



VINSON HALL RETIREMENT COMMUNITY

supported by Navy Marine Coast Guard Residence Foundation

FILED
Commonwealth of Virginia
State Corporation Commission
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2021

**DISCLOSURE STATEMENT FOR
NAVY MARINE COAST GUARD RESIDENCE FOUNDATION**

AND

VINSON HALL, LLC

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

Prepared April, 22, 2021

REFERENCE

DISCLOSURE
STATEMENT

Pages 1 through 33

EXHIBITS

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I. NAME AND BUSINESS ADDRESS OF THE PROVIDER AND A STATEMENT OF WHETHER THE PROVIDER IS A PARTNERSHIP, FOUNDATION, ASSOCIATION, CORPORATION, OR OTHER TYPE OF BUSINESS OR LEGAL ENTITY.

- A. NMCGRF Inc. (hereinafter called the Foundation), is incorporated in the Commonwealth of Virginia. It is a non-stock, nonprofit corporation that is the sponsor and sole member of Vinson Hall, LLC. The address for the Foundation is: Navy Marine Coast Guard Residence Foundation, 6251 Old Dominion Drive, Suite 137, McLean, Virginia 22101-4827.
- B. Vinson Hall, LLC, trading as Vinson Hall Retirement Community (hereinafter called "VHRC") is a limited liability company in the Commonwealth of Virginia. The address for Vinson Hall, LLC is: 6251 Old Dominion Drive, McLean, Virginia 22101-4818. The Corporation was originally incorporated in the Commonwealth of Virginia on July 7, 1967. On June 17, 2011, Vinson Hall, LLC received the Certificate of Entity Conversion from the State Corporation Commission.
- C. VHRC is the owner and operator of three facilities, one Community Building and one not licensed Independent Living building as listed below:
1. Arleigh Burke Pavilion (hereinafter called "ABP"), a licensed Nursing Skilled and Assisted Living Facility by the Commonwealth of Virginia, is located at 1739 Kirby Road, McLean, VA 22101-4817.
 2. Vinson Hall (hereinafter called "VH"), a licensed Assisted Living Facility for Residential and Assisted Care by the Commonwealth of Virginia, is located at 6251 Old Dominion Drive, McLean, VA 22101-4818.
 3. The Sylvestery (hereinafter called "TS"), a licensed Assisted Living Facility by the Commonwealth of Virginia, is located at 1728 Kirby Road, McLean, VA 22101.
 4. The Community Building (hereinafter called "CB"), has 12 Medicare licensed beds for short-term rehab on the ground and first floor, is located at 1735 Kirby Road, McLean, VA 22101.

5. The Willow Oak Building (hereinafter called “WO”), is located at 1733 Kirby Road, McLean, VA 22101. It is not licensed.
- D. VHRC purchased two pieces of property in 2016 and one property in 2019:
1. The property at 6309 Old Dominion Drive, McLean, VA is directly behind TS at 1728 Kirby Road, McLean, VA 22101, County of Fairfax. It had a two story dwelling constructed of wood and concrete and was situated on .44 acres of land. Fairfax County Fire Department used the site as a training exercise on October 11-13, 2017. The dwelling was demolished and the property is now used for green space.
 2. The property at 6258 Park Road, McLean, Virginia is next door to ABP at 1739 Kirby Road, McLean, Virginia and Vinson Hall at 6251 Old Dominion Drive, McLean, VA 22101, County of Fairfax. It had a two story dwelling constructed of wood and concrete and is situated on .94 acres of land. The house was demolished in the summer of 2019. The property is used as greenspace.
 3. The property at 6317 Old Dominion Drive, McLean, VA is directly behind TS at 1728 Kirby Road, McLean, VA 22101, County of Fairfax. It has a two story dwelling constructed of wood and concrete and was situated on .44 acres of land. The plan is to demolish the dwelling. There are no immediate plans for the use of that property.
- E. The Foundation does not own real property in the Commonwealth of Virginia, or anywhere else.
- F. VHRC is the sole owner of property, buildings, improvements and assets of ABP, VH, TS, CB and WO. No agency, entity or person other than VHRC owns assets of any type or kind pertaining to VHRC.

II. THE NAMES AND BUSINESS ADDRESSES OF THE OFFICERS, DIRECTORS, TRUSTEES, MANAGING OR GENERAL PARTNERS, AND ANY PERSON HAVING A TEN PERCENT OR GREATER EQUITY OR BENEFICIAL INTEREST IN THE PROVIDER, AND A DESCRIPTION OF SUCH PERSON'S INTEREST IN OR OCCUPATION WITH THE PROVIDER.

A. Listings of the Officers and Trustees of the Foundation are attached as **EXHIBIT A.**

1. Members of the Foundation Board are called Trustees. The officers of the Board of Trustees consist of a Chairman, Vice Chairman, Secretary and Treasurer.

B. No Officer, Trustee, or any other person or entity owns any beneficial interest nor holds equity in the Foundation or VHRC. Each of the providing organizations is a non-stock corporation. The Foundation is a membership corporation.

1. There is no direct or indirect ownership of either of the providers, including ownership through another legal entity;

2. Neither of the providers issue any voting class of securities; and,

3. There are no contracts, including lease or management contracts with any of the providers where the amount of consideration under the contract is tied to the financial performance of the provider.

III. FOR THE PROVIDER, ANY PERSON NAMED IN RESPONSE TO THIS SUBSECTION OR THE PROPOSED MANAGEMENT, IF THE FACILITY WILL BE MANAGED ON A DAY-TO-DAY BASIS BY A PERSON OTHER THAN AN INDIVIDUAL DIRECTLY EMPLOYED BY THE PROVIDER.

A. A DESCRIPTION OF ANY BUSINESS EXPERIENCE IN THE OPERATION OR MANAGEMENT OF SIMILAR FACILITIES.

1. The Foundation and VHRC are managed on a day-to-day basis by persons directly employed by the provider.

2. The business of the Foundation is under the management and operating control of an Executive Director, who has served in that position since November 27, 2017 and has 30 years of experience with similar providers. The Executive Director is a salaried position. The Executive Director is a Trustee of the Foundation. The Executive Director reports to and is responsible to the Chairman of the Foundation Board of Trustees.
3. VHRC is under the management and operating control of a Chief Executive Officer who has served in that position since November 27, 2017 and has 30 years of experience with similar providers. The Chief Executive Officer is a salaried position. The Chief Executive Officer is a Trustee, of the Foundation. The Chief Executive Officer reports to the Chairman of the Foundation Board of Trustees and the Governance Committee.
4. Three of the persons listed as a Trustee, or Officer of the Foundation and/or of VHRC, have prior or specific business experience in the operation or management of similar facilities. They are as follows:
 - a. RADM Frederic G. Sanford, MC, USN (Ret); who is an Emeritus Trustee of the Foundation and has been on the board since 2004; and
 - b. RDML Michael Browne, USN (ret); who has been a Trustee of the Foundation since 2018; and
 - c. RDML Cynthia A. Dullea, NC, USN (Ret); who has been a Trustee of the Foundation since 2016; and

IV. THE NAME AND ADDRESS OF ANY PROFESSIONAL SERVICE, FIRM, ASSOCIATION, FOUNDATION, TRUST, PARTNERSHIP OR CORPORATION OF ANY OTHER BUSINESS OR OTHER LEGAL ENTITY IN WHICH SUCH PERSON HAS, OR WHICH HAS IN SUCH PERSON, A 10% OR GREATER INTEREST AND WHICH IT IS PRESENTLY INTENDED WILL OR MAY PROVIDE GOODS, LEASES OR SERVICES TO THE PROVIDER OF A VALUE OF \$500 OR MORE, WITHIN ANY YEAR

- A. No Trustee, Director or Manager has any interest in a professional service firm, association, foundation, trust or partnership which provides any goods, leases or services to either the Foundation or VHRC.

V. A DESCRIPTION OF ANY MATTER IN WHICH SUCH PERSON:

A. "HAS BEEN CONVICTED OF A FELONY OR PLEADED NOLO CONTENDERE TO A CRIMINAL CHARGE, OR BEEN HELD LIABLE OR ENJOINED IN A CIVIL ACTION BY FINAL JUDGMENT, IF THE CRIME OR CIVIL ACTION INVOLVED FRAUD, EMBEZZLEMENT, FRAUDULENT CONVERSION, MISAPPROPRIATION OF PROPERTY OR MORAL TURPITUDE;"

1. None.

B. "IS SUBJECT TO AN INJUNCTIVE OR RESTRICTIVE ORDER OF A COURT OF RECORD, OR WITHIN THE PAST FIVE YEARS HAD ANY STATE OR FEDERAL LICENSE OR PERMIT SUSPENDED OR REVOKED AS A RESULT OF AN ACTION BROUGHT BY A GOVERNMENTAL AGENCY OR DEPARTMENT, ARISING OUT OF OR RELATING TO BUSINESS ACTIVITY OR HEALTH CARE, INCLUDING WITHOUT LIMITATION ACTIONS AFFECTING A LICENSE TO OPERATE A FOSTER CARE FACILITY, NURSING HOME, RETIREMENT HOME, HOME FOR THE AGED OR FACILITY REGISTERED UNDER THIS CHAPTER OR SIMILAR LAWS IN ANOTHER STATE;"

1. None.

C. "IS CURRENTLY THE SUBJECT OF ANY STATE OR FEDERAL PROSECUTION, OR ADMINISTRATIVE INVESTIGATION INVOLVING ALLEGATIONS OF FRAUD, EMBEZZLEMENT, FRAUDULENT CONVERSION, OR MISAPPROPRIATION OF PROPERTY?"

1. None.

VI. A STATEMENT AS TO:

A. "WHETHER THE PROVIDER IS OR EVER HAS BEEN AFFILIATED WITH A RELIGIOUS, CHARITABLE OR OTHER NONPROFIT ORGANIZATION, THE NATURE OF ANY SUCH AFFILIATION, AND THE EXTENT TO WHICH THE AFFILIATE ORGANIZATION IS OR WILL BE RESPONSIBLE FOR THE FINANCIAL AND CONTRACTUAL OBLIGATIONS OF THE PROVIDER."

1. Neither the Foundation nor VHRC is affiliated with any religious, charitable, or other nonprofit organization. The Foundation is an eleemosynary organization and provides financial support for residents of the VHRC facilities who are neither financially independent nor self-supporting. The financial support given to residents of VHRC is not guaranteed contractually and is based strictly upon need as determined by the Foundation and VHRC.
 2. As the sponsor organization of the facilities, the Foundation guarantees the fiscal solvency. Since the construction of the original facility in 1969, the Foundation has provided direct financial assistance to the facilities for their operations and capital improvements and has under-written past expenses which have exceeded income. Restrictions in support of excess expenses are as imposed in the annual budgets or as otherwise approved by the Board of Trustees.
- B. "ANY PROVISION OF THE FEDERAL INTERNAL REVENUE CODE UNDER WHICH THE PROVIDER IS EXEMPT FROM THE PAYMENT OF INCOME TAX:"
1. The Foundation, which is incorporated in the Commonwealth of Virginia, is a not-for-profit corporation, exempt from federal income tax as a 501(c)(3) charitable organization. Since being reincorporated in the Commonwealth of Virginia in 2011, it is exempt from Virginia income taxes. VHRC is a not-for-profit limited Liability Company and enjoys the exemption of its parent but is not itself tax exempt. By special acts of the Virginia Legislature, the Foundation is exempt from real property taxes in the Commonwealth of Virginia.
- C. "THE LOCATION AND DESCRIPTION OF THE REAL PROPERTY OF THE FACILITY, EXISTING OR PROPOSED, AND TO THE EXTENT PROPOSED, THE ESTIMATED COMPLETION DATE OR DATES OF IMPROVEMENTS, WHETHER OR NOT CONSTRUCTION HAS BEGUN AND THE CONTINGENCIES UNDER WHICH CONSTRUCTION MAY BE DEFERRED."

1. The Foundation owns no real property, The Foundation occupies Suite 137 in Vinson Hall, located at 6251 Old Dominion Drive, McLean, Virginia 22101-4818.
2. Effective June 2011, VHRC owns all real property, and the acquisition of additional real property is under consideration.
 - a. ABP, which is located at 1739 Kirby Road, McLean, VA 22101- 4817 (adjacent to the Hall), County of Fairfax. It is a two story building constructed of brick and masonry and situated on 4.3 acres of land. On the second floor are 37 Medicare certified skilled nursing beds consisting of 6 semi-private rooms and 25 private rooms. Support services include three dining rooms, physical therapy, activities room, and a beauty/barber shop. The assisted living center on the first floor consists of 21 suites, most with private bath and shower and small kitchenettes. There is a separate entrance for the assisted living residents with additional amenities that include a 17 seat theatre, private laundry room, dining room, library and café. The Pavilion has an attached two level parking garage.
 - b. VH is located at 6251 Old Dominion Drive, McLean, VA 22101- 4827, County of Fairfax. It is a five story building constructed of brick and masonry and situated on 13.3 acres of land. There are 162 housing units consisting of 9 efficiency apartments, 92 one-bedroom apartments and 61 two-bedroom apartments. Support services include a dining room, chapel, game room, auditorium, library, hobby shop, lounges, art and photography studio, a fitness center, a cafe and a health and wellness clinic. VH has dedicated two apartments to a Wounded Warrior Transitional Housing Program. The program began in August 2013. The Hall's Health and Wellness Clinic is located on the first floor. The Health and Wellness Clinic includes a health resource library, medical records room, nurses' offices and two exam rooms. The newly renovated Fitness Center is located on the ground floor of Vinson Hall. It is equipped with new Cybex fitness equipment, a separate cardio studio, an exercise pool and spa, and a universal exercise room for balance and fitness classes. The ground floor is also the location of a café with computer stations, offices for the Chaplain, the Director of Dining Services,

the IT staff, the Programs and Events Coordinator, the Accounting Department and the Human Resources Department.

- c. CB which opened in 2015, is a four story brick and masonry building that includes covered walkways to the Hall and the Pavilion. The Physical Therapy and Rehabilitation Floor is located on the ground floor. A 12 bed Medicare certified short-term skilled nursing and rehabilitation unit is located on the first floor. The Executive Offices are located on the 2nd floor. The second floor also has an Executive Board Room, a Reading Room, a Beauty Salon and Barbershop, a Convenience Store and a Bistro for Vinson Hall Residents and guests. Located on the third floor is a ballroom and private conference room.
- d. WO is located at 1733 Kirby Road, McLean, VA 22101, County of Fairfax. It is a five story brick and masonry apartment building. The Willow Oak is independent senior living with 75 apartments and common spaces for social gathering. It is connected to the Hall by a covered walkway.
- e. TS is located at 1728 Kirby Road, McLean, VA 22101, County of Fairfax. It is a single story brick and masonry residence with a basement situated on 2.6 acres of land. It opened on January 14, 2003. It is a licensed Memory Support Assisted Living facility with 36 private suites with full baths. Support services include four secured outside gardens, a dining room, café, solarium, activity rooms, a meditation and sensory room and a beauty and barber shop.

VII. "THE SERVICES PROVIDED OR PROPOSED TO BE PROVIDED UNDER CONTINUING CARE CONTRACTS, INCLUDING THE EXTENT TO WHICH MEDICAL CARE IS FURNISHED OR IS AVAILABLE PURSUANT TO ANY ARRANGEMENT. THE DISCLOSURE STATEMENT SHALL CLEARLY STATE WHICH SERVICES ARE INCLUDED IN BASIC CONTINUING CARE CONTRACTS AND WHICH SERVICES ARE MADE AVAILABLE BY THE PROVIDER AT AN EXTRA CHARGE"

A. Current residents of VH and WO have one of five types of service contracts. Examples of these contracts are attached as EXHIBIT B.

1. **Refundable Resident's Contract (modified 2002)** - This contract includes the provision for a 90% refund of entry fee. The Entry Fee shall be held by the Foundation for the duration of residency at VH.
2. **Non-Refundable Resident's Contract (modified 2002)** - This type of contract was offered until January 1, 2015.
3. **Refundable Resident's Contract (effective September 2014 and revised August 2018)** - This contract includes the provision for a 90% refund of entry fee for VH and WO residents. The Entry Fee shall be held by the Foundation for the duration of residency at VHRC that includes VH, WO, ABP and TS. In the event that the Resident exhausts his/her assets and/or income is inadequate to cover the monthly fees at VHRC, the remaining Entry Fee shall be spent down to cover said expenses.
4. **Declining Balance Refund Contract (effective January 1, 2015 and revised August 2018)** - This contract takes the place of the (modified 2002) Non- Refundable Resident's Contract. The Entry Fee shall be held by the Foundation for the duration of residency at VHRC that includes VH, WO, ABP and TS. In the event that the Resident exhausts his/her assets and/or income is inadequate to cover the monthly fees at VHRC, the remaining Entry Fee shall be spent down to cover said expenses. The Entry Fee of the Declining Balance plan decreases by 2% per month for 50 consecutive months from the Contract origination date.

5. **Affordable Dwelling Rental Agreement (effective April 2015)** – The Fairfax County ADU program was designed to provide affordable housing with the county. New multi-family dwelling projects constructed within the county are required to set aside 15% of the new constructed units as ADU housing. The County does not differentiate between regular rental housing and senior retirement housing, which adds a burden to many CCRC's and other Independent Living Communities, since the operating model of these communities are quite different than "retail" communities.
 6. Upon the death of the Resident or the permanent withdrawal or removal of the Resident from VHRC and upon the release of the Resident's unit, the Resident (or his/her estate as applicable) shall be entitled to a refund of the remaining balance, less any outstanding payments then due to any entity comprising the VHRC.
- B. With construction of WO, Fairfax County required VH to set aside 11 apartments for participation in the Fairfax County Affordable Dwelling Unit program. All applicants must meet the VH entrance criteria.
- C. VH has set aside apartments 105 and 126 for a VHRC sponsored Wounded Warriors transitional program. In the spring of 2016, VHRC partnered with Veteran's Moving Forward and included these units for veterans while participating in training exercises with their new service dog.
- D. The following services are provided by VH under all contracts without additional charge:
1. All utilities.
 2. Transportation service on a scheduled basis by the VHRC courtesy cars or buses.
 3. Maid service on a weekly basis.
 4. Janitorial and porter service.
 5. 24-hour concierge and security services.

6. Religious services.
7. Hobby shops.
8. Library.
9. Art and photography studio.
10. Small raised garden plots.
11. Fitness center with exercise pool and spa.
12. Outdoor low impact sports.
13. Health Resource Library.
14. Cyber Café with free internet service.
15. Each resident apartment is fully carpeted, except for bathrooms and kitchens which are tiled. Venetian blinds are provided as window covering. Each kitchen is equipped with cabinets, sink and counter space, garbage disposal, frost free refrigerator with freezer compartment, stove with oven, dishwasher and a microwave. If desired by the resident, hardwood flooring is installed the living room. All other furniture and furnishings are provided by the resident. Each apartment also has an in-house phone service and an emergency call system connected to front desk security and the nursing office of the Health and Wellness Clinic.
16. Cable television.
17. Local and long distance phone service.
18. Laundry rooms equipped with washers and dryers.
19. Renovated apartments are equipped with washers and dryers.
20. WI-FI access is available in the all common spaces of VH including the front lobby, the cyber café, the auditorium, the lounge and the conference rooms on the Penthouse level. In addition, WI-FI is available throughout WO, CB, ABP and TS.

E. The following services are provided by VH and WO at an extra charge:

1. Food service (breakfast, lunch, and dinner, plus snacks). The dining operations fee is built into the monthly operating fee. Raw food costs are priced on a menu and are ordered and paid for separately by the resident on a per meal basis.
2. Currently, four guest room apartments are available for residents' friends and family members.
3. The Beauty and Barber shop which is located in CB.
4. Rehabilitation Center and Services which is located in CB.
5. Resident Care Associate Program (RCA) provides a care associate for residents who require additional, but limited assistance in maintaining their independence.
6. Specialty Apartment Upgrades Selected by Incoming Residents (Hardwood Floors, Lighting, Bath/Shower configuration, etc.).
7. Sara Emergency Alert System Pendant.
8. Voluntary participation in outside events and trips arranged by the Special Events Coordinator and the Activities Director.
9. VH has a Health and Wellness Clinic that is staffed by a qualified, licensed nursing staff on a 24-hour per day basis, seven days a week. It is used to assist residents for recuperative type care and for such things as post-surgical or medical recovery following hospitalization. In emergency situations, the Clinic staff provides 24-hour apartment visits. Primary care appointments are available. The Health and Wellness Clinic also provides wellness and preventive medicine procedures such as inoculations, personal hygiene instructions, and consultations with the Medical Director. The Health and Wellness fee is built into the monthly operating fee.

VIII. "A DESCRIPTION OF ALL FEES REQUIRED OF RESIDENTS, INCLUDING ANY ENTRANCE FEE AND PERIODIC CHARGES. THE DESCRIPTION WILL INCLUDE (I) A DESCRIPTION OF ALL PROPOSED USES OF ANY FUNDS OR PROPERTY REQUIRED TO BE TRANSFERRED TO THE PROVIDER OR ANY OTHER PERSON PRIOR TO THE RESIDENT'S OCCUPANCY OF THE FACILITY AND OF ANY ENTRANCE FEE, (ii) A DESCRIPTION OF PROVISIONS FOR THE ESCROWING AND RETURN OF ANY SUCH FUNDS, ASSETS OR ENTRANCE FEE, THE MANNER AND ANY CONDITIONS OF RETURN AND TO WHOM EARNINGS ON ESCROWED FUNDS ARE PAYABLE AND; A DESCRIPTION OF THE MANNER BY WHICH THE PROVIDER MAY ADJUST PERIODIC CHARGES OR OTHER RECURRING FEES AND ANY LIMITATIONS ON SUCH ADJUSTMENTS. IF THE FACILITY IS ALREADY IN OPERATION, OR IF THE PROVIDER OPERATES ONE OR MORE SIMILAR FACILITIES WITHIN THIS COMMONWEALTH, THERE SHALL BE INCLUDED TABLES SHOWING THE FREQUENCY AND AVERAGE DOLLAR AMOUNT OF EACH INCREASE IN PERIODIC RATES AT EACH FACILITY FOR THE PREVIOUS FIVE YEARS OR SUCH SHORTER PERIOD THAT THE FACILITY HAS BEEN OPERATED BY THE PROVIDER."

A. ABP:

1. SERVICE CHARGES for occupancy in ABP are based upon the level of care required and the type of room desired, i.e., private or semi-private, and range from \$302.00 to \$512.00 per day. Rooms with direct patio access are \$2.00 additional per day. Other charges are made on either an item or a per service basis, as described in subparagraph A.2, below. All charges are reviewed on a bi-annual basis and require a 30-day notice before becoming effective. There are no entrance fees or escrowed funds associated with residency. There is a one-time community fee of \$2,500 which is refundable within the first 90 days on a prorated basis. A second person fee of \$100.00 per day is charged for an assisted living apartment.
2. In the event a resident is financially unable to pay the service charges at ABP, the Foundation may pay ALL or PART of the charges based upon a resident's need as determined by a financial disclosure and the availability of funds.
3. ABP imposes ANCILLARY CHARGES for some non-Medicare covered, extraordinary medical supplies, clinical services, and discretionary services made available to the residents. These charges are based upon the use of the items or services and are placed on the residents' bills at the end of the month. Extraordinary medical supplies are those items that the

average resident does not consume and are unique to a particular medical condition. These are billed on a per unit used basis. Charges for clinical services are based upon specific clinical service(s) provided by either nursing staff or by trained therapists. These services are billed based upon a unit charge for a specific modality or for a service provided for a specified period. Discretionary services are those non-clinical services that are provided for resident convenience. These are billed based upon the resident's use of the service(s) provided.

4. Medicare Certification was received in December 2012. The first Medicare patient was not admitted until March 2013. Rehabilitation using Medicare B services are available.

B. VH and WO:

1. A ONE TIME ENTRY FEE is required of residents and is collected by the Foundation. The entry fee varies with the type of apartment occupied by the resident at VH and WO and is not increased by reason of double occupancy. A schedule of entry fees by apartment type is included as EXHIBIT C.
2. Entry fees, as paid by the residents, are recognized by the Foundation in accordance with SOP 90-8, issued by the Accounting Standards Division of the American Institute of Certified Public Accountants; all non-refundable advance fees collected are to be amortized over the estimated lives of the residents; the refundable portion of any entry fee is classified as a liability.
3. The Entry Fees for VH increased by 4.5% on January 1, 2020. Entry Fees range in price from \$95,319 declining balance (formerly non-refundable) for an efficiency apartment to \$513,277 90% refundable for a two-bedroom apartment. The entry fee increase is in effect for newly entering residents and will be reviewed annually and adjusted for newly entering residents when economic conditions warrant. The Entry Fee for the WO increased by 3.5% on January 1, 2020. Entry Fees range in price from \$357,089 declining balance for a one bedroom, with den apartment to \$1,104,752 for a three bedroom, 2.5 bathrooms with den apartment.

4. In the event a resident is financially unable to pay the entry fee, the Foundation may waive ALL or PART of the fee based upon the need as determined by a financial disclosure.
5. A ONE TIME SECOND PERSON ENTRY FEE as of January 1, 2020, the fee ranges from \$19,107 for a declining balance contract to \$29,219 for a refundable contract. This is a 4% increase from 2019. The second person entry fee is in effect for newly entering residents and will be reviewed annually and adjusted for newly entering resident when economic conditions warrant.
6. OPERATING FEES are paid to VHRC for residency in VH and WO. Operating fees are reviewed on an -annual basis and currently require a 30-day notice before they become effective. On January 1, 2018, 2019 and 2020 the monthly operating fee increased by 3%. A schedule of operating fees by apartment type is included as EXHIBIT D.
7. In the event a resident is financially unable to pay the monthly operating fee, the Foundation may pay ALL or PART of the operating fee based upon the need as determined by a financial disclosure. This financial assistance is not contractually guaranteed.
8. A monthly Dining Room charge is included in the monthly operating fee. The amount is set per month, per resident and covers the costs of paper supplies, labor and staples. The resident may choose to order from the published weekly menus or daily specials and the resident will be charged for the price of that meal. In 2018, 2019 and 2020 the fee was increased by 3% per person. The dining room monthly fee is reviewed annually.
9. A Health and Wellness Center fee is paid by each resident. The health center fee is reviewed and adjusted annually. It is based on the number of residents and the operating expenses of the Health and Wellness Center. The rate increases effective in 2018, 2019 and 2020 were 3% per month per person. The health center charge is included in the operating fee.
10. There are no deposits or entry fees accepted by VHRC and none are permitted to be received by VHRC. All deposits and entry fees are accepted by the Foundation. At the time the application is submitted, applicants make a \$5,000 deposit to the Foundation to be added to the Wait List. The deposit is placed in escrow by the Foundation and separately identified in the financial statements.

11. At the time of occupancy, the balance of the entry fee deposit is placed into the escrow account. After six months occupancy, a resident's entry fee is released from escrow and combined in the Foundation's General Fund. See EXHIBIT E.
12. Operating fees for the years 2014 through 2020 were set as follows:
 - a. 2014 Increased a total of 2% per square foot.
 - b. 2015 Increased a total of 2% per square foot.
 - c. 2016 Increased a total of 2.5% per square foot.
 - d. 2017 Increased a total of 3% per square foot.
 - e. 2018 Increased a total of 3% per square foot.
 - f. 2019 Increased a total of 3% per square foot.
 - g. 2020 Increased a total of 3% per square foot.
13. The dining room charge for the years 2014 through 2020 were set as follows:
 - a. 2014 Increased a total of 2% per resident (plus the per meal cost).
 - b. 2015 There was not an increase.
 - c. 2016 Increased a total of 2.5% per resident (plus the per meal cost).
 - d. 2017 Increased a total of 3% per resident (plus the per meal cost).
 - e. 2018 Increased a total of 3% per resident (plus the per meal cost).
 - f. 2019 Increased a total of 3% per resident (plus the per meal cost).
 - g. 2020 Increased a total of 3% per resident (plus the per meal cost).

14. In 2020, a fee of \$712.00 was charged as a second person fee. (This amount represents utility costs, the Health Services Fee and the Dining Room Fee).
15. Residents who draw Social Security benefits must subscribe to and be covered by Medicare - Part A and Part B.

C. TS

1. Service Charges for occupancy in TS are based upon the level of care required and range from \$251 to \$354 per day. This is a change from prior years when TS had one flat rate for all levels of care. In 2019 the flat rate was \$326 per day. In 2018 and 2019 the increase was 3%. In 2017 the rate increase was 3%, and in 2016 there was a 2.5% increase. All charges are reviewed on an annual basis and require a 30 day notice before changes become effective.
2. There is a one-time community fee of \$2,500 payable in advance, along with a \$100.00 Application Fee.
3. Once a resident is admitted there may be an additional charge for medication administration of \$5.00 per day, if the resident requires more than eight medications.

IX. "ANY PROVISIONS THAT HAVE BEEN MADE OR WILL BE MADE TO PROVIDE RESERVE FUNDING OR SECURITY TO ENABLE THE PROVIDER TO FULLY PERFORM ITS OBLIGATIONS UNDER CONTINUING CARE CONTRACTS, INCLUDING THE ESTABLISHMENT OF ESCROW ACCOUNTS, TRUSTS OR RESERVE FUNDS, TOGETHER WITH THE MANNER IN WHICH SUCH FUNDS WILL BE INVESTED AND THE NAMES AND EXPERIENCE OF PERSONS WHO WILL MAKE THE INVESTMENT DECISIONS. THE DISCLOSURE STATEMENT SHALL CLEARLY STATE WHETHER OR NOT RESERVE FUNDS ARE MAINTAINED."

- A. The Foundation manages five separately identified funds which provide for the security and financial integrity of the corporation's facilities and their residents. These funds are identified in EXHIBIT F which also indicates the purpose for each fund. Branch, Banking & Trust, located in Falls Church, Virginia, manages the investment of these funds under the guidance provided by the Board of Trustees.

X. "CERTIFIED FINANCIAL STATEMENTS OF THE PROVIDER, INCLUDING (I) A BALANCE SHEET AS OF THE END OF THE TWO MOST RECENT FISCAL YEARS AND INCOME STATEMENTS OF THE PROVIDER FOR THE TWO MOST RECENT FISCAL YEARS OR SUCH SHORTER PERIOD THAT THE PROVIDER HAS BEEN IN EXISTENCE."

- A. The December 31, 2020 and 2019 audited combined financial statements of Navy Marine Coast Guard Residence Foundation and Subsidiary is provided as EXHIBIT F.
- B. The December 31, 2019 and 2018 audited combined financial statements of Navy Marine Coast Guard Residence Foundation and Subsidiary is provided as EXHIBIT G.

XI. "A PRO FORMA INCOME STATEMENT FOR THE CURRENT FISCAL YEAR."

A. The Foundation

1. Projections for 2021 contributions are adjusted from those for 2020 and are estimated at \$272,500 compared to \$261,100. Projections for 2021 earned entry fees approximate those for 2020 and are estimated at \$2,300,000 compared to \$2,300,000. Total budgeted revenues for 2021 are approximately \$3,700,000 compared to a 2020 budget of \$3,900,000.
2. Operating expenses for 2021 are budgeted at approximately \$1,100,000, a decrease from the 2020 budget of approximately \$1,300,000. Planned assistance to residents of \$300,000 for 2021 compared with approximately \$300,000 budgeted in 2020.
3. Operating income is estimated to be approximately \$2,700,000 in 2021 compared to \$2,700,000 in 2020.

B. VHRC

1. Operating revenue in 2021 is budgeted at approximately \$29,200,000 compared to 2020 budget of \$28,600,000.
2. Operating expenses for 2021 are budgeted at approximately \$24,500,000 compared to budgeted expenses of approximately \$22,900,000 in 2020.
3. Operating income is estimated at approximately \$4,700,000 in 2021 compared to a budget of \$5,700,000 in 2020.
4. Depreciation, interest and insurance are budgeted at approximately \$9,300,000 in 2021 compared to a 2020 budget of \$9,000,000.
5. Resulting budgeted net loss of approximately (\$4,600,000) in 2021 compared to (\$3,300,000) in the 2020 budget.

XII. "IF OPERATION OF THE FACILITY HAS NOT YET COMMENCED, A STATEMENT OF THE ANTICIPATED SOURCE AND APPLICATION OF THE FUNDS USED OR TO BE USED IN THE PURCHASE OR CONSTRUCTION OF THE FACILITY."

- A. Not applicable. The Facilities are owned and operated by the VHRC. They are in existence and fully operational.

XIII. "A DESCRIPTION OF THE PROVIDER'S CRITERIA FOR ADMISSION OF NEW RESIDENTS."

A. ABP

1. ABP does not have a restricted entry policy, but gives priority to residents of VH, WO and TS. Admissions will be evaluated on the basis of the applicant's clinical, social and activity levels considered in the context of ABP's program of services provided. The propriety and efficacy of admissions are periodically re-evaluated. Residents may be transferred to other facilities which can more appropriately meet their needs should the circumstances which pertained upon their admission change in a material fashion. The Pavilion has the responsibility to process all applications for admission to the Pavilion in accordance with the above stated criteria, being mindful of the Pavilion's ability to offer specific care, the availability of space and other resources, and the opportunities available to the resident.

B. VH and WO

1. VH and WO have a restricted entry policy. The applicant must meet the criteria established by federal and state regulations. The applicant shall have served as a Commissioned Officer in the uniformed services; i.e., U.S. Navy, U.S. Marine Corps, U.S. Coast Guard, U.S. Army, U.S. Air Force, National Oceanic and Atmospheric Administration, and the U.S. Public Health Service, or the applicant is a widow, widower, former spouse, dependent or immediate family member of an individual meeting the criteria, above, or the applicant is a widow, widower, spouse, former spouse, or immediate family member (parent or child) of an individual meeting this criteria.
2. After January 1, 2010, individuals who have served the federal government in a civil service grade of GS 14 (or equivalent) and above with the Department of State, the Department of Defense and Department of Homeland Security, including NASA, DIA, DLA and the CIA, were added to the criteria for admission. In December 2016, retired employees of the Department of Justice and Veterans Administration, along with those who have served in the Foreign Service at the level of Class 1, 2, or 3, were added to the list. These individuals and their widows and widowers are eligible. In October 2020, individuals who served the federal government in a civil service grade of GS 14 (or equivalent) and above from any federal agency were added to the eligibility list. These individuals and their widows and widowers are eligible.
3. The total number of applicants identified in paragraph 2 above, shall not exceed 25% of the VH and WO resident population without approval of the Board of Trustees.
4. The applicant may apply as a special exception and must be reviewed for admission by the Operations Committee or the Board of Trustees. Admissions in this category shall not exceed 5% of the VH and WO resident population without approval of the Board of Trustees.
5. The following definitions apply to the admissions criteria set forth above:
 - a. Commissioned Officer - anyone who has ever held a commission in the uniformed services listed in item (b) above. Commissioned Officer includes the grade of Warrant Officer.

- b. Former Spouse - anyone previously married to a commissioned member of the uniformed services who is eligible for full or partial retirement benefits under the applicable DOD guidelines.
 - c. Immediate Family Member - parents, children or siblings.
 - d. Special Exception - an individual who has experienced close affiliation with those eligible to live in Vinson Hall, or who has actively supported and/or distinguished himself or herself working for an organization that supports members of the uniformed services. Included in this category are retired or former executive level federal employees (executive level is defined as the grade equivalent position of a commissioned officer).
6. Each new applicant for residency at VH and WO must submit application forms in compliance with all federal regulations and the laws of the Commonwealth of Virginia. Also, at the time of application, the applicant must make a deposit equivalent to \$2,500 deposit to be added to the wait list. The application is retained by the Hall's administration. The \$2,500 deposit is retained and placed in escrow by the Foundation. The deposit is totally refundable if the applicant withdraws the application prior to residency.
 7. There are no minimum or maximum age requirements for prospective residents. As a matter of policy, it is preferred that the applicant be at least 60 years of age upon taking up residence at the Hall; however, no one will be denied entry because of a failure to meet this preference, provided they are otherwise qualified.
 8. Financial assistance is provided on a case-by-case basis whenever possible and depends on the availability of Foundation funds for this purpose. As articulated in the vision and mission statements, it is the objective of VHRC, through the assistance of the Foundation, to provide a dignified and secure existence for all of its residents, regardless of their means.
 9. There are two apartments subsidized through the Foundation which serve as temporary housing for the wounded, ill or injured military members transitioning from the Armed Services. Apartments can be leased at a discounted rate according to financial ability for 6 to 12 months. Since 2013, 9 wounded warriors and families have utilized these apartments.

10. As required by Fairfax County Affordable Dwelling Unit Program, VH has selected 11 apartments that will be subsidized through the Foundation. This includes the two temporary housing for the wounded military members. These apartments can be leased at a discounted rate according to financial ability and meet the eligibility criteria. The 2020 Apartment mix is provided as EXHIBIT H.

C. TS

1. TS does not have a restricted entry policy, but gives priority to residents of VH, WO and ABP. Admissions will be evaluated on the basis of the applicant's clinical, social and activity levels considered in the context of TS's program of services provided. The propriety and efficacy of admissions are periodically re-evaluated. Residents may be transferred to other facilities which can more appropriately meet their needs should the circumstances which pertained upon their admission change in a material fashion. TS has the responsibility to process all applications for admission in accordance with the above stated criteria, being mindful of the ability to offer specific care, the availability of space and other resources, and the opportunities available to the resident.

XIV. "A DESCRIPTION OF THE PROVIDER'S POLICIES REGARDING ACCESS TO THE FACILITY AND ITS SERVICES FOR NONRESIDENTS."

A. ABP

1. It is the policy of VHRC to limit access to ABP to its residents, their families, and guests. Visiting privileges and restrictions are designed to meet resident needs and, insofar as possible, protect the rights and privileges of both our residents and employees. Families and friends are encouraged to visit during established visiting hours, unless otherwise prohibited by the resident's attending physician or at the resident's request.
2. Law enforcement personnel must obtain approval from the Administrator, or designee, before visiting with a resident, and may be required to have a nurse present.

3. Members of community organizations and representatives of community legal services, whose purposes include rendering assistance without charge to the residents, may have full and free access during established hours.
4. Individual residents have the absolute right to terminate any visit by any person who is otherwise entitled by policy to have access to the facility.
5. Vending and solicitation is permitted with prior authorization by the Administrator.

B. VH and WO

1. It is the policy to limit access to VH and WO to the residents, their families and guests. However, the Naval Officers Spouse's Club, the Marine Corps Officers Spouse's Club, and the Coast Guard Officers Spouse's Club of the Washington, DC area are permitted to conduct their monthly meetings at VH. In fulfillment of its obligations to the community at large, the local civic council is permitted to conduct their monthly business meetings in the auditorium or conference room of VH. Other requests from community based organizations to utilize the meeting facilities are considered on a case by case basis. The principal determinant in the later instance is the scheduled usage of the facilities for resident activities.
2. Residents are authorized to have family and friends stay with them in their apartment for a limited period of time not to exceed 30 consecutive days per guest, per calendar year. VH maintains four guest rooms for use by family members or guests of residents who cannot or do not desire to stay in the resident's apartment. Also, prospective applicants and applicants who are currently on the waiting list who wish to stay at VHRC are permitted use of the guest rooms. Guest room privileges are limited to two consecutive weeks to ensure a fair availability to all residents. All guests are permitted use of the dining room, café and the bistro.

C. TS

1. It is the policy to limit access to TS to its residents, their families, and guests. Visiting privileges and restrictions are designed to meet resident needs and, insofar as possible, protect the rights and privileges of both our residents and employees. Families and friends are encouraged to visit during established visiting hours, unless otherwise prohibited by the resident's attending physician or at the resident's request.
2. Law enforcement personnel must obtain approval from the Administrator, or designee, before visiting with a resident, and may be required to have a nurse present.
3. Members of community organizations and representatives of community legal services, whose purposes include rendering assistance without charge to the residents, may have full and free access during established hours.
4. Individual residents have the absolute right to terminate any visit by any person who is otherwise entitled by policy to have access to the facility
5. Vending and solicitation is permitted with prior authorization by the Administrator.

XV. "ANY OTHER MATERIAL INFORMATION CONCERNING THE FACILITY OR THE PROVIDER THAT MAY BE REQUIRED BY THE COMMISSION OR INCLUDED BY THE PROVIDER."

- A. The Foundation's 2021 budget is attached as EXHIBIT J, and the VHRC's 2021 budget, which includes VH, WO, CB, ABP and TS, is attached as EXHIBIT K. These exhibits include comparisons between the 2021 budget versus actual expenses in 2020. Included with these exhibits are notes explaining significant variances in the actual versus budgeted figures.
- B. The Foundation's and VHRC's Consolidated Balance Sheet as of December 31, 2020 is attached as EXHIBIT L.
- C. The Foundation's and VHRC's Consolidated Statement of Operations as of December 31, 2020 is attached as EXHIBIT M.

- D. Newly requested information of the Summary of Financial Information by Facility is attached as EXHIBIT N.

XVI. "THE PROCEDURE BY WHICH A RESIDENT MAY FILE A COMPLAINT OR DISCLOSE ANY CONCERN."

A. ABP and CB

1. Definition. A grievance is a complaint that any resident may have concerning the quality of the care given and services provided.
2. Objectives. The objectives of the grievance procedures are to:
 - a. Ensure uniform understanding and impartial application of grievance policies and procedures.
 - b. Identify authority and responsibility for administration of our grievance policies and procedures.
 - c. Provide a reference for established policies and procedures to assure that our goal of resolving complaints and grievances can be achieved without interruption of services.
 - d. Standardize the handling of grievance procedures.
 - e. All residents are encouraged and assisted to exercise their rights as residents and citizens, and may voice grievances and recommend changes in policies and services to facility staff and/or to outside representatives of their choice, free from restraint, interference, coercion, discrimination, or reprisal.
3. Procedure. ABP and CB maintain and support a Residents and Family Council consisting of all interested residents and their family members.
 - a. This council meets with the ABP and CB leadership staff on a monthly basis to discuss facility policies and issues that affect them. The association's views are solicited and considered before final action is taken. Minutes of each meeting are recorded and made available to each member of the council and a copy is filed in the administrative office. Subsequent meetings will address progress

made on each suggestion or recommendation and/or the reason(s) for rejection if changes cannot be implemented.

- b. Any grievance a resident may have should be submitted verbally to the Director of Nursing.
- c. The Director of Social Services is appointed to work with the Residents and Family Council to obtain services to assist in voting, marriage, divorce, disposing of property, choosing to practice or not to practice religion, etc., and to receive grievances and recommendations by residents or any group or individual designated by the resident as his/her representative. If the Director of Social Services is approached he/she will respond in writing as soon as possible, but no later than five working days.
- d. If not satisfied with the response of the Director of Social Services, the resident shall inform the Administrator in writing of the grievance. The Administrator shall respond in writing as soon as possible, but no later than five working days.
- e. Should the problem still be unresolved, the resident shall contact in writing the Chief Operating Officer for VHRC. The Chief Operating Officer shall respond with a final recommendation for the resolution of the situation within twenty working days.
- f. In the event the resident is still not satisfied with the handling of his/her grievance, depending upon the level of care being received by the resident, he/she may contact one or more of the following:
 - The Chief Executive Officer, Vinson Hall Retirement Community (703) 536-4344.
 - The Virginia Long Term Care Ombudsman (800) 552-3402 or (800) 552-3962.
 - The Virginia Department of Health Complaint Coordinator (800) 955- 1819.
 - The Regional Licensing Administrator (703) 359-6714.

B. VH and WO

1. Definitions. A grievance is a complaint that any resident may have concerning the quality of the care provided, or the quality or adequacy of services provided to residents.
2. Rights of Residents
 - a. Every resident has the right to voice grievances and recommend changes in policies and services affecting the life of residents. Grievances may be made known to management either directly or through the Residents Association, or to outside representatives chosen by the resident; such actions shall be free from restraint, interference, coercion, discrimination or reprisal.
 - b. The management of VH and WO desire and intend to make themselves personally available to any resident or residents wishing to speak with them on any subject.
 - c. When grievances are expressed to management in writing, it is preferable that it be done in accordance with the normal procedures outlined below. The management of VH and WO consists of:
 - Administrator, Vinson Hall and Willow Oak, (703) 538-3063.
 - Chief Operating Officer, Vinson Hall Retirement Community, (703) 538-2980.
3. Objectives. The objectives of the grievance procedures are to:
 - a. Ensure uniform understanding and impartial application of grievance policies and procedures.
 - b. Identify authority and responsibility for administration of our grievance policies and procedures.
 - c. Provide a reference for established policies and procedures to assure that our goal of resolving complaints and grievances can be achieved without interruption of services.

- d. Standardize the handling of grievance procedures.
- e. All residents are encouraged and assisted to exercise their rights as residents and citizens, and may voice grievances and recommend changes in policies and services to facility staff and/or to outside representatives of their choice, free from restraint, interference, coercion, discrimination, or reprisal.
- f. Adherence to the procedures which follow will expedite the handling of most grievances, make them known to all persons involved in their settlement, and insure that persons affected by any resultant changes are informed. Residents with grievances are requested to follow the normal procedures whenever possible.

4. Normal Grievance Procedure

- a. Residents Association Committees. Any grievance that a resident may have, that is not of a personal nature, should first be presented to one of the three standing committees of the Residents Association where it can be aired within well-established communications channels. It is not intended, however, that the Residents Association be a barrier to the voicing or forwarding of any grievance to the management of VH and WO. Airing of the grievance in committee merely provides an opportunity for the residents in attendance to affirm or comment on the grievance
- b. Advisory Council. If the response of the particular Association committee is not deemed adequate, the grievance should be presented to the Advisory Council. The Advisory Council is composed of the President of the Residents Association, the Chairpersons of the Health and Wellness Committee and Dining Room Committee and the Administrator, who serves as the chair of the council.
- c. Administrator. If not satisfied with the response of the Advisory Council, the resident should then inform the Chief Operating Officer of VHRC, in writing. The COO will propose a resolution within ten (10) working days or less.
- d. Any grievance will be fully investigated, carefully considered by management, and resolved in a manner that takes account of the

well-being of the entire population of VHRC. Residents who follow the prescribed grievance procedure to its conclusion will always receive a written explanation of the resolution.

- e. Should a resident not be satisfied with the written, corporate resolution, he or she may contact one or more of the following:
 - Chief Executive Officer, Vinson Hall Retirement Community.
 - Complaint Coordinator, Virginia Department of Social Services.
 - Office of the State Long- Term Care Ombudsman 530 East Main St, Suite 428, Richmond, VA 23219.

5. Private Procedure

- a. In very serious situations, those involving personal issues, or if insufficient time is available to permit the normal processing of a grievance, a resident may present it either orally or in writing directly to the Administrator, VH and WO, bypassing the Residents Association committees and the Advisory Council.

C. TS

- 1. Definition. A grievance is a complaint that any resident may have concerning the quality of the care given, and services provided.
- 2. Objectives. The objectives of the grievance procedures are to:
 - a. Ensure uniform understanding and impartial application of grievance policies and procedures.
 - b. Identify authority and responsibility for administration of our grievance policies and procedures.
 - c. Provide a reference for established policies and procedures to assure that our goal of resolving complaints and grievances can be achieved without interruption of services.

- d. Standardize the handling of grievance procedures.
 - e. All residents are encouraged and assisted to exercise their rights as residents and citizens, and may voice grievances and recommend changes in policies and services to facility staff and/or to outside representatives of their choice, free from restraint, interference, coercion, discrimination, or reprisal.
 - f. Adherence to the procedures which follow will expedite the handling of most grievances, make them known to all persons involved in their settlement, and insure that persons affected by any resultant changes are informed. Residents with grievances are requested to follow the normal procedures whenever possible.
3. Procedure. TS maintains and supports a Family Council consisting of family members of the residents living in the facility.
- a. This council represents all the residents and meets with the Clinical Manager on a quarterly basis to discuss facility policies and issues that affect them. The council's views are solicited and considered before final action is taken. Minutes of each meeting are recorded and made available to each member of the council and a copy is filed in the administrative office. Subsequent meetings will address progress made on each suggestion or recommendation and/or the reason(s) for rejection if changes cannot be implemented.
 - b. Any grievance a resident may have should be submitted first to the Clinical Manager. Should the Clinical Manager be unable to resolve the grievance satisfactorily, the resident shall contact the Administrator with a verbal complaint.
 - c. The Director of Social Services is appointed to work with the Family Council to obtain services to assist in voting, marriage, divorce, disposing of property, choosing to practice or not to practice religion, etc., and to receive grievances and recommendations by residents or any group or individual designated by the resident as his/her representative. If the Director of Social Services is approached he/she will respond in writing as soon as possible, but no later than five working days.

- d. If not satisfied with the response of the Director of Social Services the resident shall inform the Administrator in writing of the grievance. The Administrator shall respond in writing as soon as possible, but no later than five working days.
- e. Should the problem still be unresolved, the resident shall contact in writing the Chief Operating Officer, VHRC. The Chief Operating Officer shall respond with a final recommendation for the resolution of the situation within twenty working days.
- f. In the event the resident is still not satisfied with the handling of his/her grievance, depending upon the level of care being received by the resident, he/she may contact one or more of the following:
 - The Chief Executive Officer, Vinson Hall Retirement Community (703) 536-4344.
 - The Virginia Long Term Care Ombudsman (800) 552-3402 or (800) 552-3962.
 - The Virginia Department of Health Complaint Coordinator
• (800) 955-1819.
 - The Regional Licensing Administrator (703) 359-6714.

TABLE OF EXHIBITS

<u>EXHIBIT</u>	<u>TOPIC</u>
A	Listings of Trustees, Directors, and Officers
B	Copies of Resident Contracts
C	Schedule of Entry Fees by Apartment
D	Schedule of Operating Fees by Apartment
E	NMCGRF Funds Exhibit
F	NMCGRF & VH, LLC Combined Financial Statements, 2020 & 2019
G	NMCGRF & VH, LLC Combined Financial Statements, 2019 & 2018
H	Vinson Hall Affordable Dwelling Apartment Mix
I	NMCGRF Budget, 2021
J	Vinson Hall, LLC (VHRC) Budget, 2021

EXHIBIT A
Listings of Trustees, Directors and Officers

Chair

VADM W. Mark Skinner, USN (Ret)
513 W Broad Street, Apt. 709
Falls Church, VA 22046
O: 703-280-4439
C: 703-966-0860
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Vice Chair

RDML Cindy Dullea, NC, USN (Ret)
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Treasurer

CAPT W. Scott Slocum, USN (Ret)
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Secretary

RADM Sandy Daniels, USN (Ret)
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RDML Annie B. Andrews, USN (Ret)
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Great Falls, VA. 22066
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RADM Edward K. Walker, Jr., SC, USN (Ret)
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(703) 823-6149 – **NO EMAIL**

EXHIBIT B
Copies of Resident Contracts

Contract Number OC #1395
VINSON HALL REFUNDABLE RESIDENT'S CONTRACT

THIS AGREEMENT made this **Date**, among the NAVY MARINE COAST GUARD RESIDENCE FOUNDATION, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereafter called the "Foundation") and VINSON HALL, LLC, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereinafter called the "Corporation"), and **Resident** (hereinafter called the "Resident") (if husband and wife, or two other persons sign this Contract as co-residents, the word "Resident" shall apply to either or both of them as the context requires).

RECITALS:

R-1. The Corporation operates VINSON HALL (hereinafter called the "Hall") at 6251 Old Dominion Drive, McLean, Virginia.

R-2. The Resident has submitted an application for residence in the Hall and, subject to the provisions of this Contract; the application has been accepted by the Corporation pursuant to its restricted admissions policies.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto mutually agree as follows:

1. ENTRY FEE. The Corporation, in consideration of the payment of an Entry Fee in the amount of \$\$\$\$\$ and a second person Entry Fee in the amount of \$\$\$\$\$ by the Resident, will provide the Resident an apartment unit subject to the provisions of this agreement. The Entry Fee(s) shall be held by the Foundation and shall be payable as follows:

Deposit check # dated in the amount of \$
Deposit check # dated in the amount of \$
Deposit check # dated in the amount
of \$

2. APARTMENT UNIT. The Resident has made satisfactory arrangements for the use and occupancy of Apartment #####, Model Type **Apartment type ()** The apartment unit will be fully carpeted and/or hardwood flooring except for the bathroom(s) and the kitchen. Venetian blinds will be provided as window covers. Kitchens shall be equipped with cabinets, sink and counter space, refrigerator,

stove/oven and garbage disposal unit. The apartment will be equipped with a washer/dryer. The apartment unit shall have a house telephone system and emergency call system. All other furniture and furnishings will be provided by the Resident.

3. OPERATING FEES. The Resident agrees to pay in advance a monthly nonrefundable Operating Fee in the amount of **\$\$\$**. The first monthly payment of such Operating Fees, prorated as necessary, shall be due and payable on **Date**; and each subsequent payment shall be due and payable on the first day of each month thereafter in advance. The Operating Fees are determined on the basis of the Corporation's best estimate of the cost of operating the Hall. The following services or facilities are included in the Operating Fees: (a) dining service

(fixed operating cost); (b) health and wellness center (fixed operating costs) (c) utilities; (d) bus transportation service on a scheduled basis; (e) housekeeping services; (f) a chapel; (g) hobby and craft shops; (h) common area maintenance; (i) library; (j) fitness center; and (k) laundry facilities. The monthly Operating Fee may be changed by the Corporation in its sole discretion after giving thirty (30) days prior written notice to the Resident.

4. SERVICES AND AMENITIES. In addition to the Entry Fee and monthly Operating Fee, additional fees will be assessed for: (a) meal charges (billed in arrears); (b) guest room accommodations; (c) transportation and admission to special events and (d) ancillary health services. Complete details of services and amenities are contained in the Resident Manual provided to each resident at move-in. The Corporation shall be responsible for the updates to the Resident Manual as needed.

5. HEALTHCARE SERVICES. In connection with the range of healthcare services furnished by the Corporation, the parties agree as follows:

(a) The obligations of the Corporation hereunder do not include the furnishing of or payment for any hospitalization, medical, dental or psychiatric care; physician services; physical, speech or occupational therapy; eyeglasses, hearing aids, orthopedic appliances; x-rays, drugs, or other treatment or medical supplies; home health services; hospice services; or skilled nursing care.

(b) The Resident shall take appropriate action to enroll in any governmental health programs for which he or she is eligible, and to execute such forms as are necessary to secure reimbursement of any amounts payable to or on behalf of him/herself as a beneficiary under said programs.

(c) If, in the judgment of the Hall Health & Wellness Center (HWC)

personnel, the Resident requires medical, surgical, or psychiatric treatment or care beyond the capabilities of the HWC, the Resident shall be transferred, at his or her expense, to an appropriate facility for such treatment. The Corporation shall not be obligated to provide long-term nursing care or care which requires close supervision.

(d) The laws of the Commonwealth of Virginia will govern if the separation of a Resident from the Hall becomes appropriate or necessary because of cognitive disability or dysfunction or other care needs. By the execution of this Contract, the Resident designates the Administrator of the Hall as his or her agent to consult with the Resident's Attorney-in-Fact, or with responsible relatives reasonably available, for the petitioning of a court of competent jurisdiction for determination of legal competency and/or for appointment of a committee or guardian pursuant to the then-existing laws of the Commonwealth of Virginia in the event of cognitive disability or dysfunction.

(e) It is also mutually understood that the HWC has no existing facilities for the treatment or care of a Resident who may become afflicted with a cognitive disability or dysfunction. Pending an appropriate court determination of competency, the HWC Physician shall have full authority to make arrangements for the transfer of any Resident so afflicted, at the Resident's expense, to a facility which, in the physician's opinion, is competent to render such treatment or care as the circumstances require.

6. OUTSIDE SERVICES. The Resident hereby authorizes release of medical information on the Resident's condition by any private duty nurses or aides to the Hall's Health & Wellness Center. All private duty nurses and aides shall provide documentation to the Hall that the Resident's needs are being addressed and shall assist with periodic assessment of the Resident's needs. All private duty nurses and aides shall comply with applicable laws, regulations and Hall policies and procedures, including signing in and out each visit.

7. RIGHT TO RESCIND. The Resident shall have the right to rescind this Contract without penalty or forfeiture within seven (7) days after executing the Contract. If, at any time after the execution of this agreement, after the expiration of the aforesaid seven-day period and prior to the time of physically moving into the Hall, the Resident dies or desires to terminate this Contract, ninety percent of the Entry Fee paid, less any costs specifically incurred by the Hall at the request of the Resident as set forth on Attachment A hereto, will be refunded to the Resident or his/her estate without interest.

8. REFUND. The Entry Fee shall be held by the Foundation for the duration of residency at Vinson Hall Retirement Community (VHRC) that includes the Hall, Arleigh Burke Pavilion and The Sylvestery. In the event that the Resident exhausts his/her assets and/or income is inadequate to cover the monthly fees at VHRC, the Entry Fee shall be spent down to cover said expenses. Upon the death of the Resident or the permanent withdrawal or removal of the Resident from VHRC and upon the release of the Resident's unit, the Resident (or his/her estate as applicable) shall be entitled to a refund of ninety percent (90%) of the remaining Entry Fee, less (i) any outstanding payments then due to any entity comprising the VHRC and (ii) the reasonable costs to be incurred, as determined by the Administrator, to modify, to renovate and/or to repair any damage to the VHRC unit resulting from the Resident's occupancy, payable within sixty (60) days of vacancy. Any such refund shall not bear interest.

9. PREREQUISITES. The Resident agrees, as a prerequisite to physically moving into the Hall, to furnish information satisfactory to the Corporation so that it can make a determination that the physical, cognitive or social condition of the Resident would not pose a significant risk to property or to the health or safety of the Resident or others and that the Resident meets the requirements for residency in the Hall. In the event the aforesaid determination is not made or the Resident is unable to meet the financial standards required for residency, then the Foundation may return to the Resident ninety percent (90%) of the Entry Fee previously paid without interest.

10. ADHERENCE TO POLICIES. The Resident agrees to abide by any policies, rules and regulations of the Hall as the same may from time to time be adopted or amended by the Administrator of the Hall or by the Vinson Hall Residents Association. Final authority regarding any such policies, rules and regulations rests with the Corporation's Board of Directors.

11. TERMINATION. The Corporation reserves the right to terminate the residency of the Resident at any time, for good cause, including without limitation the following: (i) the Resident presents a danger to himself, herself or others; (ii) failure by the Resident to pay the monthly charges within thirty (30) days when due; (iii) repeated conduct by the Resident that interferes with other Residents' quiet enjoyment of the facility; (iv) persistent refusal by the Resident to comply with reasonable written rules and regulations of the Hall as reflected from time to time in the Resident Handbook; (v) a material misrepresentation made by the Resident in his or her application for residency or, in related materials, which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing care to the Resident under this Contract; or (vi) a material breach by the Resident of the terms and conditions of this Contract. In the case of (ii), (iii), (iv) and (vi)

above, the Corporation shall give the Resident written notice of and an opportunity to cure within a thirty-day period the conduct or circumstance otherwise warranting the termination of the Contract.

12. PROBATIONARY PERIOD. The first six-month period, beginning with the first day the Resident occupies an apartment in the Hall, shall constitute a probationary or trial period during which this Contract may be terminated by the Corporation or by the Resident by prior written notice. If so terminated, the Resident shall vacate the apartment within thirty (30) days after such notice.

If this agreement is terminated during the six-month probationary or trial period, or if it is terminated by the death of the Resident during such period, the Corporation agrees to return to the Resident, or to his or her estate, ninety percent (90%) of the Entry Fee, less (i) the amount of any unpaid fees or monthly charges and (ii) the Corporation's reasonable costs previously incurred or to be incurred in the future, as determined by the Hall's Administrator, to modify, to renovate and/or to repair any damage to the apartment resulting from the Resident's occupancy. Refunds will be paid within sixty (60) days of vacating the apartment. No interest shall be paid or payable on the amount of any such refund made to the Resident or to his or her estate.

13. NO PROPERTY RIGHTS. By the payment of the Entry Fee, the Resident acquires no property right or interest either in the Foundation or the Corporation or the apartment to be occupied in the Hall. The Resident acknowledges that he or she understands that the Corporation has incurred indebtedness to finance the construction and operation of the Hall, and that the Corporation may in the future deem it necessary or desirable to incur additional or other indebtedness in connection with the operation or expansion of the facilities of the Hall; and that such existing indebtedness is and such future indebtedness may be secured by a deed of trust and/or other lien upon the properties or other assets of the Corporation. In consideration for the making of any such existing and future loans to the Corporation - and for the benefit of the Corporation and of the present and future holders of liens upon the properties and assets of the Corporation taken as security for the repayment of those loans - the Resident hereby expressly subordinates and declares inferior all of his or her rights, privileges, and benefits arising from and under this Contract, and from payment of the Entry Fee, to the rights of each holder of a deed of trust or other lien upon the properties or other assets of the Corporation. The Resident further agrees to execute, on request, any instruments which the Corporation or any lender may require as further evidence of the subordination of the rights of the Resident to any such deed of

trust or other lien. The Resident does hereby expressly waive any and all notices of default and notices of foreclosure pursuant to any deed of trust or other lien on the properties or other assets of the Corporation, and hereby constitutes the Corporation as agent to receive and accept service of any such notices on behalf of the Resident.

14. PERSONAL BELONGINGS. Neither the Foundation nor the Corporation shall be responsible for the loss of money, jewels, or other personal property belonging to the Resident, or to any guest of the Resident, due to theft, fire, or any other causes, whether in the Resident's apartment or in any other area of the Hall, except as the result of gross negligence on the part of either the Foundation or the Corporation, or any of their agents acting within the scope of employment, and in the absence of contributory negligence.

15. PERSONAL INJURY. Neither the Foundation nor the Corporation shall be responsible for damages on account of personal injury to the Resident, or any guest of the Resident, unless as a result of gross negligence on the part of the Corporation, or any of its agents acting within the scope of employment, and in the absence of contributory negligence.

16. RIGHT TO ENTER. The Corporation retains the right to enter and conduct inspections of the apartment at any time as deemed necessary, to determine that safety and health standards are maintained by the Resident. Resident agrees to accept housekeeping services in his or her apartment at least one time per month.

17. NOTICE TO VACATE. The Resident shall provide at least thirty (30) days advance notice of any decision to vacate the apartment. The death of the Resident shall constitute such notice to the Foundation and the Corporation. The Resident or their Estate, as applicable, shall be responsible for all fees due hereunder through the date the apartment is vacated. Once the Resident has given a notice to vacate, the Corporation shall have the right to show the apartment during regular business hours and on reasonable notice to the Resident or their estate.

18. SUBLEASING/ASSIGNMENT. Any subleasing of the Resident's apartment is prohibited and, except for an assignment to a living trust of the Resident's right to any refund, the Resident may not assign any rights or obligations under this Agreement.

19. REMAINING RESIDENT. Where two parties have made application and are admitted for residence together, the survivor shall have the right to continued residence in the Hall, upon the death or removal of the other party. Upon the death of

a one of the two persons who are parties to this Contract, the second person entry fee shall be refunded at ninety percent (90%) but there shall be no further refund under this Contract until the death or permanent withdrawal or removal of the surviving party if any.

(a) Any person, not otherwise eligible, who becomes the spouse of a resident, automatically, by virtue of that marriage, becomes eligible for residence on the same basis as all other residents. However, upon the death of the eligible spouse, if the remaining resident remarries an ineligible individual, the couple will not be permitted to reside at the Hall.

(b) A second person entry fee in addition to a second person monthly operating fee shall be charged upon a Resident's remarriage.

20. LATE PAYMENT FEES. Any payments of fees and charges that are due hereunder and not received by the Hall within ten (10) days of when due shall bear a late charge of five percent (5%) of the amount then due. Any delinquent amounts due hereunder for more than thirty (30) days shall bear interest at the rate of one and one half percent (1 ½%) per month until paid in full.

21. UNIT MODIFICATIONS. Any modification to the unit requested by the Resident shall first be approved by the Hall; shall be the financial responsibility of the Resident and legal title to same shall belong to the Hall upon termination of this Contract. The Hall, at its option, may return the unit to its original condition at the Resident's expense upon termination of this Contract.

22. FINANCIAL UPDATES. Resident acknowledges that the Corporation has relied upon Resident's application, including financial and medical statements, in accepting Resident for residency in the Hall. Resident warrants that such information is true and complete and said application is to be considered part of this Contract. Resident agrees that assets and income indicated on the application will be conserved and used for the support of Resident while residing at the Hall, Arleigh Burke Pavilion or The Sylvestery. Resident agrees to periodically provide updated financial information to the Corporation and/or Foundation as requested.

23. FOUNDATION. The parties understand and agree that the Foundation is a party to this Agreement for the sole purpose of agreeing to hold, apply and, if and as expressly provided for hereunder, refund any Entry Fee(s) due hereunder.

24. ACKNOWLEDGEMENTS

(a) You have been informed of the financial arrangement for accommodations, services, and care provided by the Corporation and of the services that are not covered by the facility's basic per diem rate, as set forth in Section 3 and Addendum A to this Agreement.

(b) You have been informed of and have reviewed the requirements regarding resident conduct and other restrictions or special conditions as stated in this Agreement and in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(c) You have been informed of the Corporation's policy regarding the amount of notice required when you wish to move from the facility.

(d) You have been informed of the Corporation's policy regarding weapons on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(e) You have been informed of the Corporation's policy regarding pets on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(f) You have been informed of those actions, circumstances, or conditions that would result or might result in your discharge from the facility, as stated in Section 11 of this Agreement.

(g) You have reviewed the Rights and Responsibilities of Residents of Assisted Living Facilities (Title 63.2-1808 of the Code of Virginia), attached to this Agreement as Addendum C as well as in the Resident Handbook, Addendum B.

(h) The Corporation's policies and procedures for implementing Title 63.2-1808 of the Code of Virginia, including the grievance policy and transfer/discharge policy, have been explained to you.

(i) You have been informed and understand that you may refuse release of information regarding your personal affairs and records to any individual outside the facility, except as otherwise provided in law and except in case of his transfer to another caregiving facility.

(j) You have been informed of the Corporation's policy on bed holds as set forth in Section 6 of this Agreement.

(k) You have been provided educational materials on advanced directives,

have designated whether or not you have an advanced directive and have provided us with the necessary paperwork.

(l) You have been informed of the Corporation's format for the Resident Council Meetings as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(m) You have been informed of the policy or guidelines regarding visiting in the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(n) You have been informed of the rules and restrictions regarding smoking on the premises of the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(o) You have been informed of the Corporation's policy regarding administration of medications, supplements and Pharmacy as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(p) You have been provided a written notice regarding the Corporation's liability insurance.

(q) You have been provided a copy of the Corporation's Disclosure Statement and received confirmation that the Corporation has the appropriate license to meet care needs at the time of admission.

(r) You have been informed that you should exercise whatever due diligence you deem necessary with respect to information on any registered sex offenders. Upon request, the Corporation will assist you or your legal representative in accessing the information on registered sex offenders; and provide you or your legal representative with printed copies of the information on registered sex offenders.

25. MISCELLANEOUS. This Contract constitutes the entire agreement among the parties. In the event any provision of this Contract or portion thereof is found to be wholly or partially invalid, illegal or unenforceable, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Contract, as the case may require. In the event the Corporation and/or the Corporation pursue any legal remedies against the Resident to enforce any provision of this Contract and is/are prevailing party, they

shall be entitled to recover their costs plus reasonable attorney fees. Any modification to this Contract must be in writing and must be signed by all parties. The headings inserted in this Contract have been inserted for convenience of reference only and shall not be used to construe or interpret this Contract. This Contract shall be governed in all respects by the laws of the Commonwealth of Virginia without regard to conflict of laws principles. The Corporation has encouraged the Resident to review the terms of this Contract with his or her attorney and financial advisor.

IN WITNESS WHEREOF, this Agreement is hereby executed the day and year first above written.

By: _____ (Date) _____
(Resident)

By: _____ (Date) _____
(Resident)

VINSON HALL, LLC

By: _____ (Date) _____
Randal N. Fowler
Administrator

By: _____ (Date) _____
Libby B. Bush
Chief Executive Officer

NAVY MARINE COAST GUARD RESIDENCE FOUNDATION

By: _____ (Date)_ Libby B. Bush
Executive Director

ATTACHMENT A

Additional Expenses Incurred at Resident's Request

Contract Number **#1397**
VINSON HALL DECLINING BALANCE RESIDENTS'S CONTRACT

THIS AGREEMENT made this **August 5, 2019** among the NAVY MARINE COAST GUARD RESIDENCE FOUNDATION, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereafter called the "Foundation") and VINSON HALL, LLC, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereinafter called the "Corporation"), and **Resident** (hereinafter called the "Resident") (if husband and wife, or two other persons sign this Contract as co-residents, the word "Resident" shall apply to either or both of them as the context requires).

RECITALS:

R-1. The Corporation operates VINSON HALL (hereinafter called the "Hall") at 6251 Old Dominion Drive, McLean, Virginia.

R-2. The Resident has submitted an application for residence in the Hall and, subject to the provisions of this Contract; the application has been accepted by the Corporation pursuant to its restricted admissions policies.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto mutually agree as follows:

1. ENTRY FEE. The Corporation, in consideration of the payment of an Entry Fee in the amount of **\$\$\$\$\$** and a second person Entry Fee in the amount of **N/A** by the Resident, will provide the Resident an apartment unit subject to the provisions of this agreement. The Entry Fee(s) shall be held by the Foundation and shall be payable as follows:

(a)

2. APARTMENT UNIT. The Resident has made satisfactory arrangements for the use and occupancy of Apartment **###**, Model Type **XX**. The apartment unit will be fully carpeted and/or hardwood flooring except for the bathroom(s) and the kitchen. Venetian blinds will be provided as window covers. Kitchens shall be equipped with cabinets, sink and counter space, refrigerator, stove/oven and garbage disposal unit. Apartment will be equipped with washer/dryer. The apartment unit shall have a house telephone system and emergency call system. All other furniture and furnishings will be

provided by the Resident.

3. OPERATING FEES. The Resident agrees to pay in advance a monthly nonrefundable Operating Fee in the amount of **\$\$\$**. The first monthly payment of such Operating Fees, prorated as necessary, shall be due and payable on **DATE**; and each subsequent payment shall be due and payable on the first day of each month thereafter in advance. The Operating Fees are determined on the basis of the Corporation's best estimate of the cost of operating the Hall. The following services or facilities are included in the Operating Fees: (a) dining service (fixed operating cost); (b) health and wellness center (fixed operating costs) (c) utilities; (d) bus

transportation service on a scheduled basis; (e) housekeeping services; (f) a chapel; (g) hobby and craft shops; (h) common area maintenance; (i) library; (j) fitness center; and (k) laundry facilities. The monthly Operating Fee may be changed by the Corporation in its sole discretion after giving thirty (30) days prior written notice to the Resident.

4. SERVICES AND AMENITIES. In addition to the Entry Fee and monthly Operating Fee, additional fees will be assessed for: (a) meal charges (billed in arrears); (b) guest room accommodations; (c) transportation and admission to special events and (d) ancillary health services. Complete details of services and amenities are contained in the Resident Manual provided to each resident at move-in. The Corporation shall be responsible for the updates to the Resident Manual as needed.

5. HEALTHCARE SERVICES. In connection with the range of healthcare services furnished by the Corporation, the parties agree as follows:

(a) The obligations of the Corporation hereunder do not include the furnishing of or payment for any hospitalization, medical, dental or psychiatric care; physician services; physical, speech or occupational therapy; eyeglasses, hearing aids, orthopedic appliances; x-rays, drugs, or other treatment or medical supplies; home health services; hospice services; or skilled nursing care.

(b) The Resident shall take appropriate action to enroll in any governmental health programs for which he or she is eligible, and to execute such forms as are necessary to secure reimbursement of any amounts payable to or on behalf of him/herself as a beneficiary under said programs.

(c) If, in the judgment of the Hall Health & Wellness Center (HWC) personnel, the Resident requires medical, surgical, or psychiatric treatment or care beyond the capabilities of the HWC, the Resident shall be transferred, at his or her expense, to an appropriate facility for such treatment. The Corporation

shall not be obligated to provide long-term nursing care or care which requires close supervision.

(d) The laws of the Commonwealth of Virginia will govern if the separation of a Resident from the Hall becomes appropriate or necessary because of cognitive disability or dysfunction or other care needs. By the execution of this Contract, the Resident designates the Administrator of the Hall as his or her agent to consult with the Resident's Attorney-in-Fact, or with responsible relatives reasonably available, for the petitioning of a court of competent jurisdiction for determination of legal competency and/or for appointment of a committee or guardian pursuant to the then-existing laws of the Commonwealth of Virginia in the event of cognitive disability or dysfunction.

(e) It is also mutually understood that the HWC has no existing facilities for the treatment or care of a Resident who may become afflicted with a cognitive disability or dysfunction. Pending an appropriate court determination of competency, the HWC Physician shall have full authority to make arrangements for the transfer of any Resident so afflicted, at the Resident's expense, to a facility which, in the physician's opinion, is competent to render such treatment or care as the circumstances require.

6. OUTSIDE SERVICES. The Resident hereby authorizes release of medical information on the Resident's condition by any private duty nurses or aides to the Hall's Health & Wellness Center. All private duty nurses and aides shall provide documentation to the Hall that the Resident's needs are being addressed and shall assist with periodic assessment of the Resident's needs. All private duty nurses and aides shall comply with applicable laws, regulations and Hall policies and procedures including signing in and out each visit.

7. RIGHT TO RESCIND. The Resident shall have the right to rescind this Contract without penalty or forfeiture within seven (7) days after executing the Contract. If, at any time after the execution of this agreement, after the expiration of the aforesaid seven-day period and prior to the time of physically moving into the Hall, the Resident dies or desires to terminate this Contract, ninety percent of the Entry Fee paid, less any costs specifically incurred by the Hall at the request of the Resident as set forth on Attachment A hereto, will be refunded to the Resident or his/her estate without interest.

8. DECLINING BALANCE REFUND. The Entry Fee shall be held by the Foundation for the duration of residency at Vinson Hall Retirement Community ((VHRC)

that includes the Hall, Expansion, Arleigh Burke Pavilion and The Sylvestery. In the event that the Resident exhausts his/her assets and/or income is inadequate to cover the monthly fees at VHRC, the remaining Entry Fee shall be spent down to cover said expenses. The Entry Fee of the Declining Balance plan decreases by 2% per month for 50 consecutive months from the Contract origination date. Upon the death of the Resident or the permanent withdrawal or removal of the Resident from VHRC and upon the release of the Resident's unit, the Resident (or his/her estate as applicable) shall be entitled to a refund of the remaining balance, less (i) any outstanding payments then due to any entity comprising the VHRC and (ii) the reasonable costs to be incurred, as determined by the Administrator, to modify, to renovate and/or to repair any damage to the VHRC unit resulting from the Resident's occupancy payable within sixty (60) days of vacancy. Any such refund shall not bear interest.

9. PREREQUISITES. The Resident agrees, as a prerequisite to physically moving into the Hall, to furnish information satisfactory to the Corporation so that it can make a determination that the physical, cognitive or social condition of the Resident would not pose a significant risk to property or to the health or safety of the Resident or others and that the Resident meets the requirements for residency in the Hall. In the event the aforesaid determination is not made or the Resident is unable to meet the financial standards required for residency, then the Foundation may return to the Resident ninety percent (90%) of the Entry Fee previously paid without interest.

10. ADHERENCE TO POLICIES. The Resident agrees to abide by any policies, rules and regulations of the Hall as the same may from time to time be adopted or amended by the Administrator of the Hall or by the Vinson Hall Residents Association. Final authority regarding any such policies, rules and regulations rests with the Corporation's Board of Directors.

11. TERMINATION. The Corporation reserves the right to terminate the residency of the Resident at any time, for good cause, including without limitation the following: (i) the Resident presents a danger to himself, herself or others; (ii) failure by the Resident to pay the monthly charges within thirty (30) days when due; (iii) repeated conduct by the Resident that interferes with other Residents' quiet enjoyment of the facility; (iv) persistent refusal by the Resident to comply with reasonable written rules and regulations of the Hall as reflected from time to time in the Resident Handbook; (v) a material misrepresentation made by the Resident in his or her application for residency or, in related materials, which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing care to the Resident under this Contract; or (vi) a material breach by the Resident of the terms and conditions of this Contract. In the case of (ii), (iii), (iv) and (vi) above, the Corporation shall give the Resident written notice of and an opportunity to

cure within a thirty-day period the conduct or circumstance otherwise warranting the termination of the Contract.

12. NO PROPERTY RIGHTS. By the payment of the Entry Fee, the Resident acquires no property right or interest either in the Foundation or the Corporation or the apartment to be occupied in the Hall. The Resident acknowledges that he or she understands that the Corporation has incurred indebtedness to finance the construction and operation of the Hall, and that the Corporation may in the future deem it necessary or desirable to incur additional or other indebtedness in connection with the operation or expansion of the facilities of the Hall; and that such existing indebtedness is and such future indebtedness may be secured by a deed of trust and/or other lien upon the properties or other assets of the Corporation. In consideration for the making of any such existing and future loans to the Corporation - and for the benefit of the Corporation and of the present and future holders of liens upon the properties and assets of the Corporation taken as security for the repayment of those loans - the Resident hereby expressly subordinates and declares inferior all of his or her rights, privileges, and benefits arising from and under this Contract, and from payment of the Entry Fee, to the rights of each holder of a deed of trust or other lien upon the properties or other assets of the Corporation. The Resident further agrees to execute, on request, any instruments which the Corporation or any lender may require as further evidence of the subordination of the rights of the Resident to any such deed of trust or other lien. The Resident does hereby expressly waive any and all notices of default and notices of foreclosure pursuant to any deed of trust or other lien on the properties or other assets of the Corporation, and hereby constitutes the Corporation as agent to receive and accept service of any such notices on behalf of the Resident.

13. PERSONAL BELONGINGS. Neither the Foundation nor the Corporation shall be responsible for the loss of money, jewels, or other personal property belonging to the Resident, or to any guest of the Resident, due to theft, fire, or any other causes, whether in the Resident's apartment or in any other area of the Hall, except as the result of gross negligence on the part of either the Foundation or the Corporation, or any of their agents acting within the scope of employment, and in the absence of contributory negligence.

14. PERSONAL INJURY. Neither the Foundation nor the Corporation shall be responsible for damages on account of personal injury to the Resident, or any guest of the

Resident, unless as a result of gross negligence on the part of the Corporation, or any of its agents acting within the scope of employment, and in the absence of contributory negligence.

15. RIGHT TO ENTER. The Corporation retains the right to enter and conduct inspections of the apartment at any time as deemed necessary, to determine that safety and health standards are maintained by the Resident. Resident agrees to accept housekeeping services in his or her apartment at least one time per month.

16. NOTICE TO VACATE. The Resident shall provide at least thirty (30) days advance notice of any decision to vacate the apartment. The death of the Resident shall constitute such notice to the Foundation and the Corporation. The Resident or their Estate, as applicable, shall be responsible for all fees due hereunder through the date the apartment is vacated. Once the Resident has given a notice to vacate, the Corporation shall have the right to show the apartment during regular business hours and on reasonable notice to the Resident or their estate.

17. SUBLEASING/ASSIGNMENT. Any subleasing of the Resident's apartment is prohibited and, except for an assignment to a living trust of the Resident's right to any refund, the Resident may not assign any rights or obligations under this Agreement.

18. REMAINING RESIDENT. Where two parties have made application and are admitted for residence together, the survivor shall have the right to continued residence in the Hall, upon the death or removal of the other party. Upon the death of a one of the two persons who are parties to this Contract, the second person entry fee shall be refunded the remaining balance, but there shall be no further refund under this Contract until the death or permanent withdrawal or removal of the surviving party if any.

(a) Any person, not otherwise eligible, who becomes the spouse of a resident, automatically, by virtue of that marriage, becomes eligible for residence on the same basis as all other residents. However, upon the death of the eligible spouse, if the remaining resident remarries an ineligible individual, the couple will not be permitted to reside at the Hall.

(b) A second person entry fee in addition to a second person monthly operating fee shall be charged upon a Resident's remarriage.

19. LATE PAYMENT FEES. Any payments of fees and charges that are due

hereunder and not received by the Hall within ten (10) days of when due shall bear a late charge of five percent (5%) of the amount then due. Any delinquent amounts due hereunder for more than thirty (30) days shall bear interest at the rate of one and one half percent (1 ½%) per month until paid in full.

20. UNIT MODIFICATIONS. Any modification to the unit requested by the Resident shall first be approved by the Hall; shall be the financial responsibility of the Resident and legal title to same shall belong to the Hall upon termination of this Contract. The Hall, at its

option, may return the unit to its original condition at the Resident's expense upon termination of this Contract.

21. FINANCIAL UPDATES. Resident acknowledges that the Corporation has relied upon Resident's application, including financial and medical statements, in accepting Resident for residency in the Hall. Resident warrants that such information is true and complete and said application is to be considered part of this Contract. Resident agrees that assets and income indicated on the application will be conserved and used for the support of Resident while residing at the Hall, Arleigh Burke Pavilion or The Sylvestery. Resident agrees to periodically provide updated financial information to the Corporation and/or Foundation as requested.

22. FOUNDATION. The parties understand and agree that the Foundation is a party to this Agreement for the sole purpose of agreeing to hold, apply and, if and as expressly provided for hereunder, refund any Entry Fee(s) due hereunder.

23. ACKNOWLEDGEMENTS

(a) You have been informed of the financial arrangement for accommodations, services, and care provided by the Corporation and of the services that are not covered by the facility's basic per diem rate, as set forth in Section 3 and Addendum A to this Agreement.

(b) You have been informed of and have reviewed the requirements regarding resident conduct and other restrictions or special conditions as stated in this Agreement and in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(c) You have been informed of the Corporation's policy regarding the amount of notice required when you wish to move from the facility.

(d) You have been informed of the Corporation's policy regarding weapons on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(e) You have been informed of the Corporation's policy regarding pets on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(f) You have been informed of those actions, circumstances, or conditions that would result or might result in your discharge from the facility, as stated in Section 11 of this Agreement.

(g) You have reviewed the Rights and Responsibilities of Residents of Assisted Living Facilities (Title 63.2-1808 of the Code of Virginia), attached to this Agreement in the Resident Handbook, Addendum B.

(h) The Corporation's policies and procedures for implementing Title 63.2-1808 of the Code of Virginia, including the grievance policy and transfer/discharge policy, have been explained to you.

(i) You have been informed and understand that you may refuse release of information regarding your personal affairs and records to any individual outside the facility, except as otherwise provided in law and except in case of his transfer to another caregiving facility.

(j) You have been informed of the Corporation's policy on bed holds as set forth in this Agreement, noted in the Resident Handbook: House Policies and Information.

(k) You have been provided educational materials on advanced directives, have designated whether or not you have an advanced directive and have provided us with the necessary paperwork.

(l) You have been informed of the Corporation's format for the Resident Council Meetings as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(m) You have been informed of the policy or guidelines regarding visiting in the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(n) You have been informed of the rules and restrictions regarding smoking

on the premises of the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(o) You have been informed of the Corporation's policy regarding administration of medications, supplements and Pharmacy as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(p) You have been provided a written notice regarding the Corporation's liability insurance.

(q) You have been provided a copy of the Corporation's Disclosure Statement and received confirmation that the Corporation has the appropriate license to meet care needs at the time of admission.

(r) You have been informed that you should exercise whatever due diligence you deem necessary with respect to information on any registered sex offenders. Upon request, the Corporation will assist you or your legal representative in accessing the information on registered sex offenders; and provide you or your legal representative with printed copies of the information on registered sex offenders.

24. MISCELLANEOUS. This Contract constitutes the entire agreement among the parties. In the event any provision of this Contract or portion thereof is found to be wholly or partially invalid, illegal or unenforceable, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Contract, as the case may require. In the event the Corporation and/or the Corporation pursue any legal remedies against the Resident to enforce any provision of this Contract and is/are prevailing party, they shall be entitled to recover their costs plus reasonable attorney fees. Any modification to this Contract must be in writing and must be signed by all parties. The headings inserted in this Contract have been inserted for convenience of reference only and shall not be used to construe or interpret this Contract. This Contract shall be governed in all respects by the laws of the Commonwealth of Virginia without regard to conflict of laws principles. The Corporation has encouraged the Resident to review the terms of this Contract with his or her attorney and financial advisor.

IN WITNESS WHEREOF, this Agreement is hereby executed the day and year first above written.

By: _____ (Date) _____
(Resident)

By: _____ (Date) _____
(Resident)

VINSON HALL, LLC

By: _____ (Date) _____
Randal N. Fowler
Administrator

By: _____ (Date) _____
Libby B. Bush
Chief Executive Officer

NAVY MARINE COAST GUARD RESIDENCE FOUNDATION

By: _____ (Date) _____
Libby B. Bush
Executive Director

ATTACHMENT A

Additional Expenses Incurred at Resident's Request

Contract Number RFC066

INDEPENDENT LIVING BUILDING REFUNDABLE RESIDENT'S CONTRACT

THIS AGREEMENT made this **Dateth** day of **Month Year**, among the NAVY MARINE COAST GUARD RESIDENCE FOUNDATION, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereafter called the "Foundation") and VINSON HALL, LLC, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereinafter called the "Corporation"), and **Name** (hereinafter called the "Resident") (if husband and wife, or two other persons sign this Contract as co-residents, the word "Resident" shall apply to either or both of them as the context requires).

RECITALS:

R-1. The Corporation operates INDEPENDENT LIVING BUILDING (hereinafter called the "ILB") at 1733 Kirby Road, Mclean, Virginia.

R-2. The Resident has submitted an application for residence in the ILB and, subject to the provisions of this Contract; the application has been accepted by the Corporation pursuant to its restricted admissions policies.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto mutually agree as follows:

1. ENTRY FEE. The Corporation, in consideration of the payment of an Entry Fee in the amount of **\$Entry Fee** and a second person Entry Fee in the amount of **n/a** by the Resident, will provide the Resident an apartment unit subject to the provisions of this agreement. The Entry Fee(s) shall be held by the Foundation and shall be payable as follows:

Deposit Check #XXXX dated, Month X, XXXX in the amount of \$X,XXX

2. APARTMENT UNIT. The Resident has made satisfactory arrangements for the use and occupancy of Apartment # **APT**, Model Type: **APT TYPE**. The apartment unit will have carpet and/or hardwood flooring except for the bathroom(s) and the kitchen. Blinds will be provided as window covers. Kitchens shall be equipped with cabinets, sink and counter space, refrigerator, dishwasher, microwave, stove/oven and garbage disposal unit. Laundry room will be equipped with washer/dryer. The apartment unit shall have a house telephone and cable system and an emergency call system. All other furniture and furnishings will be provided by the Resident.

3. OPERATING FEES. The Resident agrees to pay in advance a monthly nonrefundable Operating Fee in the amount of **\$MONTHLY FEE**. The first monthly payment of such Operating Fees, prorated as necessary, shall be due and payable on **CONTRACT SIGNING DATE**; and each subsequent payment shall be due and payable on the first day of each month thereafter in advance. The Operating Fees are determined on the basis of the Corporation's best estimate of the cost of operating the ILB. The following services or facilities are included in the Operating Fees: (a) dining service (fixed operating cost); (b) health and wellness center (fixed operating costs) (c) utilities; (d) bus transportation service on a scheduled basis; (e) housekeeping services; (f) a chapel; (g) hobby and craft shops; (h) common area maintenance; (i) library; (j) fitness center; and (k) auditorium. The monthly Operating Fee may be changed by the Corporation in its sole discretion after giving thirty (30) days prior written notice to the Resident.

4. SERVICES AND AMENITIES. In addition to the Entry Fee and monthly Operating Fee, additional fees will be assessed for: (a) meal charges (billed in arrears); (b) guest room accommodations; (c) transportation and admission to special events and (d) ancillary health services. Complete details of services and amenities are contained in the Resident Manual provided to each resident at move-in. The Corporation shall be responsible for updates to the Resident Manual as needed.

5. HEALTHCARE SERVICES. In connection with the range of healthcare services furnished by the Corporation, the parties agree as follows:

(a) The obligations of the Corporation hereunder do not include the furnishing of or payment for any hospitalization, medical, dental or psychiatric care; physician services; physical, speech or occupational therapy; eyeglasses, hearing aids, orthopedic appliances; x-rays, drugs, or other treatment or medical supplies; home health services; hospice services; or skilled nursing care.

(b) The Resident shall take appropriate action to enroll in any governmental health programs for which he or she is eligible, and to execute such forms as are necessary to secure reimbursement of any amounts payable to or on behalf of him/herself as a beneficiary under said programs.

(c) When a Resident accesses the Health & Wellness Center (HWC), if, in the judgment of the HWC personnel, the Resident requires medical, surgical, or psychiatric treatment or care beyond the capabilities of the HWC, the Resident shall be transferred, at his or her expense, to an appropriate facility for such treatment. The Corporation shall not be obligated to provide long-term nursing care or care which requires close supervision.

(d) The laws of the Commonwealth of Virginia will govern if the separation of a Resident from the ILB becomes appropriate or necessary because of cognitive disability or dysfunction or other care needs. By the execution of this Contract, the Resident designates the Administrator of the ILB as his or her agent to consult with the Resident's Attorney-in-Fact, or with responsible relatives reasonably available, for the petitioning of a court of competent jurisdiction for determination of legal competency and/or for appointment of a committee or guardian pursuant to the then-existing laws of the Commonwealth of Virginia in the event of cognitive disability or dysfunction.

(e) It is also mutually understood that the HWC has no existing facilities for the treatment or care of a Resident who may become afflicted with a cognitive disability or dysfunction. Pending an appropriate court determination of competency, the HWC Physician shall have full authority to make arrangements for the transfer of any Resident so afflicted, at the Resident's expense, to a facility which, in the physician's opinion, is competent to render such treatment or care as the circumstances require.

6. OUTSIDE SERVICES. The Resident hereby authorizes release of medical information on the Resident's condition by any private duty nurses or aides to the Hall's Health & Wellness Center. All private duty nurses and aides shall provide documentation to the Hall that the Resident's needs are being addressed and shall assist with periodic assessment of the Resident's needs. All private duty nurses and aides shall comply with applicable laws, regulations and Hall policies and procedures including signing in and out each visit.

7. RIGHT TO RESCIND. The Resident shall have the right to rescind this Contract without penalty or forfeiture within seven (7) days after executing the Contract. If, at any time after the execution of this agreement, after the expiration of the aforesaid seven-day period and prior to the time of physically moving into the ILB, the Resident dies or desires to terminate this Contract, ninety percent of the Entry Fee paid, less any costs specifically incurred by the ILB at the request of the Resident as set forth on Attachment A hereto, will be refunded to the Resident or his/her estate without interest.

8. REFUND. The Entry Fee shall be held by the Foundation for the duration of residency at Vinson Retirement Community ((VHRC) that includes the Hall, ILB, Arleigh Burke Pavilion and The Sylvestery. In the event that the Resident exhausts his/her assets and/or income is inadequate to cover the monthly fees at VHRC, the Entry Fee shall be spent down to cover said expenses. Upon the death of the Resident or the permanent

withdrawal or removal of the Resident from VHRC and upon the release of the Resident's unit, the Resident (or his/her estate as applicable) shall be entitled to a refund of ninety percent (90%) of the remaining Entry Fee, less (i) any outstanding payments then due to any entity comprising the VHRC and (ii) the reasonable costs to be incurred, as determined by the Administrator, to modify, to renovate and/or to repair any damage to the VHRC unit resulting from the Resident's occupancy. Upon reissuance and collection of Entry Fees of a new resident contract within the ILB in correlation with the notice of termination, any remaining balance will be refunded within 180 days. Any such refund shall not bear interest.

9. PREREQUISITES. The Resident agrees, as a prerequisite to physically moving into the ILB, to furnish information satisfactory to the Corporation so that it can make a determination that the physical, cognitive or social condition of the Resident would not pose a significant risk to property or to the health or safety of the Resident or others and that the Resident meets the requirements for residency in the ILB. In the event the aforesaid determination is not made or the Resident is unable to meet the financial standards required for residency, then the Foundation may return to the Resident one hundred percent (100%) of the Deposit Reservation Fee previously paid without interest.

10. ADHERENCE TO POLICIES. The Resident agrees to abide by any policies, rules and regulations of the ILB as the same may from time to time be adopted or amended by the Administrator of the ILB or by the Vinson Independent Living Residents Association. Final authority regarding any such policies, rules and regulations rests with the Corporation's Board of Directors.

11. TERMINATION. The Corporation reserves the right to terminate the residency of the Resident at any time, for good cause, including without limitation the following: (i) the Resident presents a danger to himself, herself or others; (ii) failure by the Resident to pay the monthly charges within ~~sixty (60)~~ thirty (30) days when due; (iii) repeated conduct by the Resident that interferes with other Residents' quiet enjoyment of the facility; (iv) persistent refusal by the Resident to comply with reasonable written rules and regulations of the ILB as reflected from time to time in the Resident Manual; (v) a material misrepresentation made by the Resident in his or her application for residency or, in related materials, which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing care to the Resident under this Contract; or (vi) a material breach by the Resident of the terms and conditions of this Contract. In the case of (ii), (iii), (iv) and (vi) above, the Corporation shall give the Resident written notice of and an opportunity to cure within a thirty-day period the conduct or circumstance otherwise warranting the

termination of the Contract.

12. NO PROPERTY RIGHTS. By the payment of the Entry Fee, the Resident acquires no property right or interest either in the Foundation or the Corporation or the apartment to be occupied in the ILB. The Resident acknowledges that he or she understands that the Corporation has incurred indebtedness to finance the construction and operation of the ILB, and that the Corporation may in the future deem it necessary or desirable to incur additional or other indebtedness in connection with the operation or ILB of the facilities of the ILB; and that such existing indebtedness is and such future indebtedness may be secured by a deed of trust and/or other lien upon the properties or other assets of the Corporation. In consideration for the making of any such existing and future loans to the Corporation - and for the benefit of the Corporation and of the present and future holders of liens upon the properties and assets of the Corporation taken as security for the repayment of those loans - the Resident hereby expressly subordinates and declares inferior all of his or her rights, privileges, and benefits arising from and under this Contract, and from payment of the Entry Fee, to the rights of each holder of a deed of trust or other lien upon the properties or other assets of the Corporation. The Resident further agrees to execute, on request, any instruments which the Corporation or any lender may require as further evidence of the subordination of the rights of the Resident to any such deed of trust or other lien. The Resident does hereby expressly waive any and all notices of default and notices of foreclosure pursuant to any deed of trust or other lien on the properties or other assets of the Corporation, and hereby constitutes the Corporation as agent to receive and accept service of any such notices on behalf of the Resident.

13. PERSONAL BELONGINGS. Neither the Foundation nor the Corporation shall be responsible for the loss of money, jewels, or other personal property belonging to the Resident, or to any guest of the Resident, due to theft, fire, or any other causes, whether in the Resident's apartment or in any other area of the ILB, except as the result of gross negligence on the part of either the Foundation or the Corporation, or any of their agents acting within the scope of employment, and in the absence of contributory negligence.

14. PERSONAL INJURY. Neither the Foundation nor the Corporation shall be responsible for damages on account of personal injury to the Resident, or any guest of the Resident, unless as a result of gross negligence on the part of the Corporation, or any of its agents acting within the scope of employment, and in the absence of contributory negligence.

15. RIGHT TO ENTER. The Corporation retains the right to enter and conduct inspections of the apartment at any time as deemed necessary, to determine that safety and health standards are maintained by the Resident. Resident agrees to accept housekeeping services in his or her apartment at least one time per month.

16. NOTICE TO VACATE. The Resident shall provide at least thirty (30) days advance notice of any decision to vacate the apartment. The death of the Resident shall constitute such notice to the Foundation and the Corporation. The Resident or their Estate, as applicable, shall be responsible for all fees due hereunder through the date the apartment is vacated. Once the Resident has given a notice to vacate, the Corporation shall have the right to show the apartment during regular business hours and on reasonable notice to the Resident or their estate.

17. SUBLEASING/ASSIGNMENT. Any subleasing of the Resident's apartment is prohibited and, except for an assignment to a living trust of the Resident's right to any refund, the Resident may not assign any rights or obligations under this Agreement.

18. REMAINING RESIDENT. Where two parties have made application and are admitted for residence together, the survivor shall have the right to continued residence in the ILB, upon the death or removal of the other party. Upon the death of a one of the two persons who are parties to this Contract, the second person entry fee shall be refunded at ninety percent (90%) but there shall be no further refund under this Contract until the death or permanent withdrawal or removal of the surviving party if any.

(a) Any person, not otherwise eligible, who becomes the spouse of a resident, automatically, by virtue of that marriage, becomes eligible for residence on the same basis as all other residents. However, upon the death of the eligible spouse, if the remaining resident remarries an ineligible individual, the couple will not be permitted to reside at the ILB.

(b) A second person entry fee in addition to a second person monthly operating fee shall be charged upon a Resident's remarriage.

19. LATE PAYMENT FEES. Any payments of fees and charges that are due hereunder and not received by the ILB within ten (10) days of when due shall bear a late charge of five percent (5%) of the amount then due. Any delinquent amounts due hereunder for more than thirty (30) days shall bear interest at the rate of one and one half percent (1 ½%) per month until paid in full.

20. UNIT MODIFICATIONS. Any modification to the unit requested by the Resident shall first be approved by the Corporation; shall be the financial responsibility of the Resident and legal title to same shall belong to the Corporation upon termination of this Contract. The Corporation, at its option, may return the unit to its original condition at the Resident's expense upon termination of this Contract.

21. FINANCIAL UPDATES. Resident acknowledges that the Corporation has relied upon Resident's application, including financial and medical statements, in accepting Resident for residency in the ILB. Resident warrants that such information is true and complete and said application is to be considered part of this Contract. Resident agrees that assets and income indicated on the application will be conserved and used for the support of Resident while residing at the Hall, ILB, Arleigh Burke Pavilion or The Sylvestery. Resident agrees to periodically provide updated financial information to the Corporation and/or Foundation as requested.

22. FOUNDATION. The parties understand and agree that the Foundation is a party to this Agreement for the sole purpose of agreeing to hold, apply and, if and as expressly provided for hereunder, refund any Entry Fee(s) due hereunder.

23. ACKNOWLEDGEMENTS

(a) You have been informed of the financial arrangement for accommodations, services, and care provided by the Corporation and of the services that are not covered by the facility's basic per diem rate, as set forth in Section 3 and Addendum A to this Agreement.

(b) You have been informed of and have reviewed the requirements regarding resident conduct and other restrictions or special conditions as stated in this Agreement and in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(c) You have been informed of the Corporation's policy regarding the amount of notice required when you wish to move from the facility.

(d) You have been informed of the Corporation's policy regarding weapons on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(e) You have been informed of the Corporation's policy regarding pets on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(f) You have been informed of those actions, circumstances, or conditions that would result or might result in your discharge from the facility, as stated in Section 11 of this Agreement.

(g) You have reviewed the Rights and Responsibilities of Residents of Assisted Living Facilities (Title 63.2-1808 of the Code of Virginia), attached to this Agreement as in the Resident Handbook, Addendum B. The Corporation's policies and procedures for implementing Title 63.2-1808 of the Code of Virginia, including the grievance policy and transfer/discharge policy, have been explained to you.

(h) You have been informed and understand that you may refuse release of information regarding your personal affairs and records to any individual outside the facility, except as otherwise provided in law and except in case of his transfer to another caregiving facility.

(i) You have been informed of the Corporation's policy on bed holds as set forth in this Agreement, noted in the Resident Handbook: House Policies and Information.

(j) You have been provided educational materials on advanced directives, have designated whether or not you have an advanced directive and have provided us with the necessary paperwork.

(k) You have been informed of the Corporation's format for the Resident Council Meetings as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(l) You have been informed of the policy or guidelines regarding visiting in the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(m) You have been informed of the rules and restrictions regarding smoking on the premises of the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(n) You have been informed of the Corporation's policy regarding administration of medications, supplements and Pharmacy as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(o) You have been provided a written notice regarding the Corporation's liability insurance.

(p) You have been provided a copy of the Corporation's Disclosure Statement and received confirmation that the Corporation has the appropriate license to meet care needs at the time of admission.

(q) You have been informed that you should exercise whatever due diligence you deem necessary with respect to information on any registered sex offenders. Upon request, the Corporation will assist you or your legal representative in accessing the information on registered sex offenders; and provide you or your legal representative with printed copies of the information on registered sex offenders.

24. MISCELLANEOUS. This Contract constitutes the entire agreement among the parties. In the event any provision of this Contract or portion thereof is found to be wholly or partially invalid, illegal or unenforceable, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Contract, as the case may require. In the event the Corporation and/or the Foundation pursue any legal remedies against the Resident to enforce any provision of this Contract and is/are prevailing party, they shall be entitled to recover their costs plus reasonable attorney fees. Any modification to this Contract must be in writing and must be signed by all parties. The headings inserted in this Contract have been inserted for convenience of reference only and shall not be used to construe or interpret this Contract. This Contract shall be governed in all respects by the laws of the Commonwealth of Virginia without regard to conflict of laws principles. The Corporation has encouraged the Resident to review the terms of this Contract with his or her attorney and financial advisor.

IN WITNESS WHEREOF, this Agreement is hereby executed the day and year first above written.

By: _____ (Date _____)
(Resident)

By: _____ (Date _____)
(Resident)

VINSON ILB, LLC

By: _____ (Date) _____
Randal N. Fowler
ILB Administrator

By: _____ (Date) _____
Libby B. Bush
Chief Executive Officer

NAVY MARINE COAST GUARD RESIDENCE FOUNDATION

By: _____ (Date) Libby B. Bush
Executive Director

ATTACHMENT A

Additional Expenses Incurred at Resident's Request

Contract Number #_

INDEPENDENT LIVING BUILDING DECLINING BALANCE RESIDENT'S
CONTRACT

THIS AGREEMENT made this ____ day of ____, among the NAVY MARINE COAST GUARD RESIDENCE FOUNDATION, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereafter called the "Foundation") and VINSON HALL, LLC, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereinafter called the "Corporation"), and ____ (hereinafter called the "Resident") (if husband and wife, or two other persons sign this Contract as co-residents, the word "Resident" shall apply to either or both of them as the context requires).

RECITALS:

R-1. The Corporation operates Independent Living Building (hereinafter called the "ILB") at 1733 Kirby Road, Mclean, Virginia.

R-2. The Resident has submitted an application for residence in the ILB and, subject to the provisions of this Contract; the application has been accepted by the Corporation pursuant to its restricted admissions policies.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto mutually agree as follows:

1. ENTRY FEE. The Corporation, in consideration of the payment of an Entry Fee in the amount of ____ and a second person Entry Fee in the amount of ____ by the Resident, will provide the Resident an apartment unit subject to the provisions of this agreement. The Entry Fee(s) shall be held by the Foundation and shall be payable as follows:

2. APARTMENT UNIT. The Resident has made satisfactory arrangements for the use and occupancy of Apartment # _____, Model Type **(XXX)**. The apartment unit will have carpet and/or hardwood flooring except for the bathroom(s) and the kitchen. Blinds will be provided as window covers. Kitchens shall be equipped with cabinets, sink and counter space, refrigerator, dishwasher, microwave, stove/oven, and

garbage disposal unit. Laundry room will be equipped with washer/dryer. The apartment unit shall have a house telephone and cable system and an emergency call system. All other furniture and furnishings will be provided by the Resident.

3. OPERATING FEES. The Resident agrees to pay in advance a monthly nonrefundable Operating Fee in the amount of __. The first monthly payment of such Operating Fees, prorated as necessary, shall be due and payable on __; and each subsequent payment shall be due and payable on the first day of each month thereafter in advance. The Operating Fees are determined on the basis of the Corporation's best estimate of the cost of operating the ILB. The following services or facilities are included in the Operating Fees: (a) dining service (fixed operating cost); (b) health and wellness center (fixed operating costs) (c) utilities; (d) bus transportation service on a scheduled basis; (e) housekeeping services; (f) a chapel; (g) hobby and craft shops; (h) common area maintenance; (i) library; (j) fitness center; and (k) auditorium. The monthly Operating Fee may be changed by the Corporation in its sole discretion after giving thirty (30) days prior written notice to the Resident.

4. SERVICES AND AMENITIES. In addition to the Entry Fee and monthly Operating Fee, additional fees will be assessed for: (a) meal charges (billed in arrears); (b) guest room accommodations; (c) transportation and admission to special events and (d) ancillary health services. Complete details of services and amenities are contained in the Resident Manual provided to each resident at move-in. The Corporation shall be responsible for updates to the Resident Manual as needed.

5. HEALTHCARE SERVICES. In connection with the range of healthcare services furnished by the Corporation, the parties agree as follows:

(a) The obligations of the Corporation hereunder do not include the furnishing of or payment for any hospitalization, medical, dental or psychiatric care; physician services; physical, speech or occupational therapy; eyeglasses, hearing aids, orthopedic appliances; x-rays, drugs, or other treatment or medical supplies; home health; hospice services; or skilled nursing care.

(b) The Resident shall take appropriate action to enroll in any governmental health programs for which he or she is eligible, and to execute such forms as are necessary to secure reimbursement of any amounts payable to or on behalf of him/herself as a beneficiary under said programs.

(c) If, in the judgment of the Health & Wellness Center (HWC) personnel, the Resident requires medical, surgical, or psychiatric treatment

or care beyond the capabilities of the HWC, the Resident shall be transferred, at his or her expense, to an appropriate facility for such treatment. The Corporation shall not be obligated to provide long-term nursing care or care which requires close supervision.

(d) The laws of the Commonwealth of Virginia [§38.2-4905] will govern if the separation of a Resident from the ILB becomes appropriate or necessary because of cognitive disability or dysfunction or other care needs. By the execution of this Contract, the Resident designates the Administrator of the ILB as his or her agent to consult with the Resident's Attorney-in-Fact, or with responsible relatives reasonably available, for the petitioning of a court of competent jurisdiction for determination of legal competency and/or for appointment of a committee or guardian pursuant to the then-existing laws of the Commonwealth of Virginia in the event of cognitive disability or dysfunction. It is also mutually understood that the HWC has no existing facilities for the treatment or care of a Resident who may become afflicted with a cognitive disability or dysfunction. Pending an appropriate court determination of competency, the HWC Physician shall have full authority to make arrangements for the transfer of any Resident so afflicted, at the Resident's expense, to a facility which, in the physician's opinion, is competent to render such treatment or care as the circumstances require.

6. OUTSIDE SERVICES. The Resident hereby authorizes release of medical information on the Resident's condition by any private duty nurses or aides to the Hall's Health & Wellness Center. All private duty nurses and aides shall provide documentation to the Hall that the Resident's needs are being addressed and shall assist with periodic assessment of the Resident's needs. All private duty nurses and aides shall comply with applicable laws, regulations and Hall policies and procedures including signing in and out each visit.

7. RIGHT TO RESCIND. The Resident shall have the right to rescind this Contract without penalty or forfeiture within seven (7) days after executing the Contract. If, at any time after the execution of this agreement, after the expiration of the aforesaid seven-day period and prior to the time of physically moving into the ILB, the Resident dies or desires to terminate this Contract, the remaining balance of the Entry Fee paid, less any costs specifically incurred by the Corporation at the request of the Resident as set forth on Attachment A hereto, will be refunded to the Resident or his/her estate without interest.

8. DECLINING BALANCE REFUND. The Entry Fee shall be held by the Foundation for the duration of residency at Vinson Hall Retirement Community ((VHRC) that includes the Hall, ILB, Arleigh Burke Pavilion and The Sylvestery. In the event that the Resident exhausts his/her assets and/or income is inadequate to cover the monthly fees at VHRC, the remaining Entry Fee shall be spent down to cover said expenses. The Entry Fee of the Declining Balance plan decreases by 2% per month for 50 consecutive months from the Contract origination date. Upon the death of the Resident or the permanent withdrawal or removal of the Resident from VHRC and upon the release of the Resident's unit, the Resident (or his/her estate as applicable) shall be entitled to a refund of the remaining balance, less (i) any outstanding payments then due to any entity comprising the VHRC and (ii) the reasonable costs to be incurred, as determined by the Administrator, to modify, to renovate and/or to repair any damage to the VHRC unit resulting from the Resident's occupancy. Upon reissuance and collection of Entry Fees of a new resident contract within the ILB in correlation with the notice of termination, any remaining balance will be refunded within 180 days. Any such refund shall not bear interest.

9. PREREQUISITES. The Resident agrees, as a prerequisite to physically moving into the ILB, to furnish information satisfactory to the Corporation so that it can make a determination that the physical, cognitive or social condition of the Resident would not pose a significant risk to property or to the health or safety of the Resident or others and that the Resident meets the requirements for residency in the ILB. In the event the aforesaid determination is not made or the Resident is unable to meet the financial standards required for residency, then the Foundation may return to the Resident one hundred percent (100%) of the Deposit Reservation Fee previously paid without interest.

10. ADHERENCE TO POLICIES. The Resident agrees to abide by any policies, rules and regulations of the ILB as the same may from time to time be adopted or amended by the Administrator of the ILB or by the Independent Living Residents Association. Final authority regarding any such policies, rules and regulations rests with the Corporation's Board of Directors.

11. TERMINATION. The Corporation reserves the right to terminate the residency of the Resident at any time, for good cause, including without limitation the following: (i) the Resident presents a danger to himself, herself or others; (ii) failure by the Resident to pay the monthly charges within thirty (30) days when due; (iii) repeated conduct by the Resident that interferes with other Residents' quiet enjoyment of the facility; (iv) persistent refusal by the Resident to comply with reasonable written rules and regulations of the ILB as reflected from time to time in the Resident Manual; (v) a material misrepresentation made by the Resident in his or her application for residency

or, in related materials, which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing care to the Resident under this Contract; or (vi) a material breach by the Resident of the terms and conditions of this Contract. In the case of (ii), (iii), (iv) and (vi) above, the Corporation shall give the Resident written notice of and an opportunity to cure within a thirty-day period the conduct or circumstance otherwise warranting the termination of the Contract.

12. NO PROPERTY RIGHTS. By the payment of the Entry Fee, the Resident acquires no property right or interest either in the Foundation or the Corporation or the apartment to be occupied in the ILB. The Resident acknowledges that he or she understands that the Corporation has incurred indebtedness to finance the construction and operation of the ILB, and that the Corporation may in the future deem it necessary or desirable to incur additional or other indebtedness in connection with the operation or ILB of the facilities of the ILB; and that such existing indebtedness is and such future indebtedness may be secured by a deed of trust and/or other lien upon the properties or other assets of the Corporation. In consideration for the making of any such existing and future loans to the Corporation - and for the benefit of the Corporation and of the present and future holders of liens upon the properties and assets of the Corporation taken as security for the repayment of those loans - the Resident hereby expressly subordinates and declares inferior all of his or her rights, privileges, and benefits arising from and under this Contract, and from payment of the Entry Fee, to the rights of each holder of a deed of trust or other lien upon the properties or other assets of the Corporation. The Resident further agrees to execute, on request, any instruments which the Corporation or any lender may require as further evidence of the subordination of the rights of the Resident to any such deed of trust or other lien. The Resident does hereby expressly waive any and all notices of default and notices of foreclosure pursuant to any deed of trust or other lien on the properties or other assets of the Corporation, and hereby constitutes the Corporation as agent to receive and accept service of any such notices on behalf of the Resident.

13. PERSONAL BELONGINGS. Neither the Foundation nor the Corporation shall be responsible for the loss of money, jewels, or other personal property belonging to the Resident, or to any guest of the Resident, due to theft, fire, or any other causes, whether in the Resident's apartment or in any other area of the ILB, except as the result of gross negligence on the part of either the Foundation or the Corporation, or any of their agents acting within the scope of employment, and in the absence of contributory negligence.

14. PERSONAL INJURY. Neither the Foundation nor the Corporation shall be responsible for damages on account of personal injury to the Resident, or any guest of the Resident, unless as a result of gross negligence on the part of the Corporation, or any of its agents acting within the scope of employment, and in the absence of contributory negligence.

15. RIGHT TO ENTER. The Corporation retains the right to enter and conduct inspections of the apartment at any time as deemed necessary, to determine that safety and health standards are maintained by the Resident. Resident agrees to accept housekeeping services in his or her apartment at least one time per month.

16. NOTICE TO VACATE. The Resident shall provide at least thirty (30) days advance notice of any decision to vacate the apartment. The death of the Resident shall constitute such notice to the Foundation and the Corporation. The Resident or their Estate, as applicable, shall be responsible for all fees due hereunder through the date the apartment is vacated. Once the Resident has given a notice to vacate, the Corporation shall have the right to show the apartment during regular business hours and on reasonable notice to the Resident or their estate.

17. SUBLEASING/ASSIGNMENT. Any subleasing of the Resident's apartment is prohibited and, except for an assignment to a living trust of the Resident's right to any refund, the Resident may not assign any rights or obligations under this Agreement.

18. REMAINING RESIDENT. Where two parties have made application and are admitted for residence together, the survivor shall have the right to continued residence in the ILB, upon the death or removal of the other party. Upon the death of a one of the two persons who are parties to this Contract, the second person entry fee shall be refunded the remaining balance, but there shall be no further refund under this Contract until the death or permanent withdrawal or removal of the surviving party if any.

(a) Any person, not otherwise eligible, who becomes the spouse of a resident, automatically, by virtue of that marriage, becomes eligible for residence on the same basis as all other residents. However, upon the death of the eligible spouse, if the remaining resident remarries an ineligible individual, the couple will not be permitted to reside at the ILB.

(b) A second person entry fee in addition to a second person monthly operating fee shall be charged upon a Resident's remarriage.

19. LATE PAYMENT FEES. Any payments of fees and charges that are due hereunder and not received by the ILB within ten (10) days of when due shall bear a late charge of five percent (5%) of the amount then due. Any delinquent amounts due hereunder for more than thirty (30) days shall bear interest at the rate of one and one half percent (1 ½%) per month until paid in full.

20. UNIT MODIFICATIONS. Any modification to the unit requested by the Resident shall first be approved by the Corporation; shall be the financial responsibility of the Resident and legal title to same shall belong to the Corporation upon termination of this Contract. The Corporation, at its option, may return the unit to its original condition at the Resident's expense upon termination of this Contract.

21. FINANCIAL UPDATES. Resident acknowledges that the Corporation has relied upon Resident's application, including financial and medical statements, in accepting Resident for residency in the ILB. Resident warrants that such information is true and complete and said application is to be considered part of this Contract. Resident agrees that assets and income indicated on the application will be conserved and used for the support of Resident while residing at the Hall, ILB, Arleigh Burke Pavilion or The Sylvestery. Resident agrees to periodically provide updated financial information to the Corporation and/or Foundation as requested.

22. FOUNDATION. The parties understand and agree that the Foundation is a party to this Agreement for the sole purpose of agreeing to hold, apply and, if and as expressly provided for hereunder, refund any Entry Fee(s) due hereunder.

23. ACKNOWLEDGEMENTS

(a) You have been informed of the financial arrangement for accommodations, services, and care provided by the Corporation and of the services that are not covered by the facility's basic per diem rate, as set forth in Section 3 and Addendum A to this Agreement.

(b) You have been informed of and have reviewed the requirements regarding resident conduct and other restrictions or special conditions as stated in this Agreement and in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(c) You have been informed of the Corporation's policy regarding the amount of notice required when you wish to move from the facility.

(d) You have been informed of the Corporation's policy regarding weapons

on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(e) You have been informed of the Corporation's policy regarding pets on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you. You have been informed of those actions, circumstances, or conditions that would result or might result in your discharge from the facility, as stated in Section 11 of this Agreement.

(f) You have reviewed the Rights and Responsibilities of Residents of Assisted Living Facilities (Title 63.2-1808 of the Code of Virginia), attached to this Agreement as in the Resident Handbook, Addendum B.

(g) The Corporation's policies and procedures for implementing Title 63.2-1808 of the Code of Virginia, including the grievance policy and transfer/discharge policy, have been explained to you.

(h) You have been informed and understand that you may refuse release of information regarding your personal affairs and records to any individual outside the facility, except as otherwise provided in law and except in case of his transfer to another caregiving facility.

(i) You have been informed of the Corporation's policy on bed holds as set forth in this Agreement, noted in the Resident Handbook: House Policies and Information.

(j) You have been provided educational materials on advanced directives, have designated whether or not you have an advanced directive and have provided us with the necessary paperwork.

(k) You have been informed of the Corporation's format for the Resident Council Meetings as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(l) You have been informed of the policy or guidelines regarding visiting in the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(m) You have been informed of the rules and restrictions regarding smoking on the premises of the facility, as set forth in the Resident Handbook, Addendum

B to this Agreement, a copy of which has been provided to you.

(n) You have been informed of the Corporation's policy regarding administration of medications, supplements and Pharmacy as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

(o) You have been provided a written notice regarding the Corporation's liability insurance.

(p) You have been provided a copy of the Corporation's Disclosure Statement and received confirmation that the Corporation has the appropriate license to meet care needs at the time of admission. You have been informed that you should exercise whatever due diligence you deem necessary with respect to information on any registered sex offenders. Upon request, the Corporation will assist you or your legal representative in accessing the information on registered sex offenders; and provide you or your legal representative with printed copies of the information on registered sex offenders.

24. MISCELLANEOUS. This Contract constitutes the entire agreement among the parties. In the event any provision of this Contract or portion thereof is found to be wholly or partially invalid, illegal or unenforceable, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Contract, as the case may require. In the event the Corporation and/or the Corporation pursue any legal remedies against the Resident to enforce any provision of this Contract and is/are prevailing party, they shall be entitled to recover their costs plus reasonable attorney fees. Any modification to this Contract must be in writing and must be signed by all parties. The headings inserted in this Contract have been inserted for convenience of reference only and shall not be used to construe or interpret this Contract. This Contract shall be governed in all respects by the laws of the Commonwealth of Virginia without regard to conflict of laws principles. The Corporation has encouraged the Resident to review the terms of this Contract with his or her attorney and financial advisor.

IN WITNESS WHEREOF, this Agreement is hereby executed the day and year first above written.

By: _____ (Date) _____
(Resident)

By: _____ (Date) _____
(Resident)

ILB, LLC

By: _____ (Date) _____
Randal N. Fowler
Administrator

By: _____ (Date) _____
Libby B. Bush
Chief Executive Officer

NAVY MARINE COAST GUARD RESIDENCE FOUNDATION

By: _____ (Date)_ Libby B. Bush
Executive Director

ATTACHMENT A

Additional Expenses Incurred at Resident's Request

**Admission
Agreement for
the Assisted Living
Suites of Arleigh Burke
Pavilion**

1. PARTIES TO THIS AGREEMENT

1.1. This Admission Agreement ("Agreement") is made between Arleigh Burke Pavilion, assisted living suites that are operated by Vinson Hall, LLC ("the Pavilion," "we," "our," or "us"), and n/a ("you" or "Resident") and "Legal Representative."

1.2. The assisted living suites known as Arleigh Burke Pavilion are located at 1739 Kirby Road, McLean, Virginia 22101, respectively. We are licensed as Adult Care Residences by the Commonwealth of Virginia Department of Social Services.

1.3. Your legal representative, if you have one, may sign this Agreement on your behalf. Your legal representative may be a person that you have selected, such as a Power of Attorney or Health Care Agent. Your legal representative also may be someone a Court has appointed to act on your behalf, such as a Legal Guardian or Conservator. If you have a legal representative, his or her name and address is:

n/a

If your legal representative or another person has legal access to your funds and assets or will be making payments to us on your behalf, from your assets or from any other source, he or she is a necessary party to this Agreement. He or she must agree to the terms of the Agreement and sign the Agreement in his or her individual capacity, with or on behalf of you.

If you change your legal representative, give another person access to your funds and assets, or execute a legal document granting authority for business or financial decision-making or otherwise affecting any party to this Agreement, you and your legal representative agree to notify us immediately of all names and

contact information and provide us with a copy of all relevant legal documents.

If you do not have a legal representative at this time or an advance directive you may utilize the Virginia Advance Medical Directive form provided in our admissions packet.

2. RESPONSIBILITIES OF THE PAVILION

- 2.1. **Accommodations.** We will provide you with a private room or suite. We will furnish your room or suite with the following items: a bed, bedside encourage you to bring your own furniture as appropriate for the room provided. Should you choose to provide your own furnishings they are subject to the Pavilion's safety inspection and approval. We will determine room assignments, honoring your requests whenever reasonable.
- 2.2. **Health Care Services.** We will maintain professional health care staff on duty twenty-four hours each day. However, we will not provide twenty- four-hour one-to-one supervision for you. We will provide personalized support services and health-related care (excluding intensive ongoing medical care) designed to respond to your needs as identified in the Uniform Assessment Instrument. We will also supervise or provide administration of medications if indicated by the Uniform Assessment Instrument.
- 2.3. **Access to Health Services Not Provided by the Pavilion.** We are not responsible for furnishing or paying for items or services that we are not licensed to provide, including but not limited to physician services, private duty personnel, nursing care, hospital care, hearing aids, eyeglasses, dentures, canes, crutches, wheelchairs and nonprescription medications. If your physician orders health care services that we do not have the capability to provide; or if we determine that you need a level of care that we do not provide, we will assist you in arranging access to the necessary services to be provided by an outside provider. We will also arrange for your transfer to the hospital of choice (provided such hospital has a bed available) as ordered by your physician. Any privately-provided durable medical equipment or assistive equipment is subject to testing by the facility for safety. For the Resident's protection, provision of such health services by outside providers must meet minimum standards set by the facility before provided to the Resident.

- 2.4. **Dietary Services.** We will prepare a daily menu that provides for three well-balanced meals per day. We will also make snacks available. We will respect your religious dietary practices and will accommodate reasonable special dietary needs as ordered by your attending physician. If our kitchen cannot accommodate your dietary needs, we will arrange meals from an acceptable outside vendor at an additional cost to you.
- 2.5. **Utilities.** We will provide water, heat, air conditioning, and electricity, subject to the availability of these utilities.
- 2.6. **Laundry and Housekeeping.** We will provide linen service and daily housekeeping services. Personal laundry service can be provided by the facility for a fee as noted in the Resident handbook.
- 2.7. **Maintenance.** We will maintain all common grounds and facilities. We will make all necessary repairs to your room or suite to items and utilities supplied by us. You are responsible for maintaining and repairing your personal property.
- 2.8. **Emergency Response.** We will provide a twenty-four hour emergency response system, monitored by appropriate staff.
- 2.9. **Activities.** We will provide a variety of recreational and/or exercise activities each day for those residents who choose to participate.
- 2.10. **Transportation.** We will assist you in making arrangements for transportation as reasonably necessary.
- 2.11. **Storage.** We are not responsible for, nor shall we incur any liability for, loss or damages to valuables, money, clothing, or other personal items you bring to the Pavilion.
- 2.12. **Pharmacy.** Our pharmacy provider is Omnicare. We will secure pharmaceutical care and delivery through Omnicare as prescribed by your attending Physician. Payment of these services is the responsibility of the Resident. You have the right to choose your own pharmacy provider; however, if you choose to receive medications through an outside pharmacy provider it is your responsibility to provide the Pavilion with those medications which will then be repackaged, at a cost to you, through Omnicare. If

there is a delay in receiving new prescriptions and/or refills from an outside pharmacy provider we reserve the right to fill the prescription through Omnicare, at a cost to you, to ensure timely medication administration.

3. FEES AND PAYMENT

- 3.1 **Per Diem Rates.** The per diem rate is set forth in Addendum A, which is attached to this Agreement, and includes accommodations, services, and supplies as described in Addendum A. If you and your spouse wish to co- occupy your room or suite, an additional per diem rate may be negotiated based on your spouse's needs
- 3.2. **Services Not Included in the Per Diem Rate.** Supplemental services ("ancillary services") ordered by your physician or requested or required by you are not included in the per diem rate and will be billed to you on a monthly basis. Additional services available to you at an extra charge such as telephone service are described in Addendum A.
- 3.3. **Fee Adjustments.** The per diem rate and the charges for ancillary services may be increased at our discretion after providing you with thirty (30) days written notice.
- 3.4. **Payment Schedule.** Payments of the applicable per diem rate as set forth in Addendum A, payments for all ancillary supplies and services provided during the month, and payments for services not included in the per diem rate are to be made to us by you on a monthly basis. Payment is due no later than the payment due date shown on the invoice we provide for you. If your payment is not made by the end of the month in which a bill is rendered, we will apply a one and one-half percent (1.5%) late fee, equivalent to eighteen percent (18%) annually, beginning the second day of the following month. You are responsible for paying all costs incurred as a result of any collection process, including, without limitation, reasonable attorneys' fees, court costs, and collection fees.
- 3.5. **Refund Policy.** We will provide you with a final invoice during the next billing cycle subsequent to your discharge. Any credit balance will be refunded during that billing cycle. Any balance you owe will be due by the payment due date shown on the invoice. If an advance deposit was required upon admission, the advance

deposit will be refunded during the next billing cycle subsequent to admission. If the facility closes, any funds paid to us for supplies or services to be provided after the date of closing will be refunded in full within thirty (30) business days of closure.

4. YOUR RESPONSIBILITIES AS A RESIDENT

- 4.1. You are responsible for timely payment of fees for all services and supplies to us.
- 4.2. You are responsible for providing your own clothing.
- 4.3. You agree to abide by our rules, regulations, and policies as set forth in the Resident Handbook, Addendum B to this agreement, a copy of which will be provided to you upon admission.
- 4.4. You are responsible for the cost of repair or replacement of any property owned by the Pavilion that is damaged or destroyed by you or your guests.
- 4.5. You are responsible for insuring your property and person against theft and casualty loss. We will not be responsible for damage or loss of your property by casualty, theft, or other cause.
- 4.6. You are responsible for maintaining your own insurance coverage, including health insurance, liability insurance, and automobile insurance (if applicable).
- 4.7. You are responsible for payment to all providers of services not provided by us that you use, including but not limited to the services of your physicians and dentists.
- 4.8. You are responsible for payment to any private duty nurse, private duty geriatric aide, or private sitter that you hire and you must let us know if you have hired such a person. You are responsible for ensuring that such person is licensed and/or certified according to Virginia laws and regulations. Any person you hire is not an employee, contractor, or agent of the Pavilion, but he or she must follow our policies and procedures regarding personal service providers or companions as set forth in the Resident Handbook, Addendum B. Employees of the Pavilion may not serve as private duty nurses, private duty geriatric aides, or private sitters.

- 4.9. You are responsible for payment for all prescription and non-prescription medications and supplies that you use and for all ancillary services, including x-ray and other diagnostic services, ambulance transportation, and rehabilitation services such as physical therapy, occupational therapy, and speech therapy.

5. PROPERTY RIGHTS

- 5.1. **Ownership.** You have no right of ownership of any property of the Pavilion. This Agreement is for residential care and services, and does not create a landlord/tenant relationship. This Agreement is not assignable by you without our prior written consent.
- 5.2. **Right of Entry.** Employees of the Pavilion have the right to enter your room at any time to respond to fire or medical alerts or in other emergency circumstances. Our employees also have the right to enter your room to perform housekeeping, maintenance, and inspection functions with advance notice and at reasonable times.
- 5.3. **Removal of Property.** Upon discharge and therefore termination of this Agreement, you must have all of your personal belongings removed from the Pavilion within ten (10) days of discharge unless you make prior arrangements with us. After thirty (30) days, we will donate or otherwise dispose of all remaining property. Upon discharge, you will be required to continue to pay the per diem rate, as set forth in Addendum A to this Agreement, until you have removed your belongings from the Pavilion. If the Pavilion has to dispose of any remaining property or if you choose to donate any personal belongings, a disposal fee equal to the per diem room rate will be charged.

6. BED HOLD POLICY DURING TEMPORARY ABSENCE

- 6.1. If you are hospitalized or otherwise on leave from the Pavilion, we will hold your room or suite for you as long as you continue to pay for it at the current per diem rate. If you do not wish to hold your room or suite during your absence from the Pavilion, you are responsible for notifying the Pavilion's admissions department within twenty-four (24) hours of your departure from the Pavilion, as set forth in the Resident Handbook, Addendum B. You are responsible for the current daily room rate until we receive notice

from you that you do not wish to hold your room or suite and until you remove all personal belongings as set forth in Section 5.3.

- 6.2. In the event that you notify us that you do not desire to hold your room or suite during your temporary absence from the Pavilion, you should be aware that there might not be a room or suite available for you at the desired time of re-admission.

7. TERMINATION OF AGREEMENT

- 7.1. **Termination by Resident.** You may terminate this Agreement at any time for any reason by giving written notice to our admissions office at least thirty (30) days before the last day of residency. You are responsible for the per diem fee during the thirty-day notice period in addition to any amounts owed to us and any expenses incurred by us in connection with termination, including any necessary repairs to your room.
- 7.2. **Termination by the Pavilion.** We may terminate this Agreement at any time for any of the following reasons, with a minimum of fourteen (14) days' written notice to you: (a) nonpayment of fees pursuant to this Agreement; (b) inability to meet your documented medical needs; (c) conduct that constitutes a danger to yourself or others; (d) persistent refusal to comply with the written rules of the Pavilion as set forth in the Resident Handbook; (e) a material breach of the terms and conditions of this Agreement; or (f) closing of the facility. If we determine that we can no longer meet your documented medical needs, we may permanently transfer you to a more appropriate level of care within Arleigh Burke Pavilion or The Sylvestery, or discharge you to another health care facility of your choice, as ordered by your physician.
- 7.3. **Emergency Transfer/Discharge.** We may terminate this Agreement and transfer you from the premises immediately if a physician certifies that your condition presents an immediate and serious risk to the health, safety, or welfare of you or others.
- 7.4. **Termination Due to Death.** This Agreement automatically terminates upon death of the Resident.

8. ACKNOWLEDGEMENTS

- 8.1. You have been informed of the financial arrangement for

accommodations, services, and care provided by the Pavilion and of the services that are not covered by the facility's basic per diem rate, as set forth in Section 3 and Addendum A to this Agreement.

- 8.2. You have been informed of and have reviewed the requirements regarding resident conduct and other restrictions or special conditions as stated in this Agreement and in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.
- 8.3. You have been informed of the Pavilion's policy regarding the amount of notice required when you wish to move from the facility as set forth in Section 7.1.
- 8.4. You have been informed of the Pavilion's policy regarding weapons on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.
- 8.5. You have been informed of those actions, circumstances, or conditions that would result or might result in your discharge from the facility, as stated in Section 7 of this Agreement.
- 8.6. You have reviewed the Rights and Responsibilities of Residents of Adult Care Residences (Title 63.1-182.1 of the Code of Virginia), attached to this Agreement as Addendum C as well as in the Resident Handbook, Addendum B.
- 8.7. The Pavilion's policies and procedures for implementing Title 63.1-182.1 of the Code of Virginia, including the grievance policy and transfer/discharge policy, have been explained to you.
- 8.8. You have been informed of the Pavilion's policy on bed holds as set forth in Section 6 of this Agreement.
- 8.9. You have been provided educational materials on advanced directives, have designated whether or not you have an advanced directive and have provided us with the necessary paperwork.
- 8.10. You have been informed of the Pavilion's format for the Resident Council Meetings as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.

- 8.11. You have been informed of the Pavilion's policy regarding administration of medications, supplements and Pharmacy as set forth in Section 2.12 of this Agreement and also as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.
- 8.12. You have been provided a copy of the Pavilion's Disclosure Statement and received confirmation that the Pavilion has the appropriate license to meet care needs at the time of admission.

9. MISCELLANEOUS

- 9.1. **Confidentiality of Personal Information.** We will hold in confidence all personal and financial information and records supplied by you. You may approve or refuse the release of any information or records to any individual outside the facility, except that we must release information where required by subpoena or other court process and otherwise comply with all requirements of law. We may also release information and records to another health care provider.
- 9.2. **Binding Effect.** The terms and conditions contained in this Agreement shall bind and inure to the benefit of the Pavilion, its assigns, and successors in interest, and shall bind and inure to the benefit of you and your heirs, distributees, executors, administrators, attorneys-in-fact, committees, and successors.
- 9.3. **Entire Agreement.** This Agreement, including all Addenda, constitutes the entire agreement between the Pavilion and you. There are no other agreements, written or oral, express or implied, other than those contained in this Agreement, and no representations or promises of any nature have been made to you, other than those expressly set out in this Agreement. Nothing in this Agreement contains any promise to provide you with life care or continuing care.
- 9.4. **Amendment.** Subject to any provisions of this Agreement to the contrary, no modification, amendment, or waiver of any provision of this Agreement will be effective unless set forth in writing and signed by you, your legal representative if applicable, and the Administrator of the Pavilion.
- 9.5. **Severability.** The terms of this Agreement are severable, such

that if any term or provision is declared by a court of competent jurisdiction to be illegal, void, or unenforceable, or is rendered illegal, void, or unenforceable by a change in applicable statutes or regulations, the remainder of the provisions shall continue to be valid and enforceable.

- 9.6. **Assignment.** This Agreement is not assignable by you without our prior written consent. The rights and obligations of the Pavilion may be assigned to any person or entity, which person or entity will be responsible that our obligations under this Agreement are satisfied in full from and after the date that you are notified of such assignment. We may engage another person or entity to perform any or all of the services under this Agreement.
- 9.7. **Notices.** Any notices to be given under this Agreement will be deemed to have been properly given when delivered personally or when mailed by first class mail, postage prepaid, addressed as follows:
1. If to the Resident: addressed to the room, suite or such other address as the Resident may designate by notice.
 2. If to the Pavilion:
Arleigh Burke
Pavilion
Administrator
1739 Kirby Road
McLean, Virginia 22101

Or to such other address as the Pavilion may designate by notice.

- 9.8. **Waiver.** Our failure, in any one or more instances, to insist upon your strict performance and observance of compliance with any of the provisions of this Agreement shall not be construed to be a waiver or relinquishment of our right to insist upon your future strict compliance.

9.9. **Governing Law.** The parties agree that the laws of the Commonwealth of Virginia will govern all of their rights and duties under this Agreement, the interpretation of its language, and any questions concerning performance and discharge. The parties intend

that this Agreement and all Addenda have the full force and effect of a sealed instrument under the laws of Virginia. The parties agree that arbitration in lieu of litigation for all disputes arising from the Agreement or form Resident's care will be executed.

IN WITNESS WHEREOF, Arleigh Burke Pavilion, you, and your responsible party (if applicable) have executed this Agreement to be effective as of the date below. You have read this Agreement, had any questions regarding its provisions answered, and understand its provisions.

Date: _____ **n/a** _____

ARLEIGH BURKE PAVILION

By: _____ **n/a** _____

_____ **n/a** _____
Resident

_____ **n/a** _____
Legal Representative

Legal Representative's Relationship

ARLEIGH BURKE PAVILION ADMISSION AGREEMENT
HEALTH CARE UNIT

1. PARTIES TO THIS AGREEMENT

- 1.1. This Admission Agreement (“Agreement”) is made between Arleigh Burke Pavilion, operated by Vinson Hall, LLC (“the Pavilion,” “we,” “our,” or “us”), and _____ (“you” or “Resident”) and “Legal Representative.”
- 1.2. Arleigh Burke Pavilion is located at 1739 Kirby Road, McLean, Virginia 22101. We are licensed as a Nursing Facility by the Virginia Department of Health. -
- 1.3. Your legal representative, if you have one, may sign this Agreement on your behalf if the Resident does not have capacity. Your legal representative may be a person that you have selected, such as a Power of Attorney or Health Care Agent. Your legal representative also may be someone a Court has appointed to act on your behalf, such as a Legal Guardian or Conservator. If you have a legal representative, his or her name and address is:

_____.

If your legal representative or another person has legal access to your funds and assets or will be making payments to us on your behalf, from your assets or from any other source, he or she is a necessary party to this Agreement. He or she must agree to the terms of the Agreement and sign the Agreement in his or her individual capacity, with or on behalf of you.

If you change your legal representative, give another person access to your funds and assets, or execute a legal document granting authority for business or financial decision-making or otherwise affecting any party to this Agreement, you and your legal representative agree to notify us immediately of all names and contact information and provide us with a copy of all relevant legal documents.

If you do not have a legal representative at this time or an advanced directive you may utilize the Virginia Advance Medical Directive form provided in our admissions packet.

2. RESPONSIBILITIES OF THE PAVILION

- 2.1. ACCOMMODATIONS. We will provide you with a private or semi-private room. We will furnish your room with the following items: a bed, bedside table, lamp, chair and chest of drawers. Should you choose to provide your own furnishings they are subject to the Pavilion’s safety inspection and approval. We will determine room assignments, honoring your requests if reasonable within the Pavilion’s discretion.
- 2.2. RESIDENT RIGHTS. We will comply with state statutes and regulations regarding the rights and responsibilities of nursing home residents, which are set forth in Addendum C to this Agreement.
- 2.3. ASSESSMENT/PLAN OF CARE. We will conduct a comprehensive assessment of your ability to perform daily life functions and your significant impairments in functional capacity shortly after your admission to the Pavilion. You will have the right to participate in the development of your care plan along with your attending physician, necessary Pavilion staff, and your legal representative or a

family member designated by you to develop and carry out a comprehensive plan of care that addresses your medical, nursing, nutritional, and psychosocial needs, as set forth in your assessment. Your assessment and plan of care will be periodically reviewed and updated with you.

- 2.4. HEALTH CARE SERVICES. We will maintain professional health care staff on duty twenty-four hours each day. However, we will not provide twenty-four-hour one-to-one supervision for you. We will provide personalized support services and health-related care (excluding intensive ongoing medical care) designed to respond to your needs as identified in your assessment and plan of care. We also will supervise or provide administration of medications if indicated by the assessment and the plan of care.
- 2.5. ACCESS TO HEALTH SERVICES NOT PROVIDED BY THE PAVILION. We are not responsible for furnishing or paying for items or services that we are not licensed to provide, including but not limited to physician services, private duty nursing care, hospital care, hearing aids, eyeglasses, dentures, canes, crutches, wheelchairs, and nonprescription medications. Non-ambulance transportation to Outside Medical Appointments is not a Medicare Covered Service. If you require a taxi service for an Outside Medical Appointment during your stay with us, you will be billed privately. If your physician orders health care services that we are not licensed to or do not have the capability to provide, or if we determine that you need a level of care that we do not provide, we will assist you in arranging access to the necessary services to be provided by an outside provider. We also will arrange for your transfer to the hospital (provided such hospital has a bed available) as ordered by your physician. Any privately-provided durable medical equipment or assistive equipment is subject to testing by the facility for safety. For the Resident's protection, provision of health services by outside providers must meet minimum standards set by the facility before provided to the Resident.
- 2.6. CONFIDENTIALITY OF PERSONAL INFORMATION. We will hold in confidence all administrative and clinical information in accordance with state and federal law and your express wishes. We will disclose the contents of your records only with your express written consent or as permitted or required by law, as explained in our Notice of Privacy Practices, a copy of which has been provided to you.
- 2.7. DIETARY SERVICES. We will prepare a daily menu that provides for three well-balanced meals per day. We also will make snacks available. We will respect your religious dietary practices and will accommodate reasonable special dietary needs as ordered by your attending physician. If our kitchen cannot accommodate your dietary needs, we will arrange meals from an acceptable outside vendor at an additional cost to you.
- 2.8. UTILITIES. We will provide water, heat, air conditioning, and electricity, subject to the availability of these utilities.
- 2.9. LAUNDRY AND HOUSEKEEPING. We will provide linen service, personal laundry, and daily housekeeping services.
- 2.10. MAINTENANCE. We will maintain all common grounds and facilities. We will make all necessary repairs to your room or suite to items and utilities supplied by us. You are responsible for maintaining and repairing your personal property.
- 2.11. EMERGENCY RESPONSE. We will provide a twenty-four hour emergency response system, monitored by appropriate staff.

- 2.12. ACTIVITIES. We will provide a variety of recreational and/or exercise activities each day for those residents who choose to participate.
- 2.13. TRANSPORTATION. We will assist you in making arrangements for transportation as reasonably necessary.
- 2.14. STORAGE. We are not responsible for, nor shall we incur any liability for, loss or damages to valuables, money, clothing, or other personal items you bring to the Pavilion.
- 2.15. PHARMACY. Our pharmacy provider is Omnicare. We will secure pharmaceutical care and delivery through Omnicare as prescribed by your attending Physician. Payment of these services is the responsibility of all Private Pay Residents. You have the right to choose your own pharmacy provider; however, if you choose to receive medications through an outside pharmacy provider it is your responsibility to provide the Pavilion with those medications which will then be repackaged, at a cost to you, through Omnicare. If there is a delay in receiving new prescriptions and/or refills from an outside pharmacy provider we reserve the right to fill the prescription through Omnicare, at a cost to you, to ensure timely medication administration. Medicare A will cover the costs for medications during a Medicare qualified short stay.

3. FEES AND PAYMENT

- 3.1 PRIVATE PAY PER DIEM RATES. The per diem rate is set forth in Addendum A to this Agreement and includes accommodations, services, and supplies as described in Addendum A. **We do not participate in the Medicaid Program.**
- 3.2. SERVICES NOT INCLUDED IN THE PER DIEM RATE. Supplemental services (“ancillary services”) ordered by your physician or requested or required by you are not included in the per diem rate and will be billed to you on a monthly basis. Additional services available to you at an extra charge such as telephone service are described in Addendum A.
- 3.3. MEDICARE PART A ADMISSION. Medicare may pay for some or all of your skilled nursing facility stay(s). If you are eligible for Medicare, you have the right to have claims for your care submitted to Medicare. Medicare covers day 1-20 in full, but a co-payment is applied to day’s 21-100. **The resident is responsible for paying the co-payment and additional services that may not be covered under Medicare as described in section 3.2.** If a resident extends his/her stay beyond the days that Medicare will cover the fees as described in sections 3.1 and 3.2 will be initiated and the resident will be responsible for such charges.
- 3.4. FEE ADJUSTMENTS. The per diem rate and the charges for ancillary services may be increased at our discretion after providing you with thirty (30) days written notice.
- 3.5. PAYMENT SCHEDULE. Payments of the applicable per diem rate as set forth in Addendum A, payments for all ancillary supplies and services provided during the month, and payments for services not included in the per diem rate are to be made to us by you on a monthly basis. Payment is due no later than the payment due date shown on the invoice we provide for you. If your payment is not made by the end of the month in which a bill is rendered, we will apply a one and one-half percent (1.5%) late fee, equivalent to eighteen percent (18%) annually, beginning the second day of the following month. You are responsible for paying all costs incurred as a result of any collection process, including, without limitation, reasonable attorneys’ fees, court costs, and collection fees.

3.6. REFUND POLICY. We will provide you with a final invoice during the next billing cycle subsequent to your discharge. Any credit balance will be refunded during that billing cycle. Any balance you owe will be due by the payment due date shown on the invoice. If an advance deposit was required upon admission, the advance deposit will be refunded during the next billing cycle subsequent to admission. If the facility closes, any funds paid to us for supplies or services to be provided after the date of closing will be refunded in full within thirty (30) business days of closure.

4. YOUR RESPONSIBILITIES AS A RESIDENT

- 4.1. You are responsible for timely payment of fees for all services and supplies to us.
- 4.2. You agree to abide by our rules, regulations, and policies as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which will be provided to you upon admission.
- 4.3. You have the right to and are responsible for designating an attending physician either before or at the time of admission. Your attending physician must be licensed to practice medicine in Virginia. Your attending physician is not an employee, contractor, or agent of the Pavilion, but he or she must follow our policies and procedures when caring for you. Upon admission your attending physician is

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- 4.4. You are responsible for the cost of repair or replacement of any property owned by the Pavilion that is damaged or destroyed by you or your guests.
 - 4.5. You are responsible for maintaining your own insurance coverage, including health insurance, liability insurance, and automobile insurance (if applicable).
 - 4.6. You are responsible for payment to all providers of services not provided by us that you use, including but not limited to the services of your physicians and dentists.
 - 4.7. You are responsible for payment to any private duty nurse, private duty geriatric aide, or private sitter that you hire and you must let us know if you have hired such a person. You are responsible for ensuring that such person is licensed and/or certified according to Virginia laws and regulations. Any person you hire is not an employee, contractor, or agent of the Pavilion, but he or she must follow our policies and procedures regarding personal service providers. Employees of the Pavilion may not serve as private duty nurses, private duty geriatric aides, or private sitters.
 - 4.8. As a Private Pay Resident, you are responsible for payment for all prescription and non-prescription medications and supplies that you use and for all ancillary services, including x-ray and other diagnostic services, ambulance transportation, and rehabilitation services such as physical therapy, occupational therapy, and speech therapy.
 - 4.9. As a Medicare Part A Resident, Medicare may pay for some, or all, of your skilled nursing care. If you are eligible for Medicare, you have the right to have claims for your skilled nursing care submitted to Medicare. You authorize the Pavilion to submit electronic transmissions, as required by CMS, on your behalf. The Resident is responsible for paying all co-payments and charges not covered under the skilled nursing facility (Medicare Part A) benefit.
 - 4.10. You are responsible for providing your own clothing. If you do not provide adequate clothing, you authorize the Pavilion to use your personal fund account or bill you on your monthly statement to provide for such needs.

5. PROPERTY RIGHTS

- 5.1. OWNERSHIP. You have no right of ownership of any property of the Pavilion. This Agreement is for residential nursing care and services, and does not create a landlord/tenant relationship. This Agreement is not assignable by you without our prior written consent.
- 5.2. RIGHT OF ENTRY. Employees of the Pavilion have the right to enter your room at any time to respond to fire or medical alerts or in other emergency circumstances. Our employees also have the right to enter your room to perform housekeeping, maintenance, and inspection functions with advance notice and at reasonable times.
- 5.3. REMOVAL OF PROPERTY. When you are discharged from this facility and upon termination of this Agreement, you must have all of your personal belongings removed from the Pavilion within ten (10) days of discharge unless you make other prior arrangements with us. At the end of ten (10) days, we will store your property, and we reserve the right to charge a storage fee equal to fifty percent (50%) of your monthly fee in effect at the time of your discharge. After thirty (30) days, we will donate or otherwise dispose of all remaining property. Upon termination of this Agreement due to death of the Resident, all of the Resident's personal belongings must be moved from the Pavilion within ten (10) days of discharge unless the Resident's legal representative makes other prior arrangements with us. At the end of ten (10) days, we will store the Resident's property, and we reserve the right to charge a storage fee equal to fifty percent (50%) of the Resident's monthly fee in effect at the time of death. After thirty (30) days, we will donate or otherwise dispose of all remaining property.

6. BED HOLD POLICY DURING TEMPORARY ABSENCE

- 6.1. If you are hospitalized or otherwise on leave from the Pavilion, we will hold your room or suite for you as long as you continue to pay for it at the current per diem rate. This bed hold fee applies to all residents of the health care center, both Medicare and Private Pay Residents. If you do not wish to hold your room or suite during your absence from the Pavilion, you are responsible for removing all of your personal belongings. You will be responsible for the per diem rate until the Admissions Department receives notification from you that you do not wish to hold your room or suite and your personal belongings have been removed.
- 6.2. In the event that you notify us that you do not desire to hold your room or suite during your temporary absence from the Pavilion, you should be aware that there might not be a room or suite available for you at the desired time of readmission. It is your responsibility for removing all of your personal belongings from the Pavilion.

7. TERMINATION OF AGREEMENT

- 7.1. TERMINATION BY RESIDENT. If you are a private pay resident, you may terminate this Agreement at any time for any reason by giving written notice to our admissions office at least thirty (30) days before the last day of residency, or, if residing in facility less than 30 days, advanced notice should be given as soon as practical. However, the Resident shall not be moved from the Pavilion without first notifying the Pavilion. You are responsible for any amounts owed to us and any expenses incurred by us in connection with termination, including any necessary repairs to your room.
- 7.2. TERMINATION BY THE PAVILION.

- 7.2.1. **Involuntary Discharge.** We may terminate this Agreement without your consent and discharge or transfer you at any time upon reasonable advance written notice of at least thirty (30) days written notice unless:
- (a) The health or safety of other residents is in danger
 - (b) Your health improves enough to allow an earlier discharge
 - (c) Your medical needs require a more urgent transfer
 - (d) You have not lived at the facility for thirty (30) days
 - (e) On account of nonpayment for your stay, as required by this Agreement; or
 - (f) If the Pavilion closes.

If we determine that we can no longer meet your documented medical needs, we may permanently discharge you to another health care facility of your choice (provided that such facility has a bed available), as ordered by your attending physician. If we determine that an involuntary discharge is necessary you will be notified of your appeal rights.

- 7.2.2. **EMERGENCY DISCHARGE.** We may terminate this Agreement and transfer you from the premises immediately, without notice, if necessary to protect your health or well-being. In such an emergency situation, we will provide written notice of transfer/discharge to you within forty-eight (48) hours of the decision to transfer or discharge you unless for reasons stated in 7.2.1.
- 7.2.3. **VOLUNTARY DISCHARGE.** You may be discharged upon reasonable advance written notice with your informed voluntary consent, or, if you are incapacitated, with the informed involuntary consent of an authorized health care decision maker acting in your best interests.
- 7.2.4. **PRIOR CONSULTATION.** We will consult with you, your legal representative or other family member or responsible party, and your attending physician before transferring or discharging you, whether the transfer is voluntary or involuntary. If your attending physician is not available, we will consult with our medical director and appropriate Pavilion staff. Your attending physician or our medical director must approve your voluntary or involuntary discharge or transfer and will make a notation to that effect in your clinical record.
- 7.2.5. **TERMINATION DUE TO DEATH.** This Agreement automatically terminates upon death of the Resident.

8. ACKNOWLEDGEMENTS

- 8.1. You have reviewed the Rights and Responsibilities of Residents of Patients in Nursing Homes (Sections 32.1-138 of the Code of Virginia), attached to this Agreement as Addendum C.
- 8.2. You have been informed of your rights and of all rules and regulations governing patient conduct and responsibilities, and you have reviewed the requirements regarding resident conduct and other restrictions or special conditions as stated in this Agreement and in the Resident Handbook, Addendum B to this Agreement, a copy of which already has been provided to you.

- 8.3. You have been informed of the financial arrangements for accommodations, services, and care provided by the Pavilion and of the services that are not covered by the facility's basic per diem rate, as set forth in Section 3 and Addendum A to this Agreement.
- 8.4. You have been provided educational materials on advanced directives, have designated whether or not you have an advanced directive and have provided us with the necessary paperwork.
- 8.5. You have been informed of the Pavilion's bed hold policy in section 6.1 and 6.2 of this Agreement.

9. MISCELLANEOUS

- 9.1. BINDING EFFECT. The terms and conditions contained in this Agreement shall bind and inure to the benefit of the Pavilion, its assigns, and successors in interest, and shall bind and inure to the benefit of you and your heirs, distributees, executors, administrators, attorneys-in-fact, committees, and successors.
- 9.2. ENTIRE AGREEMENT. This Agreement, including all Addenda, constitutes the entire agreement between the Pavilion and you. There are no other agreements, written or oral, express or implied, other than those contained in this Agreement, and no representations or promises of any nature have been made to you, other than those expressly set out in this Agreement. Nothing in this Agreement contains any promise to provide you with life care or continuing care.
- 9.3. AMENDMENT. Subject to any provisions of this Agreement to the contrary, no modification, amendment, or waiver of any provision of this Agreement will be effective unless set forth in writing and signed by you, your legal representative if applicable, and the Administrator of the Pavilion.
- 9.4. SEVERABILITY. The terms of this Agreement are severable, such that if any term or provision is declared by a court of competent jurisdiction to be illegal, void, or unenforceable, or is rendered illegal, void, or unenforceable by a change in applicable statutes or regulations, the remainder of the provisions shall continue to be valid and enforceable.
- 9.5. ASSIGNMENT. This Agreement is not assignable by you without our prior written consent. The rights and obligations of the Pavilion may be assigned to any person or entity, which person or entity will be responsible that our obligations under this Agreement are satisfied in full from and after the date that you are notified of such assignment. We may engage another person or entity to perform any or all of the services under this Agreement.
- 9.6. NOTICES. Any notices to be given under this Agreement will be deemed to have been properly given when delivered personally or when mailed by first class mail, postage prepaid, addressed as follows:
 - 1. If to the Resident: addressed to the room, suite or such other address as the Resident may designate by notice.
 - 2. If to the Pavilion:

Arleigh Burke Pavilion
Administrator
1739 Kirby Road
McLean, Virginia 22101

Or to such other address as the Pavilion may designate by notice.

- 9.7. WAIVER. Our failure, in any one or more instances, to insist upon your strict performance and observance of compliance with any of the provisions of this Agreement shall not be construed to be a waiver or relinquishment of our right to insist upon your future strict compliance.
- 9.8. GOVERNING LAW. The parties agree that the laws of the Commonwealth of Virginia will govern all of their rights and duties under this Agreement, the interpretation of its language, and any questions concerning performance and discharge. The parties intend that this Agreement and all Addenda have the full force and effect of a sealed instrument under the laws of Virginia. The parties agree that arbitration in lieu of litigation for all disputes arising from the Agreement or from Resident's care will be executed.

IN WITNESS WHEREOF, Arleigh Burke Pavilion, you, and your responsible party (if applicable) have executed this Agreement to be effective as of the date below. You have read this Agreement, had any questions regarding its provisions answered, understand its provisions and have been given the opportunity to consult an attorney before signing the agreement.

Date: _____

ARLEIGH BURKE PAVILION

By: _____

Resident

Legal Representative

Legal Representative's Relationship

February 2021

ADMISSION AGREEMENT
THE SYLVESTERY

1. PARTIES TO THIS AGREEMENT

1.1. This Admission Agreement ("Agreement") is made between The Sylvestery, assisted living suites that are operated by Vinson Hall Corporation, LLC ("we," "our," or "us"), and _____ ("you" or "Resident") and "Legal Representative."

1.2. The Sylvestery is located at 1728 Kirby Road, McLean, Virginia 22101. We are licensed as Assisted Living Facility by the Commonwealth of Virginia Department of Social Services.

1.3. Your legal representative, if you have one, may sign this Agreement on your behalf. Your legal representative may be a person that you have selected, such as a Power of Attorney or Health Care Agent. Your legal representative also may be someone a Court has appointed to act on your behalf, such as a Legal Guardian or Conservator. If you have a legal representative, his or her name and address is:

If your legal representative or another person has legal access to your funds and assets or will be making payments to us on your behalf, from your assets or from any other source, he or she is a necessary party to this Agreement. He or she must agree to the terms of the Agreement and sign the Agreement in his or her individual capacity, with or on behalf of you.

If you change your legal representative, give another person access to your funds and assets, or execute a legal document granting authority for business or financial decision-making or otherwise affecting any party to this Agreement, you and your legal representative agree to notify us immediately of all names and contact information and provide us with a copy of all relevant legal documents.

If you do not have a legal representative at this time or an

advance directive you may utilize the Virginia Advance Medical Directive form provided in our admissions packet.

2. RESPONSIBILITIES OF THE SYLVESTERY

- 2.1. ACCOMMODATIONS. We will provide you with a private room. We encourage you to bring your own furniture as appropriate for the room provided, should you choose to do so. However, upon your request, we will furnish your room with the following items: a bed, nightstand, lamp, chair, chest of drawers, wardrobe closet, and window coverings. Should Sylvestery's safety inspection and approval. We will determine room assignments, honoring your requests, if reasonable with the Sylvestery's discretion.
- 2.2. HEALTH CARE SERVICES. We will maintain professional health care staff on duty twenty-four hours each day. However, we will not provide twenty-four-hour one-to-one supervision for you. We will provide personalized support services and health-related care (excluding intensive ongoing medical care) designed to respond to your needs as identified in the Uniform Assessment Instrument. We will also supervise or provide administration of medications if indicated by the Uniform Assessment Instrument.
- 2.3. ACCESS TO HEALTH SERVICES NOT PROVIDED BY THE SYLVESTERY. We are not responsible for furnishing or paying for items or services that we are not licensed to provide, including but not limited to physician services, private duty personnel, nursing care, hospital care, hearing aids, eyeglasses, dentures, canes, crutches, wheelchairs and nonprescription medications. If your physician orders health care services that we are not licensed to do or do not have the capability to provide; or if we determine that you need a level of care that we do not provide, we will assist you in arranging access to the necessary services to be provided by an outside provider. We will also arrange for your transfer to the hospital of choice (provided such hospital has a bed available) as ordered by your physician. Any privately-provided durable medical equipment or assistive equipment is subject to testing by the facility for safety. For the Resident's protection, provision of such health services by outside providers must meet minimum standards set by the facility before provided to the Resident.
- 2.4. DIETARY SERVICES. We will prepare a daily menu that provides for three well-balanced meals per day. We will also make snacks available. We will respect your religious dietary practices and will

accommodate reasonable special dietary needs as ordered by your attending physician. If our kitchen cannot accommodate your dietary needs, we will arrange meals from an acceptable outside vendor at an additional cost to you.

- 2.5. UTILITIES. We will provide water, heat, air conditioning, and electricity, subject to the availability of these utilities.
- 2.6. LAUNDRY AND HOUSEKEEPING. We will provide linen service, personal laundry, and daily housekeeping services as noted in the Resident Handbook. Dry cleaning is the responsibility of the resident or legal representative.
- 2.7. MAINTENANCE. We will maintain all common grounds and facilities. We will make all necessary repairs to your room or suite to items and utilities supplied by us. You are responsible for maintaining and repairing your personal property.
- 2.8. EMERGENCY RESPONSE. We will provide a twenty-four hour emergency response system, monitored by appropriate staff.
- 2.9. ACTIVITIES. We will provide a variety of recreational and/or exercise activities each day for those residents who choose to participate.
- 2.10. TRANSPORTATION. We will assist you in making arrangements for transportation as reasonably necessary.
- 2.11. STORAGE. We are not responsible for, nor shall we incur any liability for, loss or damages to valuables, money, clothing, or other personal items you bring to The Sylvestery.
- 2.12. PHARMACY. Our pharmacy provider is Omnicare. We will secure pharmaceutical care and delivery through Omnicare as prescribed by your attending Physician. Payment of these services is the responsibility of the Resident. You have the right to choose your own pharmacy provider; however, if you choose to receive medications through an outside pharmacy provider it is your responsibility to provide The Sylvestery with those medications which will then be repackaged, at a cost to you, through Omnicare. If there is a delay in receiving new prescriptions and/or refills from

an outside pharmacy provider we reserve the right to fill the prescription through Omnicare, at a cost to you, to ensure timely medication administration.

3. FEES AND PAYMENT

3.1 BASE ROOM RATES AND LEVEL OF SERVICE CHARGES. The base room rate is set forth in Addendum A, which is attached to this Agreement, and details the costs associated with accommodations, level of service, and supplies. The level of assisted living services required by the resident is determined through an assessment. The assessment is performed by designated team members and includes an evaluation of each resident's specific needs. It covers areas such as: mobility, hygiene, eating habits, continence, medication management, and assistance required with activities of daily living. The assessment, along with the physician report, provides the basis for identifying the resident's service level. If the resident's condition changes so that the previously assessed level of services is no longer appropriate, a designated staff member will reevaluate the resident's needs to determine which level of service is appropriate and notify the resident or responsible party of the reevaluation. The rate charged will vary according to the level of service provided. Changes in services provide will be reflected in a revised service plan.

SERVICES NOT INCLUDED IN THE BASE ROOM RATE.

Supplemental services ("ancillary services") ordered by your physician or requested or required by you are not included in the base room rate and will be billed to you on a monthly basis. Additional services available to you at an extra charge are described in Addendum A.

FEE ADJUSTMENTS. The base room rate and the charges for ancillary services may be increased at our discretion after providing you with thirty (30) days written notice. A change in the level of service is not considered a change of fees or charges. Rather, it is an increase in services which are subject to the higher fees corresponding to those services. The resident shall be responsible for the cost of the increased level of service when he or she begins receiving such services.

3.2. PAYMENT SCHEDULE. Payments of the applicable base room rate

and level of service rate as set forth in Addendum A, payments for all ancillary supplies and services provided during the month, and payments for services not included in the base room rate are to be made to us by you on a monthly basis. Payment is due no later than the payment due date shown on the invoice we provide for you. If your payment is not made by the end of the month in which a bill is rendered, we will apply a one and one-half percent (1.5%) late fee, equivalent to eighteen percent (18%) annually, beginning the second day of the following month. You are responsible for paying all costs incurred as a result of any collection process, including, without limitation, reasonable attorneys' fees, court costs, and collection fees.

3.3. REFUND POLICY. We will provide you with a final invoice during the next billing cycle subsequent to your discharge. Any credit balance will be refunded during that billing cycle. Any balance you owe will be due by the payment due date shown on the invoice. If an advance deposit was required upon admission, the advance deposit will be credited to the balance due. If the facility closes, any funds paid to us for supplies or services to be provided after the date of closing will be refunded in full within thirty (30) business days of closure.

4. YOUR RESPONSIBILITIES AS A RESIDENT

- 4.1. You are responsible for timely payment of fees for all services and supplies to us.
- 4.2. You are responsible for providing your own clothing.
- 4.3. You agree to abide by our rules, regulations, and policies as set forth in the Resident Handbook, Addendum B to this agreement, a copy of which will be provided to you upon admission.
- 4.4. You are responsible for the cost of repair or replacement of any property owned by The Sylvestery that is damaged or destroyed by you or your guests.
- 4.5. You are responsible for insuring your property and person against theft and casualty loss. We will not be responsible for damage or loss of your property by casualty, theft, or other cause.

- 4.6. You are responsible for maintaining your own insurance coverage, including health insurance, liability insurance, and automobile insurance (if applicable).
- 4.7. You are responsible for payment to all providers of services not provided by us that you use, including but not limited to the services of your physicians and dentists.
- 4.8. You are responsible for payment to any private duty nurse, private duty geriatric aide, or private sitter that you hire and you must let us know if you have hired such a person. You are responsible for ensuring that such person is licensed and/or certified according to Virginia laws and regulations. Any person you hire is not an employee, contractor, or agent of The Sylvestery, but he or she must follow our policies and procedures regarding personal service providers or companions as forth in the Resident Handbook, Addendum B. Employees of The Sylvestery may not serve as private duty nurses, private duty geriatric aides, or private sitters.
- 4.9. You are responsible for payment for all prescription and non-prescription medications and supplies that you use and for all ancillary services, including x-ray and other diagnostic services, ambulance transportation, and rehabilitation services such as physical therapy, occupational therapy, and speech therapy.

5. PROPERTY RIGHTS

- 5.1. OWNERSHIP. You have no right of ownership of any property of The Sylvestery. This Agreement is for residential care and services, and does not create a landlord/tenant relationship. This Agreement is not assignable by you without our prior written consent.
- 5.2. RIGHT OF ENTRY. Employees of The Sylvestery have the right to enter your room at any time to respond to fire or medical alerts or in other emergency circumstances. Our employees also have the right to enter your room to perform housekeeping, maintenance, and inspection functions with advance notice and at reasonable times.
- 5.3. REMOVAL OF PROPERTY. When you are discharged from this facility and upon termination of this Agreement, you must have all

of your personal belongings removed from The Sylvestery within ten (10) days of discharge unless you make other prior arrangements with us. At the end of ten (10) days, we will store your property, and we reserve the right to charge a storage fee equal to fifty percent (50%) of your monthly fee in effect at the time of your discharge. After thirty (30) days, we will donate or otherwise dispose of all remaining property. Upon termination of this Agreement due to death of the Resident, all of the Resident's personal belongings must be moved from the Pavilion within ten (10) days of discharge unless the Resident's legal representative makes other prior arrangements with us. At the end of ten (10) days, we will store the Resident's property, and we reserve the right to charge a storage fee equal to fifty percent (50%) of the Resident's monthly fee in effect at the time of death. After thirty (30) days, we will donate or otherwise dispose of all remaining property.

6. BED HOLD POLICY DURING TEMPORARY ABSENCE

- 6.1. If you are hospitalized or otherwise on leave from The Sylvestery, we will hold your room for you as long as you continue to pay for it at the current base room rate plus service level rate for the first seven days. Beginning on the 8th day the service level rate is removed. If you do not wish to hold your room during your absence from The Sylvestery, you are responsible for notifying The Sylvestery's administrator within twenty-four (24) hours of your departure from The Sylvestery, as set forth in the Resident Handbook, Addendum B. You are responsible for the current base room rate plus your care level rate until your personal belongings have been removed.
- 6.2. In the event that you notify us that you do not desire to hold your room during your temporary absence from The Sylvestery, you should be aware that there might not be a room available for you at the desired time of re-admission.
- 6.3. In the event of a resident's death, please discuss your plans for the removal of the belongings with the Administrator as soon as possible. Charges for the service level will stop the calendar day after a resident's death, from that point the resident's account will only be charged the base rate until the apartment is cleared of all personal belongings.

7. TERMINATION OF AGREEMENT

- 7.1. TERMINATION BY RESIDENT. You may terminate this Agreement at any time for any reason by giving written notice to our admissions office at least thirty (30) days before the last day of residency. You are responsible for the base room rate plus service level rate during the thirty-day notice period in addition to any amounts owed to us and any expenses incurred by us in connection with termination, including any necessary repairs to your room.
- 7.2. TERMINATION BY THE SYLVESTERY. We may terminate this Agreement at any time for any of the following reasons, with a minimum of fourteen (14) days' written notice to you: (a) nonpayment of fees pursuant to this Agreement; (b) inability to meet your documented medical needs; (c) conduct that constitutes a danger to yourself or others; (d) persistent refusal to comply with the written rules of The Sylvestery as set forth in the Resident Handbook; (e) a material breach of the terms and conditions of this Agreement; or (f) closing of the facility. If we determine that we can no longer meet your documented medical needs, we may permanently transfer you to a more appropriate level of care within the Vinson Hall Community, or discharge you to another health care facility of your choice, as ordered by your physician.
- 7.3. PRIOR CONSULTATION. To the extent possible, we will consult with you, your legal representative or other family member or responsible party, and your attending physician before transferring or discharging you, whether the transfer is voluntary or involuntary. If your attending physician is not available, we will consult with our medical director and appropriate Sylvestery staff. Your attending physician or our medical director must approve your voluntary or involuntary discharge or transfer and will make a notation to that effect in your clinical record.
- 7.4. EMERGENCY TRANSFER/DISCHARGE. We may terminate this Agreement and transfer you from the premises immediately if a physician certifies that your condition presents an immediate and serious risk to the health, safety, or welfare of you or others. In such an emergency situation, we will provide written notice of transfer/discharge to you within forty-eight (48) hours of the

decision to transfer or discharge you.

- 7.5. TERMINATION DUE TO DEATH. This Agreement automatically terminates upon death of the Resident.

8. ACKNOWLEDGEMENTS

- 8.1. You have been informed of the financial arrangement for accommodations, services, and care provided by The Sylvestery and of the services that are not covered by the facility's base room rate, as set forth in Section 3 and Addendum A to this Agreement.
- 8.2. You have been informed of and have reviewed the requirements regarding resident conduct and other restrictions or special conditions as stated in this Agreement and in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.
- 8.3. You have been informed of The Sylvestery's policy regarding the amount of notice required when you wish to move from the facility as set forth in Section 7.1.
- 8.4. You have been informed of The Sylvestery's policy regarding weapons on the premises as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.
- 8.5. You have been informed of The Sylvestery's policy regarding pets on the premises as set forth in the Resident Handbook, Addendum B to this agreement, a copy of which has been provided to you.
- 8.6. You have been informed of those actions, circumstances, or conditions that would result or might result in your discharge from the facility, as stated in Section 7 of this Agreement.
- 8.7. You have reviewed the Rights and Responsibilities of Residents of Assisted Living Facilities (Title 63.2-1808 of the Code of Virginia), attached to this Agreement as Addendum C as well as the Resident Handbook, Addendum B.
- 8.8. The Sylvestery's policies and procedures for implementing Title 63.2- 1808 of the Code of Virginia, including the grievance

policy and transfer/discharge policy, have been explained to you.

- 8.9. You have been informed and understand that you may refuse release of information regarding your personal affairs and records to any individual outside the facility, except as otherwise provided in law and except in case of your transfer to another caregiving facility;
 - 8.10. You have been informed of The Sylvestery's policy on bed holds as set forth in Section 6 of this Agreement.
 - 8.11. You have been provided educational materials on advance directives have designated whether or not you have an advance directive and have provided us with the necessary paperwork.
 - 8.12. You have been informed of the Sylvestery's format for the Resident Council Meetings as set forth in the Resident Handbook, Addendum B to the Agreement, a copy of which has been provided to you.
 - 8.13. You have been informed of the policy regarding the administration of medications and supplements.
 - 8.14. You have been informed of the policy or guidelines regarding visiting in the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.
 - 8.15. You have been informed of the rules and restrictions regarding smoking on the premises of the facility, as set forth in the Resident Handbook, Addendum B to this Agreement, a copy of which has been provided to you.
 - 8.16. You are in receipt of our Disclosure Statement and received confirmation that The Sylvestery has the appropriate license to meet your care needs at the time of admission.
 - 8.17. You have been provided a written notice regarding the Sylvestery's liability insurance.
9. You have been informed that you should exercise whatever due diligence you deem necessary with respect to information on any registered sex

offenders. Upon request, the Sylvestery will assist you or your legal representative in accessing the information on registered sex offenders; and provide you or your legal representative with printed copies of the information on registered sex offenders.

- MISCELLANEOUS
- 9.1. CONFIDENTIALITY OF PERSONAL INFORMATION. We will hold in confidence all personal and financial information and records supplied by you. You may approve or refuse the release of any information or records to any individual outside the facility, except that we must release information where required by subpoena or other court process, and otherwise comply with all requirements of law. We may also release information and records to another health care provider.
 - 9.2. BINDING EFFECT. The terms and conditions contained in this Agreement shall bind and inure to the benefit of The Sylvestery, its assigns, and successors in interest, and shall bind and inure to the benefit of you and your heirs, distributees, executors, administrators, attorneys-in-fact, committees, and successors.
 - 9.3. ENTIRE AGREEMENT. This Agreement, including all Addenda, constitutes the entire agreement between The Sylvestery and you. There are no other agreements, written or oral, express or implied, other than those contained in this Agreement, and no representations or promises of any nature have been made to you, other than those expressly set out in this Agreement. Nothing in this Agreement contains any promise to provide you with life care or continuing care.
 - 9.4. AMENDMENT. Subject to any provisions of this Agreement to the contrary, no modification, amendment, or waiver of any provision of this Agreement will be effective unless set forth in writing and signed by you, your legal representative if applicable, and the Administrator of The Sylvestery.
 - 9.5. SEVERABILITY. The terms of this Agreement are severable, such that if any term or provision is declared by a court of competent jurisdiction to be illegal, void, or unenforceable, or is rendered illegal, void, or unenforceable by a change in applicable statutes or regulations, the remainder of the provisions shall continue to be valid and enforceable.
 - 9.6. ASSIGNMENT. This Agreement is not assignable by you without

our prior written consent. The rights and obligations of The Sylvestery may be assigned to any person or entity, which person or entity will be responsible that our obligations under this Agreement are satisfied in full from and after the date that you are notified of such assignment. We may engage another person or entity to perform any or all of the services under this Agreement.

- 9.7. NOTICES. Any notices to be given under this Agreement will be deemed to have been properly given when delivered personally or when mailed by first class mail, postage prepaid, addressed as follows:
1. If to the Resident's Responsible Party: name, address, city, state and zip code.
 2. If to The Sylvestery:
The Sylvestery
Administrator
1728 Kirby Road
McLean, Virginia 22101

Or to such other address as The Sylvestery may designate by notice.

- 9.8. WAIVER. Our failure, in any one or more instances, to insist upon your strict performance and observance of compliance with any of the provisions of this Agreement shall not be construed to be a waiver or relinquishment of our right to insist upon your future strict compliance.
- 9.9. GOVERNING LAW. The parties agree that the laws of the Commonwealth of Virginia will govern all of their rights and duties under this Agreement, the interpretation of its language, and any questions concerning performance and discharge. The parties intend that this Agreement and all Addenda have the full force and effect of a sealed instrument under the laws of Virginia. The parties agree that arbitration in lieu of litigation for all disputes arising from the Agreement or from Resident's care will be executed.

IN WITNESS WHEREOF, The Sylvestery, you, and your responsible party (if applicable) have executed this Agreement to be effective as of the date below. You have read this Agreement, had any questions regarding its provisions

answered, and understand its provisions.

Date: _____

THE SYLVESTERY

By: _____

Resident

Legal Representative

Legal Representative Relationship

October 2019

Your Suite and Fees

Name of Resident: _____

Suite: _____

Occupancy Date: _____

Base Room Rate: _____

Service Level Rate: _____

Total Daily Fee: _____

Contract Number Respite-
VINSON HALL INDEPENDENT LIVING
RESPITE RESIDENT'S CONTRACT

THIS AGREEMENT made this **DATE** day of **MONTH YEAR**, among the NAVY MARINE COAST GUARD RESIDENCE FOUNDATION, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereafter called the "Foundation") and VINSON HALL, LLC, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereinafter called the "Corporation"), and **RESIDENT**

(hereinafter called the "Resident") (if husband and wife, or two other persons sign this Contract as co-residents, the word "Resident" shall apply to either or both of them as the context requires).

RECITALS:

R-1. The Corporation operates VINSON HALL (hereinafter called the "Hall") at 6251 Old Dominion Drive, McLean, Virginia.

R-2. The Resident has submitted an Affordable Dwelling Unit application for residence in the Hall and, subject to the provisions of this Contract and attached Addendums; the application has been accepted by the Corporation pursuant to its restricted admissions policies.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto mutually agree as follows:

1. APARTMENT UNIT. The Resident has made satisfactory arrangements for the use and occupancy of Apartment # **APT**, Model Type **MODEL**. The apartment unit will be fully carpeted except for the bathroom(s) and the kitchen. Venetian blinds will be provided as window covers. Kitchens shall be equipped with cabinets, sink and counter space, refrigerator, stove and garbage disposal unit. The apartment unit shall have a house telephone system and emergency call system. All other furniture and furnishings will be provided by the Resident.

2. OPERATING FEES. The Resident agrees to pay in advance a monthly nonrefundable Operating Fee in the amount of **MONTHLY FEE**. The first monthly payment of such Operating Fees, prorated as necessary, shall be due and payable on ; and each subsequent payment shall be due and payable on the first day of each month thereafter in advance. The Operating Fees are determined on the basis of the

Corporation's best estimate of the cost of operating the Hall. The following services or facilities are included in the Operating Fees: (a) dining service (fixed operating cost); (b) health and wellness center (fixed operating costs) (c) utilities; (d) bus transportation service on a scheduled basis; (e) housekeeping services; (f) a chapel; (g) hobby and craft shops; (h) common area maintenance; (i) library; (j) fitness center; and (k) laundry facilities. The monthly Operating Fee may be changed by the Corporation after giving thirty (30) days prior written notice to the Resident.

3. SERVICES AND AMENITIES. In addition to the monthly Operating Fee, additional fees will be assessed for: (a) meal charges (billed in arrears); (b) guest room accommodations; (c) transportation and admission to special events and (d) ancillary health services.

4. HEALTHCARE SERVICES. In connection with the range of healthcare services furnished by the Corporation, the parties agree as follows:

(a) The obligations of the Corporation hereunder do not include the furnishing of or payment for any hospitalization, medical, dental or psychiatric care; physical, speech or occupational therapy; eyeglasses, hearing aids, orthopedic appliances; x-rays, drugs, or other treatment or medical supplies.

(b) The Resident shall take appropriate action to enroll in any governmental health programs for which he or she is eligible, and to execute such forms as are necessary to secure reimbursement of any amounts payable to or on behalf of him/herself as a beneficiary under said programs.

(c) If, in the judgment of the Hall Health & Wellness Center (HWC) personnel, the Resident requires medical, surgical, or psychiatric treatment or care beyond the capabilities of the HWC, the Resident shall be transferred, at his or her expense, to an appropriate facility for such treatment. The Corporation shall not be obligated to provide long-term nursing care or care which requires close supervision.

(d) The laws of the Commonwealth of Virginia will govern if the separation of a Resident from the Hall becomes appropriate or necessary because of cognitive disability or dysfunction. By the execution of this Contract, the Resident designates the Administrator of the Hall as his or her agent to consult with the Resident's Attorney-in-Fact, or with responsible relatives reasonably available, for the petitioning of a court of competent jurisdiction for determination of legal competency and/or for appointment of a committee or guardian pursuant to the

then-existing laws of the Commonwealth of Virginia in the event of cognitive disability or dysfunction.

(e) It is also mutually understood that the HWC has no existing facilities for the treatment or care of a Resident who may become afflicted with a cognitive disability or dysfunction. Pending an appropriate court determination of competency, the HWC Physician shall have full authority to make arrangements for the transfer of any Resident so afflicted, at the Resident's expense, to a facility which, in the physician's opinion, is competent to render such treatment or care as the circumstances require.

5. OUTSIDE SERVICES. The Resident hereby authorizes release of medical information on the Resident's condition by any private duty nurses or aides to the Hall's Health & Wellness Center. All private duty nurses and aides shall provide documentation to the Hall that the Resident's needs are being addressed and shall assist with periodic assessment of the Resident's needs. All private duty nurses and aides shall comply with applicable laws, regulations and Hall policies and procedures.

6. RIGHT TO RESCIND. The Resident shall have the right to rescind this Contract without penalty or forfeiture within seven (7) days after executing the Contract.

7. PREREQUISITES. The Resident agrees, as a prerequisite to physically moving into the Hall, to furnish information satisfactory to the Corporation so that it can make a determination that the physical, cognitive or social condition of the Resident would not pose a significant risk to property or to the health or safety of the Resident or others and that the Resident meets the requirements for residency in the Hall.

8. ADHERENCE TO POLICIES. The Resident agrees to abide by any policies, rules and regulations of the Hall as the same may from time to time be adopted or amended by the Administrator of the Hall or by the Vinson Hall Residents Association. Final authority regarding any such policies, rules and regulations rests with the Corporation's Board of Directors.

9. TERMINATION. The Corporation reserves the right to terminate the residency of the Resident at any time, for good cause, including without limitation the following: (i) the Resident presents a danger to himself, herself or others; (ii) failure by the Resident to pay the monthly charges within sixty (60) days when due; (iii) repeated conduct by the Resident that interferes with other Residents' quiet enjoyment of the facility; (iv) persistent refusal by the Resident to comply with reasonable written rules

and regulations of the Hall as reflected from time to time in the Resident Handbook; (v) a material misrepresentation made by the Resident in his or her application for residency or, in related materials, which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing care to the Resident under this Contract; or (vi) a material breach by the Resident of the terms and conditions of this Contract. In the case of (ii), (iii), (iv) and (vi) above, the Corporation shall give the Resident written notice of and an opportunity to cure within a thirty-day period the conduct or circumstance otherwise warranting the termination of the Contract.

10. PROBATIONARY PERIOD. The first six-month period, beginning with the first day the Resident occupies an apartment in the Hall, shall constitute a probationary or trial period during which this Contract may be terminated by the Corporation or by the Resident by prior written notice. If so terminated, the Resident shall vacate the apartment within thirty (30) days after such notice.

11. NO PROPERTY RIGHTS. By the payment of the Entry Fee, the Resident acquires no property right or interest either in the Foundation or the Corporation or the apartment to be occupied in the Hall. The Resident acknowledges that he or she understands that the Corporation has incurred indebtedness to finance the construction and operation of the Hall, and that the Corporation may in the future deem it necessary or desirable to incur additional or other indebtedness in connection with the operation or expansion of the facilities of the Hall; and that such existing indebtedness is and such future indebtedness may be secured by a deed of trust and/or other lien upon the properties or other assets of the Corporation. In consideration for the making of any such existing and future loans to the Corporation - and for the benefit of the Corporation and of the present and future holders of liens upon the properties and assets of the Corporation taken as security for the repayment of those loans - the Resident hereby expressly subordinates and declares inferior all of his or her rights, privileges, and benefits arising from and under this Contract, and from payment of the Entry Fee, to the rights of each holder of a deed of trust or other lien upon the properties or other assets of the Corporation. The Resident further agrees to execute, on request, any instruments which the Corporation or any lender may require as further evidence of the subordination of the rights of the Resident to any such deed of trust or other lien. The Resident does hereby expressly waive any and all notices of default and notices of foreclosure pursuant to any deed of trust or other lien on the properties or other assets of the Corporation, and hereby constitutes the Corporation as agent to receive and accept service of any such notices on behalf of the Resident.

12. PERSONAL BELONGINGS. Neither the Foundation nor the Corporation shall be responsible for the loss of money, jewels, or other personal property

belonging to the Resident, or to any guest of the Resident, due to theft, fire, or any other causes, whether in the Resident's apartment or in any other area of the Hall, except as the result of gross negligence on the part of either the Foundation or the Corporation, or any of their agents acting within the scope of employment, and in the absence of contributory negligence.

13. PERSONAL INJURY. Neither the Foundation nor the Corporation shall be responsible for damages on account of personal injury to the Resident, or any guest of the Resident, unless as a result of gross negligence on the part of the Corporation, or any of its agents acting within the scope of employment, and in the absence of contributory negligence.

14. RIGHT TO ENTER. The Corporation retains the right to enter and conduct inspections of the apartment at any time as deemed necessary, to determine that safety and health standards are maintained by the Resident. Resident agrees to accept housekeeping services in his or her apartment at least one time per month.

15. NOTICE TO VACATE. The Resident shall provide at least thirty (30) days advance notice of any decision to vacate the apartment. The death of the Resident shall constitute such notice to the Foundation and the Corporation. The Resident or their Estate, as applicable, shall be responsible for all fees due hereunder through the date the apartment is vacated. Once the Resident has given a notice to vacate, the Corporation shall have the right to show the apartment during regular business hours and on reasonable notice to the Resident or their estate.

16. SUBLEASING/ASSIGNMENT. Any subleasing of the Resident's apartment is prohibited and, except for an assignment to a living trust of the Resident's right to any refund, the Resident may not assign any rights or obligations under this Agreement.

17. REMAINING RESIDENT. Where two parties have made application and are admitted for residence together, the survivor shall have the right to continued residence in the Hall, upon the death or removal of the other party.

(a) Any person, not otherwise eligible, who becomes the spouse of a resident, automatically, by virtue of that marriage, becomes eligible for residence on the same

basis as all other residents. However upon the death of the eligible spouse, if the remaining resident remarries an ineligible individual, the couple will not be permitted to reside at the Hall.

18. LATE PAYMENT FEES. Any payments of fees and charges that are due hereunder and not received by the Hall within ten (10) days of when due shall bear a late charge of five percent (5%) of the amount then due. Any delinquent amounts due hereunder for more than thirty (30) days shall bear interest at the rate of one and one half percent (1 ½%) per month until paid in full.

19. UNIT MODIFICATIONS. Any modification to the unit requested by the Resident shall first be approved by the Hall; shall be the financial responsibility of the Resident and legal title to same shall belong to the Hall upon termination of this Contract. The Hall, at its option, may return the unit to its original condition at the Resident's expense upon termination of this Contract.

20. FINANCIAL UPDATES. Resident acknowledges that the Corporation has relied upon Resident's application, including financial and medical statements, in accepting Resident for residency in the Hall. Resident warrants that such information is true and complete and said application is to be considered part of this Contract. Resident agrees that assets and income indicated on the application will be conserved and used for the support of Resident while residing at the Hall, Arleigh Burke Pavilion or The Sylvestery. Resident agrees to annually provide updated financial information to the Corporation and/or Foundation. This Contract and the financial information need to be renewed annually on the original agreement date.

21. FOUNDATION. The parties understand and agree that the Foundation is a party to this Agreement for the sole purpose of agreeing to hold, apply and, if and as expressly provided for hereunder, refund any Entry Fee(s) due hereunder.

22. MISCELLANEOUS. This Contract constitutes the entire agreement among the parties. In the event any provision of this Contract or portion thereof is found to be wholly or partially invalid, illegal or unenforceable, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Contract, as the case may require. In the event the Corporation and/or the Corporation pursue any legal remedies against the Resident to enforce any provision of this Contract and is/are prevailing party, they shall be entitled to recover their costs plus reasonable attorney fees. Any modification to this Contract must be in writing and must be signed by all

parties. The headings inserted in this Contract have been inserted for convenience of reference only and shall not be used to construe or interpret this Contract. This Contract shall be governed in all respects by the laws of the Commonwealth of Virginia without regard to conflict of laws principles. The Corporation has encouraged the Resident to review the terms of this Contract with his or her attorney and financial advisor. IN WITNESS WHEREOF, this Agreement is hereby executed the day and year first above written.

By: _____ (Date _____)
(Resident)

By: _____ (Date _____)
(Resident)

VINSON HALL, LLC

By: _____ (Date _____)
Randal N. Fowler
Administrator

By: _____ (Date _____)
Elizabeth B. Bush
Chief Executive Officer

NAVY MARINE COAST GUARD RESIDENCE FOUNDATION

By: _____ (Date) Libby B. Bush
Executive Director

ATTACHMENT A

ADU AMMENDMENTS

ATTACHMENT B

Additional Expenses Incurred at Resident's Request

Addendum D
Respite Care Addendum

The Sylvestery will provide the personal care services that are listed in the Admission Agreement. You agree to occupy suite_____for a period of _____ days commencing on_____(Minimum stay is 21 days). If your respite stay extends beyond that period, you agree to sign a new Respite Care Addendum.

If converting to a full-time resident, you will need to be financially qualified and agree to complete the financial information on the application.

A fee of \$_____is due at the time this Addendum is executed. The daily rate charged is \$326 (2019).

BY THEIR SIGNATURES, the parties executed the Addendum to be effective

_____, 20_____.

The Sylvestery

By:_____

Resident

Legal Representative

Legal Representative Relationship

Contract Number ADU
VINSON HALL RESIDENT'S CONTRACT

THIS AGREEMENT made this **DATE** day of **MONTH YEAR**, among the NAVY MARINE COAST GUARD RESIDENCE FOUNDATION, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereafter called the "Foundation") and VINSON HALL, LLC, a not-for-profit corporation organized under the laws of the Commonwealth of Virginia (hereinafter called the "Corporation"), and **RESIDENT**

(hereinafter called the "Resident") (if husband and wife, or two other persons sign this Contract as co-residents, the word "Resident" shall apply to either or both of them as the context requires).

RECITALS:

R-1. The Corporation operates VINSON HALL (hereinafter called the "Hall") at 6251 Old Dominion Drive, McLean, Virginia.

R-2. The Resident has submitted an Affordable Dwelling Unit application for residence in the Hall and, subject to the provisions of this Contract and attached Addendums; the application has been accepted by the Corporation pursuant to its restricted admissions policies.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto mutually agree as follows:

1. APARTMENT UNIT. The Resident has made satisfactory arrangements for the use and occupancy of Apartment # **APT**, Model Type **MODEL**. The apartment unit will be fully carpeted except for the bathroom(s) and the kitchen. Venetian blinds will be provided as window covers. Kitchens shall be equipped with cabinets, sink and counter space, refrigerator, stove and garbage disposal unit. The apartment unit shall have a house telephone system and emergency call system. All other furniture and furnishings will be provided by the Resident.

2. OPERATING FEES. The Resident agrees to pay in advance a monthly nonrefundable Operating Fee in the amount of **MONTHLY FEE**. The first monthly payment of such Operating Fees, prorated as necessary, shall be due and payable on ; and each subsequent payment shall be due and payable on the first day of each month thereafter in advance. The Operating Fees are determined on the basis of the Corporation's best estimate of the cost of operating the Hall. The following services or

facilities are included in the Operating Fees: (a) dining service (fixed operating cost); (b) health and wellness center (fixed operating costs) (c) utilities; (d) bus transportation service on a scheduled basis; (e) housekeeping services; (f) a chapel; (g) hobby and craft shops; (h) common area maintenance; (i) library; (j) fitness center; and (k) laundry facilities. The monthly Operating Fee may be changed by the Corporation after giving thirty (30) days prior written notice to the Resident.

3. SERVICES AND AMENITIES. In addition to the monthly Operating Fee, additional fees will be assessed for: (a) meal charges (billed in arrears); (b) guest room accommodations; (c) transportation and admission to special events and (d) ancillary health services.

4. HEALTHCARE SERVICES. In connection with the range of healthcare services furnished by the Corporation, the parties agree as follows:

(a) The obligations of the Corporation hereunder do not include the furnishing of or payment for any hospitalization, medical, dental or psychiatric care; physical, speech or occupational therapy; eyeglasses, hearing aids, orthopedic appliances; x-rays, drugs, or other treatment or medical supplies.

(b) The Resident shall take appropriate action to enroll in any governmental health programs for which he or she is eligible, and to execute such forms as are necessary to secure reimbursement of any amounts payable to or on behalf of him/herself as a beneficiary under said programs.

(c) If, in the judgment of the Hall Health & Wellness Center (HWC) personnel, the Resident requires medical, surgical, or psychiatric treatment or care beyond the capabilities of the HWC, the Resident shall be transferred, at his or her expense, to an appropriate facility for such treatment. The Corporation shall not be obligated to provide long-term nursing care or care which requires close supervision.

(d) The laws of the Commonwealth of Virginia will govern if the separation of a Resident from the Hall becomes appropriate or necessary because of cognitive disability or dysfunction. By the execution of this Contract, the Resident designates the Administrator of the Hall as his or her agent to consult with the Resident's Attorney-in-Fact, or with responsible relatives reasonably available, for the petitioning of a court of competent jurisdiction for determination of legal competency and/or for appointment of a committee or guardian pursuant to the then-existing laws of the Commonwealth of Virginia in the event of cognitive

disability or dysfunction.

(e) It is also mutually understood that the HWC has no existing facilities for the treatment or care of a Resident who may become afflicted with a cognitive disability or dysfunction. Pending an appropriate court determination of competency, the HWC Physician shall have full authority to make arrangements for the transfer of any Resident so afflicted, at the Resident's expense, to a facility which, in the physician's opinion, is competent to render such treatment or care as the circumstances require.

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6. RIGHT TO RESCIND. The Resident shall have the right to rescind this Contract without penalty or forfeiture within seven (7) days after executing the Contract.

7. PREREQUISITES. The Resident agrees, as a prerequisite to physically moving into the Hall, to furnish information satisfactory to the Corporation so that it can make a determination that the physical, cognitive or social condition of the Resident would not pose a significant risk to property or to the health or safety of the Resident or others and that the Resident meets the requirements for residency in the Hall.

8. ADHERENCE TO POLICIES. The Resident agrees to abide by any policies, rules and regulations of the Hall as the same may from time to time be adopted or amended by the Administrator of the Hall or by the Vinson Hall Residents Association. Final authority regarding any such policies, rules and regulations rests with the Corporation's Board of Directors.

9. TERMINATION. The Corporation reserves the right to terminate the residency of the Resident at any time, for good cause, including without limitation the following: (i) the Resident presents a danger to himself, herself or others; (ii) failure by the Resident to pay the monthly charges within sixty (60) days when due; (iii) repeated conduct by the Resident that interferes with other Residents' quiet enjoyment of the facility; (iv) persistent refusal by the Resident to comply with reasonable written rules

and regulations of the Hall as reflected from time to time in the Resident Handbook; (v) a material misrepresentation made by the Resident in his or her application for residency or, in related materials, which, if accurately provided, would have resulted in either a failure of the Resident to qualify for residency or a material increase in the cost of providing care to the Resident under this Contract; or (vi) a material breach by the Resident of the terms and conditions of this Contract. In the case of (ii), (iii), (iv) and (vi) above, the Corporation shall give the Resident written notice of and an opportunity to cure within a thirty-day period the conduct or circumstance otherwise warranting the termination of the Contract.

10. PROBATIONARY PERIOD. The first six-month period, beginning with the first day the Resident occupies an apartment in the Hall, shall constitute a probationary or trial period during which this Contract may be terminated by the Corporation or by the Resident by prior written notice. If so terminated, the Resident shall vacate the apartment within thirty (30) days after such notice.

11. NO PROPERTY RIGHTS. By the payment of the Entry Fee, the Resident acquires no property right or interest either in the Foundation or the Corporation or the apartment to be occupied in the Hall. The Resident acknowledges that he or she understands that the Corporation has incurred indebtedness to finance the construction and operation of the Hall, and that the Corporation may in the future deem it necessary or desirable to incur additional or other indebtedness in connection with the operation or expansion of the facilities of the Hall; and that such existing indebtedness is and such future indebtedness may be secured by a deed of trust and/or other lien upon the properties or other assets of the Corporation. In consideration for the making of any such existing and future loans to the Corporation - and for the benefit of the Corporation and of the present and future holders of liens upon the properties and assets of the Corporation taken as security for the repayment of those loans - the Resident hereby expressly subordinates and declares inferior all of his or her rights, privileges, and benefits arising from and under this Contract, and from payment of the Entry Fee, to the rights of each holder of a deed of trust or other lien upon the properties or other assets of the Corporation. The Resident further agrees to execute, on request, any instruments which the Corporation or any lender may require as further evidence of the subordination of the rights of the Resident to any such deed of trust or other lien. The Resident does hereby expressly waive any and all notices of default and notices of foreclosure pursuant to any deed of trust or other lien on the properties or other assets of the Corporation, and hereby constitutes the Corporation as agent to receive and accept service of any such notices on behalf of the Resident.

12. PERSONAL BELONGINGS. Neither the Foundation nor the Corporation shall be responsible for the loss of money, jewels, or other personal property

belonging to the Resident, or to any guest of the Resident, due to theft, fire, or any other causes, whether in the Resident's apartment or in any other area of the Hall, except as the result of gross negligence on the part of either the Foundation or the Corporation, or any of their agents acting within the scope of employment, and in the absence of contributory negligence.

13. PERSONAL INJURY. Neither the Foundation nor the Corporation shall be responsible for damages on account of personal injury to the Resident, or any guest of the Resident, unless as a result of gross negligence on the part of the Corporation, or any of its agents acting within the scope of employment, and in the absence of contributory negligence.

14. RIGHT TO ENTER. The Corporation retains the right to enter and conduct inspections of the apartment at any time as deemed necessary, to determine that safety and health standards are maintained by the Resident. Resident agrees to accept housekeeping services in his or her apartment at least one time per month.

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16. SUBLEASING/ASSIGNMENT. Any subleasing of the Resident's apartment is prohibited and, except for an assignment to a living trust of the Resident's right to any refund, the Resident may not assign any rights or obligations under this Agreement.

17. REMAINING RESIDENT. Where two parties have made application and are admitted for residence together, the survivor shall have the right to continued residence in the Hall, upon the death or removal of the other party.

(a) Any person, not otherwise eligible, who becomes the spouse of a resident, automatically, by virtue of that marriage, becomes eligible for residence on the same basis as all other residents. However upon the death of the eligible spouse, if the remaining resident remarries an ineligible individual, the couple will not be permitted to reside at the Hall.

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19. UNIT MODIFICATIONS. Any modification to the unit requested by the Resident shall first be approved by the Hall; shall be the financial responsibility of the Resident and legal title to same shall belong to the Hall upon termination of this Contract. The Hall, at its option, may return the unit to its original condition at the Resident's expense upon termination of this Contract.

20. FINANCIAL UPDATES. Resident acknowledges that the Corporation has relied upon Resident's application, including financial and medical statements, in accepting Resident for residency in the Hall. Resident warrants that such information is true and complete and said application is to be considered part of this Contract. Resident agrees that assets and income indicated on the application will be conserved and used for the support of Resident while residing at the Hall, Arleigh Burke Pavilion or The Sylvestery. Resident agrees to annually provide updated financial information to the Corporation and/or Foundation. This Contract and the financial information need to be renewed annually on the original agreement date.

21. FOUNDATION. The parties understand and agree that the Foundation is a party to this Agreement for the sole purpose of agreeing to hold, apply and, if and as expressly provided for hereunder, refund any Entry Fee(s) due hereunder.

22. MISCELLANEOUS. This Contract constitutes the entire agreement among the parties. In the event any provision of this Contract or portion thereof is found to be wholly or partially invalid, illegal or unenforceable, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Contract, as the case may require. In the event the Corporation and/or the Corporation pursue any legal remedies against the Resident to enforce any provision of this Contract and is/are prevailing party, they shall be entitled to recover their costs plus reasonable attorney fees. Any modification to this Contract must be in writing and must be signed by all parties. The headings inserted in this Contract have been inserted for convenience of reference only and shall not be used to construe or interpret this Contract. This Contract shall be governed in all respects by the laws of the Commonwealth of Virginia without regard to conflict of laws principles. The Corporation has encouraged the Resident to review the terms of this Contract with his or her attorney and financial advisor.

IN WITNESS WHEREOF, this Agreement is hereby executed the day and year first above written.

By: _____ (Date) _____
(Resident)

By: _____ (Date) _____
(Resident)

VINSON HALL, LLC

By: _____ (Date) _____
Randal N. Fowler
Administrator

By: _____ (Date) _____
Elizabeth B. Bush
Chief Executive Officer

NAVY MARINE COAST GUARD RESIDENCE FOUNDATION

By: _____ (Date) _____
Libby B. Bush
Executive Director

ATTACHMENT A

ADU AMMENDMENTS

ATTACHMENT B

Additional Expenses Incurred at Resident's Request

EXHIBIT C
Schedule of Entry Fees by Apartment

VINSON HALL SCHEDULE OF ENTRY FEES BY APARTMENT TYPE - 2021

Apartment Type	2017		2018		2019		2020		2021	
	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance
Efficiency (Standard)	\$127,893	\$ 83,130	\$143,287	\$87,287	\$140,330	\$91,215	\$146,645	\$95,319	\$151,045	\$98,179
Efficiency w/Balcony	\$133,400	\$ 86,710	\$143,070	\$94,046	\$149,508	\$98,278	\$156,236	\$102,700	\$160,923	\$105,781
Efficiency (Large)	\$165,220	\$107,393	\$173,481	\$112,763	\$181,288	\$117,837	\$189,446	\$123,140	\$195,129	\$126,834
One Bedroom, One Bath	\$206,525	\$134,242	\$216,852	\$140,954	\$226,610	\$147,296	\$236,807	\$153,925	\$243,912	\$158,543
One Bedroom, One Bath w/Balcony	\$212,426	\$138,077	\$226,047	\$147,981	\$236,220	\$154,640	\$246,849	\$161,599	\$254,255	\$166,447
One Bedroom, One Bath (Large)	\$223,900	\$145,535	\$235,095	\$152,812	\$245,674	\$159,688	\$256,729	\$166,874	\$264,431	\$171,880
One Bedroom, Two Bath	\$274,056	\$178,136	\$287,759	\$187,043	\$300,708	\$195,460	\$314,240	\$204,256	\$323,667	\$210,383
One Bedroom, Two Bath w/Balcony	\$279,056	\$178,136	\$296,954	\$194,070	\$310,317	\$202,804	\$324,282	\$211,930	\$334,010	\$218,288
One Bedroom, Two Bath (Large)	\$302,248	\$196,461	\$317,361	\$206,284	\$331,642	\$215,567	\$346,566	\$225,268	\$356,963	\$232,026
Two Bedroom, One Bath	\$274,056	\$278,136	\$287,759	\$187,043	\$300,708	\$195,460	\$314,240	\$204,256	\$323,667	\$210,383
Two Bedroom, One Bath w/Balcony	\$279,957	\$181,972	\$296,954	\$194,070	\$310,317	\$202,804	\$324,282	\$211,930	\$334,010	\$218,288
Two Bedroom, Two Bath	\$366,457	\$238,197	\$384,780	\$250,107	\$402,095	\$261,362	\$420,189	\$273,123	\$432,795	\$281,317
Two Bedroom, Two Bath w/Balcony	\$372,751	\$242,288	\$394,389	\$257,403	\$412,136	\$268,986	\$430,682	\$281,090	\$443,603	\$289,523
Two Bedroom, Two Bath (Lge)	\$396,528	\$257,744	\$416,355	\$270,631	\$435,091	\$282,809	\$454,670	\$295,536	\$468,310	\$304,402

VINSON HALL SCHEDULE OF ENTRY FEES BY APARTMENT TYPE - 2021

(Continued – Page Two)

Apartment Type	2017		2018		2019		2020		2021	
	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance
Two Bedroom, Two Bath w/Den	\$438,489	\$285,018	\$460,414	\$299,269	\$481,133	\$312,736	\$502,784	\$326,809	\$517,867	\$336,614
Two Bedroom, Two Bath, Den w/Balcony	\$444,784	\$289,109	\$470,023	\$306,565	\$491,174	\$320,360	\$513,277	\$334,776	\$528,675	\$344,820

Second Person Entry Fee

Contract Type	2017		2018		2019		2020		2021	
	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance
	\$25,483	\$16,988	\$26,756	\$17,838	\$27,960	\$18,640	\$29,219	\$19,479	\$30,095	\$20,063

ENTRY FEE SCHEDULE FOR WILLOW OAK
APARTMENTS - 2021 BY APARTMENT TYPE

Apartment Type	Sq Ft	Floor	Front	Back	2018		2019		2020		2021	
					90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance
The Adams 1 Br w/ Study	1,248	1 st Only	N/A	N/A	\$548,437	\$356,517	\$567,632	\$368,995	\$587,499	\$381,910	\$605,124	\$393,367
The Grant 2BR/2BA	1,295	1 st & 4 th	Yes	Yes	\$568,656	\$369,932	\$588,559	\$382,569	\$609,159	\$395,959	\$627,434	\$407,838
The Grant 2 BR/2BA	1,295	2 nd & 3 rd	N/A	Yes	\$512,916	\$333,346	\$530,868	\$345,014	\$549,449	\$357,089	\$565,932	\$367,802
The Grant 2 BR/2 BA	1,295	Top- 5 th	N/A	N/A	\$624,396	\$405,918	\$646,250	\$420,125	\$668,869	\$434,829	\$688,935	\$447,874
The Jackson 2 BR/2 BA w/Study	1,515	1 st & 4 th	N/A	Yes	\$663,414	\$431,165	\$686,634	\$446,255	\$710,666	\$461,874	\$731,986	\$475,730
The Jackson 2 BR/2 BA w/Study	1,515	2 nd & 3 rd	N/A	Yes	\$598,166	\$388,758	\$619,101	\$402,365	\$640,770	\$416,448	\$659,993	\$428,941
The Jackson 2 BR/2 BA w/Study	1,515	Top- 5 th	N/A	N/A	\$728,663	\$473,571	\$754,166	\$490,146	\$780,562	\$507,301	\$803,978	\$522,520
The Jefferson 2 BR/2 BA w/Study	1,595	1 st thru 4 th	N/A	N/A	\$697,842	\$453,570	\$722,266	\$469,445	\$747,545	\$485,875	\$769,972	\$500,452
The Jefferson 2 BR/2 BA w/Study	1,595	Top- 5 th	N/A	N/A	\$766,478	\$498,271	\$793,305	\$515,710	\$821,071	\$533,760	\$845,703	\$549,773
The JFK 2 BR/2BA w/Study	1,633	1 st thru 4 th	Yes	Yes	\$714,236	\$464,281	\$739,234	\$480,530	\$765,107	\$497,349	\$788,060	\$512,269
The JFK 2 BR/2BA w/Study	1,633	2 nd & 3 rd	N/A	Yes	\$643,850	\$418,486	\$666,385	\$433,133	\$689,709	\$448,293	\$710,400	\$461,742
The JFK 2 BR/2BA w/Study	1,633	Top- 5 th	N/A	N/A	\$784,512	\$509,965	\$811,970	\$527,814	\$840,389	\$546,288	\$865,600	\$562,676
The Lincoln 2BR/2BA w/Study	1,708	1 st & 4 th	N/A	Yes	\$746,477	\$485,265	\$772,604	\$502,249	\$799,645	\$519,828	\$823,635	\$535,423
The Lincoln 2BR/2BA w/Study	1,708	2 nd & 3 rd	N/A	Yes	\$672,923	\$437,394	\$696,475	\$452,703	\$720,852	\$468,548	\$742,477	\$482,604

The Lincoln 2BR/2BAw/Study	1,708	Top- 5th	N/A	Yes	\$820,032	\$533,026	\$848,733	\$551,682	\$878,439	\$570,991	\$904,792	\$588,121
The Madison 2 BR/3 BA w/Study	1,728	2 nd & 3 rd	N/A	N/A	\$755,112	\$490,839	\$781,541	\$508,018	\$808,895	\$525,799	\$833,161	\$541,573
The Madison 2 BR/3 BA w/Study	1,728	Top- 4th	N/A	N/A	\$829,541	\$539,256	\$858,575	\$558,130	\$888,625	\$577,665	\$915,284	\$594,995

ENTRY FEE SCHEDULE FOR ILB APARTMENTS BY APARTMENT TYPE - 2021

(Continued – Page Two)

Apartment Type	Sq Ft	Floor	Front	Back	2018		2019		2020		2021	
					90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance	90% Refundable	Declining Balance
The Monroe 2 BR/2 BA w/Study	1,739	1 st thru 4 th	N/A	N/A	\$759,811	\$493,899	\$786,405	\$511,186	\$813,929	\$529,077	\$838,347	\$544,950
The Monroe 2 BR/2 BA w/Study	1,739	Top-5 th	N/A	N/A	\$834,678	\$542,535	\$863,891	\$561,524	\$894,128	\$581,177	\$920,951	\$598,612
The FDR 2 BR/2.5 BA w/Study	1,904	1 st thru 4 th	N/A	N/A	\$830,852	\$540,131	\$859,932	\$559,035	\$890,030	\$578,601	\$916,731	\$595,959
The FDR 2 BR/2.5 BA w/Study	1,904	Top-5 th	N/A	N/A	\$912,932	\$593,357	\$944,885	\$614,124	\$977,956	\$635,619	\$1,007,294	\$654,687
The Washington 2 BR/2.5 BA w/Study	1919	Top -4 th	N/A	N/A	\$974,683	\$633,577	\$1,008,797	\$655,752	\$1,044,105	\$678,703	\$1,075,428	\$699,064
The Roosevelt 2 BR/2.5 BA w/Study	2,100	1 st & 2 nd	N/A	N/A	\$915,337	\$594,996	\$947,373	\$615,821	\$980,531	\$637,375	\$1,009,947	\$656,496
The Roosevelt 2 BR/2.5 BA w/Study	2,100	Top -3 rd	N/A	N/A	\$1,005,723	\$653,687	\$1,005,723	\$653,687	\$1,077,355	\$700,246	\$1,109,676	\$721,253
The Truman 2 BR/2 BA w/Study & Den	2,100	2 nd & 3 rd	N/A	N/A	\$915,337	\$594,996	\$947,373	\$615,821	\$980,531	\$637,375	\$1,009,947	\$656,496
The Truman 2 BR/2 BA w/Study & Den	2,100	Top- 4 th	N/A	N/A	\$1,005,723	\$653,687	\$1,040,923	\$676,556	\$1,077,355	\$700,246	\$1,109,676	\$721,253
The Wilson 3 BR/2.5 BA w/Study & Den	2,154	1 st & 2 nd	N/A	N/A	\$953,507	\$610,079	\$953,507	\$610,079	\$1,005,352	\$653,532	\$1,035,513	\$673,137
The Wilson 3 BR/2.5 BA w/Study & Den	2,154	Top-3 rd	N/A	N/A	\$1,031,297	\$670,409	\$1,031,297	\$670,409	\$1,104,752	\$718,159	\$1,137,894	\$739,704

Estimated Second Person Fees:	2018 90% Refundable	Declining Balance	2019 90% refundable	Declining Balance	2020 90% Refundable	Declining Balance	2021 90% Refundable	Declining Balance
	\$26,756	\$17,838	\$27,693	\$18,461	\$28,662	\$19,107	\$29,522	\$19,681

INDEPENDENT LIVING BUILDING (ILB) OPERATING FEES BY APARTMENT TYPE 2021

Apartment Style	Square Foot Range	Monthly Fee	TOTAL- Single Occupancy	Added Occupancy	TOTAL - Double Occupancy
The Adams	1,248	\$4,594	\$4,594	\$733	\$5,327
The Grant	1,295	\$4,658	\$4,658	\$733	\$5,391
The Jackson	1,515	\$4,928	4,928	\$733	\$5,661
The Jefferson	1,595	\$5,102	\$5,102	\$733	\$5,835
The JFK	1,633	\$5,208	\$5,208	\$733	\$5,941
The Lincoln	1,708	\$5,376	\$5,376	\$733	\$6,109
The Madison	1,728	\$5,415	\$5,415	\$733	\$6,148
The Monroe	1,739	\$5,448	\$5,448	\$733	\$6,181
The FDR	1,904	\$5,490	\$5,490	\$733	\$6,388
The Washington	1,919	\$5,701	\$5,701	\$733	\$6,434
The Roosevelt	2,100	\$5,985	\$5,985	\$733	\$6,718
The Truman	2,100	\$5,985	\$5,985	\$733	\$6,718
The Wilson	2,154	\$6,050	\$6,050	\$733	\$6,783

EXHIBIT D
Schedule of Operating Fees by Apartment

VINSON HALL MONTHLY FEES FOR 2021

Apartment Type	Name	Sq Ft.	2020 PER APT	2021 PER APT
			1.03	1.03
<u>Efficiencies</u>				
E	The Patton	418	1,952	2,011
EB	The Patton w/Balcony	436	2,004	2,064
E-1	The Mitschner	504	2,204	2,270
<u>One Bedroom/One Bath</u>				
O	The Vandegrift	630	2,575	2,652
O-1B	Large 1 Bedroom		2,793	2,877
OB	The Vandegrift w/balcony	648	2,627	2,706
O-1	The Puller	683	2,728	2,810
<u>One Bedroom/Two Bath</u>				
EE(s)	The Doolittle	836	3,179	3,274
EE (T)	The Halsey	836	3,179	3,274
EE(T)B	The Halsey w/Balcony	854	3,230	3,327
EE-1	The Roland	922	3,430	3,533
E1E1	1 Bed/2 Bath/ 2alcoves	504	3,683	3,793
EEE1	2 Bed/2 Bath (1340 Sq Ft)	1340	4,658	4,798
<u>Two Bedroom/One Bath</u>				
T	The Bradley	836	3,179	3,274
TB	The Bradley w/Balcony	854	3,230	3,327
<u>Two Bedroom/Two Bath</u>				
OE	The Nimitz	1048	3,800	3,914
OEB	The Nimitz w/Balcony	1066	3,855	3,971
OE-1	The Arnold	1134	4,055	4,177
<u>Two Bedroom/Two Bath (larger)</u>				
E101	Combo	1187	4,209	4,335
EEE	The Richmond	1254	4,404	4,536
OO	Combo	1260	4,422	4,555
EEEB	The Richmond w/Balcony	1272	4,458	4,592
4E-01	Combo		5,015	5,165
ADU-1 (1 bedroom)	65% of MSA Median		1,943	2,004
ADU-2 (1 bedroom)	50% of MSA Median		1,640	1,689
Second Person Fee			712	733

ILB MONTHLY FEES FOR 2021

1.03

1.03

Apartment Type	Name	2020 PER APT	2021 PER APT
XA	The Grant	4,522	4,658
XB	The Jefferson	4,953	5,102
XC	JFK	5,056	5,208
XD	The Lincoln	5,219	5,376
XE	The Monroe	5,289	5,448
XF	The FDR	5,490	5,655
XG	The Jackson	4,784	4,928
XH	The Adams	4,460	4,594
XI	The Roosevelt	5,811	5,985
XJ	The Wilson	5,874	6,050
XK	The Washington	5,535	5,701
XL	The Madison	5,257	5,415
XM	The Truman	5,811	5,985
Second Person Fee		712	733

ABP & TS DAILY ROOM RATES FOR 2021

	1.03		1.045
<u>ASSISTED LIVING</u>	<u>2020 Room Rate</u>		<u>2021 Room Rate</u>
A-Single Private	238		249
B-One Room Suite Small	302		316
C-One Room Suite Medium	309		323
D-One Room Suite Large	317		331
E-Admiral Suite	323		338
F-Two Room Suite	366		382
G-Two Room Suite	366		382
H-2 BR, 1-1/2 Bath (Single)	397		415
Total AL			

	1.05		1.06
<u>HEALTH CENTER</u>	<u>2020 Room Rate</u>		<u>2021 Room Rate</u>
Private Pay	512		543
Intermediate ADM Suite	353		374
Intermediate Semi-Private	376		399
Intermediate Deluxe Semi-Private	416		441
Intermediate Private			
Total HC			

<u>COMMUNITY BUILDING</u>	<u>2020 Room Rate</u>		<u>2021 Room Rate</u>
Skilled Room & Board	512		512

<u>AZ ROOM & BOARD (TS)</u>			1.04
	<u>2020 Room Rate</u>	<u>Care Rates</u>	<u>2021 Room Rate</u>
Base Rate	251	0.00	261
TS Care Level 1	281	30.00	292
TS Care Level 2	305	54.00	317
TS Care Level 3	354	103.00	368

EXHIBIT E
NMCGRF & VH, LLC Combined Financial Statements, 2020 & 2019

Navy Marine Coast Guard Residence Foundation and Subsidiary



Consolidated Financial Statements and Supplementary Information

Years Ended December 31, 2020 and 2019

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Independent Auditors' Report

Board of Trustees
Navy Marine Coast Guard Residence Foundation and Subsidiary
McLean, VA

We have audited the accompanying consolidated financial statements of Navy Marine Coast Guard Residence Foundation and Subsidiary (collectively, the "Corporation"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Navy Marine Coast Guard Residence Foundation and Subsidiary as of December 31, 2020 and 2019, and the results of their consolidated operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of consolidated balance sheets and consolidated operations and changes in net assets for the years ended December 31, 2020 and 2019 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dixon Hughes Goodman LLP

Tysons, VA
April 22, 2021

Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash	\$ 931,203	\$ -
Assets whose use is limited, current portion of trustee held funds	400,495	415,492
Accounts receivable, net	1,632,072	955,954
Other receivables	109,598	128,169
Prepaid expenses and other current assets	<u>335,515</u>	<u>413,232</u>
Total current assets	3,408,883	1,912,847
Property and equipment, net	103,286,592	103,807,527
Other assets:		
Investments	55,661,583	58,898,820
Assets whose use is limited:		
Investments held by bond trustee, less current portion	5,050,539	5,027,117
Endowment fund	3,347,687	3,032,790
Investments restricted by donors	983,764	978,905
Investments restricted by the board for deferred compensation	<u>149,173</u>	<u>219,173</u>
Total other assets	<u>65,192,746</u>	<u>68,156,805</u>
Total assets	<u>\$ 171,888,221</u>	<u>\$ 173,877,179</u>

Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Balance Sheets
December 31, 2020 and 2019

(Continued)

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Cash overdraft	\$ -	\$ 53,255
Accounts payable and accrued expenses	1,485,334	856,873
Accrued salaries and benefits	1,357,349	1,056,939
Accrued interest	288,725	293,025
Current portion of long-term debt	<u>1,347,497</u>	<u>1,326,991</u>
Total current liabilities	4,478,905	3,587,083
Long-term obligations:		
Deferred compensation payable	149,173	219,173
Long-term debt, net of \$1,860,150 and \$1,928,902 of unamortized debt issuance costs at December 31, 2020 and 2019, respectively, less current portion	67,606,408	68,758,450
Annuity contracts	53,628	53,983
Entry fee deposits held	970,300	859,650
Deferred revenue	9,977,427	11,284,103
Refundable entry fees	<u>69,835,436</u>	<u>71,340,643</u>
Total long-term obligations	<u>148,592,372</u>	<u>152,516,002</u>
Total liabilities	<u>153,071,277</u>	<u>156,103,085</u>
Net assets:		
Without donor restrictions	14,804,900	14,208,030
With donor restrictions	<u>4,012,044</u>	<u>3,566,064</u>
Total net assets	<u>18,816,944</u>	<u>17,774,094</u>
Total liabilities and net assets	<u>\$ 171,888,221</u>	<u>\$ 173,877,179</u>

Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Statement of Operations and Changes in Net Assets
Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Resident Fees, private pay	\$ 22,746,617	\$ -	\$ 22,746,617
Resident Fees, Medicare	3,169,610	-	3,169,610
Other program revenue	1,972,845	-	1,972,845
Earned entry fees	2,216,226	-	2,216,226
Philanthropy and engagement	345,048	68,038	413,086
Interest and dividends	<u>1,457,021</u>	<u>96,456</u>	<u>1,553,477</u>
Total revenue	31,907,367	164,494	32,071,861
Expenses:			
Health and wellness	9,006,120	-	9,006,120
Dining services	3,099,154	-	3,099,154
Program services	284,517	-	284,517
Social services	237,397	-	237,397
Life enrichment	684,768	-	684,768
Philanthropy and engagement	372,234	-	372,234
Facilities maintenance	2,897,877	-	2,897,877
Housekeeping	1,248,922	-	1,248,922
Utilities	875,775	-	875,775
Security and concierge	1,359,596	-	1,359,596
Sales and admissions	216,932	-	216,932
Administration and management fee	4,339,791	-	4,339,791
Employee benefits	1,587,918	-	1,587,918
Insurance	346,502	-	346,502
Depreciation and amortization	5,294,837	-	5,294,837
Interest	3,583,655	-	3,583,655
Other	<u>21,838</u>	<u>-</u>	<u>21,838</u>
Total expenses	<u>35,457,833</u>	<u>-</u>	<u>35,457,833</u>
Income (loss) from operations	(3,550,466)	164,494	(3,385,972)
Nonoperating gains:			
Realized gains	2,544,745	146,165	2,690,910
Unrealized gains	1,449,213	135,321	1,584,534
Other	<u>153,378</u>	<u>-</u>	<u>153,378</u>
Changes in net assets	<u>596,870</u>	<u>445,980</u>	<u>1,042,850</u>
Net assets, beginning of year	<u>14,208,030</u>	<u>3,566,064</u>	<u>17,774,094</u>
Net assets, end of year	<u>\$ 14,804,900</u>	<u>\$ 4,012,044</u>	<u>\$ 18,816,944</u>

Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Resident Fees, private pay	\$ 22,246,164	\$ -	\$ 22,246,164
Resident Fees, Medicare	2,844,349	-	2,844,349
Other program revenue	1,314,472	-	1,314,472
Earned entry fees	2,197,381	-	2,197,381
Philanthropy and engagement	625,511	39,550	665,061
Interest and dividends	1,412,261	80,773	1,493,034
Net assets released from restrictions	-	-	-
Total revenue	30,640,138	120,323	30,760,461
Expenses:			
Health and wellness	6,810,135	-	6,810,135
Dining services	3,160,951	-	3,160,951
Program services	329,823	-	329,823
Social services	68,316	-	68,316
Life enrichment	898,201	-	898,201
Philanthropy and engagement	422,450	-	422,450
Facilities maintenance	2,417,308	-	2,417,308
Housekeeping	1,250,185	-	1,250,185
Utilities	1,018,235	-	1,018,235
Security and concierge	784,616	-	784,616
Sales and admissions	142,086	-	142,086
Administration and management fee	3,768,506	-	3,768,506
Employee benefits	2,141,881	-	2,141,881
Insurance	274,725	-	274,725
Depreciation and amortization	5,372,292	-	5,372,292
Interest	3,637,228	-	3,637,228
Other	18,980	-	18,980
Total expenses	32,515,918	-	32,515,918
Income (loss) from operations	(1,875,780)	120,323	(1,755,457)
Nonoperating gains:			
Realized gains	173,271	22,365	195,636
Unrealized gains	7,303,278	167,106	7,470,384
Other	133,803	-	133,803
Changes in net assets	5,734,572	309,794	6,044,366
Net assets, beginning of year	8,473,458	3,256,270	11,729,728
Net assets, end of year	\$ 14,208,030	\$ 3,566,064	\$ 17,774,094

See accompanying notes.

Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets	\$ 1,042,850	\$ 6,044,366
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Non-refundable entry fees received	418,247	2,479,006
Amortization of entry fees	(2,216,226)	(2,197,381)
Depreciation and amortization	5,294,837	5,372,292
Amortization of debt issuance costs	68,752	68,752
Realized and unrealized gains on investments	(4,275,444)	(7,666,020)
Restricted contributions and investment income received	(164,494)	(120,323)
Change in:		
Accounts receivable	(676,118)	(271,186)
Other receivables	18,571	89,976
Prepaid expenses and other current assets	77,717	(102,907)
Accounts payable and accrued expenses	628,461	59,435
Accrued salaries and benefits	300,410	(56,469)
Accrued interest	(4,300)	(4,134)
Deferred compensation	(70,000)	(37,561)
Annuity contracts	(355)	(4,203)
Deferred revenue	12,866	(12,836)
Net cash provided by operating activities	<u>455,774</u>	<u>3,640,807</u>
Cash flows from investing activities:		
Purchases of investments	(29,362,937)	(42,625,896)
Proceeds from sale of investments	36,555,862	36,555,862
Change in investments held for deferred compensation, net	70,000	37,561
Purchase of property and equipment	(4,647,503)	(2,377,558)
Net cash provided by (used in) investing activities	<u>2,615,422</u>	<u>(8,410,031)</u>
Cash flows from financing activities:		
Restricted contributions and restricted investment income	164,494	120,323
Proceeds from deposits and refundable entry fees	2,916,752	10,288,862
Refunds of deposits and refundable entry fees	(3,832,872)	(4,923,234)
Payments on long-term debt	(1,326,687)	(1,278,381)
Net cash provided by (used in) financing activities	<u>(2,078,313)</u>	<u>4,207,570</u>
Net change in cash and restricted cash	992,883	(561,654)
Cash, cash equivalents and restricted cash, beginning of year	<u>5,389,354</u>	<u>5,951,008</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 6,382,237</u>	<u>\$ 5,389,354</u>
Supplemental disclosure of cash flow information and noncash investing and financing activities:		
Equipment acquired through capital lease	<u>\$ 126,399</u>	<u>\$ 31,941</u>
Interest paid	<u>\$ 3,587,955</u>	<u>\$ 3,739,714</u>

Notes to Consolidated Financial Statements

1. Organization and Nature of Business

Navy Marine Coast Guard Residence Foundation (“NMCGRF”) and Vinson Hall, LLC (“Vinson Hall”, a wholly controlled subsidiary of NMCGRF) provide secure independent living, primarily for retired commissioned officers, from all branches of the military, and their immediate families; as well as assisted living and nursing care services to all members of the general public. NMCGRF actively raises contributions to help provide confidential financial assistance, as available and as determined on a case-by-case basis, to those residents who may have outlived their resources. Vinson Hall provides independent living, assisted living, and skilled nursing services to elderly and handicapped persons in McLean, Virginia. Beneficiaries of this secure retirement reside in Vinson Hall (“VH”), Willow Oak (“WO”), Arleigh Burke Pavilion (“ABP”), and The Sylvestery (“TS”). As of December 31, 2020, VH has 166 independent living units, and provided services primarily to commissioned officers of the uniformed services and their spouses. WO has 75 independent living apartments in a separate building that opened in November 2014. ABP, which began operations in 1991, has 49 licensed nursing beds and 21 assisted living apartments. In 2003, TS was opened as a 36-bed facility to provide assisted living to memory impaired adults. In January 2015, Vinson Hall also opened a Community Building.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“U.S. GAAP”) that NMCGRF and Vinson Hall (collectively, the “Corporation”) follow to ensure its financial condition, results of operations, changes in net assets, and cash flows are consistently reported. References to U.S. GAAP issued by the FASB in these notes are to the FASB Accounting Standards Codification (“ASC”).

Basis of accounting

The Corporation prepares its consolidated financial statements in accordance with U.S. GAAP, which include the use of the accrual basis of accounting, whereby revenues are reported when performance obligations are satisfied and expenses are reported when incurred.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation

The consolidated financial statements include accounts of NMCGRF and Vinson Hall. All material intercompany accounts and transactions have been eliminated in the consolidated financial statements.

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

Concentration of risk

Vinson Hall grants credit without collateral to its residents, most of whom are private pay, with some residents being insured under third-party arrangements.

Cash and cash equivalents

Cash and cash equivalents are cash in banks, cash on hand, and highly liquid financial instruments with original maturities of less than 90 days when purchased, and are recorded at cost, which approximates fair value. Cash equivalents included in investment accounts, other than those held by trustee, are reported as investments, and are not considered cash equivalents for the purposes of the consolidated statements of cash flows. Primarily all of the Corporation's cash and cash equivalents are maintained in a commercial bank (Branch Banking and Trust, also known as "BB&T"), for which an aggregate of \$250,000 per bank is insured by the Federal Deposit Insurance Corporation ("FDIC"). The Corporation's cash holdings in the commercial bank routinely exceed the maximum amount insured by the FDIC. The Corporation has not experienced any losses related to funds held in excess of the FDIC limits.

Restricted cash included in assets whose use is limited on the accompanying balance sheets represents amounts held by a trustee under debt agreements.

	<u>2020</u>	<u>2019</u>
Cash	\$ 931,203	\$ (53,255)
Restricted cash and cash equivalents, included in assets whose use is limited, trustee held funds	<u>5,451,064</u>	<u>5,442,609</u>
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 6,382,237</u>	<u>\$ 5,389,354</u>

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values. Assets whose use is limited that are required to meet current liabilities of the Corporation have been classified as current assets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is recognized in the consolidated statements of operations and changes in net assets as an increase in net assets without donor restrictions, unless restricted by donor or law.

Property and equipment

Property and equipment is recorded at cost. Donated property is reported at fair value at date of receipt. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Land improvements	7–20 years
Building and improvements	15–50 years
Furniture and equipment	3–20 years
Vehicle	3–15 years

Expenditures that extend the useful lives of the asset or significantly increase their capacity are capitalized.

Other receivables

Other receivables consist of short-term, note receivables to new residents. These receivables are paid off, generally within three months for notes executed, after the sale of the tenant's primary residence is completed. Interest on the note receivables is charged annually at 4% of the outstanding balance.

Debt issuance costs

Debt issuance costs incurred in issuing the Series 2013 bond financing issued by the Fairfax County Economic Development Authority (the "Authority") have been capitalized by Vinson Hall. Debt issuance costs are deferred and amortized over the life of the related financing on a straight-line basis. Debt issuance cost amortization was \$68,752 per year during 2020 and 2019.

Contracts

Residents who move into VH and WO sign a fee-for-service contract, which provides for housing, residential services and related amenities but no health-related services. In addition to the entry fees, which are paid to NMCGRF either under a non-refundable or refundable contract, residents also pay a monthly use fee.

Deferred revenue from entry fees

The Corporation has two entrance fee options to newly admitted residents. The Corporation offered a nonrefundable contract option prior to January 2015. These contracts offer various entrance fee refund provisions as described below:

50-Month Declining Balance Contract – Under this contract, the entry fee decreases by 2% per month for 50 consecutive months from the contract origination date. The resident will not be entitled to a refund after 50 months of occupancy.

90% Refundable Contract – Under this contract, upon the death of the resident or the permanent withdrawal or removal of the resident from VH and upon the release of the resident's unit, the resident shall be entitled to a refund of ninety percent (90%) of the entry fee.

Entry fees are recorded to reflect a liability for the refundable portion and deferred revenue for the non-refundable portion. Refunds associated with these contracts are due upon the death of the resident or the permanent withdrawal or removal of the resident from Vinson Hall. Refunds do not bear interest. The gross amount of contractually refundable entry fees under contracts existing at December 31, 2020 and 2019 was \$71,193,427 and \$73,444,304, respectively. Deferred revenue is amortized to revenue using the straight-line method over the lesser of the contract term or the estimated remaining life expectancies of the resident.

Net resident fees and accounts receivable

Net resident fees represent the estimated net realizable amounts from residents and Medicare for services rendered. Accounts receivable consists of amounts due from residents and Medicare and is reported at an amount management expects to collect.

Obligation to provide future services

Vinson Hall provide services and the use of facilities to residents under contract agreements. The nature and extent of such services depend on such variables as the resident's age, health, sex, and economic status upon entering Vinson Hall. If the advance fees and periodic fees charged are insufficient to meet the costs of providing future services and the use of facilities, Vinson Hall has a liability to provide future services and the use of facilities that is equal to the estimated cost of providing future services and the use of facilities (defined as amounts that are expected to be incurred to provide services and the use of facilities to individuals over their remaining lives under residential contracts, including resident-care, dietary, health care, facility, interest, depreciation, and amortization costs) in excess of the related anticipated revenues. The liability is based on actuarial assumptions (such as mortality and morbidity rates), on estimates of future costs and revenues, and on Vinson Hall's historical experience and statistical data. In the opinion of management, Vinson Hall has no liability for obligation to provide future services as of December 31, 2020 and 2019.

Risk factors

The Corporation's ability to maintain and/or increase future revenues could be adversely affected by proposed and/or future changes in the laws, rules, regulations, and policies relating to the definition, activities, and/or taxation of not-for-profit tax-exempt entities, as well as the future of Virginia's Certification of Need program, where future deregulation could result in the entrance of new competitors, or future additional regulation may eliminate the Corporation's ability to expand new services.

The Corporation's investments are subject to credit, market and interest rate risks that cannot be predicted at this time. However, management has attempted to mitigate these risks by maintaining a diversified portfolio.

Net assets

The Corporation's net assets are grouped into the following classes, as applicable:

Net assets – without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporations' management and the board of directors.

Net assets – with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions

Unconditional promises to give cash and other assets to NMCGRF are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the conditions for receiving the donation have been satisfied. NMCGRF reports gifts of cash and other assets as net assets - with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets - with donor restrictions are reclassified as net assets- without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restriction.

Contributed services

Contributions of services from unpaid volunteers who possess special skills, which the Corporation would typically need to purchase, are assigned a monetary value and are recorded in the consolidated financial statements. No contributed services were recognized in the years ended December 31, 2020 and 2019.

The Corporation receives donated services from unpaid volunteers assisting in its operations. For the years ended December 31, 2020 and 2019, these totaled 1,179.5 hours and 4,002 hours, respectively. No amounts have been recorded in the consolidated statements of operations because the criteria for financial statement recognition of such volunteer effort have not been satisfied.

Income taxes

NMCGRF has received a tax determination letter dated April 13, 2011 indicating that NMCGRF is exempt from federal taxes under Section 501(c)(3) of the IRC effective June 8, 2010. As a single member limited liability company, Vinson Hall is treated as a "disregarded entity" under current Internal Revenue Service regulations, and as such all of the income and expenses from the operating activities of Vinson Hall pass through directly to

Navy Marine Coast Guard Residence Foundation and Subsidiary Notes to Consolidated Financial Statements

NMCGRF. Federal tax law requires that NMCGRF be operated in a manner consistent with its initial exemption application in order to maintain its exempt status. Management has analyzed the operations of NMCGRF and concluded that it remains in compliance with the requirements for exemption.

The Commonwealth of Virginia also recognizes NMCGRF's exemption for state income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Organizations otherwise exempt from federal and state income taxation are nonetheless subject to taxation at corporate tax rates at both the federal and state levels on their unrelated business income. In the opinion of management, such taxes, if any, are not expected to have a material effect on the Corporation's consolidated financial position. Exemption from other state taxes, such as real and personal property tax, is separately determined.

As of December 31, 2020, the Corporation has determined that it does not have any material unrecognized tax benefits or obligations.

Statements of operations and changes in net assets

The consolidated statements of operations and changes in net assets report changes in net assets as its performance indicator.

Advertising expenses

Advertising costs are charged to expense as incurred. Advertising expense was \$205,175 and \$190,094 as of December 31, 2020 and 2019, respectively.

Financial assistance

Financial assistance is provided by NMCGRF to residents of Vinson Hall based on the financial resources of residents on a case-by-case basis. In the accompanying consolidated statements of operations and changes in net assets, the financial assistance expense reported by NMCGRF is eliminated along with the uncompensated charges associated with providing the financial assistance. The financial assistance provided to residents of Vinson Hall, was \$198,300 and \$322,363 for the years ended on December 31, 2020 and 2019, respectively. The estimated costs of providing the financial assistance was \$186,878 and \$303,795 for the years ended December 31, 2020 and 2019, respectively. Costs were estimated based on calculating a ratio of costs (direct and indirect) to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to residents receiving financial assistance.

CARES Act Provider Relief Funds

On March 27, 2020, The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families and businesses affected by COVID-19 (see Note 12). The CARES Act Provider Relief Funds are considered non-exchange transactions subject to terms and conditions specified by the resource provider distributed by the Health Resources Services Administration section of the U.S. Department of Health and Human Services (HHS). These conditions create a restriction that such funds must be used to prevent, prepare or respond to COVID-19, creating purpose restrictions in addition to conditions. This conditional grant revenue is recognized as other program revenue in the accompanying consolidated statement of operations and changes in net assets for the year ended December 31, 2020 to the extent conditions/restrictions for entitlement are met for coronavirus related expenses or lost revenues. Such funds are subject to recoupment to the extent the conditions for entitlement are not met.

Subsequent events

The Corporation evaluated the effect subsequent events would have on the consolidated financial statements through April 22, 2021, which is the date the consolidated financial statements were issued.

3. Resident Fees

VH generally provides housing, dining, and health and wellness services on a contractual basis with residents. ABP provides housing, dining, and nursing services. TS provides housing, dining and other services for the memory impaired.

The Corporation enters into contracts with residents to provide services to the residents for their remaining lives. In consideration for future services, the residents pay an entrance fee based on the type of unit occupied and the plan selected. The Corporation offers the following contracts: 90 percent refundable contract and 50-month declining balance contract. Health care services are not included in these contracts. In addition to the entrance fee, residents pay monthly fees based on the estimated costs to operate the facilities. There are no statutory or contractual requirements to retain adjusted entrance fees in escrow accounts once the resident is admitted.

Under the Corporation's residency agreements, the Corporation provides services to residents for a stated daily or monthly fee, which varies by each resident's contract. The monthly fee can be adjusted from time to time by the Corporation according to changes in costs to operate the facilities. The Corporation recognizes revenue for services provided to residents in accordance with the provisions of the current revenue recognition accounting standards.

The Corporation receives revenue for services under Medicare. Settlements with Medicare for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

The Corporation has elected a practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component due to its expectation that the period between the time the service is provided and the time payment is received will be one year or less. Additionally, the Corporation has applied the practical expedient provided by current accounting standards, and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Corporation otherwise would have recognized is one year or less in duration.

Under current accounting standards, the Corporation recognizes revenue in the consolidated statements of operations and accounts receivable on the consolidated balance sheets only when services have been provided. Since the Corporation has performed its obligation under the contract, it has unconditional rights to the consideration on contract assets and therefore classifies those amounts as receivables. Thus, management has determined that they do not have any amounts that should be reflected separately as contract assets.

The Corporation disaggregates revenue from residential and health services revenue by payor type and service line. The Corporation notes that disaggregation of revenue into these categories achieves the disclosure objectives to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Corporation has agreements with Medicare that provide for payments at amounts different from its established rates. The Medicare program reimbursed the Corporation's health center for services under its Prospective Payment System through September 30, 2019. Under this system, inpatient services rendered to Medicare program beneficiaries were paid at per diem amounts established for the Resource Utilization Groups (RUG's) categories. Each patient's RUG's category determines the per diem amount received by the Corporation. Effective October 1, 2019, the Corporation is reimbursed under a new prospective payment system called the patient driven payment model (PDPM), which bases payment on resident characteristics rather than services provided.

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future review and interpretation. The results of such governmental review could include fines, penalties and exclusion from participation in the Medicare program.

The composition of net resident and health care services revenue by payor and service line for the years ended December 31, 2020 and 2019 are as follows:

	<u>Year Ended December 31, 2020</u>		
	<u>Private Pay</u>	<u>Medicare</u>	<u>Total</u>
Independent living	\$ 11,531,389	\$ -	\$ 11,531,389
Health care	3,770,036	3,564,922	7,334,958
Assisted living	<u>8,181,869</u>	<u>-</u>	<u>8,181,869</u>
	<u>\$ 23,483,294</u>	<u>\$ 3,564,922</u>	<u>\$ 27,048,216</u>

	<u>Year Ended December 31, 2019</u>		
	<u>Private Pay</u>	<u>Medicare</u>	<u>Total</u>
Independent living	\$ 12,654,000	\$ -	\$ 12,654,000
Health care	4,275,338	3,190,674	7,466,012
Assisted living	<u>6,284,973</u>	<u>-</u>	<u>6,284,973</u>
	<u>\$ 23,214,311</u>	<u>\$ 3,190,674</u>	<u>\$ 26,404,985</u>

4. Investments

The investment portfolio, including assets whose use is limited, consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 8,818,930	\$ 8,160,423
Fixed income	20,009,330	20,053,947
Equities	<u>36,764,981</u>	<u>40,357,927</u>
	<u>\$ 65,593,241</u>	<u>\$ 68,572,297</u>

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

Assets whose use is limited, held by bond trustee, consist of the following funds as of December 31:

	<u>2020</u>	<u>2019</u>
Principal fund	\$ 111,759	\$ 115,075
Interest fund	288,736	300,417
Reserve fund	<u>5,050,539</u>	<u>5,027,117</u>
	<u>\$ 5,451,034</u>	<u>\$ 5,442,609</u>

NMCGRF's investment portfolio is held in separate accounts: assets whose use is limited, endowment, agency, and general. The endowment account holds the deposits from the donor-restricted endowment and funds permitted by the donor stipulation that are transferred to pay for residence assistance. The agency account holds the deposits from prospective residents of Vinson Hall and interest earned on the account is transferred to the general account. The endowment and general account investments seek long-term growth of capital that increases purchasing power relative to inflation and to produce current income. The targeted asset allocation of investments in these two accounts is 55% of equity securities, 40% of fixed income securities, and 5% of diversifying assets with appropriate diversification. The targeted equity exposure may range between 45% and 65% of the account assets. The total return of these two accounts is intended to exceed the rate of inflation by 4.5% and to compare favorably to a universe of accounts with similar accounts. The agency account seeks maximization of current income over the near term, and 100% of the portfolio is allocated to fixed income securities with appropriate diversification.

Current accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following discussion describes the valuation methodologies used for the NMCGRF's financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates, and the estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about NMCGRF's business, its value, or financial position based on the fair value information of financial assets and liabilities presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of the timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset or liability. Furthermore, the disclosed fair values do not reflect any premium or discount that could

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

result from offering for sale at one time an entire holding of a particular financial asset or liability. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

The fair value of NMCGRF's money market funds is determined on the basis of cost, which approximates fair value. Fair values of NMCGRF's investments in common stocks and mutual funds classified as Level 1 are based on quoted market prices. Fair values for NMCGRF's United States government and agency securities and corporate debt securities are based on prices provided by its investment managers and its custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Each designate specific pricing services or indexes for each sector of the market based upon the investment managers' and custodian bank's experience. NMCGRF's holdings in federal government obligations are highly liquid, which allows for a high percentage of them to be priced through pricing services.

The following table presents NMCGRF's fair value hierarchy for assets measured at fair value on a recurring basis as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents:			
Money market funds	\$ 8,818,930	\$ -	\$ 8,818,930
Fixed income:			
U.S. government securities	-	4,986,204	4,986,204
Municipal bonds	-	3,266,927	3,266,927
Corporate bonds	-	9,050,975	9,050,975
Foreign securities	-	2,705,224	2,705,224
Equity securities:			
Common stock	6,622,733	-	6,622,733
Foreign stock	2,879,674	-	2,879,674
Mutual funds	<u>27,262,574</u>	<u>-</u>	<u>27,262,574</u>
	<u>\$ 45,583,911</u>	<u>\$ 20,009,330</u>	<u>\$ 65,593,241</u>

The following table presents the NMCGRF's fair value hierarchy for assets measured at fair value on a recurring basis as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents:			
Money market funds	\$ 8,160,423	\$ -	\$ 8,160,423
Fixed income:			
U.S. government and securities	-	6,715,110	6,715,110
Municipal bonds	-	2,758,228	2,758,228
Corporate bonds	-	7,790,353	7,790,353
Foreign bonds	-	1,499,091	1,499,091
CMO's asset backed	-	1,291,165	1,291,165
Equity securities:			
Common stock	6,358,672	-	6,358,672
Foreign stock	5,474,776	-	5,474,776
Mutual funds	<u>28,524,479</u>	<u>-</u>	<u>28,524,479</u>
	<u>\$ 48,518,350</u>	<u>\$ 20,053,947</u>	<u>\$ 68,572,297</u>

No significant transfers were made between the fair value hierarchy levels during 2020 or 2019.

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

The investment portfolio generated returns as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 1,696,708	\$ 1,509,950
Fees	(176,044)	(174,481)
Net realized and unrealized gains	<u>4,275,444</u>	<u>7,666,020</u>
	<u>\$ 5,796,108</u>	<u>\$ 9,001,489</u>

5. Long-Term Debt

During January 2013, Vinson Hall issued bonds with the Authority in the amount of \$77,170,000 (Series A) to (1) refinance the outstanding balance of the Series 2010 bonds, (2) finance capital improvement and expansions of resident facilities, including construction of an independent living building, community building, and a two level parking garage, (3) fund a debt service reserve fund for the Series 2013 bonds, and (4) finance a portion of funded interest, working capital, and costs of issuance. The Series 2013A bonds are scheduled to mature December 31, 2047. As of December 31, 2020 and 2019, the balance of the Series 2013A bonds was \$70,691,491 and \$71,981,491, respectively. The Series 2013A bonds bear interest at varying rates with ranges from 1.80% to 5.00%. The interest rate for the Series 2013A bonds was approximately 4.98% and 4.96% at December 31, 2020 and 2019, respectively. The Series 2013A bonds are collateralized by certain assets of the Corporation.

Interest expense, which includes the amortization of debt issuance costs, was approximately \$3,584,000 and \$3,637,000 for the years ended December 31, 2020 and 2019, respectively

This obligation includes certain financial performance covenants. In the opinion of management, the Corporation has complied with all relevant covenants related to these debt obligations for 2020 and 2019.

Vinson Hall leases copier machines under noncancelable leases with remaining lease terms of four to five years. As of December 31, 2020 and 2019, the balance of the finance lease obligation was \$122,567 and \$32,853, respectively. Capitalized leased equipment of \$158,339 has been included in furniture and equipment in the accompanying consolidated balance sheets at December 31, 2020 and 2019. The associated accumulated amortization for the capitalized leased equipment is \$37,483 and \$146,942 as of December 31, 2020 and 2019, respectively. Amortization expense was \$38,037 and \$40,146 for the years ended December 31, 2020 and 2019, respectively

Maturities of long-term debt (including finance lease obligations) for the next five years and in the aggregate are as follows:

2021	\$ 1,372,310
2022	1,420,958
2023	1,477,158
2024	1,548,418
2025	1,605,364
Thereafter	<u>63,391,178</u>
	<u>\$ 70,815,386</u>

Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements

6. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 4,731,263	\$ 4,731,263
Land improvements	1,008,423	1,008,423
Building and improvements	142,373,270	138,337,317
Furniture and equipment	13,034,740	12,789,793
Vehicle	<u>483,846</u>	<u>226,253</u>
	161,631,542	157,093,049
Less – accumulated depreciation and amortization	<u>(58,705,630)</u>	<u>(53,410,789)</u>
	102,925,912	103,682,260
Construction in progress	<u>360,680</u>	<u>125,267</u>
	<u>\$ 103,286,592</u>	<u>\$ 103,807,527</u>

Depreciation and amortization expense was \$5,294,837 and \$5,372,292 as of December 31, 2020 and 2019, respectively.

7. Functional Expenses

Vinson Hall provides independent living, assisted living, and skilled nursing services to elderly and handicapped persons. The NMCGRF does not provide any care-related services but supports the operations of Vinson Hall by actively raising contributions to afford financial assistance to those residents who may have outlived their resources.

Expenses related to providing these services for the year ending December 31, 2020:

	<u>Housing and Nursing Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 11,437,438	\$ 2,974,054	\$ 245,137	\$ 14,656,629
Purchased services	2,717,213	-	-	2,717,213
Repairs and maintenance	1,695,488	565,163	-	2,260,651
Utilities	744,409	131,366	-	875,775
Food	701,774	-	-	701,774
Interest	-	3,587,770	-	3,587,770
Depreciation and amortization	5,030,095	264,742	-	5,294,837
Other	<u>3,950,643</u>	<u>1,356,322</u>	<u>56,219</u>	<u>5,363,184</u>
	<u>\$ 26,277,060</u>	<u>\$ 8,879,417</u>	<u>\$ 301,356</u>	<u>\$ 35,457,833</u>

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

Expenses related to providing these services for the year ending December 31, 2019:

	<u>Housing and Nursing Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 10,885,057	\$ 2,906,247	\$ 223,710	\$ 14,015,014
Purchased services	1,205,205	-	-	1,205,205
Repairs and maintenance	821,639	273,880	-	1,095,519
Utilities	865,500	152,735	-	1,018,235
Food	791,676	-	-	791,676
Interest	-	3,637,228	-	3,637,228
Depreciation and amortization	5,103,678	268,615	-	5,372,293
Other	<u>4,385,383</u>	<u>941,515</u>	<u>53,850</u>	<u>5,380,748</u>
	<u>\$ 24,058,138</u>	<u>\$ 8,180,220</u>	<u>\$ 277,560</u>	<u>\$ 32,515,918</u>

8. Employee Benefit Plan

The Corporation maintains a defined contribution plan under Internal Revenue Code Section 401(k). All permanent employees age twenty-one and over who have completed three months of service may contribute up to 85% of their earnings, subject to annual limits established by federal regulations. Matching contributions are discretionary, vest after one year of service, and were 15% of employee contributions during 2020 and 2019. Contributions made by the Corporation were \$115,057 and \$96,893 during 2020 and 2019, respectively, and have been reported as a component of benefits in the accompanying consolidated statements of operations and changes in net assets.

The Corporation has a deferred compensation plan that permits certain executives to defer receiving a portion of their compensation. Board approval is needed for the executive to be eligible. Matching contributions are 15% of employee contribution and are 100% vested following one year of service. The amount of the benefit is based on the value of the individual's account at the time of distribution. No contributions were made by the Corporation during 2020 and 2019, respectively, and have been reported as a component of benefits in the accompanying consolidated statements of operations and changes in net assets. The deferred amounts are included in other assets with the associated liability of an equal amount included in deferred compensation payable in the accompanying consolidated balances sheets.

9. Professional and General Liability Insurance

The Corporation maintained professional and general liability coverage of \$1,000,000 per claim with a \$3,000,000 aggregate limit on a "claims-made" basis. Based on a review of the Corporation's prior experience and incidents occurring through December 31, 2020, management determined that no accrual for asserted or unasserted malpractice or general claims is necessary at this time.

The outcome of any potential investigative, regulatory or prosecutorial activity that may occur cannot be predicted with certainty. However, in the opinion of management, any future potential losses resulting from such activity would be immaterial to the consolidated financial statements taken as a whole.

10. Net Assets – With Donor Restrictions

Net assets with donor restrictions that are temporary in nature are available as of December 31 for the following programs and projects:

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

	<u>2020</u>	<u>2019</u>
Resident assistance	\$ 1,846,204	\$ 1,414,619
Technology	13,087	10,358
Wounded Warrior	957,999	955,542
Other	<u>28,240</u>	<u>19,031</u>
	<u>\$ 2,845,530</u>	<u>\$ 2,399,550</u>

A portion of net assets with donor restrictions as of December 31, 2020 and 2019 consists of a donor-restricted endowment fund which is restricted to investments in perpetuity. As stipulated by the donor, the income plus 25% of the net appreciation on an annual basis (if any) is expendable to provide financial assistance to qualified residents of VH, ABP, and TS. The remaining 75% of the net appreciation (if any) is reported as a component of net assets with donor restriction and is temporary in nature in accordance with current accounting principles.

Current accounting principles provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). The Commonwealth of Virginia passed UPMIFA into law in March 2008 making the provisions of the current accounting principles effective for fiscal year 2009. UPMIFA stipulates that for each donor-restricted endowment fund, unless otherwise stated, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the organization. Therefore, a not-for-profit organization shall classify the portion of the fund that is not classified in perpetually restricted net assets as with donor restrictions until appropriated for expenditure. UPMIFA also prescribes new guidelines for the expenditure of a donor-restricted endowment fund. The adoption of UPMIFA did not have a material impact on the accounting for NMCGRF's endowment.

NMCGRF classifies the following as restricted in perpetuity: 1) the original value of gifts donated to the permanent endowment; 2) the original value of subsequent gifts donated to the permanent endowment; and 3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with donor stipulation or law. Management considers factors such as the duration and preservation of the fund; the purposes of the organization and the donor-restricted endowment fund; general economic conditions; possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resource of NMCGRF; and the investment policies of the NMCGRF in making a determination to appropriate or accumulate donor-restricted endowment funds.

The activities of the donor-restricted endowment fund during 2020 are as follows:

	<u>Restricted by Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Contributions	\$ -	\$ -	\$ -
Investment income	96,456	-	96,456
Net appreciation	<u>281,485</u>	<u>-</u>	<u>281,485</u>
Contributions and investment return	377,941	-	377,941
Net assets released for resident assistance	<u>(166,828)</u>	<u>-</u>	<u>(166,828)</u>
Total change in endowment funds	211,113	-	211,113
Beginning balance	<u>1,414,620</u>	<u>1,166,514</u>	<u>2,581,134</u>
Ending balance	<u>\$ 1,625,733</u>	<u>\$ 1,166,514</u>	<u>\$ 2,792,247</u>

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

The activities of the donor-restricted endowment fund during 2019 are as follows:

	<u>Restricted by Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Contributions	\$ -	\$ -	\$ -
Investment income	80,773	-	80,773
Net appreciation	<u>400,728</u>	<u>-</u>	<u>400,728</u>
Contributions and investment return	481,501	-	481,501
Net assets released for resident assistance	<u>(180,955)</u>	<u>-</u>	<u>(180,955)</u>
Total change in endowment funds	300,546	-	300,546
Beginning balance	<u>1,114,074</u>	<u>1,166,514</u>	<u>2,280,588</u>
Ending balance	<u>\$ 1,414,620</u>	<u>\$ 1,166,514</u>	<u>\$ 2,581,134</u>

11. Liquidity and Availability

As part of its liquidity management, the Corporation has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. The Corporation has days cash on hand of approximately 685 days and 800 days at December 2020 and 2019, respectively.

Financial assets available for general expenditure within one year of the consolidated balance sheets consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 931,203	\$ (53,255)
Accounts receivable, net	1,632,072	955,954
Other receivables	109,598	128,169
Unrestricted marketable securities	<u>55,661,583</u>	<u>58,898,820</u>
	<u>\$ 58,334,456</u>	<u>\$ 59,929,688</u>

12. COVID-19 Pandemic

In response to the global coronavirus disease (COVID-19) pandemic across the United States, the federal government and a large number of state governments, including the Commonwealth of Virginia, have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including limitations on public gatherings, wearing of masks in public, and restrictions on restaurant and other businesses operating capacity.

An outbreak of an infectious disease, including the growth in the magnitude or severity of COVID-19 cases in the Corporation's service area, could result in an abnormally high demand for health care services, potentially inundating service providers with patients in need of intensive care services. The treatment of this highly contagious disease could also result in a temporary shutdown of areas of the facility or diversion of patients or staffing shortages. Additionally, elective services were being deferred in the earlier part of the fiscal year, which resulted in reduced patient volumes and operating revenues. Further, the changing global economic conditions or potential

**Navy Marine Coast Guard Residence Foundation and Subsidiary Notes
to Consolidated Financial Statements**

global health concerns surrounding the COVID-19 pandemic may also affect the Corporation's partners, suppliers, distributors and payors, potentially disrupting or delaying the Company's supply chain and delaying reimbursement by governmental, commercial or private payors, as well as impacting their creditworthiness and ability to pay. At this time, it is not possible to accurately predict the significance of the duration of the COVID-19 pandemic, the impact on operating results, the costs associated with responding to this pandemic, or what federal funds may continue be made available to help recover from this crisis. The Corporation has implemented various cost saving measures to help mitigate any financial impact.

In addition to the direct impact to the health care industry, global investment and financial markets have experienced substantial volatility, with significant declines attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above. As with nearly all industries and companies operating through the COVID-19 pandemic, the Corporation expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

Although the Corporation has activated plans to address the COVID-19 threat and is operating pursuant to infectious disease protocols and its emergency preparedness plan, the potential impact of the COVID-19 pandemic is difficult to predict and could materially adversely impact the Corporation's financial condition, liquidity and results of operations in the future.

The Corporation received and recognized as other program revenue CARES Act Provider Relief Funds of approximately \$814,000 during the year ended December 31, 2020. In addition to the terms, conditions, and published regulatory guidance, HHS has published additional guidance related to the nature and allowability of certain qualifying expenses and methods for determining lost revenues attributable to COVID-19 through the publication of Frequently Asked Questions (FAQs). These HHS Provider Relief Fund FAQs have been subject to significant amendment and revision over the course of the program. Additional guidance from HHS may be forthcoming, but the nature and extent of such additional forthcoming guidance is uncertain. The Corporation relied on the available guidance in determining the amounts of qualifying expenses and lost revenues attributed to COVID-19 and the related recognition of revenue during fiscal year 2020. Such determinations required management to make subjective interpretations of the available guidance, and to make assumptions and exercise considerable judgment. Subsequent changes or clarifications in guidance from HHS could have a material impact on management's estimates and the determination of such amounts. The Provider Relief Fund is subject to audit by HHS which may result in disallowed expenditures which may be subject to recoupment. Such amounts, if any, cannot be determined at this time. The Corporation will continue to monitor changes in reporting guidance or additional clarifications that may be issued by HHS.



Supplementary Information

Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Balance Sheets
December 31, 2020

	Navy Marine Coast Guard Residence Foundation	Vinson Hall, LLC	Consolidating Entries	Consolidated Balance
ASSETS				
Current assets:				
Cash	\$ -	\$ 7,042,085	\$ (6,110,882)	\$ 931,203
Assets whose use is limited, held by bond trustee, current portion	-	400,495	-	400,495
Accounts receivable, net	-	1,632,072	-	1,632,072
Other receivables	109,598	-	-	109,598
Due from VHC	55,016,402	-	(55,016,402)	-
Prepaid expenses and other current assets	11,861	323,654	-	335,515
Total current assets	55,137,861	9,398,306	(61,127,284)	3,408,883
Property and equipment, net	-	103,286,592	-	103,286,592
Other assets:				
Investments	55,661,583	-	-	55,661,583
Assets whose use is limited:				
Investments held by bond trustee, less current portion	-	5,050,539	-	5,050,539
Endowment fund	3,347,687	-	-	3,347,687
Investments restricted by donors	983,764	-	-	983,764
Investments restricted by the board for deferred compensation	149,173	-	-	149,173
Total other assets	60,142,207	5,050,539	-	65,192,746
Total assets	<u>\$ 115,280,068</u>	<u>\$ 117,735,437</u>	<u>\$ (61,127,284)</u>	<u>\$ 171,888,221</u>

Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Balance Sheets
December 31, 2020

(Continued)

	Navy Marine Coast Guard Residence Foundation	Vinson Hall, LLC	Consolidating Entries	Consolidated Balance
LIABILITIES AND NET ASSETS				
Current liabilities:				
Cash overdraft	\$ 6,110,882	\$ -	\$ (6,110,882)	\$ -
Accounts payable and accrued expenses	9,604	1,475,730	-	1,485,334
Accrued salaries and benefits	106,912	1,250,437	-	1,357,349
Due to NMCGRF	-	55,016,402	(55,016,402)	-
Accrued interest	-	288,725	-	288,725
Current portion of long-term debt	-	1,347,497	-	1,347,497
Total current liabilities	6,227,398	59,378,791	(61,127,284)	4,478,905
Long-term obligations:				
Deferred compensation payable	149,173	-	-	149,173
Long-term debt, net of \$1,860,150 of unamortized debt issuance costs, less current portion	-	67,606,408	-	67,606,408
Annuity contracts	53,628	-	-	53,628
Entry fee deposits held	970,300	-	-	970,300
Deferred revenue	9,881,822	95,605	-	9,977,427
Refundable entry fees	69,835,436	-	-	69,835,436
Total long-term obligations	80,890,359	67,702,013	-	148,592,372
Total liabilities	87,117,757	127,080,804	(61,127,284)	153,071,277
Net assets (deficit):				
Without donor restrictions	24,150,267	(9,345,367)	-	14,804,900
With donor restrictions	4,012,044	-	-	4,012,044
Total net assets (deficit)	28,162,311	(9,345,367)	-	18,816,944
Total liabilities and net assets	\$ 115,280,068	\$ 117,735,437	\$ (61,127,284)	\$ 171,888,221

Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Balance Sheets
December 31, 2019

	Navy Marine Coast Guard Residence Foundation	Vinson Hall, LLC	Consolidating Entries	Consolidated Balance
ASSETS				
Current assets:				
Cash	\$ -	\$ 5,454,080	\$ (5,454,080)	\$ -
Assets whose use is limited, held by bond trustee, current portion	-	415,492	-	415,492
Accounts receivable, net	-	955,954	-	955,954
Other receivables	136,734	(8,565)	-	128,169
Due from VHC	50,444,306	-	(50,444,306)	-
Due from affiliate	-	-	-	-
Prepaid expenses and other current assets	<u>25,684</u>	<u>387,548</u>	<u>-</u>	<u>413,232</u>
Total current assets	50,606,724	7,204,509	(55,898,386)	1,912,847
Property and equipment, net	-	103,807,527	-	103,807,527
Other assets:				
Investments	58,898,820	-	-	58,898,820
Assets whose use is limited:				
Investments held by bond trustee, less current portion	-	5,027,117	-	5,027,117
Endowment fund	3,032,790	-	-	3,032,790
Investments restricted by donors	978,905	-	-	978,905
Investments restricted by the board for deferred compensation	<u>219,173</u>	<u>-</u>	<u>-</u>	<u>219,173</u>
Total other assets	<u>63,129,688</u>	<u>5,027,117</u>	<u>-</u>	<u>68,156,805</u>
Total assets	<u>\$ 113,736,412</u>	<u>\$ 116,039,153</u>	<u>\$ (55,898,386)</u>	<u>\$ 173,877,179</u>

Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Balance Sheets
December 31, 2019

(Continued)

	Navy Marine Coast Guard Residence Foundation	Vinson Hall, LLC	Consolidating Entries	Consolidated Balance
LIABILITIES AND NET ASSETS				
Current liabilities:				
Cash overdraft	\$ 5,507,335	\$ -	\$ (5,454,080)	\$ 53,255
Accounts payable and accrued expenses	(6,838)	863,711	-	856,873
Accrued salaries and benefits	75,094	981,845	-	1,056,939
Due to NMCGRF	-	50,444,306	(50,444,306)	-
Accrued interest	-	293,025	-	293,025
Current portion of long-term debt	-	1,326,991	-	1,326,991
Total current liabilities	5,575,591	53,909,878	(55,898,386)	3,587,083
Long-term obligations:				
Deferred compensation payable	219,173	-	-	219,173
Long-term debt, net of \$1,928,902 of unamortized debt issuance costs less current portion	-	68,758,450	-	68,758,450
Annuity contracts	53,983	-	-	53,983
Entry fee deposits held	859,650	-	-	859,650
Deferred revenue	11,201,364	82,739	-	11,284,103
Refundable entry fees	71,340,643	-	-	71,340,643
Total long-term obligations	83,674,813	68,841,189	-	152,516,002
Total liabilities	89,250,404	122,751,067	(55,898,386)	156,103,085
Net assets:				
Without donor restrictions	20,919,944	(6,711,914)	-	14,208,030
With donor restrictions	3,566,064	-	-	3,566,064
Total net assets	24,486,008	(6,711,914)	-	17,774,094
Total liabilities and net assets	\$ 113,736,412	\$ 116,039,153	\$ (55,898,386)	\$ 173,877,179

**Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Operations and Changes in Net Assets
Year Ended December 31, 2020**

	Navy Marine Coast Guard Residence Foundation		Vinson Hall, LLC	Consolidated Balance		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Revenue:						
Resident Fees, private pay	\$ -	\$ -	\$ 22,746,617	\$ 22,746,617	\$ -	\$ 22,746,617
Resident Fees, Medicare	-	-	3,169,610	3,169,610	-	3,169,610
Other program revenue	-	-	1,972,845	1,972,845	-	1,972,845
Earned entry fees	2,216,226	-	-	2,216,226	-	2,216,226
Philanthropy and engagement	345,048	68,038	-	345,048	68,038	413,086
Interest and dividends	1,424,208	96,456	32,813	1,457,021	96,456	1,553,477
Total revenue	3,985,482	164,494	27,921,885	31,907,367	164,494	32,071,861
Expenses:						
Health and wellness	-	-	9,006,120	9,006,120	-	9,006,120
Dining services	-	-	3,099,154	3,099,154	-	3,099,154
Program services	284,517	-	-	284,517	-	284,517
Philanthropy and engagement	372,234	-	-	372,234	-	372,234
Social services	-	-	237,397	237,397	-	237,397
Life enrichment	-	-	684,768	684,768	-	684,768
Facilities maintenance	-	-	2,897,877	2,897,877	-	2,897,877
Housekeeping	-	-	1,248,922	1,248,922	-	1,248,922
Utilities	-	-	875,775	875,775	-	875,775
Security and concierge	-	-	1,359,596	1,359,596	-	1,359,596
Sales and admissions	-	-	216,932	216,932	-	216,932
Administration and management fee	398,157	-	3,941,634	4,339,791	-	4,339,791
Employee benefits	-	-	1,587,918	1,587,918	-	1,587,918
Insurance	-	-	346,502	346,502	-	346,502
Depreciation and amortization	-	-	5,294,837	5,294,837	-	5,294,837
Interest	-	-	3,583,655	3,583,655	-	3,583,655
Other	-	-	21,838	21,838	-	21,838
Total expenses	1,054,908	-	34,402,925	35,457,833	-	35,457,833

See independent auditors' report.

**Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Operations and Changes in Net Assets
Year Ended December 31, 2020**

(Continued)

	Navy Marine Coast Guard Residence Foundation		Vinson Hall, LLC	Consolidated Balance		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Income (loss) from operations	2,930,574	164,494	(6,481,040)	(3,550,466)	164,494	(3,385,972)
Nonoperating gains:						
Realized gains	2,544,745	146,165	-	2,544,745	146,165	2,690,910
Unrealized gains	1,449,213	135,321	-	1,449,213	135,321	1,584,534
Other	-	-	153,378	153,378	-	153,378
Net income (loss)	6,924,532	445,980	(6,327,662)	596,870	445,980	1,042,850
Contributions from (to) affiliate	(3,694,209)	-	3,694,209	-	-	-
Changes in net assets	3,230,323	445,980	(2,633,453)	596,870	445,980	1,042,850
Net assets, beginning of year	20,919,944	3,566,064	(6,711,914)	14,208,030	3,566,064	17,774,094
Net assets, end of year	<u>\$ 24,150,267</u>	<u>\$ 4,012,044</u>	<u>\$ (9,345,367)</u>	<u>\$ 14,804,900</u>	<u>\$ 4,012,044</u>	<u>\$ 18,816,944</u>

**Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Operations and Changes in Net Assets
Year Ended December 31, 2019**

	Navy Marine Coast Guard Residence Foundation		Vinson Hall, LLC	Consolidated Balance		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Resident Fees, private pay	\$ -	\$ -	\$ 22,246,164	\$ 22,246,164	\$ -	\$ 22,246,164
Resident Fees, Medicare	-	-	2,844,349	2,844,349	-	2,844,349
Other program revenue	-	-	1,314,472	1,314,472	-	1,314,472
Earned entry fees	2,197,381	-	-	2,197,381	-	2,197,381
Philanthropy and engagement	625,511	39,550	-	625,511	39,550	665,061
Interest and dividends	1,254,696	80,773	157,565	1,412,261	80,773	1,493,034
Total revenue	4,077,588	120,323	26,562,550	30,640,138	120,323	30,760,461
Expenses:						
Health and wellness	-	-	6,810,135	6,810,135	-	6,810,135
Dining services	-	-	3,160,951	3,160,951	-	3,160,951
Program services	329,823	-	-	329,823	-	329,823
Philanthropy and engagement	422,450	-	-	422,450	-	422,450
Social services	-	-	68,316	68,316	-	68,316
Life enrichment	-	-	898,201	898,201	-	898,201
Facilities maintenance	-	-	2,417,308	2,417,308	-	2,417,308
Housekeeping	-	-	1,250,185	1,250,185	-	1,250,185
Utilities	-	-	1,018,235	1,018,235	-	1,018,235
Security and concierge	-	-	784,616	784,616	-	784,616
Sales and admissions	-	-	142,086	142,086	-	142,086
Administration and management fee	335,677	-	3,432,829	3,768,506	-	3,768,506
Employee benefits	-	-	2,141,881	2,141,881	-	2,141,881
Insurance	-	-	274,725	274,725	-	274,725
Depreciation and amortization	-	-	5,372,292	5,372,292	-	5,372,292
Interest	-	-	3,637,228	3,637,228	-	3,637,228
Other	-	-	18,980	18,980	-	18,980
Total expenses	1,087,950	-	31,427,968	32,515,918	-	32,515,918

See independent auditors' report.

EXHIBIT F
NMCGRF & VH, LLC Combined Financial Statements, 2019 & 2018

Navy Marine Coast Guard Residence Foundation and Subsidiary

**Consolidated Financial Statements and
Supplementary Information**

Years Ended December 31, 2019 and 2018



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Independent Auditors' Report

Board of Trustees
Navy Marine Coast Guard Residence Foundation and Subsidiary
McLean, Virginia

We have audited the accompanying consolidated financial statements of Navy Marine Coast Guard Residence Foundation and Subsidiary (collectively, the "Corporation"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Navy Marine Coast Guard Residence Foundation and Subsidiary, as of December 31, 2019 and 2018, and the results of their consolidated operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of consolidated balance sheets and consolidated operations and changes in net assets for the years ended December 31, 2019 and 2018 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dixon Hughes Goodman LLP

**Gaithersburg, Maryland
May 15, 2020**

Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Balance Sheets
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash	\$ -	\$ 612,995
Assets whose use is limited, current portion of trustee held funds	415,492	415,379
Accounts receivable, net	955,954	684,768
Other receivables	128,169	3,618,620
Prepaid expenses and other current assets	<u>413,232</u>	<u>310,325</u>
Total current assets	1,912,847	5,642,087
Property and equipment, net	103,807,527	106,802,261
Other assets:		
Investments	58,898,820	45,925,868
Assets whose use is limited:		
Investments held by bond trustee, less current portion	5,027,117	4,922,634
Endowment fund	3,032,790	2,280,588
Investments restricted by donors	978,905	968,005
Investments restricted by the board for deferred compensation	<u>219,173</u>	<u>256,734</u>
Total other assets	<u>68,156,805</u>	<u>54,353,829</u>
Total assets	<u>\$ 173,877,179</u>	<u>\$ 166,798,177</u>

**Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Balance Sheets
December 31, 2019 and 2018**

(Continued)

	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Cash overdraft	\$ 53,255	\$ -
Accounts payable and accrued expenses	856,873	797,438
Accrued salaries and benefits	1,056,939	1,113,408
Accrued interest	293,025	297,159
Current portion of long-term debt	<u>1,326,991</u>	<u>1,279,710</u>
Total current liabilities	3,587,083	3,487,715
Long-term obligations:		
Deferred compensation payable	219,173	256,734
Long-term debt, net of \$1,928,902 and \$1,997,655 of unamortized debt issuance costs at December 31, 2019 and 2018, respectively, less current portion	68,758,450	70,015,360
Annuity contracts	53,983	58,186
Entry fee deposits held	859,650	716,650
Deferred revenue	11,284,103	10,907,264
Refundable entry fees	<u>71,340,643</u>	<u>69,626,540</u>
Total long-term obligations	152,516,002	151,580,734
Total liabilities	156,103,085	155,068,449
Net assets:		
Without donor restrictions	14,208,030	8,473,458
With donor restrictions	<u>3,566,064</u>	<u>3,256,270</u>
Total net assets	17,774,094	11,729,728
Total liabilities and net assets	<u>\$ 173,877,179</u>	<u>\$ 166,798,177</u>

See accompanying notes.

**Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Resident Fees - private pay	\$ 22,246,164	\$ -	\$ 22,246,164
Resident Fees - Medicare	2,844,349	-	2,844,349
Other program revenue	1,314,472	-	1,314,472
Earned entry fees	2,197,381	-	2,197,381
Philanthropy and engagement	625,511	39,550	665,061
Interest and dividends	<u>1,412,261</u>	<u>80,773</u>	<u>1,493,034</u>
Total revenue	30,640,138	120,323	30,760,461
Expenses:			
Health and wellness	6,810,135	-	6,810,135
Dining services	3,160,951	-	3,160,951
Program services	329,823	-	329,823
Social services	68,316	-	68,316
Life enrichment	898,201	-	898,201
Philanthropy and engagement	422,450	-	422,450
Facilities maintenance	2,417,308	-	2,417,308
Housekeeping	1,250,185	-	1,250,185
Utilities	1,018,235	-	1,018,235
Security and concierge	784,616	-	784,616
Sales and admissions	142,086	-	142,086
Administration and management fee	3,768,506	-	3,768,506
Employee benefits	2,141,881	-	2,141,881
Insurance	274,725	-	274,725
Depreciation and amortization	5,372,292	-	5,372,292
Interest	3,637,228	-	3,637,228
Other	<u>18,980</u>	<u>-</u>	<u>18,980</u>
Total expenses	<u>32,515,918</u>	<u>-</u>	<u>32,515,918</u>
Net income (loss) from operations	(1,875,780)	120,323	(1,755,457)
Nonoperating gains:			
Realized gains	173,271	22,365	195,636
Unrealized gains	7,303,278	167,106	7,470,384
Other	<u>133,803</u>	<u>-</u>	<u>133,803</u>
Changes in net assets	5,734,572	309,794	6,044,366
Net assets, beginning of year	<u>8,473,458</u>	<u>3,256,270</u>	<u>11,729,728</u>
Net assets, end of year	<u>\$ 14,208,030</u>	<u>\$ 3,566,064</u>	<u>\$ 17,774,094</u>

See accompanying notes.

**Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Statement of Operations and Changes in Net Assets
Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Resident Fees - private pay	\$ 22,963,817	\$ -	\$ 22,963,817
Resident Fees - Medicare	2,046,945	-	2,046,945
Other program revenue	1,045,379	-	1,045,379
Earned entry fees	2,286,611	-	2,286,611
Philanthropy and engagement	511,206	(27,875)	483,331
Interest and dividends	1,236,901	69,805	1,306,706
Net assets released from restrictions	<u>37,650</u>	<u>(37,650)</u>	<u>-</u>
Total revenue	30,128,509	4,280	30,132,789
Expenses:			
Health and wellness	6,910,612	-	6,910,612
Dining services	3,080,671	-	3,080,671
Program services	359,992	-	359,992
Social services	66,779	-	66,779
Life enrichment	1,007,374	-	1,007,374
Philanthropy and engagement	324,971	-	324,971
Facilities maintenance	1,694,772	-	1,694,772
Housekeeping	1,235,795	-	1,235,795
Utilities	1,093,654	-	1,093,654
Security and concierge	750,738	-	750,738
Sales and admissions	147,279	-	147,279
Administration and management fee	3,461,740	-	3,461,740
Employee benefits	2,288,554	-	2,288,554
Insurance	237,731	-	237,731
Depreciation and amortization	5,403,179	-	5,403,179
Interest	3,677,332	-	3,677,332
Other	<u>6,929</u>	<u>-</u>	<u>6,929</u>
Total expenses	<u>31,748,102</u>	<u>-</u>	<u>31,748,102</u>
Net income (loss) from operations	(1,619,593)	4,280	(1,615,313)
Nonoperating gains:			
Realized gains	826,182	58,607	884,789
Unrealized gains	(4,041,878)	(262,040)	(4,303,918)
Other	<u>(310,583)</u>	<u>-</u>	<u>(310,583)</u>
Changes in net assets	(5,145,872)	(199,153)	(5,345,025)
Net assets, beginning of year	<u>13,619,330</u>	<u>3,455,423</u>	<u>17,074,753</u>
Net assets, end of year	<u>\$ 8,473,458</u>	<u>\$ 3,256,270</u>	<u>\$ 11,729,728</u>

See accompanying notes.

Navy Marine Coast Guard Residence Foundation and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Changes in net assets	\$ 6,044,366	\$ (5,345,025)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Non-refundable entry fees received	2,479,006	1,796,944
Amortization of entry fees	(2,197,381)	(2,286,611)
Depreciation and amortization	5,372,292	5,403,179
Amortization of debt issuance costs	68,752	68,752
Loss on disposal of equipment	-	407,469
Realized and unrealized losses (gains) on investments	(7,666,020)	3,419,129
Restricted contributions and investment income received	(120,323)	(143,125)
Change in:		
Accounts receivable	(271,186)	(39,688)
Other receivables	89,976	(41,324)
Prepaid expenses and other current assets	(102,907)	1,144
Accounts payable and accrued expenses	59,435	315,680
Accrued salaries and benefits	(56,469)	(153,076)
Accrued interest	(4,134)	(3,966)
Deferred compensation	(37,561)	(66,830)
Annuity contracts	(4,203)	(1,636)
Deferred revenue	(12,836)	(109)
Net cash provided by operating activities	<u>3,640,807</u>	<u>3,330,907</u>
Cash flows from investing activities:		
Purchases of investments	(42,625,896)	(28,706,244)
Proceeds from sale of investments	36,555,862	28,770,589
Change in investments held for deferred compensation, net	37,561	66,830
Purchase of property and equipment	(2,377,558)	(2,268,997)
Net cash used in investing activities	<u>(8,410,031)</u>	<u>(2,137,822)</u>
Cash flows from financing activities:		
Restricted contributions and restricted investment income	120,323	143,125
Proceeds from deposits and refundable entry fees	10,288,862	4,047,566
Refunds of deposits and refundable entry fees	(4,923,234)	(4,059,854)
Payments on long-term debt	(1,278,381)	(1,220,099)
Net cash provided by (used in) financing activities	<u>4,207,570</u>	<u>(1,089,262)</u>
Net change in cash and restricted cash	(561,654)	103,823
Cash, cash equivalents and restricted cash, beginning of year	<u>5,951,008</u>	<u>5,847,185</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 5,389,354</u>	<u>\$ 5,951,008</u>
Supplemental disclosure of cash flow information and noncash investing and financing activities:		
Property and equipment acquired through capital lease	\$ -	\$ 31,941
Interest paid	<u>\$ 3,641,362</u>	<u>\$ 3,739,714</u>

See accompanying notes.

Navy Marine Coast Guard Residence Foundation and Subsidiary Notes to Consolidated Financial Statements

1. Organization and Nature of Business

Navy Marine Coast Guard Residence Foundation (“NMCGRF”) and Vinson Hall, LLC (“Vinson Hall”, a wholly controlled subsidiary of NMCGRF) provide secure independent living, primarily for retired commissioned officers, from all branches of the military, and their immediate families; as well as assisted living and nursing care services to all members of the general public. NMCGRF actively raises contributions to help provide confidential financial assistance, as available and as determined on a case-by-case basis, to those residents who may have outlived their resources. Vinson Hall provides independent living, assisted living, and skilled nursing services to elderly and handicapped persons in McLean, Virginia. Beneficiaries of this secure retirement reside in Vinson Hall (“VH”), Willow Oak (“WO”), Arleigh Burke Pavilion (“ABP”), and The Sylvestery (“TS”). As of December 31, 2019, VH has 171 independent living units, and provided services primarily to commissioned officers of the uniformed services and their spouses. WO has 75 independent living apartments in a separate building that opened in November 2014. ABP, which began operations in 1991, has 49 licensed nursing beds and 22 assisted living apartments. In 2003, TS was opened as a 36-bed facility to provide assisted living to memory impaired adults. In January 2015, Vinson Hall also opened a Community Building.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“U.S. GAAP”) that NMCGRF and Vinson Hall (collectively, the “Corporation”) follow to ensure its financial condition, results of operations, changes in net assets, and cash flows are consistently reported. References to U.S. GAAP issued by the FASB in these notes are to the FASB Accounting Standards Codification (“ASC”).

Basis of accounting

The Corporation prepares its consolidated financial statements in accordance with U.S. GAAP, which include the use of the accrual basis of accounting, whereby revenues are reported when performance obligations are satisfied and expenses are reported when incurred.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation

The consolidated financial statements include accounts of NMCGRF and Vinson Hall. All material intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Concentration of risk

Vinson Hall grants credit without collateral to its residents, most of whom are private pay, with some residents being insured under third-party arrangements.

Navy Marine Coast Guard Residence Foundation and Subsidiary
Notes to Consolidated Financial Statements

Cash and cash equivalents

Cash and cash equivalents are cash in banks, cash on hand, and highly liquid financial instruments with original maturities of less than 90 days when purchased, and are recorded at cost, which approximates fair value. Cash equivalents included in investment accounts, other than those held by trustee, are reported as investments, and are not considered cash equivalents for the purposes of the consolidated statements of cash flows. Primarily all of the Corporation's cash and cash equivalents are maintained in a commercial bank (Branch Banking and Trust, also known as "BB&T"), for which an aggregate of \$250,000 per bank is insured by the Federal Deposit Insurance Corporation ("FDIC"). The Corporation's cash holdings in the commercial bank routinely exceed the maximum amount insured by the FDIC. The Corporation has not experienced any losses related to funds held in excess of the FDIC limits.

Restricted cash included in assets whose use is limited on the accompanying balance sheets represents amounts held by a trustee under debt agreements.

	<u>2019</u>	<u>2018</u>
Cash	\$ (53,255)	\$ 612,995
Restricted cash and cash equivalents, included in assets whose use is limited, trustee held funds	<u>5,442,609</u>	<u>5,338,013</u>
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 5,389,354</u>	<u>\$ 5,951,008</u>

Investments

Investments, including investments held by bond trustee, are reported at their fair values (see Note 4). Assets whose use is limited that are required to meet current liabilities of the Corporation have been classified as current assets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is recognized in the consolidated statements of operations and changes in net assets as an increase in net assets without donor restrictions, unless restricted by donor or law.

Property and equipment

Property and equipment is recorded at cost (see Note 6). Donated property is reported at fair value at date of receipt. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Land improvements	7–20 years
Building and improvements	15–50 years
Furniture and equipment	3–20 years
Vehicle	3–15 years

Expenditures that extend the useful lives of the asset or significantly increase their capacity are capitalized.

Other receivables

Other receivables consist of short-term, note receivables to new residents. These receivables are paid off, generally within three months for notes executed during 2019 and six months for notes executed during 2018, after the sale of the tenant's primary residence is completed. Interest on the note receivables is charged annually at 4% of the outstanding balance.

Navy Marine Coast Guard Residence Foundation and Subsidiary Notes to Consolidated Financial Statements

Debt issuance costs

Debt issuance costs incurred in issuing the Series 2013 bond financing issued by the Fairfax County Economic Development Authority (the "Authority") have been capitalized by Vinson Hall. Debt issuance costs are deferred and amortized over the life of the related financing on a straight-line basis. Debt issuance cost amortization was \$68,752 per year during 2019 and 2018.

Contracts

Residents who move into VH and WO sign a fee-for-service contract, which provides for housing, residential services and related amenities but no health-related services. In addition to the entry fees, which are paid to NMCGRF either under a non-refundable or refundable contract, residents also pay a monthly use fee.

Deferred revenue from entry fees

The Corporation has two entrance fee options to newly admitted residents. These contracts offer various entrance fee refund provisions as described below:

50-Month Declining Balance Contract – Under this contract, the entry fee decreases by 2% per month for 50 consecutive months from the contract origination date. The resident will not be entitled to a refund after 50 months of occupancy.

90% Refundable Contract – Under this contract, upon the death of the resident or the permanent withdrawal or removal of the resident from VH and upon the release of the resident's unit, the resident shall be entitled to a refund of ninety percent (90%) of the entry fee.

The Corporation offered a nonrefundable contract option prior to January 2015. Entry fees are recorded to reflect a liability for the refundable portion and deferred revenue for the non-refundable portion. Refunds associated with these contracts are due upon the death of the resident or the permanent withdrawal or removal of the resident from Vinson Hall. Refunds do not bear interest. The gross amount of contractually refundable entry fees under contracts existing at December 31, 2019 and 2018 was \$73,444,304 and \$71,435,811, respectively. Deferred revenue is amortized to revenue using the straight-line method over the lesser of the contract term or the estimated remaining life expectancies of the resident.

Net resident fees and accounts receivable

Net resident fees represent the estimated net realizable amounts from residents and Medicare for services rendered (See Note 3). Accounts receivable consists of amounts due from residents and Medicare, and is reported at an amount management expects to collect.

Obligation to provide future services

Vinson Hall provide services and the use of facilities to residents under contract agreements. The nature and extent of such services depend on such variables as the resident's age, health, sex, and economic status upon entering Vinson Hall. If the advance fees and periodic fees charged are insufficient to meet the costs of providing future services and the use of facilities, Vinson Hall has a liability to provide future services and the use of facilities that is equal to the estimated cost of providing future services and the use of facilities (defined as amounts that are expected to be incurred to provide services and the use of facilities to individuals over their remaining lives under residential contracts, including resident-care, dietary, health care, facility, interest, depreciation, and amortization costs) in excess of the related anticipated revenues. The liability is based on actuarial assumptions (such as mortality and morbidity rates), on estimates of future costs and revenues, and on Vinson Hall's historical experience and statistical data. In the opinion of management, Vinson Hall has no liability for obligation to provide future services as of December 31, 2019 and 2018.

Navy Marine Coast Guard Residence Foundation and Subsidiary Notes to Consolidated Financial Statements

Risk factors

The Corporation's ability to maintain and/or increase future revenues could be adversely affected by proposed and/or future changes in the laws, rules, regulations, and policies relating to the definition, activities, and/or taxation of not-for-profit tax-exempt entities, as well as the future of Virginia's Certification of Need program, where future deregulation could result in the entrance of new competitors, or future additional regulation may eliminate the Corporation's ability to expand new services.

The Corporation's investments are subject to credit, market and interest rate risks that cannot be predicted at this time. However, management has attempted to mitigate these risks by maintaining a diversified portfolio.

Net assets

The Corporation's net assets are grouped into the following classes, as applicable:

Net assets – without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporations' management and the board of directors.

Net assets – with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity (see Note 10).

Contributions

Unconditional promises to give cash and other assets to NMCGRF are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the conditions for receiving the donation have been satisfied. NMCGRF reports gifts of cash and other assets as net assets - with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets - with donor restrictions are reclassified as net assets- without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restriction.

Contributed services

Contributions of services from unpaid volunteers who possess special skills, which the Corporation would typically need to purchase, are assigned a monetary value and are recorded in the consolidated financial statements. No contributed services were recognized in the years ended December 31, 2019 and 2018.

The Corporation receives donated services from unpaid volunteers assisting in its operations. For the years ended December 31, 2019 and 2018, these totaled 4,002 and 5,222 hours, respectively. No amounts have been recorded in the consolidated statements of operations because the criteria for financial statement recognition of such volunteer effort have not been satisfied.

Income taxes

NMCGRF has received a tax determination letter dated April 13, 2011 indicating that NMCGRF is exempt from federal taxes under Section 501(c)(3) of the IRC effective June 8, 2010. As a single member limited liability company, Vinson Hall is treated as a "disregarded entity" under current Internal Revenue Service regulations, and as such all of the income and expenses from the operating activities of Vinson Hall pass through directly to NMCGRF. Federal tax law requires that NMCGRF be operated in a manner consistent with its initial exemption

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application in order to maintain its exempt status. Management has analyzed the operations of NMCGRF and concluded that it remains in compliance with the requirements for exemption.

The Commonwealth of Virginia also recognizes NMCGRF's exemption for state income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Organizations otherwise exempt from federal and state income taxation are nonetheless subject to taxation at corporate tax rates at both the federal and state levels on their unrelated business income. In the opinion of management, such taxes, if any, are not expected to have a material effect on the Corporation's consolidated financial position. Exemption from other state taxes, such as real and personal property tax, is separately determined.

As of December 31, 2019, the Corporation has determined that it does not have any material unrecognized tax benefits or obligations.

Statement of operations and changes in net assets

The consolidated statements of operations report changes in net assets. Changes in net assets - without donor restrictions that are excluded from the net income (loss), consistent with industry practice, include restricted contributions, unrealized gains and losses on investments other than trading securities, net return on endowment funds, and permanent transfers between classes of net assets.

Advertising expenses

Advertising costs are charged to expense as incurred. Advertising expense was \$190,094 and \$269,029 as of December 31, 2019 and 2018, respectively.

Financial assistance

Financial assistance is provided by NMCGRF to residents of Vinson Hall based on the financial resources of residents on a case-by-case basis. In the accompanying consolidated statements of operations and changes in net assets, the financial assistance expense reported by NMCGRF is eliminated along with the uncompensated charges associated with providing the financial assistance. The financial assistance provided to residents of Vinson Hall, was \$322,363 and \$309,109 for the years ended on December 31, 2019 and 2018, respectively. The estimated costs of providing the financial assistance was \$303,795 and \$291,304 for the years ended December 31, 2019 and 2018, respectively. Costs were estimated based on calculating a ratio of costs (direct and indirect) to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to residents receiving financial assistance.

Reclassification

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform to the presentation of the 2019 consolidated financial statements. These reclassifications had no effect on the previously reported net asset.

Subsequent events

The Corporation evaluated the effect subsequent events would have on the consolidated financial statements through May 15, 2020, which is the date the consolidated financial statements were issued.

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named "coronavirus disease 2019" (COVID-19) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States. Many state and local governments, including the Commonwealth of Virginia, have imposed strict measures to curtail certain aspects of public life in an effort to contain COVID-19 as U.S. cases have risen sharply, and such curtailments have resulted in significant disruption of the U.S. economy and financial markets. On March 18, 2020, the Centers for Medicare and Medicaid Services (CMS) announced that all elective and non-essential medical, surgical, and dental procedures should be delayed during the COVID-19 outbreak. Deteriorating economic conditions and public health concerns surrounding COVID-19 have affected suppliers, distributors, and payors, potentially disrupting or delaying the Corporation's supply chain and labor force.

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The Corporation is currently operating pursuant to its infectious disease protocols and emergency preparedness plan. Management has activated plans to address risks associated with the impact of COVID-19, including various cost saving measures, including but not limited to reductions in discretionary expenses, and an evaluation of available sources of liquidity and other resources. It is not currently possible to predict the impact of COVID-19 on the Corporation, and therefore the accompanying consolidated financial statements do not reflect any adjustment as a result of this uncertainty. The Corporation's financial condition, liquidity, and results of operations could be adversely affected from the impact of COVID-19, and such impact could be material.

3. Resident Fees

VH generally provides housing, dining, and health and wellness services on a contractual basis with residents. ABP provides housing, dining, and nursing services. TS provides housing, dining and other services for the memory impaired.

The Corporation enters into contracts with residents to provide services to the residents for their remaining lives. In consideration for future services, the residents pay an entrance fee based on the type of unit occupied and the plan selected. The Corporation offers the following contracts: 90 percent refundable contract and 50-month declining balance contract. Health care services are not included in these contracts. In addition to the entrance fee, residents pay monthly fees based on the estimated costs to operate the facilities. There are no statutory or contractual requirements to retain adjusted entrance fees in escrow accounts once the resident is admitted.

Under the Corporation's residency agreements, the Corporation provides services to residents for a stated daily or monthly fee, which varies by each resident's contract. The monthly fee can be adjusted from time to time by the Corporation according to changes in costs to operate the facilities. The Corporation recognizes revenue for services provided to residents in accordance with the provisions of ASC 606.

The Corporation receives revenue for services under Medicare. Settlements with Medicare for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

The Corporation has elected a practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component due to its expectation that the period between the time the service is provided and the time payment is received will be one year or less. Additionally, the Corporation has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Corporation otherwise would have recognized is one year or less in duration.

Under ASC 606, the Corporation recognizes revenue in the consolidated statements of operations and accounts receivable on the consolidated balance sheets only when services have been provided. Since the Corporation has performed its obligation under the contract, it has unconditional rights to the consideration on contract assets and therefore classifies those amounts as receivables. Thus, management has determined that they do not have any amounts that should be reflected separately as contract assets.

The Corporation disaggregates revenue from residential and health services revenue by payor type and service line. The Corporation notes that disaggregation of revenue into these categories achieves the disclosure objectives to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Corporation has agreements with Medicare that provide for payments at amounts different from its established rates. The Medicare program reimbursed the Corporation's health center for services under its Prospective Payment System through September 30, 2019. Under this system, inpatient services rendered to Medicare program

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beneficiaries were paid at per diem amounts established for the Resource Utilization Groups (RUG's) categories. Each patient's RUG's category determines the per diem amount received by the Corporation. Effective October 1, 2019, the Corporation is reimbursed under a new prospective payment system called the patient driven payment model (PDPM), which bases payment on resident characteristics rather than services provided.

Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future review and interpretation. The results of such governmental review could include fines, penalties and exclusion from participation in the Medicare program.

The composition of net resident and health care services revenue by payor and service line for the years ended December 31, 2019 and 2018 are as follows:

	<u>Year Ended December 31, 2019</u>		
	<u>Private Pay</u>	<u>Medicare</u>	<u>Total</u>
Independent living	\$ 12,654,000	\$ -	\$ 12,654,000
Health care	4,275,338	3,190,674	7,466,012
Assisted living	<u>6,284,973</u>	<u>-</u>	<u>6,284,973</u>
	<u>\$ 23,214,311</u>	<u>\$ 3,190,674</u>	<u>\$ 26,404,985</u>
	<u>Year Ended December 31, 2018</u>		
	<u>Private Pay</u>	<u>Medicare</u>	<u>Total</u>
Independent living	\$ 12,556,109	\$ -	\$ 12,556,109
Health care	4,969,021	2,312,950	7,281,971
Assisted living	<u>6,218,061</u>	<u>-</u>	<u>6,218,061</u>
	<u>\$ 23,743,191</u>	<u>\$ 2,312,950</u>	<u>\$ 26,056,141</u>

4. Investments

The investment portfolio, including assets whose use is limited, consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 8,160,423	\$ 6,752,682
Fixed income	20,053,947	15,582,579
Equities	<u>40,357,927</u>	<u>34,433,947</u>
	<u>\$ 68,572,297</u>	<u>\$ 54,769,208</u>

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Assets whose use is limited, held by bond trustee, consist of the following funds as of December 31:

	<u>2019</u>	<u>2018</u>
Principal fund	\$ 115,075	\$ 110,516
Interest fund	300,417	304,863
Reserve fund	<u>5,027,117</u>	<u>4,922,634</u>
	<u>\$ 5,442,609</u>	<u>\$ 5,338,013</u>

NMCGRF's investment portfolio is held in separate accounts: assets whose use is limited, endowment, agency, and general. The endowment account holds the deposits from the donor-restricted endowment and funds permitted by the donor stipulation that are transferred to pay for residence assistance. The agency account holds the deposits from prospective residents of Vinson Hall and interest earned on the account is transferred to the general account. The endowment and general account investments seek long-term growth of capital that increases purchasing power relative to inflation and to produce current income. The targeted asset allocation of investments in these two accounts is 55% of equity securities, 40% of fixed income securities, and 5% of diversifying assets with appropriate diversification. The targeted equity exposure may range between 45% and 65% of the account assets. The total return of these two accounts is intended to exceed the rate of inflation by 4.5% and to compare favorably to a universe of accounts with similar accounts. The agency account seeks maximization of current income over the near term, and 100% of the portfolio is allocated to fixed income securities with appropriate diversification.

Current accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following discussion describes the valuation methodologies used for the NMCGRF's financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates, and the estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about NMCGRF's business, its value, or financial position based on the fair value information of financial assets and liabilities presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of the timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset or liability. Furthermore, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset or liability. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

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The fair value of NMCGRF's money market funds is determined on the basis of cost, which approximates fair value. Fair values of NMCGRF's investments in common stocks and mutual funds classified as Level 1 are based on quoted market prices. Fair values for NMCGRF's United States government and agency securities and corporate debt securities are based on prices provided by its investment managers and its custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Each designate specific pricing services or indexes for each sector of the market based upon the investment managers' and custodian bank's experience. NMCGRF's holdings in federal government obligations are highly liquid, which allows for a high percentage of them to be priced through pricing services.

The following table presents the NMCGRF's fair value hierarchy for assets measured at fair value on a recurring basis as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents:			
Money market funds	\$ 8,160,423	\$ -	\$ 8,160,423
Fixed income:			
U.S. government and securities	-	6,715,110	6,715,110
Municipal bonds	-	2,758,228	2,758,228
Corporate bonds	-	7,790,353	7,790,353
Foreign bonds	-	1,499,091	1,499,091
CMO's asset backed	-	1,291,165	1,291,165
Equity securities:			
Common stock	6,358,672	-	6,358,672
Foreign stock	5,474,776	-	5,474,776
Mutual funds	<u>28,524,479</u>	-	<u>28,524,479</u>
	<u>\$ 48,518,350</u>	<u>\$ 20,053,947</u>	<u>\$ 68,572,297</u>

The following table presents NMCGRF's fair value hierarchy for assets measured at fair value on a recurring basis as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents:			
Money market funds	\$ 6,752,682	\$ -	\$ 6,752,682
Fixed income:			
U.S. government securities	-	6,514,135	6,514,135
Municipal bonds	-	1,787,062	1,787,062
Corporate bonds	-	6,222,539	6,222,539
Foreign securities	-	1,058,843	1,058,843
Equity securities:			
Common stock	4,986,572	-	4,986,572
Foreign stock	3,596,397	-	3,596,397
Mutual funds	<u>23,850,978</u>	-	<u>23,850,978</u>
	<u>\$ 39,186,629</u>	<u>\$ 15,582,579</u>	<u>\$ 54,769,208</u>

No significant transfers were made between the fair value hierarchy levels during 2019 or 2018.

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The investment portfolio generated returns as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 1,509,950	\$ 1,478,483
Fees	(174,481)	(171,777)
Net realized and unrealized gains (losses)	<u>7,666,020</u>	<u>(3,419,129)</u>
	<u>\$ 9,001,489</u>	<u>\$ (2,112,423)</u>

5. Long-Term Debt

During January 2013, Vinson Hall issued bonds with the Authority in the amount of \$77,170,000 (Series A) to (1) refinance the outstanding balance of the Series 2010 bonds, (2) finance capital improvement and expansions of resident facilities, including construction of an independent living building, community building, and a two level parking garage, (3) fund a debt service reserve fund for the Series 2013 bonds, and (4) finance a portion of funded interest, working capital, and costs of issuance. The Series 2013A bonds are scheduled to mature December 31, 2047. As of December 31, 2019 and 2018, the balance of the Series 2013A bonds was \$71,981,491 and \$73,221,491, respectively. The Series 2013A bonds bear interest at varying rates with ranges from 1.80% to 5.00%. The interest rate for the Series 2013A bonds was approximately 4.96% and 4.94% at December 31, 2019 and 2018, respectively. The Series 2013A bonds are collateralized by certain assets of the Corporation.

Interest expense, which includes the amortization of debt issuance costs, was approximately \$3,637,000 and \$3,690,000 for the years ended December 31, 2019 and 2018, respectively

This obligation includes certain financial performance covenants. In the opinion of management, the Corporation has complied with all relevant covenants related to these debt obligations for 2019 and 2018.

Vinson Hall leases copier machines under noncancelable leases with remaining lease terms of four to five years. As of December 31, 2019 and 2018, the balance of the capital lease obligation was \$32,853 and \$71,234, respectively. Capitalized leased equipment of \$179,437 has been included in furniture and equipment in the accompanying consolidated balance sheets (see Note 6) at December 31, 2019 and 2018. The associated accumulated amortization for the capitalized leased equipment is \$146,942 and \$106,796 as of December 31, 2019 and 2018, respectively. Amortization expense was \$40,146 and \$33,048 for the years ended December 31, 2019 and 2018, respectively

Maturities of long-term debt (including capital leases) for the next five years and in the aggregate are as follows:

2020	\$ 1,326,991
2021	1,338,519
2022	1,396,328
2023	1,451,328
2024	1,521,328
Thereafter	<u>64,979,850</u>
	<u>\$ 72,014,344</u>

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6. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 4,731,263	\$ 3,738,385
Land improvements	1,008,423	1,008,423
Building and improvements	138,337,317	137,032,603
Furniture and equipment	12,789,793	12,740,589
Vehicle	<u>226,253</u>	<u>226,253</u>
	157,093,049	154,746,253
Less – accumulated depreciation and amortization	<u>(53,410,789)</u>	<u>(48,030,419)</u>
	103,682,260	106,715,834
Construction in progress	<u>125,267</u>	<u>86,427</u>
	<u>\$ 103,807,527</u>	<u>\$ 106,802,261</u>

Depreciation and amortization expense was \$5,372,292 and \$5,403,179 as of December 31, 2019 and 2018, respectively.

7. Functional Expenses

Vinson Hall provides independent living, assisted living, and skilled nursing services to elderly and handicapped persons. The NMCGRF does not provide any care-related services but supports the operations of Vinson Hall by actively raising contributions to afford financial assistance to those residents who may have outlived their resources.

Expenses related to providing these services for the year ending December 31, 2019:

	<u>Housing and Nursing Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 10,885,057	\$ 2,906,247	\$ 223,710	\$ 14,015,014
Purchased services	1,205,205	-	-	1,205,205
Repairs and maintenance	821,639	273,880	-	1,095,519
Utilities	865,500	152,735	-	1,018,235
Food	791,676	-	-	791,676
Interest	-	3,637,228	-	3,637,228
Depreciation and amortization	5,103,678	268,615	-	5,372,293
Other	<u>4,094,015</u>	<u>941,515</u>	<u>53,850</u>	<u>5,089,380</u>
	<u>\$ 23,766,770</u>	<u>\$ 8,180,220</u>	<u>\$ 277,560</u>	<u>\$ 32,224,550</u>

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Expenses related to providing these services for the year ending December 31, 2018:

	<u>Housing and Nursing Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 11,446,519	\$ 2,399,753	\$ 143,541	\$ 13,989,813
Purchased services	3,073,145	-	-	3,073,145
Repairs and maintenance	902,353	300,784	-	1,203,137
Utilities	775,105	258,368	-	1,033,473
Food	733,761	-	-	733,761
Interest	-	3,689,764	-	3,689,764
Depreciation and amortization	5,185,030	269,543	-	5,454,573
Other	<u>1,923,003</u>	<u>756,669</u>	<u>201,347</u>	<u>2,881,019</u>
	<u>\$ 24,038,916</u>	<u>\$ 7,674,881</u>	<u>\$ 344,888</u>	<u>\$ 32,058,685</u>

8. Employee Benefit Plan

The Corporation maintains a defined contribution plan under Internal Revenue Code Section 401(k). All permanent employees age twenty-one and over who have completed three months of service may contribute up to 85% of their earnings, subject to annual limits established by federal regulations. Matching contributions are discretionary, vest after one year of service, and were 15% of employee contributions during 2019 and 2018. Contributions made by the Corporation were \$96,893 and \$94,876 during 2019 and 2018, respectively, and have been reported as a component of benefits in the accompanying consolidated statements of operations and changes in net assets.

The Corporation has a deferred compensation plan that permits certain executives to defer receiving a portion of their compensation. Board approval is needed for the executive to be eligible. Matching contributions are 15% of employee contribution and are 100% vested following one year of service. The amount of the benefit is based on the value of the individual's account at the time of distribution. No contributions were made by the Corporation during 2019 and 2018, respectively, and have been reported as a component of benefits in the accompanying consolidated statements of operations and changes in net assets. The deferred amounts are included in other assets with the associated liability of an equal amount included in deferred compensation payable in the accompanying consolidated balances sheets.

9. Professional and General Liability Insurance

The Corporation maintained professional and general liability coverage of \$1,000,000 per claim with a \$3,000,000 aggregate limit on a "claims-made" basis. Based on a review of the Corporation's prior experience and incidents occurring through December 31, 2019, management determined that no accrual for asserted or unasserted malpractice or general claims is necessary at this time.

The outcome of any potential investigative, regulatory or prosecutorial activity that may occur cannot be predicted with certainty. However, in the opinion of management, any future potential losses resulting from such activity would be immaterial to the consolidated financial statements taken as a whole.

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10. Net Assets – With Donor Restrictions

Net assets with donor restrictions that are temporary in nature are available as of December 31 for the following programs and projects:

	<u>2019</u>	<u>2018</u>
Residence assistance	\$ 1,414,619	\$ 1,114,074
Technology	10,358	3,853
Wounded Warrior	955,542	950,571
Other	<u>19,031</u>	<u>21,258</u>
	<u>\$ 2,399,550</u>	<u>\$ 2,089,756</u>

A portion of net assets with donor restrictions as of December 31, 2019 and 2018 consists of a donor-restricted endowment fund which is restricted to investments in perpetuity. As stipulated by the donor, the income plus 25% of the net appreciation on an annual basis (if any) is expendable to provide financial assistance to qualified residents of VH, ABP, and TS. The remaining 75% of the net appreciation (if any) is reported as a component of net assets with donor restriction and is temporary in nature in accordance with current accounting principles.

Current accounting principles provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). The Commonwealth of Virginia passed UPMIFA into law in March 2008 making the provisions of the current accounting principles effective for fiscal year 2009. UPMIFA stipulates that for each donor-restricted endowment fund, unless otherwise stated, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the organization. Therefore, a not-for-profit organization shall classify the portion of the fund that is not classified in perpetually restricted net assets as with donor restrictions until appropriated for expenditure. UPMIFA also prescribes new guidelines for the expenditure of a donor-restricted endowment fund. The adoption of UPMIFA did not have a material impact on the accounting for NMCGRF’s endowment.

NMCGRF classifies the following as restricted in perpetuity: 1) the original value of gifts donated to the permanent endowment; 2) the original value of subsequent gifts donated to the permanent endowment; and 3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with donor stipulation or law. Management considers factors such as the duration and preservation of the fund; the purposes of the organization and the donor-restricted endowment fund; general economic conditions; possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resource of NMCGRF; and the investment policies of the NMCGRF in making a determination to appropriate or accumulate donor-restricted endowment funds.

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The activities of the donor-restricted endowment fund during 2019 are as follows:

	<u>Restricted by Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Contributions	\$ -	\$ -	\$ -
Investment income	80,773	-	80,773
Net appreciation	<u>400,728</u>	<u>-</u>	<u>400,728</u>
Contributions and investment return	481,501	-	481,501
Net assets released for resident assistance	<u>(180,955)</u>	<u>-</u>	<u>(180,955)</u>
Total change in endowment funds	300,546	-	300,546
Beginning balance	<u>1,114,074</u>	<u>1,166,514</u>	<u>2,280,588</u>
Ending balance	<u>\$ 1,414,620</u>	<u>\$ 1,166,514</u>	<u>\$ 2,581,134</u>

The activities of the donor-restricted endowment fund during 2018 are as follows:

	<u>Restricted by Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Contributions	\$ -	\$ -	\$ -
Investment income	69,805	-	69,805
Net depreciation	<u>(203,433)</u>	<u>-</u>	<u>(203,433)</u>
Contributions and investment return	(133,628)	-	(133,628)
Net assets released for resident assistance	<u>(69,805)</u>	<u>-</u>	<u>(69,805)</u>
Total change in endowment funds	(203,433)	-	(203,433)
Beginning balance	<u>1,317,507</u>	<u>1,166,514</u>	<u>2,484,021</u>
Ending balance	<u>\$ 1,114,074</u>	<u>\$ 1,166,514</u>	<u>\$ 2,280,588</u>

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11. Liquidity and Availability

As part of its liquidity management, the Corporation has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. The Corporation has days cash on hand of approximately 800 days and 649 days at December 2019 and 2018, respectively.

Financial assets available for general expenditure within one year of the consolidated balance sheets consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash	\$ (53,255)	\$ 612,995
Accounts receivable, net	955,954	684,768
Other Receivables	128,169	3,618,620
Unrestricted marketable securities	<u>58,898,820</u>	<u>45,925,868</u>
	<u>\$ 59,929,688</u>	<u>\$ 50,842,251</u>

Supplementary Information

Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Balance Sheets
December 31, 2019

	<u>Navy Marine Coast Guard Residence Foundation</u>	<u>Vinson Hall, LLC</u>	<u>Consolidating Entries</u>	<u>Consolidated Balance</u>
ASSETS				
Current assets:				
Cash	\$ -	\$ 5,454,080	\$ (5,454,080)	\$ -
Assets whose use is limited, held by bond trustee, current portion	-	415,492	-	415,492
Accounts receivable, net	-	955,954	-	955,954
Other receivables	136,734	(8,565)	-	128,169
Due from VHC	50,444,306	-	(50,444,306)	-
Prepaid expenses and other current assets	<u>25,684</u>	<u>387,548</u>	-	<u>413,232</u>
Total current assets	50,606,724	7,204,509	(55,898,386)	1,912,847
Property and equipment, net	-	103,807,527	-	103,807,527
Other assets:				
Investments	58,898,820	-	-	58,898,820
Assets whose use is limited:				
Investments held by bond trustee, less current portion	-	5,027,117	-	5,027,117
Endowment fund	3,032,790	-	-	3,032,790
Investments restricted by donors	978,905	-	-	978,905
Investments restricted by the board for deferred compensation	<u>219,173</u>	-	-	<u>219,173</u>
Total other assets	<u>63,129,688</u>	<u>5,027,117</u>	-	<u>68,156,805</u>
Total assets	<u>\$ 113,736,412</u>	<u>\$ 116,039,153</u>	<u>\$ (55,898,386)</u>	<u>\$ 173,877,179</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Cash overdraft	\$ 5,507,335	\$ -	\$ (5,454,080)	\$ 53,255
Accounts payable and accrued expenses	(6,838)	863,711	-	856,873
Accrued salaries and benefits	75,094	981,845	-	1,056,939
Due to NMCGRF	-	50,444,306	(50,444,306)	-
Accrued interest	-	293,025	-	293,025
Current portion of long-term debt	-	<u>1,326,991</u>	-	<u>1,326,991</u>
Total current liabilities	5,575,591	53,909,878	(55,898,386)	3,587,083
Long-term obligations:				
Deferred compensation payable	219,173	-	-	219,173
Long-term debt, net of \$1,928,902 of unamortized debt issuance costs, less current portion	-	68,758,450	-	68,758,450
Annuity contracts	53,983	-	-	53,983
Entry fee deposits held	859,650	-	-	859,650
Deferred revenue	11,201,364	82,739	-	11,284,103
Refundable entry fees	<u>71,340,643</u>	-	-	<u>71,340,643</u>
Total long-term obligations	<u>83,674,813</u>	<u>68,841,189</u>	-	<u>152,516,002</u>
Total liabilities	<u>89,250,404</u>	<u>122,751,067</u>	<u>(55,898,386)</u>	<u>156,103,085</u>
Net assets (deficit):				
Without donor restrictions	20,919,944	(6,711,914)	-	14,208,030
With donor restrictions	<u>3,566,064</u>	-	-	<u>3,566,064</u>
Total net assets (deficit)	<u>24,486,008</u>	<u>(6,711,914)</u>	-	<u>17,774,094</u>
Total liabilities and net assets	<u>\$ 113,736,412</u>	<u>\$ 116,039,153</u>	<u>\$ (55,898,386)</u>	<u>\$ 173,877,179</u>

Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Balance Sheets
December 31, 2018

	Navy Marine Coast Guard Residence Foundation	Vinson Hall, LLC	Consolidating Entries	Consolidated Balance
ASSETS				
Current assets:				
Cash	\$ -	\$ 5,358,924	\$ (4,745,929)	\$ 612,995
Assets whose use is limited, held by bond trustee, current portion	-	415,379	-	415,379
Accounts receivable, net	-	684,768	-	684,768
Other receivables	3,559,739	58,881	-	3,618,620
Due from VHC	48,135,108	-	(48,135,108)	-
Prepaid expenses and other current assets	<u>23,329</u>	<u>286,996</u>	<u>-</u>	<u>310,325</u>
Total current assets	51,718,176	6,804,948	(52,881,037)	5,642,087
Property and equipment, net	-	106,802,261	-	106,802,261
Other assets:				
Investments	45,925,868	-	-	45,925,868
Assets whose use is limited:				
Investments held by bond trustee, less current portion	-	4,922,634	-	4,922,634
Endowment fund	2,280,588	-	-	2,280,588
Investments restricted by donors	968,005	-	-	968,005
Investments restricted by the board for deferred compensation	<u>256,734</u>	<u>-</u>	<u>-</u>	<u>256,734</u>
Total other assets	<u>49,431,195</u>	<u>4,922,634</u>	<u>-</u>	<u>54,353,829</u>
Total assets	<u>\$ 101,149,371</u>	<u>\$ 118,529,843</u>	<u>\$ (52,881,037)</u>	<u>\$ 166,798,177</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Cash overdraft	\$ 4,745,929	\$ -	\$ (4,745,929)	\$ -
Accounts payable and accrued expenses	35,802	761,636	-	797,438
Accrued salaries and benefits	117,595	995,813	-	1,113,408
Due to NMCGRF	-	48,135,108	(48,135,108)	-
Accrued interest	-	297,159	-	297,159
Current portion of long-term debt	<u>-</u>	<u>1,279,710</u>	<u>-</u>	<u>1,279,710</u>
Total current liabilities	4,899,326	51,469,426	(52,881,037)	3,487,715
Long-term obligations:				
Deferred compensation payable	256,734	-	-	256,734
Long-term debt, net of \$1,997,654 of unamortized debt issuance costs less current portion	-	70,015,360	-	70,015,360
Annuity contracts	58,186	-	-	58,186
Entry fee deposits held	716,650	-	-	716,650
Deferred revenue	10,811,689	95,575	-	10,907,264
Refundable entry fees	<u>69,626,540</u>	<u>-</u>	<u>-</u>	<u>69,626,540</u>
Total long-term obligations	<u>81,469,799</u>	<u>70,110,935</u>	<u>-</u>	<u>151,580,734</u>
Total liabilities	<u>86,369,125</u>	<u>121,580,361</u>	<u>(52,881,037)</u>	<u>155,068,449</u>
Net assets:				
Without donor restrictions	11,523,976	(3,050,518)	-	8,473,458
With donor restrictions	<u>3,256,270</u>	<u>-</u>	<u>-</u>	<u>3,256,270</u>
Total net assets	<u>14,780,246</u>	<u>(3,050,518)</u>	<u>-</u>	<u>11,729,728</u>
Total liabilities and net assets	<u>\$ 101,149,371</u>	<u>\$ 118,529,843</u>	<u>\$ (52,881,037)</u>	<u>\$ 166,798,177</u>

Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Operations and Changes in Net Assets
Year Ended December 31, 2019

	Navy Marine Coast Guard Residence Foundation		Vinson Hall, LLC	Consolidating Entries	Consolidated Balance		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
Revenue:							
Resident Fees - private pay	\$ -	\$ -	\$ 22,246,164	\$ -	\$ 22,246,164	\$ -	\$ 22,246,164
Resident Fees - Medicare	-	-	2,844,349	-	2,844,349	-	2,844,349
Other program revenue	-	-	1,314,472	-	1,314,472	-	1,314,472
Earned entry fees	2,197,381	-	-	-	2,197,381	-	2,197,381
Philanthropy and engagement	625,511	39,550	-	-	625,511	39,550	665,061
Interest and dividends	<u>1,254,696</u>	<u>80,773</u>	<u>157,565</u>	-	<u>1,412,261</u>	<u>80,773</u>	<u>1,493,034</u>
Total revenue	4,077,588	120,323	26,562,550	-	30,640,138	120,323	30,760,461
Expenses:							
Health and wellness	-	-	6,810,135	-	6,810,135	-	6,810,135
Dining services	-	-	3,160,951	-	3,160,951	-	3,160,951
Program services	329,823	-	-	-	329,823	-	329,823
Philanthropy and engagement	422,450	-	-	-	422,450	-	422,450
Social services	-	-	68,316	-	68,316	-	68,316
Life enrichment	-	-	898,201	-	898,201	-	898,201
Facilities maintenance	-	-	2,417,308	-	2,417,308	-	2,417,308
Housekeeping	-	-	1,250,185	-	1,250,185	-	1,250,185
Utilities	-	-	1,018,235	-	1,018,235	-	1,018,235
Security and concierge	-	-	784,616	-	784,616	-	784,616
Sales and admissions	-	-	142,086	-	142,086	-	142,086
Administration and management fee	335,677	-	3,432,829	-	3,768,506	-	3,768,506
Employee benefits	-	-	2,141,881	-	2,141,881	-	2,141,881
Insurance	-	-	274,725	-	274,725	-	274,725
Depreciation and amortization	-	-	5,372,292	-	5,372,292	-	5,372,292
Interest	-	-	3,637,228	-	3,637,228	-	3,637,228
Other	-	-	18,980	-	18,980	-	18,980
Total expenses	<u>1,087,950</u>	<u>-</u>	<u>31,427,968</u>	<u>-</u>	<u>32,515,918</u>	<u>-</u>	<u>32,515,918</u>
Net income (loss) from operations	2,989,638	120,323	(4,865,418)	-	(1,875,780)	120,323	(1,755,457)
Nonoperating gains:							
Realized gains	173,271	22,365	-	-	173,271	22,365	195,636
Unrealized gains	7,303,278	167,106	-	-	7,303,278	167,106	7,470,384
Other	-	-	133,803	-	133,803	-	133,803
Net income (loss)	10,466,187	309,794	(4,731,615)	-	5,734,572	309,794	6,044,366
Contributions from (to) affiliate	(1,070,219)	-	1,070,219	-	-	-	-
Changes in net assets	9,395,968	309,794	(3,661,396)	-	5,734,572	309,794	6,044,366
Net assets, beginning of year	<u>11,523,976</u>	<u>3,256,270</u>	<u>(3,050,518)</u>	<u>-</u>	<u>8,473,458</u>	<u>3,256,270</u>	<u>11,729,728</u>
Net assets, end of year	<u>\$ 20,919,944</u>	<u>\$ 3,566,064</u>	<u>\$ (6,711,914)</u>	<u>-</u>	<u>\$ 14,208,030</u>	<u>\$ 3,566,064</u>	<u>\$ 17,774,094</u>

See independent auditors' report.

**Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Operations and Changes in Net Assets
Year Ended December 31, 2019**

Navy Marine Coast Guard Residence Foundation and Subsidiary
Schedule of Consolidated Operations and Changes in Net Assets
Year Ended December 31, 2018

	Navy Marine Coast Guard Residence Foundation		Vinson Hall, LLC	Consolidated Balance			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Consolidating Entries	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:							
Resident Fees - private pay	\$ -	\$ -	\$ 23,272,926	\$ (309,109)	\$ 22,963,817	\$ -	\$ 22,963,817
Resident Fees - Medicare	-	-	2,046,945	-	2,046,945	-	2,046,945
Other program revenue	-	-	1,045,379	-	1,045,379	-	1,045,379
Earned entry fees	2,286,611	-	-	-	2,286,611	-	2,286,611
Philanthropy and engagement	511,206	(27,875)	-	-	511,206	(27,875)	483,331
Interest and dividends	1,236,901	69,805	-	-	1,236,901	69,805	1,306,706
Total revenue	4,034,718	41,930	26,365,250	(309,109)	30,090,859	41,930	30,132,789
Expenses:							
Health and wellness	-	-	6,910,612	-	6,910,612	-	6,910,612
Dining services	-	-	3,080,671	-	3,080,671	-	3,080,671
Program services	359,992	-	-	-	359,992	-	359,992
Philanthropy and engagement	324,971	-	-	-	324,971	-	324,971
Social services	-	-	66,779	-	66,779	-	66,779
Life enrichment	-	-	1,007,374	-	1,007,374	-	1,007,374
Facilities maintenance	-	-	1,694,772	-	1,694,772	-	1,694,772
Housekeeping	-	-	1,235,795	-	1,235,795	-	1,235,795
Utilities	-	-	1,093,654	-	1,093,654	-	1,093,654
Security and concierge	-	-	750,738	-	750,738	-	750,738
Sales and admissions	-	-	147,279	-	147,279	-	147,279
Administration and management fee	505,954	-	3,264,895	(309,109)	3,461,740	-	3,461,740
Employee benefits	-	-	2,288,554	-	2,288,554	-	2,288,554
Insurance	-	-	237,731	-	237,731	-	237,731
Depreciation and amortization	-	-	5,403,179	-	5,403,179	-	5,403,179
Interest	-	-	3,677,332	-	3,677,332	-	3,677,332
Other	-	-	6,929	-	6,929	-	6,929
Total expenses	1,190,917	-	30,866,294	(309,109)	31,748,102	-	31,748,102
Net income (loss) from operations	2,843,801	41,930	(4,501,044)	-	(1,657,243)	41,930	(1,615,313)
Nonoperating gains (losses):							
Realized gains	826,182	58,607	-	-	826,182	58,607	884,789
Unrealized losses	(4,041,878)	(262,040)	-	-	(4,041,878)	(262,040)	(4,303,918)
Other	-	-	(310,583)	-	(310,583)	-	(310,583)
Net income (loss)	(371,895)	(161,503)	(4,811,627)	-	(5,183,522)	(161,503)	(5,345,025)
Contributions from (to) affiliate	(1,454,146)	(37,650)	1,491,796	-	37,650	(37,650)	-
Changes in net assets	(1,826,041)	(199,153)	(3,319,831)	-	(5,145,872)	(199,153)	(5,345,025)
Net assets, beginning of year	13,350,017	3,455,423	269,313	-	13,619,330	3,455,423	17,074,753
Net assets, end of year	\$ 11,523,976	\$ 3,256,270	\$ (3,050,518)	\$ -	\$ 8,473,458	\$ 3,256,270	\$ 11,729,728

See independent auditors' report.

Summary of Financial Information
Navy Marine Coast Guard Residence Foundation and
Subsidiary (Vinson Hall LLC) As of December 31, 2020

	2020	2019
Total Assets	171,888,221	173,877,179
Total Liabilities	153,071,277	156,103,085
Total Net Assets	18,816,944	17,774,094
Total Revenue	32,071,861	30,760,461
Total Expenses	35,457,833	32,515,918
Operating Income (Loss)	-3,385,972	-1,755,457
Other Non-Operating Income (expense)	4,428,822	7,799,823
Net Income (Loss)	1,042,850	6,044,366

Narrative on financial condition:

In comparing 2020 to 2019 results, the following observations have been made regarding financial performance. Total Assets decreased due to less entry fees received caused by COVID-19 related restrictions on move-ins of new residents. Total liabilities declined due to both reduced bond liability and a reduction in entrance fee liability because of reduced occupancy. Operating Loss increased due to COVID-19 related expenses. The large decrease in Net Income from 2019 to 2020 is mainly due to the above-mentioned COVID-19 expenses and reduced unrealized gains on investments.

Occupancy Information:	Capacity of Units	Average Occupancy	Percentage Occupancy
Vinson Hall - Independent Living	164	152.87	93.21%
Arleigh Burke - Assisted Living	21	20.00	95.23%
Arleigh Burke - Nursing	49	33.16	67.67%
The Sylvestery – Memory Care AL	36	33.36	92.67%
Willow Oak - Independent Living	75	74.00	98.67%

EXHIBIT G
Vinson Hall Affordable Dwelling Apartment Mix

Vinson Hall Retirement Community								
ADU Rates for 2021								
County Rates (per August 2020 revision)								
Rent Calculations with Program Costs								
ADU-1			ADU-2			2 People in 1 Bedroom		
65% of MSA Medium			50% of MSA Medium			65% MSA		50% MSA
<u>Description</u>	<u>Efficiency</u>	<u>1-Bedroom</u>	<u>2-Bedroom</u>	<u>Efficiency</u>	<u>1-Bedroom</u>	<u>2-Bedroom</u>	<u>1-Bedroom</u>	<u>1-Bedroom</u>
Maximum rent set by county	\$1,194	\$1,365	\$1,536	\$919	\$1,050	\$1,181	\$1,365	\$1,050
Health & Wellness	\$316	\$316	\$631	\$316	\$316	\$631	\$631	\$631
Fitness & Pool	\$116	\$116	\$231	\$116	\$116	\$231	\$231	\$231
Housekeeping	\$62	\$62	\$124	\$62	\$62	\$124	\$124	\$124
Sub-total Additional Fees	\$493	\$493	\$987	\$493	\$493	\$987	\$987	\$987
Total Monthly Base Rent	\$1,687	\$1,858	\$2,523	\$1,412	\$1,543	\$2,168	\$2,352	\$2,037
Utilities	\$104	\$145	\$185	\$104	\$145	\$185	\$145	\$145
Total Monthly Rent	\$ 1,791	\$ 2,004	\$ 2,707	\$ 1,516	\$ 1,689	\$ 2,352	\$ 2,497	\$ 2,182
Diffence in VH ADU rates	\$ 52	\$ 60	\$ 74	\$ 43	\$ 48	\$ 60	\$ 66	\$ 54
2021 Increase	3.00%	3.11%	2.80%	2.93%	2.95%	2.61%	2.70%	2.52%
Difference in County rates	\$44	\$51	\$58	\$35	\$39	\$44	\$51	\$39
% increase in County rates	3.83%	3.88%	3.92%	3.96%	3.86%	3.87%	3.88%	3.86%

EXHIBIT H
NMCGRF Budget, 2021

**VHRC Budget Rollup
Budget 2021 vs Budget 2020**

REVENUE:	<u>2021 Budget</u>	<u>2020 Budget</u>	<u>Variance</u>
Earned Entry Fees	2,300,000	2,300,000	-
Interest & Dividends	1,182,000	1,300,000	(118,000)
Treasure Shop/Retail	-	128,200	(128,200)
Philanthropy & Engagement	272,500	261,100	11,400
Total Revenue	3,754,500	3,989,300	(234,800)
EXPENSES:			
Executive & Administration	414,719	391,361	(23,358)
Treasure Shop/Retail	-	131,843	131,843
Philanthropy/Fundraising	188,188	242,890	54,702
Community Benefit/Engagement Support for VHRC/Resident Assistance	182,919 300,000	208,212 300,000	25,293 -
Interest	3,916	5,500	1,584
Insurance	-	34,000	34,000
Total Expenses	1,089,742	1,313,806	224,064
NET INCOME (LOSS) FROM OPERATIONS	2,664,758	2,675,494	(10,736)

EXHIBIT I
Vinson Hall, LLC (VHRC) Budget 2021

Operational Summary

VHRC Budget Rollup

Budget 2021 vs Budget 2020

	Budget 2021	Budget 2020	Variance Budget to Budget
Revenue	29,193,439	28,619,149	574,290
Expenses			
Administration/Benefits	5,499,802	5,202,923	-296,879
Health & Wellness	8,547,199	7,529,917	-1,017,282
Dining services	3,597,406	3,390,312	-207,094
Social Services	325,712	240,197	-85,515
Life Enrichment	799,993	788,926	-11,067
Maintenance	2,395,885	2,384,088	-11,797
Utilities	950,709	1,037,528	86,819
Housekeeping	1,176,552	1,227,540	50,988
Security/Concierge	954,773	765,930	-188,843
Sales & Admissions	299,900	299,419	-481
Total EBIDTA Expenses	24,547,932	22,866,780	-1,681,152
EBIDTA	4,645,507	5,752,369	-1,106,862
EBIDTA as % of Revenue	15.90%	20.10%	-4.20%
Depreciation	5,424,000	5,145,288	-278,712
Interest	3,528,985	3,580,752	51,767
Insurance	372,468	309,552	-62,916
Total Other Expense	9,325,453	9,035,592	-289,861
Net Income	<u>-4,679,946</u>	<u>-3,283,223</u>	<u>-1,396,723</u>

