



WESTMINSTER PRESBYTERIAN
RETIREMENT COMMUNITY, INCORPORATED

2022 DISCLOSURE STATEMENT

FOR

WESTMINSTER AT LAKE RIDGE CONTINUING CARE
RETIREMENT COMMUNITY
LAKE RIDGE, VIRGINIA

Filed April 30, 2023

The filing of this 2022 Disclosure Statement with the State Corporation Commission
does not constitute approval, recommendation or endorsement of the facility
by the State Corporation Commission.

12191 Clipper Drive, Lake Ridge, Virginia 22192 · (703) 496-3400

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I. CONTINUING CARE PROVIDER

The Provider (the "Provider" or the "Corporation") is Westminster Presbyterian Retirement Community, Incorporated ("WLR" or the "Community"), a Virginia nonprofit, nonstock corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The Provider's principal business address is 12191 Clipper Drive, Lake Ridge, Virginia 22192. The Roman Numerals on this Statement correspond to Va. Code Section 38.2-4902 in terms of information provided. Section X of this Statement also includes information pursuant to Va. Code Section 38.2-4904.B.



II. OWNERSHIP OF REAL PROPERTY AND BUILDINGS

The Provider owns the site of its residential and health care facility (the "Facility"), subject to a mortgage and security interest securing the Series 2016 Bonds, as defined in the following sentence. In December 2016, the Provider was issued a tax-exempt mortgage revenue bond six series (the "Series 2016 Bonds") with the Industrial Development Authority of the County of Prince William, Virginia (the "Authority") totaling \$46,510,000 Residential Care Facility First Mortgage Revenue Refunding Bonds (Westminster at Lake Ridge), Series 2016 (the "Series 2016 Bonds"). The Series 2016 Bonds refunded all outstanding bonds which were established to (1) finance various capital improvements, (2) refund the Company's 2006 Series bonds (approx. \$44,830,000), (3) fund a debt service reserve fund for the Series 2016 Bonds, and (4) pay a portion of expenses incurred in connection with the issuance of the Series 2016 Bonds. The bonds were undertaken to realize interest rate savings, provide funds for Facility improvement and the Series 2016 Bonds constitute the only debt secured by the mortgage on the Facility.

All improvements to the land are property of the Provider subject to the mortgage. Other than the mortgage, the owner is not aware of any existing material liens on the property.

The Provider has various obligations as owner of the property to comply with local and private covenants related to the property. In October 2015 the Provider entered into a \$10 million taxable, draw down loan with SunTrust to fund certain construction improvements for core infrastructure. This loan is parity debt to the Series 2016 Bonds whereby an amendment was filed for the existing deed of trust security interest in the real property.



III. PROVIDER AFFILIATION WITH RELIGIOUS, CHARITABLE NONPROFIT ORGANIZATIONS AND TAX STATUS

The Provider was organized in July 1989, as a Virginia nonprofit, non-stock corporation in cooperation with Ingleside at Rock Creek (“IRC”). IRC has a historical connection with the National Capital Presbytery (the “Presbytery”). The Presbytery, however, has no control over the business and affairs of IRC, and neither IRC, the Presbytery, nor any other religious or similar organization will be responsible for any financial and other contractual obligations of the Provider.

The Provider is an organization exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code.

In 2005, IRC and WLR assisted in the creation of a Maryland non-stock corporation, King Farm Presbyterian Retirement Community, Inc. (“King Farm” or “IKF”) d/b/a Ingleside at King Farm. King Farm owns and operates a Life Plan Community (Continuing Care Retirement Community or “CCRC”) in Rockville, Maryland, which was financed with the proceeds of bonds issued for its benefit by the Maryland Health and Higher Educational Facilities.

King Farm’s CCRC opened in March 2009. The Provider has no obligation to support King Farm or make payments on its bonds, and King Farm similarly has no obligation to support or make payments on the indebtedness of the Provider.

In February of 1999, Westminster Ingleside Presbyterian Foundation (the "Foundation") was formed. The Foundation is organized exclusively to promote the health and well-being of older adults by supporting the charitable and religious activities of the Provider, IRC and IKF. The Foundation is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. In 2015, the Provider transferred approximately \$1.1 million to the Foundation representing board-designated funds of \$700,000 and resident assistance funds of \$419,000 restricted for resident assistance. The Provider retains variance power over the funds and can request them at any time. As of December 31, 2020, there was \$1,516 left of the funds restricted for resident assistance. These funds were fully depleted in January 2021.

In 2015, Westminster Ingleside Group, LLC (“WING”) began operations and provides development services, including planning, development, financing, construction, and project management activities to the Provider. The Provider has no obligation to support WING and WING has no obligation to support or make payments on the indebtedness of the Provider.

In 2015, Ingleside at Home (“IAH”) was formed to provide home care services. The Provider has no obligations to support IAH, and IAH has no obligation to support or make payments on the indebtedness of the Provider.

WLR is the provider with a mailing address of 12191 Clipper Drive, Lake Ridge, VA 22192. In 2011 a 501 (c) 3 supporting organization was created: Westminster Ingleside King Farm Presbyterian Retirement Communities, Inc. dba Ingleside. Lynn O’Connor is the Ingleside President and Chief Executive Officer. Mrs. O’Connor is responsible for three continuing care retirement communities (Ingleside at Rock Creek, Ingleside at King Farm and Westminster at Lake Ridge), the Westminster Ingleside Foundation, IAH, WING, and the parent corporation Ingleside. In accordance with WLR’s



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Bylaws, Ingleside retains certain rights or reserved powers. These reserved powers include: The right to remove WLR directors and officers in accordance with WLR's Bylaws, and the right to establish certain policies and procedures. WLR's Board shall seek and obtain approval from Ingleside with respect to certain actions (i.e., amending the Articles of Incorporation and the Bylaws of WLR; incurring of indebtedness over a specified amount; selling real or personal property valued over a specified amount; creating any subsidiary or affiliate entities, or the participation of WLR in any joint venture, partnership, limited liability company or similar arrangement; making significant changes to the scope of facilities or services provided by or offered by WLR; and modifying the Mission Statement and Strategic Plan of WLR). In addition, Ingleside: (i) selects WLR's directors, independent auditor and insurance; (ii) establishes and monitors certain investment activities, governance activities, ethical standards, self-assessment programs and budgetary guidelines; and (iii) approves and monitors financial, human resources and compliance policies and quality of care standards.



IV. OFFICERS, DIRECTORS AND OTHER PERSONS WITH 10% OR GREATER INTEREST

The Provider is governed by a board of directors (the "Board"). The current directors and officers of the Provider and their business addresses are as follows:

CLARK, Mr. Dale (WLR, Ingleside, WIF)
12194 Cathedral Drive
Lake Ridge, VA 22192

HAUGE, Ms. Jennifer Chandler, Secretary (WLR, IRC, IKF, IAH, and Ingleside) *
2275 Research Boulevard, Suite 450
Rockville, Maryland 20850

KREUTZER, Mr. John (WLR, IRC, IKF IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

KUHN, Ms. Nancy, Chair (WLR, IRC, IKF, IAH and Ingleside)*
2275 Research Boulevard, Suite 450
Rockville, MD 20850

VON KAEPLER, Mr. Denis (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

O'CONNOR, Mrs. Lynn, Ingleside President & CEO (WLR, IRC, IKF, IAH, WIF and Ingleside)*
2275 Research Boulevard, Suite 450
Rockville, MD 20850

STONE, Ms. Robyn (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

BARTELS, Mr. Bruce, Immediate Past Chair (WLR, IRC, IKF, IAH and Ingleside)*
2275 Research Boulevard, Suite 450
Rockville, MD 20850

COX, Ms. Sally (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850



WAGNER, Mr. Steve, Vice Chair (WLR, IRC, IKF, IAH and Ingleside) *
2275 Research Boulevard, Suite 450
Rockville, MD 20850

JOHNSON, Mr. Gregg (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

NEWTON-SMALL, Ms. Jay (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

KELLEY, Ms. Janet (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

Directors are elected by the Board for three-year terms in three classes, created to permit staggered terms. Board members are able to serve three three-year terms.

Because the Provider is a non-stock corporation, there are no parties owning 10% or greater equity or beneficial interest in the Provider.

The officers are indicated above by an asterisk.

V. BUSINESS EXPERIENCE OF, ACQUISITION OF GOODS AND SERVICES FROM, AND CRIMINAL, CIVIL AND REGULATORY PROCEEDINGS AGAINST THE PROVIDER, ITS OFFICERS, DIRECTORS, TRUSTEES, MANAGING AND GENERAL PARTNERS; CERTAIN PERSONS WHO HOLD EQUITY OR BENEFICIAL INTERESTS; AND THE MANAGEMENT

A. Business Experience

1. The Provider.

The Provider's sole business is the ownership and operation of the Facility.

2. Officers, Directors and Interested Persons.

The directors and officers of the Provider listed in Section IV have experience in the operation or management of similar facilities as follows:

- a. Many of the directors and officers of the Provider also serve on the board of directors of IRC, IKF, IAH and Ingleside (see Section IV). Ms. Nancy Khun serves as the current Chair of the Provider, IRC, IKF, IAH and Ingleside.
- b. Mrs. Lynn O'Connor currently serves as the Ingleside President and Chief Executive Officer of the Provider, IRC IKF, IAH, Ingleside, and WIF. For a discussion of the relationship of the entities, see III.
- c. Mr. Jamie Spencer currently serves as the Chief Financial Officer of the Provider, IRC, IKF, IAH, Ingleside, and the Westminster Ingleside Foundation.

3. Management Provided by the Provider.

The Provider manages the Facility. Ingleside provides support services in the areas of governance, finance, information technology, human resources, fundraising, operations, sales, and marketing. Beginning January 1, 2019 Ingleside charges the Provider a 5.25% of revenue management fee.

Lynn O'Connor commenced as President and CEO for the Provider, IRC, IKF, and WIF on August 2, 2010. Mrs. O'Connor has led senior living organizations since 1980 serving as President and CEO for Frasier Meadows Retirement Community, Boulder, CO; President and CEO of The Washington Home and Community Hospices, VA, DC, and MD; and Executive Director for Asbury Methodist Village, MD. Mrs. O'Connor has a Master of Science in Healthcare Administration, a B.S. in Health Management, is a licensed nursing home administrator in MD, is a Certified Aging Services Professional (CASP), and is a Certified Montessori Dementia Care Professional



(CMDCP). Mrs. O'Connor currently serves as the Chair of the LeadingAge DC Board and the Chair of the Presbyterian Association of Homes and Services for the Aging Board of Directors. Mrs. O'Connor is a past member of Leading Age's (formerly AAHSA) House of Delegates; past Vice Chair and board member for the Colorado Association of Homes and Services for the Aging; past board member for the American Health Care Association, Mid-Atlantic Lifespan, and the New Jersey Association of Non Profit Homes for the Aging.

Kera Wooten has over 20 years of experience in serving seniors. She grew her career working for Erickson Living, at both of its Virginia properties. At the end of her tenure at Erickson, she was managing four dining venues and over 150 employees, with direct oversight of a \$12 million budget. Prior to that, she was employed by Marriott International Senior Living Services in Delaware and Virginia. Wooten joins us from Sunrise Senior Living in Fort Belvoir, Virginia, where she was the associate executive director. She managed the independent living operational departments and various community committees. Wooten received a Bachelor of Arts degree from Delaware State University and is a graduate of Erickson Culinary College, holding a National Food Managers Certification. She has also received Train the Trainer, Foundations of Leadership, Tactical Leadership and Alzheimer's certifications. Wooten served as the chair of family and consumer services for Fairfax County Public Schools and as a board member for the Ronald McDonald House of Northern Virginia. She enjoys Muay Thai, reading, hiking and spending time with her daughter, Regan.

Jamie Spencer joined the organization as Interim Chief Financial Officer in October 2021 and in March 2022 became the full-time Chief Financial Officer for the Provider, IRC, IKF, IAH and WIF. Jamie has over 15 years of finance and accounting experience. He is a forward thinker in the realm of aging services and provides analysis and support to senior housing developers and senior care providers. He is the Founder and President of SilverBloom Consulting, LLC, an aging services advisory firm specializing in ad-hoc financial projection, financial modeling, interim CFO/Controller services, and distressed asset management. Jamie graduated from Northern Arizona University with a Bachelor's in Finance, and received his Master's in Business Administration from Northeastern University. He is a Certified Public Accountant, licensed in Pennsylvania.

Amanda Massetti joined the organization in October 2015 and has served as Ingleside's Controller since 2020. Prior to Ingleside, Amanda worked for 5 years at a top-20 public accounting firm in Baltimore, Maryland where she specialized in low-income housing audits (Section 8, Section 42, and the Department of Housing and Urban Development (HUD)). Amanda graduated summa cum laude from King's College in Wilkes-Barre, Pennsylvania, with a Bachelor of Science degree in Accounting. Amanda is LEAN Bronze Certified by the Maryland World Class Consortia and has been a member of the Finance & Investment Committee at Lifespan Network since 2019.

The Community employs approximately 260 full- and part-time employees.



4. Management Services Company.

The Provider does not expect to enter into any agreement with a management company.

5. Licensing, Ownership and Management of the Nursing Center.

Westminster at Lake Ridge was the majority shareholder (90% ownership) of Manchester Fellowship Associates, Inc. ("MFA"), an inactive not-for-profit corporation. Fellowship Square Foundation, Inc. ("FSF") owned the remaining 10% of MFA. During 2013, the Corporation exercised its right to purchase the remaining 10% interest from FSF \$150,000, payable over three years, thus making Westminster at Lake Ridge the 100% owner of its certificate of need. The final payment of \$50,000 was paid in 2015. MFA has subsequently been dissolved.

B. Officers and Directors Interested Party Information

To the best of the knowledge of the Provider, neither the Provider nor any officer or director of the Provider has or will have a 10% or greater interest in any entity that is currently intended to provide goods, leases or services to the Provider of the value of \$500 or more within any year.

C. Criminal, Civil, Regulatory Proceedings

To the best of the knowledge of the Provider, neither the Provider, any officer or director of the Provider, has been convicted of a felony, pleaded nolo contendere, has been held liable, has been the subject of an injunctive or restrictive order, had any license or permit suspended or is currently the subject of any state or federal injunction or prosecution of investigation of any type as described in Va. Code Section 38.2-4902.A.4c.



VI. LOCATION AND DESCRIPTION OF REAL PROPERTY, CONSTRUCTION START AND COMPLETION DATE

A. General

The Community is located on approximately 62 acres in Lake Ridge, Virginia. The site is located on the Occoquan River in Prince William County, approximately two miles from the intersection of Interstate 95 and Route 123 and approximately 20 miles south of Washington, D.C.

The Community consists of 235 Independent Living accommodations, a Health Center consisting of a licensed Assisted Living neighborhood with a capacity of 46, a 60-suite Nursing Center, a Wellness Center, and a Community Center, all as more fully described below. Originally, the Community had a max capacity of 40 in the Assisted Living neighborhood. In 1995, the Provider applied for and received licensure for six (6) additional assisted living accommodations. The additional six accommodations were part of the existing Community, in that six assisted living suites were designed as double rooms, but had originally been licensed as single rooms.

The 235 Independent Living accommodations consist of cottages and apartments. There are 95 cottages configured as single-story semi-detached homes built in clusters of two to seven, in a variety of one and two-bedroom configurations, all with full kitchens and emergency call systems, totaling approximately 123,000 square feet. The 140 apartments are in a six-level building of approximately 291,600 square feet. The apartments include a variety of one and two-bedroom floor plans with full kitchens and emergency call systems. The Provider is providing resident parking outside the apartment building of approximately 120 carports in addition to other parking spaces.

A 2-story building of approximately 64,000 square feet contains (1) the Assisted Living neighborhood, consisting of 46 assisted living accommodations in 34 private studio apartments and 6 semi-private rooms (2 per room) with emergency call systems, (2) the Nursing Center, consisting of 60 intermediate and skilled nursing suites in 48 private and six semiprivate rooms equipped with emergency call systems, and (3) the Wellness Center, which includes occupational, speech and physical therapy and a place for examinations and consultations between doctors and residents.

The Community Center comprises a portion of two floors of the apartment building and includes lobby, reception, mail room, bistro with lounge bar, beauty/barber shop, gift shop, dining room, private dining, library, reading room, living room and other ancillary spaces.

The Provider also has made available to residents an indoor swimming pool and a fitness center constructed on the 62-acre site.



B. Construction of Existing Community.

Construction of the Community commenced on January 30, 1992. The Health Center was completed and received a certificate of occupancy in December 1992. The entire Community was completed during 1993, with the exception of an indoor swimming pool and the apartment carports, which the Provider completed by mid-1994.

In January 1997, the construction of an addition to the Community began, which was completed in February 1998. The addition of approximately 68,000 square feet comprises 43 independent living apartments located in a six-story building attached to the north end of the existing apartment building. The addition also includes 43 covered parking spaces, a greenhouse, an exercise room, resident storage facilities, maintenance offices, a television equipment room, a glass enclosed vestibule leading to the swimming pool and a Jacuzzi in the swimming pool building. In addition, the existing dining room was expanded to accommodate 60 additional residents, and the existing multi-purpose room was expanded by approximately 1,550 square feet. The construction was completed ahead of schedule. Occupancy began on January 31, 1998, and the addition was fully occupied during 1998.

In 2009, Westminster completed significant renovations of the Assisted Living neighborhood and upgrading the interior decorating and design of certain apartment building common spaces. In addition, the apartments and cottages are being upgraded when they are being vacated.

As a part of the continued sustainability, Westminster at Lake Ridge completed multiple capital improvements to all building structures in our community. These capital improvements were completed with the focus on high-efficient, eco-friendly equipment to reduce our environmental footprint.

In January 2016, WLR completed the electrical torqueing of all electrical panels, switch gears and transformer in the Independent Living section of the building.

In March 2016, the independent living/residential hallways were renovated. The project included the replacement of domestic plumbing water lines, water boiler and water storage tanks. Also, during this renovation, all carpet, lights, ceiling and paint were replaced.

In April 2016, WLR removed and replaced the shingled roofs on the Independent Living Building, Health Center, cottages and car ports.

In August 2016, WLR replaced the cooling tower, make up air HVAC unit, cooling tower and pumps.

In 2017, boilers, pumps, and water source heat pumps were replaced in all of the independent living apartments. In addition, windows and sliding glass doors were replaced in all of the IL apartments and in the public areas of the building. Lastly, the building EIFS was repaired and balconies painted.

In January of 2019, WLR began construction and enhancing of the IL community spaces (approximately 30,000 square feet), based on feedback provided by residents, waitlist members,



neighbors, and staff. The project includes a redesigned and relocated entrance, lobby, and living room lead gracefully to new dining venues: An all-day bistro with al fresco seating and lounge bar; an elevated dining room with distinct destinations; and a wine bar plus two private dining rooms. It also includes a relocated and redesigned library and reading room, as well as an updated salon/barber shop, clinic, gift shop, and chapel. A new fitness center was added to the Community, as were new locker rooms, a newly resurfaced indoor saltwater pool and hot tub, a greenhouse for indoor gardening, in addition to a multifunctional studio for art, fitness, and education, and a new technology learning center.

Office spaces were also updated as part of this construction project.

The completion date was scheduled for August 2020; however, construction halted with the COVID pandemic. The project was substantially completed in December 2021, with completion happening in Spring 2021.

VII. SERVICES PROVIDED UNDER CONTINUING CARE CONTRACTS

The Provider currently offers one type of resident contract: (1) Resident Fee-For-Service (under which there are three options). Per Diem Residency is also available in Assisted Living and Nursing. The Provider offered Life Care contracts (under which there were three options) until September 2010, when the decision was made to no longer offer the Life Care contracts. Residents who have entered into Life Care contracts will continue to have all provisions apply. The primary difference in services provided under the Life Care and Resident Fee-For-Service contracts is the degree to which residents are charged additionally for inpatient care in the Assisted Living neighborhood and the Nursing Center. The current Fee-For-Service contract is included in Section XVII as Exhibit A-1. The Provider may also enter into individual contract addendum to reflect special circumstances. The Provider revised the Life Care contracts in 1998. The Provider revised the Resident Fee-For-Service contract in 2005 to reflect certain of the changes previously made in the Life Care Contracts and to provide for a new refund option. Material differences between the old contracts (which will continue to apply with respect to the residents who have entered into them) and the new contracts are indicated below.

While the Independent Living apartments were licensed as adult care residences between 1999 and 2006, such apartments are no longer so licensed.

In year 2000, the Provider revised its policy regarding financial assistance to residents. Residents were asked to execute a supplement to their resident contracts reflecting the revised policy, a copy of which is included in Section XVII under Exhibit A-1. Sections 101, 609 and 610 of the Resident Fee-For-Service Contract (included in Section XVII under Exhibit A-1) executed by new residents reflect the revised policy regarding financial assistance.

All residents in the Independent Living accommodations receive the same non-health care and wellness services while in Independent Living. The non-health care and wellness services are listed in Subsection B below. All residents in Independent Living have access to additional independent living services on a fee-for-service basis as listed in Subsection C below. All residents in Independent Living have priority access to the Assisted Living apartments and Nursing suites and receive the inpatient services listed in Subsection D below. The fee structure for inpatient health care services, however, will depend on the type of resident contract. The Life Care, Resident Fee-For-Service and Per Diem Residency contracts are summarized below.

A. Contract Summaries

1. Residence and Care Agreement (Resident Fee-For-Service)

Resident Fee-For-Service contract holders are provided all services available to residents in the Independent Living accommodations and have access to the Assisted Living apartments and the Nursing suites, but pay the per diem rate in effect for the specific accommodation occupied in the Health Center (Assisted Living or Nursing). When residents with Resident Fee-For-Service contracts meet specified transfer criteria for care in the Health Center, they receive five days of temporary care during which they are not responsible for the per diem rate. Thereafter, until the resident's

Independent Living accommodation is released, he or she is responsible for payment of the per diem rate for nursing or assisted care and the monthly residential rate.

Depending on the type of contract, Resident Fee-For-Service entrance fees are generally 0%, 50%, 90%, or 100% refundable upon death or withdrawal. A general discussion of refund policies is set forth in Section VIII. The Provider discontinued offering the 100% refundable Fee-For-Service contract.

2. Residence and Care Agreement (Life Care)

In addition to the services available to all residents in Independent Living, Life Care contract holders are provided inpatient care in the Assisted Living neighborhood or the Nursing Center on a temporary or permanent basis to the extent they meet specified transfer criteria. Life Care residents transferring on a permanent basis are not, at the time of such transfer, entitled to any refund of entrance fees. Depending on the type of contract, Life Care residents are generally entitled to a 0%, 50%, or 90% refund upon death or withdrawal. In 2009, the Provider discontinued the 10% refund contract and added a zero percent (0%) refund contract. The Provider discontinued offering Life Care contracts in September 2010.

Under Life Care contracts upon permanently transferring to either an Assisted Living apartment or Nursing suite residents will pay Independent Living monthly fees. The Independent Living rate will either be the current rate or the smallest Independent Living accommodation rate depending upon the specific language in the resident's Life Care contract.

The Provider has entered into agreements with residents living in the same unit under which one resident signs a Life Care contract and the second resident enters into a modified agreement.

B. Independent Living Facilities and Services Included in Monthly Fees with No Extra Charge.

The Provider provides the following facilities and services at no additional charge to all residents living in the Independent Living accommodations:

- One meal per day;
- Meal delivery service to an Independent Living residence if approved by the Executive Director for health reasons;
- Special diet accommodations are available (but Provider may charge additional fees for any extraordinary dietary requests or supplement);
- Maintenance of buildings and grounds including lawn service;
- Twenty-four-hour security service;
- Utilities (with the exception of phone and internet service);
- Repair and replacement of property and equipment and appliances owned by the Provider (e.g., refrigerators, stoves, etc.);
- Scheduled transportation for activities such as shopping, medical and religious services;
- Light housekeeping services weekly and heavy housekeeping annually;



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- Social and recreational activities;
- Access to WIFI in many Common areas;
- Emergency call systems in each living accommodation;
- Trash disposal in designated areas;
- One covered parking space;
- Standard kitchen appliances;
- Automatic washer and dryer;
- Basic cable TV;
- Individual storage space for apartments;
- Gardening areas;
- Indoor swimming pool, Jacuzzi and exercise facilities;
- Limited health care services such as health screening, educational sessions, and temporary, limited assistance for residents in their Independent Living accommodations;
- Access to additional health care services made available on campus through independent contractors for medical office calls, dental care, pharmacy services, physical, occupational and speech therapy, and podiatric care (fees to be paid by residents or third-party reimbursements);
- Property taxes.

C. Independent Living Services Available for Additional Charges

The following services are available to all residents on a fee-for-service basis regardless of contract type either from the Provider or third-party vendors:

- Personal transportation;
- Salon/barber shop services;
- Daily delivery of local newspapers;
- Laundry/dry cleaning pick-up and delivery;
- Instructional classes;
- Additional meals;
- Catering for private parties (percentage of catering fees can be deducted from meal plan/dining dollars);
- Physician services;
- Dental care;
- Pharmacy services;
- Physical Therapy;
- Occupational Therapy;
- Speech Therapy;
- Podiatric Care;
- Companion and home care services.

D. Inpatient Health Care Services

The following services are available to residents in the Assisted Living apartments and the Nursing suites (the nature of payment depends upon the contract type):



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- Three meals per day in the Health Care Dining Rooms;
- Nursing care services;
- Maintenance of medical records;
- Assistance with claims processing;
- Assistance with activities of daily living;
- Emergency call systems in each apartment;
- Support of social and recreational activities;
- Basic Cable TV;
- Access to WIFI in many Common areas;
- Local phone service;
- Special diet menu when ordered by a Provider physician;
- Twenty-four-hour security service;
- Daily light housekeeping, Monday – Friday (Assisted Living only);
- Daily cleaning (Nursing Center only);
- Memory Care Services.

VIII. DESCRIPTION OF FEES, USE OF FUNDS PRIOR TO RESIDENTS' OCCUPANCY, PROVISIONS FOR ESCROWING AND REFUND OF ENTRANCE FEES, AND METHOD OF ADJUSTING FEES

The Provider offers residents one type of continuing care contract: (1) Resident Fee-For-Service (three options). The Provider offered Life Care contracts until September 2010. These contracts are summarized in Section VII. See Exhibit A-1 for copies of the current contract.

This section describes entrance fees and monthly fees for each contract type and provisions for escrowing, using or refunding entrance fees or entrance fee deposits from residents or potential residents. Exhibit C-1 describes entrance fees and monthly fees including second person charges.

Residents from the greater community will be admitted directly into Assisted Living or the Nursing Center without payment of entrance fees. Individuals admitted directly to Assisted Living or the Nursing Center will pay a per diem charge to the Provider for personal care or nursing care pursuant to a Per Diem Residency contract.

A. Entrance Fees and Refunds

All Independent Living accommodations and contract types involve an entrance fee. The size of the entrance fee is based on the size of the accommodation, the characteristics of the accommodation (i.e., view, location, if it has a balcony or addition), and the refund provisions. In the case of double occupancy, a second person entrance fee is required. Entrance fees associated with all types of contracts are amortized according to specific schedules depending upon the type of contract.

1. Entrance fees for the 90% refundable Resident Fee-For-Service contract holders are amortized at 2% for five months; always providing at least a 90% refund.
2. Entrance fees for the 50% refundable contracts are amortized at 2% a month for 25 months, always providing for at least a 50% refund.
3. Entrance fees for the 0% refundable contracts are amortized 100% on the date of occupancy, always providing for a 0% refund.

Refunds of unamortized entrance fees under Life Care contracts and Resident Fee-For-Service contracts are payable upon resale of the independent unit vacated. The nature of refunds associated with the unamortized portion of an entrance fee will vary depending upon the event precipitating the refund, e.g., death, voluntary withdrawal from the Community, permanent transfer to an Assisted Living apartment or the Nursing Center, change in marital or living status, and whether initial entrance fees included a double occupancy charge.

1. Refund of Entrance Fee upon Voluntary Termination by Resident.



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- a. In the event of a voluntary termination by resident within seven days of making the entrance fee deposit or execution of a Residence and Care Agreement, the Provider will refund the entire amount of the entrance fee paid.
 - b. Under the New Life Care and Resident Fee-For-Service contracts only - in the event of termination by the resident after the time period described in (a) above, but prior to the Occupancy Date, or following signing of a Reservation Agreement and making total deposits of at least \$5,000, the Provider will refund the entire amount of the entrance fee paid, less an administrative fee of \$300.
 - c. In the event of voluntary termination by the resident after the Occupancy Date, the Provider will refund the entrance fee paid less the amortized amount (if any) determined as described above.
2. Refund of Entrance Fee upon Termination by the Provider.
- a. In the event the Provider terminates the Residence and Care Agreement prior to resident's occupancy, the Provider will refund the entire amount of the entrance fee paid.
3. In the event the Provider terminates the Residence and Care Agreement after occupancy, the Provider will refund the entrance fee paid less the amortized amount (if any) determined as described above.
4. Refund of Entrance Fee upon Termination by Reason of Death or When Resident is precluded from Entering the Community by Reason of Illness, Injury or Incapacity.
- a. In the event that resident dies or is unable to enter the Community by reason of illness, injury or incapacity, prior to the occupancy date, the Residence and Care Agreement is rescinded and the Provider will refund the entire entrance fee paid to resident or resident's estate less any costs incurred at the request of the resident in a written contract.
 - b. In the event the Residence and Care Agreement is terminated as a result of resident's death after occupancy, the Provider will refund to the estate of the resident the entrance fee less the amortized amount (if any) determined as described above.
5. Death or Withdrawal of One of Two Residents.

If the entrance fee has been paid on behalf of two co-residents and one of the two co-residents dies or withdraws from the Community within 5 or 25 months (depending on type of contract), there will be no refund of the entrance fee except that the Provider will refund to the withdrawing resident or the deceased resident's estate the differential in the entrance fees between single and double occupancy, less a sum equal to 2% percent (depending on type of contract) of such differential for each month (or portion thereof), if applicable.

6. Refund upon Transfer to Nursing Center.

Residents with Life Care contracts and Resident Fee-For-Service contracts who transfer permanently to the Nursing Center will not receive a refund of entrance fee upon such transfer.

B. Monthly Fees

Monthly fees for the first person in the independent accommodations vary according to the apartment or cottage type and size. The fees for all accommodations for residents with Life Care or Fee-For-Service contracts are in Exhibit C-1.

C. Charges for Nursing and Assisted Living

The 2022 Fee-For-Service per diem charge for care in an Assisted Living neighborhood is \$268-\$275 for a private apartment (depending on the size). Fee-For-Service per diem charge for care in the Nursing Center in 2022 was \$510 for a private room and \$525 for a private suite room. The 2022 Fee-For-Service per diem charge for the Memory Care Unit is \$520 for a private room and \$535 for a private suite room.

See Section VII.A for Assisted Living and Nursing for Fee-For-Service contracts charges.

D. Ancillary Charges

Ancillary Charges include charges for health services that are reimbursed by third-party insurers. These costs are not included in the per diem charges in the Health Center or in the monthly fees for the Independent Living accommodations. See Exhibit C-1.

E. Provision for Deposit of Entrance Fees

The Provider banks with Truist (formerly SunTrust Bank). All entrance fees or portions thereof in excess of \$1,000 per person received prior to the date the resident is permitted to occupy a unit in the Community and deposited with Truist (formerly SunTrust Bank). The Provider maintains an entrance fee liability account specifically identifying each deposit by prospective resident (see also Section IX.A).

No interest is paid to residents for amounts deposited and recorded in the entrance fee liability account.

F. Changes in Monthly Fees

In the continuing care contracts, the Provider may raise monthly fees with 30 days' prior notice to residents. The Provider intends, to the extent possible and subject to unforeseen circumstances, to limit increases on the monthly fees to once a year.



Fees may be adjusted on an individual basis due to such events as a change in number of occupants, a change in living accommodations or prolonged absence from the Community. See Part II, Section 503 in Exhibit A-1.

G. Resident Supporting Fund

The Provider has established a Resident Supporting Fund that, to the extent funds are available, is available to subsidize residents who are unable to pay full fees. The Provider solicits donations for this Fund. The Provider may, however, at its election, reduce fees for residents whose assets may be limited or who are unable to pay. See Part II, Article VI.C in Exhibit A-1 for a full description of the Resident Supporting Fund.

H. Changes in Fees

Exhibit C-1 includes the current monthly fees for Independent Living as well as the current per diem rates for the Assisted Living and Nursing Center. It also includes a history of the rates for the past 5 years.

IX. RESERVE FUNDING OR SECURITY FOR PROVIDER'S PERFORMANCE

A. Funds Established by Bond Documents

In December 2016, the Provider was issued a tax-exempt mortgage revenue bond six series (the "Series 2016 Bonds") with the Industrial Development Authority of the County of Prince William (the "Authority") totaling \$46,510,000. The bonds were established to (1) finance various capital improvements, (2) refund the Company's 2006 Series bonds (approximately \$44,830,000), (3) fund a debt service reserve fund for the Series 2016 Bonds, and (4) pay a portion of expenses incurred in connection with the issuance of the Series 2016 Bonds.

Upon issuance of the Series 2016 Bonds, a debt service reserve fund securing payment of the Series 2016 Bonds was established and funded in the amount of \$3,096,375. Such funding was provided from amounts in the debt service reserve fund securing the bonds refunded by the Series 2006 Bonds. In addition, a Construction fund in the amount of \$20,000,000 was established to finance various capital improvements. As of December 2019, the Series 2016 Bond funds were fully utilized.

The DSR Fund is held by the Trustee, and is invested in government securities, repurchase agreements and other credit worthy investments of the type customarily permitted by bond documents. The investment is made at the direction of the Provider, subject to the list of qualifying investments in the bond documents providing for the issuance of the Series 2016 Bonds.

In addition, the bond documents require that (a) the Provider pay on the first day of the amount equal to one-sixth of the amount of interest due on the Series 2016 Bonds on the next interest payment date (January 1 and July 1) for deposit into a bond fund, and (b) an amount equal to one-twelfth of the amount of principal due on the Series 2016 Bonds on the following January 1. The amounts in the Bond Fund will be used by the Trustee to pay interest and principal on the Series 2016 Bonds as the same become due and payable.

B. Funds Established by Term Loan

The Provider entered into a \$10 million variable rate, interest only, draw-down taxable term to be used to fund multiple renovation and capital improvement projects. Disbursements of the 2015 Term Loan cannot be requested by the Provider (a) more frequently than monthly, or (b) in an aggregate amount less than \$100,000. The loan documents require that the Provider pay interest monthly on the drawn portion of the 2015 Term Loan for the first 60 months. Principal payments shall begin, based on a 25-year mortgage amortization schedule, at the conclusion of the draw down period in October 2020. The issuer of the 2015 Term Loan, Truist (formerly SunTrust Bank) (the "Lender"), has no obligation to pay the 2015 Term Loan except from payments made by the Provider.



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In connection with the issuance of the 2015 Term Loan, the Provider entered into agreements that require it to maintain the same borrower's covenants as those described in the Master Trust Indenture, the Bond Indenture, and Loan Agreement related to the Series 2006 Bonds.

As of December 2019, the Series 2015 Truist (formerly SunTrust Bank) Loan proceeds have been fully utilized.



X. PROVIDER'S CERTIFIED FINANCIAL STATEMENTS

Attached hereto as Exhibit D-1 are the Audited Financial Statements for the year ended December 31, 2022. The auditor for the years ended 2022 and 2021 was Baker Tilly Virchow Krause, LLP (Lancaster, PA).

2022 Financial Statements. Set forth below are calculations for the financial covenant requirements under the Master Trust Indenture.

Summary Financial Information:

	Current Year (Unaudited)	Prior Year (Audited)
Total Assets	82,873,954	89,593,569
Total Liabilities	115,743,485	117,834,028
Total Net Assets	(32,869,531)	(28,240,459)
Total Revenues	26,122,893	23,369,674
Total Expenses	28,812,375	26,369,674
Operating Income (Loss)	(2,689,482)	(1,499,737)
Net Income (Loss)	(4,629,072)	(924,617)

Occupancy Summary as of December 31, 2022:

	Capacity of Units	Average Occupancy	Percentage Occupancy
Independent Living	235	222.8	95%
Assisted Living	40	35.9	90%
Nursing	44	41.5	77%

Narrative on Financial Condition:

Operating Revenues: Total operating revenues were favorable to budget by \$2,464,551. Average occupancy levels in Assisted Living and Skilled Nursing were above budgeted expectations which increased revenue in 2022.



Operating Expenses: Total operating expenses were overbudget by \$1,267,768 as of December 31, 2022. The excess costs were attributable to higher Assisted Living and Skilled Nursing occupancy than anticipated. The expenses were off-set by lower than anticipated self-funded health insurance savings.

Key Covenant Ratios: Westminster at Lake Ridge's key ratios by the end of 2022 were as follows: Net Operating Margin (NOM) was 8.29% as of 12/31/22, up from the 2021 NOM of (6.59%). Westminster at Lake Ridge maintained a strong cash position, with 173 Days Cash on Hand (DCOH) as of December 31, 2022, against a covenant of 150. The Debt Service Coverage Ratio (DSCR) was 1.92x against a covenant of 1.20x.



XI. PRO FORMA INCOME STATEMENT

Attached as Exhibit B-1 are the Pro Forma Income Statement and the Cash Flow Statement for the fiscal year ending December 31, 2022. These statements conform to generally accepted accounting principles and are based on the Provider's current budget.



XII. FUNDING OF COMMUNITY

Because the Community is operational, no information is required pursuant to Va. Code Section 38.2-4902(12).

XIII. HEALTH AND FINANCIAL ADMISSIONS CRITERIA AND TRANSFER CRITERIA FOR INPATIENT ASSISTED LIVING AND NURSING CARE

Applicants for residency will be reviewed to determine their eligibility based on the following health and financial criteria. Two types of agreements are available: (1) Resident Fee-For-Service and (2) Per Diem Residency. The health and financial admissions criteria will vary depending on the type of agreement.

HEALTH AND FINANCIAL SCREENING AND TRANSFER CRITERIA

Health Screening and Transfer criteria and procedures have been developed. The health screening criteria place applicants into one of three categories: (1) those with conditions which make them ineligible for residency in any level of care, (2) those qualified or desiring entry into an Independent Living accommodation under the Resident Fee-For-Service option, and (3) those with conditions that qualify them for Assisted Living or Nursing Center. As of September 2010, the Provider no longer offers Life Care contracts.

A. Health and Financial Criteria

1. Non-eligibility

Individuals with conditions like severe dementia or total physical disability whose behavior or physical condition make it impractical for them to be cared for at the Community would not be eligible for residency in any level of care.

2. Residence and Care Agreement (Resident Fee-For-Service)

Individuals choosing the Resident Fee-For-Service option will not be subject to health screening for acceptance, except to the extent that a determination is required to establish the level of care appropriate to their needs. The Provider has no contractual liability for inpatient care in the Assisted Living or Nursing Center for individuals covered under the Resident Fee-For-Service option. However, in order to minimize the risk that individuals under the Resident Fee-For-Service contract would deplete all their assets upon transfer, financial screening includes an analysis of (1) net assets to entrance fee ratio, and (2) annual income to annualized monthly fee.

3. Per Diem Residency Agreement

Individuals without entrance fee contracts are accepted only for spaces in the Assisted Living or Nursing Center on a per diem basis.

B. Transfer Criteria

Transfer criteria are designed to: (1) prevent inappropriate over-utilization of assisted living or nursing care services that can result due to the availability of the services for little or no

additional cost, and (2) provide guidelines for requiring the transfer of individuals whose medical or physical condition make them a risk to their own or others' safety and health. The Provider has developed transfer criteria for assisted living and nursing care. The same guidelines would be used to determine the appropriate placement level for individuals entering directly into the Nursing or Assisted Living neighborhoods or Independent Living accommodations.

1. To be eligible for assisted living care, an individual must:
 - a. require substantial assistance with at least two activities of daily living, e.g., eating, bathing, dressing, toileting, ambulating; but
 - b. be able to move independently to and from the dining area.

2. To be eligible for nursing care, an individual must:
 - a. require substantial or complete human assistance with three or more activities of daily living and be unable to move independently to and from the dining area or out of the building; or
 - b. require skilled nursing services or skilled physical therapy on a daily confined basis; or
 - c. be free of an active communicable disease; or
 - d. have advanced dementia.

C. Transfer Procedures

Individuals may be transferred from Independent Living upon recommendation of the Community's Medical Director or recommendation of their attending physician. All decisions involving permanent transfer are made by a Resident Review Team composed of the Director of Health Services, a social worker, a nurse as well as others as deemed appropriate by the Executive Director.



XIV. POLICY FOR ACCESS TO FACILITIES AND SERVICES FOR NON-RESIDENTS

Non-residents from the general community utilize the services in the Assisted Living and Nursing Center.

Guest meals are available for residents' visitors. Guest services may be charged to resident hosts.

Westminster at Lake Ridge is the majority shareholder (90% ownership) of Manchester Fellowship Associates, Inc. ("MFA"), an inactive not-for-profit corporation. Fellowship Square Foundation, Inc. ("FSF") owned the remaining 10% of MFA. During 2013, the Corporation exercised its right to purchase the remaining 10% interest from FSF \$150,000, payable over three years, thus making Westminster at Lake Ridge the 100% owner of MFA. The remaining payment of \$50,000 was paid in 2015.



XV. OTHER INFORMATION

The Community does not believe there is any additional information as contemplated by Va. Code Section 38.2-4903(15).

XVI. COMPLIANT PROCEDURES TO BE UTILIZED BY RESIDENTS OF THE COMMUNITY

The following is the complaint policy and procedure utilized at the Community:

Complaint Resolution Policy and Procedure

It shall be the policy of Westminster at Lake Ridge to encourage residents, families and interested or concerned individuals to openly express through appropriate channels any suggestion, criticism or complaint regarding Westminster at Lake Ridge's policies, procedures or operations. Westminster at Lake Ridge will respond, and as necessary, correct or improve the situation, as quickly as possible.

Questions, concerns and complaints are best reported as soon as possible so a timely and appropriate response can be made.

- A. Questions, concerns and complaints should be reported at the time of the occurrence of the event causing the report to the supervisor or Department Director, as appropriate, for the area in which the concern was noted. This will provide the opportunity to immediately resolve the issue and provide ongoing feedback to the supervisor or Director on their area of responsibility.
- B. If the matter remains unresolved or involves several staff or a broader area of concern, it should be reported to the Department Director orally or in writing, using the Statement of Concern Form that can be obtained at Resident Services or Administration in the Community. A response will be provided with three (3) business days from the Department Head.
- C. If the issue is not resolved to the inquirer's satisfaction, it should be reported to the Executive Director orally or in writing. The Executive Director will provide a verbal and/or written response to the inquirer within 10 business days.
- D. In the event that a resident of the Community is still greatly dissatisfied with the resolution offered by both the Department Head and Executive Director, the resident may request that their concern or grievance be reviewed by (in succession) the Chief Operating Officer, the Chief Executive Officer, and then the Board of Directors. The Executive Director or designee will support the resident in navigating their concern through the process at this level, ultimately to successful resolution for both the resident and the Community.
- E. Beyond the scope of any Westminster or Ingleside Administrative resolution, a resident may pursue their concern further with the following regulatory or governing bodies:
 1. Virginia Department of Health, State Licensure, Certification and Survey Agency, Department of Licensure and Certification at 9960 Maryland Drive, Suite 401, Richmond, Virginia 23233, telephone 804-367-2100.
 2. Ombudsman, 12011 Government Center Parkway, Suite 708, Fairfax, Virginia 22035-1104, telephone 703-324-5861.



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3. Department of Social Services, 5 County Complex Court, #240, Woodbridge, Virginia 22191, telephone 703-792-6400.
- F. Suggestions and new ideas are welcome at any time via Westminster at Lake Ridge's "open door policy." These may also be provided in writing if preferred.

For detailed financial information, please visit the EMMA (Electronic Municipal Market Assess) website at <http://www.emma.msrb.org/> and search for any of the following CUSIP numbers:

741756BG4, 741756BH2, 741756BJ8, 741756BK5, 741756BL3, 741756BM1, 741756BN9, 741756BP4 and 741756BQ2



XVII. EXHIBITS

- A-1. Residence and Care Agreements (Resident Fee for Service)
- B-1. Pro Forma Income Statement for Fiscal Year Ending December 31, 2020
- C-1. Entrance Fees and Monthly Fees
- D-1. Audited Financial Statements



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EXHIBIT A-1

WESTMINSTER AT LAKE RIDGE
RESIDENCE AND CARE AGREEMENT
(Resident Fee for Service)
(0% Refund Option)

PART I

RESIDENCE AND CARE AGREEMENT (0% Refund Option)

THIS RESIDENCE AND CARE AGREEMENT (the "Agreement") is dated _____, 20____, and is between Westminster Presbyterian Retirement Community, Incorporated, a non-profit corporation ("Westminster") and _____

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

Westminster owns and operates the Lake Ridge continuing care retirement community (the "Community") dedicated to maintaining the health and independence of its residents and providing life-long support and health care resources on campus.

Resident has applied for entry to the Community, and Westminster has accepted Resident for entry by entering into this Agreement. This Agreement is a legal contract that sets forth the rights and responsibilities of Westminster and Resident. **This Agreement shall consist of this Part I, Exhibit A hereto, any Exhibit B if executed, the General Conditions set forth in Part II, the Resident's Application for Residence, including the attached financial and medical statements and any amendments or supplements executed by both parties.** Westminster encourages Resident to review the terms of this Agreement. All terms used herein and not otherwise defined shall have the meaning set forth in Section 101 of Part II and all section references are to sections of Part II unless otherwise specified.

NOW, THEREFORE, Resident and Westminster agree as follows:

1. Admission.

Upon execution of this Agreement by Westminster and Resident, Resident is guaranteed admission to the Community in accordance with the provisions of this Agreement, regardless of any change in the state of Resident's health between the date of this Agreement and the Occupancy Date (as defined in Section 3 below) subject to the provisions of Sections 5 and 6(d)(1) below and Section 222.

2. Living Accommodation; Optional Custom Improvements and Surcharge.

The Living Accommodation selected by Resident is that set forth in Exhibit A. Resident has the right to lifetime occupancy and use of the Living Accommodation from and after the Occupancy Date, subject to change in accommodations as hereinafter provided and subject to the terms and conditions of this Agreement, including, without limitation, Sections 222, 404 and 405.

If Resident has requested that certain optional custom improvements be made to the Living Accommodation as itemized on Exhibit B attached to this Agreement, Resident agrees to pay the costs of such improvements in the amount and in the manner set forth on Exhibit B (the "Improvements Surcharge"). Resident shall not be entitled to any credit for such costs unless Resident is transferred from the original Living Accommodation pursuant to Section 404.

3. Occupancy Date.

If the Occupancy Date is not set forth in Exhibit A upon the execution of this Agreement, Westminster will give Resident at least 60 days' written notice of the date on which the Living Accommodation will be available for occupancy.

4. Services Provided.

Subject to the terms and conditions of this Agreement, Westminster shall furnish Resident the residential and health care facilities and services specified in this Agreement from the Occupancy Date until the death of Resident or the earlier termination of this Agreement.

5. Entrance Fee.

Amount. Resident agrees to pay Westminster an Entrance Fee in the amount set forth in Exhibit A. If the Living Accommodation is currently ready for occupancy by Resident, Resident shall pay the full amount of the Entrance Fee to Westminster on the date hereof or such later date as agreed to by Westminster in writing. If the Living Accommodation is not ready for occupancy on the date hereof, the Entrance Fee shall be payable as follows:

Upon execution of this Agreement, Resident will pay to Westminster an amount equal to 10% of the Entrance Fee (the "Entrance Fee Deposit"), less any Priority Deposit paid by Resident that is to be applied as part of Resident's Entrance Fee Deposit.

The remaining 90% of the Entrance Fee shall be due on the Occupancy Date.

Surcharges and Other Adjustments. Westminster reserves the right, as a condition for admission to the Community, to charge additional amounts or make other refund provisions for persons who are under 62 years of age when they enter into Residence and Care Agreements and to persons who have unusual health or other special conditions. Such special charges, if any, shall be described in a separate addendum to this Agreement signed by both Westminster and Resident.

6. Refund of Entrance Fee.

Refund of Entrance Fee Upon Voluntary Termination By Resident.

Prior to Occupancy.

- (a) Termination by Resident. Prior to occupancy, Resident may rescind this Agreement at any time upon written notice to Westminster.

- (b) Automatic Cancellation. This Agreement is automatically cancelled if, before the Occupancy Date, any of the following occurs:
- (i) Westminster determines that Resident is ineligible for entrance into the Community;
 - (ii) Resident elects to terminate this Agreement for any reason; or
 - (iii) Resident dies prior to the Occupancy Date; provided, however, that if two Residents have signed this Agreement and are going to occupy the same Residence, this Agreement shall terminate only at the option of the survivor.

After Occupancy.

Resident has the right at any time after the Occupancy Date to terminate this Agreement by delivering to Westminster prior written notice of intent to do so. Such notice shall specify an effective date not less than sixty (60) days after the date of such notice, unless a shorter period is approved by the Executive Director. On or before the effective date, Resident shall move from the Community and release the Residence to Westminster. Resident's obligation to continue to pay the Monthly Fee shall cease on the effective date provided Resident has moved and released the Residence to Westminster.

If two Residents have signed this Agreement, then either Resident may terminate it as to him/herself and this shall not affect a termination with respect to the other Resident. If this Agreement is continued by one of the Residents, the Entrance Fee shall be treated as having been paid on behalf of the remaining Resident, and no Entrance Fee refund will be paid to the Resident who is leaving.

Refund of Entrance Fee Upon Termination by Westminster.

Termination by Westminster Prior to Occupancy Date. In the event Westminster terminates this Agreement prior to the Occupancy Date, Westminster shall refund to Resident the entire Entrance Fee Deposit paid by Resident.

Transfer of Ownership; Closing of Community. The transfer of ownership of the Community or Westminster's assignment of its rights and obligations hereunder shall not be an event entitling the Resident to a refund of the Entrance Fee. If the Community is closed down, and no other facilities are used by Westminster to meet its obligations hereunder, the Resident shall be entitled to a refund of the Entrance Fee pursuant to subsection (c)(2) above.

Refund of Entrance Fee Upon Termination by Reason of Death or Preclusion of Entry by Reason of Illness, Injury or Incapacity.

Termination by Reason of Death or Preclusion of Entry By Reason of Illness, Injury or Incapacity Prior to Occupancy. If the Resident does not occupy the Living Accommodation within 120 days of the execution of this Agreement, Westminster may require the Resident,

prior to occupancy, to submit additional financial and health information and undergo an additional health care examination to determine if the Resident is able to live independently in the Living Accommodation without special assistance or services not normally provided by Westminster. Regardless of the date on which the Resident intends to occupy the Living Accommodation, Westminster may terminate this Agreement and refund any Entrance Fee or Entrance Fee Deposit that it holds if, in Westminster's reasonable opinion, the Resident is permanently unable to enter the Community as a result of death, illness, injury or incapacity. This provision shall not preclude a Resident who has incurred illness, injury or incapacity from taking occupancy if the Resident can, in Westminster's reasonable judgment, be cared for with a level of care regularly provided by Westminster at the Community. Resident recognizes Westminster's right to determine which level of care best meets the needs of Resident.

Partial Refund Upon Transfer to Smaller Living Accommodation. If Resident relocates to a smaller living accommodation, Resident shall not receive a partial refund of the difference, if any, between the Entrance Fee originally paid on the larger accommodation and the Entrance Fee for the smaller accommodation on the Date of Relocation.

Death or Withdrawal of One of Two Residents. If the Entrance Fee has been paid on behalf of two co-residents and one of the two co-residents dies or withdraws from the Community, the Entrance Fee shall be deemed to have been paid on behalf of the surviving or remaining Resident and no refund of the Entrance Fee shall be made.

Refund Upon Change in Personal Relationships.

If Resident marries or desires to live with another resident of the Community and has decided to vacate his or her Living Accommodation and move in with the other resident, Resident shall be entitled to a refund subject to the provisions of Section 607. That refund will be the difference, if any, between the Entrance Fee originally paid by Resident and the second person Entrance Fee then in effect for the living accommodation to which the Resident will be moving.

If Resident marries or desires to live with another resident of the Community and each resident will vacate his or her Living Accommodation and move into a third living accommodation, each resident shall be entitled to a refund to which he or she would be entitled if such resident's Residence and Care Agreement were then being terminated subject to the provisions of Section 607. Then, both residents shall enter into a new Residence and Services Agreement and pay the entrance fee then in effect for the new living accommodation. The two co-residents will pay the monthly fee at the double occupancy rate.

7. Monthly Fee.

In addition to the Entrance Fee, Resident shall pay to Westminster a Monthly Fee commencing on the Occupancy Date and each month thereafter. The Monthly Fee is a fixed monthly charge (subject to change) associated with Resident's specific type and size of Living Accommodation and occupancy status (single or double).

The current Monthly Fee for the Living Accommodation selected by Resident will be that set forth in Exhibit A based on single occupancy or double occupancy as set forth in Exhibit A. If the Living Accommodation is not available for occupancy on the date of this Agreement, Westminster shall notify Resident of the exact amount of the initial Monthly Fee for Resident's Living Accommodation not later than 30 days prior to the Occupancy Date. THE MONTHLY FEE MAY BE INCREASED OR ADJUSTED AS DESCRIBED IN SECTIONS 502 AND 503 IN PART II OF THIS AGREEMENT.

When Resident is transferred to the Health Center, Resident shall pay the applicable per diem fee in effect from time to time as further described in Section 503(e) in Part II to this Agreement.

Resident shall also pay the fees and expenses for care received at outside facilities as further described in Part C of Article IV and Section 503 in Part II of this Agreement.

8. Additional Services and Charges.

A number of services that are not covered directly by this Agreement may be provided to Resident by Westminster on a fee-for-service basis at the request of Resident. Westminster will bill Resident on a monthly basis for any such additional services used by Resident, and Resident shall pay to Westminster all charges so billed. Westminster reserves the right to alter the charges for such services or terminate them.

In addition, Westminster expects (but is not obligated) to make available a number of additional services to Resident on campus through independent contractors. Resident will be responsible for payment of the charges for any such services used by Resident, and Westminster has no obligation to provide for the billing of such charges.

9. Termination by Westminster Prior to Occupancy.

WITH RESPECT TO ANY LIVING ACCOMMODATION NOT YET CONSTRUCTED, WESTMINSTER RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT IF WESTMINSTER DETERMINES IN GOOD FAITH THAT, DUE TO FACTORS BEYOND ITS CONTROL, SUCH CONSTRUCTION WILL NOT BE COMPLETED WITHIN A REASONABLE TIME PERIOD. IN THE EVENT OF SUCH A TERMINATION, RESIDENT SHALL BE ENTITLED TO A FULL REFUND OF THE ENTRANCE FEE DEPOSIT AS PROVIDED IN SECTION 6 ABOVE.

10. Entire Agreement.

This Agreement together with any addenda constitute the entire agreement between Westminster and Resident. Resident acknowledges that Westminster has relied on Resident's Application for Residence, including the financial and medical statements, in accepting Resident

as a member of the Community and Resident warrants that it is true and complete. Any modification of this Agreement must be in writing and signed by both Resident and Westminster.

11. Restrictions on Transferability.

Except with respect to any refund payable to Resident's estate in accordance with this Agreement, the rights and privileges of Resident under this Agreement are personal to Resident and cannot be transferred or assigned by Resident, by a proceeding at law, or otherwise. Westminster may assign its rights hereunder to a trustee for bondholders or otherwise in connection with the securing of indebtedness.

12. Notices.

Communications from Resident to Westminster shall be mailed or delivered to Westminster at 12191 Clipper Drive, Lake Ridge, Virginia 22192, Attention: Executive Director. Communications from Westminster to Resident shall be mailed to Resident at the address given below until Resident occupies the Living Accommodation. Westminster and Resident undertake to supply any changes of mailing address each to the other party, in writing, in a timely manner. After Resident has occupied the Living Accommodation, notices to Westminster shall be mailed or delivered to the Executive Director and notices to Resident may be delivered either to Resident personally, to Resident's Living Accommodation or to Resident's mailbox.

IN WITNESS WHEREOF, this Residence and Care Agreement has been executed in duplicate as of the date first written above. Resident acknowledges that she/he has read and understood all parts of this Agreement and has been given the opportunity to discuss any features of this Agreement that may have been unclear.

**WESTMINSTER PRESBYTERIAN
RETIREMENT COMMUNITY,
INCORPORATED**

By: _____
Executive Director

By: _____
Resident

Address: _____

By: _____
Resident

Address: _____

EXHIBIT A

(0% Refund Option)

SPECIAL TERMS OF RESIDENCE AND CARE AGREEMENT

Name(s) of Resident: _____

Unit Type: _____

Unit No.: _____

Occupancy Date: _____

Entrance Fee: Basic Fee \$ _____

2nd Person _____

Total \$ _____

10% Entrance Fee Deposit: \$ _____

Estimated Monthly Fee¹: Basic Fee \$ _____

2nd Person _____

Total \$ _____

Dated: _____, 20__

**WESTMINSTER PRESBYTERIAN RETIREMENT
COMMUNITY, INC.**

By: _____

Executive Director

By: _____

Resident

By: _____

Resident

¹Subject to change.

EXHIBIT B

OPTIONAL CUSTOM IMPROVEMENTS

Resident has requested that the following optional custom improvements be made to the Living Accommodation selected by Resident:

<u>Item</u>	<u>Charge</u>
_____Dishwasher (Make: _____; Model _____)	\$ _____
_____Carpeting upgrade	\$ _____
_____Fireplace	\$ _____
_____Kitchen cabinet upgrade	\$ _____
_____Other; Description of work:	\$ _____

Resident agrees to pay a charge for the optional custom improvements listed above in the amount of \$ _____(the "Improvements Surcharge"). Westminster will bill Resident for the Improvements Surcharge within 30 to 60 days prior to the time work is scheduled to commence on the optional custom improvements to Resident's Living Accommodation. Such improvements will not be constructed unless Westminster receives payment of the Improvements Surcharge within 15 business days of Resident's receipt of such bill. Once work commences on the optional custom improvements, no part of the Improvements Surcharge is refundable.

This Exhibit B is a part of the Residence and Care Agreement between Westminster and the undersigned Resident dated _____, 20__.

Dated: _____, 20__.

**WESTMINSTER PRESBYTERIAN
RETIREMENT COMMUNITY,
INCORPORATED**

By: _____
Executive Director

By: _____
Resident

Address: _____

By: _____
Resident

Address: _____

WESTMINSTER AT LAKE RIDGE
RESIDENCE AND CARE AGREEMENT
(Resident Fee for Service)
(50% Refund Option)

PART I

RESIDENCE AND CARE AGREEMENT (50% Refund Option)

THIS RESIDENCE AND CARE AGREEMENT (the "Agreement") is dated _____, 20____, and is between Westminster Presbyterian Retirement Community, Incorporated, a non-profit corporation ("Westminster") and _____

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

Westminster owns and operates the Lake Ridge continuing care retirement community (the "Community") dedicated to maintaining the health and independence of its residents and providing life-long support and health care resources on campus.

Resident has applied for entry to the Community, and Westminster has accepted Resident for entry by entering into this Agreement. This Agreement is a legal contract that sets forth the rights and responsibilities of Westminster and Resident. **This Agreement shall consist of this Part I, Exhibit A hereto, any Exhibit B if executed, the General Conditions set forth in Part II, the Resident's Application for Residence, including the attached financial and medical statements and any amendments or supplements executed by both parties.** Westminster encourages Resident to review the terms of this Agreement. All terms used herein and not otherwise defined shall have the meaning set forth in Section 101 of Part II and all section references are to sections of Part II unless otherwise specified.

NOW, THEREFORE, Resident and Westminster agree as follows:

1. Admission.

Upon execution of this Agreement by Westminster and Resident, Resident is guaranteed admission to the Community in accordance with the provisions of this Agreement, regardless of any change in the state of Resident's health between the date of this Agreement and the Occupancy Date (as defined in Section 3 below) subject to the provisions of Sections 5 and 6(d)(1) below and Section 222.

2. Living Accommodation; Optional Custom Improvements and Surcharge.

The Living Accommodation selected by Resident is that set forth in Exhibit A. Resident has the right to lifetime occupancy and use of the Living Accommodation from and after the Occupancy Date, subject to change in accommodations as hereinafter provided and subject to the terms and conditions of this Agreement, including, without limitation, Sections 222, 404 and 405.

If Resident has requested that certain optional custom improvements be made to the Living Accommodation as itemized on Exhibit B attached to this Agreement, Resident agrees to pay the costs of such improvements in the amount and in the manner set forth on Exhibit B (the "Improvements Surcharge"). Resident shall not be entitled to any credit for such costs unless Resident is transferred from the original Living Accommodation pursuant to Section 404.

3. Occupancy Date.

If the Occupancy Date is not set forth in Exhibit A upon the execution of this Agreement, Westminster will give Resident at least 60 days' written notice of the date on which the Living Accommodation will be available for occupancy.

4. Services Provided.

Subject to the terms and conditions of this Agreement, Westminster shall furnish Resident the residential and health care facilities and services specified in this Agreement from the Occupancy Date until the death of Resident or the earlier termination of this Agreement.

5. Entrance Fee.

Amount. Resident agrees to pay Westminster an Entrance Fee in the amount set forth in Exhibit A. If the Living Accommodation is currently ready for occupancy by Resident, Resident shall pay the full amount of the Entrance Fee to Westminster on the date hereof or such later date as agreed to by Westminster in writing. If the Living Accommodation is not ready for occupancy on the date hereof, the Entrance Fee shall be payable as follows:

Upon execution of this Agreement, Resident will pay to Westminster an amount equal to 10% of the Entrance Fee (the "Entrance Fee Deposit"), less any Priority Deposit paid by Resident that is to be applied as part of Resident's Entrance Fee Deposit.

The remaining 90% of the Entrance Fee shall be due on the Occupancy Date.

Surcharges and Other Adjustments. Westminster reserves the right, as a condition for admission to the Community, to charge additional amounts or make other refund provisions for persons who are under 62 years of age when they enter into Residence and Care Agreements and to persons who have unusual health or other special conditions. Such special charges, if any, shall be described in a separate addendum to this Agreement signed by both Westminster and Resident.

6. Refund of Entrance Fee.

General Description. Resident's Entrance Fee will amortize at the rate of two percent a month (or portion thereof) over a period of 25 months commencing on the Occupancy Date. This means that the refund payable upon termination of this Agreement will always be at least 50% of the Entrance Fee paid by Resident and that Resident will receive an additional

refund if such termination occurs within the first 25 months. All refunds are subject to Sections 607 and 608 in Part II of this Agreement.

Refund of Entrance Fee Upon Voluntary Termination By Resident.

Prior to Occupancy.

- (a) Termination by Resident. Prior to occupancy, Resident may rescind this Agreement at any time upon written notice to Westminster.
- (b) Automatic Cancellation. This Agreement is automatically cancelled if, before the Occupancy Date, any of the following occurs:
 - (i) Westminster determines that Resident is ineligible for entrance into the Community;
 - (ii) Resident elects to terminate this Agreement for any reason; or
 - (iii) Resident dies prior to the Occupancy Date; provided, however, that if two Residents have signed this Agreement and are going to occupy the same Residence, this Agreement shall terminate only at the option of the survivor.

After Occupancy.

Resident has the right at any time after the Occupancy Date to terminate this Agreement by delivering to Westminster prior written notice of intent to do so. Such notice shall specify an effective date not less than sixty (60) days after the date of such notice, unless a shorter period is approved by the Executive Director. On or before the effective date, Resident shall move from the Community and release the Residence to Westminster. Resident's obligation to continue to pay the Monthly Fee shall cease on the effective date provided Resident has moved and released the Residence to Westminster.

If two Residents have signed this Agreement, then either Resident may terminate it as to him/herself and this shall not affect a termination with respect to the other Resident. If this Agreement is continued by one of the Residents, the Entrance Fee shall be treated as having been paid on behalf of the remaining Resident, and no Entrance Fee refund will be paid to the Resident who is leaving.

In the event of termination by Resident after the Occupancy Date, Westminster shall refund to Resident the Entrance Fee paid by Resident, less an amount equal to two percent of the Entrance Fee for each of the first twenty-five (full or partial) months of occupancy (the period from the Occupancy Date to the date of termination).

Refund of Entrance Fee Upon Termination by Westminster.

Termination by Westminster Prior to Occupancy Date. In the event Westminster terminates this Agreement prior to the Occupancy Date, Westminster shall refund to Resident the entire Entrance Fee Deposit paid by Resident.

Termination by Westminster After Occupancy Date. In the event Westminster terminates this Agreement after the Occupancy Date, Westminster shall refund to Resident the Entrance Fee paid by Resident, less an amount equal to two percent of the Entrance Fee for each of the first twenty-five (full or partial) months of occupancy (the period from the Occupancy Date to the date of termination).

Transfer of Ownership; Closing of Community. The transfer of ownership of the Community or Westminster's assignment of its rights and obligations hereunder shall not be an event entitling the Resident to a refund of the Entrance Fee. If the Community is closed down, and no other facilities are used by Westminster to meet its obligations hereunder, the Resident shall be entitled to a refund of the Entrance Fee pursuant to subsection (c)(2) above.

Refund of Entrance Fee Upon Termination by Reason of Death or Preclusion of Entry by Reason of Illness, Injury or Incapacity.

Termination by Reason of Death or Preclusion of Entry By Reason of Illness, Injury or Incapacity Prior to Occupancy. If the Resident does not occupy the Living Accommodation within 120 days of the execution of this Agreement, Westminster may require the Resident, prior to occupancy, to submit additional financial and health information and undergo an additional health care examination to determine if the Resident is able to live independently in the Living Accommodation without special assistance or services not normally provided by Westminster. Regardless of the date on which the Resident intends to occupy the Living Accommodation, Westminster may terminate this Agreement and refund any Entrance Fee or Entrance Fee Deposit that it holds if, in Westminster's reasonable opinion, the Resident is permanently unable to enter the Community as a result of death, illness, injury or incapacity. This provision shall not preclude a Resident who has incurred illness, injury or incapacity from taking occupancy if the Resident can, in Westminster's reasonable judgment, be cared for with a level of care regularly provided by Westminster at the Community. Resident recognizes Westminster's right to determine which level of care best meets the needs of Resident.

Termination by Reason of Death After Occupancy. In the event this Agreement is terminated as a result of Resident's death after the Occupancy Date, Westminster shall refund to the estate of a Resident the Entrance Fee less an amount equal to two percent of the Entrance Fee for each of the first twenty-five (full or partial) months of occupancy (the period from the Occupancy Date to the date of termination).

Partial Refund Upon Transfer to Smaller Living Accommodation. If Resident relocates to a smaller living accommodation, Resident shall not receive a partial refund of the difference, if any, between the Entrance Fee originally paid on the larger accommodation and the Entrance Fee for the smaller accommodation on the Date of Relocation.

Death or Withdrawal of One of Two Residents. If the Entrance Fee has been paid on behalf of two co-residents and one of the two co-residents dies or withdraws from the Community, the Entrance Fee shall be deemed to have been paid on behalf of the surviving or remaining Resident and no refund of the Entrance Fee shall be made.

Refund Upon Change in Personal Relationships.

If Resident marries or desires to live with another resident of the Community and has decided to vacate his or her Living Accommodation and move in with the other resident, Resident shall be entitled to a refund subject to the provisions of Section 607. That refund will be the difference, if any, between the Entrance Fee originally paid by Resident and the second person Entrance Fee then in effect for the living accommodation to which the Resident will be moving, less an amount equal to two percent of the differential for each month (or portion thereof) from the Occupancy Date until the date of the move, but not less than an amount equal to 50% of such differential.

If Resident marries or desires to live with another resident of the Community and each resident will vacate his or her Living Accommodation and move into a third living accommodation, each resident shall be entitled to a refund to which he or she would be entitled if such resident's Residence and Care Agreement were then being terminated subject to the provisions of Section 607. Then, both residents shall enter into a new Residence and Services Agreement and pay the entrance fee then in effect for the new living accommodation. The two co-residents will pay the monthly fee at the double occupancy rate.

7. Monthly Fee.

In addition to the Entrance Fee, Resident shall pay to Westminster a Monthly Fee commencing on the Occupancy Date and each month thereafter. The Monthly Fee is a fixed monthly charge (subject to change) associated with Resident's specific type and size of Living Accommodation and occupancy status (single or double).

The current Monthly Fee for the Living Accommodation selected by Resident will be that set forth in Exhibit A based on single occupancy or double occupancy as set forth in Exhibit A. If the Living Accommodation is not available for occupancy on the date of this Agreement, Westminster shall notify Resident of the exact amount of the initial Monthly Fee for Resident's Living Accommodation not later than 30 days prior to the Occupancy Date. THE MONTHLY FEE MAY BE INCREASED OR ADJUSTED AS DESCRIBED IN SECTIONS 502 AND 503 IN PART II OF THIS AGREEMENT.

When Resident is transferred to the Health Center, Resident shall pay the applicable per diem fee in effect from time to time as further described in Section 503(e) in Part II to this Agreement.

Resident shall also pay the fees and expenses for care received at outside facilities as further described in Part C of Article IV and Section 503 in Part II of this Agreement.

8. Additional Services and Charges.

A number of services that are not covered directly by this Agreement may be provided to Resident by Westminster on a fee-for-service basis at the request of Resident. Westminster will bill Resident on a monthly basis for any such additional services used by Resident, and Resident shall pay to Westminster all charges so billed. Westminster reserves the right to alter the charges for such services or terminate them.

In addition, Westminster expects (but is not obligated) to make available a number of additional services to Resident on campus through independent contractors. Resident will be responsible for payment of the charges for any such services used by Resident, and Westminster has no obligation to provide for the billing of such charges.

9. Termination by Westminster Prior to Occupancy.

WITH RESPECT TO ANY LIVING ACCOMMODATION NOT YET CONSTRUCTED, WESTMINSTER RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT IF WESTMINSTER DETERMINES IN GOOD FAITH THAT, DUE TO FACTORS BEYOND ITS CONTROL, SUCH CONSTRUCTION WILL NOT BE COMPLETED WITHIN A REASONABLE TIME PERIOD. IN THE EVENT OF SUCH A TERMINATION, RESIDENT SHALL BE ENTITLED TO A FULL REFUND OF THE ENTRANCE FEE DEPOSIT AS PROVIDED IN SECTION 6 ABOVE.

10. Entire Agreement.

This Agreement together with any addenda constitute the entire agreement between Westminster and Resident. Resident acknowledges that Westminster has relied on Resident's Application for Residence, including the financial and medical statements, in accepting Resident as a member of the Community and Resident warrants that it is true and complete. Any modification of this Agreement must be in writing and signed by both Resident and Westminster.

11. Restrictions on Transferability.

Except with respect to any refund payable to Resident's estate in accordance with this Agreement, the rights and privileges of Resident under this Agreement are personal to Resident and cannot be transferred or assigned by Resident, by a proceeding at law, or otherwise. Westminster may assign its rights hereunder to a trustee for bondholders or otherwise in connection with the securing of indebtedness.

12. Notices.

Communications from Resident to Westminster shall be mailed or delivered to Westminster at 12191 Clipper Drive, Lake Ridge, Virginia 22192, Attention: Executive Director. Communications from Westminster to Resident shall be mailed to Resident at the address given below until Resident occupies the Living Accommodation. Westminster and Resident undertake to supply any changes of mailing address each to the other party, in writing, in a timely manner. After Resident has occupied the Living Accommodation, notices to Westminster shall be mailed or delivered to the Executive Director and notices to Resident may be delivered either to Resident personally, to Resident's Living Accommodation or to Resident's mailbox.

IN WITNESS WHEREOF, this Residence and Care Agreement has been executed in duplicate as of the date first written above. Resident acknowledges that she/he has read and understood all parts of this Agreement and has been given the opportunity to discuss any features of this Agreement that may have been unclear.

**WESTMINSTER PRESBYTERIAN
RETIREMENT COMMUNITY,
INCORPORATED**

By: _____
Executive Director

By: _____
Resident

Address: _____

By: _____
Resident

Address: _____

EXHIBIT A

(50% Refund Option)

SPECIAL TERMS OF RESIDENCE AND CARE AGREEMENT

Name(s) of Resident: _____

Unit Type: _____

Unit No.: _____

Occupancy Date: _____

Entrance Fee: Basic Fee \$ _____
2nd Person _____
Total \$ _____

10% Entrance Fee Deposit: \$ _____

Estimated Monthly Fee¹: Basic Fee \$ _____
2nd Person _____
Total \$ _____

Amortization: _____ 2% a month for 25 months

Dated: _____, 20__

**WESTMINSTER PRESBYTERIAN RETIREMENT
COMMUNITY, INC.**

By: _____
Executive Director

By: _____
Resident

By: _____
Resident

¹Subject to change.

EXHIBIT B

OPTIONAL CUSTOM IMPROVEMENTS

Resident has requested that the following optional custom improvements be made to the Living Accommodation selected by Resident:

<u>Item</u>	<u>Charge</u>
_____Dishwasher (Make: _____; Model _____)	\$ _____
_____Carpeting upgrade	\$ _____
_____Fireplace	\$ _____
_____Kitchen cabinet upgrade	\$ _____
_____Other; Description of work:	\$ _____

Resident agrees to pay a charge for the optional custom improvements listed above in the amount of \$ _____(the "Improvements Surcharge"). Westminster will bill Resident for the Improvements Surcharge within 30 to 60 days prior to the time work is scheduled to commence on the optional custom improvements to Resident's Living Accommodation. Such improvements will not be constructed unless Westminster receives payment of the Improvements Surcharge within 15 business days of Resident's receipt of such bill. Once work commences on the optional custom improvements, no part of the Improvements Surcharge is refundable.

This Exhibit B is a part of the Residence and Care Agreement between Westminster and the undersigned Resident dated _____, 20__.

Dated: _____, 20__.

**WESTMINSTER PRESBYTERIAN
RETIREMENT COMMUNITY,
INCORPORATED**

By: _____
Executive Director

By: _____
Resident

Address: _____

By: _____
Resident

Address: _____

WESTMINSTER AT LAKE RIDGE
RESIDENCE AND CARE AGREEMENT
(Resident Fee for Service)
(90% Refund Option)

PART I

RESIDENCE AND CARE AGREEMENT (90% Refund Option)

THIS RESIDENCE AND CARE AGREEMENT (the "Agreement") is dated _____, 20____, and is between Westminster Presbyterian Retirement Community, Incorporated, a non-profit corporation ("Westminster") and _____

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

Westminster owns and operates the Lake Ridge continuing care retirement community (the "Community") dedicated to maintaining the health and independence of its residents and providing life-long support and health care resources on campus.

Resident has applied for entry to the Community, and Westminster has accepted Resident for entry by entering into this Agreement. This Agreement is a legal contract that sets forth the rights and responsibilities of Westminster and Resident. **This Agreement shall consist of this Part I, Exhibit A hereto, any Exhibit B if executed, the General Conditions set forth in Part II, the Resident's Application for Residence, including the attached financial and medical statements and any amendments or supplements executed by both parties.** Westminster encourages Resident to review the terms of this Agreement. All terms used herein and not otherwise defined shall have the meaning set forth in Section 101 of Part II and all section references are to sections of Part II unless otherwise specified.

NOW, THEREFORE, Resident and Westminster agree as follows:

1. Admission.

Upon execution of this Agreement by Westminster and Resident, Resident is guaranteed admission to the Community in accordance with the provisions of this Agreement, regardless of any change in the state of Resident's health between the date of this Agreement and the Occupancy Date (as defined in Section 3 below) subject to the provisions of Sections 5 and 6(d)(1) below and Section 222.

2. Living Accommodation; Optional Custom Improvements and Surcharge.

The Living Accommodation selected by Resident is that set forth in Exhibit A. Resident has the right to lifetime occupancy and use of the Living Accommodation from and after the Occupancy Date, subject to

change in accommodations as hereinafter provided and subject to the terms and conditions of this Agreement, including, without limitation, Sections 222, 404 and 405.

If Resident has requested that certain optional custom improvements be made to the Living Accommodation as itemized on Exhibit B attached to this Agreement, Resident agrees to pay the costs of such improvements in the amount and in the manner set forth on Exhibit B (the "Improvements Surcharge"). Resident shall not be entitled to any credit for such costs unless Resident is transferred from the original Living Accommodation pursuant to Section 404.

3. Occupancy Date.

If the Occupancy Date is not set forth in Exhibit A upon the execution of this Agreement, Westminster will give Resident at least 60 days' written notice of the date on which the Living Accommodation will be available for occupancy.

4. Services Provided.

Subject to the terms and conditions of this Agreement, Westminster shall furnish Resident the residential and health care facilities and services specified in this Agreement from the Occupancy Date until the death of Resident or the earlier termination of this Agreement.

5. Entrance Fee.

Amount. Resident agrees to pay Westminster an Entrance Fee in the amount set forth in Exhibit A. If the Living Accommodation is currently ready for occupancy by Resident, Resident shall pay the full amount of the Entrance Fee to Westminster on the date hereof or such later date as agreed to by Westminster in writing. If the Living Accommodation is not ready for occupancy on the date hereof, the Entrance Fee shall be payable as follows:

Upon execution of this Agreement, Resident will pay to Westminster an amount equal to 10% of the Entrance Fee (the "Entrance Fee Deposit"), less any Priority Deposit paid by Resident that is to be applied as part of Resident's Entrance Fee Deposit.

The remaining 90% of the Entrance Fee shall be due on the Occupancy Date.

Surcharges and Other Adjustments. Westminster reserves the right, as a condition for admission to the Community, to charge additional amounts or make other refund provisions for persons who are under 65 years of age when they enter into Residence and Care Agreements and to persons who have unusual health or other special conditions. Such special charges, if any, shall be described in a separate addendum to this Agreement signed by both Westminster and Resident.

6. Refund of Entrance Fee.

General Description. Resident's Entrance Fee will amortize at the rate of two percent a month (or portion thereof) over a period of 5 months commencing on the Occupancy Date. This means that the refund payable upon termination of this Agreement will always be at least 90% of the Entrance Fee paid by Resident and that Resident will receive an additional refund if such termination occurs within the first 5 months. All refunds are subject to Sections 607 and 608 in Part II of this Agreement.

Refund of Entrance Fee Upon Voluntary Termination By Resident.

Prior to Occupancy.

- (a) Termination by Resident. Prior to occupancy, Resident may rescind this Agreement at any time upon written notice to Westminster.
- (b) Automatic Cancellation. This Agreement is automatically cancelled if, before the Occupancy Date, any of the following occurs:
 - (i) Westminster determines that Resident is ineligible for entrance into the Community;
 - (ii) Resident elects to terminate this Agreement for any reason; or
 - (iii) Resident dies prior to the Occupancy Date; provided, however, that if two Residents have signed this Agreement and are going to occupy the same Residence, this Agreement shall terminate only at the option of the survivor.

After Occupancy.

Resident has the right at any time after the Occupancy Date to terminate this Agreement by delivering to Westminster prior written notice of intent

to do so. Such notice shall specify an effective date not less than sixty (60) days after the date of such notice, unless a shorter period is approved by the Executive Director. On or before the effective date, Resident shall move from the Community and release the Residence to Westminster. Resident's obligation to continue to pay the Monthly Fee shall cease on the effective date provided Resident has moved and released the Residence to Westminster.

If two Residents have signed this Agreement, then either Resident may terminate it as to him/herself and this shall not effect a termination with respect to the other Resident. If this Agreement is continued by one of the Residents, the Entrance Fee shall be treated as having been paid on behalf of the remaining Resident, and no Entrance Fee refund will be paid to the Resident who is leaving.

In the event of termination by Resident after the Occupancy Date, Westminster shall refund to Resident the Entrance Fee paid by Resident, less an amount

equal to two percent of the Entrance Fee for each of the first five (full or partial) months of occupancy (the period from the Occupancy Date to the date of termination).

Refund of Entrance Fee Upon Termination by Westminster.

Termination by Westminster Prior to Occupancy Date. In the event Westminster terminates this Agreement prior to the Occupancy Date, Westminster shall refund to Resident the entire Entrance Fee Deposit paid by Resident.

Termination by Westminster After Occupancy Date. In the event Westminster terminates this Agreement after the Occupancy Date, Westminster shall refund to Resident the Entrance Fee paid by Resident, less an amount equal to two percent of the Entrance Fee for each of the first five (full or partial) months of occupancy (the period from the Occupancy Date to the date of termination).

Transfer of Ownership; Closing of Community. The transfer of ownership of the Community or Westminster's assignment of its rights and obligations hereunder shall not be an event entitling the Resident to a refund of the Entrance Fee. If the Community is closed down, and no other facilities are used by Westminster to meet its obligations hereunder, the Resident shall be entitled to a refund of the Entrance Fee pursuant to subsection (c)(2) above.

Refund of Entrance Fee Upon Termination by Reason of Death or Preclusion of Entry by Reason of Illness, Injury or Incapacity.

Termination by Reason of Death or Preclusion of Entry By Reason of Illness, Injury or Incapacity Prior to Occupancy. If the Resident does not occupy the Living Accommodation within 120 days of the execution of this Agreement, Westminster may require the Resident, prior to occupancy, to submit additional financial and health information and undergo an additional health care examination to determine if the Resident is able to live independently in the Living Accommodation without special assistance or services not normally provided by Westminster. Regardless of the date

on which the Resident intends to occupy the Living Accommodation, Westminster may terminate this Agreement and refund any Entrance Fee or Entrance Fee Deposit that it holds if, in Westminster's reasonable opinion, the Resident is permanently unable to enter the Community as a result of death, illness, injury or incapacity. This provision shall not preclude a Resident who has incurred illness, injury or incapacity from taking occupancy if the Resident can, in Westminster's reasonable judgment, be cared for with a level of care regularly provided by Westminster at the Community. Resident recognizes Westminster's right to determine which level of care best meets the needs of Resident.

Termination by Reason of Death After Occupancy. In the event this Agreement is terminated as a result of Resident's death after the Occupancy Date, Westminster shall refund to the estate of a Resident the Entrance Fee less an amount equal to two percent of the Entrance Fee for each of the first five (full or partial) months of occupancy (the period from the Occupancy Date to the date of termination).

Partial Refund Upon Transfer to Smaller Living Accommodation. If Resident relocates to a smaller living accommodation, Resident shall not receive a partial refund of the difference, if any, between the Entrance Fee originally paid on the larger accommodation and the Entrance Fee for the smaller accommodation on the Date of Relocation.

Death or Withdrawal of One of Two Residents. If the Entrance Fee has been paid on behalf of two co-residents and one of the two co-residents dies or withdraws from the Community, the Entrance Fee shall be deemed to have been paid on behalf of the surviving or remaining Resident and no refund of the Entrance Fee shall be made.

Refund Upon Change in Personal Relationships.

If Resident marries or desires to live with another resident of the Community and has decided to vacate his or her Living Accommodation and move in with the other resident, Resident shall be entitled to a refund subject to the provisions of Section 607. That refund will be the difference, if any, between the Entrance Fee originally paid by Resident and the second person Entrance Fee then in effect for the living accommodation to which the Resident will be moving, less an amount equal to two percent of the differential for each month (or portion thereof) from the Occupancy Date until the date of the move, but not less than an amount equal to 90% of such differential.

If Resident marries or desires to live with another resident of the Community and each resident will vacate his or her Living Accommodation and move into a third living accommodation, each resident shall be entitled to a refund to which he or she would be entitled if such resident's Residence and Care Agreement were then being terminated subject to the provisions of Section 607. Then, both residents shall enter into a new Residence and Services Agreement and pay the entrance fee then in effect for the new living accommodation. The two co-residents will pay the monthly fee at the double occupancy rate.

7. Monthly Fee.

In addition to the Entrance Fee, Resident shall pay to Westminster a Monthly Fee commencing on the Occupancy Date and each month thereafter. The Monthly Fee is a fixed monthly charge (subject to change) associated with Resident's specific type and size of Living Accommodation and occupancy status (single or double).

The current Monthly Fee for the Living Accommodation selected by Resident will be that set forth in Exhibit A based on single occupancy or double occupancy as set forth in Exhibit A. If the Living Accommodation is not available for occupancy on the date of this Agreement, Westminster shall notify Resident of the exact amount of the initial Monthly Fee for Resident's Living Accommodation not later than 30 days prior to the Occupancy Date. THE MONTHLY FEE MAY BE INCREASED OR ADJUSTED AS DESCRIBED IN SECTIONS 502 AND 503 IN PART II OF THIS AGREEMENT.

When Resident is transferred to the Health Center, Resident shall pay the applicable per diem fee in effect from time to time as further described in Section 503(e) in Part II to this Agreement.

Resident shall also pay the fees and expenses for care received at outside facilities as further described in Part C of Article IV and Section 503 in Part II of this Agreement.

8. Additional Services and Charges.

A number of services that are not covered directly by this Agreement may be provided to Resident by Westminster on a fee-for-service basis at the request of Resident. Westminster will bill Resident on a monthly basis for any such additional services used by Resident, and Resident shall pay to Westminster all charges so billed. Westminster reserves the right to alter the charges for such services or terminate them.

In addition, Westminster expects (but is not obligated) to make available a number of additional services to Resident on campus through independent contractors. Resident will be responsible for payment of the charges for any such services used by Resident, and Westminster has no obligation to provide for the billing of such charges.

9. Termination by Westminster Prior to Occupancy.

WITH RESPECT TO ANY LIVING ACCOMMODATION NOT YET CONSTRUCTED, WESTMINSTER RESERVES THE RIGHT TO TERMINATE THIS

AGREEMENT IF WESTMINSTER DETERMINES IN GOOD FAITH THAT, DUE TO FACTORS BEYOND ITS CONTROL, SUCH CONSTRUCTION WILL NOT BE COMPLETED WITHIN A REASONABLE TIME PERIOD. IN THE EVENT OF SUCH A TERMINATION, RESIDENT SHALL BE ENTITLED TO A FULL REFUND OF THE ENTRANCE FEE DEPOSIT AS PROVIDED IN SECTION 6 ABOVE.

10. Entire Agreement.

This Agreement together with any addenda constitute the entire agreement between Westminster and Resident. Resident acknowledges that Westminster has relied on Resident's Application for Residence, including the financial and medical statements, in accepting Resident as a member of the Community and Resident warrants that it is true and complete. Any modification of this Agreement must be in writing and signed by both Resident and Westminster.

11. Restrictions on Transferability.

Except with respect to any refund payable to Resident's estate in accordance with this Agreement, the rights and privileges of Resident under this Agreement are personal to Resident and cannot be transferred or assigned by Resident, by a proceeding at law, or otherwise. Westminster may assign its rights hereunder to a trustee for bondholders or otherwise in connection with the securing of indebtedness.

12. Notices.

Communications from Resident to Westminster shall be mailed or delivered to Westminster at 12191 Clipper Drive, Lake Ridge, Virginia 22192, Attention: Executive Director. Communications from Westminster to Resident shall be mailed to Resident at the address given below until Resident occupies the Living Accommodation. Westminster and Resident undertake to supply any changes of mailing address each to the other party, in writing, in a timely manner. After Resident has occupied the Living Accommodation, notices to Westminster shall be mailed or delivered to the Executive Director and notices to Resident may be delivered either to Resident personally, to Resident's Living Accommodation or to Resident's mailbox.

IN WITNESS WHEREOF, this Residence and Care Agreement has been executed in duplicate as of the date first written above. Resident acknowledges that she/he has read and understood all parts of this Agreement and has been given the opportunity to discuss any features of this Agreement that may have been unclear.

**WESTMINSTER PRESBYTERIAN
RETIREMENT COMMUNITY,
INCORPORATED**

By: _____
Executive Director

By: _____
Resident

Address: _____

By: _____
Resident

Address: _____

**EXHIBIT A
(90% Refund Option)**

SPECIAL TERMS OF RESIDENCE AND CARE AGREEMENT

Name(s) of Resident: _____

Unit Type: _____

Unit No.: _____

Occupancy Date: _____

Entrance Fee: Basic Fee \$ _____
2nd Person _____
Total \$ _____

10% Entrance Fee Deposit: \$ _____

Estimated Monthly Fee¹: Basic Fee \$ _____
2nd Person _____
Total \$ _____

Amortization: _____ 2% a month for 5 months

Dated: _____, 20__

**WESTMINSTER PRESBYTERIAN RETIREMENT
COMMUNITY, INC.**

By: _____
Executive Director

By: _____
Resident

By: _____
Resident

¹Subject to change.

EXHIBIT B

OPTIONAL CUSTOM IMPROVEMENTS

Resident has requested that the following optional custom improvements be made to the Living Accommodation selected by Resident:

<u>Item</u>	<u>Charge</u>
_____Dishwasher (Make: ; Model)	\$ _____
_____Carpeting upgrade	\$ _____
_____Fireplace	\$ _____
_____Kitchen cabinet upgrade	\$ _____
_____Other. Description of work: _____ _____ _____	\$ _____

Resident agrees to pay a charge for the optional custom improvements listed above in the amount of \$_____ (the "Improvements Surcharge"). Westminster will bill Resident for the Improvements Surcharge within 30 to 60 days prior to the time work is scheduled to commence on the optional custom improvements to Resident's Living Accommodation. Such improvements will not be constructed unless Westminster receives payment of the Improvements Surcharge within 15 business days of Resident's receipt of such bill. Once work commences on the optional custom improvements, no part of the Improvements Surcharge is refundable.

This Exhibit B is a part of the Residence and Care Agreement between Westminster and the undersigned Resident dated _____, 20__.

Dated: _____, 20__.

**WESTMINSTER PRESBYTERIAN
RETIREMENT COMMUNITY,
INCORPORATED**

By: _____

Its: _____

By: _____
Resident

Address: _____

By: _____
Resident

Address: _____

PART II (Fee for Service)

WESTMINSTER RESIDENCE AND CARE AGREEMENT

GENERAL CONDITIONS

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**ARTICLE I
INTRODUCTION**

Section 101. Definitions.

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

"Assisted Living Unit" means one of the units in the Health Center intended for residents who require assistance with one or more activities of daily living.

"Attending Physician" means the physician responsible for a resident's health care, whether a Westminster Physician or the resident's personal physician

"Commissioner" means the Commissioner of the Bureau of Insurance of the State.

"Entrance Fee" means the one-time fee due from Resident payable in the amount specified in Exhibit A to Part I of this Agreement.

"Entrance Fee Deposit" means the entrance fee deposit made by the Resident upon execution of this Agreement, or otherwise in connection with reserving a Living Accommodation at the Community.

"Executive Director" means the chief executive officer of Westminster appointed by its Board of Directors.

"Health Center" means the health care facility at the Community, including the Assisted Living Units, the skilled nursing care units, an out-patient clinic and related facilities.

"Living Accommodation" means the independent living unit selected by Resident for occupancy as identified in Part I of this Agreement.

"Medical Director" means the person or persons designated as such by Westminster. The Medical Director shall consult with and advise Westminster regarding the health care facilities and health services provided in the Community.

"Monthly Fee" means the monthly fee payable hereunder as provided in Section 502 as adjusted from time to time as provided herein.

"Occupancy Date" means the date on which the Living Accommodation is available for occupancy by Resident (whether or not Resident actually occupies the Living Accommodation on such date), or such later day as may be agreed to by the parties in writing.

"Prolonged Transfer" means a transfer from a Resident's Living Accommodation to the Health Center for a period of 90 days or more.

"Required Insurance Coverage" means the insurance coverage that Resident is required to maintain as set forth in Section 308.

"Resident" means the person or persons identified as Resident in Exhibit A to Part I of this Agreement.

"Resident Supporting Fund" means the Resident Supporting Fund established by Westminster to provide assistance to residents of the Community as described in Section 609.

"State" means the Commonwealth of Virginia.

"Transfer Committee" means a committee comprised of three or more persons, including the Medical Director, at least one other representative of the health care staff and the Executive Director.

"Westminster Physician" means any of the physicians under contract with Westminster to supervise the health care of residents residing in the Health Center, to conduct scheduled office hours at the Community and to answer emergency calls.

"Westminster Policies and Regulations" means the written policies, regulations and procedures developed and amended from time to time by Westminster as described in Section 215.

Section 102. Headings.

The title and headings of this Agreement are included for ease of reference only and shall not define or limit the substantive provisions.

ARTICLE II

RESIDENTIAL FACILITIES AND SERVICES; GENERAL MATTERS

PART A DESCRIPTION OF RESIDENTIAL FACILITIES PROVIDED BY WESTMINSTER

Section 201. Resident's Living Accommodation.

Resident has the right to occupy and use the Living Accommodation during the term of this Agreement, subject to a transfer to another living accommodation at Resident's request or upon a transfer as provided in Article IV and subject to the terms of Section 222(a).

(a) Furnishings and Appliances. Westminster shall furnish the Living Accommodation with wall-to-wall carpeting (except in the kitchen and bathroom areas), mini-blinds, a range, sink, garbage disposal and refrigerator in the kitchen area, an automatic washer and dryer, a bathroom with grab bars in the tub and/or shower, individual thermostatic control for heating and air conditioning, an emergency response system and a TV master antenna outlet. Resident shall provide all other furnishings.

(b) Structural Changes; Redecoration. After the Occupancy Date, any structural or physical changes to the Living Accommodation, including any alteration (such as the construction of bookshelves) or redecoration (such as painting or wallpapering (other than painting or other maintenance performed by Westminster) will require the prior approval of the Executive Director and will be made only under his or her

supervision and direction. The cost of any change requested by Resident shall be at Resident's expense. The Executive Director may require, as a condition of approval of a requested change, that Resident either (i) agree to bear the cost of restoring the Living Accommodation to its original condition upon termination of Resident's occupancy of the Living Accommodation or (ii) prepay the estimated cost of restoring the Living Accommodation to its original condition. All structural improvements shall belong to Westminster.

Section 202. Common Facilities.

All indoor communal areas, such as the dining room, lounge and library and all outdoor communal areas, such as decks, terraces and patios, are for the use of the Community residents and their guests.

Shops providing special services, such as a coffee shop, sundries and gift shop, beauty parlor and barber shop, will charge fees for services provided.

Section 203. Parking Facilities.

The living accommodation will have one designated covered parking space so long as Resident owns and operates a car. Additional parking areas will be available for guests and, depending upon demand and subject to Westminster's right to charge residents extra for parking for second cars, may be available for Community residents.

Section 204. Laundry Facilities.

A laundry area with a large capacity automatic washer and dryer will be available to accommodate personal laundry items too large for the washers and dryers in the living accommodations.

Section 205. Gardening Areas.

Community residents will have access to areas set aside for gardening.

PART B RESIDENTIAL SERVICES PROVIDED BY WESTMINSTER

Section 206. Flexible Dining Plan.

(a) Dining Meal Credits. Each quarter, WLR will provide each Resident with Dining Meal credits with the amount of money equal to thirty (30) meals per month for three (3) months. The Resident may use the Dining Meal credits in the Main Dining Room and Bistro. Residents may charge additional meals to their account if they use all of the credits within the quarter. Resident may use the Dining Meal credits for any meals (breakfast/ brunch/ lunch/ dinner). Credits not used during the first or second month of the quarter may be carried over to the next month; however, unused credits remaining at the end of the third month of the quarter cannot be carried over to the next quarter. The Dining Meal Credits can also be utilized by Resident to purchase meals for quests, but not for catered events.

(b) Tray Service. Tray service will be provided for Resident in his or her Living Accommodation when ordered by the Executive Director. Westminster may charge additional fees for any tray service not related to illness or disability.

(c) Other Food Service. Meals for persons on special diets will be provided for Resident when ordered by a Westminster Physician. Westminster may charge additional fees for any extraordinary dietary requests or supplement.

(d) Guest Meals. Resident may invite guests to meals in the dining room. Prior notice is requested. Guest meal charges will be included in Resident's monthly statement or Resident may utilize their meal credits for guest meals.

Section 207. Maintenance, Repair and Security.

Westminster shall maintain the buildings and grounds, including lawn services, and will be responsible for the necessary maintenance, repairs and replacement of property and equipment owned by Westminster. Cottage and ground floor apartment residents are responsible for care and maintenance of their backyards, except for mowing, weed-eating and trimming of large bushes. Cottage front yards will be maintained by Westminster. The maintenance and repair of any optional custom improvements added to the Living Accommodation at Resident's request will be charged to Resident. Westminster shall employ or contract for security personnel for the buildings and grounds.

Section 208. Housekeeping Services.

Westminster shall furnish heavy housecleaning services annually, including window washing and carpet cleaning. Westminster shall also furnish housekeeping services such as vacuuming and bathroom and kitchen cleaning on a weekly or bi-weekly basis. Additional housekeeping services may be contracted for on a fee-for-service basis. Trash disposal from designated locations will be provided by Westminster on a regular basis.

Section 209. Utilities.

Westminster shall furnish water, heat, air conditioning and electricity to the Living Accommodation, subject to availability to Westminster by the providers thereof.

Section 210. Transportation.

Westminster shall provide scheduled transportation for certain activities such as shopping, grocery stores, etc. Transportation for special, personal and group trips will be made available at an additional charge.

Section 211. Social and Recreational Activities.

Social and recreational activities will be developed by the residents in collaboration with the Community staff and administration.

Section 212. Other Services.

Services for which an additional charge may be made, if provided, include: porter service for assistance with luggage and large parcels; group trips arranged for special cultural, social,

sporting and scenic excursions; daily delivery of local and metropolitan newspapers; laundry/dry cleaning pick-up and delivery; instructional classes; theater, orchestra and other special entertainment activities; and other services not specifically described in this Agreement as provided by Westminster.

PART C RIGHTS AND RESPONSIBILITIES OF WESTMINSTER

Section 213. General.

Westminster accepts responsibility for providing the facilities and services described above and in Section 301, provided that Westminster shall not be responsible for any interruption of services caused by labor disputes, governmental orders and requirements, acts of God, civil riot, temporary termination of utility services, and any other cause not reasonably within its control, and which, by the exercise of ordinary care, Westminster is unable, wholly or in part, to prevent or overcome.

Section 214. Westminster's Right of Entry.

Resident recognizes and accepts Westminster's right to enter Resident's Living Accommodation under certain circumstances. Such right of entry includes, but is not limited to, entry for the following purposes: (i) performance of scheduled housekeeping duties, (ii) response to the automatic fire alarm or emergency response system, (iii) entry in the event that Resident is reported as missing or as not having responded to a call, and (iv) performance of maintenance procedures. Westminster recognizes Resident's right to privacy and its responsibility to limit entry of the Living Accommodation to perceived medical or other emergencies, scheduled housekeeping, and, with prior notice to Resident, routine maintenance services. For Resident's safety, Resident agrees not to replace or add any locks to the Living Accommodation.

Section 215. Westminster Policies and Regulations.

Westminster reserves the right to make policies, adopt regulations and establish procedures that do not violate this Agreement (the "Westminster Policies and Regulations") and to amend the Westminster Policies and Regulations from time to time.

Section 216. Taxes.

Westminster will be responsible for the payment of all real and personal property taxes assessed against the property owned or leased by Westminster.

Section 217. Additional or Different Agreements; Use of Facilities.

Westminster reserves the right (a) to offer additional types of agreements covering residential and health care facilities and services and to enter into different versions of this Residence and Care Agreement as determined appropriate by Westminster and (b) to provide residence and care and other services at this Community to persons not signing Residence and Care Agreements, including without limitation providing access to certain facilities to residents of adjacent and other developments.

Section 218. Notice of Change in Scope of Care or Services.

Except for changes required by state or federal assistance programs or by law, Westminster will notify Resident of any proposed change in the scope of care or services provided in this Residence and Care Agreement at least 30 days before such change is effective. No change relating to decreases in service included in the Monthly Fee under the terms of this Agreement shall be effective unless (a) consented to by Resident or (b) a reasonable adjustment is made in the Monthly Fee.

PART D RIGHTS AND RESPONSIBILITIES OF RESIDENT

Section 219. Light Housekeeping.

Resident shall maintain the Living Accommodation in a clean, sanitary, and orderly condition and perform all light housekeeping tasks required between scheduled housekeeping services provided by Westminster. Resident is responsible for the repair, maintenance and replacement of all personal property of Resident. If Resident is unable to maintain the Living Accommodation in a proper manner, Westminster shall have the right, in its discretion, after notice to Resident, either to transfer Resident to an Assisted Living Unit or provide additional housekeeping services, the cost of which shall be billed to Resident on a monthly basis.

Section 220. Cable TV and Telephone Service.

Resident shall provide his or her own TV and telephone and shall pay the installation charges and monthly charges for cable TV and telephone service. Westminster may, but is not obligated to, provide cable TV services to residents. If Westminster provides such services, it may include the fee therefor in the Monthly Fee.

Section 221. Guests.

Resident's guests are welcome to visit the Community. Westminster may require that overnight guests be registered and that guest stays longer than one week be approved in advance by the Executive Director. Resident will be responsible for the conduct of Resident's guests and for payment of any charges incurred by Resident's guests. No guest shall be entitled to any rights or privileges under this Agreement by reason of his or her status as Resident's guest.

Section 222. Resident's Rights to Property.

(a) Nature of Resident's Interest. RESIDENT'S RIGHTS ARE PRIMARILY FOR SERVICES, WITH A CONTRACTUAL RIGHT OF OCCUPANCY. THE RIGHTS AND PRIVILEGES GRANTED TO RESIDENT BY THIS AGREEMENT DO NOT INCLUDE ANY RIGHT, TITLE OR INTEREST IN ANY PART OF THE PERSONAL PROPERTY, LAND, BUILDINGS OR IMPROVEMENTS OWNED OR ADMINISTERED BY WESTMINSTER. NOTHING CONTAINED IN THIS AGREEMENT SHALL BE CONSTRUED TO CREATE A LEASE OR THE RELATIONSHIP OF LANDLORD AND TENANT BETWEEN WESTMINSTER AND RESIDENT.

(b) Subordination to Financing. The Resident's rights under this Agreement shall at all times be subordinate to the rights of any bona fide lender under any mortgage,

deed of trust or other security interest, now existing or hereafter created, on any of the property of Westminster and to all amendments, modifications, replacements or refinancing thereof. The Resident shall execute and deliver any documents reasonably required by the Corporation or by the holder of any mortgage, deed of trust or other security agreement to evidence or effect such subordination.

Section 223. Resident's Responsibility for Damages.

Resident shall be responsible for any personal injury and for loss or damage to real or personal property of Westminster or others caused by the negligence (including the negligent failure to act) or misconduct of Resident or any guest of Resident and shall reimburse Westminster for any costs or damages incurred as a result of such negligence or misconduct. Westminster assumes no responsibility for, and any injury to Resident or damage or loss to Resident's property caused by the negligence or misconduct of another resident or any invitee of another resident, unless Westminster has also been negligent and such negligence caused such injury, damage or loss.

Section 224. Personal Property Insurance.

Westminster does not have an insurable interest in the personal property of Resident and Resident is therefore responsible for the loss of or damage to Resident's personal property due to theft, fire, or any other cause, including any personal property stored in the Community storage facilities. Resident is required to obtain insurance at Resident's expense to protect against such losses.

Section 225. Residents' Association.

Westminster encourages independence and self-organization on the part of residents of the Community. Residents who have entered into Residence and Care Agreements with Westminster shall have the right to organize a residents' association at the Community and to meet there to conduct business.

Section 226. Westminster Policies and Regulations.

Resident agrees to abide by the Westminster Policies and Regulations, as they may exist from time to time.

Section 227. Pets.

Resident may keep a dog, cat or other pet with the approval of the Executive Director and in compliance with all Westminster Policies and Regulations relating to pets, including without limitation, restrictions on the size, type and number of pets kept at the Community and on the areas in which pets may be kept or exercised. Resident agrees to make other arrangements for the care of any pet if, in the judgment of the Executive Director, (i) such pet is or becomes a nuisance or danger to Resident or others or (ii) Resident can no longer care for the pet without assistance. Resident shall reimburse Westminster for any damage done to any part of the Community, including furnishings, by any pet of Resident.

Section 228. Waiver of Liability.

The Resident hereby releases Westminster and its officers and employees from liability for his death, injury to the Resident's person or property caused by any fire, theft, assault or other cause beyond the control of Westminster and from any liability resulting from the negligence or wrongful acts of other residents and hereby waives any claim that the Resident or the Resident's estate may have against the Corporation therefrom.

**ARTICLE III
HEALTH CARE FACILITIES AND SERVICES**

PART A DESCRIPTION OF HEALTH CARE FACILITIES

The Health Center incorporates skilled nursing units, Assisted Living Units and an out-patient clinic providing ambulatory health care services.

Westminster may offer agreements for direct entry into the Health Center and per diem contracts for Assisted Living Units and skilled nursing care units. Westminster reserves the right to offer other agreements for facilities and services.

PART B DESCRIPTION OF HEALTH CARE SERVICES

Section 301. Services To Be Provided by Westminster.

Subject to availability and space, Westminster shall provide Assisted Living services and skilled nursing care to Resident, on a temporary or long-term basis, in the Health Center. Resident's first five days of temporary care in the Health Center that occurs more than 30 days after the last day Resident was in the Health Center are included in the Monthly Fee, with a limit of 15 such days in any twelve month period. Thereafter, Resident shall pay the per diem rate then in effect for the specific unit in the Health Center occupied by Resident as further described in Section 503. With respect to those days of care in the Health Center included in the Monthly Fee, Westminster shall be entitled to any insurance or third-party payments for which Resident is eligible or for which Resident would have been eligible had Resident maintained the Required Insurance Coverage.

In addition to nursing care services, Westminster will provide certain related services, including maintenance of medical records and assistance with claims processing. Additional health care services will be offered to Resident as determined by Westminster and may be modified or discontinued. Some examples of the types of services that may be provided are health screening checks, health education sessions and temporary, limited assistance with activities of daily living for residents in their living accommodations.

Section 302. Access to Other Services.

Additional health care services may be made available at the Community through independent contractors approved by Westminster. Resident shall be responsible for paying the fees charged by such independent contractors for any services utilized by the Resident, and

Westminster has no obligation to provide for the billing of such services. Some examples of the types of services that may be provided by independent contractors are as follows:

- (a) Medical care, including scheduled office hours and emergency calls, by Westminster Physicians;
- (b) dental care;
- (c) pharmacy services;
- (d) physical therapy;
- (e) occupational therapy;
- (f) speech therapy; and
- (g) podiatric care.

PART C RESPONSIBILITIES OF WESTMINSTER

Section 303. Costs in Excess of Insurance Coverage.

To the extent the cost of the health care to be provided by Westminster under this Agreement will be covered by payments under the insurance required to be maintained by Resident pursuant to Section 308 (the "Required Insurance Coverage"), Westminster's limited obligation to pay the costs of the health care services as provided in this Agreement is only for the excess of such costs over benefits to which Resident is entitled under the Required Insurance Coverage or to which Resident would have been entitled under the Required Coverage if such Coverage had been maintained. Notwithstanding the foregoing, Resident is primarily liable for all health care costs charged to the Resident for use of the Health Center and shall be obligated to pay such costs, whether or not such costs are covered by insurance.

Section 304. Payment of Benefits.

If Resident fails to pay Westminster for health care services provided to Resident, any benefits paid under the Required Insurance Coverage that are attributable to health care services provided by Westminster shall be assigned to Westminster as reimbursement for Westminster's costs in providing such services. Any proceeds from such benefits in excess of Westminster's per diem rates for such services shall be paid to Resident.

Section 305. Westminster's Option To Insure.

Westminster may (but is not obligated to) obtain one or more insurance policies covering some or all of the health care services to be provided by Westminster under this Agreement. Westminster shall be responsible for payment of all premiums on any such policy. Resident agrees to cooperate fully with Westminster in connection with the application for, and the maintenance of, any such insurance.

Section 306. Westminster's Rights in Case of Injury to Resident Caused by Third Party

If Resident suffers an accident or injury caused by a third party and, as a result of such accident or injury, Westminster incurs costs (for example, Resident is injured in a car accident and must spend three months convalescing in the Health Center following surgery), Resident shall pay Westminster the per diem rates then in effect (except for any days included in the Monthly Fee) for such services and all of Westminster's costs not covered by the per diem rates incurred in connection with such accident or injury, including reasonable costs of care furnished by Westminster. In such event, Westminster, at its election, shall have the right either (i) to make any claim or initiate any legal action directly against the third party causing the injury or (ii) to receive reimbursement for such costs to the extent Resident makes a claim or initiates legal action and receives settlement or judgment proceeds.

IN FURTHERANCE OF SUCH RIGHTS, RESIDENT HEREBY GRANTS A POWER OF ATTORNEY (WHICH POWER SHALL NOT BE AFFECTED BY THE DISABILITY OF RESIDENT) TO WESTMINSTER, AT ITS ELECTION, TO MAKE ANY CLAIMS OR INITIATE LEGAL ACTION AGAINST SUCH THIRD PARTY FOR DAMAGES OR EXPENSES CAUSED BY SUCH ACCIDENT OR INJURY. Resident agrees to execute further authorizations as reasonably requested by Westminster. In such event, Westminster may enforce any cause of action for such injury or damages in Resident's name, or its own name.

If Resident fails to pay Westminster for health care services provided to Resident in connection with an accident or injury, Westminster shall be entitled to reimbursement out of any settlement or judgment proceeds for its per diem rates for such services and all costs not covered by the per diem rates incurred by it in connection with such accident or injury, including reasonable costs of care furnished by Westminster to Resident and, if applicable, the costs associated with bringing such claim or cause of action. The balance of any collection made will be paid to Resident, or in the event of Resident's death, to Resident's estate. Westminster may limit its election, as provided above, to claims for recovery of the costs incurred by it, and in such event, Westminster shall not be obligated to assert any claim of Resident arising out of such accident or injury beyond the costs incurred by Westminster.

PART D RESPONSIBILITIES OF RESIDENT

Section 307. Medical Information Release.

Resident hereby consents to the release by Westminster of medical information by or to any physician, hospital or other health care provider providing any services or consultation to Resident, at such times as such information may be requested by Westminster or such other health care providers. Westminster shall have no liability for releasing information to a health care provider if it reasonably believes that (a) such provider has or is to provide services or consultation to Resident or (b) Resident has approved such release.

Section 308. Maintenance of Health Insurance.

Resident shall obtain and maintain in force, at Resident's expense, insurance reasonably satisfactory to Westminster to cover the costs of comprehensive services. Such insurance shall include, but shall not be limited to, maximum coverage available under Medicare Part A and Part

B (or equivalent coverage as reasonably determined by Westminster), under any future program offered by Medicare, and under the supplemental plan offered under Blue Cross and Blue Shield Medicare Supplemental insurance or another "Medigap" policy reasonably acceptable to Westminster (collectively, the "Required Insurance Coverage"). RESIDENT HEREBY AUTHORIZES WESTMINSTER ON RESIDENT'S BEHALF TO MAKE APPLICATION FOR AND PAY PREMIUMS ON SUCH REQUIRED INSURANCE COVERAGE IF RESIDENT DOES NOT ACQUIRE IT. RESIDENT SHALL REIMBURSE WESTMINSTER FOR THE COSTS OF ANY SUCH PREMIUMS PAID BY WESTMINSTER.

RESIDENT WILL BE RESPONSIBLE TO PAY THE FULL PER DIEM RATE THEN IN EFFECT FOR HEALTH CARE SERVICES, REGARDLESS OF (A) THE BENEFITS PAID UNDER THE REQUIRED INSURANCE COVERAGE OR (B) RESIDENT BEING OR BECOMING INELIGIBLE FOR, OR OTHERWISE NOT BEING ABLE TO MAINTAIN, ANY PART OF THE REQUIRED INSURANCE COVERAGE.

Section 309. Payment for Health Care Services Not Provided by Westminster.

Resident is responsible for payment of the cost of all health care services not expressly covered by the Agreement. Among the physical and mental health care services not covered under this Agreement are: private duty nursing care, services rendered by a clinic, physician, or other practitioner of any therapeutic or palliative art or profession; services rendered by a hospital, rehabilitation facility or laboratory; medications; diagnostic imaging; cancer therapy; medication supplies; and appliance, equipment, or other aids to modify the effects of handicapping conditions.

Section 310. Attending Physician.

Resident shall have an Attending Physician at all times and shall inform Westminster of the identity of his or her Attending Physician. The Attending Physician for any person residing in the Health Center must be approved by the Medical Director, which approval shall not be unreasonably withheld and which shall not constitute any endorsement or warranty as to such physician's skills. If Resident does not have a personal physician who will act as Resident's Attending Physician, Resident may choose one of the Westminster Physicians as his or her Attending Physician. IF RESIDENT HAS NOT DESIGNATED AN ATTENDING PHYSICIAN AND IS UNABLE TO SELECT AN ATTENDING PHYSICIAN, WESTMINSTER IS HEREBY AUTHORIZED TO SELECT ONE OF THE WESTMINSTER PHYSICIANS AS RESIDENT'S ATTENDING PHYSICIAN.

Section 311. Illness or Accident Away From the Community; Hospital Care.

If an accident or illness occurs while Resident is traveling or visiting away from the Community, Resident shall make every reasonable effort to notify Westminster. Payment for medical, surgical, hospital and other care not provided under this Agreement is Resident's responsibility, whether at or away from the Community.

ARTICLE IV

TRANSFERS

PART A TRANSFERS BETWEEN INDEPENDENT LIVING UNITS

Section 401. Request by Resident for Change in Living Accommodation.

Resident may request a change in living accommodation at any time. It is the Community's policy to approve accommodation changes, subject to availability of units, requested by a resident for any of the following reasons: health, finances, death of a spouse or co-resident, marriage and the availability of a type of living accommodation requested but not available at the time for Resident's entrance into the Community. Additional factors to be considered by Westminster in determining whether to grant such request will include the availability of alternative accommodations and waiting lists therefor and Resident's agreement to pay the excess, if any, between the then current Entrance Fee for the requested accommodation and the Entrance Fee paid on the originally selected accommodation. Any such change must be approved by the Executive Director.

Resident shall pay any additional Entrance Fee due as a result of such change and the expenses of any such relocation, including any costs of preparing Resident's original Living Accommodation for occupancy by a new resident. Resident shall pay a "Relocation Fee" and sign a Relocation Amendment which sets forth the Relocation Fee, the new monthly fee and when the living accommodation will become available. Westminster may require Resident to enter into a new or amended Residence and Care Agreement for the new living accommodation.

Section 402. Change in Accommodation Due to Death or Withdrawal of One of Two Residents.

When the residency of one of two co-residents occupying the same Living Accommodation is terminated due to death or withdrawal, the remaining resident may continue to occupy the Living Accommodation and his or her Monthly Fee will be adjusted to the single occupancy rate for that Living Accommodation. Such resident may request a transfer to a smaller living accommodation as provided in Section 401 above, and following such transfer shall pay the Monthly Fee associated with the smaller living accommodation at the single occupancy rate.

Section 403. Transfer Made by One of Two Residents.

In the event that one of two co-residents sharing a Living Accommodation is transferred on a permanent or prolonged basis to the Health Center or another medical facility, the remaining resident may continue to occupy the Living Accommodation and the Monthly Fee will be adjusted to the single occupancy rate for the Living Accommodation. The remaining resident may request a transfer to a smaller living accommodation as provided in Section 401, and following such transfer shall pay the Monthly Fee for the smaller unit at the single occupancy rate.

Section 404. Transfer at Option of Westminster.

- (a) If Westminster reasonably determines that the Resident's Living Accommodations needs to be vacated to permit repairs or renovations thereto or the transfer of such space to either a

different use or a different configuration, Westminster may transfer the Resident to a new Living Accommodation of the same size provided that Westminster (i) consults with Resident prior to undertaking any such transfer, (ii) gives Resident reasonable notice of and time to prepare for such transfer, (iii) incurs all the costs of such move, (iv) arranges for the prompt and convenient moving of the Resident's personal furnishings, and (v) either provides in such new Living Accommodation optional custom improvements comparable to those provided in the original Living Accommodation or, at the option of the Resident, reimburses the Resident for the value of such improvements.

(b) Westminster may also require a transfer as provided in Section 610(i).

PART B TRANSFERS FROM LIVING ACCOMMODATIONS TO HEALTH CENTER

Section 405. Standard and Procedure for Transfer.

Resident will be transferred out of Resident's Living Accommodation to the Health Center only for the protection of the health, safety or general welfare of Resident or other persons in the Community or if Westminster reasonably determines that the Resident cannot reasonably be cared for in the Living Accommodation. Based upon the foregoing standard, Westminster may relocate Resident on a temporary basis if such a move is recommended by the Medical Director. All decisions involving permanent or prolonged transfer to the Health Center will be made by Westminster upon the recommendation of the Transfer Committee.

Section 406. Permanent Or Prolonged Transfer.

Westminster may declare Resident's Living Accommodation vacant if Resident has been transferred on a permanent or prolonged basis from Resident's Living Accommodation pursuant to Section 405 or Section 410. In such event, Resident or Resident's representative shall remove Resident's personal belongings from the Living Accommodation within 30 days after it has been determined that the transfer will be permanent or prolonged. Resident shall continue to pay the Monthly Fee until such time as the Residence is vacated and Resident's personal belongings have been removed therefrom. If, after Resident's Living Accommodation has been so released, Resident's condition improves so that Resident is able to resume residency outside the Health Center or other facility to which Resident had been transferred, Westminster shall provide Resident a living accommodation appropriate to Resident's condition as soon as such a living accommodation becomes available.

Section 407. No Refund of Entrance Fee Upon Transfer.

Resident shall not be entitled to a refund of any portion of the Entrance Fee by virtue of a transfer from the Living Accommodation to the Health Center or within the Health Center or to an outside facility as provided in Part C below.

PART C TRANSFERS OUT OF THE COMMUNITY

Section 408. Hospitalization.

If, in the judgment of Resident's Attending Physician, Resident requires hospitalization, Resident's Attending Physician shall have the authority to arrange for such hospitalization. When Resident's Attending Physician determines that hospitalization is no longer required, Resident's Attending Physician shall arrange with the Medical Director for Resident's transfer to the Health Center or shall arrange with the Executive Director for Resident's return to the Living Accommodation. Payment by Resident of the Monthly Fee shall continue during any period of hospitalization subject to Section 503(d).

Section 409. Insufficient Space at Health Center.

Although it is anticipated that bed space at the Health Center will be adequate to meet the demand for such space, Westminster cannot guarantee the availability of bed space at the Health Center. Should bed space at the Health Center not be available when needed, Westminster will utilize its best efforts to contract for nursing services to be provided by a licensed outside facility selected by Westminster. Westminster shall use its best efforts to obtain for Resident a place in a facility which is comparable to the Health Center. Subject to the limitations in Section 301, the first five days of the cost of the nursing care provided at such outside facility shall be paid by Westminster, thereafter Resident shall be responsible for the cost of such care. Any resident transferred to such a facility shall be returned to the Community as soon as the proper nursing facilities are available in the Health Center. Unless Resident's Living Accommodation has been released, Resident shall continue to pay the Monthly Fee to Westminster while staying at the outside facility.

Section 410. Transfers to Outside Facilities Under Special Circumstances.

A resident of the Community may be transferred by Westminster to an outside facility (other than a hospital as provided in Section 408 above) under two circumstances: (i) Resident requires care that the Health Center is capable of delivering but the Medical Director determines that, based on Resident's illness or condition or the impact of such illness or condition on the other residents of the Community, Resident's transfer to the Health Center or the continuation of care in the Health Center is inappropriate (for example, Resident has a contagious disease and requires general nursing care of the type provided in the Health Center but the Health Center does not have the necessary isolation facilities) or (ii) Resident requires care that the Health Center is not capable of delivering (for example, Resident requires treatment for alcohol or drug dependency).

If such transfer is being made under the circumstances described in clause (i) above, Westminster shall select the outside facility to which Resident shall be transferred. If such transfer is being made under the circumstances described in clause (ii) above, Resident (or Resident's personal representative or legal guardian) shall select the outside facility to which Resident shall be transferred.

Subject to the limitations in Section 301, Westminster shall pay to such other facility on behalf of Resident an amount equal to the then current per diem rate for the Health Center for Resident's care at such facility for the first five days of care. Resident shall be responsible for the payment of all fees and expenses of the outside in excess of the amount paid by Westminster.

ARTICLE V
FINANCIAL OBLIGATIONS OF RESIDENT

Section 501. Financial Obligations of Resident.

Resident shall pay to Westminster the Entrance Fee as described in Exhibit A to Part I of this Agreement, the Monthly Fee as described in Section 502 and any additional fees owed to Westminster under the terms of this Agreement, including without limitation any amounts due under Sections 206, 207, 208, 210, 212, 219, 221, 223, 227, 302, 306, 308, 309, 505 and Section 6 in Part I of this Agreement. Westminster has no obligation to bill for services provided by third parties.

Section 502. Monthly Fee and Other Charges.

Beginning on the Occupancy Date, Resident shall pay the Monthly Fee in advance to Westminster each month on the first day of such month (or on the first day of occupancy if it is not the first day of the month). Westminster periodically shall provide Resident with a statement of the charges for services provided by Westminster on a fee-for-service basis or otherwise payable to or through Westminster. Resident shall pay all such charges within 14 days of receipt of such statement. If payment for any charge accruing under this Agreement, including Monthly Fees, is not made as of the date due, Westminster may charge a Late Payment Fee on the past due amounts at a rate of 8% per annum until such time as the balance is paid in full.

The Monthly Fee is based on the type and size of the Living Accommodation and the number of persons occupying the unit and is subject to adjustment as provided in this Agreement.

Section 503. Increases in and Adjustments to Monthly Fee.

- (a) Increases. Westminster may adjust the Monthly Fee from time to time, in its discretion, upon not less than 30 days' prior written notice to Resident..
- (b) Adjustment for Change in Number of Occupants. When the residency of one of two co-residents is terminated, the Monthly Fee payable by the remaining resident will be adjusted to the single occupancy rate for the Living Accommodation being occupied. If a resident previously paying a Monthly Fee at the single occupancy rate is married or commences living with a co-resident as provided in Section 701 hereof, their Monthly Fee will be adjusted to reflect such double occupancy.
- (c) Adjustment for Change in Living Accommodation. If Resident moves from one Living Accommodation to another as provided in Article IV.A hereof, the Monthly Fee payable by such Resident shall be changed to the Monthly Fee associated with such new Living Accommodation.
- (d) Adjustment to Monthly Fee Due to Absence from the Community. If Resident is away from the Community for a period of more than 10 days and if either (i) Resident gives Westminster advance written notice of such absence or (ii) such absence is a result of hospitalization of which Westminster has notice, Resident's Monthly Fee will be reduced by

the current Meal Plan Absence Credit which is determined on an annual basis and posted in the “Ancillary Fee Package”. Resident shall not be entitled to any other fee adjustments for temporary absences from the Community.

- (e) Adjustment Upon Transfer to Health Center. No additional charges are payable by Resident as the result of a transfer to the Health Center for up to five days; provided, however, that if pursuant to the provisions of Section 301 no further days in the Health Center are included in Resident's Monthly Fee, Resident shall pay the per diem rate then in effect for the Health Center in addition to the Monthly Fee. If Resident transfers to the Health Center for more than five days Resident shall pay, after any allowance of five days as provided in Section 301, the per diem rate then in effect for the Health Center and until the unit previously occupied is released for resale, the Monthly Fee for the Living Accommodation less a meal allowance. If the person transferring permanently or a prolonged basis to the Health Center is one of two co-residents and the other Resident remains in the Living Accommodation, the transferred Resident shall pay the per diem rate then in effect for the Health Center and the Resident remaining in the Living Accommodation shall pay a Monthly Fee based on the Monthly Fee for the Living Accommodation at the single occupancy rate. When two co-residents both have transferred to the Health Center on a permanent or prolonged basis, each co-resident shall pay the per diem rate then in effect for the Health Center and, until the unit previously occupied is released for resale, the Monthly Fee less a meal allowance.
- (f) Adjustment Upon Transfer to Outside Facilities. Upon a transfer to an outside facility as described in clause (i) of the first paragraph of Section 410, Resident's Monthly Fee shall be adjusted to the same extent as if Resident had transferred to the Health Center. No adjustment to Resident's Monthly Fee shall be made in the event of a transfer to an outside facility as described in clause (ii) of Section 410.

Section 504. Resident's Covenant of Performance.

Resident agrees to pay, and to make provision for future payment of, his or her obligations hereunder. Resident represents that no gift of real or personal property has been made in contemplation of entering into this Agreement and covenants not to make gifts or expend Resident's assets so as to affect in a materially adverse manner Resident's ability to meet Resident's financial obligations under this Agreement. If more than one person is entering into this Agreement as Resident, each such person agrees to make all necessary provisions to ensure that each person will have sufficient financial resources to meet his or her obligations under this Agreement even if the other person should die or withdraw from the Community.

Section 505. Costs of Litigation.

If Resident or anyone acting as Resident's legal representative institutes any litigation, arbitration or other proceeding against Westminster, Resident shall pay Westminster the reasonable costs and expenses (including, but not limited to, reasonable attorney's fees) incurred by Westminster in connection with any such proceeding so long as Westminster is not found liable in such proceeding.

ARTICLE VI
TERMINATION, REFUNDS AND SUBSIDY

PART A TERMINATION

Section 601. Voluntary Termination by Resident.

- (a) Prior to occupancy, Resident may rescind this Agreement at any time upon written notice of termination to Westminster.
- (b) After the Occupancy Date, Resident has the right at any time prior to death to terminate this Agreement by delivering to Westminster written notice of termination. Such notice shall specify an effective date not less than 60 days after the receipt of such notice, unless a shorter period is approved by the Executive Director.
- (c) On or before the effective date of termination, Resident shall move from the Community and release his or her Living Accommodation to Westminster. Resident's obligation to continue paying the Monthly Fee shall cease on the effective date of termination, or if later, on the date Resident moves from the Community.

Section 602. Termination by Westminster.

Westminster may terminate this Agreement at any time for good cause, which shall include the following:

- (a) Proof that Resident is a danger to himself, herself or others;
- (b) Resident's failure to pay the Monthly Fee or any other fees or amounts due hereunder upon notice from Westminster that such fee is more than 15 days overdue (unless prior approval has been given by the Executive Director for a later payment);
- (c) Repeated conduct by Resident that interferes with other residents' quiet enjoyment of the Community;
- (d) Persistent refusal of Resident to comply with Westminster Policies and Regulations or any reasonable written rules of Westminster;
- (e) A material misrepresentation made intentionally or recklessly by the Resident in his or her application for residency, or related materials (including the Application for Residence, financial statements and medical statements and any supplemental information), regarding information which, if accurately provided, would have resulted in either a failure of Resident to qualify for residency or a material increase in the cost of providing the Resident the care and services provided for under this Agreement; or
- (f) A material breach by Resident of the terms and conditions of this Agreement.

In any such case, Westminster shall give Resident written notice of termination which specifies an effective date which is not less than 90 days after the date of notice during which period Resident shall have an opportunity to cure the matters on which the notice by Westminster

to terminate was based. In the absence of a cure by Resident, not later than the termination date specified in the notice of termination, Resident shall move from and release his or her Living Accommodation to Westminster. Resident's obligation to continue paying the Monthly Fee shall cease upon any such termination.

Section 603. Termination by Reason of Death.

Unless sooner terminated by its own provisions, this Agreement shall terminate at the death of Resident, provided that the death of one of two co-residents who have entered into this Agreement shall not cause a termination with respect to the other co-resident. Upon such termination, all obligations of Westminster shall cease, other than those relating to removal of personal property and to any refund of the Entrance Fee as provided in Section 6 in Part I of this Agreement. Resident's obligation to pay the Monthly Fee shall not terminate until all of Resident's personal property has been removed from the Residence and Resident's personal representative or designated person has returned the keys to the Residence to Westminster.

Section 604. Removal of Resident's Property Upon Termination.

Following termination of this Agreement, any of Resident's personal property in the Living Accommodation or in Community storage facilities shall be removed by Resident or Resident's personal representative, or if none qualifies within 30 days after Resident's death, by any of the persons most recently designated by Resident in a written notice to Westminster. Resident's obligation to pay the Monthly Fee shall not terminate until all of Resident's personal property has been removed from the Residence and Resident's personal representative or designated person has returned the keys to the Residence to Westminster. If any items are not so removed within 60 days after the termination of this Agreement, Westminster may either (i) if practicable, deliver such items to Resident or Resident's personal representative or any of the persons most recently designated by Resident in a written notice to Westminster or (ii) hold such items in storage for up to six months after which they may be sold by Westminster. Resident or Resident's estate shall be responsible for the costs incurred by Westminster in connection with any such storage, sale or delivery. Resident agrees that Westminster shall not be held liable for failure to deliver Resident's personal property to Resident or Resident's personal representative or designated person (or for any damage thereto), provided that Westminster shall exercise ordinary care in ascertaining the identity of the person to whom delivery is made.

Section 605. Disputed Termination.

Resident and Westminster agree to attempt to resolve as quickly as possible any dispute concerning termination or any dispute the resolution of which might result in termination of this Agreement. In the event that Resident and Westminster are unable to agree on the resolution of any such dispute, either one of them, or both, may seek a declaratory judgment in the appropriate State Court declaring the rights of the parties with respect to such dispute. Both agree that the filing of any such action may include a request for an expedited hearing. This provision shall not restrict the right of Westminster to terminate this Agreement or take other action to enforce the terms of this Agreement.

Section 606. Enforcement.

Westminster shall have the right at all times to enforce the provisions of this Agreement in strict conformance with their terms, notwithstanding any previous conduct or custom on the part of Westminster in refraining from doing so on any previous occasion or occasions.

PART B PAYMENT OF REFUNDS TO RESIDENT

Section 607. Timing of Refunds.

UPON DEATH OR WITHDRAWAL OF RESIDENT, WESTMINSTER WILL MAKE ANY REQUIRED REFUND TO RESIDENT OR RESIDENT'S ESTATE AS SOON AS ANOTHER RESIDENCE AND CARE AGREEMENT HAS BEEN ENTERED INTO WITH RESPECT TO RESIDENT'S LIVING ACCOMMODATION AND WESTMINSTER RECEIVES AN ENTRANCE FEE FROM THE NEW RESIDENT. NO INTEREST SHALL BE PAID TO RESIDENT ON THE AMOUNT OF SUCH REFUND PENDING SUCH PAYMENT.

Section 608. Deductions from Refund.

Any refund otherwise due pursuant to this Agreement shall be reduced by (a) the amount of any subsidy to Resident, including any amounts given as loans and amounts given with no expectation of repayment and interest thereon in accordance with Section 609, and (b) any amounts owed for unpaid fees of the Health Center or otherwise by Resident to Westminster on the effective date of termination, and (c) any amounts owed to Westminster pursuant to Section 604.

PART C SHORTAGE OF INCOME AND SUBSIDY BY WESTMINSTER

Section 609. Subsidy by Westminster.

Westminster has established a Resident Supporting Fund in order to provide financial assistance to residents under certain circumstances. It is Westminster's policy to provide, subject to availability of funds and prudent financial management, assistance to a resident by subsidizing part or all of his or her Monthly Fee where (i) the resident in question is otherwise in compliance with the terms of this Agreement, (ii) such resident establishes facts which justify the grant of a whole or partial subsidy to Resident and (iii) Westminster determines that there are sufficient moneys in the Resident Supporting Fund to cover such subsidy or such subsidy can be granted or continued without impairing the ability of Westminster to attain its objectives while operating on a sound financial basis. To justify the grant of a whole or partial subsidy, a resident must provide conclusively to Westminster that his or her inability to pay is due to financial reverses over which such resident had no control or is due to depletion of such resident's assets in a reasonable manner by the passage of time. Such resident shall not have impaired his or her ability to meet the financial obligations under this Agreement by reason of transferring assets in contemplation of, or after execution of, this Agreement, other than to meet ordinary and customary living expenses.

All determinations made by Westminster concerning the grant, continuance or alteration of a subsidy shall be final and within Westminster's sole discretion. Upon any discontinuance by

Westminster of a subsidy, the full amount of Resident's Monthly Fee shall be due each month. Any determination by Westminster with respect to the grant of, the continuance of or the discontinuance of, a subsidy shall be regarded as a confidential transaction between Westminster and Resident, except for any legal dispute and any reports required to be made to financial institutions lending money to Westminster and to regulatory or other governmental bodies.

Any subsidy provided may be in any form designated by Westminster, including without limitation loans bearing interest at a reasonable rate, non-interest bearing loans and grants to be repaid only upon a change in financial circumstances of Resident, from the Resident's estate and/or from refunds otherwise payable to Resident or Resident's estate. Unless otherwise specified in writing, any refund otherwise due to Resident pursuant to the terms of this Agreement shall be reduced by the amount of any subsidy received by Resident plus interest, if any, thereon. If the terms of such subsidy do not provide otherwise, such subsidy for purposes of reduction of refund shall be assumed to be a non-interest bearing obligation of Resident. Resident's estate shall be liable for repayment of the full amount of all subsidies and interest, if any, to the extent not credited against a refund due to Resident from Westminster. This Agreement shall operate as a lifetime assignment, transfer and conveyance to Westminster of so much of Resident's property as is necessary to cover such liability, and may be enforced against Resident or Resident's estate whether or not Resident is in residence at the Community at the time of death.

It is the intent of Westminster (1) to set all interest rates at modest levels and (2) not to charge interest with respect to subsidy amounts that are repaid with deductions from amounts due from refundable entrance fees, but consistent with its obligation to maintain its operations on a financially sound basis, Westminster's Board may alter this policy. Any arrangement with Resident for any subsidy shall specify what, if any, interest rate shall apply to any subsidy arrangement.

Section 610. Conditions for Receipt of Subsidy.

Resident agrees that, in consideration for the grant or continuance of a whole or partial subsidy from Westminster, the Resident shall:

- (a) At the request of Westminster, transfer to a smaller living accommodation;
- (b) Not sell or otherwise transfer any of Resident's real or personal property with a value greater than \$250 without the written consent of Westminster;
- (c) Enter into such agreements, powers of attorney, assignments or transfers (which may be required to be in recordable form) as Westminster requires for the purpose of making available to Resident and Westminster any other assets of Resident to offset such financial need;
- (d) Provide a detailed financial statement and agree to provide additional financial statements, copies of tax returns and certifications as may be requested from time to time by Westminster;
- (e) Promptly notify Westminster of any and all income or assets acquired through whatever means subsequent to receiving a subsidy; and

- (f) Assign or pay to Westminster all or part of any income or assets acquired subsequent to receiving a subsidy to the extent of amounts subsidized by Westminster.

**ARTICLE VII
PERSONAL AND FAMILY RELATED ISSUES**

PART A PERSONAL RELATIONSHIPS

Section 701. Increase in Number of Occupants.

- (a) If Resident would like to have another person live with him or her on a permanent basis in the Living Accommodation (whether as a legal spouse or otherwise), Resident must first obtain Westminster's permission.
- (b) If Resident marries or desires to live with another resident of the Community and one of such residents has decided to vacate his or her living accommodation and move in with the other, the Resident who is vacating his or her Living Accommodation may be entitled to a partial refund of his or her Entrance Fee as provided in Section 6 in Part I of this Agreement. Westminster may require one or both of such Residents to enter into a new residence and care agreement, but the Residents shall not be required to reapply for admission to the Community.
- (c) If Resident marries or desires to live with another resident of the Community and each Resident will vacate his or her Living Accommodation and move into a third living accommodation, each Resident may be entitled to a partial refund as provided in Section 6(g) of Part I of this Agreement. Both residents shall enter into a new Residence and Services Agreement and pay the entrance fee then in effect for the new living accommodation. The two co-residents will pay the monthly fee at the double occupancy rate.
- (d) If Resident marries or desires to live with a person who is not a resident of the Community, such person must apply for admission to the Community. If admitted for residency under a Residence and Care Agreement, such person will pay the second person Entrance Fee then in effect for the Living Accommodation and the two co-residents will pay the Monthly Fee at the double occupancy rate. If admitted for residency under a contract other than a Residence and Care Agreement, such person will pay the then applicable Entrance Fee and the two co-residents will pay the Monthly Fee at the double occupancy rate. If not eligible for admission under any contract, the new spouse shall not be admitted to the Community.

Section 702. Death or Withdrawal of One of Two Residents.

If one of two co-residents dies or withdraws from the Community, the Monthly Fee shall be reduced from the double occupancy rate to the single occupancy rate and the withdrawing person or Resident's estate shall not be entitled to a refund.

Section 703. Transfer Made by One of Two Residents.

In the event that one of two co-residents is transferred on a permanent or prolonged basis to the Health Center or an outside facility, the remaining Resident may continue to occupy the Living Accommodation or, for medical or financial reasons as approved by the Executive Director, may move to a smaller living accommodation when one becomes available. In the event of such a transfer to a smaller living accommodation, Resident's Monthly Fee will be adjusted pursuant to sub-Section 503(c) and (e).

PART B ARRANGEMENTS FOR ILLNESS OR DEATH

Section 704. Information to be Supplied to Westminster; Consultation with Representatives and Family.

Resident agrees to provide Westminster with the following information within 30 days after the Occupancy Date: names and addresses of persons who should be notified in case of emergency; location of will; names and addresses of Resident's attorney and personal representative; names and addresses of legal guardian or person who will act as legal guardian if necessary; names and addresses of any banks, trust officers, etc.; name and address of funeral director (prior arrangements are encouraged); names and addresses of person or persons entitled to remove Resident's personal effects if a personal representative does not qualify within 30 days of Resident's death; and information necessary to complete a death certificate. Resident agrees to advise Westminster of any changes in such information as such changes occur.

To the extent reasonably possible, Westminster will contact and discuss with the Resident's attorney or personal representative and, where appropriate, the Resident's Attending Physician and/or family members any proposed transfer of the Resident to the Health Center or another facility or any termination of this Agreement pursuant to Section 602.

Section 705. Advance Directives.

The State has a law allowing individuals to specify, by means of a written document, their wishes about health care in advance of a medical crisis. Known as advance directives, these documents comprise the Durable Power of Attorney for Health Care and the Terminal Care Document or "Living Will." A Durable Power of Attorney for Health Care makes it possible for a person to designate an agent to make medical decisions for him or her in the event he or she is incapable of doing so. A Living Will permits a person to specify that he or she does not want extraordinary measures to be taken if he or she is in a terminal state and there is no reasonable expectation that life can be continued with dignity and without pain. Westminster encourages Resident to have a medical Durable Power of Attorney and will assist Resident in understanding both types of advance directives.

Section 706. Terminal Care.

The Health Center will not have sophisticated means of prolonging life. Its policy is to provide comfort measures to relieve pain and suffering for those in the last stages of terminal illness. Westminster will initiate a candid and open discussion between Resident, his or her agent and/or family, Resident's Attending Physician and Health Center personnel about terminal care.

Section 707. Resident Waiver of Medically Ordered Restrictions.

In the event that Resident (or Resident's representative or legal guardian) requests that Westminster refrain from implementing medically ordered restrictions (such as restraints), Resident agrees to execute (or have executed on Resident's behalf) such waivers as shall reasonably be required by Westminster, including a waiver of any claim of negligence for failure by Westminster to implement such restrictions, provided that this sentence shall not imply any liability on the part of Westminster if such waivers are not obtained.

Section 708. Legal Guardian.

If Resident becomes legally incompetent or is unable properly to care for himself or herself or his or her property, and no legal guardian has been appointed for Resident, then Resident authorizes Westminster to seek to have a legal guardian for Resident appointed. If Resident has designated a person or legal entity to serve as his or her guardian, Westminster shall seek to have such person so appointed. Under State law, Westminster and any officer or employee of Westminster is prohibited from acting as a legal guardian for Resident. Resident agrees to pay to Westminster any attorney's fees and other expenses incurred in connection with obtaining appointment of a guardian for Resident.

Section 709. Funeral Arrangements.

Resident acknowledges that Westminster has no responsibility for providing Resident with any type of funeral or memorial service or for paying the cost of burial or cremation. Resident agrees to make proper arrangements for funeral and burial. In the event Resident has not made such arrangements, Westminster will provide for a local burial, provided that Resident and Resident's estate shall reimburse Westminster for any expenses advanced by Westminster for such burial.

**ARTICLE VIII
MISCELLANEOUS**

Section 801. Delegation by Executive Director or Medical Director.

Any authority or responsibility given by this Agreement to the Executive Director may be delegated by him or her to a committee or another administrative employee. Any authority or responsibility given by this Agreement to the Medical Director may be delegated by him or her to a committee or to a Westminster Physician. Any authority or responsibility given by this Agreement to Resident's Attending Physician may be delegated by him or her to another physician to the extent permitted by the Medical Director.

Section 802. Financial Statement.

Westminster shall make available to Resident its most recent annual audited financial statements and all other records, reports and summaries required to be made available to residents under State law.

Section 803. Non-Discrimination.

No person shall be subject, on the basis of race, color, religion, gender, sexual orientation, lifestyle, handicap or national origin, to discrimination in the terms or conditions for admission to, the provision of services in, or any termination from, any accommodation.

Section 804. Miscellaneous.

This Agreement shall be construed in accordance with the laws of the State. If any provision hereof is declared to be invalid, it shall not affect the validity of any of the other provisions of this Agreement.

**WESTMINSTER PRESBYTERIAN RETIREMENT
COMMUNITY, INCORPORATED**

By: _____
Executive Director

Date: _____

Resident

Date: _____

Resident

Date: _____

I/we have been given the following documents and understand that it is my/our responsibility to read each document.

1. Resident Handbook
2. Weapons Policy
3. Copy of § 63.2-1808 of the Code of Virginia, Rights and Responsibilities of Residents of Assisted Living Facilities.

By signing below, I/we attest that I/we have reviewed these documents and that the provisions and policies set forth in the documents have been explained to me/us, including Westminster's policies and procedures for implementing § 63.2-1808 of the Code of Virginia, including the grievance policy and the transfer/discharge policy. I/we have been given the opportunity to discuss any features of these documents that may have been unclear.

Resident

Resident



WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

EXHIBIT B-1

Westminster at Lake Ridge
Financial Statements

Exhibit B-1

Westminster Presbyterian Retirement Community, Inc.
d/b/a Westminster at Lake Ridge
Budgeted/Projected Income Statement

For the Projected Year Ending December 31, 2023

	2023
Revenues	
Independent Living Room & Board	13,218,805
Assisted Living Room & Board	3,679,995
Skilled Nursing Revenue	8,316,302
Ancillary Revenue	374,704
Bad Debt	-
Entrance Fee Amortization	3,458,531
Contributions	445,000
Interest & Dividend Income	413,562
Total Revenues	<u>29,906,899</u>
Operating Expenses	
Health and Wellness	
	7,560,123
Dietary	4,343,651
Administrative and General	4,549,233
Environmental Services and Plant	
Operations	4,775,952
Marketing	752,028
Resident and Social Services	1,273,755
Bad Debt	150,000
Depreciation	5,615,726
Amortization	59,129
Interest Expense	2,119,073
Total Expenses	<u>31,198,670</u>
Net Operations:	
Net Operations	(1,291,771)
Change in NA of Foundation	(78,948)
Change in NA	(1,370,719)
Cash Basis:	
Net Operations	924,553
Change in NA	845,606

Exhibit B (Cont.)

Westminster Presbyterian
Retirement Community, Inc.
d/b/a Westminster at Lake Ridge

Forecasted Statement of Cash Flows

For the Projected Year Ending
December 31, 2023

	2023
Cash Flow:	
Net Cash Generated from Operations	924,554
PP&E - Operating	(3,500,000)
PP&E - Contributed Capital	445,000
Net EF, Existing IAH & IRC Debt Repayments	5,115,000
Debt Repayments	465,388
	(1,405,000)
Net Cash Flow	2,044,942

Exhibit B (Cont.)

**Westminster Presbyterian Retirement
Community, Inc.**
d/b/a Westminster at Lake Ridge
Schedule of Assembled Debt Service Coverage
Ratios and Other Cash Ratios

For the Projected Year Ending December 31,
2023

Debt Service Coverage Ratio		2023
Change in Net Assets	\$	(1,370,719)
Deduct:		
EF Amortization		(3,458,531)
Add:		
Depreciation		5,615,726
Amortization		59,129
Interest expense		2,119,073
Change in NA of Foundation		78,948
Net Cash from Entrance Fees		5,115,000
Funds available for debt service	\$	8,158,626
Maximum annual debt service	\$	3,356,034
Maximum annual debt service coverage ratio		2.43 x



WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

EXHIBIT C-1

**WESTMINSTER AT LAKE RIDGE
SCHEDULE OF FEES**

LIFE CARE RATES - EXHIBIT C-1						
Year	2018	2019	2020	2021	2022	
Percentage Increase - 1ST PERSON	3.50%	3.50%	3.50%	4.50%	5.50%	
Percentage Increase - 2ND PERSON	3.50%	3.50%	3.50%	4.50%	5.50%	
<u>Apartments</u>						
One Bedroom	2,879	2,980	3,421	3,574	3,771	
One Bedroom Deluxe	3,301	3,417	3,874	4,048	4,271	
One Bedroom Den	3,834	3,968	4,444	4,643	4,898	
Two Bedroom	4,354	4,506	5,001	5,226	5,513	
Two Bedroom Den	5,143	5,323	5,846	6,109	6,445	
<u>Cottages</u>						
One Bedroom Den	4,363	4,516	5,011	5,236	5,524	
Two Bedroom	4,997	5,172	5,690	5,946	6,273	
Two Bedroom Den	5,603	5,799	6,339	6,624	6,988	
Second Person	1,562	1,617	2,011	2,101	2,217	

***Life Care contracts were discontinued in September 2010.**

INDEPENDENT LIVING FEE FOR SERVICE RATES - EXHIBIT C-1

Year	2018			2019			2020			2021			2022		
	Low Monthly Fee	Median Monthly Fee	High Monthly Fee	Low Monthly Fee	Median Monthly Fee	High Monthly Fee	Low Monthly Fee	Median Monthly Fee	High Monthly Fee	Low Monthly Fee	Median Monthly Fee	High Monthly Fee	Low Monthly Fee	Median Monthly Fee	High Monthly Fee
Percentage Increase - 1ST PERSON	3.50%	3.50%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	4.50%	4.50%	4.50%	5.50%	5.50%	5.50%
Percentage Increase - 2ND PERSON	3.50%	3.50%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	4.50%	4.50%	4.50%	5.50%	5.50%	5.50%
Apartments															
One Bedroom	1,383	2,085	2,788	1,430	2,158	2,886	1,818	2,571	3,324	1,899	2,686	3,473	2,003	2,834	3,664
One Bedroom Deluxe	1,678	2,504	3,332	1,737	2,592	3,448	2,135	3,020	3,907	2,231	3,155	4,082	2,354	3,329	4,307
One Bedroom Den	2,036	3,020	4,003	2,107	3,126	4,142	2,518	3,572	4,625	2,631	3,732	4,833	2,776	3,937	5,099
Two Bedroom	2,281	3,365	4,454	2,361	3,482	4,608	2,781	3,942	5,108	2,906	4,119	5,337	3,066	4,346	5,631
Two Bedroom Den	3,222	3,981	5,256	2,807	4,120	5,438	3,242	4,601	5,967	3,387	4,808	6,235	3,573	5,072	6,578
Cottages															
One Bedroom Den	2,289	3,380	4,469	2,369	3,498	4,625	2,789	3,957	5,124	2,914	4,135	5,354	3,074	4,362	5,648
Two Bedroom	2,631	3,869	5,106	2,723	4,004	5,285	3,155	4,481	5,807	3,296	4,682	6,068	3,477	4,940	6,402
Two Bedroom Den	2,972	4,353	5,738	3,076	4,504	5,938	3,521	5,000	6,484	3,679	5,224	6,775	3,881	5,511	7,148
Second Person	793	793	1,109	821	821	1,148	1,187	1,187	1,525	1,240	1,240	1,593	1,308	1,308	1,681

**WESTMINSTER AT LAKE RIDGE
HEALTH CENTER RATES
EXHIBIT C-1**

	2018	2019	2020	2021	2022	2023
Nursing Center	3.50%	3.50%	0.00%	3.50%	5.50%	9.00%
Per Diem Semi-Private*	\$387	\$401	\$401	N/A*	N/A*	N/A*
Per Diem Private	\$451	\$467	\$467	\$483	\$510	\$556
Per Diem Private Suite	\$461	\$477	\$477	\$497	\$525	\$573
Assisted Living	3.50%	3.50%	0.00%	0.00%	4.60%	9.00%
Per Diem Studio**	\$248	\$256	\$256	\$256	\$268	\$292
Per Diem Large Studio**	\$254	\$263	\$263	\$263	\$275	\$300
Level II Additional Daily Fee	\$14	\$15	\$15	\$15	\$15	\$17
Level III Additional Daily Fee	\$28	\$29	\$29	\$29	\$30	\$33

* In 2021, semi-private rooms in Skilled Nursing were no longer offered as a result of the COVID-19 pandemic.

** Assisted Living per diem rates are calculated on a 31 day month.



WESTMINSTER

AT LAKE RIDGE

ENGAGED LIVING

Fiscal Year 2023

Rate Increases & Ancillary Fees

Independent Living Monthly Fees

Life Care – Apartments and Cottages

Residence Type	Monthly Fee
1 Bedroom	\$ 4,110
1 Bedroom Deluxe	\$ 4,655
1 Bedroom/Den	\$ 5,339
2 Bedroom	\$ 6,009
2 Bedroom/Den	\$ 7,025
Second person	\$ 2,417
Cottages	Monthly Fee
1 Bedroom/Den	\$ 6,021
2 Bedroom	\$ 6,838
2 Bedroom/Den	\$ 7,617
Second person	\$ 2,417

*An additional \$140.00 per month will be added to the monthly fee for all residents who inherited a cottage with an addition.

Fee for Service - Apartments

Low Tier Monthly Fee:

Apartments	Room and Board Charges (Standard (STD))
1 Bedroom	\$ 2,183
1 Bedroom Deluxe	\$ 2,566
1 Bedroom/Den	\$ 3,026
2 Bedroom	\$ 3,342
2 Bedroom/Den	\$ 3,895
Second person	\$ 1,426

Medium Tier Monthly Fee:

Apartments	Room and Board Charges (Standard (STD))	+	Room and Board Charges (Medium Tier)	=	Total Room and Board Charges (Medium Tier)
1 Bedroom	\$ 2,183	+	\$ 906	=	\$ 3,089
1 Bedroom Deluxe	\$ 2,566	+	\$ 1,063	=	\$ 3,629
1 Bedroom/Den	\$ 3,026	+	\$ 1,265	=	\$ 4,291
2 Bedroom	\$ 3,342	+	\$ 1,395	=	\$ 4,737
2 Bedroom/Den	\$ 3,895	+	\$ 1,633	=	\$ 5,528
Second person	\$ 1,426	+	\$ -	=	\$ 1,426



WESTMINSTER
 AT LAKE RIDGE
 ENGAGED LIVING

High Tier Monthly Fee:

Apartments	Room and Board Charges (Standard (STD))	+	Room and Board Charges (High Tier)	=	Total Room and Board Charges (High Tier)
1 Bedroom	\$ 2,183	+	\$ 1,811	=	\$ 3,994
1 Bedroom Deluxe	\$ 2,566	+	\$ 2,129	=	\$ 4,695
1 Bedroom/Den	\$ 3,026	+	\$ 2,532	=	\$ 5,558
2 Bedroom	\$ 3,342	+	\$ 2,796	=	\$ 6,138
2 Bedroom/Den	\$ 3,895	+	\$ 3,275	=	\$ 7,170
Second person	\$ 1,426	+	\$ 406	=	\$ 1,832

Fee for Service – Cottages

Low Tier Monthly Fee:

Cottages	Room and Board Charges (Standard (STD))
1 Bedroom/Den	\$ 3,351
2 Bedroom	\$ 3,790
2 Bedroom/Den	\$ 4,230
Second person	\$ 1,426



WESTMINSTER
 AT LAKE RIDGE
 ENGAGED LIVING

Medium Tier Monthly Fee:

Cottages	Room and Board Charges (Standard (STD))	+	Room and Board Charges (Medium Tier)	=	Total Room and Board Charges (Medium Tier)
1 Bedroom/Den	\$ 3,351	+	\$ 1,404	=	\$ 4,755
2 Bedroom	\$ 3,790	+	\$ 1,595	=	\$ 5,385
2 Bedroom/Den	\$ 4,230	+	\$ 1,777	=	\$ 6,007
Second person	\$ 1,426	+	\$ -	=	\$ 1,426

High Tier Monthly Fee:

Cottages	Room and Board Charges (Standard (STD))	+	Room and Board Charges (High Tier)	=	Total Room and Board Charges (High Tier)
1 Bedroom/Den	\$ 3,351	+	\$ 2,805	=	\$ 6,156
2 Bedroom	\$ 3,790	+	\$ 3,188	=	\$ 6,978
2 Bedroom/Den	\$ 4,230	+	\$ 3,561	=	\$ 7,791
Second person	\$ 1,426	+	\$ 406	=	\$ 1,832

*An additional \$140.00 per month will be added to the monthly fee for all residents who inherited a cottage with an addition.

Assisted Living Monthly Fees

Assisted Living Rate			
Monthly Rate	Level 1	Level 2	Level 3
Studio Apartment	\$ 9,062	\$ 9,575	\$ 10,088
Large Studio Apartment	\$ 9,302	\$ 9,815	\$ 10,328
Studio -Double Occupancy	\$ 10,949	\$ 11,462	\$ 11,975
Large Studio - Double	\$ 11,185	\$ 11,698	\$ 12,211

- Bed hold: 80% of per diem private fee listed above when in our skilled nursing facility paying out of pocket for both levels of care.
- Life Care Residents Only: Life Care monthly fees include 1 meal per day. Per the Residence and Care Agreement an additional meal charge is necessary for two extra meals, snacks, and standard nutritional supplements when a resident transition to Assisted Living or Skilled Nursing. This charge continues to be \$500 per month.
- Assisted Living Fees are all inclusive except for medications, beauty and barber, durable medical equipment, and specialty medical supplies.

Skilled Nursing Daily Fees

Level of Care	Rate
Skilled - Private Suite	\$ 573
Skilled - Private	\$ 556
Memory - Private Suite	\$ 584
Memory - Private	\$ 567

- Bed hold: 100% when in hospital
- Life Care Residents Only: Life Care monthly fees include 1 meal per day. Per the Residence and Care Agreement an additional meal charge is necessary for two extra meals, snacks, and standard nutritional supplements when a resident transition to Assisted Living or Skilled Nursing. This charge continues to be \$500 per month.

Ancillary Fees & Credits

Credits	Rate	Occurrence
Bi-Weekly Housekeeping Credit (Contract Dependent, WLR ONLY)	\$ 22.90	per month
Meal Plan Absence Credit - 10 or More Consecutive Days (unique to each community)	\$ 9.25	per person
Housekeeping	Rate	Occurrence
Laundry – (Comforter, Pillows, etc.)	\$ 36.75	for pick-up and delivery/wash
Spot Cleaning (Carpets)	\$ 26.25	per 30 minute increment
Whole Area Cleaning (Carpets)	\$ 52.50	per hour
Trash Removal	\$ 5.50	additional
Turning Mattresses	\$ 33.75	each time
Bed Making (WLR ONLY)	\$ 9.00	each time
Maintenance		
<p>Additional Maintenance: Westminster at Lake Ridge is happy to offer additional maintenance services to our residents, including but not limited to items such as mounting of TVs, installation of grab bars, installation of ceiling fans, picture hanging, general landscaping, and custom services like kitchen backsplash installation, ceramic tile upgrades, vanity upgrades, hardware upgrades, under cabinet water filtration systems and more. Requests for this type of custom upgrade should be submitted to the Maintenance Department where the appropriate contractor(s) will be contacted to consult with you further and provide precise proposals.</p>		
Replacement Keys/Fobs	Rate	Occurrence
Resident Apartment FOB Replacement	\$ 29.25	each replacement
Additional Apartment FOB	\$ 55.50	each; limit two (2)
Mailbox Key Replacement	\$ 29.25	each replacement
Mailbox Lock Replacement	\$ 52.50	each replacement
Emergency Pendant	\$ 192.50	each replacement
Miscellaneous	Rate	Occurrence
Return Check Fee	\$ 37.75	per check
Late Payment Charge	1.50%	of monthly service fee
Postage Stamps	Actual Costs	see concierge for current pricing
Resident ID Badge Replacement	\$ 21.00	per badge
Year- End Billing Summary Report	\$ 5.35	
USPS	Actual Costs	
Fed-Ex/UPS	Actual Costs	



WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

Salon Services	Rate	
Salon Services	Variable	price offered onsite at salon; subject to change
Fitness Center	Rate	Occurrence
Other Specialty Classes	Variable	determined by contracted instructors
Personal Training	Variable	pricing determined by individual trainer
Transportation	Rate	Occurrence
Medical Transportation	\$ 25.25	per hour
Medical Transportation with Escort (Health Center Only)	\$ 50.50	per hour
Under 5 miles to Medical Appointments (drop-off and pick-up only)	\$ -	No Charge; Monday- Friday 8:30am - 4:30pm
Non-Medical Transportation - Monday - Friday 8:30am - 4:30pm	\$ 25.25	per hour
Non-Medical & Medical Transportation - After Hours & Weekends	\$ 44.00	per hour
Cancellation Fee	\$ 25.00	less than 24 hour notice from the time of scheduled transportation from WLR
Cultural Arts	Rate	Occurrence
Other Specialty Classes	Variable	determined by contracted instructors
Ingleside Engaged	Rate	Occurrence
Resident Full Day	\$ 90.00	full day
Non-Resident Full Day	\$ 110.00	full day
Dining Services	Rate	Occurrence
Guest Meal	\$ 18.00	per meal
Sunday Brunch (Applied to Regular, Non-Holiday Brunches)	\$ 25.00	per meal
Holiday Brunch (Applied to Observed Holiday Brunches)	\$ 34.75	per meal
Resident Meal Delivery	\$ 5.00	per meal
Children 6-12 years Regular Meal	\$ 8.00	per meal
Children 6-12 years Sunday Brunch	\$ 12.00	per meal
Children 6-12 years Holiday Brunch	\$ 18.00	per meal
Children Under 6 years - All Meals	Free	per meal
Quarterly Meal Plan Pricing	\$ 1,620.00	per person
Dining Services - Healthcare Center Guests	Rate	Occurrence
Breakfast	\$ 6.00	per meal
Lunch	\$ 12.00	per meal
Dinner	\$ 15.00	per meal
Children under 12	1/2 Price	per meal
<i>Please note that Healthcare pricing only applies to Healthcare Dining Rooms, not other dining venues.</i>		

Medical Supply Ancillary Charges

Type of Supply	Rate	Occurrence
A&D Ointment	\$ 3.45	each
Abdominal Pads	\$ 3.85	per box (\$0.25 each)
Administration of Eye Drops	\$ 1.05	per eye
Admission Kit	\$ 26.55	each
Air Mattress Set	\$ 166.90	each
Alcohol Pads	\$ 7.95	per pack
Anti-Embolism Stocking	\$ 5.50	each pair
Barrier, Mio, Flex, 50Mm, P	\$ 8.40	per pack
Bed Pan	\$ 0.55	each
Bedside Urinal	\$ 5.60	each
Blood Sugar Test	\$ 26.80	each
Body Lotion	\$ 6.40	each
Calazime Ointment	\$ 5.80	each
Calcium Alginate Dressing	\$ 69.35	per box (\$6.60 each)
Calmoseptine Ointment	\$ 9.70	each
Coban Wrap	\$ 7.15	each
Collagen Powder	\$ 24.35	each
Consultation & Medication Instruction	\$ 16.60	each
Cream Cavilon	\$ 4.25	each
Denture Adhesive	\$ 16.05	each
Denture Cleanser	\$ 4.80	per box
Dermal Wound Cleanser	\$ 15.45	per bottle
Distilled Water	\$ 6.30	each
Ear Irrigation	\$ 36.00	per service
Elastic Bandage	\$ 4.15	each
Ensure Plus	\$ 1.65	each
Feeding/Irrigation Syringe	\$ 1.05	each
FitPlus Clothlike Briefs - Small	\$ 33.90	per pack
FitPlus Clothlike Briefs - Medium	\$ 36.40	per pack
FitPlus Clothlike Briefs - Large	\$ 39.75	per pack
FitPlus Clothlike Briefs - X-Large	\$ 43.94	per pack
FitPlus Clothlike Briefs - XX-Large	\$ 81.72	per pack
Foley Catheter - 14Fr	\$ 6.65	each
Foley Catheter - 16Fr	\$ 7.00	each
Foley Kit	\$ 5.20	each
Gastrostomy Tube - 16Fr	\$ 30.30	each
Gastrostomy Tube - 18Fr	\$ 30.30	each
Gastrostomy Tube - 20Fr	\$ 30.30	each
Gastrostomy Tube - 22Fr	\$ 30.30	each
Gastrostomy Tube - 24Fr	\$ 30.30	each
Gauze (All Sizes)	\$ 23.95	per box (\$1.25 each)



WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

Type of Supply	Rate	Occurrence
Geri Sleeves (Leg/Arm)	\$ 29.95	each pair
Gloves	\$ 16.80	per box
Glucerna Nutritional Shake	\$ 2.20	per can/bottle
Heel Protector	\$ 68.10	each pair
Humidifier	\$ 2.95	each
Hydrogel	\$ 6.85	each
Incentive Spirometer	\$ 11.85	each
Injections (e.g., Insulin, Allergy, Vitamin B, etc.)	\$ 15.55	per injection
Juven Therapeutic Nutrition Powder	\$ 3.55	each
Kerlix Rolls	\$ 14.25	per bag (\$0.55 each)
Large Needle Box	\$ 6.70	each
Leg Bag Strap	\$ 5.00	each
Leg Bags	\$ 3.60	each
Magic Cup Fortified Nutrition Supplement	\$ 1.05	per can/bottle
Mask Non Breather	\$ 1.65	each
Medpass	\$ 6.60	each
Mepilex-Border Lite	\$ 44.40	per box (\$2.25 each)
Mouthwash (4oz Bottle)	\$ 0.55	each
Nasal Cannula	\$ 1.50	each
Nasal Cannula (25 FT)	\$ 6.60	each
Nebulizer Machine	\$ 57.80	each
Nebulizer Mask	\$ 2.10	each
Non-Adherent Dressing	\$ 85.10	per box (\$8.10 each)
Nutritional Supplement (Ensure, MedPass, Jevity)	\$ 1.30	per can/bottle
Oral Supplement	\$ 2.35	per packet
Oral Swabs	\$ 2.65	each
Oxygen tank (Includes Rental)	\$ 49.90	each
Periwash 4Oz	\$ 3.60	each
Periwash 8Oz	\$ 3.90	each
Positioning Chair (Geri Chair)	\$ 1.85	each
Pouch Mio Flex Clsd Ma	\$ 50.45	each
Pouch,Drain,1-Pc,Trnsp	\$ 14.30	each
PPD for External Private Duty Aides & Residents	\$ 25.75	each
Prosource Nutrition Supplement (Zero Carb)	\$ 24.15	each
Protein Supplement - Concentrated Powder	\$ 2.05	per packet
Protein Supplement - Liquid	\$ 30.45	per 30oz bottle
Pull Ups - Medium	\$ 14.75	per pack
Pull Ups - Large	\$ 16.00	per pack
Pull Ups - X-Large	\$ 21.15	per pack
Pull Ups - XX-Large	\$ 28.10	per pack
Registered Dietician Consultation	\$ 89.30	each
Remedy Phytoplex	\$ 7.10	each
Remedy Skin Therapy	\$ 7.55	each



WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

Type of Supply	Rate	Occurrence
Roll On Deodorant	\$ 0.60	each
Saline Solution	\$ 3.15	per bottle
Shampoo/Body Wash (8 oz Bottle)	\$ 4.90	each
Shaving Cream	\$ 4.75	each
Single Use Hair Brush	\$ 1.05	each
Skin Barriers	\$ 12.85	each
Skin-Prep (No Sting)	\$ 34.55	per box
Slipper Socks	\$ 4.20	each pair
Small Needle Box	\$ 3.45	each
Split Sponges	\$ 14.25	per box (\$0.30 each)
Staples/Stitches Removal	\$ 26.25	each
Steri Strips	\$ 1.20	each
Suction Kit	\$ 29.45	each
Surgical Tape (Paper)	\$ 1.90	each
Surgical Taple (Cloth)	\$ 3.20	each
Tena Incontinence Pads	\$ 39.90	per pack
Tissues	\$ 2.10	per box
Toothbrush	\$ 1.25	each
Toothpaste	\$ 0.55	each
Twin Blade Disposable Razor	\$ 7.35	each pack
Urinal	\$ 1.25	each
Urinary Drainage Bags	\$ 4.20	each
Urine Collection Hat	\$ 3.75	each
Urostomy Pouches	\$ 7.70	each
Wash Basin	\$ 0.85	each
Wellness Center Supplies	\$ 3.15	each
Wipes - Readyflush	\$ 15.38	per pack
Wipes (Case)	\$ 46.15	per case
Wound Care Treatment	\$ 26.25	supplies billed separately
Xeroform Petrolatum Dressing	\$ 1.05	each

The above is not an all-inclusive listing. Other medical ancillary supplies may be required as additional medical services are provided or by physician order. Ingleside will notify all responsible parties of additional charges in advance. Any pricing changes for the above listed items will be communicated with a 60-day written notice.

**WESTMINSTER
AT LAKE RIDGE**

**FINANCIAL STATEMENTS
(Unaudited)**

As of December 31, 2022

Westminster at Lake Ridge
Statements of Financial Position
December 31, 2022 and December 31, 2021

	<u>12/31/2022</u>	<u>12/31/2021</u>
ASSETS		
Current Assets		
1 Cash and Cash Equivalents	\$ 695,793	\$ 1,858,283
2 Current Portion of Assets Limited as to Use (Held by Trustee)	2,063,607	2,032,781
3 Resident Accounts Receivable, Net	1,469,315	894,269
4 Entrance Fees Receivable	(0)	614,787
5 Prepaid Expenses and Inventory	707,774	737,822
6 Due to/from Affiliates	-	-
7 Total Current Assets	<u>\$ 4,936,489</u>	<u>\$ 6,137,942</u>
Assets Limited as to Use		
8 Debt Service Reserve Fund (Held by Trustee)	3,112,603	3,098,477
9 Interest & Principal Fund (Held by Trustee)	2,063,607	2,032,781
10 Less: Amount Available for Current Liabilities	(2,063,607)	(2,032,781)
11 Total Asset Limited as to Use	<u>\$ 3,112,603</u>	<u>\$ 3,098,477</u>
12 Note Receivable -IAH & IRC	3,757,409	4,200,103
13 Investments	9,997,786	11,732,178
14 Property and Equipment, Net	57,886,194	60,323,259
15 Interest in Net Assets of WIF	<u>3,183,474</u>	<u>4,101,611</u>
16 TOTAL ASSETS	<u>\$ 82,873,954</u>	<u>\$ 89,593,570</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
17 Current Portion of Long Term Debt	\$ 1,005,000	\$ 970,000
18 Accounts Payable	530,772	360,167
19 Refundable Entrance Fees Payable	(A) 1,083,234	480,522
20 Interest Payable	1,043,188	1,098,730
21 Accrued Expenses	1,147,730	1,438,279
22 Due To Affiliates	484,364	552,868
23 Total Current Liabilities	<u>\$ 5,294,288</u>	<u>\$ 4,900,566</u>
24 Long-Term Debt, less current portion	51,550,206	53,101,967
25 Entrance Fees Deposits	650,653	646,718
26 Deferred Revenue from Non-Refundable Entrance Fees	23,758,291	22,950,332
27 Refundable Entrance Fees - Higher Level of Care	(B) 4,144,379	2,517,977
28 Refundable Entrance Fees - Independent Living	<u>30,345,669</u>	<u>33,716,468</u>
29 TOTAL LIABILITIES	<u>\$ 115,743,485</u>	<u>\$ 117,834,029</u>
NET ASSETS (DEFICIT)		
30 Unrestricted	(36,053,005)	(32,342,070)
31 Interest in the Net Assets of the Foundation - Temporarily Restricted	2,696,543	3,636,143
32 Interest in the Net Assets of the Foundation - Permanently Restricted	486,931	465,468
33 Temporarily Restricted - Resident Supporting Fund	-	-
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 82,873,954</u>	<u>\$ 89,593,570</u>
Notes:		
34 (A) Resident no longer here and unit sold (payable within 30 days)	\$ 168,385	\$ 674,978
35 Resident no longer here but unit is not resold (payable when sold)	<u>914,850</u>	<u>(194,456)</u>
	\$ 1,083,234	\$ 480,522
36 (B) Resident has moved to higher level of care and unit has sold (payable upon expiration or move out)	\$ 2,716,067	\$ 2,387,207
37 Resident has moved to higher level of care, unit has not sold (payable upon expiration or move out & unit being sold)	<u>1,428,312</u>	<u>130,770</u>
	\$ 4,144,379	\$ 2,517,977

Westminster at Lake Ridge
 Statements of Operations and Changes in Net Assets
 Twelve Month Periods Ended December 31, 2022 and 2021

	A	B	C	D	E	F	G
	Current Month Actual	Current Month Budget	Current Month Var.	Year to Date Actual	Year to Date Budget	Year to Date Variance	Prior Year to Date Actual
Revenues, Gains and Other Support:							
1 Monthly Fees	1,029,728	1,064,924	(35,196)	12,063,661	12,816,217	(752,556)	11,541,045
2 Health Care Services - Nursing	621,065	396,804	224,261	7,017,330	4,672,389	2,344,941	4,651,945
3 Health Care Services-Assisted Living	265,948	227,882	38,066	3,173,738	2,624,156	549,582	2,446,706
4 Resident and Other Services	7,048	13,662	(6,614)	150,510	163,944	(13,434)	864,207
5 Medicare B - Therapy	11,288	4,173	7,115	50,789	50,076	713	68,503
6 Amortization of Deferred Revenue from Entrance Fees	426,559	277,630	148,929	3,666,865	3,331,560	335,305	4,009,925
7 Total Revenues, Gains, and Other Support	2,361,637	1,985,075	376,562	26,122,893	23,658,342	2,464,551	23,582,330
Expenses:							
8 Administrative and General	331,894	244,002	(87,892)	2,510,110	2,932,807	422,697	2,714,841
9 Marketing	80,111	61,500	(18,611)	677,025	730,897	53,872	736,093
10 Resident and Social Services	122,709	92,153	(30,556)	1,096,596	1,082,436	(14,160)	1,032,860
11 Environmental Services and Plant Operations	356,795	345,936	(10,859)	4,324,760	4,096,704	(228,056)	4,010,355
12 Dining Services	429,483	329,407	(100,076)	3,758,203	3,884,879	126,676	3,318,634
13 Health and Wellness	872,411	445,605	(426,806)	6,622,309	5,205,272	(1,417,037)	5,088,142
14 Medicare B - Therapy	(3,704)	4,610	8,314	35,074	55,320	20,246	53,546
15 Management Fee	131,979	107,428	(24,551)	1,322,812	1,289,136	(33,676)	1,305,669
16 Bad Debt Expense	75,000	4,167	(70,833)	248,334	50,004	(198,330)	23,333
17 Total Expenses	2,396,678	1,634,808	(761,870)	20,595,223	19,327,455	(1,267,768)	18,283,472
Operating Income (Loss) Before Interest, Depreciation & Amort.	(35,041)	350,267	(385,308)	5,527,670	4,330,887	1,196,783	5,298,858
18 Interest Expense	167,337	177,785	10,448	2,227,832	2,133,420	(94,412)	2,202,769
19 Depreciation and Amortization	501,042	495,890	(5,152)	5,989,320	5,950,680	(38,640)	5,883,439
20 Total	668,379	673,675	5,296	8,217,152	8,084,100	(133,052)	8,086,208
Operating Income (Loss) After Interest, Depreciation & Amort.	(703,419)	(323,408)	(380,011)	(2,689,482)	(3,753,213)	1,063,731	(2,787,350)
Other Changes in Net Assets							
21 Contributions/Resident Upgrades	2,842	41,870	(39,028)	381,136	502,440	(121,304)	277,081
22 Grant Revenue - PPP Loan	-	-	-	-	-	-	-
23 Interest & Dividends, net of fees	120,855	32,963	87,892	560,605	393,999	166,606	551,874
24 Realized Gains (Losses)	(80,073)	-	(80,073)	(403,825)	-	(403,825)	1,281,200
25 Net Unrealized Gain (Loss) on Investments	(217,634)	-	(217,634)	(1,659,672)	-	(1,659,672)	(822,605)
26 Gain (Loss) on Disposition of Assets	(1,206)	-	(1,206)	(1,206)	-	(1,206)	-
27 Gain on Charitable Gift Annuities	-	-	-	101,508	-	101,508	-
28 Change in Interest in the Net Assets of the Foundation	(174,481)	-	(174,481)	(918,137)	-	(918,137)	575,120
29 Total Other Changes in Net Assets	(349,697)	74,833	(424,530)	(1,939,590)	896,439	(2,836,029)	1,862,671
Increase/(Decrease) in Net Assets	(1,053,116)	(248,575)	(804,541)	(4,629,072)	(2,856,774)	(1,772,298)	(924,679)
Operating Income - Cash Basis	(628,936)	(105,148)	(523,788)	(367,027)	(1,134,093)	767,066	(913,836)
Change in Net Assets - Cash Basis	(761,000)	(30,315)	(730,685)	(748,453)	(237,654)	(510,799)	1,771,439

Westminster at Lake Ridge
 Statements of Cash Flows
 Twelve Month Period Ended December 31, 2022 and Twelve Month Period Ended December, 31 2021

	(12 months) 2022	(12 months) 2021	
Cash Flows from Operating Activities:			
1 Increase (Decrease) in Net Assets	\$ (4,629,072)	\$ (924,679)	
2 Adjustments to Reconcile Change in Net Assets			
3 to Net Cash Provided by (Used in) Operating Activities:			
4 Change in Allowance for Bad Debt	140,040	(224,237)	
5 Depreciation and Amortization	5,989,320	5,883,439	
6 Net Realized and Unrealized (Gains) Losses	2,063,496	(458,596)	
7 Change in Temporarily/Permanently Restricted Net Assets	918,137	(575,120)	
8 Transfer of Net Assets to Foundation		-	
9 Amortization of Deferred Revenue from Entrance Fees	(3,666,865)	(4,009,925)	
10 Proceeds in Deferred Revenue from Entrance Fees	4,474,823	5,353,871	
11 Changes in Assets and Liabilities			
12 Accounts and Other Receivables	(715,086)	(163,115)	
13 Prepaid Expenses and Inventory	30,047	(40,179)	
14 Due to/from Affiliates	(68,504)	143,940	
15 Accounts Payable	170,606	36,923	
16 Accrued Expenses	(346,092)	(2,029,803)	
17 Deposits	3,934	(70,248)	
Net Cash Provided by (Used by) Operating Activities	4,364,786	2,922,271	
Cash Flows From Investing Activities:			
18 Net Sales of Assets whose use is limited	(44,951)	(20,935)	
19 Nets Sales/(Purchases) of Investments	(329,104)	2,418,422	
20 Acquisition of Property and Equipment, Including Construction Costs	(3,491,823)	(3,094,113)	
Net Cash Provided by (Used by) Investing Activities	(3,865,879)	(696,626)	
Cash Flows from Financing Activities:			
21 Net Payment of Long-Term Debt	(1,577,193)	(1,675,629)	
22 Change in Refundable Entrance Fees	(1,744,397)	2,165,452	
23 Entrance Fees Receivable	614,787	(610,972)	
24 Entrance Fees Payable	602,712	(1,216,518)	
25 First Generation Entrance Fees	-	-	
26 Notes Receivable- IAH & IRC	442,694	278,532	
Net Cash Provided by (Used by) Financing Activities	(1,661,397)	(1,059,135)	
Net Increase (Decrease) in Cash and Cash Equivalents	(1,162,490)	1,166,510	
Cash and Cash Equivalents- Beginning of Period	1,858,283	691,774	
Cash and Cash Equivalents- End of Period	\$ 695,793	\$ 1,858,283	
Cash Flow Summary	2022 YTD Budget	2022 Actual	2021 Year End Actual
27 Increase (Decrease) in Net Assets	(2,856,774)	(4,629,072)	(924,679)
Adjustments to Convert to Cash Basis:			
28 Depreciation and Amortization	5,950,680	5,989,320	5,883,439
29 Amortization of Deferred Revenue from Entrance Fees	(3,331,560)	(3,666,865)	(4,009,925)
30 Other Changes in Operating Cash Flow	-	2,196,579	(3,380,434)
Net Cash Generated from Operations	(237,654)	(110,038)	(2,431,600)
31 Net Entrance Fees	4,600,000	3,947,926	5,691,832
32 Capital Budget	(3,500,000)	(3,491,823)	(3,094,113)
33 Investment Activity	-	(374,055)	2,397,487
34 Note Receivable - IAH & IRC	641,996	442,694	278,532
35 Bond Principal Payments/Borrowing, Net	(1,426,410)	(1,577,193)	(1,675,629)
Net Cash Flow	77,932	(1,162,490)	1,166,509
Cash and Cash Equivalents- Beginning of Year	1,000,000	1,858,283	691,774
Cash and Cash Equivalents- End of Year	\$ 1,077,932	\$ 695,793	\$ 1,858,283

**Westminster at Lake Ridge
OCCUPANCY STATISTICS
As of December 31, 2022**

Total Independent Living

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
Units Available:	235	235	235	235	235	235	235	235	235	235	235	235	235
Beginning Occupancy:	227	225	225	223	221	220	223	221	221	219	223	227	227
Move-ins:	2	2	1	0	0	4	1	2	0	5	7	1	25
Death/Withdrawals:	(2)	(2)	(1)	(1)	(1)	(1)	(2)	0	(2)	(1)	(3)	(3)	(19)
Transfer to Higher LOC:	(2)	0	(2)	(1)	0	0	(1)	(2)	0	0	0	0	(8)
Ending Occupancy:	225	225	223	221	220	223	221	221	219	223	227	225	225
YTD Average Occupancy:													222.8
% Occupancy:	96%	96%	95%	94%	94%	95%	94%	94%	93%	95%	97%	96%	95%
Unoccupied Units:	10	10	12	14	15	12	14	14	16	12	8	10	
Budgeted Beg. Occupancy:	225	225	225	225	225	225	225	225	225	225	225	225	225.0
Budgeted Move-ins	3	2	3	2	3	2	3	2	3	2	3	2	38
Budgeted Move-Outs	(3)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(30)
Budgeted Ending Occupancy	225	225	225	225	225	225	225	225	225	225	225	225	225
Budgeted % Occupancy:	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%

Assisted Living Occupancy Statistics

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD Average</u>
Beds Available:	40	40	40	40	40	40	40	40	40	40	40	40	40.0
Avg Private Pay FFS:	24.1	22.2	23.6	24.7	26.7	26.3	26.8	24.7	26.0	26.8	29.0	28.0	25.7
Avg Private Pay LC:	9.0	11.0	11.0	11.0	10.0	10.0	10.0	12.0	11.0	11.0	8.0	8.0	10.2
Total Average Occupancy:	33.1	33.2	34.6	35.7	36.7	36.3	36.8	36.7	37.0	37.8	37.0	36.0	35.9
% Occupancy:	83%	83%	86%	89%	92%	91%	92%	92%	93%	95%	93%	90%	90%
Budgeted FFS:	23.5	24.0	24.5	25.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	25.4
Budgeted LC:	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Budgeted Occupancy:	30.5	31.0	31.5	32.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	32.4
Budgeted % Occupancy:	76%	78%	79%	80%	83%	83%	83%	83%	83%	83%	83%	83%	81%

Skilled Nursing Occupancy Statistics

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>YTD Average</u>
Beds Available:	54	54	54	54	54	54	54	54	54	54	54	54	54.0
Avg Private Pay FFS:	11.1	10.4	9.2	9.4	8.4	8.2	7.7	8.7	10.0	8.5	12.0	11.6	9.6
Avg Private Pay LC:	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Medicaid Pending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Avg Medicare:	15.2	18.6	17.4	16.2	14.8	13.4	20.8	14.7	15.0	25.4	19.0	18.6	17.4
Avg Medicaid:	11.6	12.0	11.3	10.8	10.7	10.7	10.0	10.0	10.0	10.0	9.2	9.3	10.5
Total Actual Occupancy:	41.9	45.0	42.0	40.4	37.9	36.3	42.5	37.4	39.0	47.8	44.2	43.5	41.5
% Occupancy	78%	83%	78%	75%	70%	67%	79%	69%	72%	89%	82%	80%	77%
Budgeted FFS & DA:	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Budgeted LC:	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Budgeted Medicare:	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Budgeted Medicaid:	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Total Budgeted Occupancy:	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0
Budgeted % Occupancy:	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%

Westminster at Lake Ridge
Assembled Schedule of Ratios

Rolling 12 Month Period Ended December 31 2022 and Year Ended December 31, 2021

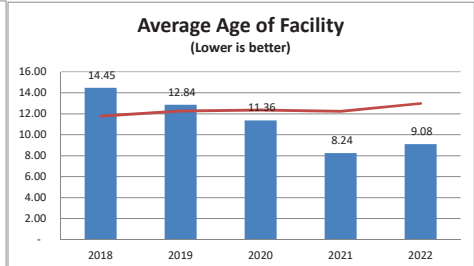
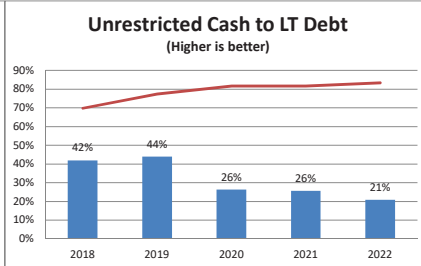
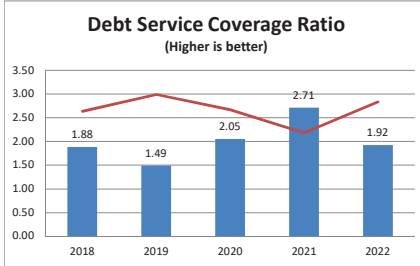
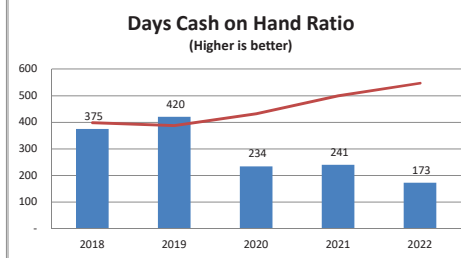
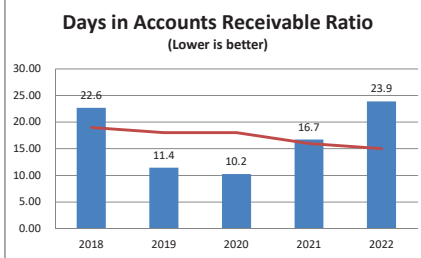
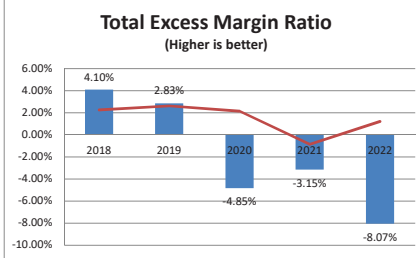
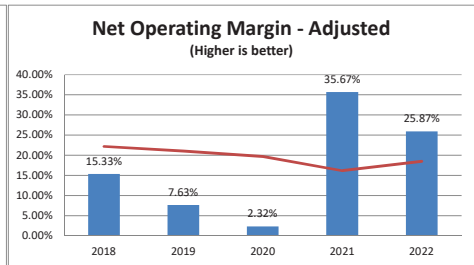
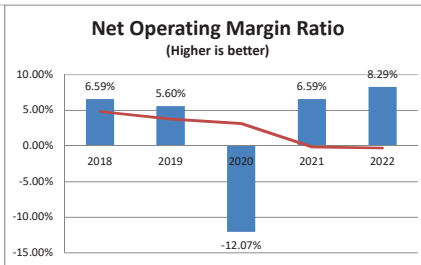
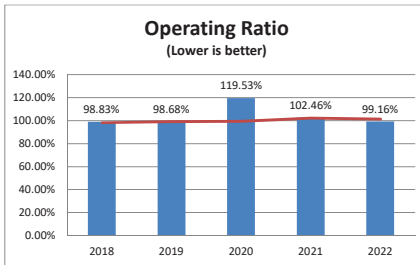
Debt Service Coverage Ratio - Bond Covenant	2022	2021
1 Increase (Decrease) in Net Assets	\$ (4,629,072)	\$ (924,679)
Deduct:		
2 Entrance Fee Amortization	(3,666,865)	(4,009,925)
3 Change in Temporarily/Permanently Restricted Net Assets	918,137	(575,120)
Add:		
4 Depreciation and Amortization	5,989,320	5,883,439
5 Interest Expense	2,227,832	2,202,769
6 Cash Entrance Fees, Net of Refunds	3,947,926	5,691,832
7 Net Unrealized (Gain) Loss on Investments	1,659,672	822,605
8 Funds Available for Debt Service	\$ 6,446,950	\$ 9,090,920
9 Maximum Annual Debt Service	\$ 3,356,034	\$ 3,356,034
10 Maximum Annual Debt Service Coverage Ratio (Higher is Better)	1.92 x	2.71 x
11 Bond Covenant - End of Fiscal Year	1.20 x	1.20 x
12 CARF-CCAC single site 50th quartile (2022)	2.83 x	2.18 x
13 2022 Budget	2.04x	1.72x

December 31, 2022 and December 31, 2021

Days Cash on Hand - Bond Covenant	2022	2021
14 Cash and Cash Equivalents	695,793	1,858,283
15 Unrestricted Investments	9,997,786	11,732,178
16 Total	\$ 10,693,579	\$ 13,590,461
17 Daily operating expenses (less Depreciation & Amortization & Bad Debt)	\$ 61,849	\$ 56,127
18 Days cash on hand (Higher is Better)	173	242
19 Bond Covenant - End of Fiscal year	150	150
20 2022 Budget	217	167
21 CARF-CCAC single site 50th quartile (2022)	547	500

Twelve Month Period Ended December 31, 2022 and Twelve Month Period Ended December, 31 2021

Net Operating Margin Ratio	2022	2021
22 Resident Revenue (excludes EF Amortization)	\$ 22,456,028	\$ 19,572,405
23 Resident Expense (excludes Interest, Depreciation & Amortization)	(20,595,223)	(18,283,472)
24 Net Resident Revenue	1,860,805	1,288,933
25 Divided By Resident Revenue	\$ 22,456,028	\$ 19,572,405
26 Net Operating Margin - Actual (Higher is Better)	8.29%	6.59%
27 CARF-CCAC single site 50th quartile (2022)	-0.29%	-0.12%
28 2022 YTD Budget	4.90%	3.90%



Westminster at Lake Ridge
Supplemental Financial Information
Twelve Month Periods Ended December 31, 2022

	Year to Date Actual	Year to Date Budget	Year to Date Variance
Average IL Private Pay Rate	\$ 148.38	\$ 156.06	\$ (7.68)
Average AL Private Pay Rate	\$ 242.16	\$ 221.78	\$ 20.38
Average SNF Private Pay Rate	\$ 389.58	\$ 407.00	\$ (17.42)
Average Medicare A Rate	\$ 591.52	\$ 574.74	\$ 16.78
Average Medicaid Rate	\$ 343.53	\$ 211.58	\$ 131.95

	Year to Date Actual	Year to Date Budget	Year to Date Variance
Capital Expenditures by Department - Operating			
D14 - Resident Services	12,700	-	(12,700)
D16 - Dining	-	35,000	35,000
D22 - Plant Ops	3,349,979	3,343,500	(6,479)
D37 - Information Systems	88,312	80,000	(8,312)
D51 - Transportation	44,301	30,000	(14,301)
Contingency	7,860	11,500	3,640
Total Capital Expenditures	\$ 3,503,152	\$ 3,500,000	\$ (3,152)
Less: Capital Expenditures Paid by Residents	\$ (381,136)	\$ (502,436)	\$ (121,300)
Total Capital Expenditures	\$ 3,122,016	\$ 2,997,564	\$ (124,452)

Contract Mix by Location	IL	AL	SNF	Total
0% - Life Care		1		1
10% - Life Care	6	4	3	13
50% Life Care	4	3	1	8
Total Life Care	10	8	4	22
0% - Fee for Service	65	2	0	67
50% - Fee for Service	95	8	0	103
90% - Fee for Service	55	6	3	64
100% - Fee for Service				0
Total Fee for Service	215	16	3	234
Total Contract Mix by Location	225	24	7	256



WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

EXHIBIT D-1

Available in May 2023

Westminster Presbyterian Retirement Community, Incorporated

Report on Compliance With Financial Covenants

December 31, 2022

Westminster Presbyterian Retirement Community, Incorporated

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Independent Auditors' Report

To the Board of Directors of
Westminster Presbyterian Retirement Community, Incorporated

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Westminster Presbyterian Retirement Community, Incorporated (the Organization), which comprise the balance sheet as of December 31, 2022 and the related statements of operations, changes in net deficit and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated April 28, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Organization failed to comply with the terms, covenants, provisions or conditions applicable to the Master Trust Indenture (Indenture) dated December 1, 2016, Sections 3.16 and 3.08 between the Organization, as borrower, and the Bank of New York Mellon Trust Company, N.A., as trustee, related to the issuance of Series 2016 Bonds issued through the Industrial Development Authority of the County of Prince William, Virginia, as lender, and the Credit Agreement (Agreement) dated October 1, 2015 between the Organization, as borrower, and SunTrust Bank, as lender, as indicated in the accompanying schedule of financial covenants, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Organization's noncompliance with the above-referenced terms, covenants, provisions or conditions of the Indenture and Agreement, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of the Organization, the trustee and the lender and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

New Castle, Pennsylvania
April 28, 2023

Westminster Presbyterian Retirement Community, Incorporated

Schedule of Financial Covenants

Year Ended December 31, 2022

Debt Service Coverage Ratio

Income Available for Debt Service

Change in net deficit without donor restrictions	\$ (3,710,936)
Unrealized gains and losses, investments	1,659,672
Interest expense	2,288,264
Depreciation	5,928,888
Amortization of entrance fees	(3,666,865)
Proceeds from nonrefundable entrance fees	4,529,619
Proceeds from refundable entrance fees, net of priority deposits	3,072,200
Refunds of entrance fees	(3,649,958)

Income available for debt service \$ 6,450,884

Maximum Annual Debt Service

\$ 3,356,034

Debt Service Coverage Ratio

1.92

Debt Service Coverage Ratio Required

1.20

Days Cash on Hand

Cash and Investments

Cash and cash equivalents	\$ 695,793
Investments	9,997,786
Assets whose use is limited	5,176,209
Less assets held under trust indenture	(5,176,209)

Total cash and investments \$ 10,693,579

Cash Operating Expenses

Total operating expenses	\$ 28,808,232
Add:	
Amortization of bond premium, net of discounts	207,194
Less:	
Amortization of deferred financing costs	(60,433)
Depreciation	(5,928,888)

Net cash operating expenses \$ 23,026,105

Daily Cash Operating Expenses

\$ 63,085

Days Cash on Hand

170

Days Cash on Hand Required

150

Westminster Presbyterian Retirement Community, Incorporated

Financial Statements

December 31, 2022 and 2021

Westminster Presbyterian Retirement Community, Incorporated

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December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors of
Westminster Presbyterian Retirement Community, Incorporated

Opinion

We have audited the financial statements of Westminster Presbyterian Retirement Community, Incorporated (the Organization), which comprise the balance sheets as of December 31, 2022, and 2021, and the related statements of operations, changes in net deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and 2021, and the results of its operations, changes in its net deficit and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

Baker Tilly US, LLP

New Castle, Pennsylvania
April 28, 2023

Westminster Presbyterian Retirement Community, Incorporated

Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 695,793	\$ 1,858,283
Current portion of assets whose use is limited	2,063,607	2,468,730
Accounts receivable:		
Residents, net	1,469,315	894,269
Entrance fees	-	614,787
Prepaid expenses	<u>707,774</u>	<u>737,821</u>
Total current assets	4,936,489	6,573,890
Investments	9,997,786	11,732,178
Assets Whose Use is Limited, Net	3,112,602	2,662,528
Property and Equipment, Net	57,886,194	60,323,260
Interest Receivable From Affiliates	767,487	595,327
Loans Receivable From Affiliates	2,989,922	3,604,775
Interest in Net Assets of the Foundation	<u>3,183,474</u>	<u>4,101,611</u>
Total assets	<u>\$ 82,873,954</u>	<u>\$ 89,593,569</u>
Liabilities and Net Assets (Deficit)		
Current Liabilities		
Current maturities of long-term debt	\$ 1,405,000	\$ 1,370,000
Accounts payable:		
Trade	1,031,298	644,120
Construction	-	189,695
Refundable entrance fees	1,083,234	480,522
Accrued interest	1,043,188	1,098,730
Accrued expenses	647,204	964,630
Due to affiliates, net	<u>484,364</u>	<u>552,869</u>
Total current liabilities	5,694,288	5,300,566
Long-Term Debt, Net	51,150,206	52,701,967
Priority Deposits	650,653	646,718
Deferred Revenue From Entrance Fees	23,758,291	22,950,332
Refundable Entrance Fees	<u>34,490,048</u>	<u>36,234,445</u>
Total liabilities	<u>115,743,486</u>	<u>117,834,028</u>
Net Assets (Deficit)		
Without donor restrictions	(36,007,047)	(32,296,111)
With donor restrictions	<u>3,137,515</u>	<u>4,055,652</u>
Total net deficit	<u>(32,869,532)</u>	<u>(28,240,459)</u>
Total liabilities and net deficit	<u>\$ 82,873,954</u>	<u>\$ 89,593,569</u>

See notes to financial statements

Westminster Presbyterian Retirement Community, Incorporated

Statements of Operations and Changes in Net Deficit

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues Without Donor Restrictions		
Net resident service revenues	\$ 26,082,863	\$ 22,842,448
Stimulus grant revenue	20,120	724,419
Other revenues	15,226	16,308
	<u>26,118,209</u>	<u>23,583,175</u>
Expenses		
Health care	6,877,836	5,366,141
Dining services	3,752,853	3,318,645
Plant operations	2,943,615	2,822,119
Housekeeping and laundry	1,115,669	925,541
Social services and activities	1,309,540	1,190,196
General and administrative	3,665,002	3,901,400
Marketing and advertising	677,025	736,092
Bad debts	248,334	23,333
Depreciation	5,928,888	5,821,749
Interest	2,288,264	2,264,458
Loss on disposal of property and equipment	1,206	-
	<u>28,808,232</u>	<u>26,369,674</u>
Total expenses	<u>28,808,232</u>	<u>26,369,674</u>
Operating loss	(2,690,023)	(2,786,499)
Other Income (Expenses)		
Interest and dividends	811,468	770,054
Net realized gains and losses, investments	(172,709)	1,339,313
Net unrealized losses, investments	(1,659,672)	(822,605)
	<u>(1,020,913)</u>	<u>(275,248)</u>
Revenues less than expenses and change in net deficit without donor restrictions	(3,710,936)	(1,499,737)
Net Assets With Donor Restrictions		
Change in interest in net assets of the Foundation	(918,137)	575,120
Change in net deficit	(4,629,073)	(924,617)
Net Deficit, Beginning	<u>(28,240,459)</u>	<u>(27,315,842)</u>
Net Deficit, Ending	<u>\$ (32,869,532)</u>	<u>\$ (28,240,459)</u>

See notes to financial statements

Westminster Presbyterian Retirement Community, Incorporated

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net deficit	\$ (4,629,073)	\$ (924,617)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Depreciation	5,928,888	5,821,749
Loss on disposal of property and equipment	1,206	-
Amortization of deferred financing costs	60,433	61,689
Amortization of bond premium, net of discounts	(207,194)	(212,295)
Change in allowance for doubtful accounts	140,040	(224,236)
Net realized gains and losses, investments	172,709	(1,339,313)
Net unrealized gains and losses, investments	1,659,672	822,605
Change in interest in net assets of the Foundation	918,137	(575,120)
Proceeds from nonrefundable entrance fees	4,529,619	5,583,617
Amortization of nonrefundable entrance fees	(3,666,865)	(4,009,925)
Changes in assets and liabilities:		
Account receivable, residents	(715,086)	(163,115)
Prepaid expenses and interest receivable from affiliates	(142,113)	(82,470)
Due to affiliates, net	(68,505)	143,940
Accounts payable, trade	387,178	(438,615)
Accrued interest and accrued expenses	(372,968)	283,456
Net cash provided by operating activities	<u>3,996,078</u>	<u>4,747,350</u>
Cash Flows From Investing Activities		
Sales of investments and assets whose use is limited	667,473	6,459,597
Purchases of investments and assets whose use is limited	(765,462)	(3,983,063)
Purchases of property and equipment	(3,682,723)	(4,931,897)
Repayment from affiliates under loan agreements	614,853	320,825
Net cash used in investing activities	<u>(3,165,859)</u>	<u>(2,134,538)</u>
Cash Flows From Financing Activities		
Payment of long-term debt	(1,370,000)	(1,463,333)
Proceeds from refundable entrance fees, net of priority deposits	3,072,200	5,692,656
Refunds of entrance fees	(3,649,958)	(5,654,691)
Net cash used in financing activities	<u>(1,947,758)</u>	<u>(1,425,368)</u>
Net change in cash, cash equivalents and restricted cash and cash equivalents	(1,117,539)	1,187,444
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	<u>6,989,541</u>	<u>5,802,097</u>
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	<u>\$ 5,872,002</u>	<u>\$ 6,989,541</u>
Supplementary Disclosure of Cash Flow Information		
Interest paid	<u>\$ 2,490,567</u>	<u>\$ 2,396,464</u>
Supplementary Disclosure of Noncash Investing and Financing Activity		
Account payable, construction	<u>\$ -</u>	<u>\$ 189,695</u>

See notes to financial statements

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements

December 31, 2022 and 2021

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Westminster Presbyterian Retirement Community, Incorporated (the Organization), doing business as "Westminster at Lake Ridge", operates a continuing care retirement community providing housing, health care and other related services to residents on a campus containing 235 independent living units, 40 assisted living units and a 44-bed skilled nursing facility. The Organization's continuing care retirement community is located in Lake Ridge, Virginia.

The Organization's sole member is Westminster Ingleside King Farm Presbyterian Retirement Communities, Inc., d/b/a Ingleside (Ingleside), a Virginia nonstock corporation.

Use of Estimates

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

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less. Cash, cash equivalents and restricted cash and cash equivalents reported in the statements of cash flows are comprised of the following items reported in the balance sheets at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 695,793	\$ 1,858,283
Restricted cash and cash equivalents included in assets whose use is limited	<u>5,176,209</u>	<u>5,131,258</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 5,872,002</u>	<u>\$ 6,989,541</u>

Amounts included in restricted cash and cash equivalents, included in assets whose use is limited on the accompanying balance sheets, represent amounts pledged as collateral; amounts held by the trustees as required under the Organization's trust indenture.

Accounts Receivable

The Organization assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management during periodic review of individual accounts and based on factors such as aging of the accounts receivable and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Organization has exhausted all collection efforts and accounts are deemed impaired. The allowance for doubtful accounts totaled approximately \$245,000 and \$105,000 at December 31, 2022 and 2021, respectively.

Entrance fee receivables are evaluated for collectability prior to residents being admitted to the community based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed.

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements
December 31, 2022 and 2021

Investments, Investment Risk and Assets Whose Use is Limited

Assets whose use is limited include assets held by the trustees as required under trust indenture and assets limited for other purposes. Amounts available to meet current liabilities have been classified as current assets in the balance sheets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues less than expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

Investments are comprised of a variety of financial instruments. The fair values reported in the balance sheets are subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the balance sheets could change materially in the future.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. Property and equipment with a value over \$1,500 is capitalized. Interest expense from borrowings to fund construction projects is capitalized.

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If the expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets.

Entrance Fees

Under entrance fee plans for independent living units, the Organization receives payments in advance. Residents may select either a 50% or 90% refundable plan or a nonrefundable (fully declining) plan. Under the nonrefundable plan, the entrance fee is initially refundable, but becomes nonrefundable over a 25 month period. Only fee-for-service contracts are offered to new residents. Prior to 2010, the Organization offered life care contracts which included 10%, 50%, 90% and 100% refundable options as well as a nonrefundable (fully declining) plan. Refunds of entrance fees under all options generally occur only after the residential living unit vacated has been reoccupied, the Organization has received a new entrance fee and the resident no longer lives in the community. The gross amount of contractual refund obligations under existing agreements as of December 31, 2022 and 2021 approximates \$37,070,000 and \$39,134,000, respectively.

Life care residents are entitled to assisted living or skilled nursing care, as needed, with minor increases in the current monthly service fee. Fee-for-service residents pay the current per diem rate for assisted living or skilled nursing care.

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements
December 31, 2022 and 2021

The refundable fee-for-service plans have a guaranteed refund component, which is 50% or 90% of the entrance fee paid. The nonrefundable portion is initially refundable, but becomes nonrefundable over a 25 month period for the 50% plans and over a five-month period for the 90% plans.

The refundable life care plans have a guaranteed refund component, which is 10%, 50%, 90% or 100% of the entrance fee paid depending on the chosen agreement. The nonrefundable portion of the fee is initially refundable, but generally becomes nonrefundable over a 25 month period for the 10% and 50% plans and over a five-month period for the 90% plans.

The refundable component of entrance fees received under the 10%, 50%, 90% and 100% refundable plans is not amortized to income. These fees are classified as refundable entrance fees in the balance sheets.

The Organization received deposits from prospective residents that were on hand in the amount of \$650,653 and \$646,718 at December 31, 2022 and 2021, respectively.

Amounts refundable to residents who terminated their residency agreements were \$1,083,234 and \$480,522 at December 31, 2022 and 2021, respectively. These amounts are classified as accounts payable, refundable entrance fees in the balance sheets.

Obligation to Provide Future Services

The Organization calculates an obligation to provide future services and the use of facilities to current residents. The liability is the present value (discounted at 6%) of the net cost of providing future service and use of facilities, minus the balance of unamortized deferred revenue, plus depreciation of facilities to be charged related to the contracts, plus unamortized costs of acquiring the initial continuing-care contracts, if applicable. There was no liability estimated at December 31, 2022 or 2021.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. These costs are reported in the balance sheets as a reduction of long-term debt and are being amortized over the life of the debt using the effective interest method.

Charity Care

The Organization extends charity care and other support to residents, who meet certain criteria under its benevolent care policy and are unable to pay for services, at all levels of care as needed and when appropriate without charge or at amounts less than its established rates.

Interest in Net Assets of the Foundation

The Organization follows accounting guidance regarding transfers of net assets to a not-for-profit organization or charitable trust that raises or holds contributions for others. This guidance requires the Organization to recognize in the balance sheets its beneficial interest in the net assets and investments held by Westminster Ingleside Foundation Inc. (the Foundation) on behalf of the Organization.

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements

December 31, 2022 and 2021

Net Assets

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 Deficit Without Donor Restrictions - Net deficit available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net deficit without donor restrictions.

Net Assets With Donor Restrictions - 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. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor-restricted gifts are solicited, received and recorded by the Foundation and reflected by the Organization as interest in net assets of the Foundation on the accompanying balance sheets.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of skilled nursing, assisted living, independent living and other resident service streams, which are primarily derived from providing housing, skilled nursing, personal care and other services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Organization has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Organization considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, assisted living, independent living and other resident services are recognized on a daily or month-to-month basis as services are rendered.

The Organization receives revenues for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends and retroactive adjustments are recognized in future periods as final settlements are determined.

Marketing and Advertising

The Organization expenses marketing and advertising costs as incurred. Marketing and advertising expense totaled approximately \$677,000 and \$736,000 for the years ended December 31, 2022 and 2021, respectively.

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements
December 31, 2022 and 2021

Income Taxes

The Organization is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes on related activities pursuant to Section 509(a) of the IRC.

The Organization follows the Financial Accounting Standard Board (FASB) accounting standard for *Accounting for Uncertainty in Income Taxes*. This standard clarifies the accounting for uncertainty in income taxes recognized in an Organization's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The standard also provides guidance on de-recognition, classification, interest and penalties and disclosure. Management has determined that this standard does not have a material impact on the financial statements.

Measure of Operations

The statements of operations and changes in net deficit include the determination of operating loss. Operating loss includes only those revenues and expenses that are an integral part of its program activities and that are used to support operations and excludes other income (expenses), if any.

Performance Indicator

The statements of operations and changes in net deficit include the determination of revenues less than expenses. Changes in net deficit without donor restrictions which are excluded from revenues less than expenses, consistent with industry practice, would include transfers from affiliates and contributions of long-lived assets (including assets acquired using contributions by which donor restrictions were to be used for the purposes of acquiring such assets).

Future Accounting Standards

During March 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities could elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. During December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. These amendments defer the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The Organization is currently assessing the effect that electing the optional expedients and exceptions included in ASU No. 2020-04 would have on its results of operation, financial position and cash flows.

Subsequent Events

The Organization evaluated subsequent events for recognition or disclosure through April 28, 2023, the date the financial statements were issued.

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements

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2. Net Resident Service Revenues

The Organization disaggregates revenues from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors.

Net resident service revenues consist of the following for the years ended December 31, 2022 and 2021:

	2022				
	Skilled Nursing	Assisted Living	Independent Living	Other Resident Services	Total
Self-pay	\$ 2,070,944	\$ 3,108,126	\$ 12,223,137	\$ 37,695	\$ 17,439,902
Medicare	3,663,400	-	-	-	3,663,400
Medical Assistance	1,312,696	-	-	-	1,312,696
Amortization of nonrefundable entrance fees	-	-	3,666,865	-	3,666,865
Total	<u>\$ 7,047,040</u>	<u>\$ 3,108,126</u>	<u>\$ 15,890,002</u>	<u>\$ 37,695</u>	<u>\$ 26,082,863</u>
	2021				
	Skilled Nursing	Assisted Living	Independent Living	Other Resident Services	Total
Self-pay	\$ 1,767,453	\$ 2,400,647	\$ 11,551,069	\$ 88,835	\$ 15,808,004
Medicare	2,133,260	-	-	-	2,133,260
Medical Assistance	891,259	-	-	-	891,259
Amortization of nonrefundable entrance fees	-	-	4,009,925	-	4,009,925
Total	<u>\$ 4,791,972</u>	<u>\$ 2,400,647</u>	<u>\$ 15,560,994</u>	<u>\$ 88,835</u>	<u>\$ 22,842,448</u>

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue until the performance obligations are satisfied and are included in deferred revenue in the accompanying balance sheets. In 2022 and 2021, the Organization recognized approximately \$3,457,000 and \$3,736,000, respectively, of revenue that was included in the deferred revenue from entrance fees balance as of January 1, 2022 and 2021. The Organization applies the practical expedient in ASC 606, and therefore, does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

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The Organization has agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medical Assistance:** Under the Virginia Department of Medical Assistance Services Program's case-mix reimbursement system, the determination of reimbursement rates for skilled nursing costs is based upon a recipient's dependency in Activities of Daily Living (ADLs) and need for and receipt of ancillary nursing services. Each recipient is assigned a reimbursement level depending on his or her degree of dependency in ADLs.
- **Medicare:** Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Organization's clinical assessment of its residents. The Organization is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare programs.

The Organization also has entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to the Organization under these agreements includes prospectively determined rates per day or discounts from established charges.

3. Fair Value Measurements, Investments and Assets Whose Use is Limited and Other Financial Instruments

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Organization for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs. The Organization did not hold any Level 3 investments for the years ended December 31, 2022 and 2021.

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The following tables present financial instruments reported at fair value at December 31, 2022 and 2021, by caption on the balance sheets:

	2022		
	Total	Level 1	Level 2
Assets:			
Investments and assets whose use is limited:			
Equity securities:			
Basic materials	\$ 57,933	\$ 57,933	\$ -
Communications	237,457	237,457	-
Consumer	599,569	599,569	-
Energy	100,107	100,107	-
Financial	360,380	360,380	-
Industrial	250,289	250,289	-
Technology	236,286	236,286	-
Utility	47,933	47,933	-
Other ETFs	1,349,975	1,349,975	-
Mutual funds:			
Fixed income	4,138,369	4,138,369	-
Equity	2,181,152	2,181,152	-
Total measured at fair value	9,559,450	<u>\$ 9,559,450</u>	<u>\$ -</u>
Cash and cash equivalents	<u>5,614,545</u>		
Total investments and assets whose use is limited	<u>\$ 15,173,995</u>		
Interest in net assets of the Foundation	<u>\$ 3,183,474</u>	<u>\$ -</u>	<u>\$ 3,183,474</u>

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements
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	2021		
	Total	Level 1	Level 2
Assets:			
Investments and assets whose use is limited:			
Equity securities:			
Basic materials	\$ 79,116	\$ 79,116	\$ -
Communications	327,250	327,250	-
Consumer	616,343	616,343	-
Energy	97,692	97,692	-
Financial	327,805	327,805	-
Industrial	297,402	297,402	-
Technology	383,920	383,920	-
Utility	41,267	41,267	-
Other ETFs	1,182,401	1,182,401	-
Mutual funds:			
Fixed income	5,300,478	5,300,478	-
Equity	2,858,199	2,858,199	-
Total measured at fair value	11,511,873	<u>\$ 11,511,873</u>	<u>\$ -</u>
Cash and cash equivalents	<u>5,351,563</u>		
Total investments and assets whose use is limited	<u>\$ 16,863,436</u>		
Interest in net assets of the Foundation	<u>\$ 4,101,611</u>	<u>\$ -</u>	<u>\$ 4,101,611</u>

Investments and assets whose use is limited are presented together in the tables above as there are various investment and cash accounts that are allocated between the investment and assets whose use is limited lines on the balance sheets.

	2022	2021
Current portion of assets whose use is limited	\$ 2,063,607	\$ 2,468,730
Investments	9,997,786	11,732,178
Assets whose use is limited, net	<u>3,112,602</u>	<u>2,662,528</u>
Total investments and assets whose use is limited	<u>\$ 15,173,995</u>	<u>\$ 16,863,436</u>

Valuation Methodologies

Equity securities and mutual funds: Valued at closing price reported in active markets for the same or similar securities.

Interest in the net assets of the Foundation: Valued using the Organization's proportional interest in the Foundation's underlying investments, which are valued at quoted market prices, and accordingly, approximates fair value.

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Notes to Financial Statements

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Assets whose use is limited are classified as follows:

	<u>2022</u>	<u>2021</u>
Assets whose use is limited:		
Under trust indenture, held by trustee:		
Debt service reserve funds	\$ 3,112,602	\$ 2,662,528
Debt service funds	<u>2,063,607</u>	<u>2,468,730</u>
Total assets whose use is limited	5,176,209	5,131,258
Less current portion	<u>(2,063,607)</u>	<u>(2,468,730)</u>
Assets whose use is limited, net	<u>\$ 3,112,602</u>	<u>\$ 2,662,528</u>

4. Liquidity and Availability of Resources

The following table reflects the Organization's financial assets available for general expenditures within one year of the December 31 balance sheets. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets whose use is limited and interest in donor-restricted net assets of the Foundation.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 695,793	\$ 1,858,283
Investments	9,997,786	11,732,178
Accounts receivable	<u>1,469,315</u>	<u>1,509,056</u>
Total financial assets	<u>\$ 12,162,894</u>	<u>\$ 15,099,517</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments.

5. Property and Equipment

Property and equipment at December 31, 2022 and 2021 was comprised of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 7,282,832	\$ 7,282,832
Buildings and improvements	96,723,669	94,491,018
Furniture and equipment	12,826,667	12,566,574
Construction in progress	<u>4,174,616</u>	<u>3,202,906</u>
	121,007,784	117,543,330
Less accumulated depreciation	<u>(63,121,590)</u>	<u>(57,220,070)</u>
Property and equipment, net	<u>\$ 57,886,194</u>	<u>\$ 60,323,260</u>

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements
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6. Long-Term Debt

2016 Bonds

In October 2016, the Industrial Development Authority of the County of Prince William, Virginia (the Authority) issued, on behalf of the Organization, \$46,510,000 of tax-exempt Mortgage Revenue Bonds in six series (the 2016 Bonds) with an original issue premium, net of original and underwriter discounts, of \$2,975,596. The proceeds from the 2016 Bonds were primarily used to refund previous debt issues and pay for various capital improvements.

Serial Bonds totaling \$8,740,000 are due in varying annual installments through 2026, plus interest payable semi-annually at rates ranging from 1.75% to 5.00%. Term Bonds totaling \$37,770,000 are due in varying annual installments from 2027 through 2046, plus interest payable semi-annually at rates ranging from 4.00% to 5.00%.

2015 Term Loan

In October 2015, the Organization entered a variable rate, interest only drawdown taxable term loan under which proceeds will be advanced within five years for up to \$10,000,000 with Truist Bank. Interest is at a floating rate of one-month LIBOR plus 1.85% (5.98% and 1.94% at December 31, 2022 and 2021, respectively). Principal amortizes monthly at \$33,333 until maturity in October 2045. The term loan was used for capital improvements.

Security for the Long-Term Debt

The 2016 Bonds and 2015 Term Loan are secured by a first mortgage lien on and security interest in the Organization's property and equipment and a security interest in the Organization's gross revenues, as defined in the applicable agreements.

Long-Term Debt Summary

	<u>2022</u>	<u>2021</u>
2016 Bonds	\$ 42,110,000	\$ 43,080,000
2015 Term Loan	9,066,667	9,466,667
	51,176,667	52,546,667
Less current maturities	<u>(1,405,000)</u>	<u>(1,370,000)</u>
Long-term debt, excluding deferred financing costs and bond premium	49,771,667	51,176,667
Bond premium, net	2,234,043	2,441,237
Deferred financing costs, net of accumulated amortization	<u>(855,504)</u>	<u>(915,937)</u>
Long-term debt, net	<u>\$ 51,150,206</u>	<u>\$ 52,701,967</u>

Westminster Presbyterian Retirement Community, Incorporated

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Scheduled principal payments on long-term debt are as follows:

Years ending December 31:	
2023	\$ 1,405,000
2024	1,460,000
2025	1,510,000
2026	1,565,000
2027	1,625,000
Thereafter	<u>43,611,667</u>
	<u>\$ 51,176,667</u>

Interest expense totaled \$2,288,264 and \$2,264,458 during 2022 and 2021, respectively. Amortization of the bond premium during 2022 and 2021 of \$207,194 and \$212,295, respectively, is included as a component of interest expense on the statements of operations and changes in net deficit. Amortization of deferred financing costs is included in interest expense and totaled \$60,433 and \$61,689 during 2022 and 2021, respectively.

The Organization is subject to financial covenants on debt, which include a debt service coverage ratio and days cash on hand ratio.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Resident support	\$ 2,080,216	\$ 2,041,243
Operations and other	570,368	1,548,941
Restricted in perpetuity:		
Kreider Scholarship	<u>486,931</u>	<u>465,468</u>
	<u>\$ 3,137,515</u>	<u>\$ 4,055,652</u>

8. Retirement Plan

The Organization sponsors a defined contribution retirement plan. The Organization's contributions to the plan were \$123,492 and \$110,895 during 2022 and 2021, respectively.

9. Related-Party Transactions

The Organization's sole member is Ingleside. Ingleside is also the sole member of the following:

The Ingleside Presbyterian Retirement Community, Inc. doing business as "Ingleside at Rock Creek", (Rock Creek) operates a continuing care retirement community located in Washington, D.C.

King Farm Presbyterian Retirement Community, Inc., doing business as "Ingleside at King Farm" (King Farm) is a continuing care retirement community located in Rockville, Maryland.

Ingleside at Home, Inc. (IAH) provides home care services.

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Westminster Ingleside Presbyterian Foundation, Inc. (the Foundation) raises money through charitable giving for the Organization, Rock Creek and King Farm.

The Westminster Ingleside Group, LLC (WING) provided development services, including the planning, development, financing, construction and project management activities related to facilities owned and operated by affiliated organizations and managed the planning, development and execution of construction projects. It operated in Washington, DC, Maryland and Virginia. During January 2021, WING ceased operations.

Ingleside provides management, governance, strategy, operations, finance, information technology, sales, marketing, human resources and other support services to the Organization and charges a management fee. Management fees incurred totaled \$1,322,812 during 2022 and \$1,305,669 during 2021, and are included in general and administrative expense on the accompanying statements of operations and changes in net deficit.

Amounts due from (to) affiliates, net, are at zero percent interest with no stated repayment terms and are as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
IAH	\$ 6,153	\$ 5,491
Rock Creek	(3,554)	(2,780)
The Foundation	(403)	(5,999)
King Farm	(188,960)	(241,940)
Ingleside	(297,600)	(307,641)
Total	<u>\$ (484,364)</u>	<u>\$ (552,869)</u>

During 2015, the Organization executed a loan agreement with IAH, which allows for maximum advances to IAH of \$500,000. The loan agreement with IAH was amended on January 1, 2021, to convert unpaid accrued interest to principal, accrue interest thereafter at a fixed rate of 5% per year and to extend the maturity date to December 31, 2031. Monthly principal and interest payments total approximately \$5,700 per month. Any unpaid principal and accrued interest will be due upon maturity. As of December 31, 2022 and 2021, the total due on the note was \$491,986 and \$534,231, respectively, which is included in loan receivable from affiliates in the accompanying balance sheets.

During 2018, the Organization entered into a promissory note with Rock Creek in a principal amount of \$3,500,000. The note bears interest at an annual rate of 5.01%. Principal and unpaid interest are repaid beginning July 1, 2021, in equal installments through maturity (October 24, 2028). As of December 31, 2022 and 2021, interest earned on the note and recorded as interest receivable from affiliate was \$767,487 and \$595,327, respectively. As of December 31, 2022 and 2021, the total due on the note was \$2,497,936 and \$3,070,544, respectively, which is included in loan receivable from affiliates in the accompanying balance sheets.

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements

December 31, 2022 and 2021

10. Expenses by Nature and Function

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Costs of these categories were allocated on estimates of time and effort. The Organization believes substantially all utilities, depreciation and interest is applicable to program services. As such, these expenses were reported in the resident services columns below. The Organization's expenses for resident services (including health care, dining services, plant operations, housekeeping and laundry and social services and activities) and general and administrative (including general and administrative and marketing and advertising) are as follows for the years ended December 31:

	2022		
	Resident Services	General and Administrative	Total
Salaries and wages	\$ 7,918,037	\$ 967,425	\$ 8,885,462
Employee benefits and payroll taxes	1,755,284	(284,039)	1,471,245
Supplies and other expenses	1,448,874	89,396	1,538,270
Food services	1,736,512	4,898	1,741,410
Repairs and maintenance	291,162	434,167	725,329
Utilities	959,078	-	959,078
Professional services	966,156	1,295,087	2,261,243
Other marketing and advertising	-	138,182	138,182
Insurance	227,059	374,099	601,158
Property taxes	697,351	-	697,351
Management fees	-	1,322,812	1,322,812
Depreciation	5,928,888	-	5,928,888
Interest	2,288,264	-	2,288,264
Bad debts	248,334	-	248,334
Loss on disposal	1,206	-	1,206
	<u>\$ 24,466,205</u>	<u>\$ 4,342,027</u>	<u>\$ 28,808,232</u>
Total			
	2021		
	Resident Services	General and Administrative	Total
Salaries and wages	\$ 6,526,277	\$ 1,069,927	\$ 7,596,204
Employee benefits and payroll taxes	1,603,090	32,016	1,635,106
Supplies and other expenses	1,049,614	104,217	1,153,831
Food services	1,413,257	2,700	1,415,957
Repairs and maintenance	298,284	472,981	771,265
Utilities	896,215	-	896,215
Professional services	1,000,352	1,085,697	2,086,049
Other marketing and advertising	-	169,978	169,978
Insurance	170,414	394,307	564,721
Property taxes	665,139	-	665,139
Management fees	-	1,305,669	1,305,669
Depreciation	5,821,749	-	5,821,749
Interest	2,264,458	-	2,264,458
Bad debts	23,333	-	23,333
	<u>\$ 21,732,182</u>	<u>\$ 4,637,492</u>	<u>\$ 26,369,674</u>
Total			

The Organization provides in-kind support to the Foundation, which is responsible for the fundraising activities of the Organization.

Westminster Presbyterian Retirement Community, Incorporated

Notes to Financial Statements
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11. Charity Care

The Organization extends charity care and other support to residents, who meet certain criteria under its benevolent care policy and are unable to pay for services, at all levels of care as needed and when appropriate without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to be benevolent care, they are not reported as resident service revenues.

The Organization maintains records to identify and monitor the level of charity care it provides. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the residents receiving charity care. The cost of charity care provided by the Organization amounted to approximately \$434,000 and \$128,000 in 2022 and 2021, respectively. The Organization also provides services to indigent residents under the Medicaid program which reimburses the Organization at less than established rates. The costs incurred to provide these services exceeded actual reimbursement by approximately \$904,000 in 2022 and \$741,000 in 2021. The Organization received approximately \$181,000 and \$148,000 in donor support restricted for benevolent care for the years ended December 31, 2022 and 2021, respectively.

12. Medical Malpractice Claims Coverage

The Organization maintains professional liability coverage on a claims-made basis through a commercial insurance carrier. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the Organization's insurance coverages or will have a material adverse effect on the financial statements.

13. Concentrations of Credit Risk

The Organization grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicare and various commercial insurance companies.

The Organization maintains cash, restricted cash and cash equivalents accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses from maintaining cash and cash equivalents accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash, restricted cash and cash equivalents accounts.

14. Contingencies

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Organization, if any, are not presently determinable.