’s Edge. Mr. Braubitz plans, develops, implements, and directs the organization’s fiscal function and performance; participates in the development of the Community’s strategic plans and programs; evaluates and advises on long-range plans; and provides financial and trending analysis to the Board and business partners. Mr. Braubitz was the Chief Business Officer at ARC

of New Jersey, a non-profit dedicated to supporting children and adults with intellectual disabilities prior to joining Harbor's Edge. Mr. Braubitz also served as Vice President of Finance for Boyd Gaming, where his responsibilities included managing and leading several corporate departments and driving the budget and audit process as well as managing the day-to-day financial operations. He also served in the roles of director of finance, director of financial planning and analysis, and consultant for businesses such as MGM National Harbor, Erickson Living and GlaxoSmithKline. Mr. Braubitz graduated from Rider University with an MBA and an undergraduate degree in Finance.

***Beat Meier, Chief Hospitality Officer and Executive Chef.*** Mr. Meier is a European trained Executive Chef with three (3) decades of successful experience. Mr. Meier started his career at the Country Club of Virginia which is a large and affluent membership club in Richmond, Virginia. Mr. Meier was there for twelve (12) years and played a key role in two major kitchen and club renovations during his tenure. Mr. Meier also has worked for several upscale clubs across the country, including Colonial Country Club in Texas which is one of only two clubs that host an annual PGA Golf Tournament and Cat Cay Yacht Club on an exclusive private island in the Bahamas. Mr. Meier also owned and operated a company supplying Executive Chefs to resorts across the country including Three Forks Lodge & Spa, Eau Gallie Yacht Club and Gateway Canyon Resort. Mr. Meier is a Certified Executive Chef with the American Culinary Federation (ACF). As Chief Hospitality Officer and Executive Chef, Mr. Meier will be responsible for all nine (9) dining venues at the Community, including the three (3) in the Health Care Center.

***Senece Midgett, Health Services Administrator.*** Ms. Midgett, RN, MSN, LNHA was promoted from Chief Nursing Officer to Health Services Administrator in 2022, a position that she held at Harbor's Edge in 2018. Prior to rejoining Harbor's Edge, Ms. Midgett had been the Executive Director/Nursing Home Administrator for several Nursing facilities in Hampton Roads. Since her return, she has been very successful in rehiring several health professionals that were previously on the leadership team and improving occupancy in the Nursing Center.

### **Business Experience of Developer/Management Company**

***Volder Consulting, Inc. ("Volder Consulting").*** Since inception, Harbor's Edge has contracted with Volder Consulting, Inc. ("Volder Consulting") to provide development, financial, project management and management oversight to the Community reporting directly to the Board of Directors. The CEO and sole shareholder of Volder Consulting is C. A. ("Neil") Volder III. Volder Consulting, the developer of Harbor's Edge, also serves as the Board's Representative and liaison to Harbor's Edge management, the City of Norfolk and the various consultants and service providers which do business with the Corporation. At the request of the Board of Directors, C. A. "Neil" Volder III has served as the Chief Executive Officer since 2008. See ***Business Experience of Board, Officers and Management Team*** above for more information in C.A. "Neil" Volder III.

Harbor's Edge utilizes the services of the following consulting firms to assist in the development, management and oversight of critical areas.

***Mid-Atlantic Long-Term Care ("MALTC").*** MALTC, with coordination primarily by its CEO, Dr. Amir Hajimomenian ("Dr. Haji"), serves as the Medical Director. For over 20 years, MALTC has served over 100 long term facilities with over 85 senior care facilities and provides Primary and Urgent Care in our newly renovated and expanded Independent Living Clinic that started in the Fall of 2022. Dr. Haji, MD, received his undergraduate degree in biology from University of Guelph, Ontario Canada. He earned a medical degree from Ross University, School of Medicine. Dr. Haji is board certified in Internal Medicine by the American Board of Internal Medicine. He is a member of the American Medical Director's Association and Virginia Medical Director's Association. He is also a Certified Medical Director. Dr. Haji has practiced in multiple hospitals, outpatient practices and Post-Acute Care since July 2003. He also has admitting privileges at Sentara Norfolk

General and Sentara Leigh Hospitals and Maryview & Mary Immaculate Medical Centers. Dr. Haji is supported by a team of physicians, led by Dr. Ilene Goldman as Attending Physician.

**Virginia Health Rehabilitation Agency (“VHR”).** VHR provides comprehensive rehabilitation services to Residents on a private pay basis and under the Medicare Part A and B programs. VHR covers virtually all areas of physical, occupational, and speech therapies with a staff of trained and dedicated healthcare professionals. Programs are individually geared to each Resident’s needs or requirements so that appropriate functional skills can be identified, learned, and reinforced. VHR has been serving the entire Hampton Roads area, the Middle Peninsula, and the Northern Neck regions of the State since 1999.

**HR Business Solutions (“HRBS”).** FNRC has utilized the services of HR Business Solutions (“HRBS”) continuously since 2006 to provide human resources, compliance and project management support as the Community’s needs have grown from initial start-up through its first expansion. HRBS has assisted Harbor’s Edge with development and operations, human resources and payroll, policies and procedures, outsourcing and workforce realignment, licensure processes, vendor management, compliance and reporting, insurance recovery and contract negotiations. The Founder and President of HRBS is Colleen Baybutt, who currently serves as the Chief Operating Officer for Harbor’s Edge.

### **Acquisition of Goods or Services from Entities Related to FNRC**

FNRC does not have a 10% or greater direct or indirect interest in any entity nor does any entity or person(s) have a 10% or greater direct or indirect interest in FNRC. Accordingly, there are no related entities that will be providing goods or services to FNRC.

### **Acquisition of Goods or Services from Entities Related to FNRC Directors or Officers**

No entities in which an FNRC director or officer holds a 10% or greater direct or indirect interest will be providing goods or services to FNRC.

### **Criminal or Civil Liability**

Neither FNRC, nor any of the directors or officers of FNRC, have been convicted of a felony, pleaded *nolo contendere* to a criminal charge, or been held liable or enjoined in a civil action by final judgment, in a criminal or civil action involving fraud, embezzlement, fraudulent conversion, misappropriation of property or moral turpitude.

### **Judicial or Administrative Actions**

There are no pending judicial or administrative actions against FNRC.

### **Current Criminal or Administrative Prosecutions or Investigations**

Neither FNRC, nor any of the directors or officers of FNRC, are currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

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

### **Affiliated Entities**

Effective with a Board Resolution adopted on January 17, 2008, FNRC created an affiliated charitable organization, the “Foundation”, which received confirmation of its exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code on September 21, 2008. The FNRC Board is responsible for appointing the Directors of the Foundation. The Foundation’s mission and purpose is to improve the lives of Hampton Roads Seniors lacking financial resources by (i) enabling them to reside at Harbor’s Edge or similar facilities, (ii) enabling them to reside at quality assisted living facilities or skilled nursing facilities, (iii) enabling them to participate in quality programs offering services designed to meet the physical, emotional, recreational, social or health needs of such persons and/or (iv) making grants to charitable organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code that provides housing and/or services designed to meet the physical, emotional, recreational, social or health needs of such persons.

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

### **Tax Exempt Status**

FNRC has been recognized by the Internal Revenue Service as an organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

## **6. LOCATION AND DESCRIPTION OF REAL PROPERTY**

### **Site and Location**

Harbor’s Edge is located on a 5.1-acre site located one block from the waterfront in the City of Norfolk’s historic Fort Norfolk Neighborhood, with view of the harbor and downtown. Since Harbor’s Edge’s opening in 2006, Harbor’s Edge has contributed greatly to the growth and revitalization of the Fort Norfolk Neighborhood. Each year, the American Institute of Architects’ “Design for Aging Center” in affiliation with LeadingAge picks the top assisted living, nursing homes, and CCRCs that demonstrate innovation in design. In 2005, Harbor’s Edge was one of only seven (7) communities to win a design award for CCRCs. In 2023, Harbor’s Edge received its second such award from Senior Housing News for best CCRC design and architecture for the River Tower.

Harbor’s Edge is located approximately three blocks south of Brambleton Avenue (a major thoroughfare connecting the Fort Norfolk Neighborhood, the Ghent neighborhood and the Mid-Town Tunnel to the City’s downtown corridor) and across Brambleton Avenue from Sentara Norfolk General Hospital (“Sentara”) and Eastern Virginia Medical School (“EVMS”). Sentara Norfolk General Hospital is one of five Level 1 trauma centers in Virginia, home to the Nightingale Regional Air Ambulance, the regions first Magnet® hospital and nationally ranked heart from at Sentara Heart Hospital. Sentara was recognized nationally as high performing in four (4) adult specialties including Cancer, Cardiology, Heart Surgery and six (6) procedures. Additionally, the site abuts the historic Fort Norfolk structure, one of the forts commissioned by President George Washington in 1794. The Fort is considered one of the best-preserved War of 1812 sites in the United States.

The area is served by local bus service and Hampton Roads Transit light rail (“The Tide”). The City is linked to the City of Portsmouth by two tunnels short distances from Harbor’s Edge and to the City of Virginia Beach, Virginia, the City of Chesapeake, Virginia, and the Virginia Peninsula region by an extensive network of Interstate highways (I-64, I-264, I-464) and secondary roads. Air travel to and from the region is provided by both Norfolk International Airport and Newport News/Williamsburg International Airport.



### **Description – Two Towers, One Community**

Harbor's Edge opened the Harbor Tower and Health Care Units in September 2006. The original facility is a concrete and steel frame structure with a combination brick, glass and stone exterior, architecturally styled to complement the urban context of the City and redevelopment of the Fort Norfolk neighborhood. The original facility was comprised of a four (4)-story Health Care Tower and a sixteen (16)-story Residential Tower ("Harbor Tower") with 163 Residential apartments, 33 Assisted Living suites, 17 Memory Care Support Suites and 33 private nursing rooms (the "Nursing Center"). Over time, Residents combined units and the Community made other changes. Harbor Tower currently consists of 156 independent living apartments (including 6 combination units), 21 assisted living apartments, 32 memory support suites and a 33-bed skilled nursing unit.

In December 2022, construction completed on the River Tower, a twenty-four (24)-story residential tower consisting of one hundred thirty-nine (139) additional residential living apartments (with 6 combination units, total of 147) situated on a three (3)-story podium structure. The award-winning River Tower was designed by Three: Living Architecture of Dallas, Texas, one of the premiere boutique design firms in the senior living industry with interior design by Studio Six5. WM Jordan Company was the General Contractor of this \$140 Million dollar expansion. The River Towers offers one to three-bedroom apartments, street level apartments ("flats"), and penthouse apartments with expansive views of the Elizabeth River and the downtown Norfolk skyline. The River Tower lobby features a 40 by 100-foot atrium with a 20 x 80-foot glass skylight that allows natural light to highlight the beautiful marble and glass interior. Harbor's Edge residents have access to amenities in both Towers connected by an enclosed glass bridge walkway boasting views of the Elizabeth River and historic Fort Norfolk.

The addition of River Tower has benefited residents of the Harbor Tower with over \$12 Million in planned renovations to Harbor Tower common areas, kitchen and dining facilities, medical clinic and the Health Care Unit. The River Tower expansion included twenty (20) Assisted Living Units (many with direct room access to interior courtyards) and an enclosed glass walkway which connects to the existing Harbor Tower Assisted Living Units. Residents in both towers share the beautifully appointed bridge that serves as the dining and social area. The River Tower Assisted Living apartments are generally larger than most units in the Harbor Tower and require an upcharge. The Assisted Living accommodations in the existing (Harbor Tower) were renovated to match the



décor/standards in the new units. Additionally, FNRC converted 11 Assisted Living apartment on the 4<sup>th</sup> floor of Harbor Tower to double the size of the secured Memory Support unit.

The River Tower is located north of the Harbor Tower. With its addition, Harbor's Edge doubled the square footage of the community, resulting in one million (1,000,000) square feet including a 238-space parking garage for River Tower residents in addition to the 135 parking spaces in the Harbor Tower garage. The landscaping, interior finishings and scale of the River Tower is consistent with the quality and attention to detail that people have come to expect from Harbor's Edge.

## **7. SERVICES PROVIDED UNDER CONTINUING CARE CONTRACTS**

Harbor's Edge operates as a Continuing Care Retirement Community (CCRC) which recognizes older adults as having varying needs along a continuum from independent Residents to skilled nursing needs. Under the terms of the Life Care Agreement and in return for an initial Entrance Fee and Monthly Service Fees, Harbor's Edge provides a comprehensive range of services to each Resident and valuable estate protection through the use of a partially refundable Entrance Fee. Seniors interested in reserving a private apartment at Harbor's Edge pay an Entrance Fee that is refundable to the extent noted in Section 6 of the applicable Life Care Agreement to either the resident or the resident's estate upon termination of the contract.

The Entrance Fee entitles Residents under the LifeCare Program use of their Residential Unit and the Community's various amenities and a generous discount on Assisted Living and Nursing Care should those services become necessary in the future, referred to as a "LifeCare Benefit or "True LifeCare®"

True LifeCare® provides for assisted living and skilled nursing care services, as needed, for each resident's lifetime after permanent assignment to the higher level of care at the Monthly Service Fee paid on a Two Bedroom Estate Residential Unit (set forth below) plus a Transition Fee which includes the cost of two (2) additional daily meals per resident. Currently, the monthly Transition Fee per resident is \$670. The Life Care Benefit discount typically results in a significant savings over the rates for nursing or assisted living services. For Fiscal Year 2023, the monthly discount for a nursing stay in the Nursing Center for a Transfer Resident is estimated at \$6,800. The discount for a transferred couple is even higher at \$18,840.

The Monthly Service Fee covers a variety of community and hospitality services. The first-person Monthly Service Fee is based on the size of the apartment selected by the residents; there is a standard Monthly Service Fee for the second person in a double occupancy unit. Other included services are meal plans; utilities such as electricity, water and sewer; housekeeping and linen services; complimentary scheduled local transportation; 24-hour security; and building and grounds maintenance.

The services provided by FNRC in further detail in Section 1 of the applicable Life Care Agreement(s). Fees are described in Section 8 and Appendix D.

### **The Residential Towers – Harbor Tower and River Tower**

Residents who are at least sixty-two (62) years of age, who have assets and income deemed sufficient under foreseeable circumstances to pay the Resident's financial obligations called for in the Life Care Agreement (hereinafter more fully described) and to meet ordinary and customary living expenses, and whose level of care evaluation indicates that the Resident is capable of living and caring for him or herself, with or without reasonable accommodation and without risk to self and/or others are eligible to reside in the Residential Units.

The Residential Towers consists of a variety of one, two and three-bedroom residential apartments, all with full bathrooms. All Residential Units have individual controlled HVAC and include a living room and dining area,

a full kitchen with range, microwave, dishwasher and refrigerator with ice maker, washer and dryer. The top two floors of the Residential Towers contain penthouse units with increased ceiling heights and premium finishes.

All Residents receive the equivalent of one chef-prepared meal daily, utilities (except telephone), maintenance, weekly housekeeping, weekly linen service, parking, recreational planned activities, security, scheduled group transportation, use of common areas and priority admission to the Assisted Living Community or the Nursing Center, if needed. Other services available for an additional charge include additional housekeeping, personal laundry service, additional cable television channels, tray service, and guest meals and accommodations. Residents of a Residential Unit have access to twenty-four (24) hour emergency nursing and security.

Historically, Harbor's Edge has renovated the Residential Units upon turnover to update the finishes and layout to meet the expectation of the incoming Resident population. Renovations include new cabinetry in the kitchen and bathroom with granite countertops, raised toilets, painting, re-carpeting, and installation of wood/tile flooring. Harbor's Edge offers additional upgrades or personalization at the cost of the Resident.

### **Health Care – Assisted Living Community and Nursing Center**

***The Assisted Living Community.*** The Assisted Living community consists of forty-one (41) Assisted Living apartments on the third floor, with dining and activity areas for use by the Residents. Certain units can accommodate double occupancy for an additional monthly fee. There are two two-bedroom apartments that also accommodate double or single occupancy for an additional monthly fee, regardless of the number of occupants. The secured Memory Support unit consists of thirty-four (34) private suites, specialized common areas and amenities geared towards this special needs' population.

In addition to three (3) meals daily, Residents in the Assisted Living Community receive a basic level of assistance with bathing, dressing, grooming, medication assistance, nutritional assessment, and ambulation when necessary. Weekly housekeeping and linen service is provided. Other services available for an additional charge include tray service and guest meals. A licensed nurse is on duty each shift seven days a week. A minimum of five (5) resident assistants are on duty twenty-four (24) hours a day. The Assisted Living Community is licensed under the Virginia Department of Social Services (VDSS) which has granted FNRC a license allowing up to a capacity of eight-three (83) Assisted Living Residents.

***The Nursing Center.*** The Nursing Center is currently comprised of patient care areas on the second floor of the Health Care Tower. Virginia's Office of Licensure and Certification has granted FNRC a license allowing up to a capacity of thirty-three (33) skilled nursing beds, all of which are qualified for Medicare. All nursing rooms are private residences with in-suite bathrooms and range from 265 to 436 square feet. The common areas include a rehabilitation gymnasium, social services and healthcare administrative offices, a dining room, an activity room which functions as a private dining, activity and library space, a living room with a fireplace and computer center and a beauty parlor.

Residents in the Nursing Center receive three (3) meals per day with professional dietary counseling. The unit staffing patterns exceed the federal and state staffing requirements. A Medical Director and Nurse Practitioner are contracted to provide guidance to the staff and serve Residents that do not have an attending physician following their care.

## **Services Included in Monthly Service Fee**

### ***Residential Living***

For Residential Unit residents under a Life Care Agreement, the following services are included in the Monthly Service Fee:

- Lifetime health care discount (“LifeCare Benefit”) for assisted living and skilled nursing to the extent the resident needs such care;
- A variety of dining options with a minimum value of one (1) standard meal per day;
- All utilities except telephone and internet service (includes basic cable television);
- Maintenance of resident’s apartment (normal wear) and common areas;
- Weekly light housekeeping of the apartment;
- Weekly laundering of resident’s bed linens;
- Twenty-four (24)-hour monitoring of security systems, electronic coded access to Community;
- A variety of social, spiritual, recreational, educational, cultural, health and fitness programs and state of the art Wellness Program;
- Group transportation (in a defined area) on a regularly scheduled basis to local cultural, social and shopping destinations and transportation to local doctor and medical appointments at a nominal charge when scheduled by authorized staff. An additional charge may be made for transportation for special or group trips.
- Urgent call system – smoke detectors, sprinkler system, and urgent call system in each residence; Residents receive up to two (2) non-emergency pull cord responses per calendar year; and
- U.S. mail and internal mail delivered to central location and distributed to residents.

The LifeCare Benefit provides for assisted living and skilled nursing care services, as needed, for each resident’s lifetime after permanent assignment to the higher level of care at the Monthly Service Fee paid on a Two Bedroom Estate Residential Unit plus a Transition Fee which includes the cost of two (2) additional daily meals per resident. Currently, the monthly Transition Fee per resident is \$670.

Residents who voluntarily relocate within the Residential Units are assessed a \$10,000 relocation fee.

### ***Assisted Living***

Assisted Living offers residents a selection of single and double occupancy apartments and assistance with the activities of daily living, tailored to their individual needs. The Memory Support unit includes a country kitchen, meditation room and a secured outdoor terrace, gardening station and outdoor dining and activities area designed specifically for individuals with cognitive impairments. Additionally, in 2017 the Foundation donated the iN2L (It’s Never 2 Late) computer system which is a picture-based, touch-screen interface that allows users to simply “touch” their way to find engaging, educational, spiritual and personalized content that is appropriate to their own level of ability.

Harbor’s Edge offers services and amenities according to the level of care of each resident. All assisted living levels include the following:

- Licensed Nurse available for consultation 24 hours a day
- Certified medication nursing aide or licensed nurse administration of medication allowable according to 22VAC40-73 Standards for Licensed Assisted Living Facilities.
- Medication review by consultant pharmacist
- Interdisciplinary care planning sessions
- Monitoring of meal attendance
- Three meals per day, with meal and snack menu reviewed by a registered dietician

- Housekeeping (frequency depending on level)
- Changing and laundering of bed and bath linens (frequency depending on level)
- Planned activities with transportation
- Individual HVAC controls
- Utilities with the exception of telephone and internet
- 24-hour emergency call system

Additional services and amenities for higher level of care identified during assessment:

- Assistance with personal hygiene
- Reminders, direction and/or hands on assistance for activities of daily living
- Stand-by and physical transfer assistance
- Continence care
- Psychosocial intervention
- Blood sugar monitoring and testing
- Assessment of nutritional status by registered dietician
- Soiled carpet cleaning
- Activities program meeting the requirements outlined in 22VAC 40-73-1120 with an average of 14 hours per week for assisted living and 21 hours per week for memory support residents.

### ***Health Care Center - Nursing Care***

FNRC's private Nursing Care Center provides comprehensive nursing care for those with short-term rehabilitative and long-term medical issues. It is located on the second floor of the Health Care Center and offers all private residences with in-suite bathrooms. The nursing floor includes common areas designed as rehab gym, social services and healthcare administrative offices, dining, activity, library, multipurpose room, and beauty parlor. Health Care Center residents receive the same services as Assisted Living in addition to twenty-four (24)-hour skilled nursing supervision and up to total assistance with all Activities of Daily Living.

### **Services Available at Extra Charge**

Appendix D provides a Service Fee and Ancillary Charge Schedule which is subject to change with advance written notice to Residents. Generally, rate changes are announced once per year for a January effective date. However, some services or charges may be subject to availability or more frequent changes. Examples of additional services that can be purchased on a fee-for-service basis at all levels of care include, but are not limited to:

- On-site clinic services, when available;
- Ancillary medical and laboratory services performed in the clinic by licensed personnel;
- Rehabilitation services, including physical, speech and occupational therapy;
- Medical, incontinence and personal hygiene supplies;
- Special events; including large bus trips;
- Individual Transportation services;
- Specialized medical procedures;
- Personal care services; Beauty Salon services; Concierge services;
- Guest meals; Room service; Catering for special occasions;
- Accidental/Non-emergency fire alarm and pull cords in excess of two (2)/year;
- Additional housekeeping and laundry services;
- Personal business services.

Medical services and supplies may be billable to Medicare Part A, Part B or insurance provider depending upon qualifying criteria.

## 8. FEES REQUIRED OF RESIDENTS

### Residential Unit Fees

Harbor’s Edge offers a variety of programs providing residential and health care services for the elderly and derives its revenues from (i) entrance fees (the “Entrance Fee”) paid when an individual or couple (a “Resident”) moves into a unit, (ii) Monthly Service Fees (the “Monthly Service Fees”) paid by such Residents, (iii) Monthly Service Fees for care at the Assisted Living Community, and (iv) charges for nursing care and skilled care services provided at the Nursing Center. Payments for services at the Assisted Living Community and the Nursing Center are derived both from Residents under their Life Care Agreements (hereinafter described) and from private pay, Medicare payments received from Residents and from individuals directly admitted into the Assisted Living Community and the Nursing Center.

The average Entrance Fee based on 2023 rates is \$988,903 including signature/penthouse units or \$959,499 excluding the twenty-two (22) signature units. Entrance Fees vary by unit type and refund option, ranging from \$274,834 (for a non-refundable one-bedroom unit) to \$2,101,052 (for an 80% refundable three-bedroom penthouse unit). The 2023 Second Person Entrance Fee of \$99,626 is assessed on all second occupants, regardless of unit type. The Community’s standard plan option is the Eighty Percent (80%) Refundable Plan; there are a limited number of 0% and 50% Refund plans available in each Tower.

The Monthly Service Fee (the “Monthly Service Fee”) is based upon the size of the Residential Unit and the number of Residents in each Residential Unit. There is an additional standard Monthly Service Fee of \$1,443 for the second person in a double occupancy unit (the “Second Person Monthly Service Fee”). The Monthly Service Fee covers a variety of services described in Section 7 above.

The schedule of Entrance Fees and Monthly Service Fees for each type of Residential Unit as of January 1, 2023, before promotional discounts, are set forth below. Harbor’s Edge adjusts its published Entrance Fee prices in accordance with changing real estate values within the Community’s market area and periodic actuarial reviews.

<b>Harbor Tower Residential Units – 2023 Fee Schedule</b>							
<b>Unit Type</b>	<b>Description</b>	<b>Units</b>	<b>Average Square Footage</b>	<b>Monthly Service Fee</b>	<b>80% Refund</b>	<b>50% Refund</b>	<b>0% Refund</b>
One Bedroom	Traditional	9	842	\$4,678	\$458,056	\$363,239	\$274,834
One Bedroom	Deluxe	9	1,110	\$5,039	\$635,165	\$503,686	\$381,099
One Bedroom	Classic	9	1,129	\$5,218	\$751,277	\$595,763	\$450,766
Two Bedroom	Select	11	1,277	\$5,939	\$819,694	\$650,017	\$491,816
Two Bedroom	Estate	12	1,537	\$6,662	\$1,149,818	\$911,806	\$689,891
Two Bedroom	Deluxe	10	1,099	\$5,578	\$724,812	\$574,776	\$434,887
Two Bedroom	Classic	9	1,272	\$6,119	\$830,572	\$658,643	\$498,343
Two Bedroom	Elite	11	1,617	\$6,840	\$1,310,542	\$1,039,260	\$786,325
Two Bedroom	Custom	11	1,125	\$5,218	\$607,271	\$481,566	\$364,363
Two Bedroom	Grand	8	1,459	\$6,662	\$878,035	\$696,282	\$526,821

Unit Type	Description	Units	Average Square Footage	Monthly Service Fee	80% Refund	50% Refund	0% Refund
Two Bedroom	Traditional	10	1,100	\$5,396	\$670,257	\$531,514	\$402,154
Three Bedroom	Traditional	12	1,822	\$7,018	\$1,387,647	\$1,100,404	\$832,588
One Bedroom	Signature	2	1,239	\$6,751	\$875,245	\$694,069	\$525,147
Two Bedroom	Signature	22	1,532	\$6,946	\$1,176,016	\$932,581	\$705,610
Three Bedroom	Signature	5	2,489	\$8,595	\$2,101,052	\$1,666,134	\$1,260,631
Combination Units	Signature	12	2,335	\$8,101	\$1,371,785	\$1,087,826	\$823,071
<b>Total/Weighted Avg</b>		<b>162</b>	<b>1,567</b>	<b>\$6,303</b>	<b>\$988,903</b>	<b>\$784,200</b>	<b>\$593,342</b>
<b>Second Person Fees (Non-refundable)</b>				<b>\$1,443</b>	<b>\$99,626</b>	<b>\$99,626</b>	<b>\$99,626</b>

<b>River Tower Residential Units – 2023 Fee Schedule</b>							
Unit Type	Description	Units	Average Square Footage	Monthly Service Fee	80% Refund	50% Refund	0% Refund
1 Bedroom/1.5 Bath w/Office	Plan A East/West - Floors 4-10	13	1,085	\$4,272	\$622,957	\$498,366	\$423,611
1 Bedroom/1.5 Bath	Plan B – Floors 5-22	17	1,139	\$4,867	\$800,061	\$640,049	\$544,041
2 Bedroom/1.5 Bath	Plan C – Floors 4-22	18	1,124	\$4,867	\$757,537	\$606,029	\$515,125
2 Bedroom/2.5 Bath	Plan E – Floors 4-22	18	1,650	\$5,930	\$1,124,164	\$899,331	\$764,432
2 Bedroom/2.5 Bath w/Office	Plan F East/West– Floors 4-22	35	1,587	\$6,136	\$1,176,871	\$941,497	\$800,272
2 Bedroom/2.5 Bath	Plan H – Floors 4-22	18	2,030	\$6,489	\$1,322,864	\$1,058,291	\$899,548
3 Bedroom/2.5 Bath	Plan G – Floors 11-22	11	2,179	\$7,030	\$1,605,973	\$1,284,778	\$1,092,062
1 Bedroom/1.5 Bath w/Office	Flat 1 – Floors 1-2	2	1,035	\$4,110	\$602,864	\$482,291	\$409,947
1 Bedroom/1.5 Bath	Flat 2 (N&S) – Floors 1-2	4	998	\$4,056	\$600,318	\$480,254	\$408,216
2 Bedroom/2.5 Bath	Flat 3 (N&S) – Floors 1-2	4	1,559	\$5,326	\$912,967	\$730,374	\$620,818
2 Bedroom/2.5 Bath w/Office	Flats 4 & 5 – Floors 1-2	3	1,396	\$4,578	\$777,560	\$622,048	\$528,741
Penthouse Units	Penthouse (S&E) – Floors 23-24	4	2,455	\$7,760	\$2,050,571	\$1,640,457	\$1,394,388
<b>Total/Weighted Avg.</b>		<b>147</b>	<b>1,536</b>	<b>\$5,660</b>	<b>\$1,061,440</b>	<b>\$849,152</b>	<b>\$721,779</b>

Note there is no 13<sup>th</sup> floor in either Tower.

The Community may offer special incentives for Harbor’s Edge Depositors. See Special Incentive Benefits Addendum for current sales incentives in *Appendix H*. Harbor’s Edge reserves the right to make changes to these special incentives based on business needs.

## **Life Care Program Transfers to the Health Care Center**

***Transfer to Assisted Living Suite.*** Harbor's Edge will provide a standard one bedroom Assisted Living Suite and services which are approved by the medical director and are designed to assist with the activities of daily living in accordance with applicable Virginia statutes. Harbor's Edge offers services which may include assistance with dressing, eating, bathing, administration of medications and ambulating. Residents are responsible for charges for supplies and services above those included in the applicable Monthly Service Fee and voluntary apartment upgrades.

***Transfer to Memory Support Center.*** Harbor's Edge will provide a standard Memory Support Suite and services which are approved by the medical director and are designed to assist with the activities of daily living in accordance with applicable Virginia statutes. Services may include assistance with dressing, eating, bathing, administration of medications and ambulating. Residents are responsible for charges for supplies and services above those included in the applicable Monthly Service Fee and for voluntary apartment upgrades. In 2023, Harbor's Edge revised its monthly upcharges based on Level of Care. The 2023, Direct/Community Admits and temporary LifeCare Program transfers will not be charged an additional Level of Care Fee.

***Transfer to Nursing Center.*** Harbor's Edge will provide a standard private room in the Nursing Center and licensed nursing care services approved by the medical director. The care provided will cover services included in the basic private nursing room published daily rate then in effect. Such care will include, to the extent necessary, those services required by statute to be supervised or administered by a professional licensed nursing staff, e.g., medication administration, condition and behavior observation and assessment, creation and administration of a plan of care, assistance with activities of daily living and communication with physicians and other care providers.

Residents are responsible for room upgrades (i.e. water view) and charges for supplies and services above those included in the basic published daily rate. Any amount Harbor's Edge receives as a result of the Resident's assignment of benefits from Medicare, medical supplemental or any other health insurance plan is deducted from the daily rate.

## **Fees Associated with Permanent Life Care Program Transfers**

Under True LifeCare®, a Life Care Resident who permanently transfers from the Residential Units to another level of care and releases his or her Residential Apartment for resale will pay the Monthly Service Fee of \$6,662 (associated with the Two Bedroom Estate) plus a monthly Transition Fee of \$670 which includes the cost of two (2) additional meals. These fees are substantially lower than what a Direct Admit would pay in the Nursing or Assisted Living units. The LifeCare benefit is limited to the standard (lowest cost) accommodation available in the higher Level of Care. Transfers must pay the upcharge associated with a non-standard room unless that is the only accommodation available. For Fiscal Year 2023, the monthly discount for a nursing stay is estimated at \$6,800.

If just one Resident is permanently transferred to another level of care and the Residential Unit is not released, the couple continues to pay the first and second-person Monthly Service Fees for their Residential Apartment plus a monthly Transition Fee. If both Residents are permanently transferred and the Residential Unit is released, each Resident must pay the monthly Transition Fee for their additional meals in addition to the first and second person monthly service fees.

The Rates associated with permanent transfers to another level of care are the same regardless of whether the resident is transferred permanently to Assisted Living, the secured Memory Support Suites or Nursing. Permanent transfers are not charged an additional monthly fee based on their Level of Care.

All Residents are subject to additional charges for any medical supplies which are not covered by the Monthly Service Fee (or Medicare), for (voluntary) apartment upgrades, and costs of relocation when transferring permanently to another level of care. Any amount Harbor's Edge receives as a result of the Resident's assignment of benefits from Medicare, medical supplemental or any other health insurance plan is deducted from the daily rate.

With the expansion and renovation of Assisted Living and Memory Support units, Harbor's Edge has established the following monthly upcharges for LifeCare residents who select a voluntary apartment upgrade:

Assisted Living Apartment Upgrades over Standard Transfer Fees	Monthly
Harbor Tower Premium Waterview Room	\$275
Harbor Tower Prime Waterview Room	\$400
River Tower Premium Room (with Large Courtyard)	\$500
River Tower Premium Room (with Small Courtyard)	\$300
Harbor Tower or River Tower Deluxe Unit	\$400
River Tower Upcharge (over Standard Harbor Tower apt.)	\$300
Second Bedroom (applies to River Tower 2 Bedroom units)	\$3,500
Memory Support Apartment Upgrades over Standard Transfer Fees	Monthly
Deluxe Room w/ Shower	\$200
XL Deluxe w/ no Shower	\$250
New Unit Upcharge (over Standard unit)	\$250
Premium Corner Unit	\$250
Large/Closet with View	\$250
Basic Room with Water View (WV)	\$400
Premium Waterview & Corner Unit	\$500
XL (Extra Large) Deluxe Room with View	\$650



## Fees Associated with Temporary Life Care Program Transfers

Prior to permanent transfer and release of the Residential Unit, Life Care Program participants temporarily occupying Assisted Living Suites or Nursing Center rooms will pay the Direct/Community Admit monthly/daily service fee associated with their Level of Care in addition to the Monthly Service Fee for a Residential Unit. The Second Person Monthly Service Fee associated with the Residential Unit is waived during a temporary transfer.

<b>Assisted Living – Direct/Community Admits and Temporary LifeCare Transfer</b>						
<b>Harbor Tower (HT) River Tower (RT) Unit Type</b>	<b>Number of Units</b>	<b>Average Square Feet</b>	<b>Level 1 (Base Room Fee)</b>	<b>Level 2 (Assisted)</b>	<b>Level 3 (Enhanced)</b>	<b>Level 4 (Extensive)</b>
HT Standard	11	539	\$6,700	\$8,500	\$9,100	\$9,700
HT Premium	2	548	\$7,100	\$8,900	\$9,500	\$10,100
HT Deluxe	8	615	\$7,269	\$9,069	\$9,669	\$10,269
RT Premium	9	652	\$7,233	\$9,033	\$9,633	\$10,233
RT Deluxe	9	798	\$7,856	\$9,656	\$10,256	\$10,856
RT Two Bedroom	2	1,078	\$12,250	\$14,050	\$14,650	\$15,250
Total	41					

<b>Memory Support – Direct/Community Admits and Temporary LifeCare Transfer</b>				
<b>Type</b>	<b>Number of Units</b>	<b>Square Feet Range</b>	<b>Monthly Upcharge included in Fee</b>	<b>Monthly Fee (No Level of Care Charge)</b>
Standard Unit (low side)	11	266-279	none	\$9,250
Newly renovated Unit (high side)	9	207-243	\$250	\$9,500
Deluxe Unit with no shower	1	399	\$250	\$9,500
Deluxe Unit with shower	1	359	\$450	\$9,700
Premium Corner Unit	2	306-335	\$500	\$9,750
XL (Extra-large) Deluxe with View	1	397	\$650	\$9,750
Premium Corner Unit	2	306-335	\$500	\$9,750
Large w Closet/Inside Prem	1	403	\$500	\$9,750
Basic Waterview (WV)	3	212-226	\$650	\$9,990
Premium Corner Waterview (WV)	2	331	\$750	\$10,000
Total/Weighted Average	33	270	\$289	\$9,543

<b>Nursing – Direct/Community Admits and Temporary LifeCare Transfer</b>					
<b>Unit Type</b>	<b>Type</b>	<b>Number of Units</b>	<b>Average Square Feet</b>	<b>Medicare/Skilled Daily Rate</b>	<b>Long Term Care Daily Rate</b>
Private	Premium	25	269	\$465	\$415
Private	Deluxe	8	398	\$535	\$460

**Additional Fees and Medicare/Private Insurance.** All residents are subject to additional charges for any medical supplies which are not covered by the Monthly Service Fee, for (voluntary) apartment upgrades, and costs of relocation when transferring permanently to another level of care. Any amount Harbor's Edge receives as a result of the Resident's assignment of benefits from Medicare, medical supplemental or any other health insurance plan is deducted from the daily rate. If a particular service or supply is not a Medicare covered benefit, the Resident must use private insurance or funds.

Level of Care Fees are determined by Assisted Living staff using a standard assessment tool.

## Fee Adjustments

Harbor’s Edge has the right to adjust the Monthly Service Fees upon thirty (30) days advance written notice to the Residents. Historically, Harbor’s Edge has increased Monthly Service Fees once per year in January. The following table shows the percentage by which Monthly Service Fees were increased for the past five (5) years as well as the average increase with respect to Entrance Fees for such Fiscal Years.

Residential Units	2017	2018	2019	2020	2021	2022	2023
Monthly Service Fees	2.5%	2.5%	3.5%	2.0%	1.5%	2.75%	5%
Entrance Fees	0%	0%	3.0%	3.0%	0%	1.5%	-3% Harbor Tower +3% River Tower

## Average Dollar Amount of Increase (Decrease)

Frequency	Residential Units	AL/MS Level I	AL/MS Level II	AL/MS Level III	Healthcare/ Nursing Care
January 1 <sup>st</sup> 2019	172	235	288	352	12 Skilled/ 11 Private
January 1 <sup>st</sup> 2020	131	128	160	198	13 Skilled/ 15 Private
January 1 <sup>st</sup> 2021	55	0	0	0	13 Skilled/ 11 Private
January 1 <sup>st</sup> 2022	165	0	0	0	0
January 1 <sup>st</sup> 2023	307/HT 269/RT	\$625 Weighted average			13 Skilled 12 Private

## Deposits

**Reservation Deposit.** A minimum 10% deposit is payable by a prospective Resident at the time of execution of an agreement for reservation of a Residential Unit (the “Reservation Deposit”) and is held by Harbor’s Edge in an escrow account for the benefit of such prospective Resident pursuant to the Virginia Continuing Care Law or when such prospective Resident requests a refund of such deposit. (See Appendix J). The remaining balance of the Entrance Fee (the “Deposit Balance”) is payable not later than thirty (30) from the date the Resident receives written notice from Harbor’s Edge that the Residential Unit is or will be available and, in any event, not later than the date of occupancy by a prospective Resident (the “Settlement Date”).

Prospective Residents may place a refundable deposit on a particular residence by completing a Waitlist Agreement attached hereto as Appendix C. Upon notification of an available apartment, in the selected style, the future resident will have three (3) business days to complete the Life Care Agreement and pay the balance of the Reservation Deposit required for the apartment selected. The Waitlist deposit will be credited to the Reservation Deposit and applied against initial Monthly Service Fees at Settlement.

## Entrance Fee Options

**Entrance Fee.** The Entrance Fee is based upon the size of the Residential Unit, the number of Residents in each Residential Unit and the Entrance Fee Refund Plan (“ERP”) option chosen by the Resident. Entrance Fees for the 80% ERP (Standard Contract) range from \$460,000 for the smallest one-bedroom unit to \$2,101,052 for a large three-bedroom penthouse unit. There are a limited number of Zero and Fifty Percent Refundable Plans available. Residents aged 84 or older on their Settlement Date can receive a maximum refund of seventy percent (70%).

Harbor's Edge utilizes the actuarial consulting firm, A. V. Powell and Associates, LLC, to determine the appropriate actuarial decrement for refund options, the higher the refund, the higher the entrance fee, and vice versa.

### **Entrance Fee Refunds**

The Entrance Fee Refund (the "Entrance Fee Refund"), if any, is paid according to the terms of the applicable Life Care Agreement. For contracts on or after March 1, 2013, Entrance Fee Refunds are paid thirty (30) days after receipt of sufficient "Net Proceeds" to fully refund the refund obligation which is derived from the next resale of a unit and occupancy of any Residential Unit that occurs following the termination of the Resident's Life Care Agreement. "Net Proceeds" is defined as the refundable portion of a new Entrance Fee from a resale of an apartment to a new Resident. "Sufficient 'Net' Proceeds" means adequate Net Proceeds which, after payment of all refund obligations having priority over the Resident's refund, is sufficient to pay the Resident's refund in full. Effective with contracts on or after March 1, 2013, a \$10,000 re-sale fee (the "Re-Sale Fee") is deducted from the Entrance Fee Refund to cover the cost of re-marketing the residence. Re-sales may generate zero Net Proceeds when they involve non-refundable Entrance Fees. The non-refundable portion of all Entrance Fees may be used in the sole discretion of Harbor's Edge.

The order in which Entrance Fee Refunds are processed is based on a first in, first out basis determined as of the date and time of termination of the Life Care Agreement for all Life Care Program participants who have a pending Entrance Fee Refund due, regardless of whether the termination is caused by death or other reason.

In addition to, and separate from, the partially refundable Entrance Fee associated with the selected unit, a non-refundable Second Person Entrance Fee shall be due at Settlement for units with double occupancy. With exception for terminations prior to Settlement, the Second Person Entrance Fee is non-refundable. The Second Person Entrance Fee is \$99,626, regardless of the unit or Tower selected. The Second Person Entrance Fee (the "Second Person Entrance Fee") is not refundable.

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

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

### **Use of Reservation and Resident Deposits**

Prior to the Settlement Date, the Entrance Fee (including both the Reservation Deposit and the Deposit Balance) shall for all purposes be the prospective Resident's property and shall not be the property of FNRC. Upon the Settlement Date, the Entrance Fee (including both the Reservation Deposit and the Deposit Balance) shall become the property of FNRC for the uses described in the following paragraph.

The Resident Entrance Fee Deposit will be used to generate investment income to contribute to the operating income of FNRC, and to help fund operating and capital costs. As such, interest income generated from the investment of the Entrance Fee will be paid to FNRC. This use of the Entrance Fee allows FNRC to offer lower on-going Monthly Service Fees. In addition, at the sole discretion of FNRC, Entrance Fees may also be used to pay for project development costs, start-up deficits, debt service, retirement of debt, costs of future capital expenditures, Resident refunds and other purposes deemed appropriate by FNRC.

## **Escrow and Return of Entrance Fee/Deposits**

In accordance with Virginia law, the Reservation Deposit will be held in a separate escrow account. If invested, the escrow account shall be invested in instruments authorized for the investment of public funds and not in default as to principal or interest.

A Resident may request and receive a refund of the Reservation Deposit if not released within three (3) years after deposit of the Reservation Deposit in the escrow account, unless, once two (2) years have elapsed since deposit of the Reservation Deposit in the escrow account, the Resident and Harbor's Edge thereafter mutually agree to extend the period of time for retaining the Reservation Deposit in escrow. The Reservation Deposit will be released from escrow to Harbor's Edge upon the resident's occupancy of the Residential Unit.

The Entrance Fee will be refundable to the extent noted in Section 6 of the Applicable Life Care Agreement to the Resident, the Resident's estate or paid to a trust when separate arrangements that are acceptable to Harbor's Edge have been executed.

Prior to occupancy, the prospective resident will be entitled to a full refund of any money paid to FNRC within thirty (30) days of the date that written termination of the Harbor's Edge Reservation Agreement (shown as Appendix J) is received by FNRC.

After the thirty-day rescission period and prior to occupancy, the prospective resident's refund amount may be reduced by an administrative fee of \$5,000 if the Life Care Agreement is terminated for any reason other than the following:

- If the prospective resident terminates the Life Care Agreement within seven (7) days of the date on which the prospective resident executed the Life Care Agreement and paid the Reservation Deposit;
- If the prospective resident or the resident's spouse/second occupant dies before occupying the unit or is otherwise unable to occupy the unit due to illness, injury, or incapacity, that would preclude the Resident from occupying the Residence consistent with the representations made in the Application for Life Care Agreement;
- If FNRC terminates the Life Care Agreement by the residence not being available for occupancy within three (3) years after the date of execution of the Life Care Agreement; or
- If FNRC terminates the Life Care Agreement pursuant to provisions in applicable state law.

No administrative fee will be charged if Harbor's Edge determines that the resident(s) do not meet the requirements for admission.

## **9. RESERVE FUNDING**

### **Depositors and Residents**

The Residential Unit Reservation Deposits will be held in a separate escrow account. Such reservation deposits will either be held in the form received or invested in instruments authorized by Virginia law for the investment of public funds. No reserve fund will be established for the refundable portion of the resident Deposits.

### **Financial Reserves**

As additional security for the Series 2014 and 2019 Bonds, two Debt Service Reserve Funds totaling \$11.4 million were established pursuant to the Bond Indenture and were funded from the proceeds of the Series 2014/2019 Bonds.

In regard to unrestricted cash and investments, as of September 30, 2022, \$19 million of a total \$36 million was being actively managed by Merrill Lynch with the remaining funds in operating accounts with two banking establishments.

The Board has the ultimate fiduciary responsibility to manage the Harbor's Edge investments. It is the policy of the Board to treat all assets of Harbor's Edge, including funds that are legally unrestricted, as if held by the Harbor's Edge in a fiduciary capacity for the purpose of accomplishing its charitable mission and purposes. In that regard, the basic investment standards are designed to be those of a prudent investor as articulated in applicable State laws.

The Board ensures that appropriate policies governing the management of Harbor's Edge funds are in place and to implement these responsibilities the Board reaffirms or approves amended changes of the investment policy on a regular basis. The Finance Committee is responsible for implementing the investment policy and its responsibilities include approving investment strategies, hiring and firing investment consultants and monitoring performance of the investment portfolio on a regular basis. Harbor's Edge's objective is to provide superior protection of principal while realizing a total rate of return on investments as is consistent with prudent investment risk while providing adequate liquidity to meet the organization's operational requirements.

Harbor's Edge's investments and reserves are managed by external investment managers, in accordance with an investment policy which allows for discretion by these managers within general guidelines. Following are examples of guidelines stipulated in the Investment Policy: 1) the investment time horizon is between four (4) and ten (10) years; 2) restrictions from purchasing investments in the following asset class(es): Real Assets, Hedge Fund Strategies and Private Equity; 3) No hedging, No margin, No short-selling permitted; 4) maximum maturity for any individual fixed income security purchased will not exceed ten (10) years; 5) no individual equity may have a market value greater than 5% of the total market value of the portfolio; 6) credit quality of all fixed income instruments must be rated investment grade or better by the rating agencies; 7) duration of the fixed income portion of the portfolio will be four (4) years or less. Asset selection is left to the discretion of the investment consultants, and the investment advisers submit written performance measurement reports to the Board's Finance Committee at least quarterly. The following asset allocation is limited to unrestricted funds and excludes Resident deposits.

Asset Class	Range
Cash	0% -30%
Equity	10%-20%
Fixed Income	55%-85%

Mr. Aashish Matani is the Senior Portfolio Manager responsible for the unrestricted funds managed by Merrill Lynch. Aashish Matani, Senior Vice President – Wealth Management, has been with Merrill Lynch for over twenty-three (23) years. Mr. Matani holds a bachelor's degree in finance with a concentration in portfolio management from Old Dominion University in Virginia. He holds the distinction of CFA Charter Holder, Certified Investment Manager Analyst®, and Certified Private Wealth Advisor® obtained respectively from The Wharton School of the University of Pennsylvania (2006) and The University of Chicago's Booth School of Business (2010).

## 10. CERTIFIED FINANCIAL STATEMENTS

A copy of FNRC's audited financial statement for fiscal year ending September 30, 2022 and 2021 is attached hereto as Appendix E.

## 11. PRO FORMA INCOME STATEMENT

FNRC's pro forma income statement for the current fiscal year is attached hereto as Appendix F. Assumptions used to prepare the budget are outlined below.

- Harbor Tower Independent Living occupancy is assumed at 87% including a 5% increase in monthly fees and no increase in Entrance Fees.
- River Tower Independent Living occupancy is assumed at 83% including a 5% increase in monthly fees and no increase in Entrance Fees.
- Assisted Living and Memory Support occupancy is assumed at 77% and 64% respectively. There was a scheduled 3% increase in monthly fees for both Assisted Living and Memory Support. Transition fees were scheduled to increase by 5%.
- Nursing occupancy is assumed at 90% including with a scheduled 3% increase in daily fees.
- For existing staff, salaries and wages were budgeted to increase an average of 3%.
- The Full Time Employee (FTE) budget increased to 273.
- Employer cost for Health insurance is expected to increase 8% over the prior year.
- Property and liability premiums are estimated to increase at 24% with the addition of the River Tower units.
- The Capital budget for 2023 is \$2.0 million and includes \$1.70 million for Residential Living and the Healthcare Center.

## **12. SUMMARY OF FINANCIAL INFORMATION**

FNRC's Summary of Financial Information is attached hereto as Appendix G.

## **13. ADMISSION OF NEW RESIDENTS**

Harbor's Edge is a Continuing Care Retirement Community that offers its residents care and access to care, including, in some cases, discounted or prepaid care. To be able to deliver these benefits to its total resident population in a cost effective and operationally efficient way, Harbor's Edge needs to screen prospective residents for admission, determine their medical history, condition and functional status, assess their potential for needing an unusually high degree of care or early onset of care needs, and evaluate Harbor's Edge's ability to accommodate those needs with its existing staff and facilities.

Applicants who are at least sixty-two (62) years of age and whose level of care evaluation indicates that the individual is capable of living and caring for him or herself, with or without reasonable accommodation and without risk to self and/or others and who have assets and income sufficient to meet ordinary and customary living expenses expected to be incurred after assuming occupancy are eligible to reside in the Residential Units. The individual must submit a report of a physical examination made by a physician within thirty (30) days prior to assigned occupancy date which is consistent with the level of care evaluation, and Applicants must complete and submit an Application for Life Care Agreement, including General Information, a Confidential Financial Statement, and a Health Profile. These documents ask for relevant personal information (e.g., health insurance information, health status information, list of medications, name of physician, etc.) and a financial statement. The Application for Life Care Agreement is attached hereto as Appendix B.

The Harbor's Edge Administrative Committee evaluates prospective Residents in their candidacy for occupancy. If the committee finds that the information disclosed by the Physician's Report, etc. differs materially from information in the Application for Life Care Agreement, Harbor's Edge has the right to decline admission and may terminate the Life Care Agreement. Harbor's Edge may also permit the Resident to take occupancy at Harbor's Edge that is more suitable to the needs based on the applicant's existing health status and the availability of alternate accommodations.

Within ten (10) days of providing the information required, applicants will be notified by Harbor's Edge concerning their acceptance for Residency. However, acceptance for Residency to Harbor's Edge shall be conditioned upon no material change in the matters covered by the Application for Life Care Agreement prior to

the Settlement Date. In the event of any such material change in the health condition or financial status of the Resident, or in any other matter addressed in or reflected on the General Information, Confidential Financial Statement, and Health Profile prior to the Settlement Date, Harbor's Edge may request that additional information be provided, considered and approved as a condition of admission. In the event of the existence of a material change in condition, Harbor's Edge may revoke its acceptance for Life Care Residency to Harbor's Edge at any time prior to the Settlement Date by written notification sent to the prospective resident, and the Reservation Deposit shall be refunded in full within ten (10) business days of the date of such notification.

The application and admission process are described in further detail in Section 5 of the applicable Life Care Agreement.

#### **14. ACCESS TO FACILITY BY NON-RESIDENTS**

Residents may have guests at any time. Access to the facility will be controlled and security personnel may refuse admission to persons attempting to enter without a proper purpose. Security has a right to refuse entry to (1) persons whose actions may be disruptive to the Residents, (2) persons whose actions may threaten the safety of any Resident or employee, or (3) persons whose presence Harbor's Edge reasonably believes could result in a liability to employees or residents. Residents are responsible for the conduct of their guests and for payment of any charges incurred by them. Guests may not occupy your Residence for more than fourteen (14) consecutive days or thirty (30) days in a twelve (12)-month period without the prior written approval of Harbor's Edge.

Residents may arrange for Private Duty services to be provided at the Resident's expense. To ensure compliance with Federal and State regulatory requirements in hiring/use of Private Duty personnel and to ensure the safety and security from unauthorized personnel, Harbor's Edge must approve the Resident's Private Duty sitter or Home Health Care Agency. Harbor's Edge requires written notification by Residents prior to utilizing Home Health Care and/or Private Duty services so that background checks can be performed for security purposes. The Resident agrees to reimburse Harbor's Edge for the cost of the required PPD license verification, criminal and sex offender investigation on the proposed Private Duty sitter or provide written certification from the Home Health Care agency that the assigned Private Duty sitter meets all regulatory requirements for employment. These credentialing costs are \$75, and Harbor's Edge reserves the right to reject any proposed worker who may compromise the security at the Community.

Generally, Health Care/Skilled Nursing Care will only be available to residents who have resided at Harbor's Edge as Residential Unit or Assisted Living residents and are parties to standard Life Care (continuing care) contracts. However, in accordance with the Certificate of Public Need, Harbor's Edge will accept direct admissions into its nursing care beds until the earlier of when the nursing home occupancy rate for Life Care residents reaches 85 percent or December 31, 2025.

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

Should a resident within Harbor's Edge feel that he/she has a concern or complaint with regards to services received or has a suggestion for improvement, and has utilized the established Community process (filled out a Gold Slip) to express the concern or recommendation without adequate resolution, he/she may do the following:

1. To facilitate the handling of recommendations or complaints, they should be in writing. Verbal suggestions or complaints sometimes do not find their way to the proper department head. And when they fall through the cracks unanswered, residents feel unheard. Therefore, we have developed "Gold Slips" which are available at the Resident Services counter and electronically through Resident Apps. These suggestions will be disseminated to the proper department and an answer will follow normally within the work week, at the latest you should have an answer is within ten (10) days for more complex matters.

2. If your complaint or problem is of an immediate nature, bring it to the Supervisor on Duty (on weekends it would be the Manager on Duty) to resolve. If they do not have the decision-making ability or knowledge to be able to resolve a situation, then the Manager or Director of the Department would be the next step in this process. If the situation is not resolved to your satisfaction within a reasonable time frame for a pressing issue, say one to two (1-2) days (ex: you are going out of town and have a problem in your apartment that needs resolution) or a non-pressing issue, five to seven (5-7) days (ex: you want to know if your granddaughter can be married on the Terrace), you may elect to take the matter to the Chief Operating Officer or the Resident Advisory Council (RAC) Committee Representative for resolution.
3. Issues of a broader nature (affecting many residents and not just one to two (1-2) individuals), sometimes can be discussed in more detail in the appropriate RAC Committee (e.g. Dining, Building/Grounds, Library, etc.). An example would be “why can’t the bus transportation be free all the time”. If the RAC Committee feels the suggestion/complaint/issue for improvement is valid, they will discuss the matter at their next scheduled monthly meeting between the RAC Committee and the RAC Executive Committee. Administration will be approached only after these steps have been completed.
4. Either the Manager or Director of the particular department or the RAC Committee should be able to resolve most matters but know it may or may not be the answer you are seeking. As in any CCRC, decisions are made based on ability to implement it successfully, costs to make the change, and what is the effect on all residents. Decisions related to Operational matters and/or affecting just a few residents, for example, “why can’t the Bistro be open seven (7) days a week”, should go to the Director of that department to resolve. If it is not resolved, it can be taken to the Chief Operating Officer.
5. All letters addressed to the Board of Directors will be forwarded to the Administration to be handled according to the policy and procedures outlined above. The RAC is not a body that is responsible for the operations of the community. Likewise, the role of the Board of Directors is to govern the community, not to manage the day-to-day operations. Management is charged with this responsibility.
6. Please do not express complaints to an employee as they may not know why a policy is in place and/or why something is handled one way or may not fully understand the implications of the policy. Our employees do not have the authority to make changes, and they do not make the rules; thus, they should not be pressured to bend them.
7. If the complaint or concern remains unresolved and rises to the level of a claim or dispute, the claim or dispute will be resolved by submission to neutral, binding arbitration. The process for resolving claims or disputes under Arbitration is set forth in further detail in Section 7 of the applicable Life Care Agreement.



# **Appendix A - Life Care Agreement -Version Eleven**

**Effective April 8, 2021**

**HARBOR'S EDGE**  
**LIFE CARE AGREEMENT**

**Life Care Resident**  
**Version 11**  
**Effective April 8, 2021**

**HARBOR’S EDGE  
RESIDENCY AGREEMENT**

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**HARBOR'S EDGE**  
**LIFE CARE AGREEMENT**

**FORT NORFOLK RETIREMENT COMMUNITY, INC**  
**/d/b/a HARBOR'S EDGE**

This Life Care Agreement ("Agreement") is entered into on \_\_\_\_ / \_\_\_\_ / \_\_\_\_\_ by \_\_\_\_\_

(individually and/or collectively "you" or "Resident(s)"), and Fort Norfolk Retirement Community, Inc. ("FNRC"), a Virginia non-stock, nonprofit corporation. The terms "FNRC", "we" and "our" are used throughout this Agreement to denote Fort Norfolk Retirement Community, Inc. The term "Harbor's Edge" or "Community" refers to the senior living community located at One Colley Avenue, Norfolk, Virginia 23510, doing business as Harbor's Edge.

FNRC seeks to provide quality residential housing for retirement age men and women along with an array of personal services and amenities outlined in this Agreement, including specific Assisted Living and Nursing Services. Subject to the conditions contained in this Agreement, we agree to make available to you an unfurnished Residential Apartment ("Residence") in Harbor's Edge and provide you with general services and amenities described in this Agreement. Your residence, initial monthly service fees, entrance fees, and Date of Settlement are as follows:

<b>Resident Contract Summary Table</b>		
<b>Category</b>	<b>Details</b>	<b>Notes</b>
1. Date of Settlement		
2. Residence Number		
3. Residence Style		
4. Total Entrance Fee	\$	
5. Entrance Fee (refundable)	\$	Paid on / /
6. Second Person Entrance Fee (non-refundable)	\$	Paid on / /
7. Wait List Deposit	\$	Paid on / /
8. Reservation Deposit	\$	Paid on / /
9. Remaining Entrance Fee Deposit Balance	\$	Paid in Full on / /
10. Initial Monthly Service Fee First Person	\$	(Per Month)
11. Initial Monthly Service Fee Second Person	\$	(Per Month)
12. Entrance Fee Refund Option		_____ % Refundable

## 1) GENERAL SERVICES AND FACILITIES

- 1.1 **Basic Terms.** In consideration of payment of an Entrance Fee and applicable Second Person Entrance Fee in the amount stated in the Life Care Agreement and payment of the appropriate monthly service fee(s), initially in the amount stated in the Life Care Agreement, you will be entitled to occupy the Residence indicated above and to receive the services and use of the facilities described in this Agreement according to the provisions of this Agreement and the policies and procedures described in the Resident Handbook.
- 1.2 **Right to Occupy.** Your right to occupy the Residence or such other care accommodations to which you may be transferred in accordance with this Agreement shall continue for your lifetime unless sooner terminated as provided herein. The right to occupy the Residence and receive services under this Agreement shall apply exclusively to the named Resident(s) hereunder, and to no other individual(s). No person other than the Resident entering into this Agreement shall be permitted to occupy the Residence without the express written permission of FNRC as hereinafter provided.
- 1.3 **Residence Furnishings.** The Residence will be furnished at our expense with floor coverings, window coverings, self-defrosting refrigerator and freezer with ice-maker, range and oven, dishwasher, microwave oven, garbage disposal, washer/dryer, and fire sprinkler system. FNRC will be responsible for providing repair, maintenance and replacement of equipment provided by FNRC, provided that such repairs are not required as a result of the negligent or intentional acts of you or your invitees. .
- 1.4 **Parking.** Parking spaces will be provided for Residents and guests of Harbor's Edge subject to the restrictions noted in the Resident Handbook. Harbor's Edge does not provide covered parking or garage access for Life Care residents once they have released their Residential Apartment and moved to another level of care.
- 1.5 **Community Common Areas.** You have the right to use such portions of the Community as are designated as common areas by management from time to time in accordance with FNRC rules and regulations in effect from time to time.
- 1.6 **No Smoking Policy.** Harbor's Edge is a non-smoking community (this includes vaping/the use of e-cigarettes). Smoking is prohibited in all apartments and public areas of all buildings as well as surrounding grounds.
- 1.7 **Included General Services.** As long as you are in compliance with your obligations hereunder, we will provide you with the following services covered by the monthly service fee and Entrance Fee:
- a. Food Service. Residents may elect a standard meal plan (the "Standard Meal Plan") or any available optional meal plan by completing the election form according to Community policy then in effect.
    - i. Standard Meal Plan:
      1. Under the Harbor Dollars Meal Plan, you are entitled to a quarterly allowance equal to the value of one standard dinner in the main dining venue per day. These credits may be used for you in several dining areas in the Community. Unused credits cannot be carried over at the end of a quarter. Certain restrictions may apply on use of Harbor Dollars for holidays, special events and guests.
      2. Under the One-Meal-A-Day Plan, you are entitled to one meal credit to be used for a standard lunch or dinner in the main dining venue per day (for example, thirty (30) meal credits for June and thirty-one (31) meal credits for July). Unused meal credits may be used for you in several dining areas in the Community, however any unused meal credits for any month will be forfeited and may not be applied as a credit against meal charges for any other period. Certain restrictions may apply on use of meal credits for holidays, special events and guests.
    - ii. Optional Meal Plan: Optional meal plans may be offered in lieu of the Standard Meal Plan, at a discount or a premium, based on plan design. These optional plans may include enhancements or limitations not in the Standard Meal Plan.
    - iii. Meal Credits: If you are absent from Harbor's Edge for more than fourteen (14) consecutive days, you will receive a meal credit allowance in conformance with our meal credit policy applicable for the meal plan selected by the Resident(s), provided you give FNRC written

notice of your intended absence at least two (2) weeks in advance. For confirmed health-related absences, no prior notice is required.

- iv. Additional Meals: Additional meals are available upon request for an additional fee.
- b. Housekeeping. Housekeeping of the Residence, including vacuuming, light dusting, mopping, sweeping, and external cleaning of kitchen, countertops, appliances and bathroom fixtures.
- c. Utilities. The costs of sewer, water, waste disposal, electricity, air-conditioning, and basic cable television service are included in the monthly service fee. The Residence will be centrally wired for cable television and telephone service, as well as a data communications port. You will be responsible for all telephone, premium cable television and internet service provider charges.
- d. Security. There will be twenty-four (24) hour monitoring of security systems at Harbor's Edge. Exterior entrances will be secured, and electronic coded access will be provided.
- e. Urgent Call System. Each Residence will be equipped with smoke detectors, a sprinkler system, an urgent call system, and a Resident check-in system. FNRC will monitor the urgent call system on a twenty-four hour basis and coordinate emergency responses as appropriate.
- f. Laundry. FNRC will provide scheduled weekly laundry service of your personal bed linens while you remain in your Residential Apartment.
- g. Maintenance. FNRC will maintain all community common areas and grounds. You are responsible for maintenance of your personal property, i.e., furniture, TV, etc.
- h. Mail. A U.S. mailbox and an internal mailbox will be provided to you in a central location.
- i. Group Transportation. FNRC will provide local group transportation (in a defined area) on a regularly scheduled basis and transportation to local doctor and medical appointments at a nominal charge when scheduled by authorized staff. An additional charge may be made for transportation for special or group trips.
- j. Community, Life and Wellness. The Community, Life and Wellness Department will offer a variety of social, spiritual, recreational, educational, cultural and fitness programs for those Residents wishing to participate. Specific programs will be based on Residents' interests. Some activities may require additional cost. Participation shall be subject to FNRC rules and regulations in effect from time to time.
- k. Property Taxes. FNRC will pay for real property taxes for the community, with the exception of those assessed on your personal property.
- l. Insurance. FNRC will obtain property and casualty insurance coverage on the buildings and grounds. FNRC's coverage will not insure against loss or damage to your personal property by theft or other cause or damage or injury to others caused by you.
- m. Storage Area. Limited storage space may be available on a first come, first served basis. Harbor's Edge does not provide storage facilities for Life Care residents once they have released their Residential Apartment and moved to another level of care.
- n. Wellness Programming. FNRC will coordinate educational and screening programs promoting wellness and preventive health maintenance. Participation in these activities is voluntary.
- o. Medical Director. FNRC will retain the services of a qualified physician ("Medical Director") to be responsible for the oversight of the appropriateness and quality of medically related activities provided by us.
- p. Clinic Services. FNRC presently operates a clinic on premises (the "Clinic") where you may be examined and treated on an outpatient basis by appointment. Every effort will be made for physicians and medical practitioners selected by FNRC to keep scheduled office hours at the Clinic. Services will be billed on a fee for service basis if you utilize the services. The selection of a medical provider and the decision to receive or decline medical services is your sole responsibility. FNRC reserves the right to discontinue the operation of the Clinic, in its sole discretion, if it determines that regulatory or statutory obligations become overly burdensome, the costs arising from or related to the Clinic's operations significantly increase, or the space constraints at the premises render the Clinic's operation infeasible. If FNRC makes such a determination and decides to discontinue the operation of the Clinic, then FNRC will provide you with thirty (30) days' advance written notice of the closing of the Clinic.

- 1.8 **Additional Services.** Additional services may be available to you on a fee-for-services basis, such as, but not limited to, special events, transportation services, specialized medical procedures, personal care services, concierge services, guest meals, catering for special occasions, room service, additional housekeeping services, use of guest suites, and personal business services. A current fee schedule is available upon request. Charges for these additional services and others that may be offered will be made in accordance with the Resident Handbook then in effect and will be billed to you monthly.
- 1.9 **Advance Notice for Changes in Fees, Charges or Scope of Care or Services.** FNRC reserves the right, from time to time, to change the fees, charges, or scope of care or services not mandated by federal or state law as necessary to manage the cost of programs and the availability of resources. In the event of a change in the fees, charges, or scope of care or services, including any change to the fee schedule for any additional services, FNRC will provide at least thirty (30) days' advance notice before any change to the fees, charges, or scope of care or services becomes effective, except for changes required by state or federal assistance programs, which may require more immediate implementation.
- 1.10 **Life Care Benefit.** We will provide you with priority access to a continuum of on-site care should you need it, including assisted living ("Assisted Living"), memory support assisted living ("Memory Support") and skilled nursing care in our nursing center ("Health Center") for predictable monthly rates (the "Life Care Benefit"). The Life Care Benefit is more fully described in Section 3 and subject to changes in law.

## 2) RESIDENT'S OBLIGATIONS

- 2.1 **Alteration and Use of Residence.** You acknowledge that you have had an opportunity to inspect the Residence and that its condition and state of repair meet with your approval. You may make alterations to your Residence at your cost, subject to FNRC policies and with FNRC's prior written approval. Any approved alteration will be performed by our maintenance staff or by a contractor we approve. You are responsible for the cost of any changes or alterations made by you to the Residence. Improvements paid for by Residents are the property of FNRC and the value of these alterations and improvements will not be added to any applicable Entrance Fee Refund. We reserve the right to require you to return the Residence to its original physical layout at your expense upon vacating the Residence. For your safety, you agree not to change or add any locks to any door or window of your Residence. You agree to use the Residence as your private Residence and to maintain it in a clean, sanitary and orderly condition. You agree not to act in any manner that interferes with our other Residents' quiet enjoyment of the Community.
- 2.2 **Resident Handbook.** We have specified the policies and procedures for the occupancy and orderly operation of Harbor's Edge in the Resident Handbook. The Resident Handbook, as amended from time to time, is hereby incorporated by reference. Harbor's Edge retains the right to change and amend the policies and procedures in the Resident Handbook. The Handbook will be provided to you on or before the date you move in. You agree to abide by and observe the Handbook and all amendments and additions thereto. In the event that the terms of this Agreement conflict with the Resident Handbook, the terms of this Agreement shall control.
- 2.3 **Health Insurance.** During the term of this Agreement, you shall obtain and maintain in force Medicare Parts A and B and any future program that may be offered by Medicare. You shall also maintain in effect Supplemental Medicare Insurance coverage acceptable to FNRC and furnish evidence of such insurance coverage upon our request. If you are not qualified for Medicare coverage, you will be required to maintain comprehensive health coverage satisfactory to FNRC. You agree to provide evidence of such insurance to FNRC upon request. You also agree to execute all necessary forms to obtain payment of benefits which are or may be payable in the future for health care services provided hereunder to you. Upon request, you will execute an assignment of all such benefits to FNRC.

You will be responsible for paying separately for all health care services that are not covered by FNRC, Medicare (or an equivalent substitute policy approved by FNRC), or Medicare Supplemental Insurance, as set forth in this Agreement. If you have any questions about such coverage, FNRC will assist you in obtaining answers.



**2.4 Cost of Physicians, Medicines, Etc.** You acknowledge and agree that any and all expenses or charges which may be incurred by or on behalf of you for costs not covered by this Agreement, including, but not limited to, physicians, therapists, podiatrists, diagnostic services, mental health, medicines, prescription drugs, medical supplies, eyeglasses, hearing aides, vitamins, crutches, braces, walkers, wheelchairs, special duty nursing, hospitalization, emergency medical services, ambulances, laboratory and clinic services, care and treatment of eyes, ears and teeth, and any and all other personal medical expenses shall be your sole and exclusive responsibility. You shall be entitled to treatment by the physician of your choice at your expense.

**2.5 Home Health Care Services.** It is the intent of FNRC to enable you to maintain the highest level of independence possible. As such, you may arrange for Home Health Care services to be provided to you in your Residence at your expense by a certified Home Health Care agency. Such services are typically intermittent and short-term in nature, often rendered following an acute care illness. While FNRC will, on occasion, provide brochures, host seminars and even provide offices for Home Health Care Agency(ies) to facilitate providing such services to the Residents of Harbor's Edge, all services and goods are provided by a contract between the Home Health Care Agency(ies) and the Resident. FNRC shall in no way be deemed a party to that contract and shall not be responsible for the acts or failure to act of any such agency.

FNRC must approve the Resident's Home Health Care provider. You agree to notify FNRC in writing that you intend to receive Home Health Care services, the name and address of the provider, the services to be provided and the periods of visitation. If the provider has not provided certification that it has met all regulatory requirements for credentialing the assigned Home Health Care worker, FNRC shall conduct the required credentialing to include criminal and sex offender investigations on your proposed Home Health Care workers. FNRC reserves the right to reject proposed workers whom FNRC believes may compromise the security of Harbor's Edge. Resident agrees to reimburse FNRC for the cost of such credentialing as shown on the current Fee Schedule. Once FNRC has approved the care, FNRC will monitor the Resident's progress every thirty (30) days. If FNRC determines that the Resident's condition is not improving, FNRC may recommend an evaluation by the Level of Care Committee. This evaluation may determine that Home Health Care Services should be terminated and the Resident should be transferred to a more appropriate level of care.

**2.6 Personal Services.** You may arrange for in-home assistance with services for your convenience. You agree to notify FNRC of such services so that we may screen the proposed worker for security purposes, including a criminal and sex offender check. You agree to reimburse FNRC for the cost of such credentialing as shown on the current Fee Schedule. While FNRC will, on occasion, provide brochures, host seminars and even provide offices for Personal Service Agency(ies) to facilitate providing such services to the Residents of Harbor's Edge, all services and goods are provided by a contract between the Personal Services Agency(ies) and the Resident. FNRC shall in no way be deemed a party to that contract and shall not be responsible for the acts or failure to act of any such agency. Personal/Companion services are not clinical support services, but rather desired services for convenience.

**2.7 Power of Attorney, Durable Medical Power of Attorney, Guardianship.** You acknowledge that at some future time you may be unable by reason of mental or physical disability to properly handle your own affairs and that it may be in your best interest to have an attorney-in-fact or a guardian appointed to handle your affairs. Therefore, you agree to designate in writing, prior to or at the time of entrance, the person(s) who will have authority to act on your behalf in the event you should at any time become unable to properly handle your own affairs. If you should thereafter become either physically or mentally unable to properly administer your own affairs, the designated person shall either commence handling your affairs pursuant to the terms of a Durable Power of Attorney or file a petition in a court of competent jurisdiction to have a guardian or conservator appointed to handle your affairs. If the designated person(s) are unable or unwilling to file such a petition, FNRC is empowered to do so at your expense.

**2.8 Health Care Provider Notification.** If you have a medical emergency, you authorize us to contact emergency medical services, your attorney-in-fact, healthcare providers, and any other persons listed in your records to advise them of your health status and to arrange for health care services and other assistance needed by you. During the term of this Agreement you authorize us, for the purpose of arranging for healthcare services, to provide your attorney-in-fact and health care providers who may need such information with

copies of your records, including advance directives, living wills, and the names of persons empowered to make healthcare decisions.

**2.9 Non-Impairment of Financial Responsibility.** After execution of this Agreement, you agree not to impair your ability to meet your financial obligations under this Agreement and cause any act such that you would no longer meet the financial qualifications as set by FNRC for your Residence. As noted in Section 4.8, “Residents Who Become Unable to Pay”, prior to receiving financial assistance from FNRC, you may be required to make specific arrangements to manage and preserve your property in an effort to mitigate or avoid becoming unable to pay.

### **3) LIFECARE BENEFIT**

There may come a time when you will move to the Assisted Living or Health Care Center or to another community which provides services not available at Harbor’s Edge. FNRC is aware that this is a critical transition and will adhere to the following procedures during a transfer.

**3.1 Types of Transfers.** Transfers may be temporary or permanent and they may be instituted on an emergency or non-emergency basis.

- a. **Temporary Transfer.** Typically, a transfer is considered temporary when the condition that requires your transfer has the potential to be resolved and allow you to return to your Residence within ninety (90) days. Other transfers may be deemed “temporary” if your condition is not resolved within ninety (90) days but your health continues to improve and your physician believes that you will again be able to live independently. In these situations, with the Level of Care Committee’s approval, we may keep your Residence available beyond ninety (90) days as long as you continue to improve. If deemed a Temporary Transfer, your Residence will be held for your return, subject to the fee provisions outlined in Section 3.7.
- b. **Permanent Transfer.** A transfer may be considered permanent when the determination is made that the condition that requires your transfer will not allow you to return to your Residence within ninety (90) days. If deemed a Permanent Transfer, your Residence may not be held for your return.
  - i. In the event of a Permanent Transfer, you will release your Residence in order for FNRC to make your Residence available to a new Resident. In such event, FNRC may enter into a new Life Care Agreement for occupancy of the Residence with a new Resident. You grant FNRC the right to remove your personal property from the Residence thirty (30) days after a Permanent Transfer and to store it at your expense. If your Residence is reassigned and should you subsequently recover sufficiently to maintain yourself independently in a Residence, you shall receive the next available Residence similar to the one relinquished. While you are in the Assisted Living or Health Care Center, the monthly service fee will continue to be due and payable as described in Section 3.7.
  - ii. If the Residence is occupied by two (2) Residents, the permanent transfer of one (1) Resident does not affect the rights and privileges under this Agreement of the remaining Resident.
- c. **Changes in Temporary to Permanent Transfer Status.** When the assessment of the Resident’s needs indicates that his/her transfer to Nursing Care will be deemed “permanent” under the terms of his/her Life Care contract, we may change the fees that we charge the Resident. Any such change in the fees resulting from a change in the Resident’s status as a Temporary or Permanent Transfer will be effective fourteen days after the date we notify Resident or Resident Representative of the change in the Resident’s status and the associated Daily Basic Rate/Monthly service fees. Such fees shall be prorated for partial months.

**3.2 Consultation.** Except in case of emergency, FNRC agrees not to transfer you from your Residence to Assisted Living, Memory Support or the Health Center, or to a care facility or hospital which is not on the campus of FNRC, for health-related or other reasons unless the Level of Care Committee has consulted with you, your

family, and your physician, or with anyone else you designate as a primary contact. The Level of Care Committee will consider any reasonable accommodations which would allow you to remain in your current Residence, if presented to the Level of Care Committee in writing. The Level of Care Committee's decision and the reasons for the decision will be reported in writing to you. FNRC will make a decision in the best interest of the Resident, and the decision of FNRC shall be final and binding. In the case of an emergency transfer, the consultations described above will be scheduled by FNRC within seven (7) days after transfer.

- a. Circumstances in which it is in the best interest of the Resident to be transferred from Residential Living include, but are not limited to, the following:
  - i. A determination that the Resident can no longer function in an independent manner in a Residence, and the Resident requires additional assistance with activities of daily living or nursing care;
  - ii. a determination that the Resident is unable to remain mobile (for purposes of this document, the term "mobile" is used to describe a person who is capable of demonstrating the mental competence and physical ability to leave a building without human assistance or supervision in case of emergency); or,
  - iii. a determination that the continued residency of the Resident at Harbor's Edge would be harmful to the Resident, other Residents, or staff of Harbor's Edge.

**3.3 Transfer Obligations.** When a transfer determination is made, we will admit you to the Assisted Living or Health Care Center or, under the conditions set forth below, to another facility.

- a. You will receive priority in admission to our Assisted Living Center or to our Health Care Center, depending on your needs, over other persons who do not have a Life Care Agreement.
- b. In the event that space for you, for any reason, is not available in the Assisted Living or Health Care Center, upon determination that a Permanent Transfer is required, FNRC will arrange and pay for your temporary care in your Residence by a certified Home Health Care Agency if reasonably possible, until space at the Assisted Living, Memory Support, or Health Center becomes available. If Home Health Care is not medically possible, FNRC will arrange for your temporary care in another facility that can provide the same care that would otherwise have been provided by FNRC until space becomes available. .
- c. You agree to comply with FNRC's admission policy and procedures, including completion of the applicable Assisted Living or Nursing/Health Care Center admissions agreement in effect at the time of your transfer. The services included in the monthly/daily service fee for Assisted Living or Nursing/Healthcare may vary from the general services offered in Residential Living.

**3.4 Transfer to Assisted Living.** We will provide to you, in an Assisted Living Residence, services which are approved by our Medical Director and are designed to assist with Daily Living Activities in accordance with applicable Virginia statutes. Services may include assistance with dressing, eating, bathing, administration of medications and ambulating. You will be responsible for charges for supplies and services above those included in the applicable monthly service fee.

**3.5 Transfer to Memory Support Center.** We will provide to you, in a Memory Support Residence, services which are approved by our Medical Director and are designed to assist with Daily Living Activities in accordance with applicable Virginia statutes. Services may include assistance with dressing, eating, bathing, administration of medications and ambulating. You will be responsible for charges for supplies and services above those included in the applicable monthly service fee.

**3.6 Transfer to Health Care Center.** We will provide to you, in a private room in our Health Care Center, licensed Nursing Care services approved by our Medical Director. The care provided will cover services included in the basic private nursing room published daily rate then in effect. Such care will include, to the extent necessary, those services required by statute to be supervised or administered by a professional licensed nursing staff, e.g., medication administration, condition and behavior observation and assessment, creation and administration of a plan of care, assistance with Daily Living Activities and communication with physicians and other care providers. You will be responsible for charges for supplies and services above those included in the applicable daily rate.

**3.7 Fees and Charges Associated with Transfers.** FNRC will provide basic Assisted Living, Memory Support, or Nursing Care as defined in Section 3.4, 3.5 and 3.6, subject to the following:

- a. Medicare Stays - Life Care Residents who qualify for Medicare Part A coverage for their nursing stay shall be charged the then current standard Medicare Daily Basic Rate. When Medicare Part A coverage ends, the Life Care Resident shall be responsible for either the Private Pay Daily Basic Rate (for temporary stays) or the Life Care Transfer Monthly Service Fee (for permanent stays).
- b. Temporary Transfers - Single Occupancy. Should you have a temporary need for Assisted Living or Health Care Center services while you are still occupying your Residential Apartment, you will be required to pay both the then current monthly service fee for your Residence and the then current applicable pro-rated monthly rate for Assisted Living (based on your level of care) or the then current daily rate for the Health Care Center, less any amount received by FNRC as a result of your assignment of the benefits of Medicare insurance, supplemental Medicare insurance or any other insurance as required by Section 2.3. By “temporary” we mean a Temporary Transfer as defined in Section 3.1.
- c. Temporary Transfers - Double Occupancy. Should one or both Residents have a temporary need for Assisted Living or Health Care Center services while occupying the Residence, you will continue to pay the then current monthly service fee less the then current second person monthly service fee for your Residential Apartment. For temporary care provided in the Assisted Living or Health Care Center, each Resident who is in the Assisted Living or Health Care Center will be required to pay the then current applicable pro-rated monthly rate for Assisted Living (based on your level of care) or the then current daily rate for the Health Care Center, less any amount received by FNRC as a result of your assignment of the benefits of Medicare insurance, supplemental Medicare insurance or any other health insurance as required by Section 2.3. By “temporary” we mean a Temporary Transfer as defined in Section 3.1.
- d. Permanent Transfers – Single Occupancy. Should you have a permanent need for Assisted Living or Health Care Center services, you will be required to release your Residential Apartment as provided under Section 3.1. Your monthly service fee will be adjusted to the then current monthly service fee for a Two Bedroom Estate Residential Apartment plus a monthly Transition Fee which includes the cost of two (2) additional meals daily. By “permanent” we mean a Permanent Transfer as defined in Section 3.1.
- e. Permanent Transfers – Double Occupancy.
  - i. Should one Resident have a permanent need for Assisted Living or Health Care Center services, the first and second person monthly service fees will remain the same, and the transferred Resident will pay a monthly Transition Fee which includes the cost of two (2) additional meals per day.
  - ii. Should both Residents have a permanent need for Assisted Living or Health Care Center services, the Residents will be required to release the Residential Apartment as provided under Section 3.1. The monthly service fee will be adjusted to the then current monthly service fee for a Two Bedroom Estate Residence, plus the then current second person monthly service fee and each Resident shall pay the cost of two (2) additional meals per day.
  - iii. By “permanent” we mean a Permanent Transfer as defined in Section 3.1.
- f. Medicare Stays. Life Care Residents who qualify for Medicare Part A coverage for their nursing stay shall be charged the then current standard Medicare Daily Basic Rate. When Medicare Part A coverage ends, the Life Care Resident shall be responsible for either the Private Pay Daily Basic Rate (for temporary stays) or the Life Care Transfer Monthly Service Fee (for permanent stays).
- g. Additional Charges. Residents will be responsible for all costs and charges associated with the Assisted Living or Health Care Center which are not covered by the then current applicable monthly service fee. Additional charges apply in the following circumstances, but are not limited to these circumstances.
  - i. You will be subject to additional charges for any medical supplies or services which are not covered by the daily or monthly service fee in the Health Care Center.
  - ii. In the event a standard one bedroom Assisted Living Apartment or Nursing room is not available at the time of your transfer, you will be placed in a comparable unit, at no additional cost to you, until a standard unit becomes available.

- iii. If you prefer an upgraded unit at the time of transfer, you will be responsible for the difference between the then current monthly service fee for a standard unit and the upgraded unit.
- iv. In the event of a Temporary or Permanent transfer, you will be responsible for all costs of relocation, except as specifically provided in Section 3.3(b).

**3.8 Consents.** If it is determined through the procedure described in Section 3.1 to be in your best interest to be transferred, you consent to such a transfer. FNRC will only institute a transfer procedure on a Resident that FNRC deems to be in the best interest of the Resident. FNRC shall not be responsible for the cost of any services rendered to a Resident who is transferred from Harbor's Edge to another facility, except as specifically provided otherwise hereunder.

#### **4) ENTRANCE FEES AND MONTHLY FEES**

**4.1 Settlement Date.** Your "Settlement Date" will be the date we anticipate your Residence will be available for you to move in. We will notify you of your Settlement Date in writing at least thirty (30) days prior to the date we expect your Residence will be available. You shall have the right to rescind your Agreement, without penalty or forfeiture, within seven days after making an initial deposit or executing the Agreement. You shall not be required to move into the FNRC before the expiration of the seven-day period.

In the event you decide not to move into your Residence on the Settlement Date, the obligation of FNRC to provide care and services as provided hereunder shall not be effective until you fully execute a Life Care Agreement at Settlement.

**4.2 Entrance Fees.** The terms of payment of the Entrance Fees are as follows:

- a. **Reservation Deposit.** The Reservation Deposit is due upon execution of the Life Care Agreement. The amount owed as your Reservation Deposit is indicated in your Life Care Agreement [See Resident Contract Summary Table, line 8]. The Reservation Deposit shall be received and held by FNRC as trustee for you in accordance with the terms of this Agreement. The Reservation Deposit shall be placed and maintained in a separate trust escrow account at FNRC's bank.
- b. **Deposit Balance.** The balance owed on the entrance fee is due on or before the Settlement Date, and no later than 60 days from the date of your Reservation Deposit, unless otherwise agreed in writing. The amount owed as your Deposit Balance is indicated in your Life Care Agreement [See Resident Contract Summary Table, line 9]. In the event the Deposit Balance is not paid by the Settlement Date, FNRC, in its sole discretion, may terminate the Resident Agreement and remarket your Residence to a new Resident.
- c. **Second Person Entrance Fee.** In addition to, and separate from, the Entrance Fee associated with the selected Residence, a non-refundable Second Person Entrance Fee shall be due at Settlement [See Resident Contract Summary Contract Table, line 6]. With exception for terminations prior to Settlement described in Section 6.1(a), 6.1(b) and 6.1(c), the Second Person Entrance Fee is non-refundable.

**4.3 Use of the Entrance Fees.** The purpose of the Entrance Fee is to generate investment income to contribute to the operating income of FNRC and to help fund operating and capital costs. As such, interest income generated from the investment of such fees will be paid to FNRC. In addition, at the sole discretion of FNRC, these fees may also be used to pay for project development costs, start-up deficits, debt service, retirement of debt, costs of future capital expenditures, Resident refunds and other purposes deemed appropriate by FNRC. No reserve funding will be established pertaining to the refund of the Entrance Fee

**4.4 Fees Not Subject to Creditor Claims.** Until your Settlement Date, the Entrance Fee (including both the Reservation Deposit and the Deposit Balance) shall for all purposes be your property and shall not be the property of FNRC for use under the terms of this Agreement. Upon your Settlement Date, the Entrance Fee (including both the Reservation Deposit and the Deposit Balance) shall become the property of FNRC for use

in accordance with the terms of this Agreement, and shall not be subject to the claims of creditors of the Resident.

**4.5 Monthly Service Fees and Changes in Fees.** The monthly service fee shall be due beginning on the Settlement Date and will be prorated, if necessary, on a daily basis for the first and last months of occupancy. The specific amount of your initial Monthly Service Fee(s) is detailed in your Life Care Agreement [See Resident Contract Summary Table, lines 10 and 11].

We may increase the monthly service fee, upon thirty (30) days' written notice to you, except for changes required by state or federal assistance programs. It is our intent to make any adjustments to the monthly service fee only once per year.

**4.6 Payment of Fees; Late Charges.** Monthly statements will be mailed by the fifth (5th) business day of every month, with payment of all charges due within 10 days. The monthly statements will include the following month's monthly service fee, fees for any additional services you elect to utilize, and the cost of any goods you have purchased. Payment should be made pursuant to the procedures set forth on the invoice. If you fail to pay our fees when due, we will assess a late charge of five percent (5%) of the amount due. If your check is not honored for payment, we will assess the then current bank service fee in addition to any late fees that are assessed.

**4.7 Liability for Charges.** Each person who is designated as Resident in this Agreement is jointly and severally liable for the payment of the monthly service fee, additional service fees and all other amounts required to be paid to FNRC, pursuant to the provisions of this Agreement. In the event it is necessary for us to institute legal action or other proceedings to recover amounts payable to FNRC under this Agreement, we also will be entitled to recover reasonable legal fees and costs incurred in connection with all such proceedings. This provision will survive any termination of this Agreement.

**4.8 Residents Who Become Unable to Pay.** It is FNRC's policy that this Agreement will not be terminated solely because of your financial inability to continue to pay the monthly service fee or other charges payable under the terms of this Agreement by reason of circumstances beyond your control; provided, however, this policy shall not be construed to qualify or limit FNRC's right to terminate this Agreement in accordance with its terms. At the request of FNRC, you agree to make arrangements for the preservation and management of your property by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of FNRC, it appears that your continued management of your property may place you in need of financial assistance from FNRC. First, you must provide FNRC with a complete financial statement of your assets, liabilities and sources of income and expenses, and an annual budget of your income and expenses, including copies of your federal and state income and gift tax returns for the three years prior to such request. Second, you may present facts to FNRC which support your position. At this point, if FNRC believes that your situation justifies special financial consideration, FNRC will give careful consideration to subsidizing in part or in whole the monthly service fee and other charges so long as such subsidy can be made without impairing the ability of FNRC to attain its objectives while operating on a sound financial basis. Any determination by FNRC with regard to the granting of financial assistance shall be within the sole discretion of FNRC and any decision to provide such financial assistance shall continue in effect only so long as FNRC, in its sole discretion, determines that it can continue to operate for the benefit of all Residents on a sound basis.

In the event FNRC determines to provide you with any financial assistance or subsidy, you agree we may charge such amounts, plus interest, against the refundable portion of your Entrance Fee. The cost of any such financial assistance provided shall be accrued and remain an obligation of the Resident and his or her estate. Furthermore, we may require you to move to a smaller or less expensive Residence.

**4.9 Relocation.** You may elect to move to another Residence, subject to availability, qualification, our discretion and any other conditions we may impose. In such event, the Agreement will be amended to reflect the change in Residence status. If applicable, you will be required to pay a Relocation Fee of \$10,000 plus an additional Entrance Fee equal to the difference between the then current Entrance Fee for the new Residence selected and the Entrance Fee initially paid for the original residence. However, in the event the current Entrance Fee for the new Residence selected is less than the Entrance Fee initially paid for the original residence, refund of

the difference in Entrance Fee will not be issued at the time of relocation, but will be issued in accordance with Section 6.3. You will pay the then current monthly service fee for the new Residence. All moving costs will be at your expense.

#### 4.10 **Changes in Occupancy.**

- a. If your Residence is occupied by two Residents and one Resident surrenders possession of the Residence to the other, except by death or by a transfer covered by Section 3, the obligations of the Resident remaining in the Residence under this Agreement remain in legal force and effect, except that the monthly service fee will be adjusted to the single Resident monthly service fee then in effect for the Residence. The Resident not remaining in the Residence will receive no services or benefits under this Agreement but will continue to be jointly and severally liable for the obligations of the Resident remaining in the Residence. No refund of any portion of the Entrance Fee will be made until the remaining Resident leaves and all conditions of Section 6.3 are met, regardless of which Resident surrenders possession. FNRC reserves the right to require at least thirty (30) days written notice of voluntary changes in occupancy.
- b. If your Residence is occupied by two (2) Residents and one (1) Resident dies, this Agreement will continue in full legal force and effect as to the surviving Resident, except the monthly service fee will be adjusted to the single Resident monthly service fee then in effect for the type of Residence occupied. No refund of Entrance Fee will occur until the surviving Resident leaves and all conditions of Section 6.3 are met.
- c. In the event the joint occupants of a Residence desire separate living accommodations at Harbor's Edge, and one (1) Resident remains in the Residence designated hereunder, no refund of the Entrance Fee shall be made until the conditions of Section 6.3 are met and the monthly service fee shall be adjusted to the single Resident monthly service fee then in effect for the Residence. Upon occupancy of the second Residence by the departing joint occupant, a new Life Care Agreement must be executed and submitted for approval by FNRC, accompanied by the then current Entrance Fee and the then current monthly service fee, for the second living accommodations. Both Residents must continue to meet the physical and mental qualifying criteria to maintain an Residential Apartment.
- d. In the event of the marriage of a Resident to another Resident, they may: (a) continue to maintain two Residences and pay the single Resident monthly service fees then in effect; or (b) release either Residence occupied by them, and pay the monthly service fee for the Residence in which you remain and the second person occupancy fee then in effect. All benefits provided in each Life Care Agreement shall remain and continue in effect. There shall be no refund of the Entrance Fee to either Resident until both Residents leave and the conditions of Section 6.3 have been met.
- e. If you and a non-Resident (including a new spouse) desire to share the Residence, the non-Resident may become a Resident and live in the Residence only if he/she meets the qualifications for entrance set forth in Section 5 and both persons execute a new Life Care Agreement. In such event, the monthly service fee shall be adjusted to reflect the additional charge per month for a second person, and the non-Resident will be required to pay a non-refundable Second Person Entrance Fee in accordance with the then current policies established by FNRC.

## 5) **APPLICATION AND ACCEPTANCE FOR RESIDENCY**

The obligations of FNRC to provide services and facilities hereunder are conditioned upon acceptance of the Resident for residency at Harbor's Edge in accordance with this Section. The decision to accept a Resident for residency at Harbor's Edge shall be within the sole discretion of FNRC. We retain the right to deny admission for any reason, other than a discriminatory reason prohibited by law.

**5.1 Residency Requirements for Acceptance.** We require that you be capable of independent living and have assets and income which are sufficient (under foreseeable circumstances and after provision for payment of

your obligations hereunder) to meet ordinary and customary living expenses, after assuming possession of the Residence.

- a. **Age.** To be accepted for admission at Harbor's Edge, you must be at least sixty-two (62) years of age at or before the Settlement Date. If you are seeking admission to a double occupancy Apartment, you or your spouse must be at least sixty-two (62) years of age at or before the Settlement Date. Residents who are age eighty-four (84) or older on the Settlement Date may not elect an Entrance Fee Refund Option greater than 70% of the Entrance Fee paid.
- b. **Health.** Prior to taking occupancy of your Residence, you will submit a report of a physical examination made by a qualified physician selected by you (the "Physician's Report") within thirty (30) days prior to your assigned Settlement Date. The Physician's Report shall include a statement by your physician that you are in good health, are ambulatory or can move about independently, and are able to take care of yourself in Daily Living Activities. The Report will also cite any communicable diseases, if any, you have contracted, and the treatment plans for each disease. If we need additional health information beyond the initial report to make a decision about your candidacy for Residential Living, you agree to provide us with further information as it is requested. We reserve the right to request an additional physical and/or mental examination by the Harbor's Edge Medical Director or another physician selected by the Medical Director. You shall be responsible for all costs connected with such examinations. If your health, as disclosed by the Physician's Report or the report from the additional examination(s) or from additional information requested by the Admissions Committee, is determined by the Admissions Committee to differ materially from that disclosed in your Health Profile, FNRC shall have the right to decline your admission to Harbor's Edge and to terminate this Agreement or in its discretion, to permit you to take occupancy of accommodations within Harbor's Edge that are more suitable to your needs based on your existing health status and the availability of alternate accommodations.
- c. **Financial.** You must have assets and income which will be sufficient under foreseeable circumstances to pay your financial obligations called for in this Agreement and to meet your ordinary and customary living expenses. From time to time, the Community may require you to furnish updated financial information.
- d. **Representations.** You acknowledge and agree that we have relied upon all of the information contained in your General Information, Confidential Financial Statement, Health Profile, and all other information provided by you in making our decision regarding your acceptance for residency at Harbor's Edge. You hereby affirm that all such information is complete and accurate and may be fully relied upon by FNRC as a basis for entering into this Agreement. Any misrepresentation or omission by you shall render this Agreement null and void, at our option, if we shall discover such misrepresentation or omission prior to occupancy by you of the Residence. Otherwise, such misrepresentation or omission shall permit us to terminate this Agreement in accordance with the termination sections hereof and to seek such other remedy as may be available to us with respect thereto.
- e. **Life Care Agreement.** You agree to all the terms and conditions contained in this Agreement, including all of the attachments contained herein.

**5.2 Notification of Decision.** Within forty-five (45) days of satisfaction by you of all of the requirements, including submission of all financial and health information set forth in Section 5.1, FNRC shall notify you in writing of its decision concerning your acceptance to Harbor's Edge. In the event you are not accepted for residency at Harbor's Edge, your Reservation Deposit specified in Section 4 and tendered upon execution of the Agreement shall be refunded in full within ten (10) business days of the date of the written notification to you of non-acceptance for residency, and the parties shall have no further obligations to one another under this Agreement.

**5.3 Acceptance for Residency Conditional; Duty to Notify.** Acceptance for residency to Harbor's Edge shall be conditional upon the Resident meeting all requirements outlined in this Section 5 on the Settlement Date, including but not limited to, no material change in the matters covered by the General Information, Confidential Financial Statement and Health Information forms prior to your Settlement Date. You agree to notify us promptly (PRIOR TO THE SETTLEMENT DATE OR PROMPTLY THEREAFTER) of any



material change in your condition or financial status, or in any other matter addressed in or reflected on the General Information, Confidential Financial Statement, and Health Profile forms. In the event of any such material change prior to the Settlement Date, FNRC may request that additional information be provided, considered and approved as a condition of admission. In the event of the existence of a material change in condition, FNRC may revoke its acceptance of you for residency to Harbor's Edge at any time prior to the Settlement Date by written notification to you, and your Reservation Deposit as specified in Section 4 shall be refunded in full within ten (10) business days of the date of such notification.

## **6) TERMINATIONS AND REFUNDS**

### **6.1 Termination Prior to Settlement Date.**

- a. You will be entitled to full reimbursement of any monies, including Deposits on both the Entrance Fee for the selected Apartment and the Second Person Entrance Fee for double occupancy, paid to us within thirty (30) days of our receiving your written termination of this Agreement and will be released from liability to pay to us any other amount under this Agreement under any one of the following conditions:
  - i. If you terminate this Agreement within seven (7) days from the date on which you signed this Agreement and paid the Reservation Deposit; or
  - ii. If you die before occupying your Residence at Harbor's Edge, or if, because of illness, injury, or incapacity, you would be precluded from occupying your Residence consistent with the representations made by you in the General Information or, if applicable, the Health Profile, this Agreement will be automatically canceled; or
  - iii. If FNRC terminates the Agreement by the residence not being available for occupancy within three years after the date of execution of the Agreement; or
  - iv. If FNRC terminates the Agreement pursuant to provisions in applicable state law.
- b. You will be entitled to full reimbursement of any monies paid to us, including Deposits on both the Entrance Fee for the selected Apartment and the Second Person Entrance Fee for double occupancy, less the applicable Application Processing Fee within thirty (30) days of our receiving your written termination of this Agreement and will be released from liability to pay us any other amount under this Agreement under any one of the following conditions:
  - i. If you terminate this Agreement prior to the date you occupy your Residence for reasons or conditions other than those described in Section 6.1(a); or
  - ii. If we terminate this Agreement for your failure to pay the Deposit Balance by the Settlement Date as further described in Section 4.2, your Application Processing Fee will be 5,000.

**6.2 Termination of Residency after Settlement Date.** After you have assumed occupancy of your Residence, this Agreement is subject to termination as follows and is subject to the refund provisions described in Section 6.3.

- a. **Termination by Resident.** You may terminate this Agreement at any time and for any reason by delivering to us written notice of such termination at least sixty (60) days prior to the date you intend to vacate your Residence, as set forth in your notice. You are responsible for payment of the monthly service fee until the later of the date of termination and the vacating of your Residence to include the removal of all personal belongings. If you provide notice of termination on any day other than the last day of month, you shall be responsible for payment of the monthly service fee for the entire month in which such notice date occurs, as well as for the following two months. In the case of a double occupancy Apartment, both Residents must notify FNRC, in writing, of your intent to terminate.
- b. **Termination by FNRC for Good Cause.** FNRC may terminate this Agreement and/or your right to continue to live at Harbor's Edge upon thirty (30) days' advance written notice, if any of the following grounds for good cause shall occur and shall fail to be remedied by you within twenty-one (21) days of the giving of such notice (the "Cure Period"):

- i. Proof that you are a danger to yourself or others;
  - ii. Nonpayment by you of a monthly, periodic, or other fee due to FNRC;
  - iii. Repeated conduct by you that interferes with other residents' quiet enjoyment of the community;
  - iv. Your persistent refusal to comply with reasonable written rules and regulations of FNRC; or
  - v. A material misrepresentation made intentionally or recklessly by you in your application for residency, or related materials (including, but not limited to the General Information, Confidential Financial Statement, or Health Profile form, if applicable), regarding information which, if accurately provided, would have resulted in either a failure of you to qualify for residency or a material increase in the cost of providing you the care and services provided under this Agreement; or
  - vi. A material breach by you of the terms and conditions of this Agreement.
- c. **Written Notice.** If FNRC seeks to terminate this Agreement and your occupancy, FNRC shall give you written notice of termination which shall reasonably describe the conduct alleged to warrant the termination of this Agreement and shall set the time, place and date for a meeting between you and FNRC's representative(s). At this meeting, you may avoid termination upon your showing to FNRC's reasonable satisfaction that you have cured the conduct alleged to warrant the termination within the Cure Period, if capable of cure.
  - d. **Termination Date.** In the event of termination of your occupancy by us pursuant to this Section 6.2(b), the date of termination of this Agreement will be deemed the later of (1) the date we notify you of such termination, (2) the date set forth in our notice, or (3) the date all of your belongings are removed from the Residence. You are responsible for payment of the monthly service fee until the date of termination of this Agreement.
  - e. **Termination by Death.** This Agreement will terminate automatically on the later of: (1) the date of your death in the case of single occupancy, or the death of the last of both occupants in the case of double occupancy, or (2) the date following your death that all of your personal belongings are removed from the Residence.

**6.3 Refund of Entrance Fee.** After termination of this Agreement in accordance with Section 6.2, we will refund to you a pre-established portion of the refundable Entrance Fee (see Resident Contract Summary Table, line 12), without interest, less the following amounts: (1) a \$10,000 Re-Sale fee to cover the anticipated cost of re-marketing the residence, (2) any amounts owed to FNRC under provisions of this Agreement, or (3) any incorporated addendum, or other obligations of the Resident to FNRC if applicable and documented by FNRC.

- a. The refund will be paid thirty (30) days after receipt of sufficient Net Proceeds to fully fund the refund obligation, which will come from the next re-sale(s) and occupancy of any Residence(s) at Harbor's Edge that occur following the termination of your Agreement. "Net Proceeds" is defined as the refundable portion of a new Entrance Fee from a resale of an Apartment to a new Resident. Sufficient Net Proceeds shall mean adequate Net Proceeds which, after payment of all refund obligations having priority over your refund, is sufficient to pay your refund in full.
- b. The order in which refunds are processed shall be based on a first in, first out basis based on the date and time of termination of the Agreement for all Life Care Residents who have a pending Entrance Fee Refund due, regardless of whether the termination is caused by death or other reason. Notwithstanding the foregoing, you acknowledge that such re-sales may generate zero Net Proceeds when they involve non-refundable Entrance Fees. You further acknowledge that the non-refundable portion of all Entrance Fees may be used in the sole discretion of FNRC.
- c. If single occupancy, the refund of the Entrance Fee will be paid to you while you are living and to your estate if you are not living. If double occupancy, the refund of the Entrance Fee will be paid to both of you, jointly, if both are living; to the survivor of you if one of you is not living; or to the estate of the last of you to die if neither of you is living. Notwithstanding the foregoing provisions of this Section 6.3c, if an addendum to this Agreement concerning payment of the refund has been incorporated and the requirements satisfied, the refund of the Entrance Fee may be paid to the

person(s) or entity(ies) set forth therein. You agree to keep FNRC informed as to the Executor of your estate.

- d. The Resident shall select an Entrance Fee Refund Option at the time of payment of the Reservation Deposit. If a Resident elects to modify their refund option prior to the Settlement Date, the Entrance Fee amount may change to reflect the actuarial implications of the refund option selected. The refund option may not be changed after the Settlement Date. Residents can choose from a variety of refund options including the standard contract which offers a maximum of eighty percent (80%) refund. Residents may also select fifty percent (50%) refund and zero percent (0%) Entrance Fee refund options. Residents age 84 and older on their Settlement Date can receive a maximum refund of seventy percent (70%). The Resident's percentage refund is noted on line 12 of the Resident Contract Summary Table.

**6.4 Refund of Reservation Deposit.** Notwithstanding any other provision of this Agreement that may appear to the contrary, you may request and receive a refund of the Reservation Deposit if not released within three (3) years after deposit of the Reservation Deposit in the escrow account, unless, once two (2) years have elapsed since deposit of the Reservation Deposit in the escrow account, you and FNRC thereafter mutually agree to extend the period of time for retaining the Reservation Deposit in escrow.

#### **6.5 Rights and Obligations on Termination**

- a. **Right to Show Apartment.** During the period between delivery of a notice of termination and the termination date, or between the date of your permanent transfer or death and the termination date, as the case may be, you agree to grant us access, upon reasonable notice and during regular business hours, to your Residence for the purpose of assessing the condition of the Residence and showing your Residence to prospective Residents.
- b. **Removal of Personal Property.** In the event of termination of this Agreement with prior notice, you agree to remove all of your belongings from the Residence on or prior to the date set forth in such notice as the date of your vacating the Residence (if you terminate the Agreement) or as the date of termination (if we terminate the Agreement). If your belongings have not been removed from the Residence by such date, or, in the event of your Permanent Transfer or death, if your belongings have not been removed from the Residence within thirty (30) days following the date of such event, you grant us the right to remove your belongings from the Residence and place them in storage at the expense and risk of you or your estate, as the case may be. This subsection shall survive termination of this Agreement.

## **7) MISCELLANEOUS**

**7.1 Absence from Harbor's Edge.** You agree to notify FNRC in advance of any contemplated extended absence. Your notification will allow us to offer food service credits as described in Section 1.7(a).

**7.2 Access.** You have a right to privacy in the Residence. However, we may need to enter your Residence for the purpose of cleaning, inspecting, repairing, conducting maintenance and construction tasks. We may also need to enter your Residence to respond to perceived medical or other emergencies. You hereby authorize us to enter your Residence for the foregoing purposes. Non-emergency access to your Residence will be scheduled in advance with you.

**7.3 Agreements with Other Residents.** FNRC may enter into agreements with other residents which may contain terms different from those contained in this Agreement. Despite such differences, this Agreement alone sets forth Resident's rights and obligations with respect to Resident's care and residence at the Community. Resident shall have no right to affect the terms of admission, placement or dismissal of any other Resident, and Resident shall not be deemed the third party beneficiary of any agreement between FNRC and any other Resident or non-Resident.

**7.4 Amendments.** FNRC reserves the right to amend this Agreement from time to time in its discretion without Resident's consent as long as such amendment is needed (1) to cure any ambiguity, inconsistency or omission in the terms of this Agreement or (2) to comply with the Federal, state or local laws, rules or regulations that are applicable to FNRC or the Community and any of its programs, or (3) to make any other change considered

necessary by FNRC that does not, in FNRC's opinion, have an adverse economic impact or consequence of a material nature on the rights or obligations of the Resident(s) hereunder. An amendment to this Agreement shall be effective on the date fixed by resolution of the Board of Directors of FNRC, provided (i) at least sixty (60) days have elapsed since written notice of the such amendment was provided to you, (ii) such amendment is uniformly applicable to all Life Care Agreements in force at Harbor's Edge which contain this Section 7.4, (iii) such amendment has been approved by the Board of Directors of FNRC, and (iv) to the extent required by law, such amendment has been approved by the State Corporation Commission of Virginia. Resident hereby agrees that, as of the effective date of any amendment, such amendment shall constitute part of this Agreement and is binding on FNRC and the Resident. Notwithstanding the foregoing, any changes in fees, charges, or the scope of care or services shall be made in accordance with Section 1.8 of this Agreement.

- 7.5 Assignment and Subletting.** The provisions of this Agreement are not assignable or transferable in whole or in part by you, and you have no right to sublet your Residence. In connection with the transfer of our interest in the Community, we may assign all of our rights and obligations under this Agreement to an assignee who agrees to assume the obligations arising under this Agreement. Upon such an assignment, we will be released from all further obligations arising under this Agreement and you agree to look solely to the assignee for enforcement of any of your rights under this Agreement on and after the effective date of such assignment.
- 7.6 Authorized Agent Signature.** This Agreement has been executed on behalf of FNRC by its duly authorized agent and no officer, director, agent or employee of FNRC shall have any personal liability hereunder to you under any circumstances.
- 7.7 Binding Effect.** This Agreement is binding upon our successors and assigns and upon your heirs, representatives, executors and administrators.
- 7.8 Choice of Law.** This Agreement will be interpreted according to the laws of the Commonwealth of Virginia.
- 7.9 Compliance with Federal Law.** FNRC is in lawful compliance of the Americans with Disabilities Act (ADA), and the Fair Housing Act (FHA), and any other applicable federal regulation. In accordance with the ADA and the FHA, FNRC will provide reasonable accommodations as requested by the Resident. Reasonable accommodations are exceptions or modifications to rules, policies, practices or services when such accommodations may be necessary to afford a person with a disability the equal opportunity to use and enjoy a dwelling.
- 7.10 Damage to Residence.** If your Residence is damaged by fire, flood, storm or other casualty or cause, FNRC will, at its expense, proceed diligently to repair and restore your Residence, unless FNRC determines that such repair and restoration is not practicable. If your Residence is uninhabitable during the repair, FNRC will relocate you on a temporary basis as follows: to a comparable type Residence at Harbor's Edge, if available; or, if not available, to any other available Residence at Harbor's Edge (in which case the monthly service fee will be adjusted for the type of Residence you temporarily occupy, but in no event shall the monthly service fee during such period of temporary occupancy be more than the monthly service fee for your Residence); or, if no other Residence is available at Harbor's Edge, to living quarters at another facility that is comparable to your Residence (in which case the monthly service fee will be adjusted based on any significant difference between such living quarters and your Residence and based on any significant difference between the nature and quality of services and amenities available at such facility and at Harbor's Edge, but in no event shall the monthly service fee during such period of temporary occupancy be more than the monthly service fee for your Residence).
- 7.11 Entire Agreement.** This Agreement constitutes the entire Agreement between us with regard to your Residence and care. We will not be liable for, or bound by, any statements, representations or promises made to you by any person representing or purporting to represent us unless such statements, representations or promises are expressly set forth and endorsed by both parties in writing, and attached to this Agreement.
- 7.12 Failure to Act.** Failure or delay of any party to exercise any right, power, or privilege under this Agreement will not operate as a waiver of such right, power, or privilege.
- 7.13 Guests.** Your visitors are welcome and encouraged any time, provided they respect the rights of other Residents and staff, and abide by the policies set forth in the Resident Handbook. Guests may not occupy your Residence for more than fourteen (14) consecutive days or thirty (30) days in a 12 month period without the prior written approval of FNRC. We reserve the right to refuse entry to (1) persons whose actions may be disruptive to the Residents, (2) persons whose actions may threaten the safety of any Resident or employee,

or (3) persons whose presence we reasonably believe could result in liability to us. You will be responsible for the conduct of your guests and for payment of any charges incurred by them. Your visitors are always welcome to enjoy meal(s) in our dining rooms, and, if they wish to spend the night, to utilize our Community guest suite, subject to availability. Charges for guest meals will be added to your monthly statement.

- 7.14 **Headings.** The headings set forth in this Agreement are for convenience only, do not in any way limit or amplify the terms and provisions hereof and shall have no effect on its interpretation.
- 7.15 **Indemnification for Negligence.** You hereby agree to indemnify, protect and hold FNRC harmless from any loss, damage, injury or expense, including reasonable attorneys' fees, incurred by FNRC as a result of your negligent or willful acts or the negligent or willful acts of your invitees or guests. You agree to reimburse FNRC for any costs incurred or damages suffered by it resulting from the negligent or willful actions of you or your guests. You hereby waive your right to make any claim against FNRC for, and release FNRC from, any liability for your death or injury to your person or your property caused by any theft, fire, assault, or other cause beyond the control of FNRC and from any liability resulting from the unauthorized acts of the employees or agents of FNRC or from the acts of any other person not employed by or acting as an agent of FNRC.
- 7.16 **Injury or Accident While Away from Harbor's Edge.** If you are injured in an accident or become ill while away from Harbor's Edge, you shall make every reasonable effort to notify FNRC as soon as possible. FNRC shall not be responsible for or assume the cost of medical care for illness or injury incurred by you while away from Harbor's Edge.
- 7.17 **Injury Caused by Third Party.** In the event of an accident or injury to you (the "Injury") caused by a third party, for which such third party (the "Responsible Party") may be liable for the cost of any medical, surgical, nursing or additional care for you resulting there from, you or your designated representative shall notify FNRC promptly. If the cost to FNRC of providing additional care to you as a result of the Injury exceeds twenty thousand Dollars (\$20,000.00), you or your designated representative shall, if requested by FNRC, pursue diligently any claim for damages which may be due from the Responsible Party. You agree that, to the extent of the cost of any additional care provided to you by FNRC as a result of the injury, the "Net Award" (as hereinafter defined) shall be paid over to FNRC. For purposes of the foregoing sentence, the term "Net Award" shall refer to the excess of (i) any amounts received by you or on your behalf from or on behalf of the Responsible Party that are paid or awarded to you as a result of the Injury, over (ii) any unreimbursed legal fees incurred by you in connection with obtaining such amounts.

In the event you elect to assign your claim against the Responsible Party to FNRC, such assignment is legally valid and binding, and FNRC accepts such assignment and elects to independently pursue a claim against the Responsible Party, FNRC may limit its action to claims for recovery of the costs and expenses incurred by it. In such event, FNRC is not obligated to pursue any claim on your behalf arising out of the Injury beyond the costs and expenses incurred by FNRC.

- 7.18 **Mandatory Arbitration** (for Residential Living and Assisted Living Residents only). By signing this Agreement, you agree that all claims, disputes, demands or controversies arising out of or in any way relating to this Agreement or its breach or relating to your residency, care or services at the Community will be submitted to binding arbitration. Such arbitration will be conducted in Norfolk, Virginia, in accordance with the commercial arbitration rules of the American Arbitration Association, applying the laws of the Commonwealth of Virginia by a single arbitrator mutually selected by FNRC and the Resident or, if the parties cannot agree, as chosen by lot from the local panel of arbitrators maintained by the American Arbitration Association for commercial disputes. The arbitration need not be conducted under the auspices of the American Arbitration Association if the parties agree to use an arbitrator who is not on the local panel of the American Arbitration Association. This arbitration clause binds all parties to this Agreement and their spouse, representatives, estates, heirs, executors, administrators, successors and assigns, as applicable. The arbitrator shall have no authority to award punitive damages, and the parties waive any claim or right to a class-wide arbitration of claims, disputes, demands or controversies. Any award rendered by the arbitrator shall be formal and binding upon each of the parties, and judgment thereon may be entered in any court having jurisdiction over the parties, including, but not limited to, the Circuit Court for the City of Norfolk, Virginia. The costs of any arbitration proceeding shall be shared equally by both parties. Each party will bear its own

costs and fees incurred in connection with the arbitration. Note: Although mandatory arbitration is not required of Health Care Residents, they may voluntarily elect to participate in post-dispute arbitration.

- 7.19 **Nondiscrimination.** FNRC does not discriminate on the basis of race, color, sex, marital status, religion, creed, handicap, national origin, or any other unlawful basis. FNRC retains the right to deny admission to an applicant for residency for non-discriminatory reasons.
- 7.20 **Notices.** Any notice to FNRC by you must be given in writing, signed, and mailed or hand-delivered to FNRC at the administrative office or at such other address as we may designate in writing. Email transmissions will not be accepted. Any notice to you by us will be given in writing and mailed or delivered to your Residence or at such other address as you may designate to FNRC in writing.
- 7.21 **Resident Advisory Council.** FNRC has assisted in organizing a Resident Advisory Council to enhance the quality of life and services at Harbor's Edge. FNRC will confer regularly with representatives of the Council about matters of concern to Residents; however, the council is an advisory, not a governing council.
- 7.22 **Resident's Interest.** You do not have any proprietary interest in FNRC or Harbor's Edge, its assets or properties by virtue of this Agreement. While FNRC is interested in Resident's input and comments, this Agreement does not give you the right to participate in management or policy making decisions for Harbor's Edge.

You have no ownership rights or interest in the Residence, our personal property, the land, buildings or other improvements located at Harbor's Edge. This Agreement is not a lease nor does it confer on you any right of tenancy or ownership.

- 7.23 **Responsibility for Protection of Resident's Property.** We shall not be responsible for damage or loss to any personal property belonging to you (including any personal property belonging to you that you have caused to be affixed to the real property) caused by fire, flooding or other casualty, or by leaking of water, bursting of pipes, theft or any other cause. You shall be solely responsible, at your own expense, for insuring against property damage or loss and personal liability to others. FNRC requires that you purchase a renter's insurance policy covering your personal property and provide proof of such insurance upon request of FNRC.
- 7.24 **Right of Subrogation.** Except as otherwise provided in Section 7.17, should you be injured by a third-party and such injury requires FNRC to provide health care services under this Agreement, FNRC shall be subrogated, to the extent allowed by Virginia law, to your rights against such other third-party to the extent necessary to reimburse FNRC for the costs incurred in providing services under this Agreement.

To the extent allowed under Virginia law, this right of subrogation authorizes FNRC to institute legal action in your name; provided, however, that such action shall not cause or result in a compromise, waiver or release of any causes of action that you may have against such third party for such injuries.

- 7.25 **Severability.** Each provision of this Agreement will be deemed separate from each other provision and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the balance of the Agreement.
- 7.26 **Subordination.** Your rights under this Agreement will be subordinate to any mortgage, security interest, pledge, or other lien that now encumbers all or any part of FNRC's assets and shall be further subordinate to any mortgage, security interest, pledge, or other lien hereafter placed on all or any part of FNRC's assets, and you agree to execute, acknowledge and deliver such subordination agreements as any lender or future lender shall reasonably require in order to establish the priority of any such lien.
- 7.27 **Third Party Access Approval.** Aside from FNRC employees, representatives or agents, as described above, we will grant access to your Residence only to those persons you have designated. You may change the designated persons any time by submitting updated information to us.
- 7.28 **Third Party Rights.** No other persons or entities other than FNRC and the Resident(s) have any rights or obligations under this Agreement.
- 7.29 **Weapons Policy.** You are not permitted to bring any weapons, firearms or explosives to the Community or on the grounds. Violation of the foregoing shall constitute grounds for termination of this Agreement in accordance with the terms hereof.

**8) SPECIFIC ACKNOWLEDGEMENTS**

By signing this Agreement, you acknowledge and agree that:

- 1) You have reviewed this Agreement, including all Attachments and addenda as may be applicable; the Resident Handbook; and the Health Services Disclosure Statement; and you understand your rights and obligations, and all rules and expectations concerning your conduct and responsibilities as set forth herein.
- 2) You affirm that, on or before the Settlement Date, you have accurately completed the Life Care Application, including the Health Profile and Confidential Financial Statement. Should any of the information you provided to us in those forms, or otherwise provided to us, change, you agree to immediately notify FNRC of the change.
- 3) You have been informed of and understand our policies regarding the amount of notice required when you wish to move from your Residence.
- 4) You have been informed of our weapons policy.
- 5) You have reviewed, and had explained to you, our policies and procedures concerning the voicing of grievances, the process for recommending changes to our policies, procedures and services, and for transfers and termination.

IN WITNESS WHEREOF, FORT NORFOLK RETIREMENT COMMUNITY, INC. and the Resident have signed this Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ upon the following (as indicated by the checked box):

Final Payment of the Deposit Balance on Settlement Date

RESIDENT(S):

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Fort Norfolk Retirement Community, Inc., a Virginia Not-For-Profit Corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

## 9) GLOSSARY OF TERMS

The following terms used in this Agreement are defined as follows:

- 1) Admissions Committee: FNRC's committee to evaluate prospective Residents in their candidacy for occupancy.
- 2) Application Processing Fee: Administrative fee charged to Resident for termination of this Agreement prior to Settlement.
- 3) Assisted Living: A Level of Care evaluation using the Virginia Uniform Assessment Instrument indicates you meet the eligibility criteria for a licensed Assisted Living Apartment.
- 4) Attorney-in-Fact: A person who holds power of attorney, and therefore is legally designated to transact business and execute documents on behalf of another person.
- 5) Daily Living Activities: Physical functions that a person performs every day that typically include dressing, eating, bathing, toileting and ambulating.
- 6) Durable Medical Power of Attorney: A legal document that empowers another person to make medical decisions for a patient should the patient be unable to make the decisions due to an incapacitating medical condition.
- 7) Entrance Fee: Non-transferable, non-interest bearing deposit made by the Resident(s) generally in two or more installments. In the event of a double occupancy Apartment, there is an additional non-refundable Second Person Entrance Fee.
- 8) Guardianship: The legal custody of a person or the legal custody of the property of another. A Guardian is appointed by the court to represent the interests of incompetent persons in legal actions.
- 9) Home Health Care Services: In-home health care and assistance, arranged for and paid for by the Resident, upon approval by FNRC.
- 10) Residential Living (as it relates to the health requirement for the Residential Apartments): A Level of Care evaluation indicates you are capable of living and caring for yourself, with or without reasonable accommodation and without risk to self and/or others.
- 11) Level of Care Committee: Health Care professionals, selected by FNRC, who are responsible for the assessment of the functional ability of Residents and are tasked with the responsibility of providing guidance and support in level of care determinations. This committee will consist of a team of professionals including the Resident's personal physician, health care administrator, and other licensed professionals.
- 12) Life Care Agreement: An agreement between the Resident and Harbor's Edge that you qualify for and desire to be placed in a continuum of care community.
- 13) Net Proceeds: The refundable portion of a new Entrance Fee from a resale of an Apartment to a new Resident.
- 14) Permanent Transfer: A transfer is considered permanent, when pursuant to Section 3, the determination is made that the condition that requires your transfer will not allow you to return to your Residence within ninety (90) days. If deemed a Permanent Transfer, your Residence will not be held for your return.
- 15) Personal Services: Services not deemed clinical support services but desired services for convenience, which are approved by FNRC.
- 16) Power of Attorney: A legal document that empowers a person or persons the authority to act on your behalf in the event that you should at any time become unable to properly handle your own affairs.
- 17) Reservation Deposit: Ten percent (10%) of the Entrance Fee due at the time this Agreement is executed.
- 18) Resident Handbook: The policies and procedures for the occupancy and orderly operation and management of Harbor's Edge as the same may be modified from time to time.
- 19) Second Person Entrance Fee: Non-transferable, non-interest bearing fee paid by the second Resident in a double occupancy Apartment. The Second Person Entrance Fee is not refundable.
- 20) Settlement Date: The date you satisfy all requirements to take possession of your Residence, including execution of the Agreement and full payment of the required Entrance Fee. The Settlement Date is the date that FNRC is obligated to provide care and services provided in the Agreement. You may occupy the Residence on or after the Settlement Date.
- 21) Temporary Transfer: A transfer is considered temporary, when pursuant to Section 3, the determination is made that the condition that requires your transfer has the potential to be resolved in a manner which may



allow you to return to your Residence within ninety (90) days. If deemed a Temporary Transfer, your Residence will be held for your return.

**10) ATTACHMENTS**

The following attachments, if fully executed, are incorporated in and constitute a part of this Agreement. These forms and consents may be updated periodically, by Resident request and/or by the use of updated forms.

Description	Attachment
Notice of Right to Rescind .....	A
Non-Life Care Resident Contract (Included Only When Applicable).....	B
Life Care Transfer to Nursing Admission Agreement .....	C
Life Care Transfer to Assisted Living Admission Agreement .....	D

## **Attachment A: Notice of Right to Rescind**

To rescind and terminate your Life Care Agreement, you must mail by certified mail or hand deliver, a signed and dated copy of this cancellation notice or any other written notice clearly indicating your intent to cancel the contract to Fort Norfolk Retirement Community, Inc. (“FNRC”) at One Colley Avenue, Norfolk, Virginia 23510. Your rescission and termination is effective upon receipt by FNRC of the notice either by certified mail or hand delivery. Refer to Section 6 of the Agreement regarding termination and refund provisions.

Pursuant to this notice, I hereby rescind and terminate my Agreement.

Cancellation Date: \_\_\_\_\_

Resident Signature: \_\_\_\_\_

Resident Signature: \_\_\_\_\_

## Attachment B. Non-Life Care Resident Contract

### Harbor's Edge Non-Life Care Resident Contract

\_\_\_\_\_  
Name of Non-Life Care Resident

\_\_\_\_\_  
Residence Number

#### 1. Introduction

This addendum constitutes an agreement between you and Harbor's Edge in which Harbor's Edge agrees to admit you to the Residential Units under the care of your spouse.<sup>1</sup> You will be subject to the rights and privileges enumerated in the Life Care Agreement with the exceptions of those rights and privileges which only apply to Life Care Residents and are specified in this document.

#### 2. Residency Requirements

You and your spouse hereby agree that your acceptance to the Residential Units at Harbor's Edge is contingent upon you and your spouse cohabitating. You agree and acknowledge that you do not meet the Residential Apartment residency requirements at Harbor's Edge. However, Harbor's Edge will accept you into the Residential Units upon the condition that you continue to live with your spouse (who does meet the Residency requirements for the Residential Units), and that your spouse accepts all responsibility for your care while you are in the Residential Units.

#### 3. Release from Liability

You hereby release Harbor's Edge from any liability which may have arisen from you living independently without meeting the Residency Requirements for the Residential Units at Harbor's Edge. Should an incident regarding your health arise while you are in the Residential Units, you hereby agree to assume all responsibility for your care. Should the event necessitate a transfer to another level of care, you will be subject to the following transfer procedure.

#### 4. Transfers

If your health condition worsens and either the staff of Harbor's Edge, you, your doctor, or your family believes it would be in your best interest to transfer, you may transfer to another level of care. The following procedure will apply to a transfer:

- A. **Types of Transfers.** Transfers may be temporary or permanent and they may be instituted on an emergency or non-emergency basis.
  1. **Temporary.** A transfer is considered temporary when the determination is made that the condition that requires your transfer has the potential to be resolved in a manner which may allow you to return to your Residence within ninety (90) days.
  2. **Permanent.** A transfer is considered permanent when the determination is made that the condition that requires your transfer will not allow you to return to your Residence within ninety (90) days.

<sup>1</sup> In lieu of a spouse, the non-Life Care resident may also be admitted under the care of a sibling, significant other, or close relative as long as they reside with you in the same Apartment.

- a. If it is determined that you should be transferred permanently from your residence, and your spouse transitions with you, your Residence will not be held for your return.
  - b. If it is determined that you should be transferred permanently from your residence, and your spouse does not transition with you, your spouse may remain in the Residence as their rights to that Residence are not affected by your transfer.
3. **Consultation.** Except in case of emergency, FNRC agrees not to transfer you from your Residence to Assisted Living, Memory Support or the Health Center, or to a care facility or hospital which is not on the campus of FNRC, for health-related or other reasons unless the Level of Care Committee has consulted with you, your family, and your physician, or with anyone else you designate as a primary contact. The Level of Care Committee will consider any reasonable accommodations which would allow you to remain in your current Residence, if presented to the Level of Care Committee in writing. The Level of Care Committee's decision and the reasons for the decision will be reported in writing to you. FNRC will make a decision in the best interest of the Resident, and the decision of FNRC shall be final and binding. In the case of an emergency transfer, the consultations described above will be scheduled by FNRC within seven (7) days after transfer.
- a. Circumstances in which it is in the best interest of the Resident to be transferred include, but are not limited to, the following:
    1. A determination that the Resident can no longer function in an independent manner in a Residence, and the Resident requires additional assistance with activities of daily living or nursing care;
    2. a determination that the Resident is unable to remain mobile (for purposes of this document, the term "mobile" is used to describe a person who is capable of demonstrating the mental competence and physical ability to leave a building without human assistance or supervision in case of emergency); or,
    3. a determination that the continued residency of the Resident at Harbor's Edge would be harmful to the Resident, other Residents, or staff of Harbor's Edge.
- B. **Transfer Admissions.** When a transfer determination is made, we will admit you to the Assisted Living or Health Care Center or, under the conditions set forth below, to another facility.
1. In the event that space for you, for any reason, is not available in the Assisted Living or Health Care Center, upon determination that a Permanent Transfer is required, FNRC will arrange and pay for your temporary care in your Residence by a certified Home Health Care Agency if reasonably possible until space at the Assisted Living, Memory Support, or Health Center becomes available. If Home Health Care is not medically possible, FNRC will arrange for your temporary care in another facility of FNRC's choice that can provide the same care that would otherwise have been provided by FNRC until space becomes available. FNRC will pay for comparable care in another facility as if it were provided by FNRC. FNRC will provide and pay for transportation costs as appropriate.
- C. **Transfer to Assisted Living.** We will provide to you, in an Assisted Living Residence, services which are approved by our Medical Director, and are designed to assist with Daily Living Activities in accordance with applicable Virginia statutes. Services will include, to the extent necessary, assistance with dressing, eating, bathing, toileting, administration of medications and ambulating.
- D. **Transfer to Memory Support Center.** We will provide to you, in a Memory Support Residence, services which are approved by our Medical Director, and are designed to assist with Daily Living Activities in accordance with applicable Virginia statutes. Services will include, to the extent necessary, assistance with dressing, eating, bathing, toileting, administration of medications and ambulating.
- E. **Transfer to Health Care Center.** We will provide to you, in a private room in our Health Care Center, licensed Nursing Care services approved by our Medical Director. The care provided will

cover services included in the basic private nursing room published daily rate then in effect. Such care will include, to the extent necessary, those services required by statute to be supervised or administered by a professional licensed nursing staff, e.g., medication administration, condition and behavior observation and assessment, creation and administration of a plan of care, assistance with Daily Living Activities and communication with physicians and other care providers. You will be responsible for charges for supplies and services above those included in the basic published daily rate.

#### F. Fees.

1. **Temporary Transfer.** If you temporarily transfer from your Residence and your spouse remains in the Residence, you will be required to pay the then current applicable pro-rated monthly rate for Assisted Living (based on your level of care) or the then current daily rate for the Health Care Center, but you will not be required to pay the second person monthly service fee for your Residential Apartment.
2. **Permanent Transfer.** If you are permanently transferred, you will be required to pay the then current applicable pro-rated monthly rate for Assisted Living (based on your level of care) or the then current daily rate for the Health Care Center, but you will no longer be required to pay the second person monthly service fee for your Residential Apartment.

### 5. Home Health Care Services.

It is the intent of FNRC to enable you to maintain the highest level of independence possible. As such, you may arrange for Home Health Care services to be provided to you in your Residence at your expense by a certified Home Health Care agency. Such services are typically intermittent and short-term in nature, often rendered following an acute care illness. While FNRC will, on occasion, provide brochures, host seminars and even provide offices for Home Health Care Agency(ies) to facilitate providing such services to the Residents of Harbor's Edge, all services and goods are provided by a contract between the Home Health Care Agency(ies) and the Resident. FNRC shall in no way be deemed a party to that contract and shall not be responsible for the acts or failure to act of any such agency.

FNRC must approve the Resident's Home Health Care provider. You agree to notify FNRC in writing that you intend to receive Home Health Care services, the name and address of the provider, the services to be provided and the periods of visitation. If the provider has not provided certification that it has met all regulatory requirements for credentialing the assigned Home Health Care worker, FNRC shall conduct the required credentialing to include criminal and sex offender investigations on your proposed Home Health Care workers. FNRC reserves the right to reject proposed workers whom FNRC believes may compromise the security of Harbor's Edge. Resident agrees to reimburse FNRC for the cost of such credentialing as shown on the current Fee Schedule. Once FNRC has approved the care, FNRC will monitor the Resident's progress every thirty (30) days. If FNRC determines that the Resident's condition is not improving, FNRC may recommend an evaluation by the Level of Care Committee. This evaluation may determine that Home Health Care Services should be terminated and the Resident should be transferred to a more appropriate level of care. The decision as to whether to terminate home health care services and to transition the Resident to another level of care will be subject to the appeals procedure set forth in Section 4.

**6. Personal Services.**

You may arrange for in-home assistance with services for your convenience. You agree to notify FNRC of such services so that we may screen the proposed worker for security purposes, including a criminal and sex offender check. You agree to reimburse FNRC for the cost of such credentialing as shown on the current Fee Schedule. While FNRC will, on occasion, provide brochures, host seminars and even provide offices for Personal Service Agency(ies) to facilitate providing such services to the Residents of Harbor’s Edge, all services and goods are provided by a contract between the Personal Services Agency(ies) and the Resident. FNRC shall in no way be deemed a party to that contract and shall not be responsible for the acts or failure to act of any such agency. Personal/Companion services are not clinical support services, but rather desired services for convenience.

**7. Acknowledgements**

By signing this agreement, you agree and acknowledge that:

- a. You are being admitted into the Residential Units at Harbor’s Edge even though you do not medically qualify for the Residential Units.
- b. Your continued residence in the Residential Units is dependent on your cohabitating with your spouse, who does medically qualify for the Residential Units.
- c. If, at any time, your condition worsens, and the staff at Harbor’s Edge questions your ability to continue to live independently, you agree that Harbor’s Edge may institute transfer proceedings.
- d. If you are transferred to another level of care at Harbor’s Edge, you are subject to the then current monthly or daily rate of that facility and are no longer subject to the second person monthly service fee for your Residential Apartment.
- e. You acknowledge and agree that the policies detailed in this document are supplemental policies specific to you. Other than the exceptions noted here, you have all the rights and privileges of an Residential Apartment Resident at Harbor’s Edge.

\_\_\_\_\_  
Non-Life Care Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Life Care Resident/Witness Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
FNRC Representative

\_\_\_\_\_  
Date

# Attachment C. Life Care Resident Nursing Care Agreement

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## Life Care Resident Nursing Care Agreement

### 1) Fees and Services Provided By the Health Care Center

- a) **Fees for Transfers of Life Care Residents.** If you are admitted to Harbor's Edge Nursing Center under a Life Care Agreement, your Daily Basic Rate and/or Monthly Service Fees associated with the transfer are determined by Section 3 of your Life Care Agreement in effect on the date of the transfer.
- b) **Basic Daily Rate and Monthly Service Fee.** Regardless of pay source, the Daily Basic Rate and/or Monthly Service Fee covers the following services and items: nursing care, assistance with Daily Living Activities, meals, snacks, nourishment, dietary consultations, social services, discharge planning, activities (not including charged outings); furnished private room with single bed, a night stand, dresser, closet, chair, television with basic cable service, linens and bedding.
- c) **Insurance Allowable Charges.** In addition to the items and services included in the Daily Basic Rate, there are additional medical and personal items that may be eligible for coverage under the Medicare A or B, Medicare Advantage programs or private insurance to include third party insurance. If you are eligible for coverage, you are responsible for payment of any related coinsurance or deductible (which may be paid through your third party insurance). The Health Care Center agrees to accept the payment from Medicare programs, private insurance or third party insurance plans plus your coinsurance and/or deductible as payment in full for the items and services covered by Medicare. You agree to pay for the cost of services and items NOT covered by Medicare's Daily Basic Rate, including upcharges for voluntary room upgrades. A description of the items and services not covered by Medicare's Basic Daily Rate on the date of the admission or transfer can be found as Exhibit D. Medicare may change the items and services not covered by the Basic Daily Rate in the future.
- d) **Private Pay Charges.** In addition to the Daily Basic Rate as specified, you agree to pay the Health Care Center for the costs of special services and supplies. A description of the items and services not covered by the Private Pay Basic Daily Rate on the date of the admission or transfer can be found as Exhibit E. FNRC may change the items and services not covered by the Private Pay Basic Daily Rate in the future.
- e) **Agreement to Pay Additional Fees.**
  - i) **Non-covered Services.** You agree to be responsible for that portion of charges due the Health Care Center which are not covered by medical insurance plans or other third party insurance as well as any physician's fees, medications, treatments, therapy services or aids and supplies ordered by the physician, and not covered under Medicare or other third party insurance.
  - ii) **Outside Consultants.** If you desire to engage the services of an outside dentist, physician or other consultant, and the use of that consultant was not ordered by a Health Care Center approved physician, you shall be responsible for all costs associated with those services, including professional fees to the extent those fees are not covered by medical insurance plans or other third party insurance.
  - iii) **Incidental Fees.** Certain items and services are not covered under the Daily Basic Rate nor are they normally paid for by medical insurance plans or other third party insurance. These services include, but are not limited to, special events, transportation services, specialized medical procedures, personal care services, concierge services, guest meals, personal business services, voluntary unit upgrades (i.e. deluxe and water view rooms), and costs of relocation when transferring permanently to another level of care or facility. Incidental fees for items and services not covered under the Daily Basic Rate or Monthly Service fee will be made in accordance with the Fee Schedule then in effect and will be billed to the Resident monthly. Exhibit F provides the Fee Schedule in effect on the date of the admission or transfer.
  - iv) **Physician and Therapy Services.** The Health Care Center will arrange for (1) physicians, nurse practitioners, and/or physician assistants credentialed by the Health Care Center to provide care to you, (2) another physician to visit you if your physician is late or fails to visit you when medically necessary, and (3) therapy services to be available to you when prescribed by a physician. To the extent that Physician and therapy charges are not covered by medical insurance plans or other third party insurance, they must be paid by you. Charges may be billed by the Health Care Center or directly by the provider of the service.



- v) Prescription Medications. Charges for drugs prescribed by a physician are not included in the Daily Basic Rate for Private Pay residents. To the extent that prescription drug charges are not covered by medical insurance plans or other third party insurance, they must be paid by you.
- vi) Transportation Services. The Health Care Center shall make arrangements to obtain appropriate transportation in cases of emergency and shall assist you in obtaining transportation when it is necessary to obtain medical, psychiatric, dental, diagnostic or other services outside the facility. Medicare will usually cover ambulance services that are medically necessary. In addition, some third party insurance policies may provide coverage for certain transportation costs. You will be responsible for payment of transportation costs that are not covered by medical insurance plans or other third party insurance.
- vii) Bed Hold Charges. In accordance with the Bed Hold Policy found as Exhibit C, you will be responsible for payment of Bed Hold charges that are not covered by medical insurance or other third party insurance.
- viii) Room Upgrades for Medicare Stays. In the event a standard room (referred to as “Premium” room on Exhibit F) is not available at the time of your transfer or admission to the Health Care Center, you may be placed in an upgraded room (i.e. Deluxe or Waterview) at no additional cost, until a standard room becomes available. Thereafter, if you prefer to remain in the upgraded room, you will be responsible for the difference between the then current Daily Basic Rate and monthly service fee for a standard room and the upgraded room. Upgrade fees for Deluxe and Waterview rooms can be found on Exhibit F.

## 2) Billing Practices

- a) **Effective Dates for Billing.** For the purpose of applying the Daily Basic Rate, the Resident’s day is midnight to midnight. The Health Care Center shall apply the daily charge for the day of your admission, but shall not charge for the last day of residency.
- b) **Changes Based on Level of Care.** When the assessment of your needs indicates that your insurance status will change, we may change the fees that we charge you. We shall provide forty-eight (48) hours advance notice due to a change in your discharge status under medical insurance plans or other third party insurance, if applicable. If discharge from the Health Care Center is appropriate according to your insurer’s guidelines, you are responsible for payment of the appropriate Private Pay Daily Basic Rate and all services provided as of the date medical insurance or other third party insurance payments cease.
- c) **Notice of Basic and Ancillary Rate Changes.** With exceptions for voluntary unit upgrades and level of care changes noted in Section 2b, the Health Care Center agrees to provide thirty (30) days of advance written notice to you for changes to Basic Daily Rates and incidental/ancillary fees. If you do not terminate this contract within seven (7) days of receipt of the notice, failure to terminate shall constitute agreement to continue this contract in full force and effect at the rate set forth in the written notice.
- d) **Payment of Fees; Late Charges.** Monthly statements will be mailed by the fifth (5<sup>th</sup>) business day of every month, with payment of all charges due within 10 days. In addition to your daily or monthly charges, the monthly statements will include fees for any additional services you elect to utilize, and the cost of any goods you have purchased. Payment should be made pursuant to the procedures set forth on the invoice. If you fail to pay our fees when due, we will assess a late charge of five percent (5%) of the amount due. If your check is not honored for payment, we will assess the then current bank service fee in addition to any late fees that are assessed.
- e) **Refund Policy.** Upon your transfer, discharge or death, the Health Care Center shall refund any prepaid amounts for services not rendered as soon as all charges have been processed. However, the Health Care Center shall not refund any bed hold charges unless you or the Resident Representative had requested that the Health Care Center discontinue a bed hold.

## 3) Transfer and Discharge

- a) **Consultation.** Except in an emergency involving your health or well-being, you will not be transferred or discharged without prior consultation with you, your family or Resident Representative and your attending physician. If your attending physician is unavailable, the Health Care Center’s Medical Director

in conjunction with the Director of Nursing, social worker or another health professional, will be consulted.

- b) **Reasons for Discharge.** The Health Care Center may, in accordance with applicable Resident's Rights, terminate this Agreement and transfer or discharge you after written notice to you or your Representative for any of the following reasons:
- i) The transfer or discharge is necessary for your welfare and your needs cannot be met in the Health Care Center;
  - ii) The transfer or discharge is appropriate because your health has improved sufficiently so you no longer need the services provided by the Health Care Center;
  - iii) The safety of individuals in the Health Care Center is endangered;
  - iv) The health of individuals in the Health Care Center would otherwise be endangered;
  - v) You or your Representative has failed, after reasonable and appropriate notice, to pay for, or have paid under Medicare or other third party insurance, your stay at the Health Care Center, and the costs and expenses incurred on behalf of you at the Health Care Center;
  - vi) The Health Care Center where you reside ceases to operate, for any reason; or
  - vii) Any other reason permitted by applicable federal and state regulations.
- c) **Discharge Notice.** We shall provide you or, as appropriate, your Representative and designated contact person, a Discharge Notice which contains the following information: 1) the reason or reasons for the discharge, 2) the actual date of discharge, 3) your destination at discharge, 4) your appeal rights, and 5) contact information for the State long term care ombudsman. Additional information will be provided to residents with developmental disabilities or mental illness in accordance with nursing facility regulations. A copy of the written notice shall be retained in your record.
- i) The Discharge Notice shall be provided at least thirty (30) days prior to discharge or transfer, except as specified in Sections 3(b)(ii) and 3(b)(vi) and 3(c)(ii),.
  - ii) The Discharge Notice may be made as soon as practicable when the safety or health of individuals in the facility would be endangered; or if your health improves sufficiently to allow a more immediate transfer or discharge; or if your urgent health needs require an immediate transfer or discharge; or if you have not resided in the facility for thirty (30) days.
- d) **Disposal of Personal Effects.** Your personal property left at the Health Care Center for more than fourteen (14) days following your discharge from the Health Care Center shall become the property of the Health Care Center, and the Health Care Center is authorized by you or your Representative to dispose of the property at its discretion.
- e) **Discharge for Nonpayment.** It is understood that you may be discharged for non-payment of sums due under this Agreement. However, FNRC will endeavor to avoid requiring you to leave the facility because of inability to pay regular charges through the establishment of a qualified Resident assistance policy to promote the availability of funds to assist residents who are unable to pay regular charges in whole or in part. FNRC reserves the right to require proof of financial need and to relocate you to a less costly Nursing Care residence in the event financial assistance is granted. This Section shall not be construed to prohibit or prevent FNRC from discharging you:
- i) For breach of non-financial contract provisions;
  - ii) If medically appropriate care can no longer be provided to you, or
  - iii) If you are a danger to yourself or others while in the facility.

#### 4) Resident's Insurance and Other Obligations

- a) **Consent to Treat and Required Authorizations.** You or your Representative agree to execute all consents, releases and authorizations necessary to meet regulatory and insurance requirements.
- b) **Application for Benefits Required.** You or your Representative agree to promptly apply for eligibility and benefits under the Medicare program as soon as you appear to meet the program's eligibility requirements. If you fail to apply promptly, the Health Care Center is authorized, at its sole discretion, to prepare all necessary forms and documents for the your signature which you or your Representative shall not unreasonably withhold and submit such forms and documents to the appropriate state or federal agencies for determination of your eligibility and benefits under the Medicare program. The Health Care

Center will not ask you to delay or in any other way waive your rights to Medicare or Medical Assistance benefits as a condition of this Agreement.

- c) **Medical Tests and Admission Exams.** Virginia Law requires that you be free of communicable tuberculosis and clinically apparent communicable diseases. You or your Representative agree to present, upon admission, a current negative chest x-ray, or skin test for you that is no more than ninety (90) days old. You or your Representative also consent to a physical examination to be performed on you within five (5) days before admission or 48 hours after admission.
- d) **Duty to Notify.** You or your Representative agree to notify the Health Care Center of any changes in legal status affecting your rights or care under this Agreement, including, but not limited to, insurance coverage, health care agent or durable power of attorney for health care; appointments or changes of Resident Representative or Guardian; and changes in advance directives and living wills. You or your Representative agree to provide FNRC with copies of all Powers of Attorney, Guardianship Orders or other documentation authorizing an agent to act for or on behalf of you.
- e) **Personal Needs.** You or your Representative where allowed by law agrees to provide personal clothing, personal effects, spending money, as needed or desired by you.

## 5) Duties and Obligations of the Resident

- a) **Resident Conduct.** You agree to abide by the policies, rules and regulations established from time to time by the Health Care Center for the protection, comfort, and welfare of all Residents in the Health Care Center. Such rules are contained in this Agreement or the Health Care Center Resident Handbook and include, but are not limited to, prohibition of smoking and fire arms on premises. Additionally, you agree to conduct yourself in strict compliance with any and all federal, state and/or local laws and regulations while residing at the Health Care Center.
- b) **Resident Handbook.** We have specified the policies and procedures for the safe and orderly operation of the Health Care Center in the Health Care Center Resident Handbook (“Handbook”). The Handbook, as amended from time to time, is hereby incorporated by reference. Harbor’s Edge retains the right to change and amend the policies and procedures in the Handbook. The Handbook will be provided to you on or before your transfer admission date. You agree to abide by and observe the Handbook and all amendments and additions thereto. In the event that the terms of this Agreement conflict with the Handbook, the terms of this Agreement shall control.

## 6) General Information and Community Policies

- a) **Complaint Procedure.** You and your Representatives are encouraged to utilize established complaint procedures attached hereto as Exhibit B.
- b) **Reassignment of Room.** You acknowledge that the Health Care Center has the right in the future from time to time to reassign you to another room in the Health Care Center within the rules and regulations regarding transfer as set forth by federal and state regulatory agencies, including but not limited to, situations in which such a move is made necessary or desirable due to the level of care which you need.
- c) **Room Substitution.** A request by you for a room substitution will be granted at our discretion. If you move pursuant to your own request, you will be responsible for all costs associated with the move.
- d) **Resident Advisory Council.** The Health Center has assisted in organizing a Health Care Center Resident Advisory Council to enhance the quality of life and services at the Health Care Center. The Health Center staff will confer regularly with representatives of the Council about matters of concern to Residents; however, the council is an advisory, not a governing council.
- e) **Personal Property.** The Health Care Center advises you not to retain or take possession of valuables or money while in residency and the Health Care Center will make every reasonable effort to locate your personal property that has been lost or misplaced. The Health Care Center cannot guarantee the safety of personal items, and that the Health Care Center is not responsible for loss, theft or damage to your personal property. Upon admission, the Health Care Center will make an inventory list of your personal property and belongings. Thereafter, it will be the responsibility of you or your Representative to notify the Health Care Center of additions or deletions of personal property. Should you or your Representative claim a

loss of any listed personal property, the Health Care Center will conduct a reasonable inquiry concerning the loss.

## 7) Exhibit A - Nursing Care - Resident Rights

It is the policy at the Health Care Center that all Residents shall have the following rights and privileges in accordance with federal law and Section 32.1-138 of the Code of Virginia, as amended from time to time. The Health Care Center will review these rights with each Resident annually or with the Resident Representative at least annually.

1. **Resident rights.** You have the right to a dignified existence, self-determination, and communication with and access to persons and services inside and outside the facility.
2. **Exercise of rights.** You have the right to exercise your rights as a Resident of the facility and as a citizen or Resident of the United States.
  - a) You have the right to be free of interference, coercion, discrimination, and reprisal from the facility in exercising your rights and to be supported by the facility in the exercise of rights.
  - b) In the case of a Resident who has not been adjudged incompetent by the State court, the Resident has the right to designate a representative, in accordance with State law and any legal surrogate so designated may exercise the Resident's rights to the extent provided by State law.
  - c) The same-sex spouse of a Resident must be afforded treatment equal to that afforded to an opposite-sex spouse if the marriage was valid in the jurisdiction in which it was celebrated.
  - d) The Resident Representative has the right to exercise the Resident's rights to the extent those rights are delegated to the Resident Representative.
  - e) The Resident retains the right to exercise those rights not delegated to a Resident Representative, including the right to revoke a delegation or rights, except as limited by State law.
3. **Planning and implementing care.** The Resident has the right to be informed of, and participate in, your treatment, including:
  - a) The right to be fully informed in language that he or she can understand of your total health status, including but not limited to, his or her medical condition.
  - b) The right to participate in the development and implementation of your person-centered plan of care, including but not limited to:
    - i) The right to participate in the planning process, including the right to identify individuals or roles to be included in the planning process, the right to request meetings and the right to request revisions to the person-centered plan of care.
    - ii) The right to participate in establishing the expected goals and outcomes of care, the type, amount, frequency, and duration of care, and any other factors related to the effectiveness of the plan of care.
    - iii) The right to be informed, in advance, of changes to the plan of care.
    - iv) The right to receive the services and/or items included in the plan of care.
    - v) The right to see the care plan, including the right to sign after changes to the plan of care.
  - c) The right to be informed in advance, of the care to be furnished and the type of care giver or professional that will furnish care.
  - d) The right to be informed by the physician or other practitioner or professional, of the risks and benefits of proposed care, of treatment and treatment alternatives or treatment options and to choose the alternative or option he/she prefers.
  - e) The right to request, refuse, and/or discontinue treatment, to participate in or refuse to participate in experimental research, and to formulate an advance directive.
  - f) The right to self-administer medications if the interdisciplinary team has determined that this practice is clinically appropriate.
  - g) Nothing in this paragraph should be construed as the right of the Resident to receive the provision of medical treatment or medical services deemed medically unnecessary or inappropriate.
4. **Choice of attending physician.** The Resident has the right to choose your attending physician.

5. **Respect and dignity.** The Resident has a right to be treated with respect and dignity, including:
  - a) The right to be free from any verbal, sexual, corporal punishment, involuntary seclusion, mental and physical abuse and free from physical or chemical restraints imposed for purposes of discipline or convenience, and not required to treat the Resident's medical symptoms.
  - b) The right to retain and use personal possessions, including furnishings, and clothing, as space permits, unless to do so would infringe upon the rights or health and safety of other Residents.
  - c) The right to reside and receive services in the facility with reasonable accommodation of Resident needs and preferences, except when to do so would endanger the health or safety of the Resident or other Residents.
  - d) The right to share a room with your spouse when married Residents live in the same facility and both spouses consent to the arrangement.
  - e) The right to share a room with your roommate of choice when practicable, when both Residents live in the same facility and both Residents consent to the arrangement.
  - f) The right to receive written notice, including the reason for the change, before the Resident's room or roommate in the facility is changed.
  - g) The right to refuse to transfer to another room in the facility, if the purpose of the transfer is:
    - i) to relocate a Resident of a Skilled Nursing Facility from the distinct part of the institution that is a Skilled Nursing Facility to a part of the institution that is not a Skilled Nursing Facility, or
    - ii) solely for the convenience of staff.
  - h) A Resident's exercise of the right to refuse transfer does not affect the Resident's eligibility or entitlement to Medicare or Medicaid benefits.
6. **Transfer and Discharge.**
  - a) You can't be sent to another nursing home or be made to leave Harbor's Edge except in these situations:
    - i) It's necessary for the welfare or safety of you or others;
    - ii) Your needs can no longer be met by Harbor's Edge;
    - iii) Your health has improved to the point that nursing home care is no longer necessary;
    - iv) You don't pay for the services for which you're responsible; or
    - v) Harbor's Edge closes.
  - b) Harbor's Edge can't make you leave if you're waiting to get Medicaid or if an appeal is pending. Harbor's Edge should work with other state agencies to get payment if a family member or other individual is holding your money.
  - c) You (and your Representative) have a right to be notified before you are transferred or discharged from Harbor's Edge.
7. **Self-determination.** The Resident has the right to and the facility must promote and facilitate Resident self-determination through support of Resident choice, including but not limited to:
  - a) The Resident has a right to choose activities, schedules (including sleeping and waking times), health care and providers of health care services consistent with his or her interests, assessments, and plan of care and other applicable provisions of this part.
  - b) The Resident has the right to make choices about aspects of your life in the facility that are significant to the Resident.
  - c) The Resident has a right to interact with members of the community and participate in community activities both inside and outside the facility.
  - d) The Resident has a right to receive visitors of your choosing at the time of your choosing, subject to the Resident's right to deny visitation when applicable, and in a manner, that does not impose on the rights of another Resident.
  - e) The Resident has a right to organize and participate in Resident groups in the facility.
  - f) The Resident has a right to participate in family groups.
  - g) The Resident has a right to have family member(s) or other Resident Representative(s) meet in the facility with the families or Resident Representative(s) or other Residents in the facility.

- h) The Resident has a right to participate in other activities, including social, religious, and community activities that do not interfere with the rights of other Residents in the facility.
  - i) The Resident has a right to choose to or refuse to perform services for the facility and the facility must not require a Resident to perform services for the facility. The Resident may perform services for the facility, if he/she chooses, when
    - i) The facility has documented the Resident's need or desire for work in the plan of care;
    - ii) The plan specifies the nature of the services performed and whether the services are voluntary or paid;
    - iii) Compensation for paid services is at or above prevailing rates; and
    - iv) The Resident agrees to the work arrangement described in the plan of care.
  - j) The Resident has the right to manage your financial affairs. This includes the right to know, in advance, what charges a facility may impose against a Resident's personal funds.
8. **Information and communication.** The Resident has the right to be informed of your rights and of all rules and regulations governing Resident conduct and responsibilities during your stay in the facility.
- a) The Resident has the right to access personal and medical records pertaining to him or herself.
  - b) The Resident has the right to receive notices orally (meaning spoken) and in writing (including Braille) in a format and a language he/she understands, including:
  - c) The facility must furnish to each Resident a written description of legal rights which includes:
    - i) A description of the manner in protecting personal funds,
    - ii) Contact information for State and local advocacy organizations, including but not limited to the State Survey Agency, the State Long-Term Care Ombudsman program and the protection and advocacy system;
    - iii) Information regarding Medicare and Medicaid eligibility and coverage;
    - iv) Contact information for the Aging/Disability Resource Center; or other No Wrong Door Program
    - v) Contact information for the Medicaid Fraud Control Unit; and
    - vi) Contact information for filing grievances or complaints concerning any suspected violation of state or federal nursing facility regulations, including but not limited to Resident abuse, neglect, exploitation, misappropriation of Resident property in the facility, non-compliance with the advance directives requirements and requests for information regarding returning to the community.
  - d) The Resident has the right to have reasonable access to the use of a telephone, including TTY and TDD services, and a place in the facility where calls can be made without being overhead. This includes the right to retain and use a cellular phone at the Resident's own expense.
  - e) The Resident has the right to send and receive mail, and to receive letters, packages and other materials delivered to the facility for the Resident through a means other than a postal service, including the right to:
    - i) Privacy of such communications consistent with this section; and
    - ii) Access to stationary, postage, and writing implements at the Resident's own expense.
  - f) The Resident has the right to have reasonable access to and privacy of their use of electronic communication such as email and video communications and for internet research.
    - i) If the access is available to the facility
    - ii) At the Resident's expense, if any additional expense is incurred by the facility to provide such access to the Resident.
    - iii) Such use must comply with state and federal law.
  - g) The Resident has a right to—
    - i) Examine the results of the most recent survey of the facility conducted by Federal or State surveyors and any plan of correction in effect with respect to the facility; and
    - ii) Receive information from agencies acting as client advocates, and be afforded the opportunity to contact these agencies.
9. **Privacy and confidentiality.** The Resident has a right to personal privacy and confidentiality of your personal and medical records.

- a) Personal privacy includes accommodations, medical treatment, written and telephone communications, personal care, visits, and meetings of family and Resident groups, but this does not require the facility to provide a private room for each Resident.
  - b) The Resident has a right to secure and confidential personal and medical records.
    - i) The Resident has the right to refuse the release of personal and medical records except as provided at §483.70(i)(2) or other applicable federal or state laws.
10. **Safe environment.** The Resident has a right to a safe, clean, comfortable and homelike environment, including but not limited to receiving treatment and supports for daily living safely.
11. **Grievances.** The Resident has the right to—
- a) Voice grievances to the facility or other agency or entity that hears grievances without discrimination or reprisal. Such grievances include those with respect to care and treatment which has been furnished as well as that which has not been furnished; and the behavior of staff and of other Residents; and other concerns regarding their LTC facility stay.
  - b) The Resident has the right to and the facility must make prompt efforts by the facility to resolve grievances the Resident may have.
12. **Social Services.** Harbor’s Edge must provide you with any needed medically-related social services, including counseling, help solving problems with other residents, help in contacting legal and financial professionals, and discharge planning.
13. To be fully informed, as evidenced by the written acknowledgment of the Resident or his Representative, prior to or at the time of admission and during his stay, that he/she should exercise whatever due diligence he/she deems necessary with respect to information on any sexual offenders registered pursuant to Chapter 9 (§ 9.1-900 et seq.) of Title 9.1, including how to obtain such information. Upon request, the Health Care Center shall assist the Resident, prospective Resident, or the Representative of the Resident or prospective Resident in accessing this information and provide the Resident, prospective Resident, or the Representative of the Resident or prospective Resident with printed copies of the requested information.

Reviewed with the following individuals:

Date: [Comments]

Resident Name: [Abstract]

Resident Representative Name: [Category]

## 8) Exhibit B: Health Care Center Complaint Procedure

### General Concerns

**Complaint Policy.** Should you or a visitor in the Health Care Center feel that you have a concern or complaint with regards to services received, or want to recommend a change in policy, procedure or service, you may follow this procedure:

1. Report the concern, complaint, or recommendation to the employee on duty and/or supervisor.
2. This person will resolve the issue if possible, or relay the concern or recommendation to the Grievance Officer.
3. If a more formal response is required, a complaint form should be completed with the Grievance Officer who will work with the Resident and family to resolve the issue.

We encourage pursuit of these steps of open communication so that we can work together on any issue that may arise. If, however, you feel that the concern or recommendation has not been satisfactorily resolved, it may be pursued further by contacting the following:

### In Case of Questions or Concerns, Resident May Call:

Toll-Free Number for the Virginia Long-Term Care Ombudsman: **1-800-522-3402**

Contact: **Willie Alston**  
(Local/Sub-state Ombudsman)  
Telephone: **(757) 461-9481**  
Address: **6350 Center Drive, Bldg. 5, Suite 101**  
**Norfolk, VA 23502-4121**

Virginia Department of Health, Office of Licensure and Certification: **804-367-2106 or 800-955-1819 (toll free)**

Toll-Free Number for Virginia Office for Protection and Advocacy: **1-800-552-3962**

Toll-Free Number for Adult Protective Services: **1-888-832-3858**



## **Complaints Regarding Resident Care and Billing Practices**

Special procedures are required in the event a Resident or Resident Representative has a concern regarding Resident care, criminal activity, fraud, abuse, neglect, misappropriation of funds, or insurance and billing practices. Harbor's Edge management would prefer to have the opportunity to be advised of any incident or condition that would give rise to a complaint so that appropriate action could be taken to immediately rectify the situation and to protect all residents.

A Resident or Resident Representative should contact the Social Worker, Nursing Supervisor, Director of Nursing, or the Health Services Administrator if there is a concern regarding Resident care. If the incident occurs after hours or on the weekend, the assigned Manager on Duty may be contacted. All incidents will be documented on an incident report which will be reviewed by the Health Services Administrator or his/her designee for appropriate follow up.

Concerns regarding insurance and billing are best directed to the Finance Department, specifically the Billing Administrator or the Director of Finance, depending upon the nature of the concern.

We specifically prohibit any form of Resident abuse, neglect, exploitation and misappropriation of Resident property. In addition to the requirements under the state law to timely report an incident of abuse, neglect or exploitation to the Virginia Adult Protective Services (Mandatory Reporter requirements), federal law requires that employees and contractors providing care to nursing care patients take immediate steps to report any reasonable suspicion of a crime, committed against a patient of the facility. Examples of crime include, but are not limited to, theft, abuse, fraud, exploitation and neglect. Employees and contractors who provide services to nursing care residents are subject to severe monetary penalties for failure to report a reasonable suspicion of a crime within the required time frames.

Residents have a right to file a complaint with the following:

- Complaint Coordinator / Office of Licensure and Certification (OLC) (800) 955-1819
- Adult Protective Services (888) 832-3856 or (888) 83 ADULT
- State Long Term Care Ombudsman: (800) 766-8059
- Local Long Term Care Ombudsman: (757) 461-9481

In regards to insurance and billing practices, we put a considerable amount of time, expense and effort into detecting and preventing errors in coding and billing. Our goal is to submit only accurate claims for services that are actually provided, are documented in the medical record and are medically necessary. In those rare occurrences when an error is made, it is our policy to take corrective action, which may include a variety of options, including a refund to the Resident and/or the applicable insurer, depending on the specifics of the situation. We also adhere strictly to a non-retaliation policy against any employee, contractor, Resident or Resident Representative who in good faith asks a question, raises a concern or reports a perceived misconduct. We welcome the information and will pursue corrective action promptly and diligently.

## 9) Exhibit C: Bed Hold Policy

- a) **Life Care and Private Pay.** A Life Care or Private Pay Resident may hold a specific bed for the entire length of hospital stay or therapeutic leave provided the Resident or their representative has indicated in writing the desire to hold the bed and agreement to pay the daily bed hold charge noted on the current Fee Schedule. The bed-hold charge will be the Daily Basic Rate for the Apartment/room selected. The Daily Basic Rate and bed hold rate is communicated to all Residents or their representatives upon admission, at time of transfer for hospitalization or therapeutic leave, and thirty (30) days in advance of any change of rate.
- b) **Insurance Covered Stay.** If a Resident requires hospitalization during a qualifying medical insurance or other third party insurance stay, the fee for a bed hold will not be covered. If the Resident chooses to hold a specific bed, the Resident will be responsible to pay the Daily Basic Rate according to the preceding paragraph for Life Care and Private Pay.
- c) Residents who do not wish to hold a specific bed but indicate in writing the desire to be readmitted, will have assurance that their names will be placed on the re-admission list. Availability of accommodations for re-admission will be determined by chronological order in the event more than one Resident desires re-admission and only when a bed is available. Place on the list will be determined by the date the request was made. In the event an individual on the waiting list has been determined by the physician to be able to return to the Health Care Center or has indicated desire to return from therapeutic leave and does not accept the first available accommodations, the Health Care Center will place the name at the bottom of the list or the name will be removed from the waiting list depending upon the Resident's preference.
- d) FNRC reserves the right to request past due accounting be brought to current status prior to re-admission of the Resident. FNRC will provide written notice of the requirement to pay past due balances at the time of transfer or within two working days thereafter.
- e) Upon termination of a bed-hold, the Resident is considered discharged. At the time of re-admission, requirements for new admissions will be in effect. Refunds shall be promptly made in accordance with the Resident Agreement provisions in effect at the time of the discharge.

## 10) Exhibit D: Information on Medicare and Medicaid

### Medicare

The Medicare program is a Federal health insurance program for people 65 or older, people under age 65 with certain disabilities, and people of all ages with End-Stage Renal Disease. It is overseen by The Health Care Center for Medicare and Medicaid Services (CMS) of the U.S. Department of Health and Human Services. Social Security Administration offices across the country take applications for Medicare and provide general information about the program.

There are three parts to the Medicare Insurance program. Hospital Insurance (Part A) helps pay for inpatient hospital care, inpatient care in a skilled nursing facility (not custodial or long-term care), some home health care, and hospice care. Medical Insurance (Part B) helps covers Resident's doctor's services and outpatient care. It also covers some other medical services that Part A doesn't cover, such as some of the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies if they are medically necessary. Medicare Part D (Medicare Prescription Drug Coverage) is prescription drug option run by Medicare-approved private insurance companies which helps cover the cost of prescription drugs.

The Resident's Medicare card shows the Medicare coverage he/she has – Hospital Insurance (Part A), Medical Insurance (Part B), or both – and the date the Resident's protection started. The Resident's Medicare card also shows his/her health insurance claim number (Medicare number).

Part A has deductibles and co-insurance (or copayments), but most people do not have to pay premiums for Part A. Part B of Medicare has premiums, deductibles, and co-insurance amounts that Resident must pay himself/herself or through coverage by another insurance plan. Premium deductible and co-insurance amounts are set each year according to formulas established by law. Current copayment amounts are shown on Exhibit F. The Resident's third party insurance may cover all or part of these copayments.

Medicare Part A helps pay for four kinds of medically necessary care:

1. Inpatient hospital care
2. Inpatient care in a skilled nursing facility following a related three-day inpatient hospital stay
3. Home health care
4. Hospice care

Medicare covers semi-private rooms, meals, skilled nursing and rehabilitative services, and other services and supplies that are medically necessary after a 3-day minimum medically-necessary inpatient hospital stay for a related illness or injury. An inpatient hospital stay begins the day Resident is formally admitted with a doctor's order and doesn't include the day the Resident is discharged. To qualify for care in a skilled nursing facility, Resident must be considered "inpatient" for three consecutive midnights, and Resident's doctor must certify that he/she needs daily skilled care like intravenous injections or physical therapy. Medicare doesn't cover long-term care or custodial care.

There is a limit on how many days of hospital or skilled nursing facility care Medicare pays for in each benefit period; however, a Part A coverage is renewed each time a new benefit period begins. (Benefit periods are described below).

A Benefit period is a way of measuring Resident's services under Medicare Part A. Resident's first benefit period starts the first time he/she enters a hospital after his/her hospital insurance begins. A benefit period ends when Resident has been out of the hospital or other facility primarily providing skilled nursing or rehabilitation services for (60) consecutive days (including the day of discharge). If Resident remains in a facility (other than a hospital)

that primarily provides skilled nursing or rehabilitation services, a benefit period ends when Resident has not received skilled nursing for (60) consecutive days.

- Resident pays nothing for the first 20 days each benefit period.
- Resident pays a coinsurance per day for days 21–100 each benefit period.
- Resident pays all costs for each day after day 100 in a benefit period.

The Resident's benefit period will end when he/she is no longer receiving skilled nursing or therapy services. A benefit period cannot exceed (100) days. If Resident has spent time on a transitional unit in the hospital, he/she may have already used Skilled Nursing Facility (SNF) days. The Resident will receive notice from the Health Care Center prior to his/her benefit period ending.

During Resident's Medicare Part A stay, there are certain restrictions regarding leaving the Health Care Center for recreational purposes. This does not include health-related appointments. If there is an emergency, please inform us.

We ask that Resident be ready to present his/her Medicare card at the time of his/her admission. For additional information regarding Resident's Medicare benefits, please visit the official government web site at [www.Medicare.gov](http://www.Medicare.gov). The telephone number for Medicare is 1-800-MEDICARE (1-800-633-4227). If Resident's card is lost or damaged, he/she can order a new Medicare card at [www.socialsecurity.gov](http://www.socialsecurity.gov) on the web. Or, Resident can call the Social Security Administration at 1-800-772-1213. TTY users should call 1-800-325-0778.

Following is a list of items and services that may be charged to a Resident under current Medicare guidelines provided they are requested by a Resident, the Resident has been informed that there will be a charge, and payment has not made by Medicare.

- Telephone (access to a telephone and private area must be available).
- Television/radio for personal use.
- Personal comfort items, including smoking materials, notions and novelties, and confections.
- Cosmetic and grooming items and services in excess of those for which payment is made under Medicaid or Medicare.
- Personal clothing, personal reading matter, gifts purchased on behalf of a Resident, flowers and plants.
- Social events and entertainment offered outside the scope of the Health Care Center activities program
- Non-covered special care services such as privately hired nurses or aides.
- Private room, except when therapeutically required (for example, isolation for infection control). (All nursing care rooms in the Health Care center are private.)
- Bed Hold charges in the event of hospitalization or therapeutic leave
- Specially prepared or alternative food requested instead of the food generally prepared by the facility for nursing care Residents in accordance with regulations.

If you are enrolled in a Medicare Advantage plan or insurance other than a Medicare Program, there may be different requirements regarding hospital stay, full coverage day increments, deductibles and out of pocket expenses.

### **Medicaid**

Medicaid, a Federal and State funded program operated by the State of Virginia, pays necessary medical expenses for some people with low incomes and limited resources. Medicaid varies from state to state. To qualify, one must meet one of the categories of eligibility and meet certain financial eligibility requirements. Harbor's Edge is not a Medicaid certified provider.

## **11) Exhibit E: Information on Private Pay Insurance**

As outlined in the Admission Agreement, the Private Pay Daily Basic Rate at The Health Care Center includes nursing services, meals and snacks. Also included are consultations with the Dietitian, Social Services, Discharge Planning and Activities (not including charged trips and outings).

Listed below are some Medical Supplies and Personal Items that are examples of additional charges that will be included on the Resident's Monthly Bill. Costs will vary upon vendor/supplier and are subject to change.

### **Medical Supplies**

Oxygen Cannula  
Cream, Ointment  
Urethral Catheter Kits  
Foley Catheter Kits  
Syringes  
Dressings

### **Personal Care Supplies**

Incontinence Supplies  
Slipper socks  
Basins  
Urinals

### **Equipment Rental**

Wheelchair  
Oxygen Concentrators  
Nebulizer  
Suction Machine  
Oxygen Tank

\*Individual medical needs vary and specific items will be ordered to meet the need of the Resident. Suppliers implement price increases periodically without notice. If the Resident has any questions regarding medical supply charges, please contact the Billing Administrator.

12) Exhibit F: Incidental Services and Fee Schedule – 2023

<b>Nursing – Direct/Community Admits and Temporary LifeCare Transfer</b>					
<b>Unit Type</b>	<b>Type</b>	<b>Number of Units</b>	<b>Average Square Feet</b>	<b>Medicare/Skilled Daily Rate</b>	<b>Long Term Care Daily Rate</b>
Private	Premium	25	269	\$465	\$415
Private	Deluxe	8	398	\$535	\$460

<b>Incidental Charges</b>	
Guest meals	Price varies by menu
Healthcare Residents - Monthly Flat Fee for personal telephone	\$ 32
Wash/dry & fold personal laundry – monthly fee or per load	\$ 55 per month \$ 15 per load
Hourly Maintenance Assistance (voluntary services, not repair)	\$ 65 (min of \$30)
Medical Records	\$25 plus 15¢ per page
Copy charges/page - black/white (first three free)	\$ 0.15
Copy charges/page – color	\$ 0.20
Fax charges/page – local	\$ 0.50
Fax charges/page - long distance	\$ 1.00
Resident Business Center – internet access and up to 5 pages free	
Postage --- USPS stamps	Varies upon weight and size
Private Duty Credentialing – Crime and Sex Offender Check	\$ 75

<b>Beauty Shop Harbor Tower</b>	<b><u>2023 Rate</u></b>	<b>River Tower Salon</b>	<b><u>2023 Rate</u></b>
<b>Hair</b>		<b>Hair</b>	
Shampoo & Style	\$32.00	Ladies Haircut	\$60.00
Haircut & Style	\$60.00	Ladies Blow Out	\$40.00
Comb Outs	\$20.00	Base Hair Color	\$70.00
Formal Up Do's	\$50.00+	Full Head Hair Color	\$100.00
Women's Hair Cut	\$28.00	Highlight Partial Head - Foil	\$100.00
Highlight - Foil Full Head	\$110.00	Highlight Full Head - Foil	\$130.00
Highlight With Style	\$142.00	Toner/Gloss Treatment	\$30.00
Highlight With Cut & Style	\$158.00	Conditioning Treatment	\$30.00
Add Color	\$208.00	Brazilian Blowout - Smoothing	\$325.00
Highlight - Foil Partial Head	\$90.00	Permanent Wave	\$150.00
Partial With Style	\$122.00	Men's	
Partial With Cut & Style	\$138.00	Gentleman's Haircut	\$38.00
Add Color	\$188.00	Collar Trim	\$25.00
Perm or Body Wave	\$117.00	Mustache & Beard Trim	\$20.00
Perm & Body Wave With Style & Cut	\$145.00	Full Beard Detailing - With Razor	\$40.00
Color Rinse	\$11.00	Hot Lather Shave	\$40.00
Color - Retouch	\$50.00	Hair Coloring & Highlighting	\$70.00
Retouch Color With Style	\$82.00	Grey Blending for Hair	\$45.00

Retouch With Style & Cut	\$110.00	<b>Nails</b>	
Color - New	\$100.00	Manicure	\$25.00
Color New With Style	\$132.00	Gel Manicure	\$35.00
Color New With Style & Cut	\$160.00	Gel Polish Change	\$15.00
Deep Conditioning	\$5.00+	Pedicure	\$55.00
Men's Haircut	\$25.00	Gel Pedicure	\$75.00
Late arrival for appointment and you may not be serviced	\$15.00	Japanese Gel Nails	\$75.00
No show & same day cancellations/reschedules will be charged 100% for the cost of their appointment		Rebalancing Nails	\$65.00
		<b>Esthetician</b>	
Transportation to/from appointment, one way	\$15.00	1 - Hour Facial	\$60.00
Additional time required for services	\$15.00	30 - Minute Facial	\$40.00
20% gratuity assessed on all charges		10 Minutes added on Massage	\$10.00
		Eye Brows Wax	\$20.00
		Lip Wax	\$15.00
		Chin Wax	\$15.00
		Nose Wax	\$15.00
		Full Face Wax	\$45.00



**Exhibit G: Schedule of Annual Required Disclosures**

**ANNUAL ACKNOWLEDGEMENT  
Addendum**

By signing this Addendum, Resident or Resident Representative acknowledges:

Resident or Resident Representative has been informed at least thirty (30) days prior to a change in the Monthly Services Fees/Basic Daily Rates and/or Services, and Resident or Resident Representative has received a copy of the Annual Fee Schedule.

Resident or Resident Representative has been informed of Resident’s rights and of all rules and regulations under state and federal laws governing Resident conduct and responsibilities as a Nursing Care Resident.

Review Date: [Comments]	Resident Name: [Abstract]	Resident Representative Name: [Category]
Signatures:		

Review Date: [Comments]	Resident Name: [Abstract]	Resident Representative Name: [Category]
Signatures:		

Review Date: [Comments]	Resident Name: [Abstract]	Resident Representative Name: [Category]
Signatures:		

Review Date: [Comments]	Resident Name: [Abstract]	Resident Representative Name: [Category]
Signatures:		

Review Resident Rights (Exhibit A) orally and provide a copy of Resident Rights and Annual Fee Schedule to the Resident **and** Resident Representative.

(ATTACHMENT TO ADMISSION AGREEMENT)  
Copy - Chart

# Attachment D. Life Care Resident Assisted Living Agreement

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## 1. Fees.

- a. **Monthly Service Fees for Transfers of Life Care Residents.** If you are admitted to Harbor's Edge Assisted Living or Memory Support under a Life Care Agreement, your Monthly Service Fees associated with the transfer will be determined by the terms of your Life Care Agreement in effect on the date of the transfer.
- b. **Initial Monthly Service Fee.** For temporary stays, your Monthly Service Fee will be based on your assigned residence and our clinical assessment of your Level of Care and individual needs determined at the time of your transfer to the Assisted Living area. The Monthly Service Fees and Level of Care charges in effect at the time of your transfer are included in the Assisted Living Rates found as Attachment A. The specific services included in the Monthly Service Fee for each Level of Care are detailed in Attachment B.
- c. **Charges not Covered by the Monthly Service Fees.** Residents are subject to additional charges for any medical supplies which are not covered by the Monthly Service Fee, for (voluntary) Apartment upgrades, and costs of relocation when transferring permanently to another level of care. Optional services are shown with their associated fees on Attachment C (Assisted Living / Memory Support Optional Services and Rate Schedule) and, if utilized, will be added to the monthly charges. We reserve the right to change these fees from time to time. Any change in our fee schedule for these services will be effective thirty (30) days after we notify you of the change, unless the change in fees is associated with a Level of Care change.
- d. **Refund Policy - Transfer of Ownership and/or Closing of Community.** Should Harbor's Edge choose to close or sell the Community, it shall submit to the regional office of the Virginia Department of Social Services a notice of intent to close or sell the Community for other business use, at least 60 days in advance of the proposed sale or closure. The notice shall include the following:
  - i. At least 60 days written advance notice to the Resident, Legal Representative and designated contact person of the intent of the Community to close, transfer, or sell the Community and the date for such;
  - ii. If the Community is to be sold, at the time of notification of Resident of such, the Community or designee shall explain to the Resident, Legal Representative, and at least one designated contact person that unless provided otherwise by the new licensee, the Resident has a choice as to whether to stay or to relocate and that if a Resident chooses to stay, there must be a new agreement/acknowledgment between the Resident and the new licensee that meets Virginia's regulatory requirements for Assisted Living Facilities.
  - iii. The Community shall provide the regional office of the Virginia Department of Social Services with updates regarding the closure or sale of the Community, as requested, including actions to be taken to assist the Residents in securing comparable housing.

## 2. Level of Care and Transfer Policies.

- a. **Initial Assessment of Your Needs.** The Level of Care that we will provide you initially has been determined based on our initial assessment of your needs. During the first thirty (30) days of your stay with us, we will complete a reassessment to verify that we are providing you with the Level of Care appropriate for your needs. Thereafter, no less often than quarterly (every three months), the facility's Level of Care Committee will perform an evaluation of your needs to determine whether your condition has changed. The committee uses tools such as Uniform Assessment Instrument (UAI) and functional assessments, psychological evaluation, observations, physician recommendations, nursing staff assessments, review of care plan, reportable incidents, and regulations surrounding admission criteria for level of care, if applicable.
- b. **Changes in your Level of Care.** When a recommendation is made by your physician or the Level of Care committee for changes in your Level of Care, the Level of Care Committee and the Medical Director will review the recommendation and determine whether you need memory support services available in our specialized unit, 24-hour nursing care, or additional care that we cannot provide at our facility. You or your Responsible party will be notified of the change in Level of Care or the need for a transfer in writing by a Level of Care Committee representative. If you transfer to a non-Assisted Living Level of Care, you

will be required to complete the Admission Agreement and related documents specific to your designated Level of Care.

- c. **Consultation.** Except in case of emergency, FNRC agrees not to transfer you from your Assisted Living or Memory Support unit to the Health Center, or to a care facility or hospital which is not on the campus of FNRC, for health-related or other reasons unless the Level of Care Committee has consulted with you, your family, and your physician, or with anyone else you designate as a primary contact. The Level of Care Committee will consider any reasonable accommodations which would allow you to remain in your current Residence, if presented to the Level of Care Committee in writing. The Level of Care Committee's decision and the reasons for the decision will be reported in writing to you. In the case of an emergency transfer, the consultations described above will be scheduled by FNRC within seven (7) days after transfer.
  - i. Circumstances in which it is in the best interest of the Resident to be transferred include, but are not limited to, the following:
    - (1) a determination that that you require care or services only available in our Memory Support Center or Health Care Center;
    - (2) a determination that you require diagnostic testing, medical or psychological treatment, nursing care or assistance not available at Harbor's Edge;
    - (3) a determination that you lack the physical ability or mental competence to leave a building without human assistance or supervision in the event of an emergency; or,
    - (4) a determination that your continued residency at Harbor's Edge would be harmful to you, other Residents or our staff.
- d. **Assessment/Level of Care Appeals.** You or your Representative has the right to appeal the outcome of the assessment, the annual reassessment, or a determination of Level of Care by requesting a review by the Assisted Living Director.
- e. **Temporary Transfers while an Assisted Living Resident.**
  - i. *Single Occupancy.* Should you have a temporary need for additional nursing support in our Health Care Center while you are still occupying your Assisted Living Residence, you will be required to pay both the then current Monthly Service Fee for your Assisted Living Residence, the Life Care Transition Fee, and the then current daily rate in the Health Care Center, less any amount received by Harbor's Edge as a result of the assigned benefits of Medicare insurance, supplemental insurance or any other insurance.
  - ii. *Double Occupancy.* Should one or both Residents have a temporary need for additional nursing support in the Health Care Center while you are still occupying an Assisted Living Residence, you will continue to pay the then current Monthly Service Fees for your Residence and the Transition Fee. For temporary care provided in the Health Care Center, each Resident in the Health Care Center will be required to pay the then current daily rate in the Health Care Center, less any amount received by Harbor's Edge as a result of your assignment of the benefits or Medicare insurance, supplemental insurance or any other insurance.
- f. **Additional Charges.** Residents will be responsible for all costs and charges associated with the Health Care Center which are not covered by the applicable daily rate. In the event of a Temporary or Permanent Transfer within Harbor's Edge or to an external facility, you will be responsible for all costs of relocation.
- g. **Readmission Following Emergency Custody/Temporary Detention.** Harbor's Edge shall make re-admission available to a Resident who has been detained by an emergency custody order or by a temporary detention order if the Resident is not involuntarily committed. During a period of absence from the facility, the Resident is assumed to have a bed hold in place unless the Resident or Representative notifies the facility in writing of the intent to terminate the Residency Agreement.

### 3. Termination and Discharge.

- a. **Discharge Planning.** When actions, circumstances, conditions, or care needs occur that will result in your discharge, discharge planning shall begin immediately. We shall notify you and your Representative(s) of the planned discharge, the reason for the discharge, and that you will be moved within thirty (30) days unless there are extenuating circumstances. You, your Representative(s) shall be given written notification of the actual discharge date at least 14 calendar days prior to the date that you will be discharged.

- b. **Discharge Statement.** At the time of discharge, except for emergency situations, we shall provide you or, as appropriate, your Representative a dated statement which contains the following information: (1) the date on which you and your Representative were notified of the planned discharge and the name of Resident Representative who was notified, (2) the reason or reasons for the discharge, (3) the actions taken by us to assist you in the discharge and relocation process, and (4) the actual date of discharge and your destination. If your discharge is due to emergency conditions, the statement shall contain the above information as appropriate and shall be provided or mailed to the you and your Representative as soon as practicable and within forty-eight (48) hours from the time of the decision to discharge. A copy of the written statement shall be retained in your record.
- c. **Final Statement of Account.** Within sixty (60) days of the date of discharge, you or your Representative shall be given a final statement of account, any refunds due, and return of any money, property or things of value held in trust or custody by FNRC.

#### 4. Accommodations

- a. **Apartment Substitution.** We may need to substitute your Apartment with another Apartment to comply with any applicable law or any order of any court or government agency, or for any other health need or regulatory purpose, including your relocation to an area that would facilitate any needed or required observation or supervision. In addition, we may need to substitute your Apartment if you are a single occupant in an Apartment designated for double occupancy, and Harbor's Edge needs to relocate you to a single occupancy Apartment in order to accommodate a double occupancy. If we must relocate you to another Apartment, we will make every effort to provide you with a reasonably comparable Apartment, and you will not be charged for costs associated with the relocation to another Apartment. A request by you for an Apartment substitution will be granted at our discretion. If you move pursuant to your own request, you will be responsible for all costs associated with the move, including a one-time Relocation Fee as noted in Attachment C. If you move to an Apartment that has a higher or lower monthly rate than your Apartment, you will be responsible for payment of the then current monthly rate.
- b. **Inspection; Alterations.** You acknowledge that you have had an opportunity to inspect the Apartment and that its condition and state of repair meets with your approval. You may not alter or change any part of the Apartment without obtaining our prior consent. You are responsible for the cost of any changes or alterations that you may make and those changes or alterations become our property. FNRC reserves the right to require you to return the Apartment to its original condition at your expense prior to vacating the Apartment.
- c. **Your Use of the Apartment.** You will use the Apartment as your private residence and will maintain it in a clean, sanitary and orderly condition. While you remain a Resident in our Community, you will not act in any manner that will interfere with our other Residents' quiet enjoyment of our Community. If you or any of your visitors damage any of our furnishings or fixtures beyond normal wear and tear, you will reimburse us for the cost of its repair or replacement.

#### 5. Our Assisted Living Services and Amenities.

- a. **Food Service.** Breakfast, lunch and dinner will be served on a daily basis in Assisted Living and in Memory Support. You are entitled to three meals per person for each day of the month, with snacks always available 24 hours a day. Room service may cost additional, unless you are confined to your room for medical reasons. You may purchase guest meals at any time during the month.
- b. **Mail Services.** Harbor's Edge does provide a mailbox for Life Care Residents once they have released their Residential Apartment and moved to another level of care. Once you have transferred to another level of care, your mail will be delivered to your Apartment.
- c. **Medication Administration.** Harbor's Edge Assisted Living qualified staff will provide the following services: Medication administration, supervision and/or monitoring of Residents' medication management plan, processing medication orders, central storage of all medications, as applicable, and review of Resident's drug regimen. These services are inclusive of dietary supplements. Harbor's Edge has contracted with a Contracted Pharmacy as a preferred provider of pharmacy services. However, Residents have freedom of choice in selecting a pharmacy provider, and consequently are not required to

utilize the Contracted Pharmacy as their pharmacy provider. Residents who choose to designate a pharmacy other than the Contracted Pharmacy listed in Attachment B are required to execute a Notice and Agreement Regarding Purchase of Medications from Alternate Pharmacy which is attached as Attachment C and is incorporated herein by reference as part of this Agreement. Assisted Living Residents are not allowed to store over the counter or prescription medications in their Residential Apartment unless the medications are stored in a locked container.

- d. **Housekeeping.** Housekeeping of the Residence, including vacuuming, dusting, mopping, sweeping and changing bed linens occurs on a regularly-scheduled basis. Residents may request additional cleaning and laundry services for additional charge as noted on the fee schedule.
- e. **Utilities.** The cost of sewer, water, waste disposal, electricity, heating, air-conditioning, and basic cable television services are included in the Monthly Service Fee. The Residence will be centrally wired for cable television and telephone service, as well as data communications. You will be responsible for all telephone, premium cable television and internet service provider charges.
- f. **Security & Emergency Service.** Each Residence will be equipped with smoke detectors, sprinkler system and an urgent call system. FNRC will monitor the urgent call systems on a twenty-four hour basis and coordinate emergency responses as appropriate. Security and exterior entrances will be secured, and electronic coded access will be provided.
- g. **Laundry.** FNRC will provide scheduled laundry services of your personal bed linens and personal clothing for an additional fee.
- h. **Maintenance.** FNRC will maintain all community common areas and grounds. FNRC will be responsible for providing repair, maintenance and replacement of equipment and furnishings provided by FNRC, provided that such repairs are not required as a result of your negligence. You are responsible for maintenance of your personal property and are encouraged to purchase a renter's insurance policy covering your personal property and personal liability.
- i. **Transportation.** FNRC will provide local group transportation (in a defined area) on a regularly scheduled basis and transportation to local doctor and medical appointments at a nominal charge when scheduled by authorized staff. An additional charge may be made for transportation for special or group trips.
- j. **Lifestyle and Wellness.** The Lifestyles and Wellness program will ensure a variety of social, spiritual, recreational, educational, cultural, and fitness programs for those Residents wishing to participate. Special events, activities, and fitness programs for Residents in the Assisted Living and Memory Support areas will be designed and supervised by qualified activities professionals. Resident use of the fitness center is subject to a Resident's physical and medical restrictions and completion of an orientation to assure safe and proper use of these activity areas.
- k. **Medical Director Services.** FNRC will retain the services of a qualified physician ("Medical Director") to be responsible for the oversight of the appropriateness and quality of medically related activities provided by FNRC.
- l. **Clinic Services.** FNRC presently operates a clinic on premises (the "Clinic") where you may be examined and treated on an outpatient basis by appointment. Every effort will be made for physicians and medical practitioners selected by FNRC to keep scheduled office hours at the Clinic. Services will be billed on a fee for service basis if you utilize the services. The selection of a medical provider and the decision to receive or decline medical services is your sole responsibility. FNRC reserves the right to discontinue the operation of the Clinic, in its sole discretion, if it determines that regulatory or statutory obligations become overly burdensome, the costs arising from or related to the Clinic's operations significantly increase, or the space constraints at the premises render the Clinic's operation infeasible. If FNRC makes such a determination and decides to discontinue the operation of the Clinic, then FNRC will provide you with thirty (30) days' advance written notice of the closing of the Clinic.
- m. **Excluded Services.** Harbor's Edge staff does not provide Home Health, Personal, or Hospice Care services. However, you may arrange for such services to be provided to you in your Apartment at your expense by a certified provider, subject to the approval of FNRC. Services are provided by a contract between the provider and the Resident. FNRC shall in no way be deemed a party to that contract and shall not be responsible for the acts or failure to act of any such provider.

## 6. Miscellaneous Requirements

- a. **Resident Handbook.** You will observe and abide by the policies and procedures set forth in the Resident Handbook, a copy of which we included with your transfer documents. We reserve the right to change or otherwise modify the Resident Handbook from time to time. If the management of FNRC determines that you are not following the guidelines of the Resident Handbook, management has the right to address behaviors that violate the guidelines of the Handbook.
- b. **Non-Smoking Community.** Harbor's Edge is a non-smoking community (this includes vaping/the use of e-cigarettes). Smoking is strictly prohibited in all indoor and outdoor areas of our campus. Residents who fail to comply with this Community health and safety policy will be subject to termination of their residency agreement.
- c. **Firearms Policy.** We do not permit any weapons, firearms or explosives in the Community or on the grounds. Residents who fail to comply with this Community health and safety policy will be subject to termination of their residency agreement.
- d. **Alcohol.** Alcohol privileges may be permitted in Assisted Living with current, written physician consent. Upon request, alcoholic beverages will be served in Dining Rooms, designated activity areas, and for special events.
- e. **Resident Advisory Council.** Interested Residents may establish and maintain a Resident Advisory Council. Harbor's Edge will provide assistance with the formation and maintenance of the Council.
- f. **Complaint Policy.** Should a Resident or visitor in the Assisted Living unit of Harbor's Edge feel that he/she has a concern or complaint with regards to services received, or has a desire to recommend a change in policy, procedure or service, he/she may follow the following procedure:
  - i. Report his/her concern, complaint or recommendation to the employee on duty and/or supervisor.
  - ii. This person will resolve the issue if possible, or relay the concern or recommendation to the next highest supervisor (the Department Head being the highest authority at this point).
  - iii. If the Resident or visitor desires a more formal response, a complaint form should be completed with the Social Services Coordinator.
  - iv. In the event that the Resident or visitor is dissatisfied with the solution for his/her expressed concern, it may be taken to the Unit Manager who will counsel with the Resident or visitor and attempt to bring satisfaction.
  - v. If the Resident or visitor remains dissatisfied after meeting with the Unit Manager, they may contact the Assisted Living/Memory Support Director for assistance.
  - vi. If the complaint remains unresolved after review with the Health Services Administrator, the claim may be presented to the Executive Director.
  - vii. If the complaint or concern remains unresolved and rises to the level of a claim or dispute, the claim or dispute will be resolved by submission to neutral, binding arbitration.
- g. **Pets.** Assisted Living at Harbor's Edge has a no-pet policy. You are not allowed personal pets in Assisted Living residences. However, in some circumstances, a comfort animal may qualify as a permitted "reasonable accommodation" for Residents with disabilities. In addition, the American Disabilities Act (ADA) permits the use of a service animal by an individual with a disability.

## 7. Specific Acknowledgements.

- a. By signing this Agreement, Resident further acknowledges and agrees that:
- b. Resident or Resident's Representative has reviewed a copy of Rights and Responsibilities of Residents of Assisted Living Facilities as set forth in Section 63.2-1808 of the Code of Virginia (a copy of which is attached as Attachment D), and the provisions of the statute have been explained to him or her.
- c. Resident or Resident's Representative has reviewed and had explained to him or her FNRC's policies and procedures, including the policies regarding grievance, transfer, and discharge.
- d. Resident or Resident's Representative has been informed of the bed hold policy in case of temporary transfer or movement from FNRC, if FNRC has such a policy.

- e. Resident or Resident’s Representative has been informed of the policy regarding the amount of advance notice required if Resident desires to terminate this Agreement and be discharged and/or transferred from assisted living.
- f. Resident or Resident’s Representative has been informed of the policy regarding administration and storage of medications and dietary supplements.
- g. Resident or Resident’s Representative has been informed of the policy regarding weapons on FNRC’s premises.
- h. Resident or Resident’s Representative has been informed of the rules and restrictions regarding smoking on FNRC’s premises.
- i. Resident or Resident’s Representative has been informed that interested Residents may establish and maintain a Resident council, the purpose of a Resident council, that FNRC is responsible for providing assistance with the formation and maintenance of the council, and whether or not such a council currently exists in FNRC.
- j. Resident or Resident’s Representative has received written assurance that FNRC has the appropriate license to meet his care needs at the time of his admission

**8. Listing of Attachments**

The following attachments are incorporated in this Agreement and constitute part of it:

<b>Description</b>	<b>Attachment</b>
Monthly Services Rates by Residence and Level of Care	A
Assisted Living Services by Level of Care	B
Assisted Living / Memory Support Optional Services and Rate Schedule	C
§ 63.2-1808. Rights and Responsibilities of Residents of Assisted Living Facilities	D
Notice and Agreement Regarding Purchase of Medications from Alternative Pharmacy	E
Community Pharmacy Procedures Required for Alternative Pharmacy	F
Assisted Living Facility Liability Insurance Disclosure	G
Life Care Resident Assisted Living Agreement Acknowledgement	H



## 9. Attachment A: Monthly Service Fees By Residence and Level of Care

### Fees Associated with Permanent Life Care Program Transfers

Under True LifeCare®, a Life Care Resident who permanently transfers from the Residential Units to another level of care and releases his or her Residential Apartment for resale will pay the Monthly Service Fee stipulated in their LifeCare Agreement (either \$6,662 for the Two Bedroom Estate or \$6,119 for the Two Bedroom Classic) plus a monthly Transition Fee of \$670 which includes the cost of two (2) additional meals. These fees are substantially lower than what a Direct Admit would pay in the Nursing or Assisted Living units. The LifeCare benefit is limited to the standard (lowest cost) accommodation available in the higher Level of Care. Transfers must pay the upcharge associated with a non-standard room unless that is the only accommodation available. For Fiscal Year 2023, the monthly discount for a nursing stay is estimated at \$6,800.

If just one Resident is permanently transferred to another level of care and the Residential Unit is not released, the couple continues to pay the first and second-person Monthly Service Fees for their Residential Apartment plus a monthly Transition Fee. If both Residents are permanently transferred and the Residential Unit is released, each Resident must pay the monthly Transition Fee for their additional meals in addition to the first and second person monthly service fees.

The Rates associated with permanent transfers to another level of care are the same regardless of whether the resident is transferred permanently to Assisted Living, the secured Memory Support Suites or Nursing. Permanent transfers are not charged an additional monthly fee based on their Level of Care.

All Residents are subject to additional charges for any medical supplies which are not covered by the Monthly Service Fee (or Medicare), for (voluntary) apartment upgrades, and costs of relocation when transferring permanently to another level of care. Any amount Harbor's Edge receives as a result of the Resident's assignment of benefits from Medicare, medical supplemental or any other health insurance plan is deducted from the daily rate.

With the expansion and renovation of Assisted Living and Memory Support units, Harbor's Edge has established the following monthly upcharges for LifeCare residents who select a voluntary apartment upgrade:

<u>Assisted Living Apartment Upgrades over Standard Transfer Fees</u>	<u>Monthly</u>
Harbor Tower Premium Waterview Room	\$275
Harbor Tower Prime Waterview Room	\$400
River Tower Premium Room (with Large Courtyard)	\$500
River Tower Premium Room (with Small Courtyard)	\$300
Harbor Tower or River Tower Deluxe Unit	\$400
River Tower Upcharge (over Standard Harbor Tower apt.)	\$300
Second Bedroom (applies to River Tower 2 Bedroom units)	\$3,500
<u>Memory Support Apartment Upgrades over Standard Transfer Fees</u>	<u>Monthly</u>
Deluxe Room w/ Shower	\$200
XL Deluxe w/ no Shower	\$250
New Unit Upcharge (over Standard unit)	\$250
Premium Corner Unit	\$250

Large/Closet with View	\$250
Basic Room with Water View (WV)	\$400
Premium Waterview & Corner Unit	\$500
XL (Extra Large) Deluxe Room with View	\$650

**Fees Associated with Temporary Life Care Program Transfers**

Prior to permanent transfer and release of the Residential Unit, Life Care Program participants temporarily occupying Assisted Living Suites or Nursing Center rooms will pay the Direct/Community Admit monthly/daily service fee associated with their Level of Care in addition to the Monthly Service Fee for a Residential Unit. The Second Person Monthly Service Fee associated with the Residential Unit is waived during a temporary transfer.

<b>Assisted Living – Direct/Community Admits and Temporary LifeCare Transfer</b>						
<b>Harbor Tower (HT) River Tower (RT) Unit Type</b>	<b>Number of Units</b>	<b>Average Square Feet</b>	<b>Level 1 (Base Room Fee)</b>	<b>Level 2 (Assisted)</b>	<b>Level 3 (Enhanced)</b>	<b>Level 4 (Extensive)</b>
HT Standard	11	539	\$6,700	\$8,500	\$9,100	\$9,700
HT Premium	2	548	\$7,100	\$8,900	\$9,500	\$10,100
HT Deluxe	8	615	\$7,269	\$9,069	\$9,669	\$10,269
RT Premium	9	652	\$7,233	\$9,033	\$9,633	\$10,233
RT Deluxe	9	798	\$7,856	\$9,656	\$10,256	\$10,856
RT Two Bedroom	2	1,078	\$12,250	\$14,050	\$14,650	\$15,250
<b>Total</b>	<b>41</b>					

<b>Memory Support – Direct/Community Admits and Temporary LifeCare Transfer</b>				
<b>Type</b>	<b>Number of Units</b>	<b>Square Feet Range</b>	<b>Monthly Upcharge included in Fee</b>	<b>Monthly Fee (No Level of Care Charge)</b>
Standard Unit (low side)	11	266-279	none	\$9,250
Newly renovated Unit (high side)	9	207-243	\$250	\$9,500
Deluxe Unit with no shower	1	399	\$250	\$9,500
Deluxe Unit with shower	1	359	\$450	\$9,700
Premium Corner Unit	2	306-335	\$500	\$9,750
XL (Extra-large) Deluxe with View	1	397	\$650	\$9,750
Premium Corner Unit	2	306-335	\$500	\$9,750
Large w Closet/Inside Prem	1	403	\$500	\$9,750
Basic Waterview (WV)	3	212-226	\$650	\$9,990
Premium Corner Waterview (WV)	2	331	\$750	\$10,000
<b>Total/Weighted Average</b>	<b>33</b>	<b>270</b>	<b>\$289</b>	<b>\$9,543</b>

**Additional Fees and Medicare/Private Insurance.** All residents are subject to additional charges for any medical supplies which are not covered by the Monthly Service Fee, for (voluntary) apartment upgrades, and costs of relocation when transferring permanently to another level of care. Any amount Harbor’s Edge receives as a result of the Resident’s assignment of benefits from Medicare, medical supplemental or any other health insurance plan is deducted from the daily rate. If a particular service or supply is not a Medicare covered benefit, the Resident must use private insurance or funds.

## 10. Attachment B: Assisted Living Services and Amenities

Level of Care Fees are determined by Assisted Living staff using a standard assessment tool.

Levels of Care Charges	Level 1	Level 2	Level 3	Level 4
Medication Administration Dependent	X	X	X	X
Assistance with Daily Living (#)	1	2	3	4+
Instrumental Assistance with Daily Living (#)	2	3	4	4
Behavior Pattern Dependent	No	No	Yes	Yes
Behavior and Orientation Dependent	No	No	No	Yes
Monthly Cost	Included	\$1,800	\$2,400	\$3,000
Daily Cost	Included	\$60	\$80	\$100

**Harbor's Edge offers services and amenities according to the level of care of each resident. All assisted living levels include the following:**

- Licensed Nurse available for consultation 24 hours a day
- Certified medication nursing aide or licensed nurse administration of medication allowable according to 22VAC40-73 Standards for Licensed Assisted Living Facilities.
- Medication review by consultant pharmacist
- Interdisciplinary care planning sessions
- Monitoring of meal attendance
- Three meals per day, with meal and snack menu reviewed by a registered dietician
- Housekeeping (frequency depending on level)
- Changing and laundering of bed and bath linens (frequency depending on level)
- Planned activities with transportation
- Individual HVAC controls
- Utilities with the exception of telephone and internet
- 24-hour emergency call system
- Access to amenities available to all residents of Harbor's Edge

Additional services and amenities for higher level of care identified during assessment:

- Assistance with personal hygiene
- Reminders, direction and/or hands on assistance for activities of daily living
- Stand-by and physical transfer assistance
- Continence care
- Psychosocial intervention
- Blood sugar monitoring and testing
- Assessment of nutritional status by registered dietician
- Soiled carpet cleaning with frequency depending on level of care
- Activities program meeting the requirements outlined in 22VAC 40-73-1120 with an average of 14 hours per week for assisted living and 21 hours per week for memory support residents.

## 11. Attachment C: Optional Services and Rate Schedule

<b><u>Dining Charges</u></b>	<b><u>2023</u></b>
Three meals daily prepared in restaurant-style dining in the Resident's designated living area, with menu review by registered dietician. Liberalized diets available.	No charge
Snacks available	No charge
Guest meals	Price varies
<b><u>Rehabilitative Services</u></b>	<b><u>2023</u></b>
Physical Therapy Evaluation	\$ 225
Occupational Therapy Evaluation	\$ 225
Therapeutic Exercise per 15 minute session	\$ 80
Gait Training per 15 minute session	\$ 70
Therapeutic Activities per 15 minute session	\$ 85
Self care Management (ADL's) per 15 minute session	\$ 85
Ultrasound Therapy per 15 minute session	\$ 90
Speech Therapy Evaluation	\$ 240
Speech Therapy per treatment	\$ 175
Oral function Therapy per treatment/Neuro Reeducation	\$ 200
<b><u>Medical Supplies</u></b> <b><u>(including but not limited to the following)</u></b>	<b><u>2023</u></b>
Durable Medical Equipment	Market price
Geri-Sleeves	Market price
Antibiotic Ointments	Market price
Catheter – Foley	Market price
Protein Supplements	Market price
Incontinent Supplies (price varies, briefs \$.85)	Market price
Anti-Embolism Stockings	Market price
Protective Underwear	Market price
Wound Cleanser	Market price
Wound Dressings	Market price
May be billable to Medicare Part A, Part B or insurance provider depending upon qualifying criteria.	
<b><u>Lodging (plus applicable taxes)</u></b>	<b><u>2023</u></b>
Cot Rental/Night up to four nights))	\$ 15 daily
<b><u>Laundry Services</u></b>	
All Facilities - weekly linens washed and bed changed (one time charge \$15)	\$55 per month
Wash, Dry & Fold/Load - Towels	\$ 15
Wash, Dry & Fold/Load - Personal Laundry	\$ 15
Wash, Dry & Fold/Load – Comforter/Load	\$ 15
Additional Housekeeping Services/hour	\$ 25
<b><u>Telephone</u></b>	
Telephone Service - Residential Living and Assisted Living	Provider
Telephone Service – Healthcare – Monthly Flat fee	\$32

<b><u>Transportation Services - Medical</u></b>	
Drop off/pick up 0.63/mile +charge/hour	\$ 20
UNSCHEDULED large bus trips \$2.50/mi + driver charge/hour	\$ 20
Scheduled Designated weekly medical appointments (Norfolk only)	No charge
No show for Transportation (per person)	\$ 20
Late Transportation Request	\$ 20
<b><u>Transportation Services - Events</u></b>	
Special events/trips –cost based on trip	At cost
No show for event	\$ 20

Scheduled local group transportation for AL Residents to designated shopping, social and cultural events is free to the Resident. Space may be limited. Resident must be able to navigate independently. If help is needed, the Resident may secure a friend, companion or Certified Nursing Assistant to accompany them, at their cost. Residents have first preference over guests. Guest charges will apply.

<b><u>Miscellaneous</u></b>	
Copy charges/page - black/white (first 3 pages free)	\$ 0.15
Copy charges/page - color	\$ 0.20
Fax charges/page - local	\$ 0.50
Fax charges/page - long distance	\$ 1.00
Medical Records	\$25 plus \$0.15 per page
Postage - sold in Resident Services office	At Cost
Private Duty Background Check and PPD	\$75
Resident initiated relocation to another unit AL/MS	\$ 1,500

Residents may elect to move to another Assisted Living Residence, subject to availability and our discretion. The Resident will be required to pay a Relocation Fee and the then current monthly service fee for the new Residence. All moving costs will be at the Resident's expense.

<b><u>Maintenance Services/Plant Operations</u></b>	<b>2023</b>
Garage Door Opener Replacement	\$35
Replacement Door Key (extra for Lock Replacement)	\$ 20
Replacement Parking Decal	\$ 10
Replacement Mailbox Key	\$ 20
Key Fob Replacement	\$ 35
Vehicle Assistance	\$ 20
Hourly Maintenance Assistance*	\$ 65
*Half hour minimum of \$30, plus cost of materials/mileage	
<b><u>Computer Services (provided by Outside Contractor)</u></b>	<b>At cost</b>
½ Hour Initial Computer Consultation for New Residents	No charge
<b><u>Contracted Pharmacy – OmniCare</u></b>	<b>Market Price</b>

\*All services are billed on a monthly basis unless otherwise noted. Rates are subject to change.

## **12. Attachment D. Section 63.2-1808 - Rights and Responsibilities of Residents of Assisted Living Facilities**

A. Any Resident of an assisted living facility has the rights and responsibilities enumerated in this section. The operator or administrator of an assisted living facility shall establish written policies and procedures to ensure that, at the minimum, each person who becomes a Resident of the assisted living facility:

1. Is fully informed, prior to or at the time of admission and during the Resident's stay, of his rights and of all rules and expectations governing the Resident's conduct, responsibilities, and the terms of the admission agreement; evidence of this shall be the Resident's written acknowledgment of having been so informed, which shall be filed in his record;
2. Is fully informed, prior to or at the time of admission and during the Resident's stay, of services available in the facility and of any related charges; this shall be reflected by the Resident's signature on a current Resident's agreement retained in the Resident's file;
3. Unless a committee or conservator has been appointed, is free to manage his personal finances and funds regardless of source; is entitled to access to personal account statements reflecting financial transactions made on his behalf by the facility; and is given at least a quarterly accounting of financial transactions made on his behalf when a written delegation of responsibility to manage his financial affairs is made to the facility for any period of time in conformance with state law;
4. Is afforded confidential treatment of his personal affairs and records and may approve or refuse their release to any individual outside the facility except as otherwise provided in law and except in case of his transfer to another care-giving facility;
5. Is transferred or discharged only when provided with a statement of reasons, or for nonpayment for his stay, and is given reasonable advance notice; upon notice of discharge or upon giving reasonable advance notice of his desire to move, shall be afforded reasonable assistance to ensure an orderly transfer or discharge; such actions shall be documented in his record;
6. In the event a medical condition should arise while he is residing in the facility, is afforded the opportunity to participate in the planning of his program of care and medical treatment at the facility and the right to refuse treatment;
7. Is not required to perform services for the facility except as voluntarily contracted pursuant to a voluntary agreement for services that states the terms of consideration or remuneration and is documented in writing and retained in his record;
8. Is free to select health care services from reasonably available resources;
9. Is free to refuse to participate in human subject experimentation or to be party to research in which his identity may be ascertained;
10. Is free from mental, emotional, physical, sexual, and economic abuse or exploitation; is free from forced isolation, threats or other degrading or demeaning acts against him; and his known needs are not neglected or ignored by personnel of the facility;
11. Is treated with courtesy, respect, and consideration as a person of worth, sensitivity, and dignity;

12. Is encouraged, and informed of appropriate means as necessary, throughout the period of stay to exercise his rights as a Resident and as a citizen; to this end, he is free to voice grievances and recommend changes in policies and services, free of coercion, discrimination, threats or reprisal;
13. Is permitted to retain and use his personal clothing and possessions as space permits unless to do so would infringe upon rights of other Residents;
14. Is encouraged to function at his highest mental, emotional, physical and social potential;
15. Is free of physical or mechanical restraint except in the following situations and with appropriate safeguards:
  - a. As necessary for the facility to respond to unmanageable behavior in an emergency situation, which threatens the immediate safety of the Resident or others;
  - b. As medically necessary, as authorized in writing by a physician, to provide physical support to a weakened Resident;
16. Is free of prescription drugs except where medically necessary, specifically prescribed, and supervised by the attending physician, physician assistant, or nurse practitioner;
17. Is accorded respect for ordinary privacy in every aspect of daily living, including but not limited to the following:
  - a. In the care of his personal needs except as assistance may be needed;
  - b. In any medical examination or health-related consultations the Resident may have at the facility;
  - c. In communications, in writing or by telephone;
  - d. During visitations with other persons;
  - e. In the Resident's room or portion thereof; Residents shall be permitted to have guests or other Residents in their rooms unless to do so would infringe upon the rights of other Residents; staff may not enter a Resident's room without making their presence known except in an emergency or in accordance with safety oversight requirements included in regulations of the Board;
  - f. In visits with his spouse; if both are Residents of the facility they are permitted but not required to share a room unless otherwise provided in the Residents' agreements;
18. Is permitted to meet with and participate in activities of social, religious, and community groups at his discretion unless medically contraindicated as documented by his physician, physician assistant, or nurse practitioner in his medical record;
19. Is fully informed, as evidenced by the written acknowledgment of the Resident or his Representative, prior to or at the time of admission and during his stay, that he should exercise whatever due diligence he deems necessary with respect to information on any sex offenders registered pursuant to Chapter 9 (§ 9.1-900 et seq.) of Title 9.1, including how to obtain such information. Upon request, the assisted living facility shall assist the Resident, prospective Resident, or the Representative of the Resident or prospective Resident in accessing this information and provide the Resident, prospective Resident, or the

Representative of the Resident or prospective Resident with printed copies of the requested information; and

20. Is informed, in writing and upon request, of whether the assisted living facility maintains the minimum liability coverage, as established by the Board pursuant to subdivision A 10 of § 63.2-1805.

B. If the Resident is unable to fully understand and exercise the rights and responsibilities contained in this section, the facility shall require that a responsible individual, of the Resident's choice when possible, designated in writing in the Resident's record, be made aware of each item in this section and the decisions that affect the Resident or relate to specific items in this section; a Resident shall be assumed capable of understanding and exercising these rights unless a physician determines otherwise and documents the reasons for such determination in the Resident's record.

C. The rights and responsibilities of Residents shall be printed in at least 12-point type and posted conspicuously in a public place in all assisted living facilities. The facility shall also post the name and telephone number of the regional licensing supervisor of the Department, the Adult Protective Services' toll-free telephone number, as well as the toll-free telephone number for the Virginia Long-Term Care Ombudsman Program, any sub-state ombudsman program serving the area, and the toll-free number of the Virginia Office for Protection and Advocacy.

D. The facility shall make its policies and procedures for implementing this section available and accessible to Residents, relatives, agencies, and the general public.

E. The provisions of this section shall not be construed to restrict or abridge any right that any Resident has under law.

F. Each facility shall provide appropriate staff training to implement each Resident's rights included in this section.

G. The Board shall adopt regulations as necessary to carry out the full intent of this section.

H. It shall be the responsibility of the Commissioner to ensure that the provisions of this section are observed and implemented by assisted living facilities as a condition to the issuance, renewal, or continuation of the license required by this article.

RESIDENT(S) or RESPONSIBLE PARTY ON BEHALF OF RESIDENT:

	First Resident Name: [Abstract]	Second Resident Name
Signatures:		
	Resident Representative Name: [Category]	Resident Representative Name
Signatures:		



### **13. Attachment E: Notice and Agreement Regarding Purchase of Medications from Alternative Pharmacy**

Fort Norfolk Retirement Community, Inc. /dba Harbor's Edge (“Community”) has contracted with OmniCare (“Contracted Pharmacy”) as its provider of pharmacy services for Assisted Living and Skilled Nursing Residents. However, Residents of the Community have freedom of choice in selecting a pharmacy provider, and consequently are not required to utilize the Contracted Pharmacy as their pharmacy provider. To facilitate and enhance the safe and effective administration of medications within the Community, Pharmacy Policies and Procedures have been implemented at the Community. In the event a Resident desires to designate a pharmacy other than the Contracted Pharmacy (“Alternate Pharmacy”) to provide that Resident’s medications, the Alternate Pharmacy must adhere to the Pharmacy Policies and Procedures attached to this Agreement. To ensure that the parties understand this requirement, the Community requires that both the Resident (and the Resident’s responsible party) and the Alternate Pharmacy execute this Notice and Agreement.

Now, therefore, the undersigned hereby agree as follows:

1. Resident (or Resident Representative) hereby notifies the Community that he/she desires to designate \_\_\_\_\_ as Resident’s Alternate Pharmacy. Resident (or Resident Representative) understands that Alternate Pharmacy’s provision of medications is contingent upon the Community’s prior receipt of this Notice and Agreement signed by Alternate Pharmacy. Resident (or Resident Representative) shall be responsible for obtaining such signature and returning the signed Notice and Agreement to the Community. Until the Community receives a copy of this Notice and Agreement signed by Alternate Pharmacy, the Community will order medications for the Resident from Contracted Pharmacy, and Resident (or Resident Representative) agrees to pay Contracted Pharmacy’s usual and customary charges for all medications and services provided.
2. Medications shall be dispensed pursuant to orders in the Resident’s medical record written by a duly licensed physician or other person licensed to prescribe in the state where the Community is located.
3. Medications shall be dispensed only pursuant to medication orders transmitted via telephone or fax by using an approved order form provided to the Resident by a Community employee or designee.
4. Medications shall be delivered directly to the nursing station/wellness center or location designated by the Community to assure appropriate chain of custody and proper handling and storage of medications. Shipment may be conveyed by:
  - a. A pharmacist;
  - b. An agent of the pharmacist or pharmacy; or pharmacist or pharmacy; or
  - c. A physician.
  - d. The Alternate Pharmacy must supply all medications (including emergency or “stat” deliveries) in accordance with the drug delivery or administration system utilized by the Community, i.e. Compliance Packaging for example, Automed/Suremed.
5. In the absence of a specific order, automatic stop order policies specified in the Community’s procedures shall be followed.
6. All medications, over-the-counter and prescription, shall be properly labeled in accordance with the procedures of this Community and all applicable State Board of Pharmacy regulations.
7. Copies of the stop order policy, labeling procedures, and this Notice and Agreement shall be forwarded to the Alternate Pharmacy by the Resident (or Resident Representative) signing this Notice and Agreement.

8. Medications, whether prescription or over-the-counter, shall not be delivered to the Resident's bedside.
9. Provision of emergency medications on an immediate "stat" basis and/or after regular pharmacy working hours:
  - a. Alternate Pharmacy agrees to provide medications ordered on an emergency basis. Alternate Pharmacy agrees to deliver medications in a timely fashion to accommodate the emergency or stat order but in no instance longer than 2 hours from receipt of the stat order.
  - b. In the event the above condition cannot be met, the Community reserves the right to order emergency or stat medications from the Contracted Pharmacy and in such case the undersigned Resident (or Resident Representative) will pay Contracted Pharmacy's usual and customary charge for this service.
10. Resident (or Resident Representative) understands that in the event of a delay in obtaining medications from Alternate Pharmacy, the Community reserves the right to order medications from the Contracted Pharmacy to allow medications to be administered in a timely fashion. In such event, the Resident (or Resident Representative) agrees to pay the Contracted Pharmacy for all such medications, and any associated charges, at Contracted Pharmacy's usual and customary charges.
11. If a medication is erroneously ordered from the Community's Contracted Pharmacy instead of the Resident's Alternate Pharmacy, the Resident (or Resident Representative) agrees to pay the Contracted Pharmacy the usual and customary charges of the Alternate Pharmacy for all medication dosages either consumed or used by the Resident and for those dosages that cannot be returned for credit.
12. In the event that Alternate Pharmacy or Resident (or Resident Representative) fails to adhere to the terms of this Notice and Agreement, the Community shall have the right to terminate Alternate Pharmacy's provision of medications to the Resident and have such medications provided by Contracted Pharmacy until the Resident (or Resident Representative) designates a different pharmacy provider (other than the Alternate Pharmacy specified herein) through the delivery to the Community of a new Notice and Agreement signed by the Resident (or Resident Representative) and such new pharmacy. Resident (or Resident Representative) agrees to pay Contracted Pharmacy its usual and customary charges for all medications and associated fees provided in the event of any such termination.
13. Resident (or Resident Representative) agrees that Community may furnish to the Resident's pharmacy provider those portions of the Resident's confidential health care and third-party payer information as is necessary for the purposes of any services which Alternate Pharmacy and/or Contracted Pharmacy may provide with respect to Resident.

Signatures on the following page.

**The undersigned hereby fully understand and agree to the foregoing Notice and Agreement.**

**The individual executing this Notice and Agreement on behalf of Alternate Pharmacy hereby represents and warrants that he/she is duly authorized by Alternate Pharmacy to execute this Notice and Agreement on its behalf.**

	First Resident Name: [Abstract]	Second Resident Name
Signatures:		

	Resident Representative Name: [Category]	Resident Representative Name
Signatures:		

Alternate Pharmacy Name:		Date:
Pharmacy Authorized Representative:	Name:	Title:

## **14. Attachment F: Community Pharmacy Procedures Required for Alternative Pharmacy**

### **Ordering and Re-Ordering**

1. The Resident Representative and Alternate Pharmacy are responsible for orders/reorders when the current supply is depleting.
2. The Resident Representative and Alternate Pharmacy must provide the Community with a copy of orders/prescriptions taken directly from physician.

### **Delivery**

1. Medications must be dropped at the designated delivery location at the Community.
2. The Community and Alternated Pharmacy establish pre-determined acceptable delivery times (i.e. 2 hours for stats)
3. The Alternate Pharmacy is required to deliver at least daily. The Alternate Pharmacy must have capability to fill prescriptions on an emergent basis or stat orders 24/7. If not, these prescriptions will be filled by the Contracted Pharmacy (OmniCare) and billed to the Resident.
4. OmniCare is to be the backup pharmacy for emergencies. See section (9)(b).
5. Upon receipt of the order/prescription, the Alternate Pharmacy must provide notice to the Community if medication is not available.
6. The Alternate Pharmacy must provide daily pick up for returns

### **Labeling**

1. Compliant with state licensing and other applicable requirements

### **Clinical Service**

1. The Resident authorizes records and consulting with the pharmacist.
2. The Alternate Pharmacy will collaborate with the OmniCare consultant as appropriate.
3. The Alternate Pharmacy will provide drug Sheets/medication inserts on new scripts.

### **Packaging**

1. The Alternate Pharmacy will provide compliance/multi-dose packaging for routine medications.
2. The Alternate Pharmacy will provide separate packaging and special fills for anticoagulants, medications requiring weekly monitoring or short term therapy and for controlled/scheduled substances (such as narcotics).
3. Controlled substances are ordered by the prescriber to be dispensed in unit dose quantities of no more than doses for thirty (30) days.

### **Custody**

1. The Alternate Pharmacy must deliver to and get designated staff authorized to sign for meds – delivering and receiving.
2. The medications are to be delivered and returned in secured containers with delivery manifests.
3. The Alternate Pharmacy provides declining inventory sheets issued with each controlled substance complete with labeling information.

### **Storage**

1. The Resident Representative, Resident or Alternate Pharmacy will secure medications for residents who chose to self-administer medications.

**15. Attachment G: Assisted Living Facility Liability Insurance Disclosure**

**Assisted Living Facility Liability Insurance Disclosure  
Notification Form**

Required by the Virginia Department of Social Services  
as specified in 22 VAC 40-72-390 A 6

(Facility must indicate yes or no below)

This facility maintains liability insurance that provides at least \$500,000 per occurrence and \$500,000 aggregate, which is the minimum amount of coverage established by the State Board of Social Services for disclosure purposes, to compensate Residents or other individuals for injuries and losses from the negligent acts of the facility.

XXX Yes

\_\_\_\_\_ No

\_\_\_\_\_  
Resident (Signature) \_\_\_\_\_  
(Date)

\_\_\_\_\_  
Legal Representative (Signature) \_\_\_\_\_  
(Date)

Print Name: \_\_\_\_\_

On behalf of (Name of Resident): \_\_\_\_\_



**16. Attachment H: Life Care Resident Assisted Living Agreement Acknowledgement**

By signing this Assisted Living Agreement, you (or your Resident Representative) acknowledge that:

1. You have received a copy of §63.1-182.1 of the code of Virginia, Rights and Responsibilities of Residents of Adult Care Residences and the Community’s grievance policy included in the Life Care Agreement and these provisions have been explained to you.
2. We have informed you of the requirements or rules to be imposed regarding Resident conduct and other restrictions or special conditions which are included in this Addendum, the Assisted Living Resident Handbook, and the Health Services Disclosure Statement. These restrictions include strict prohibitions on firearms and weapons and smoking on the facility premises. The Addendum, the Assisted Living Resident Handbook, and the Health Services Disclosure Statement provide information on the actions, circumstances, or conditions that would result or might result in your discharge from the facility.
3. We have informed you of FNRC’s policy regarding the amount of notice required when a Resident wishes to move from the facility and the Community’s discharge and transfer policy.
4. You have received written assurance that FNRC has the appropriate license to meet your care needs at the time of admission, as required by law.

By signing below, the undersigned agree to all of the consents, acknowledgments, terms and conditions contained in the Assisted Living Agreement.

FORT NORFOLK RETIREMENT COMMUNITY, INC. and the Resident have signed this Agreement on \_\_\_\_\_ (Date).

	First Resident Name: [Abstract]	Second Resident Name
Signatures:		

	Resident Representative Name: [Category]	Resident Representative Name
Signatures:		

Fort Norfolk Retirement Community, Inc., a Virginia Not-For-Profit Corporation

By:	Its: Licensed Administrator
By:	Its: Marketing Representative

## **Appendix B – Application for Life Care Agreement**

# HARBOR'S EDGE RESIDENT APPLICATION - SINGLE OCCUPANCY

## SECTION 1: GENERAL INFORMATION

Information	Resident
Name	
Address	
City, State & Zip	
Telephone Numbers	
Home	(H)
Cell	(C)
Work	(W)
Fax	(F)
Seasonal Address	
Seasonal City, State and Zip	
Months at Seasonal Residence	
Social Security Number	
Email Address	
Gender	<input type="radio"/> Female <input type="radio"/> Male
Date of Birth	
Marital Status	<input type="radio"/> Single <input type="radio"/> Married <input type="radio"/> Widowed <input type="radio"/> Divorced

## SECTION 2: RESIDENCE

Apartment Style: \_\_\_\_\_

Apartment #: \_\_\_\_\_

Entrance Fee: \_\_\_\_\_

Monthly Fee: \_\_\_\_\_

You should have Net Worth from reasonably accessible sources of approximately 1.5 times the Entrance Fee amount and Monthly Net Income of approximately 1.5 times the Monthly Service Fee amount for your desired residence.



**SECTION 3: FINANCIAL INFORMATION**

<b>ASSETS</b>						
	1st Person	Is the asset security for a loan?		2nd Person	Is the asset security for a loan?	
		Yes	No		Yes	No
Cash (savings & checking)	\$			\$		
CD' s Money Markets, etc.	\$			\$		
Stock & Bonds	\$			\$		
IRAs, Annuities, etc.	\$			\$		
House	\$			\$		
Other Real Estate	\$			\$		
Trust Fund (Indicate % beneficial int.)	\$			\$		
Cash Surrender Value of Life Insurance	\$			\$		
Other Assets (Describe below) _____ _____ _____ _____	\$			\$		
<b>TOTAL ASSETS:</b>	\$			\$		

<b>LIABILITIES</b>		
	1st Person	2nd Person
Mortgage on Residence	\$	\$
Mortgage(s) on Other Real Estate	\$	\$
Other Bank Loans	\$	\$
Loans Against Cash Surrender Value of Life Insurance	\$	\$
Other Liabilities (Notes, Payable, etc.)	\$	\$
<b>TOTAL LIABILITIES:</b>	\$	\$

**HAVE YOU GUARANTEED ANY DEBT OWNED BY ANOTHER?**  
 YES     NO

Guarantor(s)	Debtor	Relation	Amount of Debt Guaranteed

## REGULAR MONTHLY INCOME

	1st Person	2nd Person
Social Security	\$	\$
Pension <sup>(1)</sup>	\$	\$
Dividends	\$	\$
Interest	\$	\$
Mortgage/Rental Income		
IRA Income	\$	\$
Trust Income		
Other Monthly Income	\$	\$
Total Regular Monthly Income		

Additional information related to "Other Assets," "Other Income," and/or "Other Debts or Liabilities:"

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### Entrance Fee Source

From what primary source do you plan to secure your Entrance Fee?

- Savings    Sale of House    Trust Fund    Investment Income    Other

If "Other," please explain.

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## SECTION 4: HEALTH PROFILE

To meet the admissions criteria for a Residential Living Life Care Contract, a resident must be 62 years of age or older, capable of living and caring for him/herself, with or without reasonable accommodation and without risk to self and/or others. Please complete the following Health information, which will be protected in accordance with the HIPAA Privacy Policy attached to this Application and will be used solely for the purpose of making a level of care evaluation and admissions assessment. Within 30 days prior to your final approval for admission, each resident is required to provide a physician's report.

HEALTH INSURANCE COVERAGE	
Medicare Coverage Medicare Number	<input type="radio"/> Part A <input type="radio"/> Part B <input type="radio"/> Part C <input type="radio"/> Part D (Rx) _____
Prescription Drug Coverage Policy Number	<input type="radio"/> Yes <input type="radio"/> No Carrier Name _____ _____
Medicare Supplemental Ins. Policy Number	<input type="radio"/> Yes <input type="radio"/> No Carrier Name _____ _____
Other Medical Insurance Policy Number	<input type="radio"/> Yes <input type="radio"/> No Carrier Name _____ _____
Long Term Care Insurance Does it cover: · Assisted Living? · Skilled Nursing Care?	<input type="radio"/> Yes <input type="radio"/> No Carrier Name _____ <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Yes <input type="radio"/> No Policy Number _____

HEALTH STATUS AND HISTORY	
Medicare Conditions for which you are currently receiving or have received treatment in the previous six months. Describe condition, treatments, expected continuation, etc. (Attach additional sheet if necessary)	
Have you been diagnosed a serious illness or disease: <input type="radio"/> Yes <input type="radio"/> No	If Yes, please provide explanation:

## HEALTH STATUS AND HISTORY

<p>Any hospitalizations, surgeries, or procedures in the last five (5) years with current status/prognosis.</p>	<p>Have you been advised to have any medical procedure or surgery which you have not had?  <input type="radio"/> Yes, explain below <input type="radio"/> No</p>		
<p>Current Medications (include prescription and over-the-counter) with condition, dosage and frequency.</p> <p>Is assistance needed with medication administration?  <input type="radio"/> Yes <input type="radio"/> No</p>	<p>Medication</p>	<p>Condition</p>	<p>Dosage/Frequency</p>
<p>What assistance, if any do you need with ambulation?</p>	<p><input type="radio"/> None <input type="radio"/> Cane <input type="radio"/> Walker <input type="radio"/> Wheelchair  <input type="radio"/> Personal Assistance  <input type="radio"/> Other _____</p>		
<p>What assistance, if any do you need with activities of daily living (dressing, bathing, etc.)?</p>	<p><input type="radio"/> None <input type="radio"/> Bathing <input type="radio"/> Dressing <input type="radio"/> Eating  <input type="radio"/> Other _____</p>		
<p>Do you have extensive or total loss of hearing or sight?</p>	<p><input type="radio"/> Hearing <input type="radio"/> Sight          Explain _____</p>		
<p>Approximately how many times have you fallen in the last two years?</p>	<p><input type="radio"/> None <input type="radio"/> Less than three times <input type="radio"/> More than three times          Explain _____</p>		

## MEDICAL PROVIDER

Please provide contact information for your Primary Care or other Physician who will complete the Medical Inventory on your behalf:

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Fax \_\_\_\_\_

# HARBOR'S EDGE RESIDENT APPLICATION - SINGLE OCCUPANCY

## SECTION 5: SIGNATURES AND ACKNOWLEDGEMENTS

Our Notice of Privacy Practices provides information about how we use and disclose your private health information. As provided in our notice, the terms of our notice may change. If we change our notice, you may obtain a revised copy. I have received a copy of Harbor's Edge Notice of Privacy Practices and I have had an opportunity to read the Notice of Privacy Practices. I understand that I may ask questions of Harbor's Edge if I do not understand any information contained in the Notice of Privacy Practices.

I, the undersigned applicant, have answered the above questions to the best of my ability and affirm that this information is substantially complete and correct to the best of my knowledge. It is my desire and request that any physician who has treated me release any and all medical information concerning me and this application to Harbor's Edge.

I also acknowledge that I have received copies of the most recent Annual Disclosure Statements for Residential Living and Assisted Living.

\_\_\_\_\_  
Names

\_\_\_\_\_  
Date

If assistance was given to complete this form, please complete the following regarding. I, the undersigned, have answered the above questions to the best of my ability and affirm that this information is substantially complete and correct to the best of my knowledge.

\_\_\_\_\_  
Signature of Person Assisting with Completion

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Relationship to Applicant

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State and Zip Code

\_\_\_\_\_  
Telephone Number

*If deemed advisable, FNRC reserves the right to require an examination of the applicant by one of its physicians. If such further examination is deemed necessary, the examination will be at the expense of the applicant.*

## HARBOR'S EDGE RESIDENT APPLICATION - DOUBLE OCCUPANCY

### SECTION 1: GENERAL INFORMATION

Information	Resident 1	Resident 2
Name		
Address		
City, State & Zip		
Telephone Numbers		
Home	(H)	(H)
Cell	(C)	(C)
Work	(W)	(W)
Fax	(F)	(F)
Seasonal Address		
Seasonal City, State and Zip		
Months at Seasonal Residence		
Social Security Number		
Email Address		
Gender	<input type="radio"/> Female <input type="radio"/> Male	<input type="radio"/> Female <input type="radio"/> Male
Date of Birth		
Marital Status	<input type="radio"/> Single <input type="radio"/> Married <input type="radio"/> Widowed <input type="radio"/> Divorced	<input type="radio"/> Single <input type="radio"/> Married <input type="radio"/> Widowed <input type="radio"/> Divorced

### SECTION 2: RESIDENCE

Apartment Style: \_\_\_\_\_

Apartment #: \_\_\_\_\_

Entrance Fee: \_\_\_\_\_

2nd Person Entrance Fee: \_\_\_\_\_

Monthly Fee: \_\_\_\_\_

2nd Person Monthly Fee: \_\_\_\_\_

You should have Net Worth from reasonably accessible sources of approximately 1.5 times the Entrance Fee amount and Monthly Net Income of approximately 1.5 times the Monthly Service Fee amount for your desired residence.

### SECTION 3: FINANCIAL INFORMATION

Each applicant for admission is required to give a disclosure of financial resources and obligations. Harbor's Edge respects the privacy of every applicant and does not intrude into any applicant's personal financial circumstances other than to have assurance that the funds needed under the Agreement are adequate. Information will be kept strictly confidential and will be used solely for the purpose of determining eligibility. Please complete in its entirety; if a section does not apply, please write "N/A."

ASSETS						
	1st Person	Is the asset security for a loan?		2nd Person	Is the asset security for a loan?	
		Yes	No		Yes	No
Cash (savings & checking)	\$			\$		
CD's Money Markets, etc.	\$			\$		
Stock & Bonds	\$			\$		
IRAs, Annuities, etc.	\$			\$		
House	\$			\$		
Other Real Estate	\$			\$		
Trust Fund (indicate % beneficial int.)	\$			\$		
Cash Surrender Value of Life Insurance	\$			\$		
Other Assets (Describe below) _____ _____ _____ _____	\$			\$		
<b>TOTAL ASSETS:</b>	\$			\$		

LIABILITIES				
	1st Person		2nd Person	
Mortgage on Residence	\$		\$	
Mortgage(s) on Other Real Estate	\$		\$	
Other Bank Loans	\$		\$	
Loans Against Cash Surrender Value of Life Insurance	\$		\$	
Other Liabilities (Notes, Payable, etc.)	\$		\$	
<b>TOTAL LIABILITIES:</b>	\$		\$	

**HAVE YOU GUARANTEED ANY DEBT OWNED BY ANOTHER?**  
 \_\_\_\_ YES    \_\_\_\_ NO

Guarantor(s)	Debtor	Relation	Amount of Debt Guaranteed

## REGULAR MONTHLY INCOME

	1st Person	2nd Person
Social Security	\$	\$
Pension <sup>(1)</sup>	\$	\$
Dividends	\$	\$
Interest	\$	\$
Mortgage/Rental Income		
IRA Income	\$	\$
Trust Income		
Other Monthly Income	\$	\$
Total Regular Monthly Income		

Additional information related to "Other Assets," "Other Income," and/or "Other Debts or Liabilities:"

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### Entrance Fee Source

From what primary source do you plan to secure your Entrance Fee?

- Savings     Sale of House     Trust Fund     Investment Income     Other

If "Other," please explain.

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## SECTION 4: HEALTH PROFILE RESIDENT 1

To meet the admissions criteria for a Residential Living Life Care Contract, a resident must be 62 years of age or older, capable of living and caring for him/herself, with or without reasonable accommodation and without risk to self and/or others. Please complete the following Health information, which will be protected in accordance with the HIPAA Privacy Policy attached to this Application and will be used solely for the purpose of making a level of care evaluation and admissions assessment. Within 30 days prior to your final approval for admission, each resident is required to provide a physician's report.

HEALTH INSURANCE COVERAGE		RESIDENT 1
Medicare Coverage Medicare Number	<input type="radio"/> Part A <input type="radio"/> Part B <input type="radio"/> Part C <input type="radio"/> Part D (Rx)	_____
Prescription Drug Coverage Policy Number	<input type="radio"/> Yes <input type="radio"/> No   Carrier Name _____	_____
Medicare Supplemental Ins. Policy Number	<input type="radio"/> Yes <input type="radio"/> No   Carrier Name _____	_____
Other Medical Insurance Policy Number	<input type="radio"/> Yes <input type="radio"/> No   Carrier Name _____	_____
Long Term Care Insurance Does it cover: · Assisted Living? · Skilled Nursing Care?	<input type="radio"/> Yes <input type="radio"/> No   Carrier Name _____ <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Yes <input type="radio"/> No   Policy Number _____	

HEALTH STATUS AND HISTORY		RESIDENT 1
Medical Conditions for which you are currently receiving or have received treatment in the previous six months. Describe condition, treatments, expected continuation, etc. (Attach additional sheet if necessary)		
Have you been diagnosed a serious illness or disease: <input type="radio"/> Yes <input type="radio"/> No	If Yes, please provide explanation:	

**HEALTH STATUS AND HISTORY**

**RESIDENT 1**

Any hospitalizations, surgeries, or procedures in the last five (5) years with current status/prognosis.

Have you been advised to have any medical procedure or surgery which you have not had?  
 Yes, explain below  No

Current Medications (include prescription and over-the-counter) with condition, dosage and frequency.

Medication

Condition

Dosage/Frequency

Is assistance needed with medication administration?

Yes  No

What assistance, if any do you need with ambulation?

None  Cane  Walker  Wheelchair  
 Personal Assistance  
 Other \_\_\_\_\_

What assistance, if any do you need with activities of daily living (dressing, bathing, etc.)?

None  Bathing  Dressing  Eating  
 Other \_\_\_\_\_

Do you have extensive or total loss of hearing or sight?

Hearing  Sight  
 Explain \_\_\_\_\_

Approximately how many times have you fallen in the last two years?

None  Less than three times  More than three times  
 Explain \_\_\_\_\_

**MEDICAL PROVIDER**

**RESIDENT 1**

Please provide contact information for your Primary Care or other Physician who will complete the Medical Inventory on your behalf:

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Fax \_\_\_\_\_

## SECTION 4: HEALTH PROFILE RESIDENT 2

To meet the admissions criteria for a Residential Living Life Care Contract, a resident must be 62 years of age or older, capable of living and caring for him/herself, with or without reasonable accommodation and without risk to self and/or others. Please complete the following Health information, which will be protected in accordance with the HIPAA Privacy Policy attached to this Application and will be used solely for the purpose of making a level of care evaluation and admissions assessment. Within 30 days prior to your final approval for admission, each resident is required to provide a physician's report.

HEALTH INSURANCE COVERAGE		RESIDENT 2
Medicare Coverage Medicare Number	<input type="radio"/> Part A <input type="radio"/> Part B <input type="radio"/> Part C <input type="radio"/> Part D (Rx) _____	
Prescription Drug Coverage Policy Number	<input type="radio"/> Yes <input type="radio"/> No Carrier Name _____ _____	
Medicare Supplemental Ins. Policy Number	<input type="radio"/> Yes <input type="radio"/> No Carrier Name _____ _____	
Other Medical Insurance Policy Number	<input type="radio"/> Yes <input type="radio"/> No Carrier Name _____ _____	
Long Term Care Insurance Does it cover: · Assisted Living? · Skilled Nursing Care?	<input type="radio"/> Yes <input type="radio"/> No Carrier Name _____ <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Yes <input type="radio"/> No Policy Number _____	

HEALTH STATUS AND HISTORY		RESIDENT 2
Medical Conditions for which you are currently receiving or have received treatment in the previous six months. Describe condition, treatments, expected continuation, etc. (Attach additional sheet if necessary)		
Have you been diagnosed a serious illness or disease: <input type="radio"/> Yes <input type="radio"/> No	If Yes, please provide explanation:	

**HEALTH STATUS AND HISTORY**

**RESIDENT 2**

<p>Any hospitalizations, surgeries, or procedures in the last five (5) years with current status/prognosis.</p>	<p>Have you been advised to have any medical procedure or surgery which you have not had?  <input type="radio"/> Yes, explain below <input type="radio"/> No</p>		
<p>Current Medications (include prescription and over-the-counter) with condition, dosage and frequency.</p> <p>Is assistance needed with medication administration?  <input type="radio"/> Yes <input type="radio"/> No</p>	<p>Medication</p>	<p>Condition</p>	<p>Dosage/Frequency</p>
<p>What assistance, if any do you need with ambulation?</p>	<p> <input type="radio"/> None    <input type="radio"/> Cane    <input type="radio"/> Walker    <input type="radio"/> Wheelchair  <input type="radio"/> Personal Assistance  <input type="radio"/> Other _____                 </p>		
<p>What assistance, if any do you need with activities of daily living (dressing, bathing, etc.)?</p>	<p> <input type="radio"/> None    <input type="radio"/> Bathing    <input type="radio"/> Dressing    <input type="radio"/> Eating  <input type="radio"/> Other _____                 </p>		
<p>Do you have extensive or total loss of hearing or sight?</p>	<p> <input type="radio"/> Hearing    <input type="radio"/> Sight                      Explain _____                 </p>		
<p>Approximately how many times have you fallen in the last two years?</p>	<p> <input type="radio"/> None    <input type="radio"/> Less than three times    <input type="radio"/> More than three times                      Explain _____                 </p>		

**MEDICAL PROVIDER**

**RESIDENT 2**

Please provide contact information for your Primary Care or other Physician who will complete the Medical Inventory on your behalf:

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Fax \_\_\_\_\_

# HARBOR'S EDGE RESIDENT APPLICATION - JOINT OCCUPANCY

## SECTION 5: SIGNATURES AND ACKNOWLEDGEMENTS

Our Notice of Privacy Practices provides information about how we may use and disclose your private health information. As provided in our notice, the terms of our notice may change. If we change our notice, you may obtain a revised copy. I (we) have received a copy of Harbor's Edge Notice of Privacy Practices and I (we) have had an opportunity to read the Notice of Privacy Practices. I (we) understand that I (we) may ask questions of Harbor's Edge if I (we) do not understand any information contained in the Notice of Privacy Practices.

I (we), the undersigned applicant, have answered the above questions to the best of my ability and affirm that this information is substantially complete and correct to the best of my knowledge. It is my desire and request that any physician who has treated me release any and all medical information concerning me and this application to Harbor's Edge.

I (we) also acknowledge that I (we) have received copies of the most recent Annual Disclosure Statements for Independent Living and Assisted Living.

\_\_\_\_\_

Names

\_\_\_\_\_

Date

\_\_\_\_\_

Names

\_\_\_\_\_

Date

If assistance was given to complete this form, please complete the following regarding, I, the undersigned, have answered the above questions to the best of my ability and affirm that this information is substantially complete and correct to the best of my knowledge.

\_\_\_\_\_

Signature of Person Assisting with Completion

\_\_\_\_\_

Date

\_\_\_\_\_

Print Name

\_\_\_\_\_

Relationship to Applicant

\_\_\_\_\_

Address

\_\_\_\_\_

City, State and Zip Code

\_\_\_\_\_

Telephone Number

*If deemed advisable, FNRC reserves the right to require an examination of the applicant by one of its physicians. If such further examination is deemed necessary, the examination will be at the expense of the applicant.*

# Appendix C – Waitlist Agreement

## Harbor's Edge Waitlist Agreement

### SECTION 1: GENERAL INFORMATION

Information	Resident 1	Resident 2
Name		
Address		
City, State and Zip		
Telephone Numbers • Home • Cell • Work • Fax	(H)	(H)
	(C)	(C)
	(W)	(W)
	(F)	(F)
Seasonal Address		
Seasonal City, State and ZIP		
Months at Seasonal Residence		
Social Security No.		
Email Address		
Gender	<input type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Female <input type="checkbox"/> Male
Date of Birth		
Marital Status	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced

### SECTION 2: RESIDENCE PREFERENCE

Apartment Style Preferred: \_\_\_\_\_

Additional requirement(s): \_\_\_\_\_

Readiness to Move to Harbor's Edge:

<input type="checkbox"/> As soon as possible	<input type="checkbox"/> 3 – 5 years
<input type="checkbox"/> In the next year	<input type="checkbox"/> 5 plus years
<input type="checkbox"/> In 1 – 2 years	

## Harbor's Edge Waitlist Agreement

### SECTION 3a: WAITLIST AGREEMENT (Single Applicant)

This Waitlist Agreement ("Agreement") is entered into on \_\_\_\_ / \_\_\_\_ / \_\_\_\_\_ by \_\_\_\_\_ ("you" or "Resident"), and Fort Norfolk Retirement Community, Inc. ("FNRC"), a Virginia non-stock, nonprofit corporation. The terms "FNRC", "we" and "our" are used throughout this Agreement to denote Fort Norfolk Retirement Community, Inc. The term "Harbor's Edge" or "Community" refers to the senior living community located at One Colley Avenue, Norfolk, Virginia 23510, doing business as Harbor's Edge.

For and in consideration of the deposit of \$5,000, we agree to place you on the wait list for the specific apartment style \_\_\_\_\_, subject to the following terms and conditions:

1. The deposit made with this Agreement will be credited to the 10% Reservation Deposit applied against initial Monthly Service Fees at Settlement.
2. At the date of Application, you must be capable of meeting the health requirements for the Residential Units, as shown by the submission of a complete health profile and physician's report.
3. You must submit a financial statement and qualify at the date of Application. We require Net Worth of at least one-and-one-half times the Entrance Fee and Net Monthly Income of one-and-one-half times the Monthly Service Fee. In addition, residents should have the ability to reduce assets to cover the Monthly Service Fee if income from their investment portfolio or other sources declines.
4. This agreement does not guarantee the cost of the desired living unit. You will be required to pay whatever the Entrance Fee and Monthly Service Fee may be at the time a Life Care Agreement is executed.
5. Upon notification of an available apartment in the selected style, you will have 3 business days to complete the Harbor's Edge Life Care Agreement and pay the 10% reservation deposit required for the apartment selected. During this 3-day period any eligible benefits package will be fully explained and honored upon move-in.
6. This Agreement shall terminate if any of the following occur:
  - a. The applicant's application for admission to the Residential Units is denied.
  - b. The applicant notifies FNRC in writing of his or her desire to request a refund and terminate the agreement.
  - c. FNRC is notified in writing of the applicant's death, illness, injury or incapacity.
  - d. The applicant executes a Life Care Agreement and pays the full Entrance Fee, at which point all rights and obligations for both parties shall be governed by the Life Care Agreement.
7. The deposit will be held in escrow at Sun Trust Bank. The full deposit will be refunded within 30 days if this Agreement is cancelled or rescinded for the reasons noted in #6 above.

I, the undersigned applicant, have answered the above questions to the best of my ability and affirm that this information is substantially complete and correct to the best of my knowledge.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date



## Harbor's Edge Waitlist Agreement

### SECTION 3b: WAITLIST AGREEMENT (Joint Applicant)

This Waitlist Agreement ("Agreement") is entered into on \_\_\_\_ / \_\_\_\_ / \_\_\_\_\_ jointly by \_\_\_\_\_ and \_\_\_\_\_ with Fort Norfolk Retirement Community, Inc. ("FNRC"), a Virginia non-stock, nonprofit corporation. The terms "FNRC", "we" and "our" are used throughout this Agreement to denote Fort Norfolk Retirement Community, Inc. The term "Harbor's Edge" or "Community" refers to the senior living community located at One Colley Avenue, Norfolk, Virginia 23510, doing business as Harbor's Edge. In this agreement, "you", "your", "applicant" or "resident" refer to the applicant or applicants named above

For and in consideration of the deposit of \$5,000, we agree to place you on the wait list for the specific apartment style \_\_\_\_\_, subject to the following terms and conditions:

1. The deposit made with this Agreement will be credited to the 10% Reservation Deposit applied against initial Monthly Service Fees at Settlement.
2. At the date of Application, you must be capable of meeting the health requirements for the Residential Units, as shown by the submission of a complete health profile and physician's report.
3. You must submit a financial statement and qualify at the date of Application. We require Net Worth of at least one-and-one-half times the Entrance Fee and Net Monthly Income of one-and-one-half times the Monthly Service Fee. In addition, residents should have the ability to reduce assets to cover the Monthly Service Fee if income from their investment portfolio or other sources declines.
4. This agreement does not guarantee the cost of the desired living unit. You will be required to pay whatever the Entrance Fee and Monthly Service Fee may be at the time a Life Care Agreement is executed.
5. Upon notification of an available apartment in the selected style, I will have 3 business days to complete the Harbor's Edge Life Care Agreement and pay the 10% reservation deposit required for the apartment selected. During this 3-day period any eligible benefits package will be fully explained and honored upon move-in.
6. This Agreement shall terminate, with refund paid within 30 days, if any of the following occur:
  - a. The applicant's application for admission to the Residential Units is denied.
  - b. The applicant notifies FNRC in writing of his or her desire to request a refund and terminate the agreement.
  - c. FNRC is notified in writing of the applicant's death, illness, injury or incapacity. If this is a joint waitlist application, the other party shall notify FNRC of their decision of whether to remain on the waitlist.
  - d. The applicant executes a Life Care Agreement and pays the full Entrance Fee, at which point all rights and obligations for both parties shall be governed by the Life Care Agreement.
7. The deposit will be held in escrow at Sun Trust Bank. The full deposit will be refunded within 30 days if this Agreement is cancelled or rescinded for the reasons noted in #6 above.

I, the undersigned applicant(s), have answered the above questions to the best of my (our) ability and affirm that this information is substantially complete and correct to the best of my (our) knowledge.

\_\_\_\_\_  
Applicant 1 (Signature / Date)

\_\_\_\_\_  
Applicant 2 (Signature / Date)

# **Appendix D – 2023 Service Fee and Ancillary Charge Schedule**

**Harbor's Edge**  
**Service Fee & Ancillary Charge Schedule\***  
**New Rates become effective January 1, 2023**

<u>2023 Rate</u>	<u>2023 Rate</u>
<b>Dining Services - Resident</b>	<b>Plant Operations</b>
Room Delivery Charge \$10.00	Hourly Cost (per employee) + Material \$65.00
Away Credit Per day if absence exceeds 14 days \$6.00	Half hour minimum
Food & Alcoholic Beverages - per menu pricing	Replacement Decal \$10.00
	Replacement Mailbox Key \$20.00
	Key Fob Replacement \$35.00
<b>Non-Resident Guest: Visitor Meals</b>	<b>Room Rentals</b>
Sunday Brunch A la Carte - Guest Menu prices	A/V setup / takedown Charge for Catered Events - Hourly Rate with a \$60.00
7-10 guests, meal charge + surcharge \$25.00	
A 50% surcharge on menu pricing will be imposed for non-resident guests including Holiday/Special Events. This is a Resident direct charge HE\$ can't be used.	
<b>Health Care, Assisted Living, Memory Support Guest Meal Charges:</b>	Grand Hall - Meetings \$700.00
Breakfast \$5.00	Grand Hall - Socials \$200.00
Lunch \$7.00	Grand Hall - Memorial Receptions Free
Dinner \$15.00	Grand Lobby \$500.00
Cot Rental daily \$15.00	Café Norfolk \$400.00
	Theater \$200.00
<b>Health &amp; Wellness Charges</b>	River Terrace Dining Room \$1,200.00
Certified Personal Training 30 minutes \$35.00	Harbor Room Fine Dining \$600.00
Certified Personal Training 45 minutes \$50.00	Room Charge / Catering \$100.00
Certified Personal Training 60 minutes \$70.00	Private Dining Room \$250.00
Resident Fitness Assessment & Consultation 30 minute Free	Al Fresco Open Air Terrace \$600.00
Wellness Check-In (initial consultation follow up) \$35.00	Card Room \$125.00
Wound Care - Cost varies based on severity and supplies \$5.00 - \$50.00	Library \$250.00
Nurse Care Management (per session) \$75.00	Coat Room Service \$100.00
Medication Management/refill per occurrence \$40.00	Servers/Hour \$25.00
Refill Prescription Call to the Pharmacy	Bartender/Hour \$30.00
	Greeters/Hour \$25.00
<b>Housekeeping &amp; Laundry Services</b>	Set-up & Take Down Labor/Hour \$30.00
AL/MS facilities - weekly linens washed & bed changed (monthly (one time charge - \$15) \$55.00	Security/Hour \$25.00
Wash, Dry & Fold/Load Towels \$15.00	Valet Service At Cost
Wash, Dry & Fold/Load Personal Laundry (\$55 monthly) \$15.00	
Wash, Dry & Fold Comforter/Load \$15.00	<b>Therapy charges - not an inclusive list.</b>
Additional Housekeeping services/hour \$25.00	<b>See Billing Administrator for charges for other therapies</b>
	Physical Therapy Evaluation \$225.00
	Occupational Therapy Evaluation \$225.00
	Therapeutic Exercise per 15 minute session \$80.00
	Gait Training per 15 minute session \$70.00
	Therapeutic Activities per 15 minute session \$85.00
	Self care Management (ADL's) per 15 minute session \$85.00
	Ultrasound Therapy per 15 minute session \$90.00
	Speech Therapy Evaluation \$240.00
	Speech Therapy per treatment \$175.00
	Oral function Therapy per treatment - Neuro Reeducation \$200.00
	<b>Transportation Services: Medical</b>
	Drop off/pick up 0.63/mile + driver charge/hour \$20.00
	Unscheduled large bus trips \$2.50/mi + driver charge/hour N/C
	Scheduled: Designated weekly medical appointments \$20.00
	No show for Transportation (per person) \$20.00
	Late Transportation request \$20.00
	<b>Transportation Services: Programs &amp; Events</b>
	Special Events/Trips-cost based on trip
	No show for Event \$20.00
<b>Miscellaneous</b>	
Copy charges/page - B&W (1st 3 pgs free) \$0.15	
Copy charges/page - color \$0.20	
Fax charges/page - local \$0.50	
Fax charges/page - long distance \$1.00	
Postage - sold in Community Life office At Cost	
Medical Records \$25 plus .15 cents per page \$25.00	
<b>Other</b>	
Life Care monthly transition fee to Assisted Living/Health Care \$669.00	
Incontinent Supplies: Cost may be requested	
Accident non-emergency pull cords (up to 3/yr at no cost) \$50.00	
Accident non-emergency fire alarms (up to 3/yr at no cost) \$50.00	
Medical supplies: Cost of individual items may be requested At Cost	
Medical services and supplies may be billable to Medicare Part A, Entrance Fee Refund Addendum (additional legal fees at cost) \$300.00	
Resident initiated relocation to another unit AL/MS/HC \$1,500.00	
Private Duty Background Check & PPD \$75.00	

\* Sales and other taxes will be charged as applicable for all items

**Harbor's Edge**

**Service Fee & Ancillary Charge Schedule\***

New Rates become effective January 1, 2023

Beauty Shop Harbor Tower	<u>2023 Rate</u>	River Tower Salon	<u>2023 Rate</u>
<b>Hair</b>		<b>Hair</b>	
Shampoo & Style	\$32.00	Ladies Haircut	\$60.00
Haircut & Style	\$60.00	Ladies Blow Out	\$40.00
Comb Outs	\$20.00	Base Hair Color	\$70.00
Formal Up Do's	\$50.00+	Full Head Hair Color	\$100.00
Women's Hair Cut	\$28.00	Highlight Partial Head - Foil	\$100.00
Highlight - Foil Full Head	\$110.00	Highlight Full Head - Foil	\$130.00
Highlight With Style	\$142.00	Toner/Gloss Treatment	\$30.00
Highlight With Cut & Style	\$158.00	Conditioning Treatment	\$30.00
Add Color	\$208.00	Brazilian Blowout - Smoothing	\$325.00
Highlight - Foil Partial Head	\$90.00	Permanent Wave	\$150.00
Partial With Style	\$122.00	<b>Men's</b>	
Partial With Cut & Style	\$138.00	Gentleman's Haircut	\$38.00
Add Color	\$188.00	Collar Trim	\$25.00
Perm or Body Wave	\$117.00	Mustache & Beard Trim	\$20.00
Perm & Body Wave With Style & Cut	\$145.00	Full Beard Detailing - With Razor	\$40.00
Color Rinse	\$11.00	Hot Lather Shave	\$40.00
Color - Retouch	\$50.00	Hair Coloring & Highlighting	\$70.00
Retouch Color With Style	\$82.00	Grey Blending for Hair	\$45.00
Retouch With Style & Cut	\$110.00	<b>Nails</b>	
Color - New	\$100.00	Manicure	\$25.00
Color New With Style	\$132.00	Gel Manicure	\$35.00
Color New With Style & Cut	\$160.00	Gel Polish Change	\$15.00
Deep Conditioning	\$5.00+	Pedicure	\$55.00
Men's Haircut	\$25.00	Gel Pedicure	\$75.00
		Japanese Gel Nails	\$75.00
Late arrival for appointment and you may not be	\$15.00	Rebalancing Nails	\$65.00
No show & same day cancellations/reschedules will be charged 100% for the cost of their appointment		<b>Esthetician</b>	
Transportation to/from appointment, one way	\$15.00	1 - Hour Facial	\$60.00
Additional time required for services is \$15.00	\$15.00	30 - Minute Facial	\$40.00
20% gratuity assessed on all charges		10 Minutes added on Massage	\$10.00
		Eye Brows Wax	\$20.00
		Lip Wax	\$15.00
		Chin Wax	\$15.00

**Appendix E – Audited Financial Statement -For Fiscal Years  
Ending Sept. 30, 2022 and 2021**

**FORT NORFOLK RETIREMENT  
COMMUNITY, INC. AND AFFILIATE  
(DBA HARBOR'S EDGE)**

**Audited Consolidated Financial Statements**

**September 30, 2022 and 2021**

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE  
(DBA HARBOR'S EDGE)**

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Walker Healthcare  
Services Group  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Fort Norfolk Retirement Community, Inc.  
Norfolk, Virginia

**Opinion**

We have audited the accompanying consolidated financial statements of Fort Norfolk Retirement Community, Inc. and Affiliate (dba Harbor's Edge) (the Company), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, changes in net assets 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 the Company as of September 30, 2022 and 2021, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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 these 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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

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

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

### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 28 to 31 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Walker Healthcare Services Group*

Certified Public Accountants  
Roanoke, Virginia  
January 30, 2023

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE**  
**(DBA HARBOR'S EDGE)**  
**Consolidated Statements of Financial Position**  
**September 30, 2022 and 2021**

<b><u>ASSETS</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 2,674,304
Accounts receivable, net	252,622	394,771
Prepaid expenses and other current assets	<u>2,183,788</u>	<u>1,980,381</u>
Total current assets	<u>2,436,410</u>	<u>5,049,456</u>
<b>ASSETS LIMITED AS TO USE</b>	<u>16,687,120</u>	<u>40,060,073</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>236,030,041</u>	<u>230,952,803</u>
<b>OTHER ASSETS</b>		
Investments	19,293,565	22,534,309
Right of use asset - ground lease	4,011,495	4,015,571
Resident deposits in escrow	6,663,660	31,478,927
Pledges receivable	<u>1,112,993</u>	<u>1,029,009</u>
Total other assets	<u>31,081,713</u>	<u>59,057,816</u>
Total assets	<u><u>\$ 286,235,284</u></u>	<u><u>\$ 335,120,148</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft	\$ 612,727	\$ -
Current maturities of long-term debt	1,110,000	1,065,000
Accounts payable	2,827,792	2,780,233
Refundable entrance fees, current	1,882,058	2,356,121
Interest payable	1,841,598	1,857,943
Current portion lease liability - ground lease	60,263	61,158
Accrued expenses	<u>987,985</u>	<u>534,682</u>
Total current liabilities	<u>9,322,423</u>	<u>8,655,137</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current maturities	148,197,242	220,854,299
Reservation deposits	2,450,201	7,698,524
Deferred management fees payable	3,050,570	3,063,923
Lease liability - ground lease, net of current portion	4,762,083	4,700,029
Refundable entrance fees, noncontingent	3,365,097	3,755,189
Refundable entrance fees, contingent	118,987,895	90,308,251
Deferred revenue - nonrefundable entrance fees, net	<u>58,992,324</u>	<u>46,239,752</u>
Total long-term liabilities	<u>339,805,412</u>	<u>376,619,967</u>
Total liabilities	<u>349,127,835</u>	<u>385,275,104</u>
<b>NET ASSETS (DEFICIT)</b>		
Net deficit without donor restrictions	(64,005,635)	(51,184,056)
Net assets with donor restrictions - time restrictions	<u>1,113,084</u>	<u>1,029,100</u>
Total net assets (deficit)	<u>(62,892,551)</u>	<u>(50,154,956)</u>
Total liabilities and net assets	<u><u>\$ 286,235,284</u></u>	<u><u>\$ 335,120,148</u></u>

*See accompanying notes to consolidated financial statements.*

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE**  
**(DBA HARBOR'S EDGE)**  
**Consolidated Statements of Activities**  
**For the Years Ended September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b><u>OPERATING REVENUES</u></b>		
Net resident revenue	\$ 21,604,869	\$ 17,979,505
Earned entrance fees	7,300,453	8,095,103
Other revenue	1,862,832	1,094,147
	<hr/>	<hr/>
Total operating revenues	30,768,154	27,168,755
<b><u>OPERATING EXPENSES</u></b>		
Administrative services	3,750,767	3,912,791
Marketing services	1,445,981	1,286,940
Ancillary and therapy	785,518	886,359
Building maintenance	1,268,351	950,802
Dining services	4,675,332	3,038,925
Security services	608,348	397,303
Housekeeping services	1,306,653	882,978
Assisted living	1,561,126	1,492,378
Skilled nursing	3,208,743	3,206,134
Clinic and fitness services	157,902	171,091
Resident services	681,690	341,884
Activities	136,479	138,496
Utilities	1,472,908	1,130,337
Insurance	754,284	465,709
Property taxes	2,286,068	603,776
Depreciation and amortization	8,397,618	4,502,114
	<hr/>	<hr/>
Total operating expenses	32,497,768	23,408,017
Operating excess (deficiency) of revenues over expenses	<hr/>	<hr/>
	(1,729,614)	3,760,738
<b><u>NON-OPERATING INCOME (EXPENSE)</u></b>		
Interest expense	(8,568,921)	(4,682,779)
Investment income, net	525,032	387,330
Realized gain (loss) on investments, net	(122,809)	420,966
Provider relief funds	-	45,061
	<hr/>	<hr/>
Total non-operating income (expense)	(8,166,698)	(3,829,422)
Deficiency of revenues over expenses	(9,896,312)	(68,684)
Unrealized gain (loss) on investments	<hr/>	<hr/>
	(2,925,267)	133,472
Increase (decrease) in net assets without donor restrictions	<hr/>	<hr/>
	\$ (12,821,579)	\$ 64,788

*See accompanying notes to consolidated financial statements.*

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE  
(DBA HARBOR'S EDGE)**

**Consolidated Statements of Changes in Net Assets  
For the Years Ended September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Deficiency of revenues over expenses	\$ (9,896,312)	\$ (68,684)
Unrealized gain (loss) on investments	<u>(2,925,267)</u>	<u>133,472</u>
Increase (decrease) in net assets without donor restrictions	<u>(12,821,579)</u>	<u>64,788</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	100,000	-
Change in valuation of pledges receivable	<u>(16,016)</u>	<u>35,215</u>
Increase in net assets with donor restrictions	<u>83,984</u>	<u>35,215</u>
Increase (decrease) in net assets	(12,737,595)	100,003
Net deficit - beginning of year	<u>(50,154,956)</u>	<u>(50,254,959)</u>
Net deficit - end of year	<u><u>\$ (62,892,551)</u></u>	<u><u>\$ (50,154,956)</u></u>

*See accompanying notes to consolidated financial statements.*

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE**  
**(DBA HARBOR'S EDGE)**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended September 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (9,896,312)	\$ (68,684)
Adjustments to reconcile deficiency of revenues over expenses to net cash used in operating activities:		
Net realized loss (gain) on investments	122,809	(420,966)
Depreciation and amortization	8,649,022	4,713,515
Amortization of deferred revenue from entrance fees	(7,300,453)	(8,095,103)
Change in operating assets and liabilities:		
Accounts receivable, net	142,149	(92,819)
Prepaid expenses and other current assets	(203,407)	(484,545)
Bank overdraft	612,727	-
Accounts payable	47,559	(5,911,235)
Interest payable	(16,345)	(8,409)
Accrued expenses	453,303	(494,960)
Reservation deposits	(5,165,100)	(2,598,877)
Deferred management fees payable	(13,353)	665,173
Lease liability - ground lease	222,919	223,685
Net cash used in operating activities	(12,344,482)	(12,573,225)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,709,716)	(8,528,772)
Proceeds from sale of investments	2,902,384	7,978,378
Purchase of property and equipment	(13,470,779)	(68,421,950)
Net cash used in investing activities	(13,278,111)	(68,972,344)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Entrance fees received	49,618,592	49,992,273
Refunds of entrance fees	(1,833,301)	(2,434,619)
Principal payments on bonds	(85,418,868)	(1,035,000)
Proceeds from long term debt	12,555,406	68,113,072
Payment on lease liabilities	(161,760)	(161,760)
Payment of debt issuance costs	-	(184,301)
Net cash provided by (used in) financing activities	(25,239,931)	114,289,665
Net increase (decrease) in cash and cash equivalents	(50,862,524)	32,744,096
Cash and cash equivalents, beginning of year	74,213,304	41,469,208
Cash and cash equivalents, end of year	\$ 23,350,780	\$ 74,213,304
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Cash and cash equivalents	\$ -	\$ 2,674,304
Resident deposits held in escrow	6,663,660	31,478,927
Assets limited as to use	16,687,120	40,060,073
Total cash and cash equivalents and restricted cash	\$ 23,350,780	\$ 74,213,304
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 8,107,228	\$ 8,133,951
Property additions in accounts payable	\$ 710,797	\$ 2,483,798
Operating cash flows from finance leases	\$ 161,760	\$ 161,760

*See accompanying notes to consolidated financial statements.*

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

**NOTE 1: COMPANY AND NATURE OF BUSINESS**

*Fort Norfolk Retirement Community, Inc.* (the Company) is a not-for-profit organization incorporated in 2002 for the purpose of developing a high-quality continuing care retirement community ("CRCC"), doing business as "Harbor's Edge," near the downtown area of Norfolk, Virginia. Harbor Tower currently consists of 156 independent living apartments (including 6 combination units), 21 assisted living apartments, 32 memory support suites and a 33-bed skilled nursing unit. In 2021, the Company completed construction of River Tower which includes 139 independent living apartments (including 8 combination units) and 20 assisted living apartments as well as new and renovated common areas in both towers. As a CCRC, Harbor's Edge offers a life care contract which provides discounted monthly fees for permanent stays in each of the higher care levels, i.e. assisted living, memory support and skilled nursing for as long as the contract holder requires that level of care.

*Harbor's Edge Foundation* (the Foundation) was formed in 2008 for the purpose of providing assistance to senior citizens in the service market area who may not be able to fully afford to live at Harbor's Edge or similar facilities of high quality. Such facilities provide for and promote the physical, emotional, recreational and social health of seniors, with the goal of enhancing their overall quality of life. The Company is allowed to appoint the Foundation's Board of Directors. Accordingly, the accounts of the Foundation have been consolidated herein.

*Fundraising activities* include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Principles of Consolidation:* The accompanying consolidated financial statements include the accounts of both entities listed in Note 1, collectively referred to as "the Company." All intercompany accounts and transactions have been eliminated in consolidation.

*Financial Reporting:* As a CCRC, the Company has a multi-year business and planning cycle which results from its obligation to provide services to life care contract holders for the expected duration of their stay at Harbor's Edge. On average, this period is approximately 10 years from the date of move-in for all residents.

*Net Assets:* The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed upon them by its donors, as follows:

*Net Assets Without Donor Restrictions:* Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the board limits resulting from the nature of the Company, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

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

***Net Assets With Donor Restrictions:*** Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Company must continue to use the resources in accordance with the donor's instructions. Those resources for which the restrictions are met in the same fiscal year they are received are included in net assets without donor restrictions.

The Company's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Company, unless the donor provides more specific directions about the period of its use.

***Excess (Deficiency) of Revenues over Expenses:*** The consolidated statements of activities include excess (deficiency) of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities and contributions which, by donor restriction, are used for purposes of acquiring long-lived assets.

***Use of Estimates:*** Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates and could cause reported revenues over expenses to vary significantly from period to period, including, but not limited to, the potential future effects of the novel coronavirus ("COVID-19").

***Cash and Cash Equivalents:*** For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited by bond indenture.

***Escrow Account:*** The escrow account contains prospective and pending resident deposits and consists of U.S. Treasury obligations which are measured at fair value in the consolidated statements of financial position. There were no unrealized gains or losses on these investments for the years ended September 30, 2022 and 2021.

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

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

**Investments:** Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess (deficiency) of revenues over expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues over expenses unless the investments are trading securities. See Note 5 for further discussion of fair value measurements.

**Property and Equipment:** Property and equipment is recorded at cost. Capital expenditures greater than \$1,000 are capitalized and depreciated over the life of the asset. Depreciation is computed using the straight-line method over the estimated useful lives of each class of depreciable assets as follows:

Building and improvements	5 - 40 years
Land improvements	20 years
Equipment	3 - 15 years
Furniture and fixtures	3 - 10 years
Computer equipment	3 - 6 years
Vehicles	5 years

**Concentrations of Credit Risk:** The Company's management places its cash and investments with what it believes to be high quality financial institutions and thus limits its credit exposure. At times, such balances may be in excess of the Federal Deposit Insurance Corporation insurable limits. The Company has incurred no losses related to these uninsured cash balances and believes that the balances are not exposed to any substantial risk.

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

**Deferred Financing Costs:** Deferred financing costs represent costs associated with obtaining the bond financing for the Company and include items such as legal and underwriting fees. Financing costs of \$4,365,367 as of September 30, 2022 and 2021, are amortized using the effective interest method over the term of the related debt. During 2022 and 2021, amortization of financing costs was \$284,107 and \$238,385, respectively, and is included as a component of interest expense.

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



**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

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

***Deferred Revenue from Entrance Fees:*** Entrance fees are paid by residents as they take occupancy of their reserved apartment. Typically, a portion of the entrance fee is refundable to the resident or their appointed estate upon death or move-out once the apartment they have occupied has been vacated and adequate proceeds are received from re-sale of their or other units to fully fund the refund obligation, as discussed in the next paragraph. The remainder of the fee is nonrefundable. That portion of the entrance fee which is nonrefundable is recorded as deferred revenue and amortized using the straight-line method over the remaining estimated life expectancy of the resident, as determined by actuarial demographic databases for CCRC residents. The remaining life expectancy is re-evaluated annually and amortization periods are adjusted if warranted. At September 30, 2022 and 2021, accumulated amortization of deferred revenue from nonrefundable entrance fees was \$32,558,127 and \$25,257,674, respectively. During 2022 and 2021, deferred revenue from nonrefundable entrance fees of \$7,300,453 and \$8,095,103, respectively, was amortized into income.

As discussed above, the refundable portion of the fee is generally contingent upon the Company's receipt of sufficient proceeds to fully fund the refund obligation on a first-in, first-out basis from the next re-sale(s) and occupancy of any independent living residence. These fees are recorded at gross as "refundable entrance fees." Refundable entrance fees amounted to \$120,869,953 and \$92,664,372 at September 30, 2022 and 2021, respectively.

The refundable portion of the entrance fees paid by certain residents is not contingent upon the Company's receipt of sufficient proceeds to fully fund the refund obligation. They are shown separately as "refundable entrance fees, non-contingent," and amounted to \$3,365,097 and \$3,755,189 at September 30, 2022 and 2021, respectively.

Refundable entrance fees that have been fully funded for refund and are due to be paid at year end are classified as current liabilities on the consolidated statements of financial position.

***Obligation to Provide Future Services:*** The Company calculates the present value of the net cost of future services and facilities to be provided to current residents and compares that amount with the balance of the present value of future periodic fees and deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the sum of deferred revenue from advance fees and the present value of periodic fees, a liability is recorded (i.e., obligation to provide future services and the use of facilities) with the corresponding charge to income. The obligation is discounted based on the long-term rate of return on government obligations. At September 30, 2022 and 2021, the present value of the net cost of future services and the use of facilities did not exceed the sum of the present value of future periodic fees and deferred revenue from advance fees and thus the recognition of a liability was not required.

***Pledges Receivable:*** The Company has recorded pledges that are expected to be collected in future years at the present value of the amount expected to be collected. Per the addendum to the residency agreement, these pledges are payable from the entrance fee refund upon departure from Harbor's Edge. The discounts on those amounts are computed using the incremental borrowing rate. Amortization of the discount is included in net assets with donor restrictions. The discount rate used for pledges receivable was five percent for 2022 and 2021.

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

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

**Administrative Services:** Administrative services are provided by various departments of the Company. They are comprised of the following for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Administration	\$ 2,041,051	\$ 2,222,245
Finance	569,244	660,442
Information technology	639,381	539,193
Human resources	<u>501,091</u>	<u>490,911</u>
	<u>\$ 3,750,767</u>	<u>\$ 3,912,791</u>

**Advertising:** Marketing and advertising, other than initial contract acquisition costs, are expensed as incurred. Advertising expense for the years ended September 30, 2022 and 2021 was \$22,888 and \$39,150, respectively.

**Income Taxes:** The entities comprising the Company are qualifying nonprofit organizations exempt from income taxes, except for unrelated business income, under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the consolidated statements of activities. The Company has determined that it does not have any material uncertain tax positions at September 30, 2022.

**NOTE 3: ASSETS LIMITED AS TO USE**

Assets limited as to use are comprised of funds held by the bond trustee in accordance with the Company's bond indenture agreement, which stipulates certain deposit and minimum balance requirements for Series 2014 and Series 2019 Bonds. Assets limited as to use are summarized as follows at September 30:

	<u>2022</u>	<u>2021</u>
Interest account	\$ 1,851,915	\$ 22,919,445
Debt service reserve account	11,393,226	11,369,367
Principal account	833,921	607,512
Construction fund River Tower	2,571,158	5,124,849
Phase II priority	<u>36,900</u>	<u>38,900</u>
	<u>\$ 16,687,120</u>	<u>\$ 40,060,073</u>

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

**NOTE 4: ACCOUNTS RECEIVABLE**

The Company's accounts receivable are concentrated in the following major payor classes at September 30:

	<u>2022</u>	<u>2021</u>
Medicare	\$ 152,047	\$ 164,206
Private pay and other	<u>125,575</u>	<u>255,565</u>
	277,622	419,771
Less allowance for doubtful accounts	<u>(25,000)</u>	<u>(25,000)</u>
Accounts receivable, net	<u>\$ 252,622</u>	<u>\$ 394,771</u>

**NOTE 5: FAIR VALUE MEASUREMENTS**

As discussed in Note 2, the Company adheres to current guidance related to fair value measurements. As defined, fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ("exit price"). To estimate fair value, the Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable.

A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

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

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**

**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

**NOTE 5: FAIR VALUE MEASUREMENTS (continued)**

The following tables set forth the financial assets that were accounted for at fair value as of September 30, 2022 and 2021, respectively, by level within the fair value hierarchy. As required, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

The carrying values of cash and cash equivalents, accounts receivable, estimated third-party payor settlements, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments. The fair value of fixed-rate debt is assumed to be equal to cost based on the nature of these obligations.

	<i>Assets at Fair Value as of September 30, 2022</i>			
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Money market funds	\$ 580,394	\$ 580,394	\$ -	\$ -
Mutual funds	2,112,851	2,112,851	-	-
Government and agency securities	7,506,157	7,506,157	-	-
Equity stocks	1,842,617	1,842,617	-	-
Corporate bonds	7,251,546	-	7,251,546	-
Assets whose use is limited:				
Government and agency securities	16,650,220	16,650,220	-	-
Cash and cash equivalents	36,900	36,900	-	-
Resident deposits in escrow:				
Cash and cash equivalents	6,663,660	6,663,660	-	-
	<u>\$ 42,644,345</u>	<u>\$ 35,392,799</u>	<u>\$ 7,251,546</u>	<u>\$ -</u>

	<i>Assets at Fair Value as of September 30, 2021</i>			
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Money market funds	\$ 2,071,007	\$ 2,071,007	\$ -	\$ -
Mutual funds	2,572,547	2,572,547	-	-
Government and agency securities	8,180,098	8,180,098	-	-
Equity stocks	2,199,765	2,199,765	-	-
Corporate bonds	7,510,892	-	7,510,892	-
Assets whose use is limited:				
Government and agency securities	40,021,173	40,021,173	-	-
Cash and cash equivalents	38,900	38,900	-	-
Resident deposits in escrow:				
Cash and cash equivalents	31,478,927	31,478,927	-	-
	<u>\$ 94,073,309</u>	<u>\$ 86,562,417</u>	<u>\$ 7,510,892</u>	<u>\$ -</u>

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at September 30:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 270,501,693	\$ 229,604,072
Land improvements	4,004,677	1,530,700
Equipment	2,248,488	2,103,996
Furniture and fixtures	7,524,211	3,976,474
Computer equipment	1,574,795	1,561,026
Vehicles	293,868	233,561
Construction in progress – River Tower	492,677	33,216,374
Construction in progress – other	690,005	1,633,432
	<u>287,330,414</u>	<u>273,859,635</u>
Less accumulated depreciation	<u>(51,300,373)</u>	<u>(42,906,832)</u>
Property and equipment, net	<u>\$ 236,030,041</u>	<u>\$ 230,952,803</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was \$8,393,541 and \$4,498,307, respectively.

**NOTE 7: NET RESIDENT REVENUE**

***Revenue Recognition***

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

**Revenue Streams**

*Skilled nursing, assisted living services, and memory support services*

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

*Independent living services*

The Company generates revenues by providing services to residents within its independent living community. The majority of revenues generated from the community residents are from monthly fees and entrance fees (see Note 2). The Company offers an outstanding array of social services, recreational programs, and convenient lifestyle options. The Company assesses collectability on all accounts prior to providing services.

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

**NOTE 7: NET RESIDENT REVENUE (continued)**

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

**Medicare**

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

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

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

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

	<u>2022</u>	<u>2021</u>
Independent living service fees	\$ 15,427,460	\$ 10,989,422
Assisted living and memory support service fees	2,768,152	3,025,681
Skilled nursing service fees	<u>3,409,257</u>	<u>3,964,402</u>
Total net resident revenue	<u>\$ 21,604,869</u>	<u>\$ 17,979,505</u>

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
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**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

**NOTE 7: NET RESIDENT REVENUE (continued)**

The Company has minimal unsatisfied performance obligations at the end of the year, as the residents and patients are typically under no obligation to remain in the facilities or under its care. As the Company's obligations generally relate to contracts of less than a year, the Company has elected the optional exemption to not disclose the amount of obligations that are unsatisfied or partially unsatisfied at the end of the year.

Additionally, as the period between the time of service and time of payment is typically one year or less, the Company elected the optional exemption to not adjust for the effects of a significant financing component.

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

	<b>2022</b>	<b>2021</b>
Medicare	8%	11%
Insurance and other	2%	2%
Private pay	90%	87%
	100%	100%

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

**NOTE 8: RESERVATION DEPOSITS**

Reservation deposits are fully refundable deposits subject to a minimal service charge upon cancellation in some instances. Reservation deposits entitle the depositor to enter his/her name on a priority list for independent and assisted living unit selection. The reservation deposit liability at September 30, 2022 and 2021 was \$2,450,201 and \$7,698,524, respectively. The Company pays interest to depositors on certain deposit accounts at a variable interest rate. Accrued interest at September 30, 2022 and 2021, of \$14,219 and \$14,072, respectively, is included in the deposit totals.

**NOTE 9: RETIREMENT PLAN**

The Company has approved employee participation in a 403(b) retirement plan. The defined contribution plan allows for 100% vesting after three years of service. Employees may contribute up to 90% of pre-tax compensation, subject to statutory limits. Employer matching contributions are 50% of the employees' contributions with a current cap of 5% of pay. The total retirement plan contribution expense for 2022 and 2021 was \$84,717 and \$112,629, respectively.

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended September 30, 2022 and 2021**

**NOTE 10: LONG-TERM DEBT**

Long term debt consists of the following at September 30:

	<b>2022</b>	<b>2021</b>
Norfolk Redevelopment and Housing Authority Revenue Bonds Series 2019A, interest rates from 3.85% to 4.80%, due 2054.	\$ 81,145,000	\$ 81,145,000
Norfolk Redevelopment and Housing Authority Convertible Subordinated Entrance Fee Principal Redemption Bonds Series 2019B, interest rate 4.00%, due January 1, 2025.	20,000,000	20,000,000
Norfolk Redevelopment and Housing Authority Convertible Subordinated Entrance Fee Principal Redemption Bonds Series 2019C, variable interest rate 1.875% at September 30, 2022, due January 1, 2025.	1,224,571	47,893,603
Norfolk Redevelopment and Housing Authority Convertible Subordinated Entrance Fee Principal Redemption Bonds Series 2019D, variable interest rate 1.875% at September 30, 2022, due January 1, 2025.	659,433	25,788,864
Norfolk Redevelopment and Housing Authority Revenue and Refunding Bonds Series 2014, interest rates from 1.875% to 5.375%, due 2046.	49,195,000	50,260,000
	152,224,004	225,087,467
Add original issue premium, net of amortization of \$122,984 and \$89,905 in 2022 and 2021, respectively:	466,582	499,282
	152,690,586	225,586,749
Less current maturities	(1,110,000)	(1,065,000)
Less debt issuance costs, net of amortization of \$982,023 and \$632,886 in 2022 and 2021, respectively:	(3,383,344)	(3,667,450)
Long-term	\$ 148,197,242	\$ 220,854,299

Original issue premium for Series 2014 is amortized using the straight-line method over the life of the bonds. Amortization expense for each of the years ended September 30, 2022 and 2021 was \$8,955 and is included as a reduction of interest expense.

Original issue premium for Series 2019 is amortized using the effective interest rate method over the life of the bonds. Amortization expense was \$23,746 and \$18,029 for the years ended September 30, 2022 and 2021, respectively, and is included as a reduction of interest expense.



**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
**(DBA HARBOR'S EDGE)**  
**Notes to Consolidated Financial Statements**  
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**NOTE 10: LONG-TERM DEBT (continued)**

In December 2014, in a transaction to obtain more favorable debt terms, the Company entered into a bond trust indenture to issue \$56,060,000 in revenue and refunding bonds (Series 2014 Bonds), the proceeds of which were used to refund the Series 2004A, 2010A and 2010B Bonds; to finance certain pre-development costs associated with a planned expansion of the existing facility; and to pay costs of various renovations, improvements and equipment purchases with respect to the existing facility. Proceeds from the 2014 Bonds were also used to establish various restricted funds with a new bond trustee and to pay certain issuance costs of the Series 2014 Bonds. The 2014 Bonds were issued at a net premium and consist of serial and term bonds that mature between 2016 and 2046 and have stated interest rates ranging from 1.875% to 5.375%.

In March 2019, the Series 2019 Bonds were issued for the purpose of providing funds to finance the Phase II River Tower Expansion Project, consisting of a 24-story tower building housing 147 independent living apartments situated on a three-story podium structure, containing 20 new assisted living units, a two-story enclosed parking garage, two restaurants, a grand hall, a movie theatre, a library, a salon, an art studio, meeting rooms and other amenities located adjacent to the continuing care retirement facility owned by the Company and known as Harbor's Edge. The financing will also fund renovations, improvements, and equipment for Harbor's Edge, including the conversion of 12 existing assisted living units to 21 new memory support units. The Series 2019 Bonds were issued at a net premium and consist of:

- a) Series 2019A Revenue Bonds in the principal amount of \$81,145,000 that mature between 2025 and 2054 and have stated interest rates ranging from 3.85% to 4.8%,
- b) Series 2019B Convertible Subordinated Entrance Fee Principal Redemption Bonds in the principal amount of \$20,000,000 that mature January 1, 2025 and have a stated interest rate of 4.00%,
- c) Series 2019C Convertible Subordinated Entrance Fee Principal Redemption Bonds in the maximum principal amount of \$65,000,000 that mature January 1, 2025 with a stated variable interest rate determined by the higher of (i) the per annum rate which the Bank publicly announces to be its prime lending rate, as in effect from time to time and (ii) the Federal Funds Rate, as in effect from time to time, plus 0.50% per annum, and
- d) Series 2019D Convertible Subordinated Entrance Fee Principal Redemption Bonds in the maximum principal amount of \$35,000,000 that mature January 1, 2025 with a stated variable interest rate determined by the higher of (i) the per annum rate which the Bank publicly announces to be its prime lending rate, as in effect from time to time and (ii) the Federal Funds Rate, as in effect from time to time, plus 0.50% per annum.

The Company is subject to certain restrictive covenants, including provisions relating to maintaining certain debt ratios and other matters. The bonds are secured by land, buildings, personal property, revenues, and deposits of the Company.

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
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**NOTE 10: LONG-TERM DEBT (continued)**

Future maturities of long-term debt in subsequent fiscal years consist of the following:

2023	\$ 1,110,000
2024	1,155,000
2025	23,829,004
2026	2,020,000
2027	2,120,000
Thereafter	<u>121,990,000</u>
	<u>\$ 152,224,004</u>

**NOTE 11: LEASE AND OTHER COMMITMENTS**

The Company has a long-term lease commitment with Norfolk Redevelopment and Housing Authority and the City of Norfolk (City) for the land on which Harbor's Edge is located. The effective date of the sixty-year lease was January 1, 2007. The lease contains a purchase option which can be exercised at any time during the lease period at fair market value. The land lease payments are \$161,754 annually and are subject to increases related to the consumer price index, US city average for all urban consumers (CPI-U), beginning January 2022; however, increases may not exceed 3% of the prior year's rent.

The lease liability is measured as the present value of the future lease payments using a discount rate of 4.76%, which is the Company's incremental borrowing rate for collateralized borrowings.

The Company's future minimum commitments under the finance lease as of September 30, 2022 are as follows:

2023	\$ 169,280
2024	173,174
2025	177,157
2026	181,231
2027	185,400
Thereafter	<u>14,555,185</u>
Total lease payments	15,441,427
Less interest	<u>(10,619,081)</u>
Total lease obligations	4,822,346
Less current portion	<u>(60,263)</u>
Long-term lease obligation	<u>\$ 4,762,083</u>

**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
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**NOTE 11: LEASE AND OTHER COMMITMENTS (continued)**

The following table provides lease costs by expense line item on the consolidated statements of activities for the years ended September 30, 2022 and 2021:

<u>Finance Lease Cost</u>	<u>Classification</u>	<u>2022</u>	<u>2021</u>
Amortization of finance lease right-of-use asset	Depreciation and amortization	\$ 4,077	\$ 4,077
Interest on finance lease obligation	Interest expense	<u>226,632</u>	<u>223,685</u>
	Total finance lease cost	<u>\$ 230,709</u>	<u>\$ 227,762</u>

The Company has obtained an exemption from local property taxes for 15 years. The Company is required to make payments in lieu of taxes on an escalating scale that would approximate the incentives for commercial investment under the City's tax abatement program. After the initial 15 years of the lease, the Company's payments in lieu of taxes shall be equal to the amount that would be computed if the project were fully taxable consistent with the City of Norfolk Tax Assessor's methodology. The payments in lieu of taxes is considered to be, in substance, real estate taxes on the property. The 15-year period ended on December 31, 2021 and the final payment in lieu of taxes due on that date was \$603,776. The expense for the year ended September 30, 2022 is \$2,286,068

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

**Development and Consulting Agreement:** The Company has a development and consulting agreement with Volder Consulting, LLC, dated May 2003 and amended September 2004, May 2010, and October 2016. A new agreement, which extends the period of the original agreement, was signed October 2020. Per this agreement, compensation is to be provided to Volder by the Company for ongoing management of the project. For providing services as a management consultant, the Company will pay Volder "Management Fees," a portion of which have been deferred by the Company. Payment of these fees is scheduled to be made as follows by fiscal year:

2023	\$ 1,522,964*
2024	761,482*
2025	700,000*
2026	<u>700,000*</u>
	<u>\$ 3,684,446*</u>

\*Includes amounts owed for fees deferred in previous years

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**NOTE 13: RELATED PARTY TRANSACTIONS**

While the Board of Directors serves on a volunteer basis, the Company, in some instances, purchases services from various local business organizations that directors may be associated with through their employment or ownership. The total amount paid to these organizations was \$170,147 and \$124,189 for the years ended September 30, 2022 and 2021, respectively. At September 30, 2022, \$13,204 was due to these organizations.

**NOTE 14: RISKS AND UNCERTAINTIES**

The Company is covered for professional liability under a claims-made insurance policy. Management of the Company believes there were no material contingent liabilities at September 30, 2022 that are required to be recorded or disclosed in the consolidated financial statements.

**NOTE 15: LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of September 30, 2022 and 2021 are:

Financial assets:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ -	\$ 2,674,304
Investments	19,293,565	22,534,309
Accounts receivable, net	<u>252,622</u>	<u>394,771</u>
Amount available for general expenditures within one year	<u>\$ 19,546,187</u>	<u>\$ 25,603,384</u>

The Company regularly monitors liquidity required to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. Unavailable financial assets consist of deposits, resident funds, donor-restricted funds and internally restricted funds.

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

In March 2020, a novel strain of coronavirus (COVID-19) was reported and the outbreak continues to evolve as of the date of this report. The World Health Organization declared the outbreak a “Public Health Emergency of International Concern” in 2020. As a result of the spread of the COVID-19 coronavirus, the Company’s operations have been affected by certain orders issued in 2020 by government officials in response to the COVID-19 outbreak. The pandemic and these containment measures have had an adverse impact on the Company’s results of operations in 2022 and 2021.

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

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

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

*Provider Relief Grants*

The CARES Act authorized HHS to distribute relief fund grants to healthcare providers to support healthcare-related expenses or lost revenue attributable to COVID-19. HHS has made several rounds of distributions to providers based upon a variety of factors and providers have been able to apply for additional funding. During April 2020, the Company first began receiving relief grants from CARES Act funds administered by HHS. The Company received \$628,589 in these initial relief grants for the year ended September 30, 2020.

The Company recognized these grants as income for the year ended September 30, 2020, under the “*Provider Relief Funds*” caption in the consolidated statements of activities. These funds come with terms and condition certifications in which all providers are required to submit documents to ensure the funds will be used for health-care related expenses or lost revenue attributable to COVID-19.

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

- Approximately \$2.5 billion in payments to be used primarily to support increased testing and meet staffing and personal protective equipment needs. No relief grants under the program were received during the year ended September 30, 2021.
- Approximately \$2 billion for Quality Incentive Payments Program (QIP) paid in five distributions. In order to qualify for payments under QIP, a facility must have had an active state certification as a nursing home or skilled nursing facility and have received reimbursement from CMS. HHS administered quality checks on nursing home certification status to identify and remove facilities that had a terminated, expired, or revoked certification or enrollment. Facilities were also required to report to at least one of three data sources that were used to establish eligibility and collect necessary provider data to inform payment. The QIP Program was divided into five performance periods (September, October, November, and December 2020 and the last period was for the combined four months of September 2020 – December 2020). All nursing homes or skilled nursing facilities meeting the previously noted qualifications were eligible for each of the performance periods. During the year ended September 30, 2021, the Company received \$45,061 of QIP payments, respectively. The Company recognized these funds as income for the year ended September 30, 2021 under the “*Provider Relief Funds*” caption in the consolidated statements of activities.

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

The Company recognizes relief funds as income once there is reasonable assurance that the applicable terms and conditions required to retain the funds have been met. For the year ended September 30, 2021, the Company recognized \$45,061 of aggregate relief funds discussed above within the “*Provider Relief Funds*” caption in the consolidated statements of activities.

The income for provider relief grants estimated at September 30, 2021 may change as the Company’s ability to utilize and retain funds will depend on the magnitude and impact of the pandemic, as well as HHS’ reporting requirements as they continue to change and evolve. HHS’ interpretation of the underlying terms and conditions of these Provider Relief Fund payments, including auditing and reporting requirements, continues to change and evolve. Additional guidance or new and amended interpretations of existing guidance on the terms and conditions may result in changes in the Company’s estimates, the inability to recognize additional income from provider relief grants, or the derecognition of amounts previously recognized, which may be material.

*Temporary Suspension of Medicare Sequestration*

The Budget Control Act of 2011 requires a mandatory, across the board reduction in federal spending, called a sequestration. Medicare fee for service claims with dates of service or dates of discharge on or after April 1, 2013 incur a 2.0% reduction in Medicare payments. All Medicare rate payments and settlements have incurred this mandatory reduction and it will continue to remain in place through at least 2023, unless Congress takes further action. In response to COVID-19, the CARES Act also provided for the temporary suspension of the automatic 2% reduction of Medicare claim reimbursement for the period May 1, 2020 through December 31, 2020. The Consolidated Appropriations Act, 2021, enacted on December 27, 2020, extended the sequestration suspension through March 31, 2021. The Company has not determined the impact of the suspension of sequestration.

**NOTE 17: ALLOCATION OF FUNCTIONAL EXPENSES**

The costs of providing the Company’s program services and other activities have been summarized on a functional basis below. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries, employee benefits, payroll taxes and training are allocated based on estimated activity for the year spent on programs or support services as prepared by key personnel.
- Repairs and maintenance, supplies, utilities, insurance, interest, and depreciation are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- Contract services and miscellaneous expenses are allocated using a reasonable basis dependent on type.

Such allocations are determined by management on an equitable basis.

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**NOTE 17: ALLOCATION OF FUNCTIONAL EXPENSES *(continued)***

Management and general activities include the functions necessary to provide support for the Company's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resources management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

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**Notes to Consolidated Financial Statements**  
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**NOTE 17: ALLOCATION OF FUNCTIONAL EXPENSES (continued)**

	Year Ended September 30, 2022						
	Program Services				Support Services		
	Skilled Nursing Services	Independent Living Services	Assisted Living Services	Total Program Services	General & Administrative	Fundraising	Total
<b>Expenses</b>							
Salaries and wages	\$ 2,521,909	\$ 3,486,461	\$ 1,674,223	\$ 7,682,593	\$ 1,714,003	\$ 39,792	\$ 9,436,388
Employee benefits	388,776	214,319	248,591	851,686	156,372	770	1,008,828
Payroll taxes	261,741	149,130	161,294	572,165	109,815	473	682,453
Repairs and maintenance	72,177	376,959	25,305	474,441	195,393	-	669,834
Utilities	20,961	1,092,507	55,035	1,168,503	304,405	-	1,472,908
Supplies	519,336	1,264,376	442,854	2,226,566	164,834	2,529	2,393,929
Contract services	753,348	188,149	284,878	1,226,375	1,063,602	-	2,289,977
Insurance	10,734	559,478	28,184	598,396	155,887	-	754,283
Advertising	-	-	-	-	278,560	-	278,560
Depreciation and amortization	119,507	6,228,802	313,778	6,662,087	1,735,531	-	8,397,618
Miscellaneous expenses	63,184	131,573	26,596	221,353	679,593	29,881	930,827
Bad debt expense	19,641	-	-	19,641	-	-	19,641
Training	7,272	2,353	3,684	13,309	21,364	27	34,700
Consulting fees	-	-	-	-	1,345,425	-	1,345,425
Telephone and internet	-	-	-	-	302,855	-	302,855
Legal and professional fees	-	-	-	-	186,456	1,890	188,346
Property taxes	32,533	1,695,655	85,419	1,813,607	472,460	-	2,286,067
Contributions	-	-	-	-	-	5,129	5,129
<b>Total expenses</b>	<b>\$ 4,791,119</b>	<b>\$ 15,389,762</b>	<b>\$ 3,349,841</b>	<b>\$ 23,530,722</b>	<b>\$ 8,886,555</b>	<b>\$ 80,491</b>	<b>\$ 32,497,768</b>

	Year Ended September 30, 2021						
	Program Services				Support Services		
	Skilled Nursing Services	Independent Living Services	Assisted Living Services	Total Program Services	General & Administrative	Fundraising	Total
<b>Expenses</b>							
Salaries and wages	\$ 2,584,408	\$ 2,045,970	\$ 1,575,196	\$ 6,205,574	\$ 2,017,550	\$ 55,305	\$ 8,278,429
Employee benefits	352,451	85,406	174,061	611,918	153,928	511	766,357
Payroll taxes	253,926	72,856	140,428	467,210	128,636	587	596,433
Repairs and maintenance	70,220	210,586	29,282	310,088	156,927	-	467,015
Utilities	17,165	714,798	82,819	814,782	315,555	-	1,130,337
Supplies	516,503	711,716	436,199	1,664,418	438,712	1,338	2,104,468
Contract services	641,105	111,987	356,144	1,109,236	874,810	-	1,984,046
Insurance	7,072	294,503	34,122	335,697	130,012	-	465,709
Advertising	-	-	-	-	363,018	-	363,018
Depreciation and amortization	68,367	2,847,029	329,866	3,245,262	1,256,852	-	4,502,114
Miscellaneous expenses	75,170	105,632	26,085	206,887	128,449	8,877	344,213
Bad debt expense	45,675	-	-	45,675	-	-	45,675
Training	6,155	757	1,562	8,474	13,164	20	21,658
Consulting fees	-	-	-	-	1,314,883	-	1,314,883
Telephone and internet	-	-	-	-	241,233	-	241,233
Legal and professional fees	-	-	-	-	168,659	275	168,934
Property taxes	9,169	381,813	44,238	435,220	168,556	-	603,776
Contributions	-	-	-	-	-	9,719	9,719
<b>Total expenses</b>	<b>\$ 4,647,386</b>	<b>\$ 7,583,053</b>	<b>\$ 3,230,002</b>	<b>\$ 15,460,441</b>	<b>\$ 7,870,944</b>	<b>\$ 76,632</b>	<b>\$ 23,408,017</b>



**FORT NORFOLK RETIREMENT COMMUNITY, INC.**  
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**Notes to Consolidated Financial Statements**  
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**NOTE 18: SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through January 30, 2023, which is the date the consolidated financial statements were available to be issued, and determined that, except as discussed below, there were no subsequent events requiring disclosure.

Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. In response to the pandemic, the Company is availing itself of the various forms of government support, including the Provider Relief Funds from the CARES Act and certain other programs that will aid the Company in continuing to achieve its mission.

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE**  
**Consolidating Statement of Financial Position**  
**September 30, 2022**

<u>ASSETS</u>	<u>Fort Norfolk Retirement Community</u>	<u>Harbor's Edge Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 21,295	\$ (21,295)	\$ -
Accounts receivable, net	252,622	-	-	252,622
Prepaid expenses and other current assets	2,183,788	-	-	2,183,788
Total current assets	<u>2,436,410</u>	<u>21,295</u>	<u>(21,295)</u>	<u>2,436,410</u>
ASSETS LIMITED AS TO USE	<u>16,687,120</u>	<u>-</u>	<u>-</u>	<u>16,687,120</u>
PROPERTY AND EQUIPMENT, net	<u>236,030,041</u>	<u>-</u>	<u>-</u>	<u>236,030,041</u>
<b>OTHER ASSETS</b>				
Investments	18,063,718	1,229,847	-	19,293,565
Right of use asset - ground lease	4,011,495	-	-	4,011,495
Resident deposits in escrow	6,663,660	-	-	6,663,660
Pledges receivable	-	1,112,993	-	1,112,993
Total other assets	<u>28,738,873</u>	<u>2,342,840</u>	<u>-</u>	<u>31,081,713</u>
Total assets	<u>\$ 283,892,444</u>	<u>\$ 2,364,135</u>	<u>\$ (21,295)</u>	<u>\$ 286,235,284</u>

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE**  
**Consolidating Statement of Financial Position (continued)**  
**September 30, 2022**

<b><u>LIABILITIES AND NET ASSETS</u></b>	<b><u>Fort Norfolk Retirement Community</u></b>	<b><u>Harbor's Edge Foundation</u></b>	<b><u>Eliminations</u></b>	<b><u>Total</u></b>
<b>CURRENT LIABILITIES</b>				
Bank overdraft	\$ 634,022	\$ -	\$ (21,295)	\$ 612,727
Current maturities of long-term debt	1,110,000	-	-	1,110,000
Accounts payable	2,827,792	-	-	2,827,792
Refundable entrance fees, current	1,882,058	-	-	1,882,058
Interest payable	1,841,598	-	-	1,841,598
Current portion lease liability - ground lease	60,263	-	-	60,263
Accrued expenses	987,985	-	-	987,985
Total current liabilities	<u>9,343,718</u>	<u>-</u>	<u>(21,295)</u>	<u>9,322,423</u>
<b>LONG-TERM LIABILITIES</b>				
Long-term debt, net of current maturities	148,197,242	-	-	148,197,242
Reservation deposits	2,450,201	-	-	2,450,201
Deferred management fees payable	3,050,570	-	-	3,050,570
Lease liability - ground lease, net of current portion	4,762,083	-	-	4,762,083
Refundable entrance fees, noncontingent	3,365,097	-	-	3,365,097
Refundable entrance fees, contingent	118,987,895	-	-	118,987,895
Deferred revenue - nonrefundable entrance fees, net	58,992,324	-	-	58,992,324
Total long-term liabilities	<u>339,805,412</u>	<u>-</u>	<u>-</u>	<u>339,805,412</u>
Total liabilities	<u>349,149,130</u>	<u>-</u>	<u>(21,295)</u>	<u>349,127,835</u>
<b>NET ASSETS (DEFICIT)</b>				
Net assets (deficit) without donor restrictions	(65,256,686)	1,251,051	-	(64,005,635)
Net assets with donor restrictions - time restrictions	-	1,113,084	-	1,113,084
Total net assets (deficit)	<u>(65,256,686)</u>	<u>2,364,135</u>	<u>-</u>	<u>(62,892,551)</u>
Total liabilities and net assets	<u>\$ 283,892,444</u>	<u>\$ 2,364,135</u>	<u>\$ (21,295)</u>	<u>\$ 286,235,284</u>

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE**  
**Consolidating Statement of Activities**  
**For the Year Ended September 30, 2022**

	<b>Fort Norfolk Retirement Community</b>	<b>Harbor's Edge Foundation</b>	<b>Eliminations</b>	<b>Total</b>
<b><u>OPERATING REVENUES</u></b>				
Net resident revenue	\$ 21,604,869	\$ -	\$ -	\$ 21,604,869
Earned entrance fees	7,300,453	-	-	7,300,453
Other revenue	1,776,831	86,001	-	1,862,832
	<u>30,682,153</u>	<u>86,001</u>	<u>-</u>	<u>30,768,154</u>
<b><u>OPERATING EXPENSES</u></b>				
Administrative services	3,711,338	39,429	-	3,750,767
Marketing services	1,445,981	-	-	1,445,981
Ancillary and therapy	785,518	-	-	785,518
Building maintenance	1,268,351	-	-	1,268,351
Dining services	4,675,332	-	-	4,675,332
Security services	608,348	-	-	608,348
Housekeeping services	1,306,653	-	-	1,306,653
Assisted living	1,561,126	-	-	1,561,126
Skilled nursing	3,208,743	-	-	3,208,743
Clinic and fitness services	157,902	-	-	157,902
Resident services	681,690	-	-	681,690
Activities	136,479	-	-	136,479
Utilities	1,472,908	-	-	1,472,908
Insurance	754,284	-	-	754,284
Property taxes	2,286,068	-	-	2,286,068
Depreciation and amortization	8,397,618	-	-	8,397,618
	<u>32,458,339</u>	<u>39,429</u>	<u>-</u>	<u>32,497,768</u>
Operating excess (deficiency) of revenues over expenses	<u>(1,776,186)</u>	<u>46,572</u>	<u>-</u>	<u>(1,729,614)</u>
<b><u>NON-OPERATING INCOME (EXPENSE)</u></b>				
Interest expense	(8,568,921)	-	-	(8,568,921)
Investment income, net	471,171	53,861	-	525,032
Realized gain (loss) on investments, net	(182,837)	60,028	-	(122,809)
	<u>(8,280,587)</u>	<u>113,889</u>	<u>-</u>	<u>(8,166,698)</u>
Excess (deficiency) of revenues over expenses	(10,056,773)	160,461	-	(9,896,312)
Unrealized loss on investments	(2,584,593)	(340,674)	-	(2,925,267)
Decrease in net assets without donor restrictions	<u>\$ (12,641,366)</u>	<u>\$ (180,213)</u>	<u>\$ -</u>	<u>\$ (12,821,579)</u>

**FORT NORFOLK RETIREMENT COMMUNITY, INC. AND AFFILIATE**  
**Consolidating Statement of Changes in Net Assets**  
**For the Year Ended September 30, 2022**

	<u>Fort Norfolk Retirement Community</u>	<u>Harbor's Edge Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Excess (deficiency) of revenues over expenses	\$ (10,056,773)	\$ 160,461	\$ -	\$ (9,896,312)
Unrealized loss on investments	<u>(2,584,593)</u>	<u>(340,674)</u>	<u>-</u>	<u>(2,925,267)</u>
Decrease in net assets without donor restrictions	<u>(12,641,366)</u>	<u>(180,213)</u>	<u>-</u>	<u>(12,821,579)</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	-	100,000	-	100,000
Change in valuation of pledges receivable	<u>-</u>	<u>(16,016)</u>	<u>-</u>	<u>(16,016)</u>
Increase in net assets with donor restrictions	<u>-</u>	<u>83,984</u>	<u>-</u>	<u>83,984</u>
Decrease in net assets	(12,641,366)	(96,229)	-	(12,737,595)
Net assets (deficit) - beginning of year	<u>(52,615,320)</u>	<u>2,460,364</u>	<u>-</u>	<u>(50,154,956)</u>
Net assets (deficit) - end of year	<u><u>\$ (65,256,686)</u></u>	<u><u>\$ 2,364,135</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (62,892,551)</u></u>

# Appendix F - FNRC Pro Forma Income Statement

**Fiscal Year 2023 Budget**  
**October 1, 2022-September 30, 2023**

	Budget
<b>Operating Revenue</b>	
RL Monthly Service Fees	18,602,518
AL Monthly Service Fee	2,623,644
MS Monthly Service Fees	2,024,765
Health Care Service Fees Private	864,393
Health Care Service Fees Medicare	2,507,861
Other Health Care Service Revenues	591,816
Miscellaneous Revenue	863,053
<b>Total Operating Revenue</b>	<b>28,078,050</b>
<b>Departmental Expenses</b>	
Administrative Services	1,806,464
Finance	658,967
IT	717,449
Human Resource	515,707
Marketing Services	862,700
<b>Total Administrative Expense</b>	<b>4,561,287</b>
Ancillary & Therapy	861,904
Assisted Living	2,452,526
Building Maintenance Services	1,457,545
Dining Services	5,853,942
Security	731,215
Housekeeping Services	1,505,701
Wellness	112,368
Skilled Nursing	3,360,348
Clinic Services	139,441
Resident Services	637,101
<b>Total Operating Departments</b>	<b>17,112,092</b>
<b>Total Departmental Expenses</b>	<b>21,673,379</b>
<b>Other Operating Expenses</b>	
Utilities	1,611,000
Insurance	815,228
Land Lease	168,333
Property Taxes	1,708,992
<b>Total Other Operating Expenses</b>	<b>4,303,553</b>
<b>Total Operating Expenses</b>	<b>25,976,933</b>
<b>Net Operating Income (Loss)</b>	<b>2,101,117</b>
<b>Non-Operating Income and Expense</b>	
Insurance Proceeds	-
Investment Income	502,499
Investment Fee Expense	-84,000
Interest Expense	-7,595,203
Total Insurance, Investment & Interest Expense	-7,176,703
<b>NI (Loss) Before LT Debt &amp; Noncash Items</b>	<b>-5,075,586</b>

**Non-Cash Items**

Earned Entrance Fees	5,040,000
Marketing Phase II	-1,200,000
Depreciation	-9,161,914
Amortization	-245,676
<b>Total Non-Cash Items</b>	<b>-2,425,493</b>

**Net Income (Loss) before Unrealized Gain/Loss** **-10,643,177**

**NET INCOME (LOSS)** **-10,463,177**



# **Appendix G - FNRC Summary of Financial Information**

**Fort Norfolk Retirement Community, Inc.**  
**Summary of Financial Information**  
**Harbor's Edge**  
**As of 9/30/2022**

	<b>Current Year</b>	<b>Prior year</b>
<b>Total Assets</b>	286,235,284	335,120,148
<b>Total Liabilities</b>	349,127,835	385,275,104
<b>Total Net Assets</b>	(62,892,551)	(50,154,956)
<b>Total Revenues</b>	30,768,154	27,168,755
<b>Total Expenses</b>	32,497,768	23,408,017
<b>Operating Income (Loss)</b>	(1,729,614)	3,760,738
<b>Net Income (Loss)</b>	(12,821,579)	64,788

**Narrative on financial condition:**

Financial ratios were 173 Days Cash on Hand and a Debt Service Coverage Ratio of 1.13. Revenues increased by 13.2% compared to prior year, which was due to additional River Tower monthly service fees and tenant modification revenue. Expenses increased by 39% due to additional staffing and operational costs required for River Tower and an increase in depreciation and amortization due to River Tower assets being put in service. We received \$5.6 M in Entrance Fees and issued refunds in the amount of \$3.1M.

<b>Occupancy Information</b>	<b>Capacity of Units</b>	<b>Average Occupancy</b>	<b>Percentage of Occupancy</b>
<b>IL</b>	307	226	74%
<b>AL</b>	37	25	66%
<b>MS</b>	15	13	84%
<b>Nursing</b>	33	26	78%

# **Appendix H –Special Incentive Benefits Addendum**



# Harbor Tower Construction Benefits Program

Future Resident(s): \_\_\_\_\_

Harbor Tower Unit Reservation: \_\_\_\_\_ **Limited Opportunity!**

Harbor Tower Construction Benefits	Value
Guaranteed Occupancy <sup>1</sup> <i>Especially important for couples</i>	
True LifeCare® for the rest of your life <sup>2</sup>	
83% Refund instead of 80% Refund Plan (approximate value)	\$ 25,000
\$10,000 off entrance fee for construction pricing	\$ 10,000
\$100 lifetime Monthly Fee discount off Second Person Fee	\$ 12,000
\$2,500 in Downsizing Services & Moving Costs	\$ 2,500
Personalization & AIA Planning services	\$ 2,500 <sup>3</sup>

By Paying 10% of the Entrance Fee of the selected unit and executing the Reservation Deposit Agreement, the above Construction Benefits will be in addition to any benefits already under the current incentive package.

Harbor's Edge® Representative: \_\_\_\_\_

Date: \_\_\_\_\_

Future Resident(s): \_\_\_\_\_

Date: \_\_\_\_\_



<sup>1</sup>Guaranteed occupancy at the Harbor Tower regardless of changes in health between the signing of the Reservation Agreement and occupancy, as long as the Harbor Tower is open for occupancy and the Entrance Fee has been paid in full.

<sup>2</sup>True Life Care ® means should you ever need a higher level of care (AL,MS,SN); it is available "on-site" and the cost is covered under program at Harbor's Edge®. While some communities have the higher levels of care available, you pay market rates should you use the service.

<sup>3</sup> Up to \$2,500 or \$5,000 if a combination unit; services provided by Harbor's Edge.

# **Appendix I – Expression of Interest Deposit Agreement**

## EXPRESSION OF INTEREST DEPOSIT

### SECTION 1: GENERAL INFORMATION

Information	Resident 1	Resident 2
Name		
Address		
City, State and Zip		
Telephone Numbers	(H)	(H)
• Home	(C)	(C)
• Cell	(W)	(W)
• Work	(F)	(F)
• Fax		
Seasonal Address		
Seasonal City, State and ZIP		
Months at Seasonal Residence		
Social Security No.		
Email Address		
Gender	<input type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Female <input type="checkbox"/> Male
Date of Birth		
Marital Status	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced

### SECTION 2: RESIDENCE PREFERENCE

Apartment Style Preferred: \_\_\_\_\_

Additional requirement(s): \_\_\_\_\_

Readiness to Move to Harbor's Edge:       As soon as possible       3 – 5 years  
 In the next year       5 plus years  
 In 1 – 2 years

### **SECTION 3: Harbor's Edge Expression of Interest Deposit Agreement**

THIS EXPRESSION OF INTEREST DEPOSIT AGREEMENT ("Agreement") is made as of \_\_\_\_\_, 2018, by and between Fort Norfolk Retirement Community, Inc, a Virginia nonstock, nonprofit corporation dba Harbor's Edge ("Provider"), and \_\_\_\_\_ ("you" or "Resident"). (If more than one prospective resident enters into this Agreement, the terms "you" and "Resident" shall refer to each person individually and to both persons together, except as the context of this Agreement otherwise requires.)

#### **RECITALS**

A. Provider owns and operates Harbor's Edge (the "Community"), a continuing care retirement community located at One Colley Avenue, Norfolk, VA 23510, which provides residency, care and services to persons 62 years old or older. The community is operated on a nondiscriminatory basis and affords equal treatment and access to services to all eligible persons.

B. Harbor's Edge is currently soliciting prospective residents for their interest in applying for residency upon completion of an Expansion (referred to as River Tower) which is expected to include approximately one hundred and thirty-five (135) Residential Units and additional nursing and memory support units and common areas. FNRC will apply for permanent construction financing when it achieves pre-sales of 75% of the total planned Residential Units. Construction on the property is anticipated to begin once FNRC receives its permanent financing through the issuance of tax-exempt revenue bonds.

C. You are interested in placing refundable future reservation deposit ("Expression of Interest Deposit") to indicate your interest in applying for residency at a future date. You will receive updates on the progress of the construction and invitations to special events.

E. You recognize that you are not assured residency at the Community simply by signing this Agreement and that Provider must first accept you for residency at the Community. This agreement does not guarantee the cost of your desired living unit. If you chose to apply and live at Harbor's Edge, you will be required to pay the then current Entrance Fee and Monthly Service Fee at the time a Life Care Agreement is executed.

Now, therefore, you and Provider agree as follows:

1. Statement of Confidentiality. Provider agrees to hold all information provided by you under terms of this Agreement in strictest confidence. Information provided will be used by Provider only to develop appropriate operational programs and policies, obtain financing and provide services to residents.

2. Services and Amenities. Provider has provided you with a copy of the Community's current Annual Disclosure Statement which describes the Services and Amenities that Life Care Residents at Harbor's Edge currently receive. You understand that your Life Care benefits, services and amenities will be determined by the Life Care Agreement in effect on the date you execute a Life Care Agreement.
3. Expression of Interest Deposit. You agree to pay an Expression of Interest ("EOI") Deposit of one thousand dollars (\$1,000.00) which you are paying upon signing this Agreement. This sum shall be paid by check, draft or money order. Receipt from you of a EOI Deposit in the amount of one thousand dollars is hereby acknowledged.
4. Refund of EOI Deposit. The EOI Deposit shall be refunded to you or your estate in full under any of the following circumstances: (i) you terminate this Agreement by written notice under Section 5, below; (ii) Provider's failure to meet its obligations hereunder; (iii) your death prior to occupancy; (iv) other circumstances beyond your control that make you no longer eligible for residence at the Community; (v) Provider terminates this Agreement for good and sufficient cause by giving you written notice as described in Section 6, below; or (vi) your decision not to pay the balance of the entrance fee and schedule a move-in date. The refund shall be paid within thirty (30) days after you or Provider receives notice of the event entitling you to a refund.
5. Termination by You. You may terminate this Agreement at any time prior to your occupancy of the Residence by giving written notice to Provider at One Colley Avenue, Norfolk, VA 23510, Attention: Marketing Director.
6. Provider Termination. Provider may terminate this Agreement at any time by giving written notice to you at \_\_\_\_\_ (your residence). In the event that Provider terminates this Agreement, your sole remedy shall be the return of the Future Reservation Deposit.
7. Certification. By signing below, you certify that you have read and that you understand this Agreement.
8. Other Agreements. This Agreement contains the entire agreement between you and Provider as of this date and supersedes any prior verbal or written agreements relating to residence at the Community. This Agreement may not be amended or added to except by agreement in writing signed by both you and Provider.

(continues on next page)



IN WITNESS WHEREOF, Provider and Resident have executed this Agreement and the one thousand dollars (\$1,000.00) Expression of Interest Deposit has been paid.

The parties have executed this Agreement as of the date first written above.

Resident: \_\_\_\_\_ Resident: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Printed Name: \_\_\_\_\_

PROVIDER: Fort Norfolk Retirement Community, Inc. /dba Harbor's Edge

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

# Appendix J – Harbor’s Edge Reservation Agreement



## HARBOR'S EDGE RESERVATION AGREEMENT

THIS HARBOR'S EDGE RESERVATION AGREEMENT ("Agreement") is made as of \_\_\_\_\_, 20\_\_, by and between Fort Norfolk Retirement Community, Inc, a Virginia nonstock, nonprofit corporation dba Harbor's Edge ("Harbor's Edge" or "community"), and \_\_\_\_\_ ("you" or "Resident"). (If more than one Prospective Resident enters into this Agreement, the terms "you" and "Prospective Resident" shall refer to each person individually and to both persons together, except as the context of this Agreement otherwise requires.)

### RECITALS

1. Harbor's Edge is a continuing care retirement community located at One Colley Avenue, Norfolk, VA 23510, which provides residency, care and services to persons 62 years old or older. Harbor's Edge is operated on a nondiscriminatory basis and affords equal treatment and access to services to all eligible persons.
2. You desire to place a refundable Reservation Deposit to reserve a residence at Harbor's Edge. As a Depositor, you will receive updates on the progress of the availability of your residence and the status of any upgrades and/or renovations.

Now, therefore, you and Harbor's Edge agree as follows:

1. Statement of Confidentiality. Harbor's Edge agrees to hold all information provided by you under terms of this Agreement in strictest confidence. Information provided will be used to develop appropriate operational programs and policies and obtain financing.
2. Services and Amenities. Harbor's Edge has provided you with a copy of the Community's current Annual Disclosure Statement which describes the Services and Amenities that Life Care Residents at Harbor's Edge currently receive. You understand that your Life Care benefits, services and amenities will be determined by the Life Care Agreement in effect when you move into the community.
3. Acceptance Procedures
  - a. Within thirty (30) days after signing this Agreement, you agree to submit a Life Care Resident Application ("Application") which includes a Personal Health History and a Confidential Financial Statement on forms provided by Harbor's Edge. At this time you will have a personal interview with representatives of Harbor's Edge.
  - b. Harbor's Edge will review the completed Application and interview as a basis for initial approval of your Application for admission as a Life Care Resident. Harbor's Edge may request additional information to determine your eligibility for Life Care benefits. If one or both of you are not eligible for Life Care Benefits, you can still become a resident of Harbor's Edge as a Direct Admit. In this capacity, you will receive all benefits of residency including guaranteed admission to Assisted Living, Memory Support and Skilled Nursing. You just will not be eligible for reduced long term care costs should you need to move to a higher level of care.
  - c. You will be notified within ten (10) days after you have submitted your Application. If your Application is not approved, Harbor's Edge will refund the entire Reservation Deposit within ten (10) days.
  - d. You agree to provide Harbor's Edge a current address and to notify Harbor's Edge of any changes. Required notices mailed to the last address provided by you shall be deemed sufficient for all notice provisions of this Agreement.
4. Reservation of Residence. You have reserved Residence # \_\_\_\_\_ which is a \_\_\_\_\_ style apartment on the \_\_\_\_\_ floor of the \_\_\_\_\_ Tower (the "Residence"). You may change the Residence selected above at any time, subject to availability and mutually agreed to in writing by both you and Harbor's Edge. Any additional amounts as a result of higher entrance fees must be paid at this time.
5. Projected Occupancy Date. The projected date by which the Residence you selected will be available for occupancy is \_\_\_\_\_, 20\_\_\_\_. Please realize that due to construction delays, as well as other issues beyond the control of Harbor's Edge, this date is subject to change. You will be kept informed of all changes during construction so you can adequately plan your move to Harbor's Edge.

6. Entrance Fee and Refund Option. You have selected the \_\_\_\_\_% Refund Option and therefore you agree to pay to Harbor's Edge \$ \_\_\_\_\_ ("Total Entrance Fee") including a Second Person Entrance Fee of \$ \_\_\_\_\_ for double occupancy, if applicable. The amount and terms of the Total Entrance Fee shall be paid as follows:
  - a. Reservation Deposit. \$ \_\_\_\_\_ is payable upon the signing of this Reservation Agreement. This amount is equal to ten percent (10%) of the Total Entrance Fee less the One Thousand Dollar (\$1,000.00) Expression of Interest Reservation Deposit.
  - b. Deposit Balance. \$ \_\_\_\_\_ will be due and payable when the Residence is declared to be ready for occupancy. This amount is equal to the balance of ninety percent (90%) of the Total Entrance Fee. Failure to pay the Deposit Balance will be deemed a voluntary termination of this agreement under section 9 (vi).
7. Monthly Service Fee. Upon occupancy of the Residence, you agree to pay a Monthly Service Fee estimated to be \$ \_\_\_\_\_ per month and an additional \$ \_\_\_\_\_ per month if a second Resident occupies the Residence. The Monthly Service Fee is payable in advance on the 1<sup>st</sup> of every month and will begin upon the date of occupancy.
8. Escrow of Deposits. The Reservation Deposit will be kept and maintained in an escrow account at TowneBank in Norfolk, Virginia, which shall be separate and apart from Harbor's Edge business accounts. All funds or assets deposited in your escrow account shall remain your property until released to Harbor's Edge in accordance with this Agreement. The escrow funds will not be subject to any liens, judgments, garnishments or creditor's claims against Harbor's Edge. The funds deposited in the escrow account shall be invested in instruments authorized for the investment of public funds as set forth in Chapter 45 of the Virginia Code. Any interest accrued on the escrow account will remain the property of Harbor's Edge and used to offset the cost of administration.
9. Refund of Reservation Deposit. The Reservation Deposit shall be refunded to you or your estate in full within thirty (30) days under any of the following circumstances: (i) you terminate this Agreement by written notice under Section 10a or 10b below; (ii) your death prior to occupancy, (iii) other circumstances beyond your control whereby you are no longer eligible for residence at the Community; (iv) Harbor's Edge terminates this Agreement for good and sufficient cause by giving you written notice as described in Section 11 below; or; (v) your decision not to pay the Deposit Balance and schedule a move-in date.
10. Termination by Prospective Resident. You may terminate this Agreement at any time prior to your occupancy of the Residence by giving written notice to Harbor's Edge at One Colley Avenue, Norfolk, VA 23510, Attention: Marketing Director. The amount of your refund shall be determined based on the following:
  - a. Thirty (30) Day Rescission Period. You may terminate or rescind this Reservation Agreement for any reason whatsoever without any penalty or forfeiture upon written notice to Harbor's Edge within thirty (30) days after the date of execution of this Agreement.
  - b. After the Rescission Period and Prior to Occupancy. You may terminate this Agreement with written notice to Harbor's Edge after the thirty (30) day rescission period but prior to occupancy of the Residence for any reason whatsoever. In such case, you will receive a refund of the Entrance Fee paid less an administrative charge equal to five thousand dollars (\$5,000.00). The administrative charge will be waived if termination is due to your death or the death of your spouse/second occupant.
11. Harbor's Edge Termination. This Agreement may be terminated by Harbor's Edge at any time prior to the date of occupancy if Harbor's Edge determines that you do not meet the requirements for admission, or if the development of the River Tower expansion does not proceed. Harbor's Edge shall refund the total amount of the deposit paid within thirty (30) days following termination pursuant to this paragraph. In the event Harbor's Edge terminates this Agreement, your sole remedy shall be the return of the Reservation Deposit.
12. Change in Occupancy. If you have applied as a single occupant and you later desire to share the Residence with a second occupant, the second occupant must meet all of the Acceptance Procedures set forth in Section 3 in order to be eligible for Residency with Life Care benefits. In such event, the Monthly Service Fee and Entrance Fee will be adjusted to reflect the additional charge, and both you and the second occupant will be required to sign a new or amended Residency Agreement.
13. Reasonable Accommodation Policy. Harbor's Edge will make reasonable accommodations in its rules, policies and procedures to permit a Resident or Prospective Resident with a disability to obtain equal access all services and amenities that it offers. If you feel that because of your disability, you require special accommodations, we encourage you to request a reasonable accommodation by speaking with our Director of Marketing
14. Other Agreements. This Agreement is the entire agreement between you and Harbor's Edge and supersedes any prior verbal or written agreements relating to residence at the Community. Any changes to this Agreement must be in writing and signed by both you and Harbor's Edge.

15. Preliminary Agreement. This Agreement is preliminary in nature and precedent to the Life Care Residency Agreement and Addendums to be executed between you and Harbor's Edge once your Application for Admission is processed and approved.
16. Certification. You understand and agree to the terms of this Reservation Agreement and further agree that your Application must be processed and approved in order to have any rights to occupancy in the reserved residence at Harbor's Edge.

IN WITNESS WHEREOF, Harbor's Edge and Prospective Resident(s) have executed this Agreement and the Reservation Deposit has been paid. The parties have executed this Agreement as of the date first written above.

Prospective Resident (First Person) Signature: \_\_\_\_\_

Prospective Resident (First Person) Printed Name: \_\_\_\_\_

Prospective Resident (Second Person) Signature: \_\_\_\_\_

Prospective Resident (Second Person) Printed Name: \_\_\_\_\_

Address: \_\_\_\_\_

Harbor's Edge: Fort Norfolk Retirement Community, Inc. /dba Harbor's Edge

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_