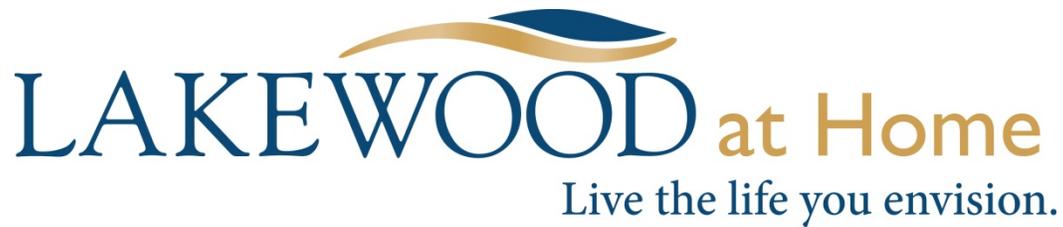


**FILED**  
Commonwealth of Virginia  
State Corporation Commission  
Bureau of Insurance  
April 29, 2022  
Commissioner of Insurance  
BY: 



## **Disclosure Statement**

**for**

**Lakewood at Home**

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

04/30/2022

**COMMUNITY-BASED CONTINUING CARE PROVIDER:**

LAKWOOD MANOR BAPTIST RETIREMENT COMMUNITY, INC., DBA LAKWOOD is offering a community-based continuing care (“CBCC”) program known as Lakewood at Home.

**BUSINESS ADDRESS OF PROVIDER:**

3960 STILLMAN PARKWAY, SUITE 119  
GLEN ALLEN, VA 23060

**NAME OF FACILITY:**

LAKWOOD AT HOME  
LAKWOOD MANOR BAPTIST RETIREMENT COMMUNITY, INC.,  
DBA LAKWOOD  
1900 LAUDERDALE DRIVE  
RICHMOND, VA 23238  
Independent Living Occupancy – 94.9 percent  
Total Liquid Assets - \$26,626,797

**LEGAL ENTITY:**

Lakewood Manor Baptist Retirement Community, Inc., dba Lakewood (“Lakewood”) is a subsidiary of Virginia Baptist Homes, Inc., dba LifeSpire of Virginia (“LifeSpire” or “LSV”) which was incorporated on March 25, 1946, as a not-for-profit, non-stock corporation. Lakewood was incorporated on January 23, 1984 in the Commonwealth of Virginia and is currently certified by the State Corporation Commission Clerk’s Office to be in good standing.

## **OFFICERS OF THE PROVIDER**

The Officers of The Provider as of December 31, 2021 were:

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

## **OFFICERS OF THE BOARD OF TRUSTEES**

The Officers of the Board of Trustees of Lakewood as of December 31, 2021 were:

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

## MEMBERS OF THE BOARD OF TRUSTEES

The Members of the Board of Trustees of Lakewood as of December 31, 2021 were:

**Mr. James Bales**

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

**Mrs. Sharon Brooks**

21300 Old Neck Road  
Charles City, VA 23030  
Chief Mktg. Officer, 2Life Comm.

**Rev. Herbert O. Browning Jr.**

14320 Regatta Pointe Road  
Midlothian, VA 23112  
Minister (Retired)

**Rev. Daniel Carlton**

12269 Robin Road  
Culpeper, VA 22701  
Minister, Culpeper Baptist Church

**Dr. Valerie Carter Smith**

2828 Emerywood Parkway  
Henrico, VA 23294  
Executive Director, WMU of Virginia

**Mr. R. Scott Cave**

4005 Harcourt Lane  
Richmond, VA 23233  
Compensation Director, Retired  
Anthem Blue Cross Blue Shield

**Dr. Tiffany M. Franks**

420 West Main Street  
Danville, VA 24541  
President, Averett University

**Rev. Nelson Harris**

2014 Memorial Avenue  
Roanoke, VA 24015  
Minister, Heights Comm.Church

**Mr. Michael E. Keck**

3403 Henrieta Hartford Rd.  
Mt. Pleasant, SC 29466  
EVP, Xenith Bank, Retired

**Mr. John Poma**

137 Waterton  
Williamsburg, VA 23118  
Chief Legal Counsel Tidewater Physician

**Mrs. Sara Marchello**

2222 Chesapeake Ave  
Hampton, VA 23661  
Assoc. Provost & Registrar College of William & Mary

**Mr. John Jung**

210 Kinloch Road  
Manakin Sabot, VA 23103  
BB&T (Retired)

**Mr. Jim Poats**

1504 Clayton Avenue  
Lynchburg, VA 24503

**Mr. Samuel G. Oakey, III**

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

**Mr. J. Matthew Scott**

11137 Sterling Cove Drive  
Chesterfield, VA 23838  
Exec. Dir. Business Dev. & Strategy, MCVF

**Mr. Arne Owens**

12820 Pennmardle Lane,  
Richmond, VA 23233  
Dep. Asst. Sec. US HSS Ret

**Dr. Pam Parsons**

2100 Tazewell Ave  
Chester, VA 23836.  
VCU Nursing School

**Mr. Gary Thomson**

P.O. Box 6492  
Richmond, VA 23230  
Managing Partner, Thomson  
Consulting, LLC

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

### **The Provider**

Lakewood (located in Henrico County) opened in 1977 and has a capacity of 495 residences.

### **Management Company**

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

### **Trustees**

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

### **Corporate Officers**

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

#### **President: Mr. Jonathan R. Cook**

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

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

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

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

### **Chief Operating Officer: Mrs. Tracey Jennings**

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

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

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

Mr. Markwith is Chief Financial Officer for LifeSpire of Virginia. He began his career at LifeSpire of Virginia in January 2018, bringing more than 26 years in progressive leadership roles. As a Certified Public Accountant and Certified Information Systems Auditor, Chris has served in financial roles at a number of health-care related organizations, including director of finance and controller at MCV Physicians, director of finance and human resources at Virginia Health Quality Center, chief financial officer at Patient Services, Inc., and chief financial officer and operations director and Health Savings Administrators, LLC. Chris holds a Bachelor of Science degree in business administration from the University of Mary Washington and master's degree in business administration from Virginia Commonwealth University.

### **Chief Strategy and Integration Officer: Ms. Lisa H. Legeer**

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

### **Chief Marketing Officer and Assistant Secretary: Mr. J. Peter Robinson**

Mr. Robinson joined LifeSpire in January 2009. Mr. Robinson oversees marketing, sales, public relations and brand strategy for LifeSpire. Mr. Robinson began working for Sunrise Senior Living where he held a variety of positions including regional manager for the Virginia portfolio of assisted living communities and regional manager for a portfolio of CCRCs in the Mid-Atlantic region.

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

**Secretary: Mr. Matthew Scott**

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

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

**Assistant Treasurer: Mrs. Christine Moran**

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

**Management Personnel of Facility**

**Executive Director: Mrs. Heather Crumbaugh**

Heather Crumbaugh has more than 16 years of experience in all aspects of senior living, including improving operational efficiencies and outcomes, team and census building, strategic planning and project management. Mrs. Crumbaugh most recently served as the regional director of operations, mid-Atlantic region for Senior Lifestyle Corp., where she had operational oversight of ten communities offering independent living, assisted living and memory support across five states. Prior positions include serving as Vice President of Sales and Operations for upscale senior living communities in South Carolina, as well as CEO of a highly regarded life plan community in Chapel Hill, North Carolina.

**Administrator for Health Services: Mrs. Felicity S. Wood**

Mrs. Wood is a licensed Nursing Home Administrator and assumed the position of the Administrator of Health Services in March 2006. Mrs. Wood received a Bachelor of Arts degree in Psychology and English from St. Vincent College and a Master of Science in Gerontology with a specialization in Health Care Administration from Virginia Commonwealth University/Medical College of Virginia.

Mrs. Wood has previously served as Assistant Administrator and Administrator of two facilities operated by Medical Facilities of America and as Director of Resident Services at a community operated by Virginia United Methodist Homes, Inc.

**Executive Director of Lakewood at Home: Ms. Tamara E. Mackey**

Tamara Mackey began her career at LifeSpire of Virginia in July 2016 and was appointed executive director of Lakewood at Home in August 2018. Prior to LifeSpire, Tammy served 19 years overseas with the International Mission Board, a global missions agency with personnel living in countries around the world. From 2012-2016, she was based in Asia and served as the IMB’s logistics coordinator for personnel serving there. She also worked as a therapist at CPC OakBend Hospital in Fort Worth, Texas, and taught and coached at La Mesa Community School in New Mexico. Tamara holds a Bachelor of Behavioral Science degree from Hardin-Simmons University in Abilene, Texas, a master’s degree of marriage and family counseling and a master’s degree in religious education from Southwestern Baptist Theological Seminary in Fort Worth, Texas.

**ACQUISITION OF GOODS AND SERVICES**

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

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

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

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

Members of the Board of Trustees of Lakewood receive no compensation. They serve voluntarily on a rotating basis for a period of four years. Each member of the Board of Trustees completes a

disclosure statement attesting to any potential areas of conflict of interest and to the extent of any business dealings they may have with the corporation. These disclosure statements are kept on file in the Corporate Office of LifeSpire and are updated periodically, as needed.

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

Neither Lakewood nor its Officers, Trustees, or Management:

- 1. Have been convicted of a felony or pleaded nolo contendere to a criminal charge, or been held liable or enjoined in a civil action by final judgment, if the crime or civil action involved fraud, embezzlement, fraudulent conversion, misappropriation of property or moral turpitude; or
- 2. Are subject to an injunctive or restrictive order of a court of record, or within the past five years had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or related to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under this chapter or similar laws in another state; or
- 3. Are currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

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

**Baptist General Association of Virginia**

Lakewood is a cooperative partner of the Baptist General Association of Virginia (BGAV). This affiliation stems from the Baptist General Association of Virginia’s original concern that there be facilities in Virginia to provide benevolent care for the aged in a Christian environment.

**LeadingAge**

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

**Virginia Health Care Association-Virginia Center for Assisted Living**

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

## **TAX STATUS OF PROVIDER**

Lakewood is nonprofit and was determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

## **SERVICES PROVIDED UNDER THE COMMUNITY-BASED CONTINUING CARE CONTRACTS**

Services under the Lakewood at Home program (“the Program”) are provided under the concept of continuing care, which recognizes the needs of members as varying along a continuum from active, independent living at home to increasing health care needs at which time services may be needed in the home or a move to an assisted living or nursing home facility may be necessitated. The Membership Services Agreement, including a List of Service Providers for In-Home Services, is included in this Disclosure Statement as Exhibit A.

General descriptions of the services provided under the Program are listed below. Other than care coordination, which will only be provided by staff of the Program, all the services listed below will be provided either by Lakewood or by a credentialed provider vetted for quality by Lakewood.

### **Care Coordination**

A Care Coordinator will be assigned to the Member. Under the direction of the assigned Care Coordinator, the Care Coordination Team, in consultation with Member and/or Member's Designated Representative, shall prepare a Care Plan to meet Member's particular needs on an annual basis and as needed from time to time during the term of this Agreement. All decisions involving Member's participation in various care services or permanent transfer from the Member's place of residence ( the “Home Site”) to Facility Based Services will be made by the Care Coordination Team following consultation with Member or Member's Designated Representative.

### **Member Home Evaluation**

During the first year of membership and as deemed necessary by Care Coordinator thereafter due to circumstances of a Member's health condition, Provider will provide a functional inspection of the Home Site for the purpose of ascertaining any functional and safety problems, and will make recommendations to Member based on the inspection. Provider may require, based on circumstances of previous inspections or Member's health condition, that Member permit Provider to provide a functional inspection of the Home Site. Provider does not, however, represent that it will undertake steps necessary to effectuate any of such recommendations. Any recommended changes or corrections are Member's sole responsibility. It is Member's choice to make such recommended changes or corrections to his/her Home Site. To aid Member in securing necessary goods or services, Provider will make available a list of possible vendors of such goods and services. Member is solely responsible for the full cost of any of the improvements to his/her Home Site as a result of Member's home inspection. If Member refuses any reasonable recommendation of the Care Coordination Team, Provider shall have no responsibility or liability for the consequences of such refusal.

### **Home Site Services**

**Home Care** - non-Medicare covered Home Care Services such as bathing, dressing, grooming and other ADL functions to the extent provided for in the plan selected by Member.

**Homemaker Services** – including light housekeeping and chore services to the extent indicated in the plan selected by Member.

**Companion Services** – including visiting and supervision of activities of daily living and other to the extent indicated in the plan selected by Member.

**Emergency Response System** – an Emergency Response System with 24-hour coverage.

**Meals** – meals brought to or prepared at the Home Site due to a short-term medical need.

**Transportation Services** – transportation to and from medically necessary outpatient surgery or short procedures which may include, but are not limited to, cataract removal, chemotherapy treatments, and surgical biopsies. This does not include transportation for regular physician office visits, dialysis, and routine specialist appointments.

### **Facility-Based Services**

As Determined To Be Appropriate by the Care Coordination Team and prescribed by a physician, Provider will provide or cause to be provided, Facility Based Services, including assisted living, assisted living memory support in and nursing home services.

**Assisted Living and Nursing Home Services** – As Determined To Be Appropriate by the Care Coordination Team, assisted living and nursing home services will be provided at an Assisted Living Facility or Nursing Home Facility at Lakewood or at similar Program. Participating Facilities approved by Provider in accommodations as identified in Section II. E. of the Membership Services Agreement. Provider will not be responsible for any ancillary charges included, but not limited to laundry, prescription drugs, medical supplies, telephone, internet or television. Such charges will be Member's sole responsibility.

**Adult Day Services** – in a congregate setting at a facility for a scheduled number of hours per week. Elements of an adult day services program usually include transportation, meals and activities (both health related and social).

### **Lakewood Facilities**

Member shall have limited access to facilities and programs at Lakewood as scheduled by the Program and defined in the Member Handbook.

### **Lifestyle and Wellness Programs**

Lifestyle and wellness programs will be offered from time to time, free of charge or with an applicable fee for service, including but not limited to, exercise classes, arts and crafts, wellness seminars, speakers and day excursions. Members will be advised of the schedules and the cost of these programs on an as-offered basis.

### **Activities and Leisure Events**

Provider will provide planned and scheduled social, recreational, spiritual, educational and cultural activities and leisure events, exercise and health programs, and other special activities designed to meet the needs of the members of the Program.

## **Referral Service for Additional Services**

In addition to the services outlined in this Agreement, a Referral Service for other services is available. Each vendor will charge the Member accordingly for the agreed upon services.

## **Other Services Available for Extra Charge**

Other Provider services and programs will be available to Member at Member's expense. For a list of services currently available and the current charges for each service see Attachment B of the Membership Services Agreement.

## **LIST OF SERVICE PROVIDERS FOR IN-HOME SERVICES**

### **Home Care Services**

Lakewood at Home will contract with home care providers to offer home site services that include, but are not limited to light home cleaning, laundry, meal preparation, transportation, grocery shopping, companionship, medication reminders, assistance with bathing, dressing, toileting, incontinence, transferring and lifting. Lakewood at Home will continually assess the quality and service provided by Home Care agencies to ensure high quality standards of service.

Lakewood at Home will cover the cost of services up to the maximum daily reimbursement amount for Members under the Platinum, Gold and Gold<sup>Plus</sup> Plans, and will bill any difference to the member at the end of the month. All other members will cover the cost of services, and Lakewood at Home will reimburse members for up to the maximum daily reimbursement amount in effect at the time services are required.

The home care providers contracted with Lakewood at Home to provide services include:

Affirmation Home Health  
5101 Cox Rd Ste 225  
Glen Allen, VA 23060

Always Best Care  
10810 Hasty Lane, Suite 103  
Midlothian, VA 23112

Amada Senior Care  
6800 Paragon Place  
Richmond, VA 23230

AT Home Care  
4100 Brook Road  
Richmond, VA 23227

Comfort Keepers  
10883 Ridgefield Parkway  
Richmond, VA 23238

Commonwise Home Care  
1602 Rolling Hills Drive #211  
Richmond, VA 23229

Interim Healthcare  
720 Moorefield Drive, Suite 301  
Richmond, VA 23236

NaborForce  
2308 Main Street  
Richmond, VA 23220

Rehab Care  
2600 Compass Rd  
Glenview, IL 60026

### **Nutritional Support**

Members may receive help with meal preparation in the home through one of the contracted home care providers listed above. The cost of the meals is included in the maximum daily reimbursement amount if this service is required.

The Care Coordinator can assist with arranging a meal service for members requesting such service for convenience. The cost of the meals and any delivery charge will be the responsibility of the Member.

### **Transportation**

AngelRide  
2711 Buford Rd Suite 326  
Bon Air, VA 23225

### **Memory Support**

Spring Arbor Cottage  
10601 Barbara Ln  
Richmond, VA 23233

### **Emergency Response System**

Lakewood at Home contracts with Connect America to provide an Emergency Response System in the home for all members.

### Facility-Based Services

The Care Coordinator will coordinate a bed at Lakewood as available at the time a member requires assisted living, memory support or a nursing care bed. If another location is preferred by Member, or there is no available space for a member, the Care Coordinator will work to find another suitable facility based on the Members' preferences and care needs.

### Information and Referral

Lakewood at Home staff will develop a list of vetted referral services and will provide referral information to its members. There will not be a cost for this service to Lakewood at Home Members; however, Members are responsible for the cost of any service they procure from the referral.

### Health and Wellness Services

Lakewood at Home will work with Members to provide Wellness and Fitness activities and educational programming. Some access to wellness and fitness amenities at Lakewood will be available to Members. As desired and feasible, other partnerships and programs for wellness activities may be available to Members.

### FEES REQUIRED OF PARTICIPANTS

If not already enrolled, prospective Member must apply for and secure, before execution of the Agreement, coverage under Medicare, parts A and B, and/or any other public hospital or medical insurance benefit programs which may be enacted as successor or supplement to Medicare. In addition, Member shall also carry acceptable supplemental medical insurance coverage from a private carrier.

Member shall provide Lakewood at Home with evidence of such coverage, or of acceptable substitute insurance plan(s) and shall pay all premiums for same.

### Application Fees

Applicants for membership pay a \$250 per person, or \$300 for a couple applying at the same time, nonrefundable Application Fee to cover related expenses.

### Maximum Daily Reimbursement and Maximum Reimbursement Amount

Plan	Maximum Daily Reimbursement Amount	Maximum Lifetime Cap
Gold*	\$351	\$1,000.000
Sterling	\$281	\$1,000.000
Bronze	\$176	\$1,000.000

\*Platinum and Gold<sup>Plus</sup> Plans have the same maximum amounts as the Gold Plan

## Membership Fees

Each Member pays Lakewood at Home a one-time Membership Fee, paid at the time the Membership Agreement is signed, based upon the plan chosen and the person's age. There are several plans for a prospective Member to choose from, and there is a discount if two people in one home join the program at the same time. Listed below are the Membership Fees for each plan effective January 1, 2022.

### Lakewood at Home Standard Pricing

Age	50% Refund - Platinum		All Inclusive - Gold		20% Co-Pay - Silver		50% Co-Pay Bronze	
	Entrance Fee		Entrance Fee		Entrance Fee		Entrance Fee	
	Single	Couple	Single	Couple	Single	Couple	Single	Couple
55	\$ 85,000	\$ 83,500	\$ 66,500	\$ 64,700	\$ 54,500	\$ 52,000	\$ 38,000	\$ 35,000
56	\$ 86,400	\$ 84,700	\$ 67,200	\$ 65,200	\$ 55,000	\$ 52,500	\$ 38,300	\$ 35,200
57	\$ 87,700	\$ 85,900	\$ 67,800	\$ 65,800	\$ 55,500	\$ 52,900	\$ 38,600	\$ 35,400
58	\$ 89,100	\$ 87,100	\$ 68,500	\$ 66,400	\$ 56,000	\$ 53,400	\$ 38,900	\$ 35,600
59	\$ 90,400	\$ 88,300	\$ 69,100	\$ 67,000	\$ 56,500	\$ 53,800	\$ 39,200	\$ 35,800
60	\$ 91,800	\$ 89,500	\$ 69,800	\$ 67,500	\$ 57,000	\$ 54,300	\$ 39,500	\$ 36,000
61	\$ 93,300	\$ 90,800	\$ 70,400	\$ 68,000	\$ 57,400	\$ 54,600	\$ 39,800	\$ 36,200
62	\$ 94,800	\$ 92,100	\$ 71,000	\$ 68,500	\$ 57,800	\$ 55,000	\$ 40,100	\$ 36,400
63	\$ 96,300	\$ 93,400	\$ 71,600	\$ 69,000	\$ 58,200	\$ 55,300	\$ 40,400	\$ 36,600
64	\$ 97,800	\$ 94,700	\$ 72,200	\$ 69,400	\$ 58,600	\$ 55,700	\$ 40,700	\$ 36,800
65	\$ 99,300	\$ 96,000	\$ 72,800	\$ 69,900	\$ 59,000	\$ 56,000	\$ 41,000	\$ 37,000
66	\$ 100,500	\$ 97,000	\$ 73,000	\$ 70,000	\$ 59,200	\$ 56,100	\$ 41,200	\$ 37,200
67	\$ 101,800	\$ 98,000	\$ 73,300	\$ 70,100	\$ 59,400	\$ 56,200	\$ 41,400	\$ 37,400
68	\$ 103,000	\$ 99,000	\$ 73,500	\$ 70,100	\$ 59,600	\$ 56,300	\$ 41,600	\$ 37,600
69	\$ 104,300	\$ 100,000	\$ 73,800	\$ 70,200	\$ 59,800	\$ 56,400	\$ 41,800	\$ 37,800
70	\$ 105,500	\$ 101,000	\$ 74,000	\$ 70,300	\$ 60,000	\$ 56,500	\$ 42,000	\$ 38,000
71	\$ 107,800	\$ 102,800	\$ 74,800	\$ 70,700	\$ 60,500	\$ 56,800	\$ 42,300	\$ 38,200
72	\$ 110,100	\$ 104,500	\$ 75,500	\$ 71,100	\$ 61,000	\$ 57,100	\$ 42,600	\$ 38,400
73	\$ 112,400	\$ 106,300	\$ 76,300	\$ 71,600	\$ 61,500	\$ 57,400	\$ 42,900	\$ 38,600
74	\$ 114,700	\$ 108,000	\$ 77,000	\$ 72,000	\$ 62,000	\$ 57,700	\$ 43,200	\$ 38,800
75	\$ 117,000	\$ 109,800	\$ 77,800	\$ 72,400	\$ 62,500	\$ 58,000	\$ 43,500	\$ 39,000
76	\$ 119,800	\$ 111,400	\$ 78,700	\$ 72,700	\$ 63,300	\$ 58,200	\$ 44,000	\$ 39,200
77	\$ 122,600	\$ 113,100	\$ 79,700	\$ 73,000	\$ 64,100	\$ 58,400	\$ 44,400	\$ 39,400
78	\$ 125,400	\$ 114,700	\$ 80,600	\$ 73,300	\$ 64,900	\$ 58,600	\$ 44,900	\$ 39,600
79	\$ 128,200	\$ 116,400	\$ 81,600	\$ 73,600	\$ 65,700	\$ 58,800	\$ 45,300	\$ 39,800
80	\$ 131,000	\$ 118,000	\$ 82,500	\$ 73,900	\$ 66,500	\$ 59,000	\$ 45,800	\$ 40,000
81	\$ 133,100	\$ 118,600	\$ 83,000	\$ 73,900	\$ 66,800	\$ 59,000	\$ 46,100	\$ 40,000
82	\$ 135,100	\$ 119,200	\$ 83,500	\$ 73,900	\$ 67,100	\$ 59,000	\$ 46,500	\$ 40,000
83	\$ 137,200	\$ 119,800	\$ 84,000	\$ 73,900	\$ 67,400	\$ 59,000	\$ 46,800	\$ 40,000
84	\$ 139,200	\$ 120,400	\$ 84,500	\$ 73,900	\$ 67,700	\$ 59,000	\$ 47,200	\$ 40,000
85	\$ 141,300	\$ 121,000	\$ 85,000	\$ 73,900	\$ 68,000	\$ 59,000	\$ 47,500	\$ 40,000
86	\$ 143,300	\$ 121,500	\$ 85,500	\$ 73,900	\$ 68,400	\$ 59,000	\$ 47,800	\$ 40,000
87	\$ 145,400	\$ 122,000	\$ 85,900	\$ 73,900	\$ 68,800	\$ 59,000	\$ 48,100	\$ 40,000
88	\$ 147,400	\$ 122,500	\$ 86,400	\$ 73,900	\$ 69,200	\$ 59,000	\$ 48,400	\$ 40,000
89	\$ 149,500	\$ 123,000	\$ 86,800	\$ 73,900	\$ 69,600	\$ 59,000	\$ 48,700	\$ 40,000
90	\$ 151,500	\$ 123,500	\$ 87,300	\$ 73,900	\$ 70,000	\$ 59,000	\$ 49,000	\$ 40,000
Monthly Fee	\$ 618	\$ 562	\$ 618	\$ 562	\$ 590	\$ 533	\$ 552	\$ 503

## Monthly Fees

The monthly fees are also dependent on the plan selected and are listed at the bottom of the above chart. Monthly fees are due the 10<sup>th</sup> day of the month to which the payment applies. Members are billed monthly for any applicable co-payments or for services rendered. Lakewood may charge interest at a rate of one- and one-half percent (1.5%) per month on any unpaid balance.

## Adjustment of Monthly Charges

The monthly fee is made to provide the programs and services described in the Membership Services Agreement and is intended to meet the cost of administration, staffing and other expenses associated with the operation and management of the Lakewood at Home program. Lakewood shall have the authority to adjust the Monthly Fee periodically based on the financial needs of Lakewood. Lakewood will endeavor to make such adjustments on a once a year basis during the term of this Agreement. Lakewood, upon thirty (30) days' written notice to Member, may make any such adjustments in the monthly fee.

Listed below are the last five years of rate increases experienced by Lakewood. Lakewood at Home had a rate increase of 4.00% for 2022. These fees cover all increases in fees during the past five years for Lakewood.

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

## Refund of Membership Fees

In the case of termination within the Adjustment Period, Member, or his or her estate, shall be entitled to a full refund of the Membership Fee less any actual cost to the Provider to maintain the Member at their Home Site, Assisted Living or Nursing Home. In the case of termination after the Adjustment Period, Member is entitled to a refund of the Membership Fee less a principal amount of the Membership Fee for each calendar month from the Membership Date up to and including the month in which the refund is payable and a 4% administration fee. The principal amount will be less two percent of the Membership Fee for each month since the effective date of the Agreement; three percent for any time Member spent in Assisted Living in excess of one month and four percent for any time spent in Nursing Home in excess of one month. When a Member becomes a permanent resident of a Assisted Living or Nursing Home Facility as provided in Section VII. D. of the Agreement, no refund of the Membership Fee will be paid.

## Proposed Uses of Funds

All Membership Fees are the property of Lakewood at Home upon receipt. They are recorded as deferred revenues to reflect future commitments to Members. The deferred revenues are amortized

to income based on the estimated life expectancy of the Member. The period of amortization is adjusted annually based on the estimated remaining life expectancy of each member.

## RESERVE FUNDING

### Historical Perspective

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

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

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

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

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

In December 2017, the Obligated Group issued two series of bonds in the amounts of \$49,750,000 (Series C) and \$23,250,000 (Series D) to the public and a bank, respectively. Series 2017C are fixed rate bonds with up to a thirty-year maturity, while Series 2017D is a variable rate bond with a maturity of five years, intended to be retired using entrance fee receipts from new independent living units (Series 2017D was paid off in December 2020). These bonds are intended to i) fund strategic

improvements at Lakewood, ii) fund a memory support neighborhood at The Glebe, and iii) pay off The Glebe's Series 2014B bonds. The Series 2017C & D bonds are collateralized by a deed of trust of the Obligated Group's facilities as well as a security interest in certain other assets.

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

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

### **Equity, Position on Property, Plant, and Equipment**

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

### **Agreement Provision for Escrowing of Entrance Fees**

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

### **Position Relating to Future Funding of Entrance Fees**

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

## **RESTRICTED FUNDS INFORMATION**

### **Net Assets with Donor Restrictions**

These include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released

when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

### **Contributed Support**

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

### **Donor-Restricted Gifts**

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

### **Depreciation Funding**

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

### **Refunding and Amortization of Entrance Fees**

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

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

### **Investment Position of LifeSpire**

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

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

## AUDITED FINANCIAL STATEMENTS

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

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

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

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

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

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

## Occupancy Summary:

STATISTICAL SUMMARY															
Average Year-to-Date Through 12/31/2021															
	UNITS AVAILABLE					UNITS OCCUPIED					OCCUPANCY PERCENT				
	ILU	AL	MS	HC	Total	ILU	AL	MS	HC	Total	ILU	AL	MS	HC	TOTAL
Culpeper	33	54	32	47	166	32	51	24	39	146	98.0%	94.5%	74.0%	83.3%	88.0%
Chesapeake	251	57	16	52	376	244	49	15	49	356	97.1%	86.1%	91.8%	93.6%	94.7%
Lakewood	324	60	14	96	494	299	47	7	80	433	92.3%	78.9%	50.9%	82.8%	87.7%
Summit	101	43	-	-	144	97	41	-	-	138	95.6%	96.1%	0.0%	0.0%	95.7%
Glebe	154	32	20	32	238	148	30	18	28	224	95.9%	95.1%	89.3%	87.2%	94.1%
<b>OBLIGATED GROUP</b>	<b>862</b>	<b>246</b>	<b>82</b>	<b>227</b>	<b>1,417</b>	<b>819</b>	<b>219</b>	<b>63</b>	<b>195</b>	<b>1,296</b>	<b>94.9%</b>	<b>89.1%</b>	<b>77.2%</b>	<b>86.0%</b>	<b>91.5%</b>

## Revenues:

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

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

## Operating Expenses:

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

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

**Entrance Fee Deferrals:**

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

**Net Entrance Fee Receipts:**

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

**Financial Ratios and Covenant Compliance:**

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

<b>Interim Covenant Tests:</b>		
	<b>Results</b>	<b>Required</b>
Days Cash on Hand (a)	452	120
Debt Service Coverage Ratio (a)	2.04	1.20
(a) Tested annually at December 31st.		

**Lakewood**  
**Statement of Operations**  
**Twelve Months Ending December 31, 2021**

	December				Prior Year		
	Actual	Plan	Variance	Percent Variance	Actual	Variance	Percent Variance
<b>Unrestricted Revenues</b>							
Earned Entrance Fees	\$ 8,354,052	\$ 7,105,200	\$ 1,248,852	17.58%	\$ 7,331,535	\$ 1,022,517	13.95%
Independent Living	15,321,352	15,594,693	(273,342)	-1.75%	14,450,085	871,267	6.03%
Assisted Living	2,111,065	2,175,113	(64,048)	-2.94%	2,261,765	(150,700)	-6.66%
Memory Support	366,369	689,208	(322,839)	-46.84%	619,450	(253,082)	-40.86%
Health Care	9,294,855	9,807,338	(512,483)	-5.23%	9,397,251	(102,397)	-1.09%
Clinic	495,578	346,067	149,511	43.20%	413,046	82,532	19.98%
<b>Total Resident Income</b>	<b>35,943,271</b>	<b>35,717,618</b>	<b>225,652</b>	<b>0.63%</b>	<b>34,473,133</b>	<b>1,470,137</b>	<b>4.26%</b>
Net assets released for operations	292,511	-	292,511	0.00%	594,657	(302,146)	-50.81%
Unrestricted gifts and donations	3,094,611	2,030,418	1,064,193	52.41%	1,020,246	2,074,366	203.32%
Investment income for current operations	1,407,522	715,030	692,492	96.85%	1,181,155	226,367	19.16%
Gain (Loss) on disposal of assets	-	7,673	(7,673)	-100.00%	7,450	(7,450)	-100.00%
Other Income	1,338,656	1,296,190	42,466	3.28%	1,156,489	182,168	15.75%
<b>Total Operating Income</b>	<b>42,076,572</b>	<b>39,766,930</b>	<b>2,309,641</b>	<b>5.81%</b>	<b>38,433,130</b>	<b>3,643,442</b>	<b>9.48%</b>
<b>Operating Expenses</b>							
Salaries and wages	13,527,263	11,938,391	1,588,872	13.31%	12,550,402	976,862	7.78%
Benefits	2,266,065	2,205,178	60,887	2.76%	1,201,699	1,064,366	88.57%
Interest Expense	2,660,518	2,698,396	(37,878)	-1.40%	1,992,826	667,692	33.50%
Depreciation	6,650,761	6,623,000	27,761	0.42%	5,846,505	804,256	13.76%
Corporate Office Expenses	2,652,127	2,653,279	(1,152)	-0.04%	2,711,937	(59,809)	-2.21%
Other Expenses	10,363,947	9,333,184	1,030,763	11.04%	10,245,942	118,005	1.15%
<b>Total Operating Expenses</b>	<b>38,120,682</b>	<b>35,451,428</b>	<b>2,669,254</b>	<b>7.53%</b>	<b>34,549,310</b>	<b>3,571,371</b>	<b>10.34%</b>
<b>Operating Income</b>	<b>3,955,890</b>	<b>4,315,502</b>	<b>(359,612)</b>	<b>-8.33%</b>	<b>3,883,819</b>	<b>72,071</b>	<b>1.86%</b>
<b>Investment income for non current operations</b>							
Unrealized gains (losses) on investments	4,111,990	-	4,111,990	0.00%	976,649	3,135,341	321.03%
<b>Excess of revenues over expenses</b>	<b>\$ 8,067,880</b>	<b>\$ 4,315,502</b>	<b>\$ 3,752,377</b>	<b>86.95%</b>	<b>\$ 4,860,468</b>	<b>\$ 3,207,412</b>	<b>65.99%</b>

**Revenues:**

Total Operating Income for 2021 exceeded budget by \$2.3M, primarily driven by investment income and CARES Act – Payroll Protection Program loan forgiveness. Total resident income was \$226K better than budget and \$1.5M greater than 2020. The Lakewood at Home program added \$924K in revenue to Lakewood in 2021 compared to \$724K in 2020.

**Operating Expenses:**

Operating expenses for 2021 were unfavorable to budget by \$2.7K, but greater than 2020 results, by \$3.8M. Increases were due to staffing shortages which increase overtime, a move to a \$15 per hour minimum starting wage, above average inflation and supplies related to the COVID-19 response. Lakewood at Home amounted to \$771K of the total expense for Lakewood.

**NOTE:** Lakewood at Home operates under the corporate structure of Lakewood and rolls up in the Lakewood statement above. The below statement reflects only the operations of the Lakewood at Home program

**Lakewood at Home  
Statement of Operations  
Twelve Months Ending December 31, 2021**

	2021				2020		
	Actual	Plan	Variance	Percent Variance	Actual	Variance	Percent Variance
<b>Unrestricted Revenues</b>							
Investment income for current operations	\$ 141,582	\$ 47,400	\$ 94,182	198.70%	\$ 89,126	\$ 52,456	58.86%
At Home Fees	782,369	756,307	26,062	3.45%	635,065	147,303	23.19%
<b>Total Operating Income</b>	<b>923,951</b>	<b>803,707</b>	<b>120,244</b>	<b>14.96%</b>	<b>724,191</b>	<b>199,760</b>	<b>27.58%</b>
<b>Operating Expenses</b>							
Salaries and wages	413,891	477,628	(63,737)	-13.34%	477,137	(63,246)	-13.26%
Benefits	76,049	63,198	12,851	20.33%	34,635	41,413	119.57%
Interest Expense	566	-	566	0.00%	773	(208)	-26.83%
Depreciation	11,391	12,000	(609)	-5.07%	11,308	83	0.74%
Other Expenses	269,335	387,611	(118,277)	-30.51%	247,217	22,117	8.95%
<b>Total Operating Expenses</b>	<b>771,231</b>	<b>940,437</b>	<b>(169,205)</b>	<b>-17.99%</b>	<b>771,071</b>	<b>160</b>	<b>0.02%</b>
<b>Operating Income</b>	<b>\$ 152,719</b>	<b>\$ (136,730)</b>	<b>\$ 289,449</b>	<b>-211.69%</b>	<b>\$ (46,880)</b>	<b>\$ 199,599</b>	<b>-425.77%</b>

**Revenues:**

Operating income was above budget by \$120K, primarily due to investment returns being \$94K better than expected. This program was projected to take 3 to 5 years to breakeven but because of higher than projected membership and lower than projected member service expenses it is already at breakeven. Total revenue exceeded the prior year by \$200K.

**Operating Expenses:**

Until members consistently need services under their contract, the primary expense driver for this program is salaries. Expenses remained flat at \$160 over the prior year.

## PRO FORMA INCOME STATEMENT FOR LIFESPIRE

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

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

	12/31/22
<b>Capacity</b>	
Independent Living	333
Assisted Living	56
Memory Support	14
Health Care	96
<b>Total</b>	<b>499</b>
<b>Occupancy</b>	
Independent Living	309.4
Assisted Living	45.5
Memory Support	12.5
<b>Health Care</b>	
Private Pay	56.0
Medicare	28.5
Medicaid	-
<b>Total Health Care</b>	<b>84.5</b>
<b>Total Occupancy</b>	<b>451.9</b>
<b>% Occupancy</b>	
Independent Living	92.9%
Assisted Living	81.3%
Memory Support	89.3%
Health Care	88.0%
<b>% Total</b>	<b>90.6%</b>

2. Revenue increases were partially driven by monthly fee increases of 5.0% in 2022 versus 2.45% in 2021
3. Annual wage rate increases are assumed to average 3.0%, which is 0.5% higher than 2021. Some position-specific market driven changes may vary from this average.
4. Budgeted “controllable” (i.e., non-salary related) operating expenses for 2022 are estimated to generally increase by 3.0% to 5.0% over 2021 forecast results due to various program changes offsetting anticipated inflation. There are minor specific variations to reflect known circumstances and to improve market comparability, resident care, or regulatory compliance.

# Proforma Income Statement

Lakewood (2022 Budget)

	Budget 2021	Budget 2022	Variance Percentage	Dollar
<b>OPERATING REVENUES</b>				
At Home Fee Revnue	756,307	916,812	21.2%	160,505.40
Earned Entrance Fees	7,105,200	6,387,775	-10.1%	(717,425.00)
Independent Living revenue	15,594,693	16,822,610	7.9%	1,227,916.39
Assisted Living revenue	2,175,113	2,450,999	12.7%	275,886.64
Memory Support revenue	689,208	645,938	-6.3%	(43,269.67)
Health Care revenue	8,719,178	9,250,022	6.1%	530,843.89
Therapy revenue	1,148,160	1,152,400	0.4%	4,240.00
Adjustment to Allowance for Bad Debts	(60,000)	(120,176)	100.3%	(60,176.00)
Other Operating Revenue	2,172,369	1,385,991	-36.2%	(786,377.64)
Gift Income	744,000	657,000	-11.7%	(87,000.00)
Investment Income	715,030	550,020	-23.1%	(165,010.32)
Net Assets Released For Operations	-	740,184	100.0%	740,184.00
Gain (Loss) On Sale Of Assets	7,673	-	-100.0%	(7,673.06)
<b>TOTAL REVENUES</b>	<b>39,766,930</b>	<b>40,839,575</b>	<b>2.7%</b>	<b>1,072,644.64</b>
<b>COMPENSATION EXPENSES</b>				
<b>Health Care</b> - Salaries and Wages	5,771,238	6,249,967	8.3%	478,728.66
Benefits	1,070,427	1,013,327	-5.3%	(57,099.81)
<b>Resident and Member Services</b> - Salaries and Wages	2,276,984	2,620,408	15.1%	343,424.85
Benefits	424,978	437,260	2.9%	12,282.08
<b>Facilities Services</b> - Salaries and Wages	1,809,344	2,082,487	15.1%	273,142.70
Benefits	336,626	345,693	2.7%	9,066.54
<b>Administrative and General</b> - Salaries and Wages	1,523,283	1,550,398	1.8%	27,115.02
Benefits	373,147	411,212	10.2%	38,064.65
<b>TOTAL COMPENSATION EXPENSES</b>	<b>13,586,027</b>	<b>14,710,751</b>	<b>8.3%</b>	<b>1,124,724.68</b>
<b>OTHER EXPENSE</b>				
Health Care	87,400	115,066	31.7%	27,666.27
Resident and Member Services	612,350	715,657	16.9%	103,307.00
Facilities Services	881,499	807,230	-8.4%	(74,269.46)
Administrative and General	1,157,088	1,185,743	2.5%	28,655.69
<b>TOTAL OTHER EXPENSE</b>	<b>2,738,337</b>	<b>2,823,697</b>	<b>3.1%</b>	<b>85,359.50</b>
<b>GENERAL EXPENSES</b>				
Health Care	2,730,565	3,075,000	12.6%	344,434.58
Resident and Member Services	2,312,125	2,236,494	-3.3%	(75,630.75)
Facilities Services	1,395,041	1,508,614	8.1%	113,572.73
Administrative and General	9,990,936	9,818,983	-1.7%	(171,953.26)
<b>TOTAL GENERAL EXPENSES</b>	<b>16,428,668</b>	<b>16,639,091</b>	<b>1.3%</b>	<b>210,423.31</b>
<b>NON-OPERATING EXPENSES</b>				
Non-Operating Expenses	3,043,479	2,831,922	-7.0%	(211,557.45)
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>3,043,479</b>	<b>2,831,922</b>	<b>-7.0%</b>	<b>(211,557.45)</b>
<b>TOTAL EXPENSES</b>	<b>35,796,511</b>	<b>37,005,461</b>	<b>3.4%</b>	<b>1,208,950.04</b>
<b>Excess of revenues, gains and other support over expenses</b>	<b>3,970,419</b>	<b>3,834,114</b>	<b>-3.4%</b>	<b>(136,305.40)</b>

# Proforma Income Statement

Lakewood at Home (2022 Budget)

	Budget 2021	Budget 2022	Variance Percentage	Dollar
<b>OPERATING REVENUES</b>				
At Home Fee revenue	756,306.60	916,812.00	21.2%	160,505.40
Investment Income	47,400.00	52,020.00	9.7%	4,620.00
<b>TOTAL REVENUES</b>	<b>803,706.60</b>	<b>968,832.00</b>	<b>20.5%</b>	<b>165,125.40</b>
<b>COMPENSATION EXPENSES</b>				
<b>Resident and Member Services</b> - Salaries and Wages	116,209.61	133,645.00	15.0%	17,435.39
Benefits	16,455.31	24,457.00	48.6%	8,001.69
<b>Administrative and General</b> - Salaries and Wages	314,098.20	279,872.00	-10.9%	(34,226.20)
Benefits	46,742.33	64,929.44	38.9%	18,187.11
<b>TOTAL COMPENSATION EXPENSES</b>	<b>493,505.45</b>	<b>502,903.44</b>	<b>1.9%</b>	<b>9,397.99</b>
<b>OTHER EXPENSE</b>				
Administrative and General	281,221.17	223,900.00	-20.4%	(57,321.17)
<b>TOTAL OTHER EXPENSE</b>	<b>281,221.17</b>	<b>223,900.00</b>	<b>-20.4%</b>	<b>(57,321.17)</b>
<b>GENERAL EXPENSES</b>				
Resident and Member Services	49,100.12	71,880.00	46.4%	22,779.88
Administrative and General	116,610.11	119,008.27	2.1%	2,398.16
<b>TOTAL GENERAL EXPENSES</b>	<b>165,710.23</b>	<b>190,888.27</b>	<b>15.2%</b>	<b>25,178.04</b>
<b>NON-OPERATING EXPENSES</b>				
Non-Operating Expenses	-	15,700.00	0.0%	15,700.00
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>-</b>	<b>15,700.00</b>	<b>0.0%</b>	<b>15,700.00</b>
<b>TOTAL EXPENSES</b>	<b>940,436.85</b>	<b>933,391.70</b>	<b>-0.7%</b>	<b>(7,045.15)</b>
<b>Excess of revenues, gains and other support over expenses</b>	<b>(136,730.25)</b>	<b>35,440.30</b>	<b>-125.9%</b>	<b>172,170.55</b>

## **ENROLLMENT OF PARTICIPANTS**

The following criteria must be met for an applicant to be eligible for consideration to join the Lakewood at Home program as determined by an in-home assessment, application, financial review and medical review:

- Able to independently perform all activities of daily living to ensure personal health, safety and welfare.
- Does not have a diagnosis of a neurological disease such as memory issues, Mild Cognitive Impairment, Alzheimer's, Parkinson's, ALS, MS, etc.
- Is living independently, not needing any supportive services at the time of application or in the foreseeable future.
- Confirms that health condition has not changed at the time of signing from the time of application.
- Lives in a home that can be modified, if necessary, to allow Member to remain in the home if Member becomes disabled in the future.
- Demonstrates adequate financial resources to meet all financial requirements of membership while also maintaining the home.

Lakewood considers all age-eligible applicants for Lakewood at Home without regard to race, sex, religion, national origin, marital status, sexual orientation or disability.

Applicants must submit all application forms including general application, medical records, insurance review and confidential financial information. The Care Coordination Team will review all submitted documents to determine eligibility for the Program.

## **PROVISION OF SERVICES TO NON-MEMBERS**

Lakewood reserves the right to provide services to non-members who live with a Lakewood at Home Member.

## **PROCEDURE FOR MEMBER TO FILE A COMPLAINT OR DISCLOSE CONCERN**

In the event that a Member is not satisfied with a decision regarding his/her care, each Member has the right to appeal decisions in connection with the following sections of the Membership Services Agreement: Section II Facilities and Services Provided by the Provider, Section III Right of Subrogation and Section IV Decisions Involving Permanent Transfer from Living Accommodation of the Member Agreement.

Member and Provider agree that, absent unusual circumstances, "promptly" means no more than seven (7) days from the date member or Provider is informed in writing of the decision related to an appeal.

Member or Member's Designated Representative has the right to appeal. The family of a Member may advocate for or may encourage Member to appeal, but cannot appeal themselves, except in the case where the family member has been appointed Member's Designated Representative. The Care Coordinator may act as an advocate for Member or facilitate the appeal, but cannot appeal him/herself.

### **Appeal Process – Level I**

- Care Coordinator shall record all requests for an appeal.
- Member shall promptly initiate appeal procedures by:
  - Telephoning Member's Care Coordinator; or
  - Informing Provider, in writing, of his or her desire to appeal.
- Manager of Care Coordination shall perform a prompt, independent review of the case, and shall promptly notify Member of review decision.

### **Appeal Process – Level II**

- If Member promptly notifies Provider in writing of desire to appeal to the next level, the Care Coordination team will review the case promptly. The Manager of Care Coordination shall notify Member of review decision promptly thereafter.

### **Appeal Process – Level III**

- If Member promptly notifies Provider, in writing, of desire to appeal to the next level, the case will be reviewed promptly by the Appeals Committee, consisting of the Medical Director, Chief Executive Officer, Director of Clinical Services, a representative of the Board of Trustees of Lakewood and a representative designated by the Member.
- The Manager of Care Coordination shall notify Member of review decision promptly thereafter.

<b>Summary of Financial Information</b>			
<b>Lakewood Manor Baptist Retirement Community, Inc., d/b/a Lakewood</b>			
<b>As of and for the Years Ending December 31, 2021 and 2020</b>			
	<u><b>Current Year</b></u>		<u><b>Prior Year</b></u>
<b>Total Assets</b>	206,811,940		197,555,635
<b>Total Liabilities</b>	149,628,782		148,470,528
<b>Total Net Assets</b>	57,183,158		49,085,107
<b>Total Revenue</b>	42,076,572		38,433,130
<b>Total Expenses</b>	38,120,682		34,549,311
<b>Operating Income (Loss)</b>	3,955,890		3,883,819
<b>Net Income (Loss)</b>	8,098,051		4,500,245



## **Lakewood at Home Membership Services Agreement**

**Lakewood at Home  
Membership Services Agreement**

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**LAKEWOOD AT HOME  
MEMBERSHIP SERVICES AGREEMENT**

This Membership Services Agreement (the “Agreement”), made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is between Lakewood Manor Baptist Retirement Community, Inc. (“The Provider” or “Lakewood”), a non-stock, non-profit corporation located in Henrico, Virginia and organized under the laws of the Commonwealth of Virginia and \_\_\_\_\_ (the “Member”).

LifeSpire of Virginia, a trade name for Virginia Baptist Homes, Inc., is the sole member of Lakewood Manor Baptist Retirement Community, Inc., a faith-based provider of senior living services. Lakewood is located at 1900 Lauderdale Drive in the Richmond, Virginia area, which provides residential living, community areas and programs, and a continuum of wellness, assisted living and health care services. Lakewood’s assisted living area is licensed by the Virginia Department of Social Services and its healthcare/nursing area is licensed by the Virginia Department of Health and further regulated by the State Corporation Commission (“SCC”).

WHEREAS, Provider has established and is offering a program known as Lakewood at Home (the “Program”) which allows for members to remain in their private residences while enjoying many of the benefits and services offered at a continuing care retirement community.

WHEREAS, Member desires to become a member of the Program and to use and enjoy the facilities, programs and services provided by Provider subject to the terms and conditions of this Agreement;

NOW, THEREFORE, Member and Provider agree as follows:

**I. DEFINITIONS**

All terms not defined under this Section I shall have the meanings ascribed to them elsewhere in this Agreement, or their common meaning.

**ADL Deficiencies** means deficiencies, as determined by the Care Coordination Team, in activities of daily living (“ADL”), such as bathing, dressing, eating, transferring, walking, mobility, grooming and continence. Those persons deemed to have ADL Deficiencies may include, but are not limited to those who need personal assistance, those with any type of dementia disorder, those who are bed bound or homebound, or those who need special equipment to ambulate (i.e., wheelchair, walker).

**Adjustment Period** means the ninety (90) day period immediately following the Effective Date during which either party can terminate this Agreement for any reason.

**Adult Day Services** means a facility that offers a program of services for adults in a congregate setting for a scheduled number of hours per week. Elements of an adult day services program usually include transportation, meals and activities (both health related and social).

**Agreement** means this Member Agreement.

**Assisted Living Facility** means a residential facility for persons in need of assistance with activities of daily living. This is an area of care licensed by the Virginia Department of Social Services.

**Care Coordination Team** means the persons appointed by Provider for Member, comprised of the Manager of Care Coordination (or his/her designee), a representative of Provider, and, in the case of medical and health care services, the Medical Advisor (or his/her designee) and other clinical professionals as deemed appropriate by Provider, in consultation with the Member and/or Member's Designated Representative. The Care Coordination Team may, at Provider's sole discretion, change titles and personnel from time to time.

**Care Coordinator** means the person appointed by Provider to be responsible for handling the needs of the Member for services; for conducting specific needs assessments; and for making recommendations for services subject to review and final determination of Member's eligibility for services by the Care Coordination Team.

**Care Plan** means the written plan for long-term care services, including type of service, start date, quantity, frequency, duration of service, Program Approved Provider or Plan Participating Facility and any special considerations, which is developed and approved by the Care Coordination Team for Member based on a comprehensive needs assessment. The Care Plan shall be agreed to in writing by Member and/or Member's Designated Representative.

**Community-Based Continuing Care ("CBCC")** means a program providing or committing to provide a range of services, including long-term care services, to an individual, other than an individual related by blood or marriage, (i) pursuant to an Agreement, including mutually terminable contracts, effective for the life of the individual or for a period in excess of one year; and (ii) in consideration of the payment of an entrance fee. CBCC also means the provision of the enumerated services in the individual's private residence as long as medically feasible, and the provision of facility-based long-term care services when required, either directly or indirectly through affiliated services or through contractual arrangements.

**Companion** means a person designated by Provider to provide Companion Services to Member at the Home Site.

**Companion Services** means those services provided by a Companion, which may include supervision of activities of daily living and medication reminders.

**Designated Representative** means the person authorized by the Member to make decisions on his or her behalf.

**Designated Service Area** means Provider's area of coverage for Services. The Designated Service Area may be altered from time to time at the sole discretion of Provider. No change in the Designated Service Area by Provider will adversely affect this Agreement.

**Determined To Be Appropriate** means the Care Coordination Team, utilizing industry standards and accepted standards of healthcare practice, has assessed a Member's medical and functional status and concluded that services are necessary and will be provided by Provider.

**Effective Date** means the date this Agreement is executed by both parties.

**Emergency Response System** means an in-home 24-hour electronic alarm system activated by a signal to local emergency service responders. This system allows Members to secure immediate help in the event of a medical, physical, emotional or environmental emergency. The Member, who participates in the utilization of the Emergency Response System, agrees to allow designated responders to have access to the Member's home in the event of an emergency.

**Facility** means an Adult Day Facility, an Assisted Living Facility or a Skilled Nursing Facility.

**Facility Based Services** means services provided in a Facility other than the Home Site, including adult day services, assisted living, dementia care and skilled care. Facility Based Services will be provided at the supportive living facilities at Lakewood or other Program Participating Facilities.

**Financial Statement** means a financial statement of Member in a form acceptable to Provider.

**Home Care Aide** means a qualified person trained to provide assistance with personal care and designated by Provider to provide Home Care Services to Member at the Home Site.

**Home Care Services** may include assistance with bathing and dressing and an established activity regimen, such as range of motion exercises, and nutritional needs, such as feeding assistance.

**Home Health Services** include the services of Registered or Licensed nurses and certified home health aides provided by an agency licensed by the state and certified by Medicare to provide acute, intermittent, medically related, home health services. The provision of Home Health Services is a Medicare Benefit.

**Homemaker** is a person designated by Provider to provide Homemaker Services to Member at the Home Site.

**Homemaker Services** are services provided by a Homemaker and may include assistance with day-to-day chore activities at the Home Site, such as cooking, dishwashing, laundry, light housekeeping and errands.

**Home Site** means Member's place of residence as indicated in Section II.A. of this Agreement.

**Home Site Services** means services provided by the Program at Member's Home Site.

**Hospice** means a provider, licensed by the Commonwealth of Virginia, primarily engaged in providing end-of-life care to individuals. Hospice is a Medicare benefit.

**Lakewood at Home** means the program of community-based continuing care services provided as outlined in this agreement.

**Medical Advisor** means a physician appointed by Provider to complete reviews of medical records and participate as a member of Care Coordination Team as deemed appropriate.

**Medical Director** means a physician appointed from time to time by Provider to oversee the provision of medical and health care services provided to Members.

**Medical Record** means all records relating to Member's medical history and condition, which may be maintained by the Program or by a Program Participating Facility or a Program Approved Provider.

**Medicare** means the Health Insurance for the Aging Act, Title XVIII of the Social Security Amendment of 1965, as amended and the regulations promulgated thereunder in effect from time to time.

**Medicare Covered Services** means all hospital, skilled nursing, home care and medical services covered and paid for by Medicare Parts A and B and Member's MediGap or secondary insurance.

**Medicare Supplemental Coverage** means a private health insurance plan, which is certified by the Secretary of Health and Human Services as meeting federal requirements for Medicare supplemental policies. In general, Medicare Supplemental Coverage, also referred to as MediGap insurance or secondary insurance, pays some of the balance of the costs of care covered by Medicare Parts A and B when full costs are not paid by Medicare, and pays for certain deductibles and copayments.

**Member's Designated Representative** means any person appointed by Member to represent Member's interests, or granted a Power of Attorney by Member or appointed Member's guardian by a court.

**Membership Fee** means the fee paid by Member to Provider as set forth in Section VI.A. of this Agreement.

**Monthly Fee** means the monthly fee described in Section VI.B. of this Agreement.

**Nursing Home Facility** means a residential facility licensed by the State of Virginia to provide various levels of skilled nursing care.

**Permanent Resident** means when Member has resided in a Facility for one hundred (100) consecutive days and has been determined to be a Permanent Resident with respect to the Facility by the Care Coordination Team.

**Plan** means the pricing option that a Member selects upon enrollment.

**Program** means the Lakewood at Home program which the Member is joining by signing this agreement.

**Program Participating Provider** means a health, home or personal care services firm having an agreement with Provider to supply services to members.

**Program Participating Facility** means an Adult Day Facility, an Assisted Living Facility or a Nursing Home Facility having an agreement with Provider to supply Facility Based Services to members.

**Provider** means that the Provider will directly or through a Program Participating Provider or Facility make services available at Provider cost, subject to applicable co-payments, deductibles, and limitations.

**Provider** means the Lakewood Manor Baptist Retirement Community, Inc., the provider of community-based continuing care services under this Agreement. The Provider will directly or through a Program Participating Provider or Facility make services available at Provider cost, subject to applicable co-payments, deductibles, and limitations.

**Published Cost of Care** means the published rate charged at Lakewood for the level of facility-based service being provided.

**Referral Service** means a service not provided under the Program whereby Provider, acting as an intermediary between Member and third-party vendors of such services, makes referrals to Member for such services as he/she may choose, at costs payable in full by Member.

**Services** means any assistance, including care coordination, Member home inspection, Home Site Services (including home health care, Homemaker services, Companion services, Emergency Response System, and meals), Facility Based Services (including Adult Day, Assisted Living and Nursing Home), transportation services, Referral Services and lifestyle and wellness programs, that are provided to Member in the Program, subject to applicable co-payments and deductibles.

**Transportation** means the provision of transportation services by the Provider to a Member as defined in Section II. F.

## II. ACCOMMODATIONS AND SERVICES

Provider will provide to Member the services described in this Agreement and in Attachment A for the lifetime of Member subject to the terms and conditions hereinafter set forth, in a manner consistent with the objective of enabling Member to maintain his or her own living arrangement at the Home Site for as long as is practical and to provide Facility Based services, if needed. Any services that Provider is required to provide under this Agreement will be provided by Provider directly or through a Program Participating Provider or Program Participating Facility at Provider's cost, subject to any applicable copayments and deductibles.

Member agrees to accept and pay for the services in the manner set forth in this Agreement and to abide by the rules and regulations of Provider with respect to the services.

A. **Residence.** Member shall remain in their existing home (or subsequent residence of their choice) and shall not occupy a specific apartment or unit on the campus of Lakewood at this time. Member shall have the ability to make application for an independent living unit at Lakewood in the future when available under such terms and conditions noted in the Residency Agreement for the independent living unit and upon payment of Membership Fee and Monthly Service Fee for that unit then in effect. If a member wishes to move into Independent Living campus of Lakewood, there are bridge options available.

Member currently lives at \_\_\_\_\_  
("Home Site") and shall remain within the Designated Service Area to remain eligible for all services, products and programs of Lakewood at Home program as described hereunder.

B. **Care Coordination.** A Care Coordinator will be assigned to Member. Under the direction of the assigned Care Coordinator, the Care Coordination Team, in consultation with Member and/or Member's Designated Representative, shall prepare a Care Plan to meet Member's particular needs on an annual basis and as needed from time to time during the term of this Agreement. All decisions involving Member's participation in various medical and health care services or permanent transfer from the Home Site to Facility Based Services will be made by the Care Coordination Team following consultation with Member or Member's Designated Representative.

C. **Member Home Evaluation.** During the first year of membership and as deemed appropriate by Care Coordinator thereafter due to circumstances of a Member's health condition, Provider will provide a functional inspection of the Home Site for the purpose of ascertaining any functional and safety problems, and will make recommendations to Member based on the inspection. Provider may require, based on circumstances of previous inspections or Member's health condition, that Member permit Provider to provide a functional inspection of the Home Site. Provider does not, however, represent that it will undertake steps necessary to effectuate any of such recommendations. Any recommended changes or corrections are Member's sole responsibility. It is Member's choice to make such recommended changes or corrections to his/her Home Site. To aid Member in securing necessary goods or services, Provider will make available a list of possible vendors of such goods and services. Member is solely responsible for the full cost of any of the improvements to his/her Home Site as a result of Member's home inspection.

Provider shall have no responsibility or liability for Member's decision or the timeliness of, or a delay in, the implementation of the recommendations.

D. **Home Site Services.** Home Site Services will be provided as Determined To Be Appropriate by the Care Coordination Team. Member must exhibit at least one or more ADL Deficiencies to be eligible for the following Home Site Services.

1. **Home Care.** Provider will provide non-Medicare covered Home Care Services, including assisted living provided by a Home Care Aide as Determined To Be Appropriate by the Care Coordination Team and to the extent provided for in the plan selected by Member.

2. **Homemaker Services.** Provider will provide Homemaker Services, including light housekeeping and chore services as Determined To Be Appropriate by the Care Coordination Team and to the extent indicated in the plan selected by Member.

3. **Companion Services.** Provider will provide Companion Services as Determined To Be Appropriate by the Care Coordination Team and to the extent indicated in the plan selected by Member.

4. **Emergency Response System.** Provider will provide an Emergency Response System designed for 24-hour coverage to all members. Members must sign a release form to indicate that they have refused the provided Emergency Response System, if they do not wish to utilize the provided system.

E. **Facility Based Services.** When Determined To Be Appropriate by the Care Coordination Team and prescribed by a physician, Provider will provide or cause to be provided, Facility Based Services, including assisted living in a private accommodation (subject to availability), assisted living memory support in semi-private accommodation, and nursing home services in a semi-private accommodation.

1. **Assisted Living and Nursing Home Services.** As Determined To Be Appropriate by the Care Coordination Team, assisted living and nursing home services will be provided at an Assisted Living Facility or Nursing Home Facility at Lakewood or at similar Program Participating Facilities approved by Provider in accommodations as identified in Section II. E. Provider will not be responsible for any ancillary charges included, but not limited to laundry, prescription drugs, medical supplies, telephone, internet or television. Such charges shall be Member's sole responsibility.

2. **Adult Day Services.** Provider will provide Adult Day Services as Determined To Be Appropriate by the Care Coordination Team supplied by a Program Approved Provider to the extent provided for in the plan selected by Member.

F. **Transportation Services.** If Member is unable to drive or instructed by his/her physician not to drive to and from medically necessary outpatient surgery or short procedures which may include, but are not limited to, cataract removal, chemotherapy treatments, and surgical biopsies, Provider will provide transportation. This does not include transportation for regular physician office visits, dialysis and routine specialist appointments.

G. **Lakewood Facilities.** Member shall have limited access to facilities and programs at Lakewood as scheduled by the Program.

H. **Lifestyle and Wellness Programs.** Lifestyle and wellness programs will be offered from time to time, free of charge or with an applicable fee for service, including but not limited to, exercise classes, arts and crafts, wellness seminars, speakers and day excursions. Members will be advised of the schedules and the cost of these programs on an as-offered basis.

I. **Activities and Leisure Events.** Provider will provide planned and scheduled social, recreational, spiritual, educational and cultural activities and leisure events, exercise and health programs, and other special activities designed to meet the needs of the Members of the Program.

J. **Referral Service For Additional Services.** In addition to the services outlined in this Agreement, a Referral Service for other services is available. Each vendor will charge the Member accordingly for the agreed upon services.

K. **Other Services and Programs Available for Extra Charge.** Other Provider services and programs will be available to Member at Member's expense. For a list of services currently available and the current charges for each service see Attachment B of this Agreement. Provider will give at least thirty (30) days' notice of a change in the scope of services offered.

### III. AGREEMENT REQUIREMENTS AND PROCEDURES

A. **Condition of Membership in the Lakewood at Home Program.** The Program is available to persons who are 55 years of age or older and who meet all eligibility requirements established by Provider. Through the application process, Member submitted the Application as well as other information required by Provider, participated in one or more interviews with Provider and arranged for Member's physician to furnish a physical examination report to Provider. As a condition of membership in the Lakewood at Home program, Member must continue to meet all eligibility requirements established by Provider, including but not limited to qualifications to ensure that Provider can accommodate Member's health needs through the Program. Member agrees to provide such additional information that Provider may require from time to time to supplement the Application and the other information provided by Member in connection with the Application.

B. **Representations.** Member affirms that the representations made in the Application are true and correct and may be relied upon by Provider as a basis for entering into this Agreement.

**C. Medical Insurance.** Member agrees to procure and maintain in force at Member's own expense, maximum coverage available to member under Medicare Part A, Medicare Part B and one supplemental health insurance policy or equivalent insurance coverage acceptable to Provider, and shall furnish Provider with evidence of coverage as Provider may from time to time request. If Member is not eligible for Medicare A and B, Member will be required to obtain a health insurance policy satisfactory to Provider that is equivalent to both Medicare (A and B) and Medicare Supplemental Coverage. If Member fails or neglects to arrange for such medical insurance coverage, Provider may, in Provider's sole discretion, terminate this Membership Agreement. Alternatively, Provider may, in Provider's sole discretion, make application on Member's behalf, pay Member's premium for this insurance and bill the costs to Member on the Monthly Fee statement. Member is responsible for procuring as well as maintaining such medical insurance coverage and Provider, while authorized to do so, shall have no obligation to do so. Should Member incur a medical expense during a period of time for which such medical insurance was required by Provider but was not procured and/or maintained either by Member or by Provider, Member shall be responsible for any portion of such expense which would have been covered had such a medical insurance policy been procured and maintained. All changes in information regarding Member's insurance coverage whether adding or canceling a policy, must be submitted in writing to Provider within ten (10) calendar days after such change.

**D. Limitation of Liability in Case of Refusal to Leave Home Site.** If the Care Coordination Team reasonably determines that it would be injurious to the health or safety of Member to remain in his/her Home Site and that therefore Member should become a resident in a Program Participating Facility, and Member refuses to make such move, or if Member refuses any other reasonable recommendation of the Care Coordination Team, Provider shall have no responsibility or liability for the consequences of such refusal.

**E. Illness or Accident While Traveling.** If an illness or accident occurs while Member is traveling or visiting away from home, Member shall make every reasonable effort to notify Provider as soon as possible. If continued medical care is required, Member shall arrange, as soon as reasonably possible, to return to Home Site or, if approved by the Care Coordination Team, to a Program Participating Facility. Provider will be responsible for the costs of nursing care services covered under this Agreement that are incurred by Member in a Nursing Home Facility as a result of such accident or illness for up to a forty-five (45) day period of time after Member is admitted. Provider's responsibility for Nursing Home Facility charges will be limited to the then current private pay daily rate for a semi-private bed for the same level of care at Lakewood. Provider shall be limited in its responsibility for Nursing Home Facility charges to a total of up to forty-five (45) days per occurrence and limited to a maximum of three occurrences. Member will be responsible for other costs such as hospital costs, physician fees, and transport, as well as any other costs not specifically stated in this Agreement, which shall be paid by Member or Member's personal insurance.

**F. Subrogation.** In case of accident or injury to Member caused by third parties, Member agrees to begin suit for damages within three months following written notice by Provider to Member, of Provider's interest in such suit. If Member fails to begin suit, Member hereby grants power of attorney to the Provider, which power shall not be affected by the disability of Member, at its election to bring any claims or initiate legal action, if necessary, against the person

who has caused injury to Member for compensation for the injury or expenses thereby caused. Member agrees to execute such further authorizations as shall be desirable to prosecute such claims or causes of action. The Provider, at its election, may sue on and enforce any cause of action for Member, for injury or damages so resulting, in the name of the Member or in its own name.

After all costs and damages incurred by the Provider (including reasonable costs of care furnished to Member by the Provider because of such accident or injury) shall have been paid for and reimbursed to the Provider by such subrogation, the balance of any collection made will be refunded or credited to Member's account, or in the event of the death of Member, will be paid to Member's estate. The Provider may limit its election as provided above to claims for recovery of the costs incurred by it, and in such event, the Provider shall not be obligated to assert any claim of Member arising out of such accident or injury beyond the costs incurred by the Provider.

**G. Right of Entry.** Member recognizes and accepts the responsibility of the Provider to enter Member's living accommodation in order to carry out the purpose and intent of this Agreement. The purposes for which such entry may be made include but are not limited to (1) response to the medical alert system and, (2) entry by authorized personnel if Member is reported missing or as not having responded to calls. The Provider recognizes Member's right to privacy and its responsibility to limit entry to the living accommodation to legitimate emergencies and scheduled work as set forth in the Agreement.

**H. Annual Physical Examination.** Provider encourages Member to undergo an annual physical examination performed by Member's personal physician or by one of the physicians or nurse practitioners of Provider. Provider encourages that a medical report be submitted by Member's personal physician to his/her Care Coordinator.

**I. Required Notice Of Relocation From Home Site Within Designated Service Area.** Member shall notify Provider in writing within a minimum of sixty (60) days prior to relocation. Provider has the right to do a Functional Home Inspection of the new Home Site to determine compliance with the program. Member understands that Provider has the right to terminate the Agreement upon Member's relocation to a new Home Site or to a Continuing Care Retirement Community (CCRC) if it is determined not be compliant with program requirements.

**J. Limitation Of Provider Payment For Home Site Services Or Facility Based Services Provided Within The Designated Service Area.** Provider may limit payment for Home Site Services, skilled home health care, homemaker, companion, emergency response system, meals, adult day services and facility-based services. If the aggregate published cost of such services for any thirty (30) day period exceeds the Published Cost of Care in the Nursing Home Facility at Lakewood, Provider shall limit payment of such services to the equivalent of the Published Cost of Care in such a Nursing Home Facility for all days following the thirty (30) day period, in accordance with member payment plan selection and co-payment requirements. The average cost of care for Home Site Services and the negotiated Facility Based Service rates will be determined and published by Provider from time to time, normally on an annual basis. The Member may transfer to Lakewood or pay the difference between the cost of Home Site Services or Facility Based Services and the published negotiated cost of care at Lakewood. Provider shall limit payment of such services to the equivalent of the published negotiated cost of care in such a

Nursing Home Facility for all days following the thirty-day period, in accordance with member payment plan selection and co-payment requirements. The Provider will provide for at least thirty (30) days' advance notice to the participant before any change in fees, charges, or the scope of care or services may be effective, except for changes required by state or federal assistance programs.

**K. Limitation of Provider Payment For Services Provided Outside The Designated Service Area.** Provider may limit payment for Home Site Services, skilled home health care, homemaker, companion, Emergency Response System, meals, adult day services, and Facility Based Services, for all Member Payment Plans when services are provided outside the designated service area. If the aggregate published cost of such services for any thirty (30) day period exceeds the Published Cost of Care in the Nursing Home Facility at Lakewood, Provider shall limit payment of such services to the equivalent of the Published Cost of Care in such a Nursing Home Facility for all days following the thirty (30) day period, in accordance with member payment plan selection and co-payment requirements. The average cost of care for Home Site Services and the negotiated Facility Based Service rates will be determined and published by Provider from time to time, normally on an annual basis. The Member may transfer to Lakewood or pay the difference between the cost of Home Site Services or Facility Based Services and the published negotiated cost of care at Lakewood.

#### **IV. TRANSFERS OR CHANGES IN LEVELS OF CARE**

**A. Decisions Involving Permanent Transfer From Living Accommodation.** All decisions involving permanent transfer from Member's current living accommodation (including Home Site, Assisted Living Facility, Nursing Home Facility or hospital) to another accommodation will be made by the Care Coordination Team. Such decisions shall be made in consultation with Member, or in case of incompetency, with Member's Designated Representative. If a determination is made by Provider that any transfer is unlikely to be temporary in nature all services provided for under this Agreement pertaining to such private residence will terminate unless separate arrangements are made between the parties.

**B. Transfer to Hospital or Other Facility.** Neither the facilities at Lakewood nor at any other Program Participating Facility are designed to care for persons who are diagnosed to be psychotic or mentally ill or as having a highly contagious or dangerous disease. When the above occurs, Member agrees to have a professional assessment to determine appropriate treatment. The staff of the facility where Member resides, in consultation with the Care Coordination Team, Member's physician and the Medical Director, will determine, at its sole discretion, if the continued presence of Member in the facilities at Lakewood or in the other Program Participating Facility is either dangerous or detrimental to the health or peace of Member or the staff or the residents of the facility. Provider shall have the authority to transfer Member to an appropriate facility for such care. Provider shall not be obligated to pay for such care. Such transfer of Member will be made only after consultation to the extent possible with Member, or a representative of Member's family and Member's attending physician.

## V. EXCLUSIONS

A. **Private Accommodations.** Private accommodations in a Nursing Home Facility, Assisted Living Facility, or a memory support bed in an Assisted Living Facility are not provided as part of this Agreement, but may be available to Member for an additional fee.

B. **Excluded Services.** Member will be responsible for the costs of all services and supplies, other than the services specifically to be provided by Provider as set forth in this Agreement, either by direct payment or insurance reimbursement. Such services and supplies for which Member is responsible include, but are not limited to, the cost of all prescription medicines, physician services, private duty nursing services, outpatient services, physical therapy, occupational therapy, speech therapy, IV therapy, respiratory therapy, oxygen, hospitals, eye glasses, hearing aids, dentistry, orthopedic appliances, therapy for psychiatric disorders, treatment for mental illness, incontinent supplies, personal laundry, non-medical supplies, hair care, routine or emergency transportation, or any services not specifically provided for by this Agreement. Any specialized or personalized equipment (such as wheelchairs, walkers, kidney machine or respiratory equipment) that Provider would have to rent for Member will be charged to Member.

## VI. FEES, TERMS AND CONDITIONS

A. **Membership Fee.** Member agrees to pay Provider a one-time, nontransferable, non-interest bearing Membership Fee of \$\_\_\_\_\_ as a condition of becoming a member in the Lakewood at Home program. This Membership Fee is in payment for the \_\_\_\_\_ Plan, the payments and benefits of which are described in Attachment A.

B. **Monthly Fee.** In addition to the Membership Fee, Member agrees to pay a Monthly Fee for the term of this Agreement, which shall be payable in advance by the 10<sup>th</sup> day of each month. After paying the Membership Fee, Member will commence paying the Monthly Fee. As of the date of this Agreement, the Monthly Fee associated with the \_\_\_\_\_ Plan will be \$\_\_\_\_\_ per month. Provider may adjust the Monthly Fee during the term of this Agreement as described in Section VI. C. below.

C. **Adjustments in the Monthly Fee.** The Monthly Fee is made to provide the programs and services described in this Agreement and is intended to meet the cost of administration, staffing and other expenses associated with the operation and management of the Lakewood at Home program. Provider shall have the authority to adjust the Monthly Fee periodically based on the financial needs of Provider. Provider will endeavor to make such adjustments on a once a year basis during the term of this Agreement. Provider, upon thirty (30) days' written notice to Member, may make any such adjustments in the Monthly Fee.

D. **Additional Service Fees.** Provider may charge additional service fees to cover costs of programs and services that are not included in the Monthly Fee, as approved or requested by Member. For a list of services currently available and the current charges for each service see

Attachment B attached to this Agreement. The extra services available and the prices for these services may be changed periodically, upon thirty (30) days' notice.

E. **Monthly Statements.** Provider will furnish Member with monthly statements showing the Monthly Fee and additional service fees owed by Member that shall be payable by the 10<sup>th</sup> day of the month. Provider may charge interest at a rate of one and one half percent (1.5%) per month on any unpaid balance. In the event Member does not make payment on a timely basis, Member agrees to pay attorney's fees, if any, incurred by Provider in the collection of such fees. Member may not withhold monthly fees for any reason. In the event of non-payment of the Monthly Fee, Provider reserves the right to terminate this Agreement.

F. **Care in Other Assisted Living Facility or Nursing Care Facility.** Should Member be transferred to another Assisted Living Facility or Nursing Care Facility due to the unavailability of such facilities at Lakewood or Member's desire to receive assisted living or nursing care in a Program Participating Facility closer to the Home Site, Member will continue to pay the Monthly Fee, and the charges incurred at the other facility for the level of services defined within this Agreement will be the responsibility of Provider up to the current private pay daily rate for an accommodation in Lakewood's Assisted Living Facility or semi-private bed in Lakewood's Nursing Home.

G. **Limitation of Provider Payment for Non-Institutional Health Care Services.** Provider may limit payment for Home Site Services (Home Care Services, Homemaker Services, Companion Services, Emergency Response System and Adult Day Care) if the cost of such services for any day exceeds the then current private pay daily rate for a semi-private room in the Nursing Home Facility at Lakewood. Member may either transfer to a Program Participating Facility or pay the difference between the cost of Home Site Services and the then current private pay daily rate for a semi-private bed in the Nursing Home Facility at Lakewood.

H. **Assignment of Reimbursements.** In order to assist in controlling Provider's operating costs, Member agrees to cooperate with staff in securing reimbursement should governmental programs or Member's insurance cover any portion of the supplies or services (including drugs) provided by Provider. Any reimbursements for supplies or services (including drugs) provided by Provider will be assigned to or paid to Provider. Member is responsible for all fees and charges incurred while this Agreement remains in force and Member will pay any disputed or denied claims within ninety (90) days of the date of service.

I. **Excess Costs.** Except as specifically provided by this Agreement, Member shall be solely responsible for services not covered by Medicare Parts A and B and Medicare Supplemental Coverage, or other insurance, and for payments exceeding Member's coverage limits including but not limited to: audiological tests and hearing aids; eye glasses and refractions; dentistry; dentures; dental inlays; drugs; organ transplants; orthopedic appliances; occupational, physical and speech therapy; podiatry; hospitalization and professional care for psychiatric disorders; treatment for alcohol or drug abuse medications; chiropractors; renal dialysis; extraordinary treatments; and experimental treatments. Provider reserves the right to bill Medicare and other third-party payers, such as insurance and long-term care insurance companies. Member is

responsible for all fees and charges incurred while this Agreement remains in force and Member will pay any disputed or denied claims within ninety (90) days of the date of service.

J. **Non-Payment.** If Member fails to make any of the Monthly Fee payments at the required time, or to pay any other amounts due to Provider on the monthly statement provided to Member by Provider within thirty (30) days after it is billed to Member, Provider may give written notice to Member to pay all such amounts. If Member fails to comply with such notice within fifteen (15) days, Provider may terminate this Agreement, and shall provide Member with any applicable refund set forth in Section VII. D.

K. **Financial Difficulty.** Without in any way limiting its right to terminate this Agreement for non-payment, Provider shall not dismiss Member nor terminate this Agreement if the sole reason for non-payment is because of Member's financial inability to continue to pay all or part of the Monthly Fee. However, Member's acceptance into the Lakewood at Home program has been based on facts reported by Member in the Application. If, in Provider's sole discretion, Member has weakened this position or ability to pay the Monthly Fee because Member has made gifts to others or dissipated personal wealth after submitting such Financial Statement, Provider reserves the right to terminate this Agreement.

If Member is unable to pay all or part of the Monthly Fee, Provider may request a current Financial Statement of Member and, if Member does not provide such statement within thirty (30) days, Provider reserves the right to terminate this Agreement. Member agrees to allow Provider to confirm Member's assets as shown on Member's Financial Statement.

Should Member find current income insufficient to meet the current Monthly Fee, Member shall take necessary steps to liquidate assets in order to keep Member's account on a current basis. Member further agrees that should assets and income be insufficient to pay the present obligations, Member shall apply for any assistance which may be available to Member. If Member dies or this Agreement is otherwise terminated, any unpaid Monthly Fees or additional service fees or parts thereof, plus interest on the unpaid balance, will be charged against the refund, if any, due to Member or Member's estate as provided in Section VII.D. below. If any balance of Monthly Fees or additional service fees remains due, Member or Member's estate shall be liable to Provider for the full amount of such Monthly Fees and additional service fees. This Agreement shall operate as a lifetime assignment, transfer and conveyance to the Provider of so much of such Member's property as is necessary to cover such liability.

## **VII. TERMINATION AND REFUND PROVISIONS**

### **A. Member's Voluntary Termination.**

1. **During Rescission Period.** Notwithstanding anything herein to the contrary, this Agreement may be rescinded by Member giving written notice of such rescission to Provider within seven (7) business days following the date of the execution of this Agreement. In the event of such rescission, Member shall receive a refund in an amount equal to the Membership Fee. Notwithstanding anything to the contrary in this Agreement, any such refund shall be paid by

Provider within thirty (30) days following receipt of written notice of rescission pursuant to this paragraph.

2. **After the Rescission Period.** Member may terminate this Agreement for any reason by giving Provider at least thirty (30) days written notice of such termination. If a refund is due to Member, Provider will make the refund in accordance with subsection D. below.

3. **Before Initiating the Program.** If a Member is precluded through illness, injury or incapacity from becoming a participant under the terms of the community-based continuing care contract, the contract is automatically rescinded and participant or his legal representative shall receive a full refund of all money paid to the CBCC provider, except those costs specifically incurred by the CBCC provider at the request of the participant and set forth in writing in a separate addendum, signed by both parties, to the contract.

B. **Termination Upon Member's Death.** In the event that Member dies, this Agreement shall terminate automatically and any refund due consistent with subsection D. below, shall be payable to Member's estate.

C. **Termination by Provider.** Provider may terminate this Agreement at any time for good cause. Good cause shall be limited to (i) proof that the Member is a danger to himself or others; (ii) nonpayment by the Member of a monthly or periodic fee; (iii) repeated conduct by the Member that interferes with other Members' or Residents' quiet enjoyment of a facility or service; (iv) persistent refusal to comply with reasonable written rules and regulations of the program and facility; (v) a material misrepresentation made intentionally or recklessly by the Member in his application for participation in the program, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of the Member to qualify for participation or a material increase in the cost of providing to the participant the care and services provided under this Agreement; or (vi) material breach by the Member of the terms and conditions of this Agreement. If Provider terminates the Agreement, Provider shall give Member written notice of, and a reasonable opportunity to cure within thirty (30) days, the conduct Provider indicates warrants the termination of this Agreement. If a refund is due to Member following such termination, Provider will make the refund in accordance with Section VII.D. below.

D. **Refund.**

1. **During Adjustment Period**

In the case of termination within the Adjustment Period, Member, or his or her estate, shall be entitled to a full refund of the Membership Fee less any actual cost to the Provider to maintain the Member at Home Site, Assisted Living or Nursing Home.

2. **After Adjustment Period Other Than by Death**

In the case of termination after the Adjustment Period, Member is entitled to a refund of the Membership Fee less a percentage of the principal amount of the Membership Fee for each calendar month from the Membership Date up to and including the month in which the refund is payable less a 4% administrative charge.

The percentage of the Membership Fee shall be reduced at a rate based on the following table:

Home Site Services.....	2% per month
Any time spent in assisted living or Home Site Services of equal cost in excess of thirty (30) days .....	3% per month
Any time spent in a nursing home or Home Site Services of equal cost in excess of thirty (30) days.....	4% per month

**3. When a Permanent Resident in Assisted Living or Nursing Home Facility**

When a Member becomes a permanent resident of an Assisted Living or Skilled Nursing Facility as provided in Section IV. A., no refund of the Membership Fee will be paid.

**4. Upon Death After Adjustment Period**

After the Adjustment Period the Provider will make no refund of any portion of the Membership Fee upon the death of the Member except for Platinum Payment Plan members whose estate will be refunded 50% of the Membership Fee paid less any outstanding charges or subsidies.

**5. Payment of Refunds**

Any refund of the Membership Fee shall be paid to Member or Member's estate within sixty (60) days provided that all outstanding charges have been paid. All refunds shall be without interest.

E. **Right of Set-Off; Other Rights.** Provider will have the right to set-off against any refund payable to Member under Section VII. D., any accrued Monthly Fees that may have been deferred, any additional service fees or amounts payable to Provider under this Agreement and under any other agreement between Member and Provider or any affiliate of Provider and any costs or expenses that might be due, payable or incurred by Member due to Member's violation of this Agreement.

**VIII. GENERAL**

A. **Tax Considerations.** Member should consult with his/her tax advisor regarding the tax considerations associated with this Agreement.

B. **Management of the Lakewood at Home Program.** The absolute rights of management of the Lakewood at Home program are reserved by Provider. Provider reserves the right to make final decisions relating to admission, level of care transfer or terminations relating to any Member or Membership Services Agreement. Members do not have the right to determine admission or terms of admission of any other member. Provider reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the Lakewood at Home program or of Provider in its sole discretion.

C. **Right to Delegate.** Member acknowledges the right of Provider to contract for the various services as provided by this Agreement, including, but not limited to, management services for the Lakewood at Home program.

D. **Assignment.** Member's rights and privileges under this Agreement with respect to services and medical care are personal to Member and cannot be transferred or assigned by act of Member, or by any proceeding of law, or otherwise.

E. **Confidentiality.** Provider has the responsibility to keep all of the personal, medical and financial information Member has supplied to it confidential. Member agrees that Provider can disclose such information to those who have a need, in its judgment, or right to know (e.g., to provide information for transfer to a Program Participating Facility or a hospital).

F. **Release of Medical Information.** The privacy of all Members will be protected as provided for by the Health Insurance Portability and Accountability Act (HIPAA) and other applicable regulations. Member hereby authorizes Provider to release any medical information relating to Member to any doctor, hospital or other facility or individuals when it is deemed necessary or helpful in providing for Member's ongoing care or treatment or for the purpose of submitting claims for benefits payable for health care services. Member further authorizes the release of any information to Provider from any health care provider when deemed necessary or beneficial for providing for Member's on-going care or treatment. This authorization will remain in effect until Member gives written notification to Provider of Member's desire to rescind this authorization.

G. **Right of Self-Determination.** Provider acknowledges Member's right to self-determination regarding medical care and treatment in accordance with applicable laws and regulations. Members are encouraged to file advance directives with Provider.

H. **Indemnity.** Member agrees to indemnify, defend and hold Provider harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with Member's negligent or intentional act or omission or those of Member's guests, including private duty nurses.

I. **Member Contracted Services.** If Member wishes to privately employ outside assistance for services that are covered under this Agreement, including Provider-employed associates, for whatever reason, all Provider policies must be upheld, and prior written approval by Provider management must be obtained. Member agrees to hold Provider harmless in all situations related to the provisions of such outside services. Provider has the right to require termination of such a service at any time.

J. **Acts of God.** In the event of war, national emergency, floods, earthquakes or other acts of God beyond the control of Provider, the performance by Provider under this Agreement will be excused or may be modified to the extent such acts of God interfere with performance by Provider.

K. **Amendments and Partial Invalidation.** This Agreement can be changed only by mutual written consent. However, Provider can make changes without Member's consent to keep the Agreement in compliance with applicable laws and regulations provided that the changes Provider makes do not substantially reduce Member's benefits under this Agreement. If any provision in this Agreement is invalidated, all other provisions will remain in force.

L. **Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Member to pay costs or expenses of his or her membership in the Lakewood at Home program that remain unpaid as of such termination.

M. **Notices.** Member is responsible for notifying Provider of any changes in address and/or telephone number. Any notice, demand, or request which may be or is required to be given under this Agreement shall be in writing and delivered in person or shall be mailed by U.S. Certified or Registered Mail, postage prepaid, addressed as follows:

**Provider:**

Program Director  
Lakewood at Home  
3960 Stillman Parkway, Ste. 119  
Glen Allen, VA 23060

**Member:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Either party may designate such other address as may be appropriate by written notice.

N. **Member Handbook.** Member will be given a current copy of the Member's Handbook as adopted by Provider. Member understands that this document will change from time to time but that it is the procedural document for members of the Lakewood at Home program.

O. **Annual Disclosure Statement.** An annual disclosure statement will be made available to Member within thirty (30) days of SCC approval.

P. **Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

Q. **Entire Agreement.** This Agreement sets forth all of the promises, agreements, conditions and understandings between Provider and Member and supersedes all prior agreements between the parties. No oral alteration, amendment, change or addition shall be binding unless reduced to writing and signed by the parties. Provider shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent Provider, unless such statements, representations or promises are set forth in this Agreement or in an amendment to this Agreement signed by Provider and by Member.

R. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Provider and the heirs, executors, responsible parties, powers of attorney, administrators and assigns of Member.

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

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

U. **Capacity.** This Agreement has been executed on Provider's behalf by Provider's duly authorized agent, and no officer, trustee, agent or employee of Provider shall have any personal liability hereunder to Member under any circumstances.

Provider will stand behind all of the statements, promises and representations in this Agreement, but no others. **If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign this Agreement.**

I understand this matter involves a financial commitment and associated risk, as well as a legally binding contract. I was encouraged to consult with an attorney and/or financial advisor who could advise me concerning this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate, as of the day and year first above written, one duplicate copy of this Agreement being retained by each party.

Your signature below certifies that you have read, understand and accept this Agreement as of this \_\_\_\_\_ day, of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Member Printed Name

Lakewood at Home

By: \_\_\_\_\_  
Authorized Representative

I acknowledge receipt of a Disclosure Statement dated \_\_\_\_\_  
and a copy of Attachment A and Attachment B. \_\_\_\_\_ (Please initial.)

## NOTICE OF RIGHT TO RESCIND

Date rescission period begins: \_\_\_\_\_

You may rescind and terminate your Member Agreement, without penalty or forfeiture, within seven (7) business days of the above date. No other agreement or statement you sign shall constitute a waiver of your right to rescind your agreement within the seven (7) day period.

To rescind your Member Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to:

Program Director  
Lakewood at Home  
3960 Stillman Parkway, Suite 119  
Glen Allen, VA 23060

No later than midnight on \_\_\_\_\_.

Pursuant to this notice, I hereby cancel my Member Agreement.

\_\_\_\_\_  
Date

\_\_\_\_\_  
**Member's Signature**

\_\_\_\_\_  
**Member's Printed Name**

**Attachment A**

**MEMBERSHIP PLANS**

Each plan pays the following percentage of costs associated with the services being provided:



**CONTINUING CARE AT HOME PAYMENT PLANS**

<b>Type of Service</b>	<b>Gold*</b>	<b>Sterling*</b>	<b>Bronze*</b>
Care Coordinator	100%	100%	100%
Personal Wellness Plan Development	100%	100%	100%
Home Inspection	100%	100%	100%
Activities (Social and Educational)	100%	100%	100%
<b>Health Support Services</b>			
Home Care Aides	100%	80%	50%
Companion / Homemaker	100%	80%	50%
Adult Day Care	100%	80%	50%
Emergency Response System	100%	100%	100%
Annual Physical Exam	100%	100%	100%
Transportation	100%	100%	100%
<b>Assisted Living</b>	100%	80%	50%
<b>Memory Support – Assisted Living</b>	100%	80%	50%
<b>Nursing Home Care</b>	100%	80%	50%

\*Platinum Plan provides the same coverage as the Gold Plan with a 50% refund of the membership fee.

\*Plus plans are a blend of the Gold, Sterling, or Bronze Plan with an already existing Long-Term Care Insurance Plan that is maintained throughout the life of this agreement.

## Attachment B

### ADDITIONAL SERVICES AND COSTS

<b>Home Site Services</b>	<b>Charges*</b>
Adult Day Care	\$90 per day
LPN	\$80 per hour
RN	\$100 per hour
Homemaker/Companion	\$33 per hour
24-Hour Care	\$720 per day
HHA/CNA	\$35 per hour
Emergency Response	\$50 per month
Transportation	\$35 per hour**
Care Coordination	\$100 per hour
<b>Facility Based Services</b>	
Assisted Living/Residential	\$ 259 per day
Memory Care	\$ 276 per day
Nursing Home	\$ 351 per day

\*These are **average** costs to Lakewood at Home for services provided to Members. This information is published annually as required by the Commonwealth of Virginia SCC Bureau of Insurance. Platinum, Gold and Gold<sup>Plus</sup> Plan Members will not receive bills for covered services rendered unless those services cost more than the daily rate for nursing home services averaged over a thirty (30) day period. Sterling and Bronze Plan Members will receive bills for co-pays as outlined in your Member Agreement. These do not necessarily reflect prevailing charges for services.

\*\*We will always bill a **minimum** of one hour for any non-covered transportation provided.

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND ACCOMPANYING INFORMATION**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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

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

### Report on the Audit of the Financial Statements

#### **Opinion**

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

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

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and with the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of LifeSpire and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Consolidated Financial Statements**

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

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

**Other Reporting Required by Government Auditing Standards**

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



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
April 25, 2022

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
**DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

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

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

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

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

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**(CONTINUED)**

**Organization (Continued)**

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

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

**Use of Estimates**

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

**Basis for Consolidation**

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

**Basis of Presentation**

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

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

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**Basis of Presentation (Continued)**

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

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

**Cash and Cash Equivalents**

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

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

**Notes Receivable**

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

**Allowance for Doubtful Accounts**

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

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**Beneficial Interest in Perpetual Trusts**

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

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

**Investments**

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

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

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

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**Assets Whose Use is Limited**

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

**Property, Plant and Equipment**

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

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

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

**Deferred Financing Costs**

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

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**Leases**

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

**Advance Fees**

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

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

**Obligation to Provide Future Services**

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

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**Refundable Advance – CARES ACT**

Paycheck Protection Program

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

Provider Relief Funding

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

**Charity Care and Community Benefit**

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

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

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**Charity Care and Community Benefit (Continued)**

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

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

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

**Operating Indicator**

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

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

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

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**Income Taxes**

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

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

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

**Professional Liability Insurance**

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

**Fair Value Measurements**

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

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

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

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

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

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**Fair Value Measurements (Continued)**

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

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

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

**Reclassifications**

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

**Subsequent Events**

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

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

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

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

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

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

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

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

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

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

Medicare and Medicaid

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

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

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

Other

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

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

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

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

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

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

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

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

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

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

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

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

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

**Financing Component**

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

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

**Contract Costs**

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

The opening and closing contract balances were as follows:

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

**NOTE 3 INVESTMENTS AND ASSETS WHOSE USE IS LIMITED**

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

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

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

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

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

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

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

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

**NOTE 4 PROPERTY, PLANT, AND EQUIPMENT**

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

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

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

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

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**NOTE 5 LEASES**

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

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

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

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

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

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**NOTE 6 LONG-TERM DEBT AND NOTES PAYABLE**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**NOTE 7 ADVANCE FEES AND DEPOSITS**

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

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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

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

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

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

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

**Interpretation of Relevant Law**

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

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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

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

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

**Funds with Deficiencies**

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

**Return Objectives and Risk Parameters**

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

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

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

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

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

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

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

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

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

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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

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

	2021			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, Beginning of the Year	\$ -	\$ 1,146,986	\$ 4,241,263	\$ 5,388,249
Realized Losses and Change in Unrealized Losses on Investments	-	-	-	-
Contributions	-	-	223,241	223,241
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 1,146,986</u>	<u>\$ 4,464,504</u>	<u>\$ 5,611,490</u>
	2020			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, Beginning of the Year	\$ -	\$ 1,146,986	\$ 4,118,197	\$ 5,265,183
Realized Losses and Change in Unrealized Losses on Investments	-	-	-	-
Change in Value of Annuity Obligations	-	-	-	-
Contributions	-	-	123,066	123,066
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 1,146,986</u>	<u>\$ 4,241,263</u>	<u>\$ 5,388,249</u>

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
**DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 ANNUITY PLAN**

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

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

**NOTE 10 LIQUIDITY AND AVAILABILITY**

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

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

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

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
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**NOTE 11 FAIR VALUE MEASUREMENTS**

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

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

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

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
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**NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)**

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

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

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

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

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
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**NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)**

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

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

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

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
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**NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)**

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

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

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

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

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

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Liability Insurance**

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

**Health Insurance**

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

**COVID-19**

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

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 13 FUNCTIONAL EXPENSES**

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

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

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

**VIRGINIA BAPTIST HOMES, INCORPORATED**  
**DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 13 FUNCTIONAL EXPENSES (CONTINUED)**

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

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



## INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

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

We have audited the consolidated financial statements of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries as of and for the year ended December 31, 2021 and our report thereon dated April 25, 2022 which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information and combining information for the Obligated Group as listed under "Accompanying Information" on the table of contents are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies or the Obligated Group, and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and combining information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information and combining information for the Obligated Group are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
April 25, 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

***Report on Internal Control Over Financial Reporting***

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
April 25, 2022