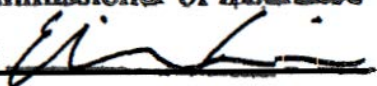


FILED
Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
May 2, 2022
Commissioner of Insurance
BY: 

Disclosure Statement

FOR: Falcons Landing
a continuing care retirement facility

OWNER: Air Force Retirement Officers Community
a non profit Virginia Corporation

LOCATION: Potomac Falls, Virginia
Loudoun County

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

April 30, 2022

April 30, 2022

DISCLOSURE STATEMENT
Air Force Retired Officers Community – Washington, D.C.

I. Continuing Care Provider

A. Name

The provider is the Air Force Retired Officers Community—Washington, D.C. (“AFROC”).

d/b/a Falcons Landing

B. Corporation

The provider is a nonstock Virginia Corporation under Virginia Code 13.1-201, et seq., incorporated on November 5, 1984.

C. Address

The business address of the provider is:

Falcons Landing
20522 Falcons Landing Circle
Potomac Falls, Virginia 20165-7502

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

The names and business addresses of the officers and directors of the provider, AFROC, are at TAB ONE.

A. Officers

No officer has any equity or beneficial interest in the provider.

B. Directors

No director has any equity or beneficial interest in the provider.

C. Trustees

No trustee director has any equity or beneficial interest in the provider.

D. Managing or General Partners

The provider is a Virginia corporation, hence it has no partners.

E. Members of Nonstock Corporation

No member individually or members collectively has/have any equity or beneficial interest in the provider.

F. Any Person Having a 10% Interest

No person has a ten percent or greater equity in the provider.

G. Beneficial Interest, Other

No other entity has a Beneficial Interest.

III. Business Experience of; Acquisition of Goods and Services From; and Criminal, Civil and Regulatory Proceedings Against the Provider; Its Officers, Directors, Trustees, Managing and General Partners; Certain Person Who Hold Equity or Beneficial Interest; and the Management.

A. The Provider

1. Business Experience of;

The corporate entity was formed in 1984 for the purpose of developing the continuing care retirement community to be known as Falcons Landing. Through the course of years, the corporation has gained extensive experience in the establishment, operation and management of retirement communities.

2. Acquisition of Goods and Services From;

No member of the provider's Board of Directors and/or no member of the provider has a ten percent or greater direct or indirect interest in any professional service, firm, association, foundation, trust, partnership, or corporation or any business or legal entity (and no such organization has an interest in any such person) which presently intends to or may provide goods, leases or services to the provider of a value of \$500 or more within any year.

3. Criminal, Civil and Regulatory Proceedings;

The provider has not been convicted of a felony or pleaded nolo contendere to a felony charge, and has not been held liable or enjoined in a civil action by final judgment for any felony or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property; and

The provider is not subject to any injunctive or restrictive order of a court of record, or within the past five years has not had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under Chapter 49 of Title 38, Code of Virginia, as amended, or similar laws in another state; and

The provider is not currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

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

1. Business Experience of;

Biographies outlining the business experience of the provider's officers and directors are at **TAB ONE**.

2. Acquisition of Goods and Services From;

No member of the provider's Board of Directors has a ten percent or greater direct or indirect interest in any professional service, firm, association, foundation, trust, partnership, or corporation or any business or legal entity (and no such organization has an interest in any such person) which presently intends to or may provide goods, leases or services to the provider of a value of \$500 or more within any year.

3. Criminal, Civil, and Regulatory Proceedings;

No officer or director of the provider has been convicted of a felony or pleaded nolo contendere to a felony charge, and been held liable or enjoined in a civil action by final judgment if the felony or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property; and

No officer or director of the provider is subject to any injunctive or restrictive order of a court of record, or within the past five years has had

felony or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property; and

To the best of the provider's knowledge, no member of the provider is subject to any injunctive or restrictive order of a court of record, or within the past five years has had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under Chapter 49 of Title 38, Code of Virginia, as amended, or similar laws in another state; and

To the best of the provider's knowledge, no member of the provider is currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

D. Management

1. Business Experience of;

Biographies outlining the business experience of the provider's management are at **TAB ONE**.

2. Acquisition of Goods and Services From;

No member of senior management of the provider has a ten percent or greater direct or indirect interest in any professional service, firm, association, foundation, trust, partnership, or corporation or any business or legal entity (and no such organization has an interest in any such member) which presently intends to or may provide goods, leases or services to the provider of a value of \$500 or more within any year.

3. Criminal, Civil and Regulatory Proceedings;

No member of senior management of the provider has been convicted of a felony or pleaded nolo contendere to a felony charge, and been held liable or enjoined in a civil action by final judgment if the felony or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property; and

No member of senior management of the provider is subject to any injunctive or restrictive order of a court of record, or within the past five years has had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department,

any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under Chapter 49 of Title 38, Code of Virginia, as amended, or similar laws in another state; and

No officer or director of the provider is currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

C. Members

1. Business Experience of;

The 585 members of the provider (as of December 31, 2021) have attained that status by having deposited \$1,000 with the provider to obtain a priority number and by qualifying as either a retired officer of the U.S. military or an unremarried spouse of such an officer or a senior federal civil service retiree or honorably discharged officer of the U.S. military. Consequently, membership in the provider is merely an indication of an interest in future residency in Falcons Landing, and not a status from which the member either derives benefit (other than such future residency) or directs the activities of the provider as a result of such membership.

Consequently, while the detailed business experience of each of the members of the provider cannot be known, it should be noted that the vast majority have at least twenty (20) years of military or federal civil service experience.

2. Acquisition of Goods and Services From;

To the best of the provider's knowledge, no member of the provider has a ten percent or greater direct or indirect interest in any professional service, firm, association, foundation, trust, partnership, or corporation or any business or legal entity (and no such organization has an interest in any such member) which presently intends to or may provide goods, leases or services to the provider of a value of \$500 or more within any year.

3. Criminal, Civil and Regulatory Proceedings;

To the best of the provider's knowledge, no member of the provider has been convicted of a felony or pleaded nolo contendere to a felony charge, and been held liable or enjoined in a civil action by final judgment if the

arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under Chapter 49 of Title 38, Code of Virginia, as amended, or similar laws in another state; and

No member of senior management of the provider is currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

IV. Ownership of Real Property

The provider owns the 35.2 acres of land upon which Falcons Landing rests. The facility consists of 328 independent living units, three health centers consisting of 71 assisted living units, 18 memory care beds and 60 nursing beds, and a central community building. All buildings are owned by the provider.

V. Location and Description of Real Property

A. Land

The 35.2 acre site for Falcons Landing is within the 3000 acre planned unit development known as the Cascades, in Loudoun County, Virginia, just off Virginia Route 7 (the Leesburg Pike) and fronting the Algonkian Parkway. The site has a Potomac Falls, Virginia address.

The main entryway to the site has been officially named Falcons Landing Circle, giving the Business Office a mailing address of: 20522 Falcons Landing Circle, Potomac Falls, Virginia, 20165-7502.

B. Buildings

Falcons Landing consists of some 328 independent living residences, 60 skilled nursing beds, 71 assisted living beds and 18 memory care beds, and appropriate ancillary public spaces.

The independent residences includes 17 single family homes, 54 duplex homes, 233 apartment units located in five separate, but physically connected, apartment buildings and 24 apartment units located in two other separate apartment buildings. The homes range from 1464 square feet to 2017 square feet; the apartments from 815 square feet to 2192 square feet.

Additionally, the Community Building has some 46,000 square feet, housing administrative, dining, and activities areas; and a 54,000 square foot Health

Center which contains the skilled nursing and assisting living facilities. The Health Center added in 2006 contains 42,000 square feet. The Health Center added in 2021 contains 18,000 square feet.

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

A. Affiliations

The provider is not and has never been affiliated with any religious, charitable or other nonprofit organization.

B. Tax-Exempt Status

The provider is exempt from the payment of income tax under the provisions of Section 501 (c) (3) of the federal Internal Revenue Code.

VII. Services Provided Under Continuing Care Contracts

A. Included

The following services are provided under the continuing care contract. Details are provided at **TAB TWO**. For each service listed, the appropriate reference(s) in the Continuing Care Contract are provided:

<u>Service</u>	<u>Continuing Care Contract Reference</u>
• Dining Room Credits	6.02A
• Utilities	6.02B
• Housekeeping	6.02C
• Insurance	6.02D
• Taxes	6.02E
• Security	6.02F
• Covered Parking	6.02G
• Maintenance of Residences	6.02H
• Maintenance of Falcons Landing	6.02I
• Scheduled Transportation	6.02J
• Special Diets	6.02K
• Planned Events and Activities	6.02L
• Use of Public Spaces	6.02M
• Emergency Call System	6.02N
• Non-routine Nursing Care	6.02O
• Health Center Services - Out patient	6.02P

- Health Center Bed 6.02Q & 8.01
- Discounted Health Center Fees 6.02R & 8.02

There is no limit on the length of the discounted health care benefits. Discounts will be provided so long as the resident must remain in the Health Center in either a skilled nursing or an assisted living bed.

B. Extra Charges

The following services are not included under the Continuing Care Contract, but may be available at an extra charge (See Section 6.02 at **TAB TWO**):

- Meals exceeding thirty (30) in a calendar month
- Guest meals
- Premium channel cable
- Individual telephone charges
- Unscheduled or individual use of Falcons Landing transportation
- Extra housekeeping or maintenance service
- Expendable supplies used in arts and crafts
- Room charges for guest rooms
- Health care expenses not included in the Resident Health Care Rate (See Sections 8.02A and 8.02B of the Continuing Care Contract at **TAB TWO**)
- Set-up/clean-up charges for private use of public spaces
- Covered parking spaces exceeding that/those assigned
- Flatwork linen service

C. Exclusions

As noted in Section 6.03 of the Continuing Care Contract (**TAB TWO**), the provider will not assume any responsibility at any time for:

- Personal debts of residents
- Hospitalization or medical services administered off of the Falcons Landing grounds
- Medical expenses incurred for items other than those included in the Resident Health Care Rate

D. Fee for Service Contract Option

A Fee for Service Contract Option was added in 2010 (**TAB TWO**). Services provided under the Fee of Service Option are exactly the same as the Continuing Care Option except Health Care Fees are not discounted. A complete description of the difference in fees between the two options is included in Paragraph VIII, Fees Required of Residents.

VIII. Fees Required of Residents

To more easily understand the fee concept proposed by the provider, the following overview might prove helpful. Please note that it is not designed to replace the more detailed explanations found elsewhere in this Disclosure Statement. Prospective residents of Falcons Landing will be called upon to make a series of payments during their association with the provider. They consist of:

- A down payment in an amount equal to 20% of the Entrance Fee for the residence selected. A Reservation Agreement (**TAB TWO**) will be executed simultaneously with the making of the down payment.
- The one-time Entrance Fee for the residence is due and payable at the time of occupancy of the selected residence. The Entrance Fee includes the 20% down payment and any accrued interest thereon. A Continuing Care Contract (**TAB TWO**) will be executed simultaneously with the payment of the Entrance Fee.
- A Monthly Service Fee, a recurring charge, will be assessed against each resident for as long as the resident occupied the residence (See Article VII of the Continuing Care Contract at **TAB TWO**).
- A Resident Health Care Rate has been established, and will be assessed each single resident who occupies a Health Center bed if the residence has been turned back to the provider for re-leasing. (See Section 8.02A of the Continuing Care Contract at **TAB TWO**).
- Additional Charges exist for services not included in the Monthly Service Fee. These will be assessed against a resident utilizing the extra services, but such services are optional, and detailed pricing costs for such services will be known by the resident in advance (See Section 6.02 of the Continuing Care Contract **TAB TWO**).
- While not a fee called for in the Continuing Care Contract, a requirement for residency in Falcons Landing is that each resident, if eligible, maintain Medicare insurance, both Parts A and B. Consequently, the premiums for such insurance may be construed as a fee for residency. This requirement is found in section 5.03 of the Continuing Care Contract at **TAB TWO**.
- A Fee for Service Contract Option was added in 2010 (**TAB TWO**). Fees required under the Fee for Service Option are the same as those required under the Continuing Care Option except the Fee for Service Entrance Fee is reduced by a set amount from the Continuing Care Entrance Fee for the same size unit (\$95,000 less in 2021), and Fee for Service Contractholders pay the Direct Admission Health Center Rates instead of the Resident Health Care Rate paid by Continuing Care Contractholders.

A. Prior to Occupancy

To secure the reservation of a specific apartment or home within Falcons Landing, prospective residents are required to deposit with the provider a down payment equal to 20% of the Entrance Fee for that type of unit. See **TAB FIVE** for a list of current Entrance Fees. Such a down payment will be made simultaneously with the execution of a Reservation Agreement (see **TAB TWO**) outlining the terms and conditions for investing, usage and refunding of the down payment.

No down payment will be used by the provider for any developmental purposes prior to occupancy by the residents. (See Section 4.02A of the Reservation Agreement at **TAB TWO**.)

B. Escrow

The provider is escrowing all down payments with United Bank. The terms of Escrow are in **TAB TWO**, Reservation Agreement, Article IV thru VII. After occupancy, Entrance Fees are not subject by law to escrow, but the provider anticipates that a portion of the Entrance Fees received by the provider will be escrowed by the bond issue trustee to use in making refunds as called for in the Continuing Care Contract (See Article XII of **TAB TWO**).

C. Refunds to Residents

1. Prior to Occupancy

The prospective resident may request a refund at any time for any reason. Funds will be released to the prospective resident within thirty (30) days of receipt by the provider of the prospective resident's request for a refund.

The following reasons, and terms of the related refund, are addressed in the Reservation Agreement in the referenced sections at **TAB TWO**:

<u>Reason</u>	<u>Reservation Agreement Section</u>
• Disapproval of Applicant	4.04A
• Death of Applicant	4.04B
• Inability to Live Independently	4.04C
• Change in Financial Status	4.04D
• Desire of Applicant to Terminate	4.04E
• Failure of AFROC to Proceed in a Timely Fashion	4.04F

2. After Occupancy

A resident may request a refund at any time for any reason. Funds will be released to the resident (or estate) within sixty (60) days of termination of this contract. See Section 10.02B of the Continuing Care Contract.

D. Manner of Refund and Conditions of Return

1. Prior to Occupancy

A prospective resident must notify the provider in writing of the request for a refund of the down payment. Upon receipt of the request, the provider will notify the Escrow Bank, which will send the refund of the down payment, by check, directly to the requesting prospective resident. There are no conditions; any prospective resident may request a refund of the down payment at any time for any reason (See Section 4.02B.2 of the Reservation Agreement at **TAB TWO**).

There is no processing or application fee charged. The only forfeiture by the prospective resident requesting a refund might be that of accrued interest under certain circumstances. These circumstances are delineated in Sections 4.04 of the Reservation Agreement at **TAB TWO**.

2. After Occupancy

A resident must notify the provider in writing of the request for a refund of the Entrance Fee. Upon receipt of the request, the provider will make arrangements for a refund of the applicable portion of the Entrance Fees within sixty (60) days of termination of this contract. This refund will be by check, and sent directly to the resident by the provider, which will receive the funds to refund the applicable portion of the Entrance Fee from the bond trustee (See Article XII of the Continuing Care Contract at **TAB TWO**).

The provider will offer three (3) refund plans. The terms of the plan selected by the resident at the time of occupancy will govern the amount of the refund. These plans are detailed in Section 12.02 of the Continuing Care Contract at **TAB TWO**.

E. Adjustments to Recurring Charges

The provider may adjust recurring charges (Monthly Service Fees) with at least thirty (30) days' notice to the residents. This is detailed in Section 7.03 of the Continuing Care Contract at **TAB TWO**.

While the intent of the not-for-profit provider is to raise fees only to the degree necessary to deliver the services in both the quality and quantity expected by the

residents, there is no contractual limitation on the size or frequency of fee adjustments.

Once a prospective resident has executed a Reservation Agreement, the one-time Entrance Fee may not be adjusted by the provider.

F. Transfer Charges

Additional charges may be required when a resident moves from one size residence to another. These are discussed below, by reference to the appropriate provision in the Continuing Care Contract (see **TAB TWO**).

1. Transfer from Smaller Residence to Larger

See Section 11.03.A. of the Continuing Care Contract at **TAB TWO**.

2. Transfer from Larger Residence to Smaller

See Section 11.03.B. of the Continuing Care Contract at **TAB TWO**.

3. Transfer of Residence to One of Equal Size

There will be no charge for this type of transfer

4. Transfer from Residence to the Health Center

The resident will have several options, depending on whether the resident is one (1) or two (2) persons, and whether the stay is permanent or temporary. Details are found in Section 8.02 of the Continuing Care Contract at **TAB TWO**.

5. Transfer from Health Center to Residence

Should a resident permanently assigned to the health Center recover sufficiently so as to be again capable of living independently, see Section 8.02 of the Continuing Care Contract at **TAB TWO**.

IX. Reserve Funding

Falcons Landing was originally funded by \$88,115,000 in tax-exempt bonds issued by the Loudoun County Industrial Development Authority on October 31, 1994. The tax-exempt bonds of 1994 were defeased in 1998 and replaced by \$66,900,000 of revenue refundable bonds. The 1998 bonds were paid off in full in August 2004 and replaced by

\$56,900,000 of refunding revenue bonds in three series, 2004A, 2004B and 2004F. The \$2.0M Series 2004F bonds were paid off in 2012. The remaining \$24.3M of Series 2004A bonds were replaced in 2014 with a non-qualified bank loan with \$3.1M of bonds paid off at refinancing. The remaining \$19.3M of the 2014 non-qualified bank loan were replaced in November 2016 with another non-qualified bank loan. The \$14.9M of Series 2004B bonds were replaced in February 2017 with a non-qualified bank loan. On 1 August, 2019, funding for a project consisting of a new stand alone Memory Care Unit and two Terrace Home Apartment Buildings was obtained with a non-qualified bank loan with two bond series. Long-term financing of the project was accomplished with 2019 Series A Bonds of \$30.0M. Short-term financing of the project was accomplished with 2019 Series B Bonds of up to \$17.0M. These bonds will be paid off with the initial entrance fee proceeds from the 24 Terrace Home Apartments.

A. Debt Service Reserves

With the retirement of the \$14.9M of Series 2004B bonds in February 2017, there is no longer a requirement for a Debt Service Reserve.

B. Continuing Care Reserves

On an aggregate basis, cash reserves available to meet unexpected demands on the continuing care contracts are the End of Year Cash Balances of \$24,482,297.

C. Control of Funds

All bond proceeds are under the direct control of The Bank of New York Mellon Trust Company, N. A., the bond trustee selected by the provider with the concurrence of the bond underwriter, bond counsel, and the Loudoun County Industrial Development Authority.

D. Investments

All investments are made in accordance with the Board of Directors' investment policy.

X. Certified Financial Statements

Certified financial statements for the two (2) most recent fiscal years of the provider are at **TAB THREE**.

XI. Pro Forma Income Statement

A pro forma income statement and other financial information for the current fiscal year ending December 31, 2022 is at **TAB THREE**.

A statement of material differences between the 2021 pro forma income statement for 2021 actual performance is at **TAB THREE**.

XII. Admission of New Residents

The criteria for admission of new residents as outlined in Article V of the Continuing Care Contract at **TAB TWO** are as follows:

A. Age

The resident must be at least 62 years of age. If the resident is two (2) persons, the individual eligible for AFROC membership must be at least 62.

B. Health

The resident must furnish a completed Pre-Entrance Physical Examination Form certifying that the resident was in a acceptable health status and capable of independent living. A copy of this Pre-Entrance Physical Examination Form is attached to the form of Continuing Care Contract at **TAB TWO**.

C. Financial

Resident must have demonstrated the ability to pay the Entrance Fee, the Monthly Service Fee, and other reasonable living expenses.

D. Medicare Enrollment

Resident must, if eligible, be enrolled in Medicare, both Part A and Part B.

E. Military Affiliation

Criteria delineating those able to apply for residency are contained in Article I of the Reservation Agreement (See **TAB TWO**).

XIII. Access to Facility by Non-residents

A. Access to Health Center by non-residents

Under the provision of Virginia law governing Certificates of Need (COPN), the provider plans to allow access by non-residents to the Falcons Landing skilled nursing beds at competitive commercial rates. The Virginia law governing COPNs was amended in 2013 to allow extensions to CCRCs that operate as a not-for-profit facility and demonstrate an average contract holder occupancy rate of less than 85 percent. With a current average contract holder occupancy of less

than 70 percent. Falcons Landing should be eligible for COPN extensions for the foreseeable future.

XIV. Anticipated Sources and Application of Purchase or Construction Funds

In 2021 we completed a \$47M project to construct a Memory Care Unit and two small apartment buildings (Terrace Homes) with a total of 24 apartments.

XV Complaint Procedure

In accordance with section 38.2-4902.A.16 of the Virginia Code, residents of Falcons Landing may register complaints and/or concerns to the provider by any or all of the following methods:

1. By placing a written suggestion in the suggestion box to be provided in the finished facility. This box will be opened by management, and all suggestions will receive a quick response;
2. By meeting directly with the facility's on-site manager;
3. By writing to, or meeting with, the Board of Directors if satisfaction cannot be achieved from the on-site manager, who should be contacted first;
4. By contacting the Residents' Council, which will meet with the on-site manager on a periodic basis;
5. By raising complaint or concern at a regularly scheduled public meeting between management and the residents. Such meetings will be held at least quarterly.

RADM (Dr.) Christine Hunter, USAF (Ret) (Mobile) (360) 471-2537
2325 S. Queen Street
Arlington, VA 22202

TREASURER

CAPT Joe Marshall, USN (Ret) (Home) (703) 909-2609
15144 Stillfield Place
Centreville, VA 20120

Biographies

April 30, 2022

AFROC Board of Directors

Set forth in the table below is a list of the current members of the AFROC Board of Directors, including each Director's rank in service and date of initial election to the Board of Directors. Biographies of each member are on the following pages.

<u>Name</u>	<u>Rank</u>	<u>Member Since</u>
Ted F. Bowlds	Lt General	2015
Doug Robb	Lt General	2018
George Eichert	CAPT	2015
Scott Custer	Maj General	2016
Kevin Green	Vice Admiral	2016
Mary Lowe Mayhugh	Colonel	2017
Tim Arcano	CAPT	2019
John La Raia	Lt Col	2019
Sharon Shaffer	Brig General	2021
Chistine Hunter	RADM	2021
Joe Marshall	CAPT	2021

Biographical Profiles of the Directors

Set forth below are brief biographical profiles of the current AFROC Directors:

TED F. BOWLDS - General Bowlds received his Bachelor of Science Degree in Electrical Engineering from Mississippi State University and Master's Degrees from the Air Force Institute of Technology in Electrical Engineering and University of Dayton in Engineering Management. Ted is also a graduate of the Air Force Test Pilot School's Flight Test Engineer course. Throughout his 36 years on active duty, he held a variety of leadership positions in numerous acquisition programs. These include the F-117, B-2, Advance Medium Range Air to Air Missile, C-130J, T-6, C-5, and the C-17. General Bowlds also served as the Commander of the Air Force Research Laboratory. His last assignment was the Commander of the Electronic Systems Center at Hanscom. Since retiring, Ted divides his time between teaching at the University of Tennessee and aerospace consulting.

DOUG ROBB - General Robb entered the Air Force in June 1979 as a graduate of the U.S. Air Force Academy. He is board certified in aerospace medicine and has spent over 20 years in the practice of aerospace medicine in support of Air Force, joint, and coalition aviation forces. Clinically, he has held the positions of chief of flight medicine; aerospace medicine squadron commander; and hospital and medical center commander. Additionally, he has held staff positions as the chief flight surgeon for U.S. Air Forces in Europe, Command Surgeon, U.S. Central Command, Command Surgeon, Air Mobility Command, and Joint Staff Surgeon, Office of the Chairman, Joint Chiefs of Staff. Previously, General Robb served as Deputy Director, TRICARE Management Activity. A chief flight surgeon with more than 1,600 flying hours, he has maintained additional crew member status in the A-7, OV-10, F-16, C-9, C-130, and KC-135 aircraft. Doug is currently the Special Assistant to the President for Strategic Educational Projects, Uniformed Services University in Bethesda, MD and is the Medical Chair for the National Defense University at Fort McNair in Washington, D.C.

GEORGE EICHERT - CAPT Eichert graduated from the University of Rochester with a BS in engineering and from Stanford University with a MS in mechanical engineering. He served 29 years in the Navy Civil Engineer Corps and among his tours of duty he commanded a Seabee battalion and deployed to the Pacific and Caribbean, commanded the Navy's largest engineering field command, and was the commanding officer of the Gulfport Seabee base during Hurricane Katrina. Currently, and since his retirement from the Navy in 2007, he is the Senior Vice President of Administrative Services for the Navy Federal Credit Union where he is responsible for facility management, procurement, logistics and business continuity.

KEVIN GREEN - Kevin Green retired from IBM Corporation in 2015, where he led IBM's Department of Defense and Intelligence Community business. He had business responsibility for providing coordinated technology, consulting and systems integration services to solve client enterprise management and mission capabilities challenges. He was a member of IBM's Industry Academy and chaired its Global Defense Board. Prior to joining IBM in 2004, Kevin served more than 30 years as a naval officer, completing his Navy career as Deputy Chief of Naval Operations for Operations, Plans and Policy. He graduated from the U.S. Naval Academy and the National War College, and received an M.S. in Applied Science from the Naval Postgraduate School. Kevin consults with the Defense Science Board, the National Academy of Sciences, the Council on Foreign Relations, and on behalf of Defense Industry clients. He is a member of the U.S. Naval Institute and the Surface Navy Association, and serves on the Tuskegee University Board of Trustees.

SCOTT CUSTER – Scott Custer holds a Bachelor of Arts degree in History from VMI and a Masters of Arts degree in Management from Webster University. He retired from the Air Force in 2007 as a Major General. His last position was Vice Director, Joint Staff, Washington, D.C. He previously served as Director, Legislative Liaison for the U.S. Air Force and Director of Plans and Programs for the Air Education and Training Command. After his retirement, Kevin served as a Senior Advisor to the Johns Hopkins University Applied Physics Laboratory. He is currently President and CEO of Schott Government Services and Schott Diamond View Armor Products.

MARY LOWE MAYHUGH - Mary Lowe Mayhugh earned her MBA from Touro University, graduating Cum Laude and her Masters in National Security and Resource Strategy from the Industrial College of the Armed Forces. She retired from the Army in 2016 with nearly 37 years of service to our nation. Her career spans multiple countries and operations culminating with strategic level assignments with Department of Defense. In her final assignment, she served as Chief, Joining Community Forces for the National Guard Bureau. Over the course of her career, she built collaborative, successful and trusted relationships with senior leaders in Government agencies to support and promote execution of strategic initiatives impacting DoD civilians, Military Members, veterans and families.

TIM ARCANO - CAPT (Dr.) Joseph (Tim) Arcano, Jr. graduated from the United States Naval Academy with a Bachelor of Science degree in ocean engineering. He earned a Master of Science degree in mechanical engineering and an Ocean Engineer degree from MIT; a Master of Science degree in national resource strategy from the National Defense University Industrial College of the Armed Forces; and a Ph. D. in civil and environmental engineering from the University of Maryland. He is also a graduate of the Harvard University John F. Kennedy School of Government Senior Executive Fellows Program. He served for 30 years of active and reserve commissioned service in the Navy

as an engineering duty officer qualified in submarines. He also commanded five reserve units and retired as a Captain.

He is a member of the Senior Executive Service and was appointed as the Technical Director for Naval Surface Warfare Center (NSWC), Carderock Division. Before this, he served as the director of the National Oceanic and Atmospheric Administration (NOAA) Office of Ocean Exploration and Research (OER). Prior to that assignment, Dr. Arcano served as Deputy Chief of nuclear safety at the U.S. Department of Energy (DOE). He also served as Technical Director/Technical Authority (Ship Design Manager) for the USS VIRGINIA Class Program Office, Naval Sea Systems Command (NAVSEA). His awards include the Defense Superior Service Medal, Legion of Merit (two), Meritorious Service Medal (two), Navy Commendation Medal (five awards) and Department of Navy Meritorious Civilian Service Award.

JOHN LA RAIA - Lt. Col. John La Raia graduated from the University of Rochester and served with the United States Air Force as a navigator on KC135 refueling tankers. After leaving active duty, he earned a Master's Degree in Public Administration from the Rockefeller School of Public Affairs at the State University of New York. Continuing his affiliation with the Air Force, he served as a reserve logistics plans officer assigned to Headquarters USAF. Mr. La Raia began his civilian career with the Department of the Navy serving successively as Director of Human Resources, leading civilian personnel and EEO programs for the Office of the Secretary and the Chief of Naval Operations; Comptroller and Director of Financial Management, managing a \$1B+ budget for the Office of the Secretary; and a senior executive principal staff assistant for administrative matters to the Secretary and Under Secretary of the Navy, where he managed a 125 person staff with a business portfolio consisting of 13 distinct functional areas. After retiring from Federal Service he worked as a consultant and executive, in addition to serving as a Board Member and Secretary of the Army and Navy Club of Washington, DC.

SHARON SHAFFER - Sharon Shaffer served as the Commander, Air Force Legal Operations Agency, Joint Base Andrews, Maryland. As the Judge Advocate General's Corps' only G-Series commander, she was responsible for the command and control of a 900-member organization of legal professionals composed of officers, enlisted members, civilian attorneys, paralegals and support staff, operating at 76 locations worldwide. She was also responsible for assisting The Judge Advocate General in the administration of military justice throughout the Air Force, and defending the Air Force in civil litigation before federal and state courts and administrative boards. She was responsible for training Air Force legal professionals through The Judge Advocate General's School and providing legal information technology support to Air Force legal offices worldwide. Sharon retired from the U.S. Air Force in June 2020 in the rank of Brigadier General after a 30-year career.

In 2003, she was selected as the first Deputy Chief Defense Counsel for the Office of Military Commissions and assigned to represent one of the first four detainees charged in the Global War on Terrorism. Following the military commissions, she served as the Deputy Staff Judge Advocate, Headquarters United States Air Forces in Europe. She has tried over 150 courts-martial as either trial or defense counsel and presided as a military judge in 160 general and special courts-martial.

She is licensed to practice law before the Supreme Court of the State of Michigan, the United States Air Force Court of Criminal Appeals, United States Court of Appeals for the Armed Forces, and the United States Supreme Court.

CHRISTINE HUNTER - Dr. Christine Hunter brings over 35 years of leadership experience to her current board and advisory roles supporting health care quality, insurance, professional development, and higher education. She proudly serves as an independent board director for WPS Health Solutions and Navy Mutual Aid Association, delivering comprehensive health and life insurance products for Military, Veterans, and seniors.

Dr. Hunter has a long history of distinguished service in Federal health programs. On active duty in the Navy, she rose to the rank of Rear Admiral with responsibility for direct healthcare delivery, health system operations, and health plan management. Her key leadership roles included assignments as Deputy Director of the TRICARE Management Activity; Commanding Officer, Naval Medical Center San Diego; Commander, Navy Medicine West; US Pacific Fleet Surgeon; Chief of Staff for the Navy Bureau of Medicine and Surgery; and Commanding Officer, Naval Hospital Bremerton WA.

Upon completing her military career, Dr. Hunter joined the US Office of Personnel Management as Chief Medical Officer for the Federal Employees Health Benefits Program. In 2016, her work to improve the delivery of quality health care was recognized with a meritorious Presidential Rank Award. Since retiring from public service, she has continued to support quality health outcomes for all Americans as Co-Chair of the National Committee for Quality Assurance (NCQA) Committee on Performance Measurement.

Dr. Hunter is a Distinguished Alumna of Boston University, where she earned her undergraduate and medical degrees. She remains active in higher education as a member of the Boston University President's Advisory Board, as well as Dean's Advisory Boards for the Schools of Medicine and Public Health. She is a Governance Fellow of the National Association of Corporate Directors, a Master of the American College of Physicians (ACP), a 2011 ACP Laureate awardee, and the recipient of numerous military awards.

JOE MARSHALL – Joe Marshall graduated from Vanderbilt University and received his commission through the Reserve Officer Training Program at that university. He also holds master's degrees in financial management from the Naval Postgraduate School and in national resource strategy from the Industrial College of the Armed Forces. He was

Acting Assistant Secretary of the Navy (Financial Management & Comptroller). In this capacity, he assisted in the oversight of budget formulation and execution of over \$165 billion annually for the Navy and United States Marine Corps; for the financial systems, reporting, policy and auditing of the associated financial transactions; and for the cost estimating for the Department of the Navy. Prior to this, he was the Special Assistant to the Assistant Secretary of the Navy (Financial Management & Comptroller), where he provided expertise and advice on programs and initiatives with the goal of improving financial management functions for the Department of the Navy. He previously served as the Principal Deputy Assistant Secretary of the Navy (Financial Management & Comptroller).

Earlier, Mr. Marshall was the Director, Business Support Directorate, Defense Health Agency (DHA), where he had oversight of \$40 billion in medical and dental healthcare for more than 9.6 million beneficiaries worldwide. Prior to this position, Mr. Marshall served as the chief financial executive for Navy Medicine and established policy and managed financial and manpower resources for a medical activity totaling more than \$6 billion per year in operating costs.

Mr. Marshall entered the Senior Executive Service (SES) in October 2001 and until 2003 he was an Associate Chief Financial Officer at the United States Department of Agriculture (USDA), where he formulated financial policy and strategic and performance plans for an enterprise which, were it in the private sector, would be the sixth largest company in the world with 100,000 employees, \$123 billion in assets, and over \$70 billion in annual spending. In 2003 to 2006, Mr. Marshall was the Deputy Director of the Navy Programming Division on the Chief of Naval Operations staff, where he led the building of the Navy's Program Objective Memorandum (POM), totaling over \$120 billion per year.

Before entering the SES, Mr. Marshall was the Comptroller of the United States' Transportation Command, a \$5 billion Department of Defense activity. During Mr. Marshall's 25-year Navy career which began in 1976, he had command of a destroyer and was recognized as the most outstanding of 16 ships, twice winning the coveted "Battle E." Additionally, he was recognized repeatedly for his exceptional financial and operational expertise.

Biographical Profile of Falcons Landing Senior Management

GARY HANDLEY, President/CEO - Gary most recently served as the Executive Director for the Palms of Fort Myers. As Director, Gary was responsible for all facets of operating this leading retirement community. He has over 20 years of experience leading healthcare organizations. He is driven by a passion for making a positive difference in the lives of others through his commitment to successful aging. Prior to coming to Falcons Landing, Gary served in various roles, ranging from serving as the Managing Director for a private nursing home in southern Sweden to serving as the Executive Director for one of southwest Florida's premier Life Plan (CCRC) Communities. Gary retired from military service as a Major in 2000, after 21 years in the United States Marine Corps Reserve and United States Army National Guard. During his career, he served in multiple leadership, and operational positions. He served as a full-time military technician, as the Budget Officer and Financial Manager for the United States Property and Fiscal Office of New Hampshire. He also served on active duty as a Training Officer for the 197th Field Artillery Brigade and as Executive Officer for the United States Army Reserve Officer Training Corps (ROTC) Wildcat Battalion at the University of New Hampshire. He was awarded his Fellowship of the American College of Healthcare Executives (FACHE) in 2019. He also holds the designation as a Certified Director of Assisted Living (CDAL) by the Senior Living Certification Commission, and as a Certified Dementia Practitioner (CDP) by the National Council of Certified Dementia Practitioners. A native of Manchester, NH, Gary completed a Bachelor of Science in Business Administration at Norwich University and a Master's Degree in Business Administration from Southern New Hampshire University. He has been married to Yvonne for 33 years and recently relocated from Bonita Springs, FL to join the Falcons Landing family. They have been "blessed with three amazing children: Kevin, Bryan and Korynne. He is an avid reader and loves anything to do with the outdoors.

HARDY M. LISTER, Chief Financial Officer – Hardy has been with Falcons Landing since September 1995. He received his Bachelors of Science in Accounting from Strayer College, Masters in Business Administration from the University of Montana, and his Masters in Professional Accounting from the University of Texas. During his Air Force career, Hardy served as Budget Officer and Comptroller at Soesterberg Air Base in the Netherlands from 1989 -1993 and as Accounting and Finance Officer at Comiso Air Base, Italy. Hardy retired from the Air Force in 1994. As CFO, Hardy is responsible for all financial management, planning and reporting.

ROBERT C. BESSERER, Dining Services Director – Robert Besserer has been with Falcons Landing since February 1996. He spent two and a half years as the Executive Chef before being promoted to the Dining Services Director in 1997. Before joining Falcons Landing, Robert was the Executive Sous Chef at River Bend Golf and Country Club. Robert's dining program includes daily meal service in four dining rooms and over 100 staff members.

PETER PLANTE – Plant Operations Manager – Peter received his Bachelors degree in Business Management from Southern Vermont College. Peter has been in the building, maintenance and construction industry since the 1970s working with large construction and engineering firms Pulte, Miller and Long and Law Engineering. Peter operated his own home improvement company for many years serving clients in Northern Virginia. As Director of Facilities Management, he is responsible for the Maintenance and care of all buildings, grounds and mechanical systems. He also oversees Housekeeping, Laundry operations and construction projects.

DONNA CASSANI, Resident Services Director - Donna has been with Falcons Landing since June 2005. In her position as the Director of Resident Services she is responsible for the oversight of Security, Transportation, Independent Living Recreation, Fitness, Resident Counselor and the beauty salons. Before joining our team Donna was a director at an educational foundation in Washington, DC. Donna holds a Bachelor of Arts degree in Communications from Mercyhurst College in Erie, Pennsylvania. She will receive her Masters Degree in Health Systems Management/Senior Housing Administration from George Mason University in August 2011. Donna earned a Graduate Certificate in Senior Housing Administration from GMU in 2007.

FRED SIMPSON, Human Resources Director – Fred Simpson joined Falcons Landing as the Director of Human Resources in August 2006. A career professional in the field of Human Resources for the past 15 years, Fred has held senior level positions in the healthcare, hospitality and retail industries. Prior to Falcons Landing Fred was the Assistant Administrator for Washington Nursing Facility. Fred has been an active member of the Society for Human Resource Management since 2001. In his current position, Fred is responsible for the hiring, training development and benefits of over 350 employees.

LEAH DAILY, Director of Marketing and Sales – Leah Daily joined Falcons Landing in December 2012. She holds a Bachelor of Science in Communications from East Tennessee State University. Leah has an extensive background in senior living and healthcare marketing. Over her career, she has held positions as Admissions Directors for a skilled nursing facility, Marketing Director for an independent living and assisted living facility and Regional Marketing Consultant for a large hospice organization. In her current position, Leah is responsible for all marketing and sales of our independent living facility.

ASHLEE BULLOCK, Health Center Administrator - Ashlee is a seasoned Nursing Home Administrator with more than 10 years of experience in daily operations of Skilled Nursing and Long-Term Care Facilities. She is Licensed in Maryland, Virginia, and West

Virginia. Ashlee is committed to following regulatory compliance standards and fulfilling the organizational mission. She possesses the ability to develop effective strategic plans and ensure financial viability of the organization. Ashlee thrives in a fast-paced diverse environment and can adapt to ever changing circumstances and situations. She is a proven dynamic leader with solid communication, interpersonal and motivational skills that are used to form lasting relationships with staff, residents, and their families. Originally from Delaware, Ohio, Ashlee received her Bachelor's degree in Health Services Administration from Ohio University. She moved to Maryland in 2013 to pursue her career. Ashlee and her husband live in Lovettsville, Virginia with their two children, Blakely, and Cameron.

**Continuing
Care
Contract**

Type A Contract

**AIR FORCE RETIRED OFFICERS COMMUNITY – WASHINGTON, D. C.
POTOMAC FALLS, VIRGINIA
CONTINUING CARE CONTRACT**

THIS CONTINUING CARE CONTRACT ("Contract") made this _____ day of _____, by and between Air Force Retired Officers Community – Washington, D.C., a Virginia non-stock corporation, authorized by the Virginia State Corporation Commission to offer continuing care in the Commonwealth of Virginia ("AFROC"), and _____ ("Resident," whether one or more persons). AFROC and Resident shall collectively be known as "the Parties".

RECITALS

AFROC owns and operates a continuing care retirement community known as Falcons Landing Retirement Community ("Falcons Landing") in Potomac Falls, Virginia.

Resident has made application for residency in Falcons Landing, and has been approved for residency by AFROC, and Resident and AFROC now seek to establish their mutual understanding of the terms and conditions under which Resident shall occupy the selected residence and otherwise enjoy the services, facilities and amenities of Falcons Landing.

The U. S. Department of Defense, the U. S. Department of the Air Force, and/or other U. S. governmental offices are in no way responsible for the financial and contractual obligations of AFROC. Falcons Landing is not affiliated with a religious or proprietary organization or management entity, but it is owned and operated by AFROC, which is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

**ARTICLE I
Definitions**

- 1.01** The term "AFROC" as used herein shall have the same meaning as the term "Provider," and the term "Falcons Landing" as used herein shall have the same meaning as the term "Facility," as defined in Section 38.2-4900 of the Code of Virginia.
- 1.02** The term "Resident" as used herein shall include one or two persons, also identified as a first person and a second person.

**ARTICLE II
Objective**

- 2.01** Falcons Landing has been designed to provide secure and comfortable surroundings where retired U. S. military officers, their spouses and unremarried surviving spouses, and others as the AFROC Board of Directors may approve, may live in dignity at reasonable cost. AFROC agrees to provide Resident with the continuing care described in this Contract, and Resident agrees to make payments to AFROC as described in this Contract and to comply with this Contract and with the policies and procedures presently in effect, and with any further policies and procedures that may be adopted in the future by AFROC.

ARTICLE III
Exhibits Incorporated By Reference

- 3.01** AFROC and Resident hereby adopt and incorporate by reference as a part of this Contract the attached Exhibits numbered 1) completed Reservation Agreement, 2) completed Pre-Entrance Physical Examination Form, and 3) completed Resident Vital Information Form.

ARTICLE IV
Entrance Fee

4.01 Residence and Amount

Resident selects a _____ type Residence, consisting of approximately _____ square feet (the "Residence"), and in consideration for AFROC providing the continuing care set forth herein, has paid AFROC an Entrance Fee in the total amount of \$_____, (consisting of a first person Entrance Fee of \$_____ and a second person Entrance Fee of \$_____), which includes any down payment and any accrued interest on the down payment as called for in the Reservation Agreement executed by the Parties. No other property, donations, subscriptions, fees or other amounts (other than the applicable Monthly Service Fee and charges for extra services as defined in 6.02) have been paid or are payable by or on behalf of Resident in consideration of the Resident's receipt of continuing care at Falcons Landing as set forth herein.

4.02 Increases

Resident's Entrance Fee shall not be increased or changed during the duration of this Contract, except as provided in Article XI.

ARTICLE V
Requirements for Residence

Resident has met the following requirements to the satisfaction of AFROC prior to Resident's occupancy of the Residence, subject to such exceptions as the Board of Directors of AFROC may have approved. Such exceptions, if any, are in writing, signed by the Parties, and are an addendum to this Contract.

5.01 Physical

A. Age

Resident is at least 62 years of age. If Resident is two (2) persons, the individual meeting the eligibility requirements of Article I of the Reservation Agreement ("Eligible Member") is at least 62 years of age.

B. Health

Resident represents that all health information provided to AFROC is complete and accurate and does not make any material omissions relating to Resident's health. In

addition to all other information requested by AFROC, Resident shall provide a completed Falcons Landing Pre-Entrance Physical Examination Form with all current health information known to the physician and Resident. Generally, an applicant for residency under this Contract must, at a minimum, be able to live without the assistance of another person and must meet current health requirements established by AFROC for admission. AFROC conducts its own review of Resident's physical condition and medical record to make a determination of qualification and thus all information provided to AFROC regarding Resident's health at the time of admission is considered and relied upon by AFROC in granting or denying admission. These determinations are made in accordance with applicable law, including, but not limited to Title VI of the Civil Rights Act; Section 504 of the Rehabilitation Act; the Age Discrimination Act; the Americans with Disabilities Act; Title VIII of the Civil Rights Act (Fair Housing Act); and the Virginia Fair Housing Law.

5.02 Financial

Resident acknowledges that AFROC is relying upon the financial information provided by Resident prior to entering into this Contract to determine Resident has the financial ability to pay the Entrance Fee, Monthly Service Fee, and other reasonable living expenses associated with Falcons Landing, including such expenses as may be incurred in the Health Center (see Article VII). Resident warrants and represents that the provided information accurately reflects Resident's financial status, including but not limited to assets, current liabilities and known future liabilities. Resident agrees not to take any action that impairs his or her ability to meet his or her financial obligations, whether by gratuitous transfer or the incurrence of unusual, unnecessary or extraordinary expenditures or obligations.

5.03 Medicare Enrollment

Resident confirms that, if eligible, Resident is enrolled in Medicare, Parts A and B, and will continue to be so enrolled for so long as this Contract is in effect.

ARTICLE VI Continuing Care

The continuing care to be provided by AFROC includes Resident's occupation of the Residence or a comparable residence, as determined by AFROC in its reasonable discretion, for the remainder of the life of Resident or, in the event Resident is more than one person, for the remainder of the life of the survivor, subject to the terms and conditions of this Contract.

6.01 Services Included in Monthly Service Fee

In return for payment of the Monthly Service Fee, Resident shall receive the following services from AFROC for so long as this Contract is in effect:

A. Dining Facility Credits

Credit for thirty (30) meals per month per person in the Main Dining Room or such other appropriate location as AFROC may designate. These may be taken at any time

during the calendar month at Resident's discretion, although reasonable advance notice of attendance may be requested.

More than thirty (30) meals may be taken in any month for an additional cost per extra meal.

Should Resident be absent from Falcons Landing for seven (7) or more consecutive days, AFROC will credit Resident for AFROC's established raw food cost for the entire period of the absence.

B. Utilities

Utilities include gas, electricity, heat, water, air conditioning, sewer fees, trash removal, and basic cable TV. The provision of these utilities is subject to the availability of such services to Falcons Landing.

Individual telephone charges and any premium cable TV fees contracted for by Resident are the responsibility of Resident and are not included in the Monthly Service Fee.

C. Housekeeping

The Residence will be cleaned by the housekeeping staff once each week. Cleaning will include vacuuming; light dusting; cleaning of kitchen and bathroom floors, and bathroom fixtures; cleaning of the kitchen counters, appliance faces, and sink. It does not include doing dishes or laundry, making beds, or other similar tasks.

Window washing, oven cleaning, carpet shampooing, and other heavy cleaning may be done on a periodic, scheduled basis as determined by AFROC.

Resident agrees to maintain the Residence in a safe, clean and orderly condition, as required by health and safety regulation.

D. Insurance

AFROC will insure Falcons Landing against reasonable losses and liabilities.

Personal liability and personal property insurance for those items owned by Resident are not included in the Monthly Service Fee.

E. Taxes

Any taxes due on the revenues and property of AFROC will be paid by AFROC.

Taxes not included in the Monthly Service Fee and which are payable directly by Resident are taxes that might be assessed against Resident; those that might become due on Resident's personal property; or taxes on Resident's income.

F. Security

There will be security personnel to protect the property of Resident and of AFROC, supported by electronic security devices as AFROC deems appropriate.

G. Parking

1. Houses

Should the Residence be a duplex house (“Alexandria”), the Residence has an attached one-car garage for use by Resident. Should the Residence be a single house (“Monticello”), the Residence has an attached two-car garage for use by Resident.

2. Apartments

Should the Residence be an apartment, and Resident has a vehicle at Falcons Landing, Resident will be assigned one (1) parking space in or near the apartment building for Resident’s use. Such assignment will terminate at the time that Resident no longer has a vehicle at Falcons Landing and/or no longer holds a valid Virginia driver’s license. In the event of such termination, or should no assignment was made, the Resident will receive no credit against the Monthly Service Fee.

In the event that there are unassigned parking spaces in a garage, an apartment Resident may request a second parking space be assigned to him or her for an additional monthly fee. The assignment of a second parking space will terminate if AFROC determines the space is needed as the primary space for another resident.

H. Maintenance of the Residence

The Falcons Landing maintenance staff will arrange to promptly repair all AFROC-owned items in and around the Residence, including walls, floors, roofs, doors, and windows, installed appliances, security devices, emergency call devices, plumbing, and electrical devices.

I. Maintenance of Falcons Landing

The Falcons Landing maintenance staff will perform custodial duties, maintain the grounds, and keep the public areas clean and in a good state of repair.

J. Scheduled Transportation

Resident may participate in scheduled periodic trips in Falcons Landing vehicles to a nearby grocery store, shopping center, and such other public areas as AFROC may designate, at no additional charge to Resident.

K. Special Diets

If a physician prescribes a standardized special diet, the Falcons Landing Dining Services Department will prepare meals for Resident that conform to that diet at no additional charge.

L. Planned Events and Activities

Social, cultural, spiritual and recreational activities will be available for Resident’s benefit, although attendance or participation will be strictly voluntary.

M. Use of Public Space and Activity Areas.

Public lounges, rooms, stores, library, and activity areas will be available to Resident without charge.

Exceptions are fees for expendables used in activity or craft classes, and a set-up/clean-up fee for use of public spaces by Resident for private purposes or functions.

N. Emergency Medical Assistance

Each residence has an emergency call system. The Falcons Landing staff member, responding to an emergency call, will provide services for which they have been trained and/or licensed to provide. Life-threatening or crisis medical emergencies will be referred to appropriate off-site medical authorities. Fees and costs, if any, associated with such off-site treatment will be the responsibility of Resident.

O. Outpatient Health Services

Certain routine outpatient health care services are available at the Wellness Center for independent living residents. Services are limited to the scope of the licensure of the staff present at the time of the Resident's visit and the capabilities and service hours of the Wellness Center. Examples of such a service are blood pressure measurement, venipuncture for a test ordered by a physician, or minor first aid. No charge will be made for these outpatient health care services provided to Resident by a Wellness Center staff member.

P. Health Center Bed

Subject to space availability (see Section 9.02 below), Resident is guaranteed a bed in the Health Center, if ordered by a physician and approved by the Falcons Landing Medical Director, a licensed physician. As used in this Contract, "Health Center" includes the nursing and assisted living units in the Johnson and the West Falls Centers.

R. Discounted Health Center Fees

Resident is guaranteed discounted rates should a stay in the Health Center be necessary. (See Article VIII).

6.02 Services Not Included in Monthly Service Fee

Resident may expect to pay additional sums for the following:

- A.** Meals exceeding thirty (30) in a calendar month;
- B.** Guest meals;
- C.** Cable TV charges for other than basic services;
- D.** Internet Service;
- E.** Individual telephone charges;
- F.** Unscheduled or individual use of Falcons Landing transportation;
- G.** Extra housekeeping or maintenance service;
- H.** Expendable supplies used in arts and crafts;
- I.** Room charges for guest rooms;
- J.** Health care expenses not included in the Resident Health Care Rate (see Article VIII);
- K.** Set-up/clean-up charges for private use of public spaces;

L. Laundry service.

Fees for these services may change periodically; however, Resident will receive advance notice of at least thirty (30) days, in writing, before any such changes are implemented.

Should Resident incur any cost for these or other services not included in the Monthly Service Fee, Resident will be billed monthly. Such amount billed shall be due and payable when billed. Any sums not in dispute and not paid within thirty (30) days of billing shall be subject to a late charge of 1.5% per month until paid.

6.03 Exclusions

AFROC will not assume any responsibility at any time for:

- A. Personal debts of Resident;**
- B. Hospitalization or medical services administered outside Falcons Landing;**
- C. Medical expenses incurred for items other than those included in the Resident Health Care Rate.**

**ARTICLE VII
Monthly Service Fee**

7.01 Due

The Monthly Service Fee shall be paid on the first (1st) day of each month by Resident in such amounts as shall be determined by AFROC in return for providing the continuing care as described in this Contract. Said charge shall begin on the date this Contract is executed and shall be paid on a pro-rata basis to the first (1st) day of the following month.

7.02 Current Amount

The Monthly Service Fees vary based primarily on the type of residence. The current Monthly Service Fee associated with the Residence is \$_____ per month for the first person occupying the Residence, plus \$_____ per month for the second person (if any) occupying the Residence.

7.03 Adjustments

Adjustments in Monthly Service Fees may be made by AFROC based on projected costs, prior year costs, and economic indicators. AFROC will provide written notice of at least thirty (30) days to Resident before implementing any change in fees, charges or the scope of care or services provided, except for changes required by state or federal assistance programs.

**ARTICLE VIII
Falcons Landing Health Center**

8.01 Facilities

Falcons Landing has a nursing facility and assisted living facilities referred to as the Health Center (defined in Section 6.01P above) to provide for the Resident's health needs. AFROC will operate the Health Center in compliance with federal and state statutes, laws, and directives. AFROC reserves the right to add, delete, or otherwise modify the number and mix of nursing assisted beds to meet the needs of Falcons Landing.

8.02 Health Center Charges

A. Resident Health Care Rate

A daily Resident Health Care Rate is currently set at \$_____. This Resident Health Care Rate may be adjusted by AFROC with at least thirty (30) days advance written notice to Resident.

B. Specific Circumstances

The details for selected specific circumstances requiring a stay in the Health Center are as follows:

1. Single Resident, Temporary Stay

If Resident is a single person and requires a temporary stay in the Health Center, the Monthly Service Fee for the Residence will continue, and Resident will also pay the cost of two extra meals per day for each day spent in the Health Center.

2. Single Resident, Permanent Stay

If Resident is a single person and requires a permanent stay in the Health Center, Resident has two choices:

- a. Subject to the approval of AFROC, Resident may continue to retain the Residence by paying the Monthly Service Fee, reduced by the cost of meals not taken, and by also paying the then-current Resident Health Care Rate,
- b. Resident may choose to turn the Residence back to AFROC. When the Residence is vacated, the Monthly Service Fee for the Residence will cease, and the Resident will pay the Resident Health Care Rate.

3. Two Residents

a. One in Health Center

If Resident is more than one person occupying the Residence and one must go to the Health Center, the one in the Health Center will be charged the Monthly Service Fee for a second person plus the cost of two extra meals per day for each day spent in the Health Center, while the Resident remaining in the Residence will be charged the Monthly Service Fee for one person.

b. Two in Health Center, At Least One on Temporary Basis

Should both Residents be in the Health Center simultaneously and at least one stay is temporary, the Resident, who is the Eligible Applicant as defined in Article I of the Reservation Agreement, will continue to pay the Monthly Service Fee for one person plus the cost of two extra meals per day for each day spent in the Health Center; the other Resident will continue to pay the Monthly Service Fee for a second person plus the cost of two extra meals per day for each day spent in the Health Center. Should one pre-decease the other, and the survivor be in the health Center on a temporary basis, the terms of Section 8.02.B.1. will apply. Should the survivor be in the Health Center on a permanent basis, the terms of Section 8.02.B.2. will apply.

c. Two in Health Center, Both on Permanent Basis

Should both Residents simultaneously require permanent stays in the Health Center; there are two options available:

- i. Subject to the approval of AFROC, Residents may continue to retain the Residence by paying the Monthly Service Fee, reduced by the cost of meals not taken, and also by each paying the then-current Resident Health Care Rate, or
- ii. Residents may choose to turn the Residence back to AFROC. When the Residence is vacated, the Monthly Service Fee for the Residence will cease, and the Resident who is the Eligible Applicant as defined in Article I of the Reservation Agreement will continue to pay the Resident Health Care Rate; the other Resident will continue to pay the Monthly Service Fee for a second person plus the cost of two extra meals per day for each day spent in the Health Center. Should one pre-decease the other, the survivor will pay the Resident Health Care Rate.

4. Medicare Stay

Should Resident qualify and be admitted to the Health Center for a Medicare Part A stay, Medicare rules and regulations will govern the responsibilities of AFROC and Resident.

C. Charges

Charges, under Sections 8.02.A. and 8.02.B.1, 2, and 3, include the cost of providing nursing care and three meals per day. Not included are therapy charges, physician's fees, nutritional supplements, pharmaceutical charges, oxygen services, specialized durable medical equipment, supplies, dental work, glasses, hearing aids, transportation other than that provided by recreation services or other such items.

8.03 Recovery From a Permanent Stay

Should Resident relinquish the Residence to enter the Health Center permanently, and be later judged by AFROC (with input from its Medical Director) capable of living in the Residence

without the assistance of another person, Resident will be offered the next available residence of the size and style comparable to the Residence. Upon occupancy of such residence, the then-current Monthly Service Fee shall again be charged to Resident in accordance with the terms of this Contract.

8.04 Private Duty Assistance

Subject to AFROC approval, Resident may engage, at Resident's expense, private duty aides, nurses, or companions to provide additional care; the foregoing notwithstanding, AFROC reserves the right to make the determination that Resident must be transferred to a higher level of care without considering the presence or absence of private duty personnel engaged by Resident. Private Duty Assistants are to be hired through an agency that meets standards established by AFROC and has been approved by AFROC. This Contract incorporates by reference AFROC's Private Duty Aide Policy.

8.05 Medicare/Medicaid

A. Medicare

AFROC reserves the right to participate in the Medicare program as it deems appropriate and in the best interests of the Falcons Landing residents.

B. Medicaid

AFROC will not participate in Medicaid, and Resident agrees to provide written acknowledgment of same upon the request of AFROC, if, as, and when such acknowledgment may be requested by AFROC.

If Resident becomes eligible for participation in Medicaid, Resident understands that use of such Medicaid benefits will not be permitted in the Health Center.

8.06 Entitlement Program Reimbursement

Reimbursement received by either Resident or Falcons Landing from any federal, state, or local entitlement program for services provided in the Health Center shall be credited against the financial obligation of Resident. Such reimbursement credit shall apply against Resident's financial obligation for only the period for which reimbursement was made and only for the services for which reimbursement was made.

Example: Falcons Landing residents may participate in the Medicare program in the Health Center which is an authorized Medicare provider. During the first twenty Medicare days, the Resident, as a Medicare patient, pays nothing for Medicare mandated services, and AFROC is entitled to the entire amount reimbursed by Medicare. After day 20, the Medicare Program imposes a daily co-pay on the Resident, as a Medicare patient, which is the Resident's responsibility. AFROC remains entitled to the full Medicare reimbursement, but this reimbursement is reduced by the amount of the co-pay. The Resident can pay the Medicare co-pay charge to AFROC, either directly or through Medicare supplemental insurance. The Medicare obligated co-pay is not to be confused with the Resident's financial obligation under the contract for Health Center services.

ARTICLE IX
Physician's Services and Outside Medical Care

- 9.01** Resident is at liberty to engage the service of any physician licensed to practice in Virginia, at Resident's own expense. AFROC shall not be responsible for the cost of any outside medical care to Resident, and AFROC shall not be responsible at any time for the cost of medications, drugs, ancillary services, or the cost of health insurance.

In the event outside medical care for Resident becomes necessary for health reasons beyond the scope of services provided by AFROC's Health Center, all expenses of such outside medical care shall be the obligation of Resident. In the event Resident becomes afflicted with a contagious disease to the degree deemed detrimental to the health and welfare of others by AFROC (with input from its Medical Director) or becomes mentally or emotionally disabled to the degree that Resident's presence in Falcons Landing is deemed detrimental to the health, safety, or well-being of others by AFROC (with input from its Medical Director) then AFROC may transfer Resident on a temporary basis without advance notice to an appropriate off-site medical facility at Resident's sole expense. Should such transfer be judged by AFROC (with input from its Medical Director) to be permanent, then the termination provisions of Article X shall apply. While Resident is absent from the Facility, the Monthly Service Fee will continue to be the obligation of Resident as long as this Contract is in effect.

9.02 Unavailability of Health Center Beds

In the event Resident requires care that is within the licensure provisions of the Falcons Landing Health Center, but no facilities (beds) are available in which to provide such care, AFROC may transfer Resident to a comparable off-site health care facility of AFROC's selection, and Resident will be required to pay only those charges as applicable per Section 8.02. The Monthly Service Fees will continue to be paid if the Resident has not vacated the Residence. AFROC will return Resident to Falcons Landing Health Center at the earliest possible opportunity.

ARTICLE X
Termination Provisions

10.01 AFROC's Rights

AFROC shall have the right, in addition to those provided elsewhere herein, to terminate this Contract for good cause under the following terms and conditions:

A. Before Occupancy

1. Death of Resident

If Resident dies before occupying the Residence, all monies paid to AFROC, plus accrued interest, but less any cost specifically incurred by AFROC at the request of Resident and set forth in writing in a separate addendum and signed by the Parties, shall be refunded to Resident's estate within thirty (30) days from date notice of death is received by AFROC. If Resident is more than one person, Article XXI shall apply.

2. Inability to Live In the Residence

If, before occupying the Residence, Resident is judged by AFROC (with input from its Medical Director) to be incapable of living in the Residence without the assistance of another person, all monies paid to AFROC, plus accrued interest, but less any cost specifically incurred by AFROC at the request of Resident and set forth in writing in a separate addendum and signed by the Parties, shall be refunded to Resident within thirty (30) days from date of notification by AFROC of termination of this Contract. If Resident is more than one person, Article XXI shall apply.

3. Change in Financial Status

If, before occupying the Residence, Resident's financial status changes to the degree that Resident can no longer meet the financial requirements for residence as outlined in Section 3.02 of the Reservation Agreement, AFROC may terminate this Contract. In such an event, all monies paid to AFROC, less any cost specifically incurred by AFROC at the request of Resident and set forth in writing in a separate addendum and signed by the Parties, shall be refunded to Resident within thirty (30) days from date of notification by AFROC of termination of this Contract.

B. After Occupancy

AFROC is permitted by the Commonwealth of Virginia under Chapter 49 of Title 38, Code of Virginia, to terminate this Contract for the following reasons:

1. Death of Resident

In the event of the death of Resident, this Contract is automatically terminated, unless Resident is more than one (1) person, in which case Article XXI shall apply.

2. Resident is a Danger to Resident or Others

If Resident contracts a contagious disease, or becomes mentally or emotionally disabled, to the degree that Resident, in the sole opinion of AFROC (with input from its Medical Director) endangers the health, safety or well-being of the Resident or another person, then AFROC may terminate this Contract. Such termination will, to the degree possible, be done with thirty (30) days' written notice, although should AFROC (with input from its Medical Director) deem the circumstances to be of an emergency nature, then the Contract may be terminated with reasonable notice under the circumstances. If Resident is more than one person, Article XXI shall apply.

3. Nonpayment by Resident of Monthly Service Fee

a. Voluntary Non-Payment

If Resident fails to make a required payment of the Monthly Service Fee within fifteen (15) days of the due date, and, in the sole opinion of AFROC, Resident is capable of making such payment, and other arrangements for payment have not been agreed to in advance by AFROC, AFROC may terminate this Contract.

b. Involuntary Non-Payment

Resident's occupancy shall not be terminated solely for the reason of financial inability of Resident to pay the Monthly Service Fee, provided Resident has applied to AFROC for dispensation of the Monthly Service Fee and has established the facts which justify special consideration and dispensation by AFROC. Such application for special consideration and dispensation of the Monthly Service Fee may be granted by AFROC, provided such special treatment does not impair, in the sole opinion of AFROC, the ability of AFROC to operate on a sound financial basis and in accordance with AFROC's policies and procedures then in effect and as amended from time to time; but in every case at the sole and absolute discretion of AFROC. In no event will AFROC approve dispensation of Monthly Service Fee or provide funds to any resident who impairs his or her ability to meet financial obligations, whether by gratuitous transfer or the incurrence of unusual, unnecessary or extraordinary expenditures or obligations, as determined by AFROC in its sole and absolute discretion. Facts to be considered in the granting of such special financial consideration and dispensation are the assets and income of Resident, but are not limited to these matters. Resident agrees to provide AFROC with such financial and other information and documentation as AFROC requests from time to time and which AFROC determines is necessary to determine eligibility for dispensation of fees or other financial aid.

4. Repeated Conduct by Resident That Interferes With Other Residents' Quiet Enjoyment of Falcons Landing.

Should Resident, in AFROC's sole opinion, engage in repeated conduct that interferes with other resident's quiet enjoyment of Falcons Landing, or should other residents have registered complaints to that effect with AFROC, AFROC may terminate this Contract.

5. Persistent Refusal to Comply With Reasonable Written Rules and Regulations.

By signing below, Resident acknowledges that AFROC retains the right to publish, implement and enforce those rules, regulations, policies, and procedures, which it deems, in its sole opinion, to be reasonable for the operation of Falcons Landing, and Resident agrees to abide by those rules, regulations, policies, and procedures. Should Resident persistently refuse to comply with one or more of these rules, regulations, policies and/or procedures, AFROC may terminate this Contract.

6. Material Misrepresentation Made by Resident.

Should Resident have made a material misrepresentation or omission in the provision of any information, including, but not limited to, financial, health or medical information or in the Reservation Agreement, the Pre-Entrance Physical Examination Form or any related materials regarding any information, which, if accurately provided, would have resulted in either a failure of Resident to qualify for residency or a material increase in the cost of providing

Resident the continuing care provided under this Contract, AFROC may terminate this Contract.

7. Material Breach of Contract by Resident

In the event that Resident materially breaches the terms and conditions of this Contract, AFROC may terminate this Contract.

8. Permanent Transfer of Resident to Outside Facility

When, pursuant to Article XI, Resident is permanently transferred to an outside facility, AFROC may terminate this Contract.

Should this Contract be terminated pursuant to any of Subsections B.1. through B.8. above, 1) the Monthly Service Fee will continue until the Residence is vacated, 2) Resident agrees to vacate the Residence within sixty (60) days of receipt of written notification from AFROC of the termination of this Contract, 3) the refund provisions of Article XII shall apply, and 4) any refund due shall be made by AFROC within sixty (60) days after the Contract is terminated.

The above paragraph notwithstanding, should AFROC seek to terminate this Contract pursuant to any of Subsections B.2. through B.8. above, AFROC shall give reasonable notice to Resident of its intent and a reasonable opportunity to cure, within a reasonable period of time, the conduct warranting the termination of this Contract.

10.02 Resident's Termination Rights

Resident shall have the right to terminate this Contract under the following terms and conditions:

A. Before Occupancy -- For Any Reason

Resident may terminate this Contract by providing written notice of termination to AFROC. AFROC will refund to Resident, within thirty (30) days from the date of said notice, all monies paid to AFROC, less any accrued interest, and less any cost specifically incurred by AFROC at the request of Resident and set forth in writing in a separate addendum and signed by the Parties.

B. After Occupancy -- For Any Reason

Resident may terminate this Contract by providing written notice of termination to AFROC. The Monthly Service Fee shall continue until the Residence is vacated. The refund provisions of Article XII shall apply. In such an event, any refund due will be made within sixty (60) days of termination of this Contract.

ARTICLE XI

Change in Residence Status, Transfers, and Relocations

11.01 Marriage to Another Resident

Should Resident marry another resident of Falcons Landing, either resident may 1) terminate his or her respective continuing care contract with AFROC; 2) turn his or her residence back to AFROC; 3) receive any refund due; 4) and become a party to the other resident's continuing

care contract with AFROC. The Monthly Service Fee for the residence turned back to AFROC for remarketing shall terminate upon its vacancy, and the Monthly Service Fee for the residence retained shall simultaneously be raised to the double occupancy level.

11.02 Marriage to a Non-Resident

- A. Should Resident marry a non-resident, if the non-resident satisfies the criteria then in effect to qualify as a resident, the non-resident shall, pursuant to an addendum to this Contract (see Article XVIII below), become a party to this Contract upon payment of the then applicable second person entrance fee, and the Monthly Service Fee for the Residence shall simultaneously be raised to the double occupancy level.
- B. Should the non-resident not meet the criteria then in effect to qualify as a resident, AFROC policies and procedures then in effect shall apply.

11.03 Change of Residence Upon Request of Resident

After occupancy, if Resident applies in writing to AFROC to move from the Residence to another residence, subject to policies and procedures established by AFROC, the following provisions shall apply:

A. Upgrading

Should Resident move from the Residence to a larger residence, Resident will pay the difference in Entrance Fees from the current Entrance Fee then in effect for the smaller residence to the Entrance Fee then in effect for the larger residence. The calculation for any future refunds will be based on the date of original occupancy of the smaller residence, and the Monthly Service Fee will be increased to that of the larger residence at the time occupancy of the larger residence commences.

B. Downgrading

If Residence moves from the Residence to a smaller residence, a pro-rata refund will be calculated based on the original Entrance Fee paid, the then-current Entrance Fee for the smaller residence, and the refund program originally selected by Resident. Any refund due will be made by AFROC to Resident within sixty (60) days of Resident occupying the smaller residence. Resident's Monthly Service Fee will be lowered to that of the smaller residence at the time occupancy of the small residence commences.

11.04 Change of Residence Upon Determination of AFROC

A. Transfer for Level of Care Reasons

It is AFROC's policy to see that the Resident reside in the area of Falcons Landing where Resident's specific needs and the appropriate level of care are available to the Resident. Falcons Landing is organized and operated as a continuing care retirement community. AFROC has made certain assumptions in planning whereby residents will move seamlessly through a continuum of care and receive the appropriate level of care in the most cost-effective and efficient setting. Falcons Landing's Interdisciplinary Care Team is the body that makes the determination as to the appropriate level of care for the Resident. In making these determinations, the Interdisciplinary Care Team will consult with the Resident and will review

potential reasonable accommodations to allow Resident to stay on a desired level of care, so long as that level of care is appropriate for the Resident. When requested by AFROC, the Resident agrees to provide the Medical Director or the Interdisciplinary Care Team with the Resident's complete current health information and agrees to an additional evaluation, if requested, to permit AFROC to determine if a change in the level of care is appropriate or necessary for the Resident. The Resident agrees that any failure to cooperate with the Medical Director's or the Interdisciplinary Care Team's reasonable requests for information or evaluation will be a breach of this Contract. The Resident will not be permitted to remain on a lower level of care if AFROC determines that it may alter the nature of the Facility or if AFROC determines that it is inhibited in providing the Resident with the appropriate level of care needed in the Resident's particular circumstances and in consideration of Resident's health or safety and that of other residents. The Interdisciplinary Care Team typically includes a registered nurse, dietitian, social worker, activity coordinator, as well as other staff members. The Resident agrees that AFROC may require transfer in the following circumstances:

1. Transfer Between Levels of Care at Falcons Landing

The Resident agrees that AFROC may transfer the Resident to a different residence, including the Health Care Center (either for assisted living services or nursing services) when AFROC determines (after consultation with the Resident, the Interdisciplinary Care Team and the Medical Director), that such transfer is necessary for the Resident's well-being and as may be set forth in AFROC policy amended from time to time, including but not limited to the policy articulated above.

2. Transfer to Outside Facility

If the Resident has a condition which requires care that cannot be given at Falcons Landing, such as a contagious disease, psychiatric condition or any other condition requiring services which are prohibited under the licenses of the Health Care Center or which AFROC is unable or ill-equipped to provide or is otherwise beyond the scope of AFROC's services, the Resident agrees that AFROC may require the transfer of the Resident to an appropriate hospital, long-term care facility, institution or other outside facility ("Outside Facility") and Resident agrees to comply with such requirement.

B. Relocation to Comparable Residence:

AFROC may, in the exercise of its reasonable discretion, relocate the Resident to a comparable residence within the independent living community at Falcons Landing. AFROC shall pay all reasonable costs to pack, move, and unpack Resident associated with the relocation.

ARTICLE XII

Entrance Fee Refund Program After Occupancy

Listed below are the three (3) different refund programs being offered by AFROC. Only one (1) will apply for the purposes of this Contract. The refund program selected by the Resident shall be initialed by both the Resident and an AFROC authorized agent. Any refund due in accordance with these

provisions shall be made within sixty (60) days of the termination of this Contract after occupancy or within thirty (30) days of notification of termination prior to occupancy.

12.01 Introductory Period

The first five (5) months following the date of execution of this Contract shall be known as the Introductory Period. Should Resident leave Falcons Landing for any reason during the Introductory Period, and this Contract shall be terminated, the Resident shall forfeit five percent (5%) of the Entrance Fee paid. This Introductory Period is common to all of the Entrance Fee Refund Programs noted below.

12.02 Entrance Fee Refund Program Options (Only One Shall Apply)

A. Plan O

Should this Contract be terminated by either Party after occupancy, the Resident, or if applicable, the Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%), if such termination occurs during the Introductory Period. After the Introductory Period, should this Contract be terminated for any reason, the Entrance Fee paid will be refunded less five percent (5%) during the Introductory Period and less an additional two percent (2%) per month thereafter for forty-seven-and-a-half (47 ½) additional months. After fifty-two-and-a-half (52½) months, there will be no refund made to the Resident for any reason. This program option is open to the Resident regardless of age of Resident at occupancy.

B. Plan 50

Should this Contract be terminated by either Party after occupancy, the Resident, or if applicable, the Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) Introductory Period and less an additional one and one-half percent (1½%) per month thereafter for thirty (30) additional months. After thirty-five (35) months, there is no further decrease in the amount refunded; it remains constant at fifty percent (50%) of the original Entrance Fee paid, regardless of the length of time the Resident retains the Residence.

Due to the financial model on which the Plan 50 is based, this option is available to the Resident only if the Resident has not attained the age of eighty-one (81) by the date of occupancy. If the Resident is two (2) individuals, one must not have attained the age of eighty-one (81) by the date of occupancy; the other must not have attained the age of eighty-five (85) by the date of occupancy.

C. Plan 95

Should this Contract be terminated by either Party after occupancy, the Resident, or, if applicable, the Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period. After five (5) months, there is no further decrease in the amount refunded; the refund will remain constant at ninety-five percent (95%) of the original Entrance Fee paid, regardless of the length of time the Resident retains the Residence.

Due to the financial model on which the Plan 95 is based, this option is available to the Resident only if the Resident has not attained the age of eighty-one (81) by the date of occupancy. If the Resident is two (2) individuals, one must not have attained the age of eighty-one (81) by the date of occupancy; the other must not have attained the age of eighty-five (85) by the date of occupancy.

12.03 Change of Entrance Fee Refund Program Option

The Entrance Fee refund program option selected at execution of this Contract remains binding on both the Resident and AFROC and cannot be change so long as this Contract is in effect.

**ARTICLE XIII
No interest in Real Property**

13.01 Not a lease

It is agreed and understood that this Contract is not a lease and does not create any property interest in the Residence, in any residence to which the Resident may be relocated within the independent living community at Falcons Landing, or in any real estate and other property owned by AFROC.

13.02 Non-Transferability

The residency privileges described in this Contract shall not inure to the use or benefits of the heirs, assignees, designees, successors, or representatives of the Resident or any provider of funds to the Resident, and may not be transferred by the Resident.

13.03 Right of Entry

AFROC employees shall have the right to enter the Residence at any time to respond to fire, medical and other emergencies when such employees reasonably believe that failure to enter may result in injury or danger to the Resident or other persons, or damage to AFROC-owned property.

13.04 Resident's Visitors

The Resident agrees to comply with AFROC rules and regulations, including, but not limited to, its rules and regulations related to visitation of the Resident's residence. Visitors are only permitted to stay overnight in the Residence when the Resident is present, unless express prior written permission is obtained from the office of the AFROC President/CEO. To protect all residents' safety and quiet enjoyment of the facilities at Falcons Landing, duration of stays by a single visitor is limited to no longer than fourteen (14) days per visit and no more than thirty (30) days per year, unless express prior written permission is obtained from the AFROC President/CEO.

**ARTICLE XIV
Subordination**

- 14.01** The Resident agrees that the Resident's rights under this Contract shall, at all times, be subordinate or junior to the lien of all deeds of trust and mortgages, which have been executed, or may be executed in the future, by AFROC on AFROC owned real estate, known as Falcons Landing. Upon request, the Resident agrees to execute and deliver to any lender supplying financing to AFROC written acknowledgment of such subordination.

ARTICLE XV
Liability of AFROC and Indemnification

- 15.01** AFROC shall not be responsible for the loss of any personal property of the Resident due to any cause.

15.02 Responsibility for Damages

The Resident shall reimburse AFROC for costs incurred or damages suffered by AFROC resulting from careless, negligence or wrongful acts of the Resident or the Resident's guests.

ARTICLE XVI
Personal Possessions

16.01 Storage by AFROC

When the Resident vacates the Residence, AFROC shall have the right to store, at Resident's expense, or otherwise dispose of, the Resident's personal property remaining in the Residence sixty (60) days after the Residence is vacated.

16.02 Continuance of Monthly Service Fee

Payment of the Monthly Service Fee adjusted for meals not furnished, shall continue to be the obligation of the Resident or the Resident's estate until such time as the Resident's personal possessions have been removed from the Residence.

ARTICLE XVII
Compliance With Law

- 17.01** The Resident and AFROC agree to comply with the laws and regulations of the Commonwealth of Virginia presently in effect or which may be enacted so long as this Contract is in effect, including specifically Chapter 49 of Article 38, Code of Virginia, as amended. The Resident further agrees to execute, when requested by AFROC, any and all amendments or modifications to this Contract as may be required by law.

ARTICLE XVIII
Complete Contract

- 18.01** This Contract, with the attached Exhibits: 1) Reservation Agreement, 2) Pre-Entrance Physical Examination Form and 3) Resident Vital Information Form, contains the entire agreement between the Parties, and no further amendment or addendum is valid unless contained in writing and executed by the Parties.

ARTICLE XIX
Interpretation of This Contract

19.01 Invalidity of Part

The invalidity of any restriction, condition, or other provision of this Contract or any part of this Contract shall not impair or affect in any way the validity, enforceability or effect of the rest of this Contract.

19.02 Laws of Virginia

This Contract shall be construed pursuant to the laws of the Commonwealth of Virginia.

ARTICLE XX
Right of Rescission and Cancellation

20.01 Seven-Day Rescission Period

Notwithstanding other provisions of this Contract, the Resident has the right to rescind this Contract without penalty of forfeiture within seven (7) days of executing this Contract. A receipt will be provided to the Resident at the time of executing this Contract, designating the amount of money paid on this Contract. Monies paid by the Resident at the time of executing this Contract will be escrowed for seven (7) days by AFROC in accordance with applicable Virginia law.

ARTICLES XXI
Two or More Residents

21.01 If this Contract is executed by two or more individuals as the Resident, it is agreed that upon termination of residency at Falcons Landing by one individual, all rights and obligations hereunder shall vest in the remaining individual to the same extent as if such remaining individual had been the sole resident pursuant to the terms of this Contract.

ARTICLE XXII
Resident Organization

22.01 Residents' Council

Falcons Landing's residents have a Residents' Council, which discusses activities and other issues of interest to residents and holds meetings at least quarterly with a designated AFROC representative for the purpose of free discussions of issues related to Falcons Landing.

22.02 Non-Discrimination

AFROC will not discriminate against the Resident because of any complaint made by the Resident or due to the Resident's membership or participation in the Resident's Council.

ARTICLE XXIII

Litigation

- 23.01** In the event of litigation as a result of the Parties entering into this Contract, it is understood and agreed that the non-prevailing party shall pay any and all court costs and attorney's fees incurred by the prevailing party, including court costs and attorney's fees prior to trial, at trial, and on appeal.

ARTICLE XXIV

Waiver of One Breach Not a Waiver of Any Other

- 24.01** The failure of AFROC in any one or more instances to insist upon the strict performance and observance of compliance by the Resident with any of the terms or provisions of this Contract shall not be construed to be a waiver or relinquishment by AFROC of its right to insist upon strict compliance by the Resident with all other terms and provisions of this Contract.

ARTICLE XXV

Non-Discrimination

- 25.01** AFROC does not exclude, deny benefits to, or otherwise discriminate against any person on the basis of race, color, national origin, disability, age, or any other characteristic protected by federal, state, and local law, in admission to, participation in, or receipt of the services and benefits under any of its programs and activities. AFROC is an equal opportunity housing provider and complies with all federal, state, and local laws regarding discrimination in housing, including, but not limited to Title VI of the Civil Rights Act; Section 504 of the Rehabilitation Act; the Age Discrimination Act; the Americans with Disabilities Act; Title VIII of the Civil Rights Act (Fair Housing Act); and the Virginia Fair Housing Law.

ARTICLE XXVI

Reasonable Accommodation

- 26.01** AFROC will make reasonable accommodations in rules, policies, and services in order to provide residents with disabilities an equal opportunity to occupy and enjoy the full use of their housing with AFROC.

ARTICLE XXVII

Applicable Law

- 27.01** This Contract shall be enforced and interpreted in accordance with applicable law, including, but not limited to Title VI of the Civil Rights Act; Section 504 of the Rehabilitation Act; the Age Discrimination Act; the Americans with Disabilities Act; Title VIII of the Civil Rights Act (Fair Housing Act); and the Virginia Fair Housing Law.

ARTICLE XXVIII
Arbitration

28.01 In the event of any dispute between the Parties to this Contract, arising out of or relating to this Contract, or the breach thereof, and which the Resident or the Resident's heirs, assignees, designees, successors or representatives and AFROC are unable to resolve between themselves ("Dispute"), the Dispute shall be settled by binding arbitration, in accordance with the rules for commercial arbitration of the American Arbitration Association or similar organization, in effect at the time arbitration is initiated, and subject further to the provisions of the Virginia Uniform Arbitration Act, incorporated herein by reference. A list of arbitrators shall be presented to the Resident and AFROC from which one arbitrator shall be chosen according to the applicable rules. The arbitration hearing shall be conducted in Loudoun County, Virginia, unless the Parties consent to a different location. The decision of the arbitrator shall be final and binding on the Parties and judgment on the award, rendered by the arbitrator, may be entered in any court having jurisdiction over the assets of the non-prevailing party in order to collect any amounts due hereunder.

The prevailing party shall be awarded all filing fees and related administrative costs incurred in conjunction with the arbitration. Administrative and other costs of enforcing an arbitration award, including the costs of subpoenas, depositions, transcripts and the like, witness fees, payment of reasonable attorney's fees, and similar costs related to collecting the arbitrator's award, will be added to, and become a part of, the amount due pursuant to this Contract.

During the pendency of arbitration, the Resident and AFROC shall continue to perform their respective obligations pursuant to this Contract, subject to the right of either Party to terminate the Contract, as set forth herein. The obligation of the Resident and AFROC to arbitrate the Dispute shall survive the termination of this Contract.

THE RESIDENT UNDERSTANDS AND ACKNOWLEDGES THAT HE OR SHE HAD THE RIGHT TO LITIGATE THE DISPUTE IN A COURT OF COMPETENT JURISDICTION AND THAT BY SIGNING THIS CONTRACT HE OR SHE IS WAIVING THAT RIGHT, INCLUDING ANY RIGHT TO TRIAL BY JURY, AND FURTHER THE RESIDENT UNDERSTANDS AND ACKNOWLEDGES THAT HE OR SHE PREFERS TO RESOLVE THE DISPUTE THROUGH ARBITRATION.

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IN WITNESS WHEREOF the Resident(s) have hereto affixed their hands and seals this _____ day of _____, _____ at Potomac Falls, Virginia.

WITNESS:

Resident

Resident

Accepted and agreed upon behalf of AFROC this _____ day of _____, _____

AIR FORCE RETIRED OFFICERS COMMUNITY – WASHINGTON, D.C.

By: _____

**Continuing
Care
Contract**

Fee For Service

**AIR FORCE RETIRED OFFICERS COMMUNITY – WASHINGTON, D. C.
POTOMAC FALLS, VIRGINIA
CONTINUING CARE CONTRACT**

THIS CONTINUING CARE CONTRACT (“Contract”) made this _____ day of _____, by and between Air Force Retired Officers Community – Washington, D.C., a Virginia non-stock corporation authorized by the Virginia State Corporation Commission to offer continuing care in the Commonwealth of Virginia (AFROC), and _____ (“Resident,” whether one or more persons). AFROC and Resident shall collectively be known as “the Parties”.

RECITALS

AFROC owns and operates a continuing care retirement community known as Falcons Landing Retirement Community (“Falcons Landing”) in Potomac Falls, Virginia.

Resident has made application for residency in Falcons Landing, and has been approved for residency by AFROC, and Resident and AFROC now seek to establish their mutual understanding of the terms and conditions under which Resident shall occupy the selected residence and otherwise enjoy the services, facilities and amenities of Falcons Landing.

The U. S. Department of Defense, the U. S. Department of the Air Force, and/or other U. S. governmental offices are in no way responsible for the financial and contractual obligations of AFROC. Falcons Landing is not affiliated with a religious or proprietary organization or management entity, but it is owned and operated by AFROC, which is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

**ARTICLE I
Definitions**

- 1.01** The term “AFROC” as used herein shall have the same meaning as the term “Provider,” and the term “Falcons Landing” as used herein shall have the same meaning as the term “Facility,” as defined in Section 38.2-4900 of the Code of Virginia.
- 1.02** The term “Resident” as used herein shall include one or two persons, also identified as a first person and a second person.

**ARTICLE II
Objective**

- 2.01** Falcons Landing has been designed to provide secure and comfortable surroundings where retired U. S. military officers, their spouses and unremarried surviving spouses, and others as the AFROC Board of Directors may approve, may live in dignity at reasonable cost. AFROC agrees to provide Resident with the continuing care described in this Contract, and Resident agrees to make payments to AFROC as described in this Contract and to comply with this Contract and with the policies and procedures presently in effect, and with any further policies and procedures that may be adopted in the future by AFROC.

ARTICLE III
Exhibits Incorporated By Reference

3.01 AFROC and Resident hereby adopt and incorporate by reference as a part of this Contract the attached Exhibits numbered 1) completed Reservation Agreement, 2) completed Pre-Entrance Physical Examination Form, and 3) completed Resident Vital Information Form.

ARTICLE IV
Entrance Fee

4.01 Residence and Amount

Resident selects a _____ type Residence, consisting of approximately _____ square feet (the "Residence"), and in consideration for AFROC providing the continuing care set forth herein, has paid AFROC an Entrance Fee in the total amount of \$ _____, (consisting of a first person Entrance Fee of \$ _____ and a second person Entrance Fee of \$ _____) which includes any down payment and any accrued interest on the down payment as called for in the Reservation Agreement executed by the Parties. No other property, donations, subscriptions, fees or other amounts (other than the applicable Monthly Service Fee and charges for extra services as defined in 6.02) have been paid or are payable by or on behalf of Resident in consideration of the Resident's receipt of continuing care at Falcons Landing as set forth herein.

4.02 Increases

Resident's Entrance Fee shall not be increased or changed during the duration of this Contract, except as provided in Article XI.

ARTICLE V
Requirements for Residence

Resident has met the following requirements to the satisfaction of AFROC prior to Resident's occupancy of the Residence, subject to such exceptions as the Board of Directors of AFROC may have approved. Such exceptions, if any, are in writing, signed by the Parties, and are an addendum to this Contract.

5.01 Physical

A. Age

Resident is at least 62 years of age. If Resident is two (2) persons, the individual meeting the eligibility requirements of Article I of the Reservation Agreement ("Eligible Member") is at least 62 years of age.

B. Health

Resident represents that all health information provided to AFROC is complete and accurate and does not make any material omissions relating to Resident's health. In addition to all other information requested by AFROC, Resident shall provide a completed Falcons Landing Pre-Entrance Physical Examination Form with all current health information known to the physician and Resident. Generally, an applicant for residency under this Contract must, at a minimum, be able to live without the assistance of another person and must meet current health requirements established by AFROC for admission. AFROC conducts its own review of Resident's physical condition and medical record to make a determination of qualification and thus all information provided to AFROC regarding Resident's health at the time of admission is considered and relied upon by AFROC in granting or denying admission. These determinations are made in accordance with applicable law, including, but not limited to, Title VI of the Civil Rights Act; Section 504 of the Rehabilitation Act; the Age Discrimination Act; the Americans with Disabilities Act; Title VIII of the Civil Rights Act (Fair Housing Act); and the Virginia Fair Housing Law.

5.02 Financial

Resident acknowledges that AFROC is relying upon the financial information provided by Resident prior to entering into this Contract to determine Resident has the financial ability to pay the Entrance Fee, Monthly Service Fee, and other reasonable living expenses associated with Falcons Landing, including such expenses as may be incurred in the Health Center (see Article VII). Resident warrants and represents that the provided information accurately reflects Resident's financial status, including, but not limited to, assets, current liabilities and known future liabilities. Resident agrees not to take any action that impairs his or her ability to meet his or her financial obligations, whether by gratuitous transfer or the incurrence of unusual, unnecessary or extraordinary expenditures or obligations.

5.03 Medicare Enrollment

Resident confirms that, if eligible, Resident is enrolled in Medicare, Parts A and B, and will continue to be so enrolled for so long as this Contract is in effect.

ARTICLE VI Continuing Care

The continuing care to be provided by AFROC includes Resident's occupation of the Residence; or a comparable residence, as determined by AFROC in its reasonable discretion, for the remainder of the life of Resident, or, in the event Resident is more than one person, for the remainder of the life of the survivor, subject to the terms and conditions of this Contract.

6.01 Services Included in Monthly Service Fee

In return for payment of the Monthly Service Fee, Resident shall receive the following services from AFROC for so long as this Contract is in effect:

A. Dining Facility Credits

Credit for thirty (30) meals per month per person in the Main Dining Room or such other appropriate location as AFROC may designate. These may be taken at any time during the calendar month at Resident's discretion, although reasonable advance notice of attendance may be requested.

More than thirty (30) meals may be taken in any month for an additional cost per extra meal.

Should Resident be absent from Falcons Landing for seven (7) or more consecutive days, AFROC will credit Resident for AFROC's established raw food cost for the entire period of the absence.

B. Utilities

Utilities include gas, electricity, heat, water, air conditioning, sewer fees, trash removal, and basic cable TV. The provision of these utilities is subject to the availability of such services to Falcons Landing.

Individual telephone charges and any premium cable TV fees contracted for by Resident are the responsibility of Resident and are not included in the Monthly Service Fee.

C. Housekeeping

The Residence will be cleaned by the housekeeping staff once each week. Cleaning will include vacuuming; light dusting; cleaning of kitchen and bathroom floors, and bathroom fixtures; cleaning of the kitchen counters, appliance faces, and sink. It does not include doing dishes or laundry, making beds, or other similar tasks.

Window washing, oven cleaning, carpet shampooing, and other heavy cleaning may be done on a periodic, scheduled basis as determined by AFROC.

Resident agrees to maintain the Residence in a safe, clean and orderly condition, as required by health and safety regulation.

D. Insurance

AFROC will insure Falcons Landing against reasonable losses and liabilities.

Personal liability and personal property insurance for those items owned by Resident are not included in the Monthly Service Fee.

E. Taxes

Any taxes due on the revenues and property of Falcons Landing will be paid by AFROC.

Taxes not included in the Monthly Service Fee and which are payable directly by Resident are taxes that might be assessed against Resident; those that might become due on Resident's personal property; or taxes on Resident's income.

F. Security

There will be security personnel to protect the property of Resident and of AFROC, supported by electronic security devices as AFROC deems appropriate.

G. Parking

1. Houses

Should the Residence be a duplex house (“Alexandria”), the Residence has an attached one-car garage for use by Resident. Should the Residence be a single house (“Monticello”), the Residence has an attached two-car garage for use by Resident.

2. Apartments

Should the Residence be an apartment, and Resident has a vehicle at Falcons Landing, Resident will be assigned one (1) parking space in or near the apartment building for Resident’s use. Such assignment will terminate at the time that Resident no longer has a vehicle at Falcons Landing and/or no longer holds a valid Virginia driver’s license. In the event of such termination, or should no assignment be made, the Resident will receive no credit against the Monthly Service Fee.

In the event that there are unassigned parking spaces in a garage, an apartment Resident may request a second parking space be assigned to him or her for an additional monthly fee. The assignment of a second parking space will terminate if AFROC determines the space is needed as the primary space for another resident.

H. Maintenance of the Residence

The Falcons Landing maintenance staff will arrange to promptly repair all AFROC-owned items in and around the Residence, including walls, floors, roofs, doors, and windows, installed appliances, security devices, emergency call devices, plumbing, and electrical devices.

I. Maintenance of Falcons Landing

The Falcons Landing maintenance staff will perform custodial duties, maintain the grounds, and keep the public areas clean and in a good state of repair.

J. Scheduled Transportation

Resident may participate in scheduled periodic trips in Falcons Landing vehicles to a nearby grocery store, shopping center, and such other public areas as AFROC may designate, at no additional charge to Resident.

K. Special Diets

If a physician prescribes a standardized special diet, the Falcons Landing Dining Services Department will prepare meals for Resident that conform to that diet at no additional charge.

L. Planned Events and Activities

Social, cultural, spiritual and recreational activities will be available for Resident's benefit, although attendance or participation will be strictly voluntary.

M. Use of Public Space and Activity Areas.

Public lounges, rooms, stores, library, and activity areas will be available to Resident without charge.

Exceptions are fees for expendables used in activity or craft classes, and a set-up/clean-up fee for use of public spaces by Resident for private purposes or functions.

N. Emergency Medical Assistance

Each residence has an emergency call system. The Falcons Landing staff member, responding to an emergency call, will provide services for which they have been trained and/or licensed to provide. Life-threatening or crisis medical emergencies will be referred to appropriate off-site medical authorities. Fees and costs, if any, associated with such off-site treatment will be the responsibility of Resident.

O. Outpatient Health Services

Certain routine outpatient health care services are available at the Wellness Center for independent living residents. Services are limited to the scope of the licensure of the staff present at the time of the Resident's visit and the capabilities and service hours of the Wellness Center. Examples of such a service are blood pressure measurement, venipuncture for a test ordered by a physician, or minor first aid. No charge will be made for these outpatient health care services provided to Resident by a Wellness Center staff member.

P. Health Center Bed

Subject to space availability (see Section 9.02 below), Resident is guaranteed a bed in the Health Center, if ordered by a physician and approved by the Falcons Landing Medical Director, a licensed physician. As used in this Contract, "Health Center" includes the nursing and assisted living units in the Johnson and West Falls Centers.

6.02 Services Not Included in Monthly Service Fee

Resident may expect to pay additional sums for the following:

- A. Meals exceeding thirty (30) in a calendar month;
- B. Guest meals;
- C. Cable TV charges for other than basic services;
- D. Internet Service;
- E. Individual telephone charges;
- F. Unscheduled or individual use of Falcons Landing transportation;
- G. Extra housekeeping or maintenance service;
- H. Expendable supplies used in arts and crafts;
- I. Room charges for guest rooms;
- J. Health care expenses not included in the Direct Admission Health Care Rate (see Article VIII);
- K. Set-up/clean-up charges for private use of public spaces;

L. Laundry service.

Fees for these services may change periodically; however, Resident will receive advance notice of at least thirty (30) days, in writing, before any such changes are implemented.

Should Resident incur any cost for these or other services not included in the Monthly Service Fee, Resident will be billed monthly. Such amount billed shall be due and payable when billed. Any sums not in dispute and not paid within thirty (30) days of billing shall be subject to a late charge of 1.5% per month until paid.

6.03 Exclusions

AFROC will not assume any responsibility at any time for:

- A. Personal debts of Resident;
- B. Hospitalization or medical services administered outside Falcons Landing;
- C. Medical expenses incurred for items other than those included in the Resident Health Care Rate.

ARTICLE VII Monthly Service Fee

7.01 Due

The Monthly Service Fee shall be paid on the first (1st) day of each month by Resident in such amounts as shall be determined by AFROC in return for providing the continuing care as described in this Contract. Said charge shall begin on the date this Contract is executed and shall be paid on a pro-rata basis to the first (1st) day of the following month.

7.02 Current Amount

The Monthly Service Fees vary based primarily on the type of residence. The current Monthly Service Fee associated with the Residence is \$_____ per month for the first person occupying the Residence, plus \$_____ per month for the second person (if any) occupying the Residence.

7.03 Adjustments

Adjustments in Monthly Service Fees may be made by AFROC based on projected costs, prior year costs, and economic indicators. AFROC will provide written notice of at least thirty (30) days to Resident before implementing any change in fees, charges or the scope of care or services provided, except for changes required by state or federal assistance programs.

7.04 Payable during Health Center Stays

The Monthly Service Fees will continue to be paid when the Resident is on a Temporary Stay in the health center. The Monthly Service Fees will no longer be payable when the Resident vacates their independent living unit and moves permanently into the Health Center. If the

Resident is two persons, and one moves permanently into the Health Center and the other remains in the independent living unit, the individual remaining in the independent living unit will pay the current First Person Monthly Service Fee.

ARTICLE VIII

Falcons Landing Health Center

8.01 Facilities

Falcons Landing has a nursing facility and assisted living facilities referred to as the Health Center, (defined in Section 6.01P above) to provide for the Resident's health needs. AFROC will operate the Health Center in compliance with federal and state statutes, laws, and directives. AFROC reserves the right to add, delete, or otherwise modify the number and mix of nursing assisted beds to meet the needs of Falcons Landing.

8.02 Health Center Charges

A. Health Center Rate

The Resident will pay the direct admission fee for all health care stays except as listed in 8.02.B. The current health care direct admission daily fees are as follows:

Nursing Private Room \$ _____
Johnson Center Assisted Living Private Room \$ _____
West Falls Assisted Living Suite \$ _____

B. Medicare Stay

Should Resident qualify and be admitted to the Health Center for a Medicare Part A stay, Medicare rules and regulations will govern the responsibilities of AFROC and Resident.

C. Charges

Charges, under Section 8.02.A, include the cost of providing nursing care and three meals per day. Not included are therapy charges, physician's fees, nutritional supplements, pharmaceutical charges, oxygen services, specialized durable medical equipment, supplies, dental work, glasses, hearing aids, transportation other than that provided by recreation services or other such items.

8.03 Recovery From a Permanent Stay

Should Resident relinquish the Residence to enter the Health Center permanently, and be later judged by AFROC (with input from its Medical Director) capable of living in the Residence without the assistance of another person, Resident will be offered the next available residence of the size and style comparable to the Residence. Upon occupancy of such residence, the

then-current Monthly Service Fee shall again be charged to Resident in accordance with the terms of this Contract.

8.04 Private Duty Assistance

Subject to AFROC approval, Resident may engage, at Resident's expense, private duty aides, nurses, or companions to provide additional care; the foregoing notwithstanding, AFROC reserves the right to make the determination that Resident must be transferred to a higher level of care without considering the presence or absence of private duty personnel engaged by Resident. Private Duty Assistants are to be hired through an agency that meets standards established by AFROC and has been approved by AFROC. This Contract incorporates by reference AFROC's Private Duty Aide Policy.

8.05 Medicare/Medicaid

A. Medicare

AFROC reserves the right to participate in the Medicare program as it deems appropriate and in the best interests of the Falcons Landing residents.

B. Medicaid

AFROC will not participate in Medicaid, and Resident agrees to provide written acknowledgment of same upon the request of AFROC, if, as, and when such acknowledgment may be requested by AFROC.

If Resident becomes eligible for participation in Medicaid, Resident understands that use of such Medicaid benefits will not be permitted in the Health Center.

8.06 Entitlement Program Reimbursement

Reimbursement received by either Resident or Falcons Landing from any federal, state, or local entitlement program for services provided in the Health Center shall be credited against the financial obligation of Resident. Such reimbursement credit shall apply against Resident's financial obligation for only the period for which reimbursement was made and only for the services for which reimbursement was made.

Example: Falcons Landing residents may participate in the Medicare program in the Health Center which is an authorized Medicare provider. During the first twenty Medicare days, the Resident, as a Medicare patient, pays nothing for Medicare mandated services, and AFROC is entitled to the entire amount reimbursed by Medicare. After day 20, the Medicare Program imposes a daily co-pay on the Resident, as a Medicare patient, which is the resident's responsibility. AFROC remains entitled to the full Medicare reimbursement, but this reimbursement is reduced by the amount of the co-pay. The resident can pay the Medicare co-pay charge to AFROC, either directly or through Medicare supplemental insurance. The Medicare obligated co-pay is not to be confused with the Resident's financial obligation under the contract for Health Center services.

ARTICLE IX

Physician's Services and Outside Medical Care

- 9.01** Resident is at liberty to engage the service of any physician licensed to practice in Virginia, at Resident's own expense. AFROC shall not be responsible for the cost of any outside medical care to Resident, and AFROC shall not be responsible at any time for the cost of medications, drugs, ancillary services, or the cost of health insurance.

In the event outside medical care for Resident becomes necessary for health reasons beyond the scope of services provided by AFROC's Health Center, all expenses of such outside medical care shall be the obligation of Resident. In the event Resident becomes afflicted with a contagious disease to the degree deemed detrimental to the health and welfare of others by AFROC (with input from its Medical Director) or becomes mentally or emotionally disabled to the degree that Resident's presence in Falcons Landing is deemed detrimental to the health, safety, or well-being of others by AFROC (with input from its Medical Director) then AFROC may transfer Resident on a temporary basis without advance notice to an appropriate off-site medical facility at Resident's sole expense. Should such transfer be judged by AFROC (with input from its Medical Director) to be permanent, then the termination provisions of Article X shall apply. While Resident is absent from the Facility, the Monthly Service Fee will continue to be the obligation of Resident as long as this Contract is in effect.

9.02 Unavailability of Health Center Beds

In the event Resident requires care that is within the licensure provisions of the Falcons Landing Health Center, but no facilities (beds) are available in which to provide such care, AFROC may transfer Resident to a comparable off-site health care facility of AFROC's selection, and Resident will be required to pay only those charges as applicable per Section 8.02. The Monthly Service Fees will continue to be paid if the Resident has not vacated the Residence. AFROC will return Resident to Falcons Landing Health Center at the earliest possible opportunity.

ARTICLE X Termination Provisions

10.01 AFROC's Rights

AFROC shall have the right, in addition to those provided elsewhere herein, to terminate this Contract for good cause under the following terms and conditions:

A. Before Occupancy

1. Death of Resident

If Resident dies before occupying the Residence, all monies paid to AFROC, plus accrued interest, but less any cost specifically incurred by AFROC at the request of Resident and set forth in writing in a separate addendum and signed by the Parties, shall be refunded to Resident's estate within thirty (30) days from date notice of death is received by AFROC. If Resident is more than one person, Article XXI shall apply.

2. Inability to Live In the Residence

If, before occupying the Residence, Resident is judged by AFROC (with input from its Medical Director) to be incapable of living in the Residence without the assistance of another person, all monies paid to AFROC, plus accrued interest, but less any cost specifically incurred by AFROC at the request of Resident and set forth in writing in a separate addendum and signed by the Parties, shall be refunded to Resident within thirty (30) days from date of notification by AFROC of termination of this Contract. If Resident is more than one person, Article XXI shall apply.

3. Change in Financial Status

If, before occupying the Residence, Resident's financial status changes to the degree that Resident can no longer meet the financial requirements for residence as outlined in Section 3.02 of the Reservation Agreement, AFROC may terminate this Contract. In such an event, all monies paid to AFROC, less any cost specifically incurred by AFROC at the request of Resident and set forth in writing in a separate addendum and signed by the Parties, shall be refunded to Resident within thirty (30) days from date of notification by AFROC of termination of this Contract.

B. After Occupancy

AFROC is permitted by the Commonwealth of Virginia under Chapter 49 of Title 38, Code of Virginia, to terminate this Contract for the following reasons:

1. Death of Resident

In the event of the death of Resident, this Contract is automatically terminated, unless Resident is more than one (1) person, in which case Article XXI shall apply.

2. Resident is a Danger to Resident or Others

If Resident contracts a contagious disease, or becomes mentally or emotionally disabled, to the degree that Resident, in the sole opinion of AFROC (with input from its Medical Director) endangers the health, safety or well-being of the Resident or another person, then AFROC may terminate this Contract. Such termination will, to the degree possible, be done with thirty (30) days' written notice, although should AFROC (with input from its Medical Director) deem the circumstances to be of an emergency nature, then the Contract may be terminated with reasonable notice under the circumstances.

If Resident is more than one person, Article XXI shall apply.

3. Nonpayment by Resident of Monthly Service Fee

a. Voluntary Non-Payment

If Resident fails to make a required payment of the Monthly Service Fee within fifteen (15) days of the due date, and, in the sole opinion of AFROC, Resident is capable of making such payment, and other

arrangements for payment have not been agreed to in advance by AFROC, AFROC may terminate this Contract.

b. Involuntary Non-Payment

Resident's occupancy shall not be terminated solely for the reason of financial inability of Resident to pay the Monthly Service Fee, provided Resident has applied to AFROC for dispensation of the Monthly Service Fee and has established the facts which justify special consideration and dispensation by AFROC. Such application for special consideration and dispensation of the Monthly Service Fee may be granted by AFROC provided such special treatment does not impair, in the sole opinion of AFROC, the ability of AFROC to operate on a sound financial basis and in accordance with AFROC's policies and procedures then in effect and as amended from time to time; but in every case at the sole and absolute discretion of AFROC. In no event will AFROC approve dispensation of Monthly Service Fee or provide funds to any resident who impairs his or her ability to meet financial obligations, whether by gratuitous transfer or the incurrence of unusual, unnecessary or extraordinary expenditures or obligations, as determined by AFROC in its sole and absolute discretion. Facts to be considered in the granting of such special financial consideration and dispensation are the assets and income of Resident, but are not limited to these matters. Resident agrees to provide AFROC with such financial and other information and documentation as AFROC requests from time to time and which AFROC determines is necessary to determine eligibility for dispensation of fees or other financial aid.

4. Repeated Conduct by Resident That Interferes With Other Residents' Quiet Enjoyment of Falcons Landing.

Should Resident, in AFROC's sole opinion, engage in repeated conduct that interferes with other resident's quiet enjoyment of Falcons Landing, or should other residents have registered complaints to that effect with AFROC, AFROC may terminate this Contract.

5. Persistent Refusal to Comply With Reasonable Written Rules and Regulations.

By signing below, the Resident acknowledges that AFROC retains the right to publish, implement and enforce those rules, regulations, policies, and procedures, which it deems, in its sole opinion, to be reasonable for the operation of Falcons Landing, and Resident agrees to abide by those rules, regulations, policies and procedures. Should Resident persistently refuse to comply with one or more of these rules, regulations, policies and/or procedures, AFROC may terminate this Contract.

6. Material Misrepresentation Made by Resident.

Should Resident have made a material misrepresentation or omission in the provision of any information, including, but not limited to, financial, health or

medical information or in the Reservation Agreement, the Pre-Entrance Physical Examination Form, or any related materials regarding any information, which, if accurately provided, would have resulted in either a failure of Resident to qualify for residency or a material increase in the cost of providing Resident the continuing care provided under this Contract, AFROC may terminate this Contract.

7. Material Breach of Contract by Resident

In the event that Resident materially breaches the terms and conditions of this Contract, AFROC may terminate this Contract.

8. Permanent Transfer of Resident to Outside Facility

When, pursuant to Article XI, Resident is permanently transferred to an outside facility, AFROC may terminate this contract.

Should this Contract be terminated pursuant to any of Subsections B.1. through B.8. above, 1) the Monthly Service Fee will continue until the Residence is vacated, 2) Resident agrees to vacate the Residence within sixty (60) days of receipt of written notification from AFROC of the termination of this Contract, 3) the refund provisions of Article XII shall apply, and 4) any refund due shall be made by AFROC within sixty (60) days after the Contract is terminated.

The above paragraph notwithstanding, should AFROC seek to terminate this Contract pursuant to any of Subsections B.2. through B.8. above, AFROC shall give reasonable notice to Resident of its intent and a reasonable opportunity to cure, within a reasonable period of time, the conduct warranting the termination of this Contract.

10.02 Resident's Termination Rights

Resident shall have the right to terminate this Contract under the following terms and conditions:

A. Before Occupancy – For Any Reason

Resident may terminate this Contract by providing written notice of termination to AFROC. AFROC will refund to Resident, within thirty (30) days from the date of said notice, all monies paid to AFROC, less any accrued interest, and less any cost specifically incurred by AFROC at the request of Resident and set forth in writing in a separate addendum and signed by the Parties.

B. After Occupancy – For Any Reason

Resident may terminate this Contract by providing written notice of termination to AFROC. The Monthly Service Fee shall continue until the Residence is vacated. The refund provisions of Article XII shall apply. In such an event, any refund due will be made within sixty (60) days of termination of this Contract.

ARTICLE XI

Change in Residence Status, Transfers and Relocations

11.01 Marriage to Another Resident

Should Resident marry another resident of Falcons Landing, either resident may 1) terminate his or her respective continuing care contract with AFROC; 2) turn his or her residence back to AFROC; 3) receive any refund due; 4) and become a party to the other resident's continuing care contract with AFROC. The Monthly Service Fee for the residence turned back to AFROC for remarketing shall terminate upon its vacancy, and the Monthly Service Fee for the residence retained shall simultaneously be raised to the double occupancy level.

11.02 Marriage to a Non-Resident

- A. Should Resident marry a non-resident, if the non-resident satisfies the criteria then in effect to qualify as a resident, the non-resident shall, pursuant to an addendum to this Contract (see Article XVIII below), become a party to this Contract upon payment of the then applicable second person entrance fee, and the Monthly Service Fee for the Residence shall simultaneously be raised to the double occupancy level.
- B. Should the non-resident not meet the criteria then in effect to qualify as a resident, AFROC policies and procedures then in effect shall apply.

11.03 Change of Residence Upon Request of Resident

After occupancy, if Resident applies in writing to AFROC to move from the Residence to another residence, subject to policies and procedures established by AFROC, the following provisions shall apply:

A. Upgrading

Should Resident move from the Residence to a larger residence, Resident will pay the difference in Entrance Fees from the current Entrance Fee then in effect for the smaller residence to the Entrance Fee then in effect for the larger residence. The calculation for any future refunds will be based on the date of original occupancy of the smaller residence, and the Monthly Service Fee will be increased to that of the larger residence at the time occupancy of the larger residence commences.

B. Downgrading

If Residence moves from the Residence to a smaller residence, a pro-rata refund will be calculated based on the original Entrance Fee paid, the then-current Entrance Fee for the smaller residence, and the refund program originally selected by Resident. Any refund due will be made by AFROC to Resident within sixty (60) days of Resident occupying the smaller residence. Resident's Monthly Service Fee will be lowered to that of the smaller residence at the time occupancy of the small residence commences.

11.04 Change of Residence Upon Determination of AFROC

A. Transfer for Level of Care Reasons

It is AFROC's policy to see that the Resident reside in the area of Falcons Landing where Resident's specific needs and the appropriate level of care are available to the Resident.

Falcons Landing is organized and operated as a continuing care retirement community, AFROC has made certain assumptions in planning whereby residents will move seamlessly through a continuum of care and receive the appropriate level of care in the most cost-effective and efficient setting. Falcons Landing's Interdisciplinary Care Team is the body that makes the determination as to the appropriate level of care for the Resident. In making these determinations, the Interdisciplinary Care Team will consult with the Resident and will review potential reasonable accommodations to allow Resident to stay on a desired level of care, so long as that level of care is appropriate for the Resident. When requested by AFROC, the Resident agrees to provide the Medical Director or the Interdisciplinary Care Team with the Resident's complete current health information and agrees to an additional evaluation, if requested, to permit AFROC to determine if a change in the level of care is appropriate or necessary for the Resident. The Resident agrees that any failure to cooperate with the Medical Director's or the Interdisciplinary Care Team's reasonable requests for information or evaluation will be a breach of this Contract. The Resident will not be permitted to remain on a lower level of care if AFROC determines that it may alter the nature of the Facility or if AFROC determines that it is inhibited in providing the Resident with the appropriate level of care needed in the Resident's particular circumstances and in consideration of Resident's health or safety and that of other residents. The Interdisciplinary Care Team typically includes a registered nurse, dietitian, social worker, activity coordinator as well as other staff members. The Resident agrees that AFROC may require transfer in the following circumstances:

1. Transfer Between Levels of Care at Falcons Landing

The Resident agrees that AFROC may transfer the Resident to a different residence, including the Health Care Center (either for assisted living services or nursing services) when AFROC determines (after consultation with the Resident, the Interdisciplinary Care Team and the Medical Director), that such transfer is necessary for the Resident's well-being and as may be set forth in the AFROC policy amended from time to time, including but not limited to the policy articulated above.

2. Transfer to Outside Facility

If the Resident has a condition which requires care that cannot be given at Falcons Landing, such as a contagious disease, psychiatric condition or any other condition requiring services which are prohibited under the licenses of the Health Care Center or which AFROC is unable or ill-equipped to provide or is otherwise beyond the scope of AFROC's services, the Resident agrees that AFROC may require the transfer of the Resident to an appropriate hospital, long-term care facility, institution or other outside facility ("Outside Facility") and the Resident agrees to comply with such requirement.

B. Relocation to Comparable Residence:

AFROC may, in the exercise of its reasonable discretion, relocate the Resident to a comparable residence within the independent living community at Falcons Landing. AFROC shall pay all reasonable costs to pack, move, and unpack Resident associated with the relocation.

11.05 Review of Resident Health Status

When requested by AFROC, the Resident agrees to provide the Medical Director or the Interdisciplinary Care Team with all of the Resident's current health information and agrees to

an additional evaluation, if requested, to permit AFROC to determine if a change in the level of care is appropriate or necessary for the Resident. The Resident agrees that any failure to cooperate with the Medical Director's or the Interdisciplinary Care Team's reasonable requests for information or evaluation will be a breach of this Contract.

ARTICLE XII

Entrance Fee Refund Program After Occupancy

Listed below are the three (3) different refund programs being offered by AFROC. Only one (1) will apply for the purposes of this Contract. The refund program selected by Resident shall be initiated by both the resident and an AFROC authorized agent. Any refund due in accordance with these provisions shall be made within sixty (60) days of the termination of this Contract after occupancy or within thirty (30) days of notification of termination prior to occupancy.

12.01 Introductory Period

The first five (5) months following the date of execution of this Contract shall be known as the Introductory Period. Should Resident leave Falcons Landing for any reason during the Introductory Period, and this Contract shall be terminated, the Resident shall forfeit five percent (5%) of the Entrance Fee paid. This Introductory Period is common to all of the Entrance Fee Refund Programs noted below.

12.02 Entrance Fee Refund Program Options (Only One Shall Apply)

A. Plan O

Should this Contract be terminated by either Party after occupancy, the Resident, or if applicable, the Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%), if such termination occurs during the Introductory Period.

After the Introductory Period, should this Contract be terminated for any reason, the Entrance Fee paid will be refunded less five percent (5%) during the Introductory Period and less an additional two percent (2%) per month thereafter for forty-seven-and-a-half (47 ½) additional months. After fifty-two-and-a-half (52½) months, there will be no refund made to the Resident for any reason. This program option is open to the Resident regardless of age of the Resident at occupancy.

B. Plan 50

Should this Contract be terminated by either Party after occupancy, the Resident, or if applicable, the Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period and less an additional one and one-half percent (1½%) per month thereafter for thirty (30) additional months. After thirty-five (35) months, there is no further decrease in the amount refunded; it remains constant at fifty percent (50%) of the original Entrance Fee paid, regardless of the length of time the Resident retains the Residence.

Due to the financial model on which the Plan 50 is based, this option is available to the Resident only if the Resident has not attained the age of eighty-one (81) by the date of

occupancy. If the Resident is two (2) individuals, one must not have attained the age of eighty-one (81) by the date of occupancy; the other must not have attained the age of eighty-five (85) by the date of occupancy.

C. Plan 95

Should this Contract be terminated by either Party after occupancy, the Resident, or, if applicable, the Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period. After five (5) months, there is no further decrease in the amount refunded; the refund will remain constant at ninety-five percent (95%) of the original Entrance Fee paid, regardless of the length of time the Resident retains the Residence.

Due to the financial model on which Plan 95 is based, this option is available to the Resident only if the Resident has not attained the age of eighty-one (81) by the date of occupancy. If the Resident is two (2) individuals, one must not have attained the age of eighty-one (81) by the date of occupancy; the other must not have attained the age of eighty-five (85) by the date of occupancy.

12.03 Change of Entrance Fee Refund Program Option

The Entrance Fee refund program option selected at execution of this Contract remains binding on both the Resident and AFROC and cannot be change so long as this Contract is in effect.

**ARTICLE XIII
No interest in Real Property**

13.01 Not a lease

It is agreed and understood that this Contract is not a lease and does not create any property interest in the Residence, in any residence to which the Resident may be relocated within the independent living community at Falcons Landing, or in any real estate and other property owned by AFROC.

13.02 Non-Transferability

The residency privileges described in this Contract shall not inure to the use or benefits of the heirs, assignees, designees, successors, or representatives of the Resident or any provider of funds to the Resident, and may not be transferred by the Resident.

13.03 Right of Entry

AFROC employees shall have the right to enter the Residence at any time to respond to fire, medical and other emergencies when such employees reasonably believe that failure to enter may result in injury or danger to the Resident or other persons, or damage to AFROC-owned property.

13.04 Resident's Visitors

The Resident agrees to comply with AFROC rules and regulations, including, but not limited to, its rules and regulations related to visitation of the Resident's residence. Visitors are only permitted to stay overnight in the Resident's residence when the Resident is present, unless express prior written permission is obtained from the office of AFROC's President/CEO. In order to protect all residents' safety and quiet enjoyment of the facilities at AFROC, duration of stays by a single visitor is limited to no longer than fourteen (14) days per visit and no more than thirty (30) days per year, unless express prior written permission is obtained from AFROC's President/CEO.

ARTICLE XIV Subordination

- 14.01** The Resident agrees that the Resident's rights under this Contract shall, at all times, be subordinate or junior to the lien of all deeds of trusts and mortgages, which have been executed, or may be executed in the future, by AFROC on AFROC owned real estate, known as Falcons Landing. Upon request, the Resident agrees to execute and deliver to any lender supplying financing to AFROC written acknowledgment of such subordination.

ARTICLE XV Liability of AFROC and Indemnification

- 15.01** AFROC shall not be responsible for the loss of any personal property of the Resident due to any cause.
- 15.02** Responsibility for Damages

The Resident shall reimburse AFROC for costs incurred or damages suffered by AFROC resulting from careless, negligence or wrongful acts of the Resident or the Resident's guests.

ARTICLE XVI Personal Possessions

16.01 Storage by AFROC

When the Resident vacates the Residence, AFROC shall have the right to store, at Resident's expense, or otherwise dispose of, the Resident's personal property remaining in the Residence sixty (60) days after the Residence is vacated.

16.02 Continuance of Monthly Service Fee

Payment of the Monthly Service Fee adjusted for meals not furnished, shall continue to be the obligation of the Resident or Resident's estate until such time as the Resident's personal possessions have been removed from the Residence.

ARTICLE XVII Compliance With Law

- 17.01** The Resident and AFROC agree to comply with the laws and regulations of the Commonwealth of Virginia presently in effect or which may be enacted so long as this Contract is in effect, including specifically Chapter 49 of Article 38, Code of Virginia, as amended. Resident further agrees to execute, when requested by AFROC, any and all amendments or modifications to this Contract as may be required by law.

ARTICLE XVIII
Complete Contract

- 18.01** This Contract, with the attached Exhibits: 1) Reservation Agreement, 2) Pre-Entrance Physical Examination Form and 3) Resident Vital Information Form, contains the entire agreement between the Parties, and no further amendment or addendum is valid unless contained in writing and executed by the Parties.

ARTICLE XIX
Interpretation of This Contract

19.01 **Invalidity of Part**

The invalidity of any restriction, condition, or other provision of this Contract or any part of this Contract shall not impair or affect in any way the validity, enforceability or effect of the rest of this Contract.

19.02 **Laws of Virginia**

This Contract shall be construed pursuant to the laws of the Commonwealth of Virginia.

ARTICLE XX
Right of Rescission and Cancellation

20.01 **Seven-Day Rescission Period**

Notwithstanding other provisions of this Contract, the Resident has the right to rescind this Contract without penalty of forfeiture within seven (7) days of executing this Contract. A receipt will be provided to the Resident at the time of executing this Contract, designating the amount of money paid on this Contract. Monies paid by the Resident at the time of executing this Contract will be escrowed for seven (7) days by AFROC in accordance with applicable Virginia law.

ARTICLES XXI
Two or More Residents

- 21.01** If this Contract is executed by two or more individuals as the Resident, it is agreed that upon termination of residency at Falcons Landing by one individual, all rights and obligations hereunder shall vest in the remaining individual to the same extent as if such remaining individual had been the sole resident pursuant to the terms of this Contract.

ARTICLE XXII
Resident Organization

22.01 Residents' Council

Falcons Landing's residents have a Residents' Council, which discusses activities and other issues of interest to residents and holds meetings at least quarterly with a designated AFROC representative for the purpose of free discussions of issues related to Falcons Landing.

22.02 Non-Discrimination

AFROC will not discriminate against the Resident because of any complaint made by the Resident or due to the Resident's membership or participation in the Resident's Council.

ARTICLE XXIII
Litigation

- 23.01** In the event of litigation as a result of the Parties entering into this Contract, it is understood and agreed that the non-prevailing party shall pay any and all court costs and attorney's fees incurred by the prevailing party, including court costs and attorney's fees prior to trial, at trial, and on appeal.

ARTICLE XXIV
Waiver of One Breach
Not a Waiver of Any Other

- 24.01** The failure of AFROC in any one or more instances to insist upon the strict performance and observance of compliance by the Resident with any of the terms or provisions of this Contract shall not be construed to be a waiver or relinquishment by AFROC of its right to insist upon strict compliance by the Resident with all other terms and provisions of this Contract.

ARTICLE XXV
Non-Discrimination

- 25.01** AFROC does not exclude, deny benefits to, or otherwise discriminate against any person on the basis of race, color, national origin, disability, age, or any other characteristic protected by federal, state, and local law, in admission to, participation in, or receipt of the services and benefits under any of its programs and activities. AFROC is an equal opportunity housing provider and complies with all federal, state, and local laws regarding discrimination in housing, including, but not limited to Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act, the Age Discrimination Act, the Americans with Disabilities Act, Title VIII of the Civil Rights Act (Fair Housing Act), and the Virginia Fair Housing Law.

ARTICLE XXVI
Reasonable Accommodation

- 26.01 AFROC will make reasonable accommodations in rules, policies, and services in order to provide residents with disabilities an equal opportunity to occupy and enjoy the full use of their housing with AFROC.

ARTICLE XXVII
Applicable Law

- 27.01 This Contract shall be enforced and interpreted in accordance with applicable law, including, but not limited to, Title VI of the Civil Rights Act; Section 504 of the Rehabilitation Act; the Age Discrimination Act; the Americans with Disabilities Act; Title VIII of the Civil Rights Act (Fair Housing Act); and the Virginia Fair Housing Law.

ARTICLE XXVIII
Arbitration

- 28.01 In the event of any dispute between the Parties to this Contract, arising out of or relating to this Contract, or the breach thereof, and which the Resident or the Resident's heirs, assignees, designees, successors or representatives and AFROC are unable to resolve between themselves ("Dispute"), the Dispute shall be settled by binding arbitration, in accordance with the rules for commercial arbitration of the American Arbitration Association or similar organization, in effect at the time arbitration is initiated, and subject further to the provisions of the Virginia Uniform Arbitration Act, incorporated herein by reference. A list of arbitrators shall be presented to the Resident and AFROC from which one arbitrator shall be chosen according to the applicable rules. The arbitration hearing shall be conducted in Loudoun County, Virginia, unless the Parties consent to a different location. The decision of the arbitrator shall be final and binding on the Parties and judgment on the award, rendered by the arbitrator, may be entered in any court having jurisdiction over the assets of the non-prevailing party in order to collect any amounts due hereunder.

The prevailing party shall be awarded all filing fees and related administrative costs incurred in conjunction with the arbitration. Administrative and other costs of enforcing an arbitration award, including the costs of subpoenas, depositions, transcripts and the like, witness fees, payment of reasonable attorney's fees, and similar costs related to collecting the arbitrator's award, will be added to, and become a part of, the amount due pursuant to this Contract.

During the pendency of arbitration, the Resident and AFROC shall continue to perform their respective obligations pursuant to this Contract, subject to the right of either Party to terminate the Contract, as set forth herein. The obligation of the Resident and AFROC to arbitrate the Dispute shall survive the termination of this Contract.

THE RESIDENT UNDERSTANDS AND ACKNOWLEDGES THAT HE OR SHE HAD THE RIGHT TO LITIGATE THE DISPUTE IN A COURT OF COMPETENT JURISDICTION AND THAT BY SIGNING THIS CONTRACT HE OR SHE IS WAIVING THAT RIGHT, INCLUDING ANY RIGHT TO TRIAL BY JURY, AND

FURTHER THE RESIDENT UNDERSTANDS AND ACKNOWLEDGES THAT HE OR SHE PREFERS TO RESOLVE THE DISPUTE THROUGH ARBITRATION.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Resident(s) have hereto affixed their hands and seals this _____ day of _____, _____ at Potomac Falls, Virginia.

WITNESS:

Resident

Resident

Accepted and agreed upon behalf of AFROC this _____ day of _____,

AIR FORCE RETIRED OFFICERS COMMUNITY – WASHINGTON, D.C.

By: _____



FALCONS LANDING

A Continuing Care Retirement Community

Pre-Entrance Physical Examination Form
For Independent Living

PERSONAL PHYSICIAN STATEMENT

To be completed by applicant's physician

20522 Falcons Landing Circle • Potomac Falls, Virginia 20165
800-952-3762 • 703-404-5100

www.falconslanding.com

Applicant's Name

Address

Telephone

Date of Birth

Current diagnosis/problem list

- 1 _____
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6 _____
- 7 _____
- 8 _____
- 9 _____
- 10 _____

Medications and dosage related to diagnosis

- 1 _____
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6 _____
- 7 _____
- 8 _____
- 9 _____
- 10 _____
- 11 _____
- 12 _____

Hospitalization History and Surgeries

- 1 _____
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6 _____
- 7 _____
- 8 _____
- 9 _____
- 10 _____

1. Medical History Please document current and past history of the following:

If yes, please explain with date of diagnosis, treatments, follow up needed and current status of disease with prognosis.

	NO	YES	Date of Onset	Explanation as needed
Cognitive Impairment/Dementia				
Any history of cancer				
Parkinsons disease, seizures, strokes, TIAs, neurological disease.				
Kidney disease, renal insufficiency, polycystic kidneys				
Blood clots				
Gastrointestinal disease				
Difficulty swallowing				
Heart Disease				
Lung conditions, i.e. COPD, emphysema, asthma, pulmonary fibrosis, interstitial lung disease, pneumonia				
Liver cirrhosis, abnormal liver function				
Substance Abuse/Alcoholism				
Diabetes				
Smoking				
Musculoskeletal disease, joint disease, arthritis, muscle weakness				
Infectious diseases, i.e. TB, hepatitis, polio, meningitis				
Anemia, blood disorders				
Genitourinary disease				
Prostate issues				
Skin diseases or edema problems				
Falls within the last 6 months				
Problems with following medication regime				
Needing assistance with ADLs				
Chronic pain				
Hearing deficits				
Vision difficulties				
Depression/anxiety/psychosis				
Mobility issues				
Abnormal test: Colonoscopy, mammogram, pelvic pap smears/gyn, and biopsy results				

2. Physical Findings

Height _____ Weight _____ BP _____ Pulse _____ Resp _____

Neck _____ Skin _____

Respiratory _____ Musculoskeletal _____

Cardio-Vascular _____ Endocrine _____

Abdominal _____ Neurological _____

Genito-Urinary _____ Psychiatric _____

3. Attach reports of the following: a) urinalysis/culture b) CBC c) CMP d) Lipid Panel, e) TSH
For Diabetics add Glycosylated Hemoglobin _____

4. Tuberculosis Screening

A) Date of results of Mantoux Tuberculin Skin Test:
Date _____ mm of induration _____

B) Check here if previous skin test was positive and further skin testing is deferred: _____

C) If TB test results is 10mm or greater (5mm in HIV infected), previously positive or TB-like symptoms exist, please provide report of last chest X-ray evaluation. Date: _____

D) Based on the above, is this individual free of communicable TB at this time?
YES _____ NO _____

5. Infections/Contagious Illnesses

Does applicant have infections or contagious illnesses? If YES, please explain: _____

6. Vaccination History

Please provide date of last: Flu shot _____ Pneumonia _____ Tetanus _____

7. Allergies to Drugs or Food

List reaction to each if known: _____

8. Psycho-Social Assessment

A) Does the applicant currently have a mental illness including depression?
YES _____ NO _____

B) Has there been a hospitalization for psychiatric treatment?
YES _____ NO _____

C) Has there been treatment for alcohol or substance abuse?
YES _____ NO _____

D) Has the applicant exhibited confusion or disorientation related to person, place or time?
YES _____ NO _____

E) Has the applicant exhibited any abusive, aggressive or disruptive behavior?
YES _____ NO _____

F) Does the applicant have a diagnosis of dementia?
YES _____ NO _____

Physician signature _____ Date _____

Please Print _____

Address _____

Telephone _____ Fax _____

**Air Force Retired Officers Community – Washington, D.C.
Reservation Agreement, Part 1**

Residence Type

Residence Size (1 BR/1 Bath, 2BR/2 Bath, etc.)

Residence #

Date of This Application

Confidential Personal Data

First Person (Eligible Member if 2 Persons Applying)

Retired Military Rank/Branch (if applicable)

Name _____ Street/P.O. Box _____

City _____ State _____ Zip Code _____

Social Security Number _____ Birth Date _____

Marital Status: Single _____ Married _____ Widowed _____ Divorced _____

Telephone Number (_____) _____ Religious Preference _____

Chronic Illness/Disability? (Describe) _____

Children (or nearest relatives)

Name	Address	Phone
------	---------	-------

1. _____

2. _____

Second Person

Retired Military Rank/Branch (if applicable)

Name _____ Street/P.O. Box _____

City _____ State _____ Zip Code _____

Social Security Number _____ Birth Date _____

Marital Status: Single _____ Married _____ Widowed _____ Divorced _____

Telephone Number (_____) _____ Religious Preference _____

Chronic Illness/Disability? (Describe) _____

Confidential Financial Data

Assets/Liabilities

Estimated Prior to Payment
Of Entrance Fee

Monthly Income

Estimated After Payment
of Entrance Fee

	Assets	Liabilities	Monthly Income:	1st Person	2nd Person
Value of Real Estate _____		Mortgage _____	Social Security	_____	_____
Investments _____		Other _____	Military Retirement	_____	_____
			Survivors Benefit Plan (SBP)	_____	_____
Bank Deposits _____		Other _____	Other Pension	_____	_____
Other _____			Other Pension	_____	_____
Total \$ _____		Total \$ _____	Total	_____	_____

Total Combined: \$ _____

Insurance

- A. Face amount of life insurance policies in the name of 1st person for which 2nd person is beneficiary \$ _____
- B. Face amount of life insurance policies in the name of 2nd person for which 1st person is beneficiary \$ _____

Entrance Fee for Unit Selected (1st Person) \$ _____

Entrance Fee for 2nd Person (if applicable) (+) \$ _____

Total Entrance Fee \$ _____

Less 20% Down Payment (-) \$ _____

(includes \$ _____ Add'l Deposit, with \$1,000 AFROC Membership and \$10,000 Admissions List)

Balance Due at Occupancy \$ _____

I understand that the terms of this Reservation Agreement, Part 2, will govern both the Applicant and Air Force Retired Officers Community – Washington, D.C., on such matters as refunds of the down payment, eligibility criteria, and acceptance procedures.

I declare that all statements made herein are true and complete according to my best knowledge and belief. I understand that misrepresentation may result in termination of the Reservation Agreement and/or Continuing Care Contract.

Applicant

Date

Applicant

Date

**Air Force Retired Officers Community – Washington, D.C.
Reservation Agreement, Part 2**

THIS RESERVATION AGREEMENT (“Agreement”) made this _____ day of _____, _____, by and between Air Force Retired Officers Community – Washington, D.C. (“AFROC”), a Virginia non-profit corporation exempt from federal income taxes under Section 501 (c) (3) of the federal Internal Revenue code and authorized by the State Corporation Commission to offer continuing care in the Commonwealth of Virginia, and, “Applicant” , _____, whether one or more persons.

RECITALS

AFROC currently owns and operates a continuing care retirement community known as The Falcons Landing Retirement Community (“Falcons Landing”) in Potomac Falls, Virginia.

Applicant desires to make a reservation for residency in Falcons Landing and hereby requests acceptance of this application for unit # _____, a _____ type residence (“Residence”).

Applicant recognizes and agrees that the decision to approve or disapprove Applicant for residency is made by AFROC in the exercise of its sole discretion, although Applicant, if otherwise qualified, will not be denied approval based on race, religion, national origin, handicap, sex, age or color. Applicant agrees to accept such decision as binding and final in all respects. Applicant will normally be notified in writing by AFROC of its determination within fourteen (14) days after receipt of a properly completed Reservation Agreement, a copy of the eligible AFROC member’s military I.D. card showing a retired status (if applicable), and a down payment equal to 20% of the Entrance Fee for the type of Residence selected, subject to the provisions of Section 4.01B below. (Such down payment will include any prior payment used as a priority number deposit and Admissions List deposit.)

ARTICLE I

Eligibility To Make Application

- 1.01 An AFROC member in any of the following categories who will be 62 years of age by the date of occupancy (“Eligible Member”) may make application to reside in Falcons Landing:
- A. Retired regular, reserve, and national guard officers of the U.S. Air Force, and spouses and unremarried surviving spouses. If the Eligible Member is a retired officer, this Eligible Member must be listed on the official retired rolls and must possess a valid military I.D. card denoting a retired status.
 - B. Retired regular, reserve, and national guard officers from the U.S. Army, Navy, Marines and Coast Guard, as well as U. S. Public Health Service (USPHS) and National Oceanographic and Atmospheric Agency (NOAA), and spouses and unremarried surviving spouses. If the Eligible Member is a retired officer, this Eligible Member must be listed on the official retired rolls and must possess a valid military I.D. card denoting a retired status.

C. Exceptions approved by AFROC on a case-by-case basis. Such exceptions could include retired executive-level members of the Foreign Service, FAA, FBI, CIA, Department of Defense, and other similar groups.

1.02 Should Applicant be a couple, only one must be 62 years old by the date of occupancy.

1.03 In the categories noted in 1.01 above, the term "officer" includes U.S. officer grades O-1 through O-10.

ARTICLE II

Admissions Procedures

2.01 Reservation Agreement, Proof of Retirement, and Down Payment.

To apply for residency, Applicant must submit to AFROC all of the following:

A. A completed Reservation Agreement upon which AFROC shall rely in determining the qualifications of Applicant for residency;

B. A copy of the AFROC Eligible Member's I.D. card denoting a retired status (if applicable);

C. A down payment equal to twenty percent (20%) of the Entrance fee for the Residence selected subject to the provisions of Article IV below. (Such down payment will include any prior payments used as a priority number deposit and Admissions List deposit.)

2.02 Pre-Entrance Physical Examination

Applicant agrees to provide AFROC with a completed Pre-Entrance Physical Examination Form for an examination conducted by a licensed physician of Applicant's choice not more than sixty (60) days prior to occupancy. AFROC shall rely upon the information obtained in this Pre-Entrance Physical Examination in determining if Applicant meets all applicable medical requirements for residency.

This Form will be provided to Applicant in sufficient time to have it completed within the required timeframe; however, Applicant may request a copy of this Form at any time for review.

AFROC reserves the right to require Applicant to submit additional medical information and/or submit to a second examination by a physician of AFROC's choosing.

All costs associated with the conducting of the Pre-Entrance Physical Examination are the responsibility of Applicant.

ARTICLE III

Requirements for Residence

Applicant understands that in addition to the requirements of Article I hereof, the requirements for residence in Falcons Landing are as follows:

3.01 Physical

- A. Applicant must be at least 62 years of age at the time of occupancy. Should Applicant be a couple, only the AFROC member ("Eligible Member") need be 62 years of age at the time of occupancy;
- B. Applicant must be capable of living in the Residence without the assistance of another person, as certified by a physician on the Pre-Entrance Physical Examination Form;
- C. Applicant must be free of any physical or mental condition that would endanger the health, safety or well-being of Resident or another person.

3.02 Financial

- A. Applicant must have sufficient assets to pay the Entrance Fee for the Residence selected;
- B. Applicant must have sufficient monthly income, taking into account the payment of the applicable Entrance Fee and after payment of the anticipated Monthly Service Fee, to satisfy normal expenses for items and services not provided by Falcons Landing.

3.03 Other

- A. Applicant must be enrolled in Medicare, both Part A and Part B, when eligible;
- B. Applicant must agree, at occupancy, to conduct himself/herself in a manner so as not to interfere with the other residents' right to quiet enjoyment of Falcons Landing.

ARTICLE IV

Down Payment

4.01 Amount

- A. The amount of the down payment submitted concurrently herewith equals twenty percent (20%) of the Entrance Fee applicable for the Plan 0 refund program for the type of Residence selected by Applicant, subject to the provisions of Section 4.01 B below. The total Plan 0 Entrance Fee amount is \$_____, which may not be increased by AFROC while this Agreement is in effect (includes 2nd person entrance fee, if applicable).
- B. The down payment amount will include any sums paid by Applicant to AFROC to obtain a priority number and Admissions List deposit.

4.02 Escrow

A. Deposits

All down payments will be escrowed by AFROC in First Virginia Bank or a Virginia bank of equal stature (the "Escrow Bank") in accordance with applicable Virginia law, including specifically Title 38, Chapter 49 of the code of Virginia, as amended, and will not be used by AFROC in any way whatsoever prior to the date Applicant occupies the selected residence.

B. Escrow Release

1. To AFROC

AFROC is entitled to have Applicant's down payment, and any accrued interest thereon, released from escrow and paid to AFROC when AFROC provides the Escrow Bank evidence that Applicant has occupied a residence in Falcons Landing.

2. To Applicant

Applicant is entitled to have funds released from escrow and returned to Applicant by requesting same from AFROC in writing, in which event the provisions of Section 4.04 below shall govern.

C. Ownership

While Applicant's funds are in escrow, the funds remain the property of Applicant. These funds shall not be subject to any liens, judgments, garnishments, or creditor's claims against either AFROC or Falcons Landing.

4.03 Interest

While the down payment is in escrow Applicant will earn interest on the entire down payment, based on the current rates offered by the Escrow Bank.

Interest will be paid to Applicant as noted in Section 4.04 below. An accounting of interest accrued will be made to Applicant annually, as of December 31 of each calendar year.

4.04 Refunds Prior to Execution of Continuing Care Contract and Prior to Occupancy

The down payment amount shall be refunded to Applicant within thirty (30) days after AFROC receives notification of the occurrence of any of the following conditions, unless Applicant has specifically requested to retain the priority number, in which case AFROC shall retain one thousand dollars (\$1000.00), and the priority number shall remain in effect. This one thousand dollars (\$1000.00) will not accrue interest for Applicant, and will be refunded to Applicant within thirty (30) days of receipt of Applicant's request to cancel the priority number.

A. Disapproval of Applicant for Residency

In the event of disapproval of Applicant for residency, the entire down payment amount plus accrued interest will be refunded to Applicant.

B. Death of Applicant

If Applicant dies before taking occupancy, the entire down payment amount plus accrued interest will be refunded to Applicant's estate. If Applicant in this Agreement is two persons, no refund will be made under the provisions of this paragraph unless requested by the survivor, for the survivor is entitled to all the rights under this Agreement as if the survivor had been the only Applicant.

C. Inability to Live in the Residence

If Applicant is precluded from living in the Residence pursuant to Article III, AFROC shall refund to Applicant the entire down payment plus accrued interest.

D. Change in Financial Status

If Applicant's financial status changes prior to occupancy to the degree that, in AFROC's sole opinion, Applicant is no longer financially qualified for residency, AFROC shall refund to Applicant the entire down payment plus accrued interest.

E. Desire of Applicant to Terminate

Any other provision of this Section 4.04 notwithstanding, if Applicant desires to terminate this Agreement for any reason within thirty (30) days of the date of acceptance by AFROC, AFROC shall refund to Applicant the entire down payment plus accrued interest, unless Applicant has specifically requested to retain the priority number in which case AFROC shall retain one thousand dollars (\$1000.00), and the priority number shall remain in effect. This one thousand dollars (\$1000.00) will not accrue interest for Applicant, and will be refunded to Applicant within thirty (30) days of receipt of Applicant's request to cancel the priority number.

ARTICLE V

Assignment of Reservation Agreement

5.01 Applicant cannot transfer or assign this Agreement.

ARTICLE VI

Continuing Care Contract

6.01 While Applicant and AFROC agree that this Agreement contains the complete understanding between them with respect to the down payment, both parties understand that at or prior to the date of occupancy a Continuing Care Contract will be executed by both parties, that a copy of the Continuing Care Contract has been provided to Applicant for review, and

that this Reservation Agreement, a Pre-Entrance Physical Examination Form and a completed Resident Vital Information Form will be made part of the Continuing Care Contract.

ARTICLE VII
Expiration of Agreement

7.01 If not sooner terminated under a provision of Section 4.04 above, this Agreement shall become null and void and be of no further force or effect commencing the ninety-first (91st) day subsequent to the date that AFROC offers Resident the selected Residence for occupancy (the "Date") unless Resident, prior to the expiration of ninety (90) days after the Date, has paid the Entrance Fee as specified in Article IV of the Continuing Care Contract, in full, and has commenced paying the Monthly Service Fee as specified in Article VII of the Continuing Care Contract or unless other arrangements have been made with and approved by AFROC.

In the event this Agreement is terminated as provided in section 7.01 above, AFROC shall refund all monies paid to AFROC by Resident, less accrued interest and less any cost specifically incurred by AFROC at the request of Resident and set forth in a separate addendum and signed by both parties. Such refund shall be made to Resident within thirty (30) days of the date this Agreement becomes null and void, unless Applicant has specifically requested to retain the priority number, in which case AFROC shall retain an additional one thousand dollars (\$1000.00), and the priority number shall remain in effect. This one thousand dollars (\$1000.00) will not accrue interest for Applicant, and will be refunded to Applicant within thirty (30) days of receipt of Applicant's request to cancel the priority number.

This Agreement shall be considered to be in effect only when executed by an authorized representative of Falcons Landing.

Applicant(s)

Date: _____

AFROC hereby acknowledges receipt of the down payment in the amount of

\$ _____

Date: _____

For:

Air Force Retired Officers Community – Washington, D.C.



**FALCONS LANDING
RESIDENT INFORMATION FORM**

Name: _____ Move-In Date: _____

Spouse's name: _____

Current Address: _____

City: _____ State: _____ Zip: _____

Number of years at this address: _____ Telephone # _____

Marital Status: _____ Single _____ Married _____ Widowed _____ Divorced _____ Separated

Male: _____ Female: _____

Birth date: _____ Place of Birth: _____

Citizen of: _____

Social Security # _____ Medicare # _____

Secondary Insurance # _____ Prescription # _____

Occupation Before Retirement _____

Race (optional) _____

Clergy Name (If Applicable) _____ Phone # _____

Religious Preference _____

Maiden Name: _____

Father's Name: _____ Father's birthplace: _____

Mother's Name: _____ Mother's birthplace: _____

War veteran? _____ Yes _____ No

What Wars and Dates of Service: _____

Funeral Home Preference: _____

Address (Street, City, State) _____

Telephone: _____

Burial Arrangements: _____ Phone #: _____

Health Insurance: _____ Policy # _____

Health Insurance: _____ Policy # _____

Pharmacy Card: _____

Hospital Preference: _____ Phone #: _____

Personal Physician: _____ Phone #: _____

Alternate personal physician: _____ Phone #: _____

Dentist: _____ Phone #: _____

Food Allergies: _____

Medicinal allergies: _____

Medical condition: _____

Special interests: _____

EMERGENCY CONTACTS:

Name (1): _____ Relationship _____

POA Medical: Yes / No (circle one) Financial POA: Yes / No (circle one)

Address: _____

City: _____ State: _____ Zip: _____

Home Phone: _____ Business Phone: _____

Cell Phone: _____ Email: _____

Name (2): _____ Relationship _____

POA Medical: Yes No (circle one) Financial POA: Yes No (circle one)

Address: _____

City: _____ State: _____ Zip: _____

Home Phone: _____ Business Phone: _____

Cell Phone: _____ Email: _____

Name (3): _____ Relationship _____

POA Medical: Yes No (circle one) Financial POA: Yes No (circle one)

Address: _____

City: _____ State: _____ Zip: _____

Home Phone: _____ Business Phone: _____

Cell Phone: _____ Email: _____

Occasionally resident's families will contact us when searching for documents in the event of an emergency or if their parents can no longer make decisions on their own. We are not asking for access to the information, simply state where these items can be located, i.e., in the apartment, in the safety deposit box, on record with my attorney, etc. Please list the location of those items that pertain to you:

Document:

Location:

Durable Power of Attorney

(A person you appoint to act on your behalf in a legal or business matter.)

Medical Power of Attorney

A medical power of attorney representative can make healthcare decisions for you when you become unable to make them for yourself. You can specify what healthcare decisions your medical power of attorney can make.

Living Will

(A living will is a legal document that a person uses to make known his or her wishes regarding life prolonging medical treatments.)

Health Care Surrogate

(A health care surrogate is an adult who is appointed to make healthcare decisions for you when you become unable to make them for yourself. You do not specify your decisions but rely on their best interest for you.)

Long Term Care Insurance

(Insurance that provides for skilled, intermediate, and custodial care in a private home, adult daycare setting, assisted-living facility, or nursing home, depending on the coverage purchased.)

Car Insurance

Name of Insurance Company

Last Will & Testament

(A will or testament is a legal declaration to name one or more persons to manage your estate and provide for the transfer of your property at death)

Trust

Other:



Air Force Retired Officers Community – Washington, D.C.

Financial Statements
For the Years Ended December 31, 2021 and 2020

Air Force Retired Officers Community – Washington, D.C.

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For the Years Ended December 31, 2021 and 2020

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800 Red Brook Blvd, Suite 300
Owings Mills, MD 21117

Independent Auditor's Report

To the Board of Directors
Air Force Retired Officers Community – Washington, D.C.
Potomac Falls, VA 20165

Opinion

We have audited the financial statements of Air Force Retired Officers Community – Washington, D.C. (AFROC), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of operations and changes in net assets (deficit), functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AFROC as of December 31, 2021 and 2020, and the changes in its net assets (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when



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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 27-32, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

BDO USA, LLP

Owings Mills, Maryland
April 29, 2022

Air Force Retired Officers Community - Washington, D.C.

Statements of Financial Position
As of December 31, 2021 and 2020

Assets	2021	2020
Current assets		
Cash and cash equivalents	\$ 2,051,986	\$ 757,114
Restricted cash - bond escrow	-	10,639,019
Accounts receivable	575,020	411,757
Entrance fees receivable	1,141,728	553,160
Investments, current portion	22,324,251	17,171,300
Prepaid expenses and other current assets	1,274,053	1,008,875
Total current assets	27,367,038	30,541,225
Property and equipment, net	105,950,849	88,562,133
Other assets		
Investments, net of current portion	106,060	142,866
Total assets	<u>\$ 133,423,947</u>	<u>\$ 119,246,224</u>
Liabilities and Net Assets (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	\$ 5,254,525	\$ 6,489,615
Priority deposits	585,000	608,000
Current maturities of annuities payable	144,230	144,230
Current maturities of bonds payable	3,899,013	3,891,594
Paycheck Protection Program (PPP) loan	2,509,468	-
Total current liabilities	12,392,236	11,133,439
Long-term liabilities		
Annuities payable, net of current maturities	106,060	142,866
Bonds payable, net of current maturities and unamortized bond issuance costs of \$472,735 - 2021 and \$624,235 - 2020	45,994,751	49,550,410
Refundable advance fees	36,172,324	22,907,250
Derivative financial instruments	719,858	1,973,166
Deferred revenue from advance fees	36,473,771	35,596,899
Total long-term liabilities	119,466,764	110,170,591
Total liabilities	131,859,000	121,304,030
Net assets (deficit)		
Net assets (deficit) without donor restrictions:	476,944	(2,774,833)
Net assets with donor restrictions	1,088,003	717,027
Total net assets (deficit)	1,564,947	(2,057,806)
Total liabilities and net assets (deficit)	<u>\$ 133,423,947</u>	<u>\$ 119,246,224</u>

See accompanying notes to the financial statements

Air Force Retired Officers Community - Washington, D.C.

Statements of Operations and Changes in Net Assets (Deficit)
For the Years Ended December 31, 2021 and 2020

	2021	2020
Net assets (deficit) without donor restrictions		
Revenue, gains, and support		
Residential services	\$ 17,699,292	\$ 16,897,775
Healthcare services	7,123,235	7,038,718
Amortization of deferred revenue from advance fees	5,582,721	6,264,946
Dividends and interest	280,020	361,460
Other income	197,247	150,552
Contributions and bequests, net of annuity payments	(125,853)	(7,474)
	30,756,662	30,705,977
Net assets released from restrictions, satisfaction of program restrictions	420,308	1,445,770
Total revenue, gains and support	31,176,970	32,151,747
Expenses		
Program expenses		
Residential services	14,026,043	14,220,570
Healthcare services	13,097,811	12,638,356
Total program expenses	27,123,854	26,858,926
Supporting services		
General and administrative	4,567,803	4,270,137
Total expenses	31,691,657	31,129,063
Total operating (loss) income	(514,687)	1,022,684
Non-operating income, gains, and (losses)		
Unrealized (losses) gains on investments	2,061,827	(61,093)
Unrealized gain (loss) on derivative instrument	1,253,308	(1,962,991)
Realized gains on investments	451,329	1,085,486
Other gains	-	134,537
Total non-operating income, gains, and (losses)	3,766,464	(804,061)
Excess of revenues over expenses	3,251,777	218,623
Net deficit without donor restrictions at beginning of year	(2,774,833)	(2,993,456)
Net assets (deficit) without donor restrictions at end of year	\$ 476,944	\$ (2,774,833)

See accompanying notes to the financial statements

Air Force Retired Officers Community - Washington, D.C.

Statements of Operations and Changes in Net Assets (Deficit) (Continued)
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Change in net assets without donor restrictions	\$ 3,251,777	\$ 218,623
Net assets with donor restrictions		
Revenue, gains, and support, contributions, and bequests	778,613	688,387
Grant income	12,671	985,762
Net assets released from restrictions, satisfaction of program restrictions	<u>(420,308)</u>	<u>(1,445,770)</u>
Change in net assets with donor restrictions	<u>370,976</u>	<u>228,379</u>
Change in net assets	3,622,753	447,002
Total net deficit at beginning of year	<u>\$ (2,057,806)</u>	<u>\$ (2,504,808)</u>
Total net assets (deficit) at end of year	<u>\$ 1,564,947</u>	<u>\$ (2,057,806)</u>

See accompanying notes to the financial statements

Air Force Retired Officers Community - Washington, D.C.

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services			Supporting Services	Total
	Residential Services	Healthcare Services	Total Program Expenses	General and Administrative	
Advertising	\$ -	\$ 1,137	\$ 1,137	\$ 571,636	\$ 572,773
Benevolent	125,645	17,781	143,426	-	143,426
Contract Services	73,013	306,629	379,642	158,472	538,114
Depreciation	4,865,899	958,639	5,824,538	-	5,824,538
Employee Benefits	552,142	843,553	1,395,695	117,989	1,513,684
Employee Expenses	143,689	208,982	352,671	132,419	485,090
Food	626,327	691,101	1,317,428	-	1,317,428
Insurance	46,612	136,455	183,067	604,667	787,734
Interest	524,224	103,278	627,502	-	627,502
Medicare	-	606,985	606,985	-	606,985
Office Expense	16,592	39,760	56,352	183,202	239,554
Other Expenses	39,103	64,167	103,270	20,297	123,567
Payroll and Related Expenses	4,807,239	8,096,780	12,904,019	1,970,217	14,874,236
Repairs and Maintenance	590,912	158,675	749,587	1,778	751,365
Resident Support	114,418	9,545	123,963	6,437	130,400
Software and Hardware	33,718	24,524	58,242	272,246	330,488
Supplies and Equipment	666,097	597,502	1,263,599	72,126	1,335,725
Utilities	800,413	232,318	1,032,731	456,317	1,489,048
Total expenses	\$ 14,026,043	\$ 13,097,811	\$ 27,123,854	\$ 4,567,803	\$ 31,691,657

See accompanying notes to the financial statements

Air Force Retired Officers Community - Washington, D.C.

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services			Supporting Services	Total
	Residential Services	Healthcare Services	Total Program Expenses	General and Administrative	
Advertising	\$ -	\$ 8,003	\$ 8,003	\$ 278,866	\$ 286,869
Benevolent	102,471	144,503	246,974	-	246,974
Contract Services	69,282	202,046	271,328	91,652	362,980
Depreciation	4,844,230	903,237	5,747,467	-	5,747,467
Employee Benefits	598,170	840,585	1,438,755	103,355	1,542,110
Employee Expenses	39,542	26,390	65,932	167,750	233,682
Food	626,915	610,864	1,237,779	-	1,237,779
Insurance	51,330	140,192	191,522	417,121	608,643
Interest	575,807	107,363	683,170	-	683,170
Medicare	-	746,253	746,253	-	746,253
Office Expense	11,648	36,233	47,881	162,150	210,031
Other Expenses	31,635	17,015	48,650	7,968	56,618
Payroll and Related Expenses	4,738,593	7,690,332	12,428,925	2,262,111	14,691,036
Repairs and Maintenance	766,076	238,699	1,004,775	1,408	1,006,183
Resident Support	91,539	18,394	109,933	25,024	134,957
Software and Hardware	21,052	21,832	42,884	239,078	281,962
Supplies and Equipment	945,601	668,187	1,613,788	97,100	1,710,888
Utilities	706,679	218,228	924,907	416,554	1,341,461
Total expenses	\$ 14,220,570	\$ 12,638,356	\$ 26,858,926	\$ 4,270,137	\$ 31,129,063

See accompanying notes to the financial statements

Air Force Retired Officers Community - Washington, D.C.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Total change in net assets	\$ 3,622,753	\$ 447,002
Adjustments to reconcile change in net deficit to net cash, cash equivalents and restricted cash (used in) provided by operating activities		
Amortization of bond issuance costs	156,714	122,745
Amortization of deferred revenue from advance fees	(5,582,721)	(6,264,946)
Depreciation	5,824,538	5,747,467
Net unrealized (gain) loss on investments	(2,061,827)	61,093
Realized gains on investments	(451,329)	(1,085,486)
Unrealized (gain) loss on derivative instrument	(1,253,308)	1,962,991
(Increase) decrease in operating assets:		
Accounts receivable	(163,263)	343,894
Entrance fees receivable	(588,568)	469,520
Prepaid expenses and other current assets	(265,178)	39,972
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,235,090)	(77,377)
Priority deposits	(23,000)	(13,000)
Net cash (used in) provided by operating activities	<u>(2,020,279)</u>	<u>1,753,875</u>
Cash flows from investing activities		
Proceeds from sales of investments	2,695,002	19,355,627
Purchases of investments	(5,297,991)	(15,605,727)
Acquisitions of property and equipment	<u>(23,213,254)</u>	<u>(8,017,875)</u>
Net cash used in investing activities	<u>(25,816,243)</u>	<u>(4,267,975)</u>
Cash flows from financing activities		
Principal payments on bonds payable	(3,699,740)	(2,223,069)
Proceeds from advance fees	20,837,630	5,068,866
Refunds of advance fees	(1,112,963)	(1,436,865)
Payments on gift annuities, net	(36,806)	(100,298)
Proceeds from bond issuance	-	10,638,954
Payment of bond issuance costs	(5,214)	(19,638)
Proceeds from PPP loan	<u>2,509,468</u>	<u>-</u>
Net cash provided by financing activities	<u>18,492,375</u>	<u>11,927,950</u>
Net (decrease) increase in cash and cash equivalents	<u>(9,344,147)</u>	<u>9,413,850</u>
Net cash, cash equivalents, and restricted cash, beginning of year	<u>11,396,133</u>	<u>1,982,283</u>
Net cash, cash equivalents, and restricted cash, end of year	<u>\$ 2,051,986</u>	<u>\$ 11,396,133</u>

See accompanying notes to the financial statements

Air Force Retired Officers Community - Washington, D.C.

Statements of Cash Flows (Continued)

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 1,275,321</u>	<u>\$ 824,240</u>
Supplemental disclosure of non-cash investing and financing activities:		
Purchases of property and equipment financed through bond advances	<u>\$ -</u>	<u>\$ 20,701,083</u>
Accounts payable, construction	<u>\$ -</u>	<u>\$ 2,034,888</u>

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheet that sum to the total of the same such amounts presented in cash, cash equivalents and restricted cash, end of year, above:

Cash	\$ 2,051,986	\$ 757,114
Restricted cash - bond escrow	<u>-</u>	<u>10,639,019</u>
	<u>\$ 2,051,986</u>	<u>\$ 11,396,133</u>

See accompanying notes to the financial statements

Air Force Retired Officers Community - Washington, D.C.

Notes to Financial Statements

1) Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Air Force Retired Officers Community – Washington, D.C. (AFROC) has been recognized by the Internal Revenue Service (IRS) as a not-for-profit, tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code (IRC), which is publicly supported and, therefore, not a private foundation. AFROC is a life plan community, formerly known as a continuing care retirement community, providing housing facilities and services to seniors, in particular retired commissioned officers of the United States Armed Forces and senior level federal retirees and their surviving spouses and honorable discharged military officers. The life plan community, known as Falcons Landing, is located in Loudoun County, Virginia, and opened in May 1996. Falcons Landing has 257 apartments and 71 cottages for independent living, 60 nursing beds and 29 assisted living beds housed in a health center named The Johnson Center, and 42 assisted living units housed in a health center named West Falls Center.

In the year ended December 31, 2021, AFROC has completed the construction of a standalone memory care facility along with two new hybrid home apartment buildings, each containing twelve residential units.

Basis of Presentation

The accompanying financial statements are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of AFROC are classified in the following two classes:

Net assets with donor restrictions consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources maintained in perpetuity, but permit AFROC to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Net assets without donor restrictions represents funds that are available for support of the operations of AFROC, and that are not subject to donor stipulation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Board-designated net assets are net assets without donor restrictions that are used only for the specific purpose by Board resolution. There were no Board-designated assets as of December 31, 2021 and 2020.

Cash, Cash Equivalents, and Restricted Cash

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash", AFROC shows the changes in the total cash, cash equivalents, restricted cash, and restricted cash equivalents in the statements of cash flows.

Air Force Retired Officers Community - Washington, D.C.

Notes to Financial Statements

AFROC considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates

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

Revenue Recognition

Resident fees

AFROC has elected the lessor practical expedient within ASC 842, Leases ("ASC 842") and recognizes, measures, presents, and discloses the revenue for services under AFROC's senior living residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts. Due to the same timing and pattern of transfer of performance obligations satisfied over time per the residency agreements, AFROC recognizes revenue under ASC 606, Revenue Recognition from Contracts with Customers ("ASC 606"), for its independent living, assisted living, and memory care residency agreements for which it has estimated that the nonlease components of such residency agreements are the predominant component of the contract.

Under AFROC's senior living residency agreements, AFROC provides senior living services to residents for a stated daily or monthly fee. AFROC recognizes revenue for skilled nursing residency, assisted living, assistance with activities of daily living, memory care services, inpatient therapy, healthcare, and personalized health services in accordance with the provisions of ASC 606.

Performance obligations are promises made in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. AFROC has concluded that the contracts with patients and residents represent a bundle of distinct services that are substantially the same, with the same pattern of transfer to the customer. Accordingly, the promise to provide quality care is accounted for as a single performance obligation.

AFROC performed analyses using the application of the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. These analyses incorporated consideration of reimbursements at varying rates from Medicare and Private Pay and other for services provided in each corresponding state. It was determined that the contracts are not materially different for the following groups: Medicare, and Private Pay and other.

In order to determine transaction price, AFROC estimates the amount of variable consideration at the beginning of the contract using the expected value method. The estimates consider (i) payor type, (ii) historical payment trends, (iii) the maturity of the portfolio, and (iv) geographic payment trends throughout a class of similar payors. AFROC typically enters into agreements with third-party payors to provide for payments at amounts different from established charges. These arrangement terms provide for subsequent settlement and cash flows that may occur well after the service is provided. AFROC constrains (reduces) the estimates of variable consideration such that it is probable that a significant reversal of previously recognized revenue will not occur throughout the life of the contract. Changes in AFROC's expectation of the amount it will receive from the patient or third-party payors will be recorded in revenue unless there is a specific event

Air Force Retired Officers Community - Washington, D.C.

Notes to Financial Statements

that suggests the patient or third-party payor no longer has the ability and intent to pay the amount due and, therefore, the changes in its estimate of variable consideration better represents an impairment, or bad debt. These estimates are re-assessed each reporting period, and any amounts allocated to a satisfied performance obligation are recognized as revenue or a reduction of revenue in the period in which the transaction price changes.

AFROC satisfies its performance obligation by providing quality of care services and goods to its patients and residents on a daily basis until termination of the contract. The performance obligation is recognized on a time elapsed basis, by day, for which the services are provided. For these contracts, AFROC has the right to consideration from the customer in an amount that directly corresponds with the value to the customer of AFROC's performance to date. Therefore, AFROC recognizes revenue based on the amount billable to the customer in accordance with the practical expedient in ASC 606-10-55-18. Additionally, because AFROC applied ASC 606 using certain practical expedients, AFROC elected not to disclose the aggregate amount of the transaction price for unsatisfied, or partially unsatisfied, performance obligations for all contracts with an original expected length of one year or less.

AFROC incurs costs related to patient / resident contracts, such as legal and advertising expenses. The contract costs are expensed as incurred. They are not expected to be recovered and are not chargeable to the patient / resident regardless of whether the contract is executed. See Note 2, "Revenue Recognition and Receivables".

AFROC's residency agreements require the resident to pay an upfront entrance fee prior to moving into the community, and a portion of the entrance fee is partially refundable in certain circumstances. The non-refundable portion of the entrance fee is recorded as deferred revenue from advance fees and amortized over the estimated stay of the resident based on an actuarial valuation. The refundable portion of a resident's entrance fee is generally refundable within 60 days following contract termination. The refundable portion of the fee is not amortized and is included in refundable advance fees. Management does not expect to pay a significant amount of refundable admission fees within the next year based upon historical turnover and therefore has included the balance as long-term liabilities on the statements of financial position.

Contributions and bequests

Contributions are recognized as revenues in the period received. Unconditional promises to give are recognized as revenue in the year made, not in the year in which the cash is received. Promises to give that are scheduled to be received after the statement of financial position date are reported at fair value as increases in net assets with donor restrictions and reclassified to net assets without donor restrictions when the purpose and time restrictions are met, except for promises to give subject to donor-imposed stipulations that the principal be maintained in perpetuity, which are recognized as increases in, and will remain as, net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional, which is when the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

Performance Indicator

Excess of revenue over expenses is the performance indicator.

Restricted Cash – Bond Escrow

AFROC was required to draw down the full amount of the Series 2019A bonds as of December 31, 2020. Any unused portion of the bond proceeds are to be held in an escrow account for future use of the project (see Note 6). There was no restricted cash as of December 31, 2021.

Air Force Retired Officers Community - Washington, D.C.

Notes to Financial Statements

Valuation of Long-Lived Assets

AFROC requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Management has determined that there was no impairment loss for either of the years ended December 31, 2021 and 2020.

Entrance Fees Receivable

Entrance fees receivable represent the unpaid portion of the advance fees (see Note 8) charged to the residents upon moving in. Residents sign a promissory note for the unpaid portion of the advance fees with interest rates based on the prime rate minus one percent per annum. Management expects to collect the entrance fees within the next year and therefore they are classified as a current asset on the statements of financial position.

Income Taxes

AFROC qualifies as a tax-exempt organization that is other than a private foundation under Section 501(c)(3) of the Internal Revenue Code except for unrelated business income. No provision for income taxes is required for the years ended December 31, 2021 and 2020, as AFROC had no significant unrelated business income. AFROC is still open to examination by taxing authorities from year 2018 forward.

AFROC recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. Management has evaluated AFROC's tax positions and has concluded that AFROC has taken no uncertain tax positions that require adjustment to the financial statements.

Property and Equipment

Property and equipment are stated at cost. Donated assets are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, AFROC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. AFROC reclassifies the net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for property and equipment in excess of \$1,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

	<u>Estimated Useful Life</u>
Land improvements	40 Years
Buildings and improvements	20 - 40 Years
Furniture, fixtures and office equipment	5 - 10 Years
Transportation equipment	5 - 10 Years

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Investments and Investment Income

Investments with readily determinable fair market values are reported at fair value in the statements of financial position. Gains and losses on investments are recognized through the performance indicator as non-operating income, gains (losses) in the statements of operations and changes in net assets (deficit), unless its use is restricted by donor stipulation or law. Investment income earned is used to support the ongoing operations of AFROC and is recognized through the performance indicator as revenues, gains, and support.

AFROC invests in a professionally managed portfolio that contains mutual funds, money market funds, and partnership. Such investments are exposed to various risks such as interest rate, market and, credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Derivative Financial Instrument

AFROC has entered into a swap agreement to manage interest rate risk on a portion of its floating rate debt. Swaps are contracts to exchange, for a period of time, the investment performance of one underlying instrument for the investment performance of another instrument without exchanging the instruments themselves. AFROC entered into this agreement to mitigate cash flow risks related to changes in interest rates. AFROC records in its statements of financial position the estimated fair value of the swap at the statement of financial position date. Because the derivative has not been designated as a hedge for accounting purposes, changes in the fair value of the swap are included in the performance indicator as non-operating income, gains, and (losses) in the statements of operations and changes in net assets (deficit).

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended December 31, 2021 and 2020 totaled \$572,773 and \$286,869, respectively.

Deferred Financing Costs

Costs of obtaining financing are deferred and amortized over the terms of the related indebtedness to which they apply and are netted against the carrying value of the related indebtedness in the statements of financial position.

Compensated Absences

Employees of AFROC are entitled to compensated absences depending on job classification, length of service, and other factors. AFROC has accrued \$785,727 and \$916,139 for compensated absences as of December 31, 2021 and 2020 respectively, which is included in accounts payable and accrued expenses on the statements of financial position.

Contributed Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by AFROC. In addition, certain individuals volunteer their time and perform a variety of tasks that assist AFROC, but these services do not meet the criteria for recognition as contributed services. AFROC recognized no contributed services for the years ended December 31, 2021 and 2020.

Malpractice Loss Contingencies

AFROC has a claims made policy for its malpractice coverage up to \$1,000,000 per an occurrence with a pooled policy aggregate of \$3,000,000. In the event a loss contingency should occur, AFROC would give it appropriate recognition in its financial statements. Management has assessed and believes no accrual for loss contingency in excess of policy limits is deemed necessary as of December 31, 2021 and 2020.

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Notes to Financial Statements

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Directly identifiable expenses are charged to service programs. General and administrative expenses include those expenses that are not directly identifiable with any specific program function but provide the overall support and direction of AFROC. Depreciation and interest expense are charged to service programs on the basis of square footage occupied. Meal service expense is allocated by service program based on the number of meals served. All other expenses are either directly identifiable to service programs or charged to service programs based upon various allocation methodologies including square footage or time and effort.

Recent Accounting Pronouncements to be Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This update, along with related ASU's, establishes a comprehensive leasing standard. These updates require the recognition of lease assets and lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. The ASU is effective for AFROC's fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on the financial statements.

Reclassifications

Certain 2020 balances have been reclassified to conform to the 2021 financial statement presentation. These reclassifications had no effect on previously recorded net assets (deficit).

2) Revenue Recognition and Receivables

AFROC's healthcare service revenue is derived from providing quality healthcare services to its patients. The amount of revenue recognized reflects the consideration to which AFROC expects to be entitled to receive in exchange for these services. Based upon the timing and pattern of transfer of services included under the residency agreements, performance obligations are satisfied over time.

Disaggregation of Revenue and Accounts Receivable

AFROC disaggregates its healthcare service revenue from contracts with customers by payor source, as AFROC believes it best depicts how the nature, amount, timing, and uncertainty of its revenue and cash flows are affected by economic factors. Healthcare service revenue by payor source and reportable segment is as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Medicare	\$ 2,325,829	\$ 2,106,438
Private Pay and Other	4,797,406	4,932,280
Total	<u>\$ 7,123,235</u>	<u>\$ 7,038,718</u>

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Accounts receivable as of December 31, 2021 and 2020 is summarized in the following table:

	2021		2020	
Medicare	\$ 445,560	77%	\$ 342,471	83%
Private Pay and Other	129,460	23%	69,286	17%
Total	\$ 575,020	100%	\$ 411,757	100%

3) Property and Equipment

Property and equipment consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Land	\$ 6,963,112	\$ 6,963,112
Land improvements	7,089,896	6,693,243
Buildings and improvements	143,910,703	95,966,657
Furniture, fixtures, and office equipment	22,823,421	21,483,562
Transportation equipment	1,029,781	918,565
	181,816,913	132,025,139
Less : accumulated depreciation	75,880,140	70,090,602
	105,936,773	61,934,537
Construction in progress	14,076	26,627,596
Total property and equipment, net	\$ 105,950,849	\$ 88,562,133

Depreciation expense on property and equipment was \$5,824,538 and \$5,747,467 for the years ended December 31, 2021 and 2020, respectively. AFROC disposed of fully depreciated property and equipment with a cost of \$35,000 and \$1,375,388 during the years ended December 31, 2021 and 2020, respectively.

4) Investments

Investments consisted of the following as of December 31, 2021 and 2020:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 15,097,184	\$ 10,738,876	\$ 14,542,306	\$ 12,248,879
Money market funds	7,279,931	7,279,931	2,771,860	2,771,860
Partnership	53,196	56,250	-	-
	22,430,311	\$ 18,075,057	17,314,166	\$ 15,020,739
Less: long-term portion	106,060		142,866	
Investments, current portion	\$ 22,324,251		\$ 17,171,300	

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Investment in partnership that calculates net asset value per share (or its equivalent), including that is redeemable with the investee at that value at the measurement date, was the following at December 31, 2021:

	<u>Net Asset Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Ziegler Link-Age Fund III, L.P.	\$ 53,196	\$ 318,750	N/A	N/A

AFROC signed a limited partnership agreement in September 2021 to purchase units in Ziegler Linkage Fund III, L.P (Fund), a Delaware limited partnership. AFROC agreed to contribute capital in the amount of \$375,000 to purchase 15 units in the Fund. During the year ended December 31, 2021, \$56,250 was contributed and the outstanding contribution commitment was \$318,750 as of December 31, 2021.

5) Fair Value Measurements

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

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

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual Funds

Mutual funds are valued at quoted market prices in an exchange and active market.

Money Market Funds

Money market funds are based on their transacted values.

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6) Long-Term Debt

The following is a description of the terms of long-term debt at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Series 2019A Bonds	\$ 28,587,974	\$ 30,000,000
Series 2019B Bonds		17,000
Series 2016 Bonds	<u>21,778,525</u>	<u>24,049,239</u>
Total bonds outstanding	50,366,499	54,066,239
Less: current portion	3,899,013	3,891,594
Less: unamortized bond issuance costs	<u>472,735</u>	<u>624,235</u>
Long-term portion, net	<u>\$ 45,994,751</u>	<u>\$ 49,550,410</u>

Bonds Payable, Series 2016

On November 4, 2016 the Economic Development Authority (EDA) issued its Residential Care Facility Refunding Revenue Bond (Falcons Landing Project), Series 2016 pursuant to a Bond Purchase and Loan Agreement, in the amount of \$19,066,477, for the purpose of refunding the outstanding principal amount of the Series 2014 Bonds. On January 31, 2017, an additional \$13,559,000 was issued under the 2016 Series Bonds. Bond issuance costs were \$294,038 as of December 31, 2021 and 2020, and are being amortized to interest expense using the effective interest method over the life of the bond. As a result of the Tax Cuts and Jobs Act of 2017, the interest rate increased from a nominal rate of 2.05% to 2.49% per annum, effective May 1, 2018. The effective interest rate was 2.77% and 2.72% for the years ended December 31, 2021 and 2020, respectively. Monthly principal payments on the bonds commenced on December 1, 2016 and will continue through August 2030 at which time the bonds are due in full.

Bonds Payable, Series 2019

On August 1, 2019 the EDA issued its Residential Care Facility Bond (Falcons Landing Project), Series 2019A and 2019B pursuant to a Bond Purchase and Loan Agreement for the purpose of constructing a standalone memory care facility and developing two new hybrid home apartment buildings, each containing twelve residential units.

The Series 2019A bonds were issued in the principal amount up to \$30,000,000. For a period up to 30 months after the closing date, interest only was payable in the amount of 79% of 1-month LIBOR plus 1.25%. At the earlier of the completion of the construction phase or 30 months after closing, interest was payable at 79% of 1-month LIBOR plus 1.10%. The nominal interest rate as of December 31, 2021 and 2020 was 1.34% and 1.37%, respectively. The effective interest rate was 1.53% for the years ended December 31, 2021 and 2020, respectively. The Series 2019A Bonds shall be payable in installments determined in accordance with a 15-year repayment schedule. Principal and interest are due in full at maturity, January 1, 2037. AFROC incurred \$5,214 and \$19,638 of bond issuance cost during the years ended December 31, 2021 and 2020, respectively. In addition, AFROC entered into a derivative swap agreement to fix the interest rate (see Note 7).

The Series 2019B Bonds allowed AFROC to borrow an amount not to exceed \$17,000,000 to fund the remaining construction cost. Interest only was payable monthly in the amount of 79% of 1-month LIBOR plus 1.25% through maturity. Although there were no scheduled principal payments, the bond required AFROC to pay down the loan with first generation entrance fees received from the project. Principal and interest were paid in full during the year ended December 31, 2021.

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The aggregate maturities for long-term debt as of December 31, 2021 is as follows:

<u>Years Ending December 31,</u>	<u>Total</u>
2022	\$ 3,899,013
2023	3,987,764
2024	4,077,219
2025	4,172,533
2026	4,268,168
Thereafter	<u>29,961,802</u>
	<u>\$ 50,366,499</u>

Unamortized bond issuance costs for the years ended December 31, were \$472,735 and \$624,235, respectively. Total interest expense related to the bonds was \$627,502 and \$683,170 for the years ended December 31, 2021 and 2020, respectively, including amortized bond issuance costs of \$28,127 and \$30,986, respectively. AFROC capitalized interest and amortization of bond issuance costs in accordance with generally accepted accounting principles. Interest capitalized to property and equipment on the statements of financial position amounted to \$840,198 and \$189,456 for the years ended December 31, 2021 and 2020, respectively.

Estimated bond issuance costs being amortized to interest expense for future years is as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2022	\$ 68,002
2023	62,643
2024	57,323
2025	51,554
2026	45,814
Thereafter	<u>187,398</u>
	<u>\$ 472,735</u>

Substantially all of AFROC's assets are pledged as collateral for the bonds. In addition, AFROC must maintain certain financial covenants in accordance with the bond documents.

As provided in the bond documents, the bonds are subject to redemption at par value.

7) Derivative Financial Instrument

AFROC has issued variable-rate debt (see Note 6). The variable-rate debt obligations expose AFROC to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into a swap agreement (the swap) having a total notional amount of \$30,000,000. This swap effectively changed the variable-rate cash flow exposure on the entire 2019A bonds to fixed-rate cash flows. Under the terms of the swap, AFROC will make fixed interest rate payments at a rate of 2.526% effective January 1, 2021, thereby creating the equivalent of fixed-rate debt. The swap matures at the time the related bond indenture amortization matures in January 2037.

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There was no effect of the swap on interest expense each for the years ended December 31, 2021 and 2020. The effect of the change in the fair value of the swap, which is included in non-operating income, gains, and (losses) in the statements of operations and changes in net assets (deficit), was an unrealized gain (loss) of \$1,253,308 and \$(1,962,991) for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the fair value of the swap was recorded in the statements of financial position at a net liability of \$719,858 and \$1,973,166, respectively.

By using derivative instruments, AFROC exposes itself to credit risk and termination risk.

Credit risk exists because AFROC is dependent upon the interest rate swap counterparty to meet its obligations under the agreement. This risk is measured by the cost associated with replacing the agreement, not by the notional amount of the agreement. At inception, the swap's replacement cost, or fair market value, is close to zero. If interest rates change such that the fair market value of the swap is positive, AFROC's exposure to the swap counterparty increases as the cost of replacing the agreement increases. If the fair market value decreases, AFROC's exposure to the swap counterparty decreases. AFROC minimizes the credit risk in derivative instruments by entering into transactions with high quality counterparties.

Termination risk is the risk that a swap will be terminated by the swap counterparty before maturity and AFROC, due to adverse market conditions, will be forced to make a cash termination payment to the counterparty. The termination risk associated with swaps is managed by establishing and monitoring parameters that limit the market value sensitivity AFROC is willing to accept. Termination risk is also mitigated by allowing only AFROC to have voluntary termination rights.

8) Refundable Advance Fees

AFROC's Continuing Care Contract (the Contract) provides for partial refunds of advance fees under the circumstances outlined below. Residents must elect one of the following three options:

- a. Plan 0 – If the contract is terminated within the first five months following the date of execution of the contract, a resident will forfeit 5% of the advance fee paid. If the contract is terminated after the first five months, the advance fee is reduced by 5% and an additional 2% per month thereafter for 47 ½ additional months. After 52 ½ months, there will be no refund made to a resident.
- b. Plan 50 – If the contract is terminated within the first five months following the date of execution of the contract, a resident will forfeit 5% of the advance fee paid. If the contract is terminated after the first five months, the advance fee is reduced by 5% and an additional 1.5% monthly thereafter for 30 additional months. After 35 months, there is no further decrease in the amount refunded; it remains constant at 50% of the original advance fee paid, regardless of the length of time a resident retains the residence.
- c. Plan 95 – If the contract is terminated within the first five months following the date of execution of the contract, a resident will forfeit 5% of the advance fee paid. After five months, there is no further decrease in the amount refunded; the refund will remain constant at 95% of the original advance fee paid, regardless of the length of time a resident retains the residence.

As of December 31, 2021 and 2020, the portion of these advance fees subject to refund provisions amounted to \$36,172,324 and \$22,907,250, respectively.

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9) Annuities Payable

AFROC issues annuity agreements to donors as part of its fundraising efforts. The net present value of the anticipated benefit to be received is recorded as contribution revenue in the year the agreement is created. The difference between the total assets received and the contribution revenue recognized is recorded as a liability during the lifetime of the income beneficiaries, which has been included with annuities payable on the statements of financial position. As required distributions are made to these beneficiaries, the liability is reduced. As of December 31, 2021 and 2020, total gift annuities payable were \$250,290 and \$287,096, respectively.

10) Commitments

403(b) Plan

AFROC maintains a plan for its employees under IRC §403(b). Under the terms of the plan, employees are immediately eligible to contribute pre-tax dollars. AFROC may, at the discretion of the Board, make a discretionary contribution to the plan on behalf of eligible employees. The Board elected to make a matching contribution to the plan of \$326,061 and \$356,260 for the years ended December 31, 2021 and 2020, respectively.

Deferred Compensation

AFROC has entered into a deferred compensation agreement (the Plan) in accordance with IRC §457(b) with two officers of AFROC (the Participants), which provides benefits payable at the earlier of the Participants' separation from service or the calendar year in which the Participants attain age 70 ½. Under certain circumstances, benefits are payable to the Participants' surviving spouse. The Plan is funded by the deferred compensation elections made by the Participants. No employer contributions are permitted under the Plan. Contributions, accumulated income, and other investment changes amounted to \$841,509 and \$666,117 as of December 31, 2021 and 2020, respectively, and are included in prepaid expenses and other current assets on the statements of financial position. The assets can be invested at the discretion of the Board of AFROC (the Plan Administrator). Title to the underlying assets remains with AFROC and the assets are subject to creditor claims. The participants made contributions of \$52,000 and \$50,000 for the years ended December 31, 2021 and 2020, the respectively.

11) Priority Deposits

Priority deposits consist of \$1,000 deposits received from eligible persons. These deposits are refundable within 30 days by written request from the depositor. Upon acceptance to the community, the \$1,000 deposits will be applied to the advance fee of the prospective resident. As of December 31, 2021 and 2020, total priority deposits amounted to \$585,000 and \$608,000, respectively.

12) Funds Held as Agent

Entrance Fee and Waiting List Escrow

AFROC acts in an agency capacity regarding waiting list deposits in the amount of \$10,000 per applicant and reservation deposits of 20% of the entrance fee. Several applicants have been placed on the waiting list or have entered into reservation agreements as of December 31, 2021 and 2020, for a residence at Falcons Landing. These deposits are held under an escrow agreement with a Virginia financial institution.

The escrowed funds and interest thereon remain the property of the individual depositor until the member becomes a resident of Falcons Landing. Therefore, this escrow is not reflected in these financial statements. As of December 31, 2021 and 2020, the balance in the escrow was \$397,662 and \$1,491,266, respectively.

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Upon occupancy, full payment of the entrance fee will be due to AFROC. Additional conditions exist in the reservation agreement for full or partial refunds prior to occupancy.

13) Self-Funded Plans

AFROC established a high deductible workers' compensation plan which covers its employees. The plan calls for AFROC to reimburse the plan administrator for the sum of the claim charges attributable to AFROC. The expenses of AFROC cannot exceed \$125,000 per claim with a pooled policy aggregate of \$230,000. Additional losses incurred above the specific claim and policy maximums, if any, would be the responsibility of the insurance carrier's primary and reinsurance policies maintained by the plan.

AFROC records provisions for expenses for workers' compensation liability claims based on the amount of paid losses together with a provision for case reserves established by the plan's third-party claim adjusters as well as the plan administrator's and management's review of the individual claim facts, historical claim development factors, and industry experience. The amount of reported claims incurred but not yet paid as of December 31, 2021 and 2020 was \$-0- and \$4,123, respectively, and are included in accounts payable and accrued expenses on the statements of financial position. Management believes that potential for claims incurred but not yet reported to be immaterial to the financial statements as a whole.

14) Net Assets with Donor Restrictions

As of December 31, 2021 and 2020, net assets with donor restrictions (NAWDR) were available for the following purposes:

	2021			
	NAWDR as of 12/31/2020	Contributions	Net Assets Released	NAWDR as of 12/31/2021
Program restricted:				
Provider Relief Fund (see Note 17)	\$ -	\$ 12,671	\$ (12,671)	\$ -
Health center support	74,447	334,463	(195,026)	213,884
Resident support and activities	642,580	444,150	(212,611)	874,119
	<u>\$ 717,027</u>	<u>\$ 791,284</u>	<u>\$ (420,308)</u>	<u>\$ 1,088,003</u>
	2020			
	NAWDR as of 12/31/2019	Contributions	Net Assets Released	NAWDR as of 12/31/2020
Program restricted:				
Provider Relief Fund (see Note 17)	\$ -	\$ 985,762	\$ (985,762)	\$ -
Health center support	175,450	141,445	(242,448)	74,447
Resident support and activities	313,198	546,942	(217,560)	642,580
	<u>\$ 488,648</u>	<u>\$ 1,674,149</u>	<u>\$ (1,445,770)</u>	<u>\$ 717,027</u>

15) Concentrations

Credit Risk

AFROC maintains cash balances at several financial institutions. These balances are insured by the Federal Deposit Insurance Corporation. At December 31, 2021 and 2020, cash balances exceeded the federally insured amounts by \$9,431,806 and \$14,247,273, respectively.

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Accounts Receivable and Healthcare Service Revenue

AFROC grants credit without collateral to its residents, most of whom are insured under third-party arrangements. See Note 2 for accounts receivable and healthcare services revenue derived from the federal Medicare reimbursement program as of and for the years ended December 31, 2021 and 2020.

16) Certain Significant Risks and Uncertainties

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

In addition, AFROC could potentially be affected by natural disasters, public health crisis, such as pandemics and epidemics, or other events outside of its control, which could cause its business and operating results to suffer.

17) COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The COVID-19 pandemic substantially impacted the global economy including significant volatility in financial markets. As a result of the COVID-19 pandemic, patient/resident volumes and associated net patient revenues were significantly reduced beginning in March 2020 with gradual and continued improvement from mid-summer through the end of the year. Periodically during 2021, the Company experienced interruptions to these improvements as outbreaks of COVID-19 and related variants occurred.

On March 27, 2020, the CARES Act was signed into law. The CARES Act, among other things, authorized funding to healthcare providers to be distributed through the Provider Relief Fund (PRF). On December 27, 2020, the Consolidated Appropriations Act, 2021 (the Act), which includes stimulus relief as a result of the COVID-19 outbreak, was enacted. On March 10, 2021, the American Rescue Plan Act (ARPA), was enacted.

Provider Relief Funds (PRF)

The adverse economic effects of the COVID-19 outbreak has impacted AFROC's resident population based on the restrictions in place by governments trying to curb the outbreak. This led to AFROC relying on the Department of Health and Human Services (HHS) PRF along with investment earnings to offset any lost revenue during the pandemic.

During the years ended December 31, 2021 and 2020, respectively, AFROC received \$12,671 and \$985,762 of conditional grants under the HHS PRF. AFROC determined that they had substantially met the barriers required in order to recognize the revenue under the terms of the grant. The PRF requires the funds to first be used for healthcare related expenses attributable to coronavirus with any remaining funds eligible to be covered under "lost revenue" as defined by HHS. AFROC recognized \$12,671 and \$985,762 of grant income on the statements of operations and changes in net assets during the years ended December 31, 2021 and 2020, respectively. Noncompliance with any of the terms or conditions is grounds for HHS to recoup some or

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all of the payments received by AFROC. Management believes it has complied with the terms and conditions.

Paycheck Protection Program (the "PPP")

On January 24, 2021, AFROC received loan proceeds in the amount of \$2,509,468 under the PPP of the CARES Act, which was enacted March 27, 2020. The PPP loans were evidenced by a promissory note in favor of the lender, with an interest at the rate of 1.00% per annum. No payments of principal or interest were due under the note until the date on which the amount of loan forgiveness (if any) under the CARES Act, which could be up to 10 months after the end of the related notes covered period (which is defined as 24 weeks after the date of the loan) (the "Deferral Period"). The PPP loan could be prepaid at any time prior to maturity with no prepayment penalties.

Funds from the PPP loans were to be used only for payroll and related costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations that were incurred prior to February 15, 2020 (the "Qualifying Expenses"). Under the terms of the PPP loans, certain amounts thereunder can be forgiven if they were used for Qualifying Expenses as described in and in compliance with the CARES Act.

While AFROC believes the PPP loan proceeds were used exclusively for Qualifying Expenses, it was unclear and uncertain whether the conditions for forgiveness of the PPP loan would be met under the current guidelines of the CARES Act. Accordingly, the PPP loan was outstanding as of December 31, 2021, and was subsequently fully forgiven in January 2022. (See note 20).

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on AFROC's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, AFROC is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

18) Obligation to Provide Future Services and Use of Facilities

AFROC is obligated to provide services and the use of facilities to residents over their remaining lives under continuing care-contract agreements. The nature and extent of such services depends on variables such as the individual's age, health, sex, and economic status upon entering AFROC. Thus, AFROC assumes the risk of estimating the cost of future services and the use of facilities. In order to decrease this risk, AFROC performs an annual calculation comparing the advance fees, periodic fees, contributions, and investment income with the cost of future services and the use of facilities, to determine whether the fees charged and other sources of income are sufficient to meet the future costs incurred. If the advance fees, periodic fees, and other sources of income charged are insufficient to meet the costs of providing future services and the use of facilities, AFROC will record a liability equal to the estimated cost of providing future services and use of facilities in excess of the related anticipated revenues. As of December 31, 2021 and 2020, no liability existed and, therefore, no provision has been recorded. The calculation is based on historic data and management's best estimates. The amounts AFROC will ultimately realize could differ materially from the amounts assumed in estimating future services.

Air Force Retired Officers Community - Washington, D.C.

Notes to Financial Statements

19) Liquidity and Availability

AFROC's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,051,986	\$ 757,114
Accounts receivable	575,020	411,757
Entrance fees receivable	1,141,728	553,160
Investments, current portion	<u>22,324,251</u>	<u>17,171,300</u>
Total financial assets	26,092,985	18,893,331
Less: contractual, board designated, or donor imposed restrictions		
Donor restricted (see Note 14)	<u>1,088,003</u>	<u>717,027</u>
Financial assets available to meet general expenditures within one year	<u>\$ 25,004,982</u>	<u>\$ 18,176,304</u>

AFROC has donor-restricted assets limited to use which are available for expenditure within one year in the normal course of operations but must satisfy the purpose restriction.

As part of AFROC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. AFROC invests cash in excess of daily requirements in short-term investments which amounted to \$22,324,251 and \$17,171,300 as of December 31, 2021 and 2020, respectively.

20) Subsequent Events

On January 31, 2022, AFROC received confirmation from Small Business Administration (SBA) through its PPP loan lender, that the PPP loan forgiveness application has been approved. The PPP loan in amount of \$2,509,468 along with accrued interest were fully forgiven.

Management has evaluated subsequent events and transactions subsequent to the statement of financial position date for potential recognition or disclosure through April 29, 2022, which is the date the financial statements were issued. Except as noted above, there were no events that required recognition or disclosure in the financial statements.

Supplementary Information – Management’s Discussion and Analysis - Unaudited

Air Force Retired Officers Community - Washington, D.C.

Management's Discussion and Analysis - Unaudited
For the Years Ended December 31, 2021 and 2020

Management's Discussion and Analysis

AFROC's management discussion and analysis (MD&A) provides a discussion and overview of the financial performance during the year ended December 31, 2021, with comparative information presented for the year ended December 31, 2020. Maintaining its financial health is crucial to the long-term viability of AFROC, whose primary mission is to provide housing facilities and services to seniors. AFROC is a life plan community serving retired commissioned officers of the United States Armed Forces and senior level federal retirees and their surviving spouses and honorable discharged military officers.

This discussion and analysis has been prepared by and is the responsibility of management.

Understanding the Financial Statements

The MD&A is intended to foster a greater understanding of AFROC's financial activities. Since this presentation includes summarized formats it should be read in conjunction with the financial statements which have the following four components:

1. Statement of Financial Position presents a snapshot of AFROC's assets and liabilities under the accrual basis of accounting at the end of each fiscal year presented. The Statement of Financial Position helps the reader understand the type and amounts of assets available to support operations, how much AFROC owes to vendors and bond holders, and net assets (deficit) delineated between net assets without donor restrictions and net assets with donor restrictions.
2. Statement of Operations and Changes in Net Deficit presents AFROC's revenues and expenses categorized between operating and other related activities. The Statement of Operations and Changes in Net Deficit reports AFROC's operating results for each fiscal year presented.
3. Statement of Cash Flows provides information about AFROC's sources (receipts) and uses (payments) of cash during the fiscal year. The Statement of Cash Flows classifies sources and uses of cash into three categories and assists in determining whether AFROC has the ability to generate future net cash flows to meet its obligations as they come due, and in determining the need for external financing.
4. Notes to the Financial Statements (Notes) provide additional information to clarify and expand on the financial statements.

The MD&A provides an objective analysis of AFROC's financial activities based on currently known facts, decisions, and conditions. The MD&A discusses the current year results in comparison to the prior year.

Air Force Retired Officers Community - Washington, D.C.

Management's Discussion and Analysis – Unaudited (Continued)
For the Years Ended December 31, 2021 and 2020

Statements of Financial Position

The term financial position refers to the difference between total assets and deferred outflows to total liabilities and deferred inflows, as an indicator of AFROC's financial condition. Changes in financial position that occur over time indicate improvement or deterioration in AFROC's financial condition.

Assets and liabilities are generally measured using current values with property and equipment as the one notable exception as they are stated at historical costs less an allowance for depreciation.

The following is a summarized schedule of the financial position for AFROC:

Condensed Statements of Financial Position				
As of December 31,	2021	2020	\$ Change	% Change
Current assets	\$ 27,367,038	\$ 30,541,225	\$ (3,174,187)	-10%
Property and equipment, net	105,950,849	88,562,133	17,388,716	20%
Other assets	106,060	142,866	(36,806)	-26%
Total assets and deferred outflows	133,423,947	119,246,224	14,177,723	12%
Current liabilities	12,392,236	11,133,439	1,258,797	11%
Long-term liabilities	119,466,764	110,170,591	9,296,173	8%
Total liabilities and deferred inflows	131,859,000	121,304,030	10,554,970	9%
Net assets (deficit)				
Without donor restrictions	476,944	(2,774,833)	3,251,777	117%
With donor restrictions	1,088,003	717,027	370,976	52%
Total net assets (deficit)	\$ 1,564,947	\$ (2,057,806)	\$ 3,622,753	176%

- Current assets decreased primarily due to a decrease in cash. During 2021 \$10.6M of restricted cash was used to pay construction costs
- Property and equipment increased due to new construction during the year.
- Current liabilities increased due to a \$2.5M Payroll Protection Plan loan.
- Long-term liabilities increased due to the refundable portion of entrance fees received during the year.
- Total assets increased by a greater margin than total liabilities, causing the net deficit to become a net asset.

Air Force Retired Officers Community - Washington, D.C.

Management's Discussion and Analysis – Unaudited (Continued)

For the Years Ended December 31, 2021 and 2020

Total Financial Position

Financial position is divided into two major categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are available to AFROC for any lawful purpose. Net assets with donor restrictions are available for expenditure by AFROC but must be spent for purposes as determined by donors and/or external entities that have placed purpose restrictions on the use of the assets.

The following is a summarized schedule of the composition of net assets for AFROC:

As of December 31,	Total Financial Position			
	2021	2020	\$ Change	% Change
Net assets (deficit)				
Undesignated	\$ 476,944	\$ (2,774,833)	\$ 3,251,777	117%
With donor restrictions	1,088,003	717,027	370,976	52%
Total net assets (deficit)	\$ 1,564,947	\$ (2,057,806)	\$ 3,622,753	176%

The undesignated net deficit moved to a net asset due to unrealized gains on investments and the interest rate swap. Net assets with donor restrictions increased due to a larger amount of donations with donor restrictions than net assets released from restrictions.

Statements of Operations and Changes in Net Assets (Deficit)

The following is a summarized schedule of the revenues and expenses for AFROC:

For the Years Ended December 31,	Condensed Statements of Operations and Changes in Net Deficit			
	2021	2020	\$ Change	% Change
Operating revenue	\$ 31,547,946	\$ 32,380,126	\$ (832,180)	-3%
Operating expense	31,691,657	31,129,063	562,594	2%
Operating loss (income)	(143,711)	1,251,063	(1,394,774)	-111%
Other revenue (expenses)	3,766,464	(804,061)	4,570,525	-568%
Change in net assets (deficit)	3,622,753	447,002	3,175,751	710%
Net deficit - beginning of year	(2,057,806)	(2,504,808)	447,002	-18%
Net assets (deficit)- end of year	\$ 1,564,947	\$ (2,057,806)	\$ 3,622,753	176%

Air Force Retired Officers Community - Washington, D.C.

Management's Discussion and Analysis – Unaudited (Continued)
For the Years Ended December 31, 2021 and 2020

Statements of Operations and Changes in Net Assets (Deficit) (Continued)

The following is a schedule of operating revenues for AFROC:

For the Years Ended December 31,	Total Operating Revenues			
	2021	2020	\$ Change	% Change
Residential services	\$ 17,699,292	\$ 16,897,775	\$ 801,517	5%
Healthcare services	7,123,235	7,038,718	84,517	1%
Amortization of deferred revenue	5,582,721	6,264,946	(682,225)	-11%
Contributions and bequests	665,431	1,666,675	(1,001,244)	-60%
Dividends and interest	280,020	361,460	(81,440)	-23%
Other income	197,247	150,552	46,695	31%
Total operating revenues	\$ 31,547,946	\$ 32,380,126	\$ (832,180)	-3%

Operating revenue decreased due to lower amortization of deferred revenue and less contributions and bequests.

For the Years Ended December 31,	Total Operating Expenses By Function			
	2021	2020	\$ Change	% Change
Residential services	\$ 14,026,043	\$ 14,220,570	\$ (194,527)	-1%
Health center services	13,097,811	12,638,356	459,455	4%
General and administrative	4,567,803	4,270,137	297,666	7%
Total operating expenses	\$ 31,691,657	\$ 31,129,063	\$ 562,594	2%

- Resident services decreased due to lower interest expense, repairs and maintenance and supplies and equipment.
- Health center services increased due to payroll expenses, food and employee expenses
- General and administrative expenses increased primarily due to advertising and insurance.

Air Force Retired Officers Community - Washington, D.C.

Management's Discussion and Analysis – Unaudited (Continued)
For the Years Ended December 31, 2021 and 2020

Property and Equipment

As of December 31,	Property and Equipment, Net			
	2021	2020	\$ Change	% Change
Land	\$ 6,963,112	\$ 6,963,112	\$ -	0%
Land improvements	7,089,896	6,693,243	396,653	6%
Buildings and improvements	143,910,703	95,966,657	47,944,046	50%
Furniture, fixtures and office equipment	22,823,421	21,483,562	1,339,859	6%
Transportation equipment	1,029,781	918,565	111,216	12%
Construction in progress	14,076	26,627,596	(26,613,520)	-100%
Property and equipment	181,830,989	158,652,735	23,178,254	15%
Less: accumulated depreciation	75,880,140	70,090,602	5,789,538	8%
Total property and equipment, net	\$ 105,950,849	\$ 88,562,133	\$ 17,388,716	20%

- Buildings and improvements increased as a result of the completion of the two new Terrace Home apartment buildings and a Memory Care unit.
- Construction in progress decreased with the substantial completion of the two new Terrace Home apartment buildings and Memory Care unit.
- Accumulated depreciation increased due to current year depreciation expense.

Debt

At December 31, 2021, AFROC had \$49.9 million of bonds outstanding, \$3.9 million of which is due in 2022. The Series 2016 bonds require monthly principal and interest installments through 2030. \$30 million of Series 2019A bonds were issued by the end of 2020 for the construction of the Memory Care Unit and two Terrace Homes. These bonds will require monthly principal and interest installments beginning on January 1, 2021 with an interest rate of 2.526% through the use of a forward swap.

Air Force Retired Officers Community - Washington, D.C.

Management's Discussion and Analysis – Unaudited (Continued)

For the Years Ended December 31, 2021 and 2020

Statements of Cash Flows

The Statements of Cash Flows provide information about cash receipts and cash payments during the year. This statement assists users in assessing AFROC's ability to generate net cash flows and meet its obligations as they come due, and its need for external financing. The statement is divided into four sections:

1. Cash provided by operating activities shows operating cash flows of AFROC.
2. Cash used in investing activities reflects cash generated from investment activity and property and equipment purchases.
3. Cash used in financing activities presents cash used to finance operations of AFROC.
4. Supplemental disclosures of cash paid for interest and noncash investing and financing activities.

The following is a summary Statements of Cash Flows for ARFOC for the years ended December 31, 2021 and 2020. For more detailed information, see the accompanying Statements of Cash Flows.

Condensed Statements of Cash Flows				
For the Years Ended December 31,	2021	2020	\$ Change	% Change
Cash provided by (used in)				
Operating activities	\$ (2,020,279)	\$ 1,753,875	\$ (3,774,154)	-215%
Investing activities	(25,816,243)	(4,267,975)	(21,548,268)	505%
Financing activities	18,492,375	11,927,950	6,564,425	55%
Net increase in cash	(9,344,147)	9,413,850	(18,757,997)	-199%
Cash, beginning of year	11,396,133	1,982,283	9,413,850	475%
Cash, end of year	\$ 2,051,986	\$ 11,396,133	\$ (9,344,147)	-82%

- Negative cash flow from operating activities resulted from a decrease in accounts payable and accrued expenses and an increase in accounts receivable.
- Negative cash flow from investing activities related to purchases of investments and property and equipment.
- Positive cash flow provided by financing activities resulted from an increase in entrance fees.

Occupancy Information

The following schedule summarizes AFROC's occupancy, by type of resident, for 2021:

Occupancy Information			
For the Year Ended	Number of	Average	Percentage
December 31, 2021	Units	Occupancy	Occupancy
Independent living	304 *	273	89.6%
Assisted living	71	50	70.0%
Nursing	60	35	57.9%

* Number of units for independent living increased to 328 during 2021 when new Terrace Homes were completed. These new homes are in a fill-up phase and excluded from the calculation above.

Air Force Retired Officers Community

Material Differences 2021 Pro Forma and 2021 Actual

	<u>2021 Projected</u>	<u>2021 Actual</u>	<u>Variance</u>
Revenue			
Earned Entrance Fees	5,900,000	5,582,721	(317,279)
Monthly Service Fees	18,111,785	17,699,293	(412,492)
Health Center Fees	7,520,989	7,123,235	(397,754)
Interest	53,960	144,813	90,853
Other	144,647	219,257	74,610
Total Revenue	31,731,381	30,769,319	(962,062)
Expenses			
Administration	5,036,609	5,176,327	139,718
Resident Services	7,567,850	6,914,339	(653,511)
Dining	5,777,613	5,724,487	(53,126)
Health Center	9,070,766	7,281,067	(1,789,699)
Depreciation & Amortization	5,880,000	5,824,543	(55,457)
Interest	591,834	627,502	35,668
Total Expenses	33,924,672	31,548,265	(2,376,407)
Excess of Expense Over Revenue	(2,193,291)	(778,946)	1,414,345

Notes to Pro Forma Variance

Revenue Variance

Actual revenue was lower than projected. Earned Entrance Fees were less than expected due to lower termination and amortization income from residents passing away. Monthly Service fees and Health Center Fees were both less than projected due to lower than expected occupancy. Interest was higher than expected due to larger than expected dividends and capital gains on investments. Other income was higher than projected due to higher than expected guest meals, guest rooms and bar sales.

Expense Variance

Actual expenses were less than the budgeted amount. Administration expenses were greater than expected due to COVID expenses. Resident Services, Dining and Health Center expenses were lower than expected due to staffing shortages.

**Air Force Retired Officers Community
d/b/a Falcons Landing
Pro Forma Income Statement
For Fiscal Year Ending 12/31/2022**

REVENUE

Earned Entrance Fees.....	5,900,000
Monthly Service Fees.....	19,800,852
Health Center Fees.....	9,419,653
Interest.....	175,246
Other.....	388,061

TOTAL..... 35,683,812

EXPENSE

Administration.....	4,626,868
Resident Services.....	7,751,487
Dining.....	6,499,089
Health Center.....	9,829,007
Depreciation & Amortization.....	7,800,000
Interest.....	1,259,615

TOTAL..... 37,766,066

EXCESS OF REVENUE OVER EXPENSE..... (2,082,254)

- (1) **Organization and Purpose.**

The Air Force Retired Community (AFROC) is a non-profit charitable corporation organized to provide housing facilities and services to elderly persons, in particular retired commissioned officers in the United States military and their spouses.
- (2) **Summary of Significant Accounting Policies.**
 - A. The accompanying Pro Forma statement has been prepared on the accrual basis of accounting whereby income is recognized when earned and expenses when incurred.
 - B. The guidelines used in Statement of Position 90-80 (SOP 90-80) provide guidance as to the GAAP guidelines for Continuing Care Retirement Facility.
 - C. Investment income is recorded at market value per SFAS No. 117.
 - D. The depreciation and amortization expense is being amortized over the estimated useful life of an asset.
 - E. Earned entrance fees are amortized over the actuarial life of residents.
- (3) **Income Taxes.**

AFROC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Code provides for taxation of certain unrelated business income. AFROC will have no material taxable unrelated business income.
- (4) **Revenue and Expenses.**

All revenues and expenses shown are based on budgeted revenues and expenses from the period January 1, 2022 through December 31, 2022. These budgets were developed using projected occupancy rates. The occupancy rates drive all aspects of the operating budget from monthly service fee revenues to staffing levels for all departments.

Summary of Financial Information
Air Force Retired Officers Community - Washington, D.C. (dba
Falcons Landing)
As of 31 December 2021

	Current Year	Prior Year
Total Assets	133,423,947	119,246,224
Total Liabilities	131,859,000	121,304,030
Total Net Assets	1,564,947	(2,057,806)
Total Revenues	31,176,970	32,151,747
Total Expenses	31,691,657	31,129,063
Operating Income (Loss)	(514,687)	1,022,684
Net Income (Loss)	3,251,777	218,623

Narrative on financial condition:

Falcons Landing continued to operate on a firm financial footing in 2021 despite the Pandemic. Revenue was \$962K under budget due to lower than expected occupancy in all levels of care. But our financial position was bolstered by a \$2.1M unrealized gain on investments and a \$451K realized gain on investments. Expenses were 7% under budet from lower salary costs due to staff shortages.

Occupancy Information	Capacity of Units	Average Occupancy	Percentage Occupancy
Independent Living (Note)	304	273	90%
Assisted Living	71	50	70%
Nursing	60	35	58%

Note: The number of Independent Living Units increased to 328 during 2021 when new Terrace Homes were completed. These new homes are in a fill-up phase and are excluded from the occupancy calculation.

APPENDIX B

FALCONS LANDING SCHEDULE OF FEES

Effective January 1, 2022 the following fees are in effect for services provided by Falcons Landing that are not included in the Monthly Service Fee (per Resident Contract Section 6.02).

A. Extra Resident Meals (for residents on traditional meal plan)
(Above meal plan quota in any one calendar month)

Breakfast	\$8.00
Lunch	\$8.00
Dinner	\$8.00
Sunday and Holiday Main Meal	\$8.00

B. Extra Resident Meals (for residents on dollar balance plan)
Dollar value of additional meals

C. Guest Meals – Independent Living Resident Guests

Breakfast	\$7.00
Lunch in Woodburn Café – ala carte or Resident charge	\$10.00
Lunch in Main Dining	\$20.00
Dinner	\$20.00
Sunday and Holiday Main Meal (Children 4 to 11 – \$10)	\$20.00

D. Catering
As agreed to by resident in advance.

E. Meal credit for missed meals: \$8.00 per meal

F. Transportation

1. Medical/Dental \$25 Round Trip – Regular Transport
 \$50 Round Trip – Wheelchair Transport

Drop-off and pick-up at offices in the immediate area (includes Sterling, Reston, Herndon, Lansdowne and Leesburg)

Fee for transport to offices in Northern Virginia but outside the immediate area to be **determined.**

2. Airport

Dulles Departures:	\$20	Dulles Arrivals:	\$30
National Departures:	\$50	National Arrivals:	\$55
Union Station Departures:	\$50	Union Station Arrivals:	\$50

- G. Meal Delivery to Independent Living Unit: \$3.00
The fee may be waived by Senior Management due to resident illness or other temporary situation.
- H. Guest Rooms
Guestrooms are \$80.00 per night plus a \$30.00 COVID cleaning surcharge for guests of independent living residents. These rates include all applicable taxes.
- I. Alcoholic Beverages
Prices available on request
- J. Additional Garage Parking Space: \$80 per month
- K. IT Support Services: Price based on service provided
- L. Additional Storage Cage: \$65 per month
- M. Compass Club
Prices available on request
- N. Extra Maintenance Services
Billed at \$10.00 per ¼ hour per maintenance person plus any materials used.
- O. Extra Housekeeping Services
Billed at \$7.00 per ¼ hour per housekeeper plus any materials used.
- P. Copier Services
Billed at the rate of \$0.25 per copy for 8 ½" x 11" or 8 ½" x 14".
- Q. Fax Services
Billed at the rate of \$1.00 for each long distance outgoing page.
- R. Beauty Shops
Prices available in Beauty Shops.
- S. Credit Union
Prices available in Credit Union.
- T. Replace Lost Access Device
Billed at \$12.00 per card and \$7.00 per key fob for residents.
- U. Replace Lost SARA Pendant
Billed at \$145 per Pendant
- V. Health Center Charges – Extra
For services and supplies not included in rates applicable to residents, prices available in Assisted Living and Skilled Nursing.

W. Resident Health Center Rates (Standard Contract)

Resident rates are the same for Skilled Nursing and Assisted Living. Room rates are also the same for private, semi-private, and special care.

Single Resident

Temporary Stay	First person fee stays the same plus \$26.00 for two additional meals.
Permanent Stay	First person fee stops. Health center rate of \$171 per day.

Two Residents

One Person Temporary	First and second person fees stay the same plus \$26.00 for two additional meals.
One Person Permanent	First and second person fees stay the same plus \$26 for two additional meals.
One Person Permanent and One Person Temporary	First and second person fees stay the same plus \$26.00 for two additional meals for the temporary resident and \$26 for two additional meals for the permanent resident.
Both Permanent	First person pays \$171 per day. Second person fee stays the same plus \$26 for two additional meals.

The daily resident health care rate is roughly equal to the weighted average of all first person Monthly Service fees, or approximately \$171 per day.

The basic premise of health center charges to Falcons Landing standard contract holders is that until residency in an independent living unit is surrendered permanently, the resident(s) continues to pay only the applicable Monthly Service Fee (including the second person, if applicable), plus the cost of two additional meals per day plus other costs not covered by the continuing care contract.

X. Resident Health Center Rates (Fee For Service Contract)

Fee for Service Contract residents pay the direct admission rate for all non-Medicare health center stays. Fees are as follows:

Nursing (private room) - \$356 per day
Nursing (semi-private room) - \$240 per day
TJC Assisted Living (private room) - \$203 per day
TJC Assisted Living (Suite) - \$257 per day
WF Assisted Living (Suite) - \$257 per day
Hillside House (private room) - \$309 per day

Note: These rates apply only when the unit has single occupancy. The Second Person Rate is \$100 per day.



FALCONS LANDING

Common Bonds. Extraordinary Living.



Amenities

- Gated community
- Beautiful grounds
- Grand & Private Dining Room
- Woodburn Café
- Compass Club
- Ballroom
- Arts & Crafts Studio
- Woodworking Shop
- Game & Card Room
- Billiards Room with Poker Table
- Library
- Wellness Clinic
- Chapel
- Guest Rooms
- Indoor Heated Junior Olympic Pool & Whirlpool
- Fitness Gym & Aerobics Studio
- Tennis Court
- On-site Bank & ATM
- Resident Business Center
- In-house TV Channel
- Wi-Fi in Common Areas
- Patio with Firepit
- Neighboring Regional Park with walking paths
- Community Garden

Services

Included in Monthly Fee

- Flexible meal plan
- Weekly housekeeping services
- Residence maintenance
- 24-hour security and emergency call system
- Utilities (except telephone and internet)
- Scheduled transportation
- Cable TV
- Social & Recreational activities
- Live performance events
- Professional healthcare services available
- Nursing Care & Assisted Living
- Landscaping

Additional Offers

- Salon services
- Upgrade to premium cable
- High speed internet
- Extra housekeeping and maintenance services
- Meal delivery
- Airport transportation

Our picturesque Pollinator Garden is certified both as Monarch Watch Waystation and an Audubon at Home Sanctuary.

Features

Apartment ONLY

- Two elevators per building
- Social gathering area on each floor
- Underground parking
- Climate-controlled walkway between apartment buildings and Founders Hall
- Individual storage areas for each apartment

Cottage ONLY

- Vaulted ceilings
- Gas fireplace (standard in Monticello)
- Attached garage
- Private patio or deck

Cottage & Apartment

- Generous walk-in closets
- Individually-controlled Heat/AC
- Fully-equipped kitchen with granite countertops and wood cabinetry
- Individual washer and dryer



FALCONS LANDING

Common Bonds. Extraordinary Living.

2022 Residence Fee Schedule

COTTAGES

Alexandria
2 Bedroom / 2 Bath +Den - 1464 sq. ft.

	*TYPE A ENTRANCE FEES STARTING AT	MONTHLY SERVICE FEES
Single	\$421,500	\$5,208
Couple	\$458,300	\$6,860

Beaumont
2 Bedroom / 2 Bath +Den - 1464 sq. ft.

Single	\$524,800	\$5,208
Couple	\$561,600	\$6,860

Monticello
2 Bedroom / 2 Bath +Den - 2017 sq. ft.

Single	\$653,500	\$6,664
Couple	\$690,300	\$8,316

APARTMENTS

Shenandoah
1 Bedroom / 1 Bath - 815 sq. ft.

Single	\$143,500	\$3,496
Couple	\$180,300	\$5,148

Chatham
2 Bedroom / 2 Bath - 1130 sq. ft.

Single	\$269,100	\$4,324
Couple	\$305,900	\$5,976

Potomac
2 Bedroom / 2 Bath - 1304 sq. ft.

Single	\$366,700	\$4,788
Couple	\$403,500	\$6,440

Chesapeake
2 Bedroom / 2 Bath +Den - 1510 sq. ft.

Single	\$464,700	\$5,153
Couple	\$501,500	\$6,805

Roanoke
2 Bedroom / 2 Bath +Den - 1630 sq. ft.

Single	\$505,500	\$5,650
Couple	\$542,300	\$7,302

Williamsburg
2 Bedroom / 2 Bath +Den - 1834 sq. ft.

Single	\$569,500	\$6,181
Couple	\$606,300	\$7,833

Lexington
2 Bedroom / 2 Bath +Den - 1950 sq. ft.

Single	\$616,700	\$6,676
Couple	\$653,500	\$8,328

INITIAL FEES

Membership Application Fee: \$1,000

Admissions Wait List Fee: \$10,000

**\$95,000 reduction for Fee for Service entrance fee.*

Age restrictions may apply.

Refund Plans Available: Plan 0, Plan 50 & Plan 95.



FALCONS LANDING

Common Roads. Extraordinary Living.

2022 Terrace Homes Residence Fee Schedule



THE TERRACE HOMES

The Franklin

2 Bedroom / 2.5 Bath + Den
1617 sq. ft.

Single
Couple

FLOOR 1 & 2
ENTRANCE FEES
STARTING AT

\$575,700
\$612,500

FLOOR 3
ENTRANCE FEES
STARTING AT

\$605,700
\$642,500

MONTHLY
SERVICE FEES

\$5,676
\$7,328

The Lancaster

2 Bedroom / 2.5 Bath + Den
1717 sq. ft.

Single
Couple

\$616,100
\$652,900

\$646,100
\$682,900

\$5,784
\$7,436

The Madison

2 Bedroom / 2.5 Bath + Den
2064 sq. ft.

Single
Couple

\$742,400
\$779,200

\$792,400
\$829,200

\$6,672
\$8,324

The Buckingham

2 Bedroom / 2.5 Bath + Den
2192 sq. ft.

Single
Couple

\$787,800
\$824,600

\$837,800
\$874,600

\$6,776
\$8,428

INITIAL FEES

Membership Application Fee: \$1,000

Admissions Wait List Fee: \$10,000

**\$95,000 reduction for Fee for Service entrance fee.*

Age restrictions may apply.

Refund Plans Available: Plan 0, Plan 50 & Plan 95.

