

# BRIDGEWATER RETIREMENT COMMUNITY

*energy* FOR LIFE

**2023**

## **DISCLOSURE STATEMENT**

**FILED**  
**Commonwealth of Virginia**  
**State Corporation Commission**  
**Bureau of Insurance**  
*March 1, 2023*  
**Commissioner of Insurance**  
**BY: Natalya J. Greco**

Bridgewater Retirement Community  
302 North Second Street  
Bridgewater, Virginia 22812  
540-828-2550 | 800-419-9127  
[www.BRCliving.org](http://www.BRCliving.org)

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# BRIDGEWATER RETIREMENT COMMUNITY

## CONTINUING CARE PROVIDER DISCLOSURE STATEMENT

JANUARY 2023

### NOTICE

This Disclosure Statement has been prepared, and is being provided, in accordance with Virginia's "Continuing Care Provider Registration and Disclosure Act," Chapter 49 of Title 38.2 of the Code of Virginia. The filing of this Disclosure Statement with the State Corporation Commission, as required by the Act, does not constitute approval, recommendation or endorsement of Bridgewater Retirement Community's facilities by the State Corporation Commission.

### ***Continuing Care Provider***

Bridgewater Village, Inc. (“the Village”), a Virginia nonstock corporation doing business as Bridgewater Retirement Community, is located at 302 N. Second Street, Bridgewater, Virginia 22812.

The Village operates under the following corporate structure. Bridgewater HealthCare, Inc. (“Bridgewater HealthCare”) is the “parent” corporation of the Village, Bridgewater Home, Inc., (the “Home”), and Bridgewater HealthCare Foundation, Inc. (the “Foundation”), its three “subsidiaries.” This relationship is established by Bridgewater HealthCare being the sole member of the Village, Home and Foundation, all of which are Virginia nonstock, member corporations. “Bridgewater Retirement Community” is the trade name under which Bridgewater HealthCare, the Village and the Home operate.

The Village is devoted primarily to providing residence to persons capable of independent living, while the Home is devoted primarily to providing residence to those who need assistance in the activities of daily living or health care services. Bridgewater HealthCare handles many of the business functions of the Village and Home. The Foundation serves as the fundraising arm for Bridgewater Retirement Community. An organizational chart of Bridgewater Retirement Community is attached as “Attachment A.”

Bridgewater Healthcare is 33.33% owner of First Choice Healthcare Services, LLC, a Virginia limited liability company (“First Choice”), which provides home healthcare services in the Harrisonburg/Rockingham County market area. Bridgewater Healthcare residents who wish to engage First Choice do so directly with First Choice.

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

The names and business addresses of the officers and directors of Bridgewater HealthCare, the Village, Home and Foundation are as follows:

#### BRIDGEWATER HEALTHCARE, INC.

##### Officers:

Rodney D. Alderfer, President  
302 N. Second Street  
Bridgewater, VA 22812

James A. Weaver  
VP of Finance and Treasurer  
302 N. Second Street  
Bridgewater, VA 22812

Anne O’Donohue  
VP of Support Services  
302 N. Second Street  
Bridgewater, VA 22812

Pam S. Sherman  
Executive Assistant and  
Operating Board Secretary  
302 N. Second Street  
Bridgewater, VA 22812

Directors:

|   |  |
|---|--|
| Henry Hawkins<br>1786 Massanutten Springs Road<br>Rockingham, VA 22801        | Neil A. Houff<br>6806 Cross Keys Road<br>Mt. Crawford, VA 22821                |
| Craig Landes<br>3597 Oak Ridge Road<br>Mt. Crawford, VA 22821                 | Sherry L. Mongold<br>2955 Cullison Court<br>Rockingham, VA 22801               |
| John N. Neff (Chair)<br>456 Myers Avenue<br>Harrisonburg, VA 22801            | Larry Powell<br>407 Pine Top Road<br>Fort Defiance, VA 24437                   |
| Abram J. Shearer (Vice Chair)<br>907 Ridgewood Road<br>Harrisonburg, VA 22801 | Jennifer E. Shirkey<br>130 Leonard Court<br>Harrisonburg, VA 22801             |
| Ann B. Siciliano<br>916 Mockingbird Drive<br>Harrisonburg, VA 22801           | W. Steve Watson, Jr.<br>1761 Heritage Estates Circle<br>Harrisonburg, VA 22801 |
| Robert C. Wheatley<br>1531 Cumberland Drive<br>Harrisonburg, VA 22801         |  |

BRIDGEWATER VILLAGE, INC.

Officers:

Rodney D. Alderfer, President  
302 N. Second Street  
Bridgewater, VA 22812

James A. Weaver  
VP of Finance and Treasurer  
302 N. Second Street  
Bridgewater, VA 22812

Jeannette W. Suter  
VP of Assisted and Independent Living  
302 N. Second Street  
Bridgewater, VA 22812

Directors: Same as the Board of Directors of Bridgewater HealthCare, Inc.

BRIDGEWATER HOME, INC.

Officers:

Rodney D. Alderfer, President  
302 N. Second Street  
Bridgewater, VA 22812

James A. Weaver  
VP of Finance and Treasurer  
302 N. Second Street  
Bridgewater, VA 22812

Jeffrey W. Lambert  
VP of Health Services  
302 N. Second Street  
Bridgewater, VA 22812

Directors: Same as the Board of Directors of Bridgewater HealthCare, Inc.

BRIDGEWATER HEALTHCARE FOUNDATION, INC.

Officers:

Rodney D. Alderfer, President  
302 N. Second Street  
Bridgewater, VA 22812

James A. Weaver  
VP of Finance and Treasurer  
302 N. Second Street  
Bridgewater, VA 22812

Carolyn S. Budd  
VP of Development & Public Relations  
302 N. Second Street  
Bridgewater, VA 22812

Tammy Jordan  
Executive Assistant and  
Foundation Board Secretary  
302 N. Second Street  
Bridgewater, VA 22812

Directors:

|   |  |
|---|--|
| Ray Albers<br>116 Meadow Lane<br>Bridgewater, VA 22812                          | Robert (Bob) Armbruster<br>1294 Cumberland Drive<br>Harrisonburg, VA 22801 |
| Janessa Baker (Vice Chair)<br>2400 Breckenridge Court<br>Harrisonburg, VA 22801 | Heather Barkey<br>715 N. Main Street<br>Bridgewater, VA 22812              |
| Charles (Bill) Blair<br>210 Virginia Avenue, #206<br>Bridgewater, VA 22812      | Sally Jane Conner<br>8 Janet Lane<br>Bridgewater, VA 22812                 |

|   |  |
|---|--|
| Hattie Driver<br>210 Virginia Avenue, #221<br>Bridgewater, VA 22812 | Beverly Eye<br>204 Tiffany Drive<br>Bridgewater, VA 22812          |
| Theodore (Ted) Flory<br>106 Miller Drive<br>Bridgewater, VA 22812   | Stephan Hess<br>620 Confederacy Drive<br>Penn Laird, VA 22846      |
| Rufus Huffman<br>210 Virginia Avenue, #230<br>Bridgewater, VA 22812 | Matthew Robinson (Chair)<br>8147 Ottobine Road<br>Dayton, VA 22821 |
| Jerry Ruff<br>122 Wayside Drive<br>Bridgewater, VA 22812            | Cindy Tusing<br>9834 North Valley Pike<br>Harrisonburg, VA 22801   |

***Business Experience of (Section A); Acquisition of Goods and Services from (Section B); and Criminal, Civil and Regulatory Proceedings Against (Section C) the Provider; its Officers, Directors, Trustees, Managing and General Partners; Certain Persons Who Hold Equity or Beneficial Interests; and the Management***

***Section A – Business Experience***

The business experience of the executive management team of Bridgewater Retirement Community is as follows:

Rodney D. Alderfer, President. Mr. Alderfer graduated from Eastern Mennonite University in 1987 with a B.S. in Accounting. He worked in public accounting from 1987-1991 and earned his CPA in 1992 and his MBA from Eastern Mennonite University in 2011. Mr. Alderfer is a licensed nursing home administrator. Mr. Alderfer came to Bridgewater Retirement Community from Wampler Foods in 1998 as the Controller. He was promoted to Vice President of Health Services in August 2005, serving in this position until July 1, 2008, when he was promoted to President of Bridgewater HealthCare, Inc., and its affiliates.

James A. Weaver, Vice President of Finance. Mr. Weaver earned a B.S. in Business Administration and Accounting from Eastern Mennonite University in Harrisonburg, Virginia in 1985. Following graduation, Mr. Weaver worked for five years as a CPA in a local accounting firm. Mr. Weaver was hired as Vice President of Finance for Bridgewater HealthCare in 1990. He also serves as Treasurer to Bridgewater HealthCare and its affiliates.

Jeannette W. Suter, Vice President of Assisted and Independent Living. Mrs. Suter obtained both her B.S. in Social Work and M.S. in Public Administration from James Madison University. She began her career as a social worker in 2002. Since 2003, Mrs.

Suter's professional career has been in senior living organizations. Mrs. Suter came to Bridgewater Retirement Community in September 2020.

Jeffrey W. Lambert, Vice President of Health Services. Mr. Lambert graduated from Bridgewater College with a Bachelor of Science Degree in Business Administration with a concentration in accounting in 1999. He began his career in public accounting and earned his CPA certificate in 2002. Mr. Lambert came to Bridgewater Retirement Community in June of 2005 as the Controller. He served in that capacity until June of 2014 when he was promoted to Vice President of Health Services. Mr. Lambert received his Nursing Home Administrator license in February 2019.

Carolyn S. Budd, Vice President for Development & Public Relations. Ms. Budd graduated from James Madison University in 1988 with a B.B.A. in Computer Information Systems. She worked for NCR Corporation as a Systems Engineer until returning to graduate school to earn an M.S. in Management Information Systems from the University of Virginia. After graduating, she taught Computer Information Systems in the College of Business at the University of North Carolina – Greensboro and in the College of Business at James Madison University. Ms. Budd joined the Bridgewater HealthCare Foundation Board in 2000 and served as secretary and vice-chair. She accepted her present position in March of 2013.

Anne M. O'Donohue, Vice President of Support Services. Ms. O'Donohue graduated from West Virginia University in 2005 with a B.S. in Family and Consumer Sciences with a major in Human Nutrition and Food. After graduating, she completed a year in the dietetics program at Virginia Commonwealth University to then become a Registered Dietitian. She began working as a dietitian and dining services director in retirement communities in 2007. In January 2011, she came to Bridgewater Retirement Community as the General Manager of Dining Services. She accepted her present position in May 2015.

Stephanie Rohrer, Vice President of Human Resources. Ms. Rohrer began her career in operations, migrating to Human Resources when she found her true calling in people development. She has spent the last 20 years taking on increasing roles of responsibility, most recently as a Regional Director of People at Walmart. She is currently a Doctor of Philosophy candidate in Organizational Leadership at Concordia University; additionally, an MA in Management and Leadership, Graduate Certificates in Human Capital, Leadership and Logistics, a BA in Sociology, and both SPHR/SHRM-SCP credentials. She accepted her present position in April 2022.

Pam Sherman, Executive Assistant and Operating Board Secretary. Ms. Sherman graduated as a Business Specialist from Elizabeth Brant School of Business in 1984. She worked as a Legal Assistant for two local law firms before transitioning to the Rockingham County School system as an assistant. Prior to coming to Bridgewater Retirement Community, Ms. Sherman worked most recently at Sentara RMH Medical Center for various administrators before being promoted to Office Manager and



Executive Assistant to the President and CFO. She joined Bridgewater Retirement Community in November 2018.

Tammy Jordan, Foundation Executive Assistant and Foundation Board Secretary. Mrs. Jordan graduated as a Medical Assistant from Elizabeth Brant School of Business in 1983. She worked as a Legal Assistant at a local law firm for 17 years, Office Manager and Travel Coordinator for JMU Football for nine seasons and served five years as the Executive Assistant to the COO at Sentara RMH Medical Center. She joined Bridgewater Retirement Community in 2017.

**Section B – Acquisition of Goods and Services**

No officer or director of Bridgewater HealthCare, the Village, Home or Foundation owns a 10% or greater direct or indirect interest in any professional service, firm, association, foundation, trust, partnership or corporation or any other business or legal entity in which it is presently intended will or may provide goods, leases or services to such entities of a value of \$500 or more within any year with the exception of the following directors.

| Name of Director or Officer | Board on which Director or Officer Serves | Name of Business in which Director has Interest | Description of Services and/or Goods Provided to Bridgewater Retirement Community and How Contract Awarded | Bridgewater Retirement Community Payments to Business in fiscal year ended 9/30/22 |
|-----------------------------|---|---|--|--|
| Carolyn Budd                | Bridgewater Health Care Foundation        | Extinguisher sales and service                  | Servicing of fire extinguishers  | \$0.00   |

Bridgewater HealthCare, the Village, Home and Foundation have received other offers for the above-described goods and services which may be accepted from time to time according to the needs of Bridgewater Retirement Community. Likewise, Bridgewater Retirement Community is continuing to use several of the above-named businesses for services in the current fiscal year.

**Section C – Criminal, Civil and Regulatory Proceedings**

Neither Bridgewater HealthCare, the Village, Home or Foundation, and no officer or director of such entities (i) has been convicted of a felony or pleaded nolo contendere to a criminal charge, or been held liable or enjoined in a civil action by final judgment with respect to any crime or civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property or moral turpitude, (ii) has been subject to an injunctive or restrictive order of a court of record, or within the past five years had any state or federal license or permit suspended or revoked as a result of an action

brought by a governmental agency or department, arising out of or relating to a business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under the Continuing Care Provider Registration and Disclosure requirements of the Virginia Code or similar laws in another state, or (iii) has been the subject of any state or federal prosecution or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

## **Ownership, Location and Description of Real Property**

The main campus of Bridgewater Retirement Community consists of approximately 53 contiguous acres, located in the Town of Bridgewater. The facilities of the campus include:

- Independent Living Facilities for residents capable of independent living:
  - “Maple Terrace”, a 24-unit apartment complex.
  - “The Grove”, a 34-unit apartment complex that also includes a library and bank.
  - “Hearthstone Manor Apartments”, a 28-unit apartment complex.
  - “Cottage Community”, 183 cottages and garden apartments located throughout the main campus and the Crist Farm Crossing campus.
- Assisted Living/Memory Support Facility for residents needing assistance with daily living activities:
  - “Bridgewater Home”, a facility with a total of 161 beds capacity, comprising 128 assisted living beds and two memory support houses, “Gardner House” with 16 beds and “Concord House” with 17 beds.
- Nursing Care Facility for residents needing 24/7 care:
  - “Huffman Healthcare Center”, a six households model facility with a combined capacity of 127 nursing beds.
- Campus Common Areas:
  - “Houff Community Center”, includes a dining room, café, gift shop, fitness center, beauty salon, meeting rooms and resident activity rooms.

- “Lantz Chapel”, seating capacity of 100.
- Campus Administrative Office Facility:
    - The building comprises the administrative offices for Bridgewater Retirement Community.

All of the property and improvements are owned by Bridgewater Retirement Community. A site map showing the various facilities on the Bridgewater Retirement Community campus is attached as “Attachment B.” Bridgewater Retirement Community also owns approximately 35 acres adjacent to the current campus, located in the Town of Bridgewater, known as the Crist Farm Crossing campus. Crist Farm Crossing is currently unimproved.

***Affiliation with Religious, Charitable or Other Nonprofit Organizations (Section A); Tax Status of Provider (Section B)***

***Section A – Affiliation***

Although Bridgewater Retirement Community has a longstanding and ongoing affiliation with the Church of the Brethren, there is no legal relationship between Bridgewater HealthCare, the Village, Home or Foundation and any other church or charitable organization.

***Section B – Tax Status***

Bridgewater HealthCare, the Village, Home and Foundation has its own Internal Revenue Service 501(c)(3) determination letter that establishes its exemption from the payment of federal income tax so long as the entity maintains its status as a not-for-profit organization.

***Services Provided Under Continuing Care Contracts***

Sections 5 and 6 of the Village’s Residency Agreement, a copy of which is attached as “Attachment C” describes the facilities and services provided to independent living residents of Bridgewater Retirement Community. A summary of those services follows:

*Residence*            Each residence contains individually controlled heat and air conditioning, smoke detectors, phone and cable outlets, and a kitchen equipped with a range, refrigerator, garbage disposal, a hood and fan.

The following features are available in some, but not all, of the residences: 24-hour emergency call system, sprinkler system, unit washer and dryer, microwave oven, dishwasher, and ice maker.

- Common Facilities* Each resident is entitled to share with all other residents the use of the grounds and designated common facilities of Bridgewater Retirement Community, such as its dining venues, activity and meeting rooms, library, fitness center, chapel, outdoor pavilion, woodworking shop, art studio, observatory, and lounges, and to reserve designated areas for special occasions.
- Dining Services* Dining services are provided at designated hours multiple venues in the Houff Community Center and elsewhere. All residents must pay a monthly meals allowance fee, as published from time to time. The meals allowance can be used to buy food items at published rate at the time of service
- Housekeeping* Housekeeping services are available on a fee-for-service basis to all residents, except basic, weekly housekeeping services are provided to residents of Maple Terrace and The Grove as part of their Prime Amenities Package. The Village is responsible for all housekeeping of the common facilities.
- Laundry* Flat-linen laundry service is available to all residents on a fee-for-service basis. In addition to the washer and dryer provided in some units, the Village maintains common laundry areas for use by Village residents, with all costs to maintain and operate the machines borne by Village. The weekly laundering of resident-owned, flat linens is provided to residents of Maple Terrace and The Grove as part of their Prime Amenities Package.
- Maintenance* The Village is responsible for all repair, maintenance, and replacement of Village-owned property, equipment, and appliances except in cases where such repair is required as a result of the negligence or intentional acts of the resident or his or her guests. The Village will determine the necessity and timing of all repairs, maintenance, and replacements. Within the limits of its personnel and facilities, the Village performs maintenance services on resident-owned personal property and equipment on a fee-for-service basis.
- Transportation* Transportation to local (Harrisonburg, Bridgewater, Dayton, Weyers Cave) medical appointments can be scheduled in advance with Resident Services/Transportation at no charge. Transportation for non-local medical appointments within a sixty-mile radius may be provided by the Village, at published rates and fees, upon request.

Unless it is an unexpected emergency medical appointment, Resident Services/Transportation requires two (2) days' notice for local medical appointments and five (5) days' notice for non-local medical appointments. Village may use volunteers to provide such transportation service. Trips to local grocery stores, shopping centers, and malls are regularly scheduled by the Village as group activities. Other trips may be available to Village residents at commercially reasonable costs.

*Utilities* Residents of the Cottage Community are responsible for paying the cost of all their utilities, including water, sewer, electricity, trash pick-up telephone (including installation) and cable television. Residents of the Hearthstone Manor apartments are responsible for paying the cost of all such utilities, except water, sewer and trash. Maple Terrace and The Grove residents are responsible for paying for the cost of telephone and cable services, but the Village provides water, sewer, heat, trash pick-up, air-conditioning and electricity as part of the Prime Amenities Package included in their Monthly Fee.

*Programs* Social, educational, cultural, recreational, religious and wellness programs are provided for those Village residents who wish to participate. Tours and other programs are available at commercially reasonable costs for those residents who wish to participate. Volunteer opportunities are also available at Bridgewater Retirement Community and in the community at large.

*Taxes* The Village pays all real estate taxes assessed against the residences. Village residents pay all personal property taxes assessed against their own personal property.

*Physician Services* Resident may use his or her own physician or a physician affiliated with Bridgewater Retirement Community on a fee-for-service basis.

*Priority Admission* The Residency Agreement does not entitle resident to assisted living or health care services, but, in the event the resident applies for admission, and is eligible for admission, to Assisted Living, Memory Support, or Nursing Households of Bridgewater Retirement Community, the resident's application will have priority over non-residents. If the resident transfers temporarily or permanently to the Assisted Living, Memory Support, or Nursing Household segments of Bridgewater Retirement Community, the resident will be charged on the basis of Bridgewater Home's prevailing rates as are then in effect during resident's stay in such facility. The prevailing rates include room and board, but do not include physician's fees, therapeutic services, drugs and medical supplies, or transportation. A resident's

Monthly Service Fee to the Village continues in effect during a temporary transfer outside of the Village for any reason.

### ***Fees Required of Residents***

Sections 3, 7 and 10 of the Village's Residency Agreement describe the fees required of residents and the resident's entitlement to a refund, if any, of these fees. These fees are summarized below, and the current dollar amounts of the Entrance Fee and Monthly Service Fee are set forth on the schedule of fees attached as "Attachment D." The schedule of fees is subject to change upon 30 days' advance written notice to residents. Changes apply prospectively (i.e., to the calculation of the Entrance Fee refund), but not retroactively (i.e., to the Entrance Fee paid). Fees paid prior to a person's occupancy, as well as the Entrance Fee (regardless of when it is paid), are used to provide for operating, capital improvement and financing needs of the Village.

*Application Fee* A one-time non-refundable Application Fee of \$150 for one person or \$200 for two persons is due upon application for admission.

*Advance Wait List Fee* A refundable \$1,000 fee is required for individuals requesting to be placed on the priority wait list for admission to the Village. This fee is applied to the Entrance Fee upon acceptance for admission.

*Entrance Fee* A one-time Entrance Fee is due on the Occupancy Date, or 60 days following signing of the Residency Agreement,, whichever is later. For residences under construction, a payment of 10% of the Entrance Fee balance is required. The Entrance Fee balance will be due in three equal payments: (i) one-third thereof within five (5) days of the Village's notice to the Resident that the Residence is under roof, (ii) when the drywall for the residence is installed, and (iii) when the resident is permitted to occupy the residence. The Entrance Fee entitles the resident to live in the residence until the Residency Agreement is terminated (plus a 30-day period following termination to vacate the residence). Attachment D sets forth the current schedule of Entrance Fees.

*Residency Agreement Deposit* Upon acceptance for admission, 10% of the Entrance Fee is due at signing of the Residency Agreement.

*Monthly Service Fee* Beginning on the first day of the month following Occupancy Date and continuing until vacation of the residence, a Monthly Service Fee is due. Attachment D sets forth the current schedule of Monthly Service Fees.

*Transfer Fee* A resident must pay a nonrefundable transfer fee of \$10,000 whenever the resident has requested a change in residence within the Village and the Village has granted such request. Additionally, the resident must pay the difference, if any, between the original Entrance Fee paid for the resident's existing residence and the current Entrance Fee for the requested residence, as well as costs associated with resident-requested upgrades or improvements to the requested residence.

*Refund of Fees* **A resident has the right to cancel his or her Residency Agreement within seven days after it is signed. Within 30 days of cancellation, the Village will refund all payments made, without interest, except the Application Fee (\$150 per person; \$200 per couple), and any expenses actually incurred by the Village at the resident's specific request for custom improvements to the residence.**

Likewise, if, before a resident's residence is ready for occupancy, the resident dies or becomes unable because of illness to become a resident, within 30 days thereafter, the Village will refund all payments made, without interest, except the \$150 Application Fee for one person or \$200 for two persons, and any expenses actually incurred by the Village at the resident's specific request for custom improvements to the residence.

If the Residency Agreement is terminated before the due date for the first Monthly Service Fee, then within 30 days of termination, the Village will refund all Entrance Fee payments made by the resident, without interest, less any expenses actually incurred by the Village at the resident's specific request for custom improvements to the residence.

If the Residency Agreement is terminated after the due date for the first Monthly Service Fee, then the Entrance Fee will be refunded, if at all, according to whether the resident has paid an "Option One," "Option Two," or "Option Three" Entrance Fee.

An "Option One" refund entitles the resident to an 80% Entrance Fee refund if the Residency Agreement is terminated after the first day of

occupancy up to the end of the first year. If the Residency Agreement is terminated on the first day of the second year and up to the end of the second year the resident is entitled to a 65% Entrance Fee refund. On the first day of year three and up to the end of year three, the resident is entitled to a 50% Entrance Fee refund. The Entrance Fee refund amount then declines 10% each year thereafter. No refund will be due if the Residency Agreement is terminated after seven years.

An "Option Two" refund entitles the resident to an 80% Entrance Fee refund if the Residency Agreement is terminated after the first day of occupancy up to the end of the first year. If the Residency Agreement is terminated on the first day of the second year and up to the end of the second year the resident is entitled to a 65% Entrance Fee refund. On the first day of year three and thereafter the resident is entitled to a 50% refund if the Residency Agreement is terminated.

An "Option Three" refund entitles the resident to an Entrance Fee refund of 100% whenever the Residency Agreement is terminated.

Payment of refund due under Option One, Two, or Three shall be paid within six months following vacation of the residence by the resident to whom payment is due under the Residency Agreement or 60 days following the date on which the residence is leased to and is occupied by a new resident, whichever date is earlier.

In the case of joint residents, upon termination of the Residency Agreement with respect to one resident, all rights and obligations shall vest in and be assumed by the remaining resident(s), except that any refund shall not be due until the termination of the Residency Agreement with respect to all residents, at which time any refund will be paid to the surviving residents in equal interests, or all to the sole surviving resident.

Any refund due a resident who dies prior to the time of payment will be paid to his or her estate, or pursuant to an effective "Pay on Death" designation on file with the Village. Any refund due a resident who marries another resident after admission (where both residents choose to continue their residency status) will be determined and paid when the residency agreements of both residents are terminated.

With respect to any resident who transfers to Bridgewater Home, Bridgewater Retirement Community reserves the right to use any refund due under the Residency Agreement for the account of the Bridgewater Home Resident.



Payments in excess of \$1,000 made prior to the date on which a resident is permitted to occupy his or her residence, whether a reservation deposit, the Residency Agreement Deposit, an advance payment of the Entrance Fee, or otherwise, are deposited in a bank escrow account that is separate and apart from the business accounts of Bridgewater Retirement Community. Escrowed funds remain the property of the resident until released to Bridgewater Retirement Community as permitted by law. Escrowed funds are not subject to any liens, judgments, garnishments or creditor’s claims against the Bridgewater Retirement Community. A copy of Bridgewater Retirement Community’s Escrow Agreement with SunTrust Banks, Inc. is attached as “Attachment E.”

The following table sets forth the frequency and average dollar amount of each *increase* in the Monthly Service Fee for Village residents:

| <b>History of Monthly Fee Increases</b> |   |   |
|---|---|---|
| <b>Year</b>                             | <b>Monthly Service Fee Increase for all Units</b> | <b>Monthly Enhanced Services Fee Increase for Maple Terrace</b> |
| 2022                                    | 6.0%  | 6.0%  |
| 2021                                    | 3.5%  | 3.5%  |
| 2020                                    | 3%  | 3%  |
| 2019                                    | 3%  | 3%  |
| 2018                                    | 3%  | 3%  |
| 2017                                    | \$25  | \$20  |

**Reserve Funding**

In accordance with accounting principles generally accepted in the United States, Bridgewater HealthCare, the Village, Home and Foundation maintain their accounting records on the accrual basis of accounting. Within this method, Entrance Fees are recorded as deferred revenue when received and are amortized into revenue on an actuarial basis. (See Note 1 on the September 30, 2021 Financial Statements.)

The Village has established an account with Truist Bank for payments the Village receives for Streets and Future Improvements Fees and prepaid Monthly Service Fees. The funds from this account are used to support the services to which those fees relate. As of September 30, 2022, the account balance was approximately \$3,481,236. Truist Bank has designated Robert S. Norfleet, III as the investment manager for the funds in this account.

The Village does not hold Entrance Fees in reserve. Entrance Fee refunds are paid from the general operating funds of the Village, usually from the Entrance Fee paid by the new resident of the vacated residence for which an Entrance Fee refund is due.

The Foundation has also established an Endowment Fund, which receives contributions that are solicited under various fundraising programs. The investment income earned by the Endowment Fund are used to assist individual residents of the Bridgewater Retirement Community who may have financial difficulty, as well as general obligations of Bridgewater Retirement Community's nursing operations due to losses incurred in residency contracts to which the Virginia Medicaid program applies. Earnings from a portion of the Endowment Fund, known as the "Good Neighbor Fund," are available to Village residents who qualify for financial assistance.

The Investment Committee of the Boards of Directors of Bridgewater HealthCare and the Foundation has designated CAPTRUST as manager of these funds. The performance of the manager is reviewed semi-annually by the Investment Committee which has authority to approve or disapprove the investment portfolio decisions of the manager. The current value of Bridgewater Retirement Community's Endowment Fund is approximately \$16.53 million, of which \$575,004 is the "Good Neighbor Fund."

CAPTRUST has designated Mr. Terence H. Crowgey, an employee of CAPTRUST, as the investment manager for the funds in Bridgewater Retirement Community's Endowment Fund. Mr. Crowgey is a Chartered Financial Analyst charterholder through the Association for Investment Management and Research and has over 51 years of experience in portfolio investment management.

### ***Certified Financial Statements***

See Attachment G. The financial statements for Bridgewater Retirement Community are presented at a consolidated level. Financial position and results of activities specific to Bridgewater Village, Inc. are included as supplementary information in the Attachment.

### ***Pro Forma Income Statement***

See Attachment H. There were no material differences between last year's pro forma income statement and last year's actual results of operations.

### ***Admission of New Residents***

To be admitted as a Resident of the Village, persons who apply for admission must

- ❑ be physically and mentally capable of independent living;
- ❑ possess the financial resources necessary to fulfill the payment obligations anticipated by the Residency Agreement;
- ❑ be free of communicable diseases; and
- ❑ be at least 55 years of age at the time of admission.

Applicants who do not meet the minimum age requirements may nevertheless be considered for admission on a case-by-case basis by the Village Administration. Determination of an applicant's eligibility for admission will be made in the sole discretion of the Village. Qualified applicants are admitted to the Village without regard to race, color, national origin, religion, sex, gender, sexual orientation, familial status, military status, or disability.

### ***Access to Facility by Nonresidents***

Bridgewater Retirement Community is the home of its residents. Guests are welcome at any time so long as they abide by the rules and regulations published by the Village. Guests of Village residents are permitted to stay in such residents' units for up to seven consecutive days. Thereafter, permission must be granted by the Village. Any guest may purchase meals at prevailing rates, or the resident with whom such guest is visiting may request that such charge be billed to the resident as part of the resident's monthly statement.

Outside groups or individuals are permitted to rent designated areas of the Bridgewater Retirement Community facilities for special events provided the function (i) is sponsored by a resident, (ii) involves professional associations or educational institutions affiliated with residential or facility programs, or (iii) serves the interest of the local community.

Bridgewater Retirement Community reserves the right to restrict nonresident access when at its sole discretion it deems such restriction to be in the best interests of Bridgewater Retirement Community and/or its residents, as in the case of a pandemic or other health emergency, or when mandated by state guidelines or regulatory requirements.

### ***Anticipated Source and Application of Purchase or Construction Funds***

Not applicable.

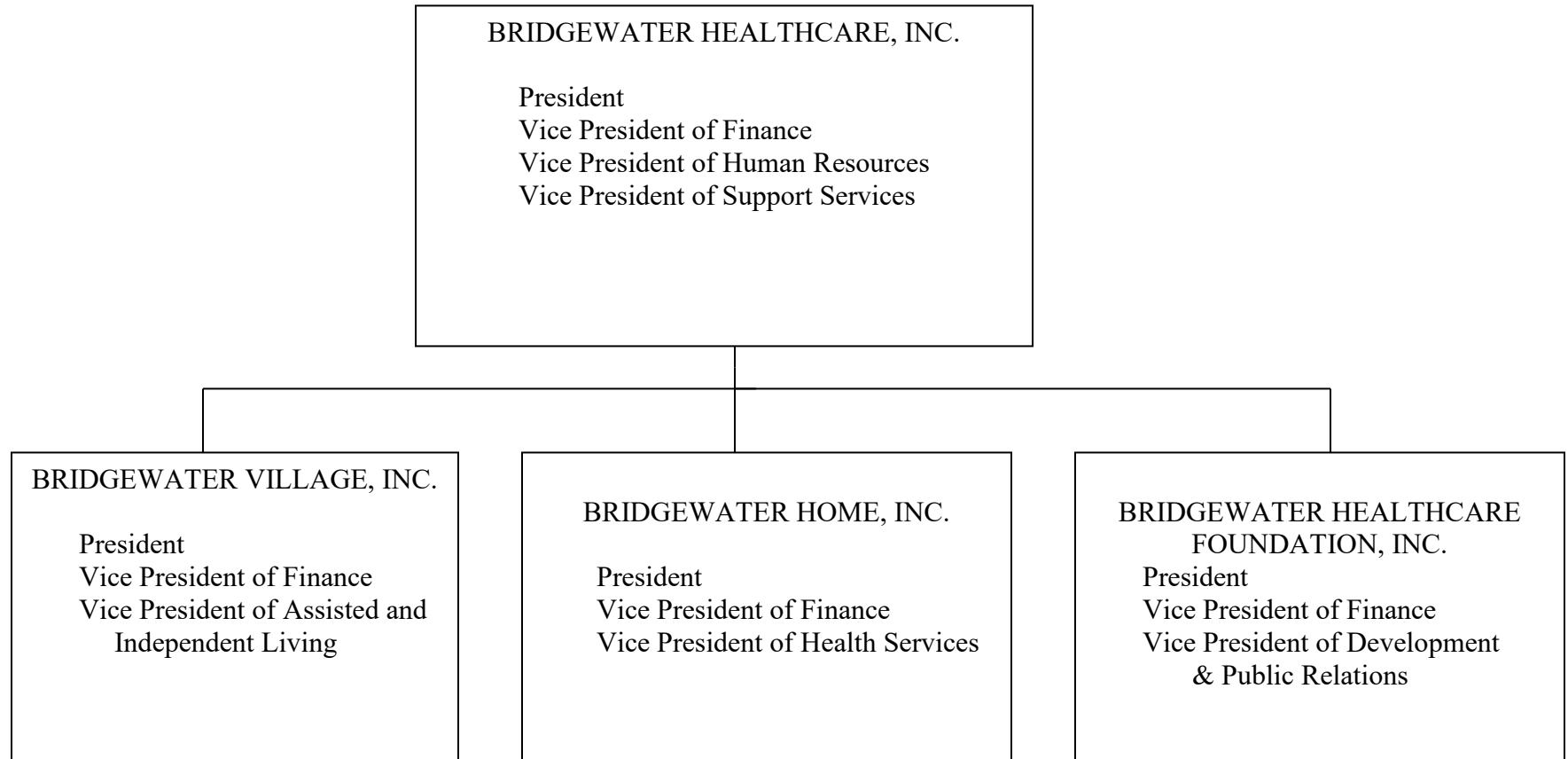
### ***Procedure for Resident to File a Complaint or Disclose Concern***

Residents of the Village may file a complaint or disclose any concern, in writing, at any time, to the Village administration. The Village administration will use its best efforts to respond, in writing, to such complaint within 15 days. If the resident is unsatisfied with the response of the Village administration, the resident may appeal the matter to the President of Bridgewater HealthCare. The President, likewise, will use his best efforts to respond, in writing, to such appeal within 15 days. If the resident is unsatisfied with the response of the President, the resident may appeal the matter to the Executive Committee of the Board of Directors of Bridgewater Retirement Community.

### ***Attachments***

- A Organizational Chart
- B Campus Map
- C Village Residency Agreement
- D Schedule of Entrance Fee and  
Monthly Service Fee for Village Units
- E Escrow Agreement
- F Consolidated Financial Statements
- G Pro-Forma Income Statement
- H Summary Financial Statement – Village Only

BRIDGEWATER RETIREMENT COMMUNITY  
ORGANIZATIONAL CHART



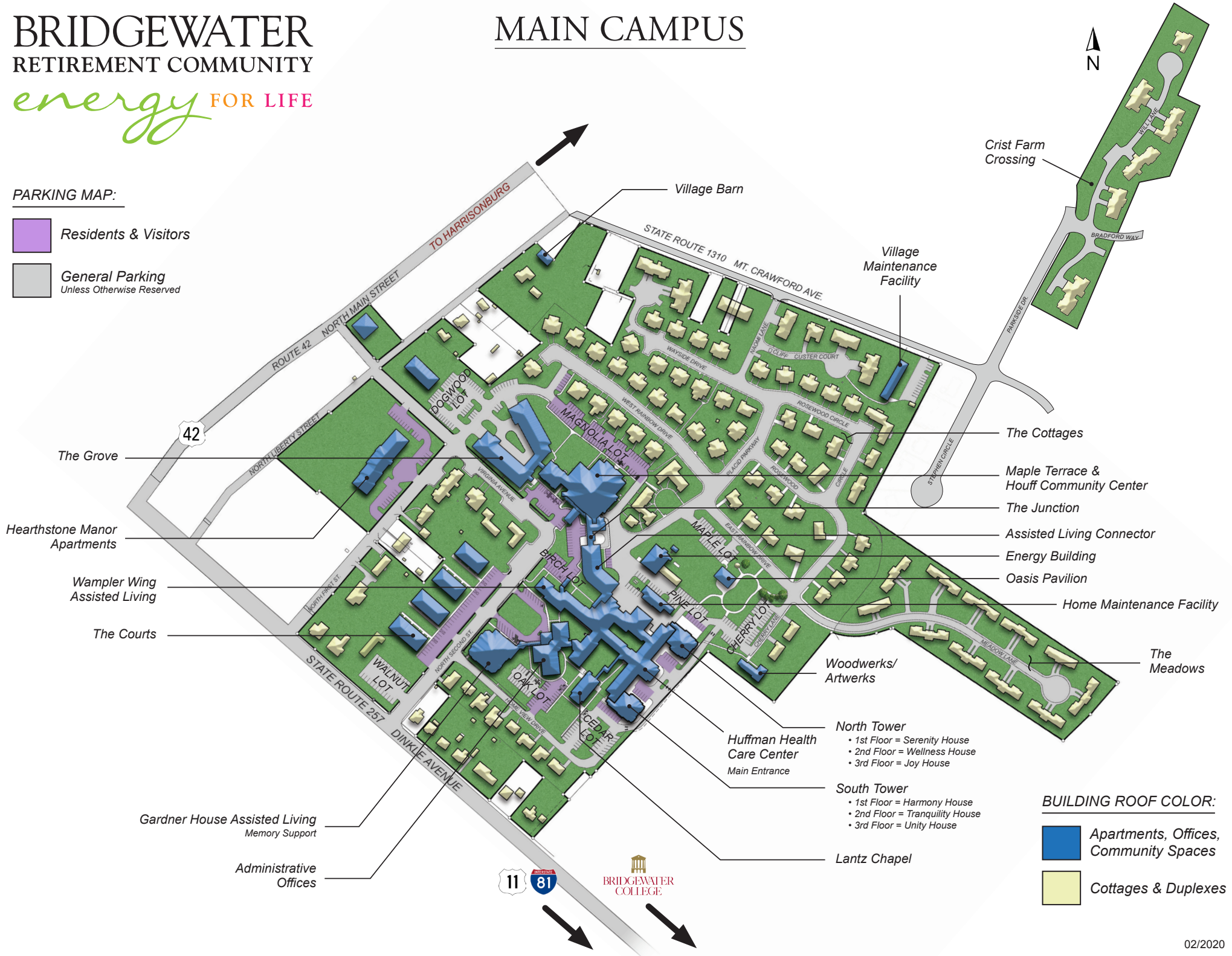
Bridgewater Healthcare, Inc. also holds a 33.33% membership interest in First Choice Home Health Services, LLC.  
Bridgewater Healthcare Foundation, Inc. also holds a 100% membership interest in BHFI, LLC which holds title to real estate gifts to the Foundation.

MAIN CAMPUS



**PARKING MAP:**

- Residents & Visitors
- General Parking  
Unless Otherwise Reserved



**BUILDING ROOF COLOR:**

- Apartments, Offices, Community Spaces
- Cottages & Duplexes

# BRIDGEWATER VILLAGE, INC.

RESIDENCY AGREEMENT

2023

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## BRIDGEWATER VILLAGE, INC. RESIDENCY AGREEMENT

This RESIDENCY AGREEMENT ("Agreement") is made this \_\_\_ day of \_\_\_\_\_,  
20 \_\_\_, by and between BRIDGEWATER VILLAGE, INC., (the "Village") and

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who, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Definitions.**

- (a) "Admission" of Resident is deemed to have occurred upon the full execution of this Agreement.
- (b) "Application Fee" means the nonrefundable \$150 fee for one person and \$200 fee for two persons, paid at the time of application, as set forth in Section 2(a) of this Agreement.
- (c) "Assisted Living" means the designated sections of the Bridgewater Home, Inc. in which residents are provided with room, meals, and assistance in daily living.
- (d) "Bridgewater Retirement Community" means Bridgewater HealthCare, Inc., a nonprofit corporation, and the member corporations which it operates; namely, the Village (devoted primarily to providing residence to persons capable of independent living) and Bridgewater Home, Inc. (devoted primarily to providing residence to those who need assistance in living or health care services), and the facilities and campuses which comprise them.
- (e) "Entrance Fee" means the one-time fee paid as set forth in Section 3(a) of this Agreement.
- (f) "Memory Support" means the designated section of Assisted Living in Bridgewater Home, Inc., in which residents with mild to moderate cognitive impairment are provided with room, meals, and assistance in daily living.
- (g) "Nursing Household" means the licensed nursing facility of Bridgewater Home, Inc. in which residents are provided with room, meals and 24-hour nursing care.

- (h) "Monthly Service Fee" means the fee paid monthly as set forth in Section 3(b) of this Agreement.
- (i) "Occupancy Date" means the date on which Residence is available for occupancy by Resident, advance written notice of which shall be given to Resident by Village as early as reasonably possible.
- (j) "Advance Wait List Fee" means the refundable \$1,000 payment a prospective resident may make to be placed on the Village's priority wait list for a residence. As provided in Section 3(a) such fee is applied to the Entrance Fee upon Admission.
- (k) "Residence" means the following residential living unit:  
 \_\_\_\_\_, or any other residential living unit within the Village to which Resident may later transfer.
- (l) "Resident" means each individual who executes this Agreement, even if more than one. In the event this Agreement is entered into by more than one Resident, the obligations hereunder shall be joint and several.
- (m) "Transfer Fee" means the fee paid as set forth in Section 5(d)(i) of this Agreement.
- (n) "Vacate" or "Vacation" means to cease occupying the Residence and remove all personal possessions therefrom.
- (o) "Village Administration" means the Vice President of Independent Living or his/her designee who is designated by the Bridgewater Retirement Community's President to administer the Village.
- (p) "Village Rules and Regulations" means the published rules and regulations relating to the Village and resident responsibilities, as amended by Bridgewater Retirement Community from time to time. Resident's signature of this agreement evidences Resident's receipt of a current copy of the Village Rules and Regulations.
- (q) "Broom Swept" means all items removed from residence, (except items boxed and labeled for donations to charitable organizations including Bridgewater Home Auxiliary for its ReRun Shoppe or to the Village Residents Association for

the Village Barn, provided that organization has agreed to accept the items); no belongings or trash left in closets, cabinets or refrigerator; floors swept and carpets vacuumed. Should unlabeled belongings remain in the residence, or should the designated organization not accept the donation in a timely manner, upon Vacation they become the sole property of Bridgewater Village to dispose of as it deems appropriate.

2. ***Admission.***

- (a) Qualifications. Persons who apply for admission to the Village must (i) be physically and mentally capable of living independently, (ii) possess the financial resources necessary to fulfill the payment obligations anticipated by this Agreement, (iii) be free of communicable diseases, (iv) be at least 55 years of age at the time of admission, and (v) pay an application fee (“Application Fee”) of \$150 for one person or \$200 for two persons at the time of application, which Application Fee is nonrefundable regardless of whether admission is granted. Applicants who do not meet the minimum age requirements may nevertheless be considered for admission on a case-by-case basis by the Village Administration. Determination of an applicant’s eligibility for admission will be made in the sole discretion of Village Administration. Qualified applicants are admitted to the Village without regard to race, color, national origin, religion, sex, gender identification, sexual orientation, familial status, military status, or disability. The requirements of subsection (i), (ii) and (iii) are ongoing requirements for residency under this Agreement. The consequences of becoming physically or mentally incapable of living independently, or of contracting a communicable disease, are described in Sections 5(d)(ii) and 9(b)(i). The consequences of becoming financially unable to fulfill the payment obligations under this Agreement are described in Section 7(f) and 9(b)(ii).
- (b) Joint Application. Persons who are legally married at the time of application are automatically eligible for joint occupancy admission provided they both meet the admissions criteria of Section 2(a)(i) through (iii), at least one of them is at least 55 years of age at the time of admission, and the Application Fee is paid.

Persons who are not legally married at time of application for joint occupancy must separately meet admissions criteria of Section 2(ii) regarding financial resources; or, if only one applicant meets admission criteria of section 2(ii), that applicant agrees, by signing an attached Addendum to this Agreement, to be responsible for the second applicant's financial obligations to Bridgewater HealthCare, Inc. while living in the Village as well as for 30 months after either or both transfer to Assisted Living, Memory Support, or Nursing Households within Bridgewater Retirement Community.

- (c) Marriage to Nonresident Spouse Subsequent to Admission. If a Resident marries a nonresident after Resident's Admission, provided the nonresident spouse meets the admissions criteria of Section 2(a)(i) through (iii), the nonresident spouse may be granted Residency through an Addendum of this Agreement. In the absence of such an Addendum, the nonresident spouse will be permitted to reside in the Residence with the Resident until 30 days following termination of this Agreement, such 30-day period being the nonresident spouse's deadline for Vacation of the Residence. Notwithstanding the foregoing, if the nonresident spouse wishes to continue to reside in the Residence following termination of this Agreement, and the nonresident spouse is eligible for admission, the nonresident spouse may apply for admission to the Village, which application will have priority over non-residents. Such application must be received by the Village within the 30-day period following termination of this Agreement. If admission is granted, the nonresident spouse will enter into a new Residency Agreement and pay all fees associated therewith. If admission is denied, the nonresident spouse must vacate the Residence within 30 days of his or her denial of admission. During the time that a nonresident spouse resides in the Residence, the Monthly Service Fee and the additional person fee will be subject to increase. The nonresident spouse's permission to occupy the Residence is revocable by the Village for the same reasons, and according to the same procedures by which, the Village may terminate this Agreement under Section 9(b) with respect to Resident (i.e., the nonresident becomes a danger to

himself or herself, applicable fees are not paid, etc.). Further, if the nonresident spouse does not meet the admissions criteria of Section 2(a)(i) through (iii), the nonresident spouse will not be permitted to reside in the Residence with Resident. The Resident's remedy in the event the nonresident spouse's permission to occupy the Residence is revoked, or the nonresident spouse does not meet the admissions criteria, is limited to the Resident's right to terminate this Agreement as described under Section 9(a).

(d) Marriage to Resident Spouse Subsequent to Admission. If Resident marries another resident of the Village subsequent to Resident's Admission, the resident who is relinquishing his or her residence may (i) maintain his or her Resident status by signing an addendum to his or her Residency Agreement which reflects the transfer to the residence of his or her spouse and the waiver of the Monthly Service Fee, effective upon Vacation, with respect to the relinquished residence or (ii) terminate his or her Residency Agreement and thus lose his or her Resident status. Under option (i), the Resident and his or her spouse each maintain his or her respective Residency Agreement, entitling each of them, for example, to priority admission to the Assisted Living or Health Care Unit facilities of Bridgewater Home, Inc. and, upon termination of both Residency Agreements (the Resident's and his or her spouse's), to any applicable Entrance Fee refund. Under option (ii), the Residency Agreement of the relinquishing spouse terminates, entitling the relinquishing spouse to the Entrance Fee refund to which he or she is entitled under Section 10, but also terminating his or her priority admission to the Assisted Living or Health Care Unit facilities of Bridgewater Home, Inc. Under option (ii), the relinquishing spouse becomes a nonresident spouse to which Section 2(c) applies. In either event, the Monthly Service Fee and the additional person fee will be subject to increase for so long as two persons reside in such residence.

3. ***Fees Payable Upon Admission.*** Upon Admission, the Resident shall be deemed admitted to the Village and the following fees shall be paid when due:

- (a) Entrance Fee. A one-time Entrance Fee of \$\_\_\_\_\_ will be due to the Village, with payment of 10% due upon Admission and the balance of the Entrance Fee due upon the Occupancy Date, or 60 days following signing of this Residency Agreement, whichever is later; provided, however, for any Residence that is under construction at the time of Admission, payment of 10% of the Entrance Fee balance will be due upon Admission and the balance of the Entrance Fee will be due in three equal payments: (i) one-third thereof within five (5) days of the Village's notice to the Resident that the Residence is under roof, (ii) one-third thereof within five (5) days of the Village's notice to the Resident that the Residence's drywall is installed, and (iii) one-third thereof upon the Occupancy Date. In the case of extenuating circumstances, Village may make alternate arrangements with respect to the payment of the Entrance Fee, which arrangements will be evidenced by an addendum to be attached to this Agreement. If the Resident has paid the Advance Wait List fee or a Residency Agreement Deposit, such fee(s) will be deducted from the Entrance Fee upon Admission.
- (b) Monthly Service Fee. From and after the Occupancy Date and until Vacation by the Resident (or, if applicable, by the nonresident spouse as provided in Section 2(c)), a Monthly Service Fee will be paid to the Village with respect to the Residence. The obligation to pay the Monthly Service Fee will begin on the first day of the month following the Occupancy Date. The initial Monthly Service Fee for the Residence shall be \$\_\_\_\_\_, and an additional person fee of \$\_\_\_\_\_. The Monthly Service Fee is subject to adjustment as provided in Section 7 of this Agreement.
- (c) Escrow. Payments in excess of \$1,000 made prior to the Occupancy Date will be deposited in a bank escrow account, which account is separate and apart from the business accounts of Bridgewater Retirement Community. Escrowed funds remain the property of Resident until the earlier of (i) the Occupancy Date or (ii) any applicable forfeiture of fees as provided in Section 10 of this Agreement, at which time such funds become the property of the Village; provided, however,



that all funds or assets deposited in escrow shall be released to the Resident if and as required by Va. Code § 38.2-4904.1(D), as amended. Escrowed funds are not subject to any liens, judgments, garnishments or creditor's claims against the Bridgewater Retirement Community.

4. **Right of Rescission.** Resident has the right to cancel this Agreement by sending or delivering written notice of cancellation to Village by midnight of the seventh (7th) calendar day following the day on which it is fully executed. Such cancellation is without penalty and all payments made by Resident shall be promptly refunded, without interest, except for the Application Fee and any expenses actually incurred by Village at Resident's specific request for custom improvements to Residence. Resident is not required to occupy Residence during the seven-day rescission period. If Resident does occupy Residence, such occupancy shall not be construed as a waiver of Resident's right to rescind the Agreement during the seven-day rescission period. In the event more than one Resident has entered into this Agreement, the rescission by one Resident shall be deemed a rescission by all Residents.

5. **Facilities.**

- (a) Residence. Resident has a personal and non-assignable right to live in Residence until Vacation of the Residence as provided in this Agreement, but Resident's rights hereunder do not include any right, title or interest in any part of the personal or real property of Village. Resident may not allow anyone else to use the Residence except as permitted by the Village Rules and Regulations or with the prior written consent of the Village Administration.
- (b) Furnishings. All Village residences contain individually controlled heat and air conditioning, a kitchen equipped with range, refrigerator, microwave oven, dishwasher, ice maker, garbage disposal, a hood and fan, smoke detectors, and phone and cable outlets. All apartment residences are equipped with a sprinkler system. A washer & dryer are provided in The Grove and Hearthstone Manor. A 24-hour emergency call system is included in Maple Terrace and The Grove apartments. All other furnishings, including other electrical and mechanical appliances, are to be provided by Resident, provided such furnishings do not

interfere with the health, safety and general welfare of Resident or other residents of Village and otherwise comply with the Village Rules and Regulations. Furnishings provided by Resident shall remain Resident's personal property. Bridgewater Retirement Community shall not be responsible for damage or loss of any of Resident's personal property by reason of casualty, theft or otherwise.

- (c) Modifications to Residence. The following procedures shall apply with respect to any alteration, renovation, or additions to Residence, including change of the furnished equipment enumerated in Section 5(b) above, requested by Resident (referred to herein as an "alteration"):
- i. Resident must obtain the advance written approval of the Village Administration prior to any alteration, which approval shall be in the Village Administration's sole discretion. Any alteration shall be performed by Village or its agents.
  - ii. The Village Administration will bill the Resident the Village's cost for such alteration. If, as of the date of payment of such bill, Resident would be entitled to an Entrance Fee refund should this Agreement be terminated as of such date, and if Village Administration, in its sole discretion, determines that the alteration constitutes a material enhancement to the Residence, the Entrance Fee which the Resident has paid pursuant to Section 3(a) will be increased by the amount of the alteration payment. Such adjustment shall be evidenced by an addendum to be attached to this Agreement.
  - iii. Unless otherwise agreed by the Village Administration at the time of approval of the alteration, which agreement will be evidenced by an addendum to be attached to this Agreement, the Village's cost to restore Residence to its original condition upon Resident's Vacation of Residence will be billed to the Resident.
- (d) Relocation within Village.
- i. Resident may request to change residence within the Village at any time. Village may, in its sole discretion, grant such request if, among other

factors Village may reasonably consider, another residence is then available, and Resident agrees to pay the difference, if any, between the original Entrance Fee paid for the resident's existing residence and the current Entrance Fee for the requested residence, any Resident-requested upgrades or improvements to the requested residence, and a nonrefundable transfer fee of \$10,000.00 ("Transfer Fee"). The Village has no responsibility to assist with moving the Resident's personal property in connection with any Resident-requested change in residence.

- ii. Village may relocate Resident to another residence if it determines, in its sole discretion, that such relocation should be made (such determination, both as to the necessity of relocation and whether such relocation is "permanent" or "temporary," to be made by Village Administration, in consultation with such persons as Village Administration deems appropriate, such as Resident's physician, Resident's personal representative, and Resident's family) because the Resident presents a direct threat to the health and safety of himself or herself or others or Resident's tenancy in the Residence will result in substantial property damage and no reasonable accommodation (which, if made, would be paid for by Resident) will mitigate this direct threat; for financial reasons as described in Section 7(f); or for the general welfare of the Village and its residents. In the event of such relocation, Resident shall cooperate with the relocation and pay the difference, if any, between the original Entrance Fee paid for the resident's existing residence and the current Entrance Fee for the requested residence. In addition, the Village reserves the right to relocate resident due to Master Planning needs. In the event of such relocation, resident shall cooperate with relocation and the Village would provide a comparable residence and assist with relocation.
- iii. Upon Resident's relocation under Sections 5(d)(i) or 5(d)(ii), the Monthly Service Fee will be adjusted as provided in Section 7. Any change to the Entrance Fee or Monthly Service Fee shall be evidenced by an addendum

to be attached to this Agreement. No Entrance Fee refund or adjustment will be due or required as a result of Resident's move to a residence with a lower Entrance Fee. In lieu of addendum, Resident may be asked to sign new Residency Agreement.

- (e) Common Facilities. Resident is entitled to share with all other residents the use of the grounds and designated common facilities of Bridgewater Retirement Community (i.e., dining venues, activity and meeting rooms, library, fitness center, chapel, outdoor pavilion, woodworking shop, art studio, observatory, and lounges), and to reserve designated areas for special occasions in accordance with the Village Rules and Regulations.
  - (f) Additional Storage. Maple Terrace, The Grove, and Hearthstone Manor residents have additional secured storage space available in the public area.
  - (g) Right of Entry. Village has the right to enter Residence (i) at all reasonable times for inspection and to perform housekeeping and maintenance services, as applicable, and (ii) at any time to respond to emergency situations.
6. **Services**. The services provided by Village as described in this Section 6 may be changed by Village upon 30 days' advance written notice to Resident; provided, however, advance notice is not required in the event of changes required by state or federal assistance programs or law, for nonmaterial changes, or for changes to published fees.
- (a) Dining Services. The Village offers dining services at designated hours in the Houff Community Center and elsewhere. All residents must pay a monthly meals allowance, as published from time to time. The meals allowance can be used to buy food items at published rate at the time of service BRC dining venues and participating local restaurants.
  - (b) Housekeeping. Resident is responsible to maintain Residence in a clean, sanitary and orderly manner. Housekeeping services are available on a fee-for-service basis, at published rates, except basic housekeeping services are provided to residents of Maple Terrace and The Grove as part of their Prime

Amenities Monthly Service Fee. Village will be responsible for all housekeeping in the common facilities.

- (c) Laundry. The laundry of Resident's personal items is the responsibility of Resident. For this purpose, in addition to the washer and dryer provided in some residences, Village will furnish and maintain common laundry areas for use by Village residents, with all costs to maintain and operate the machines to be borne by Village. Flat linen service is available on a fee-for-service basis, at published rates, except that periodic laundering of resident-owned, flat linens is provided to residents of Maple Terrace and The Grove as part of their Primed Amenities Monthly Service Fee.
- (d) Emergency Call System and Security. Village residents must dial "911" on their telephones to access local emergency response. Residents of Maple Terrace and The Grove may access such response through an emergency call system installed in each Maple Terrace and The Grove residence.
- (e) Maintenance and Repair. Village will be responsible for all repair, maintenance and replacement of Village-owned property and equipment which it determines, in its sole discretion, is necessary or appropriate; provided, however that Village reserves the right to charge Resident for any such repair, maintenance or replacement required as a result of the negligence or intentional acts of Resident or his or her guests. Upon request, Village may endeavor, within the limits of its personnel and facilities, to perform maintenance services on Resident-owned property and equipment at an additional charge to Resident at published rates and fees. Except in an emergency, maintenance and repair services will be performed during regular, published working hours.
- (f) Transportation. Transportation to local (Bridgewater and Harrisonburg) medical appointments can be scheduled in advance with Resident Services/Transportation at no charge. Transportation for non-local medical appointments can be provided by the Village Team, at published rates and fees, upon request. Unless it is an unexpected emergency medical appointment, Resident Services/Transportation requires two (2) days' notice for local medical

appointments and five (5) days' notice for non-local medical appointments.

Village may use volunteers to provide such transportation service. Trips to local grocery stores, shopping centers, and malls are regularly scheduled by the Village as group activities. Other trips may be available to Village residents at commercially reasonable costs.

- (g) Buildings and Grounds. Village will maintain all community buildings, common areas and grounds, including lawns, walkways, and driveways. Landscaping and decorative plantings will be provided and maintained by Village, as it deems appropriate. Resident requests for special plantings must be made according to the Village Rules and Regulations.
- (h) Utilities. Bridgewater Village's Community residents are responsible for paying the cost of all their utilities, including water, sewer, trash collection, electricity, telephone, and cable services, with the following exceptions: (i) For all Village Residents under this agreement, Internet service via WiFi is provided at no additional charge; (ii) For Residents of Hearthstone Manor, water, sewer, and trash collection are included in the Monthly Fee; (iii) For Residents of Maple Terrace and The Grove, water, sewer, trash collection, and electricity are included in the Prime Amenities Monthly Fee. As applicable, utilities will be billed directly to Residents by the service provider. Note that neither the Village nor its vendors are responsible for the content of any media or materials, such as television programming or websites, that are transmitted through provided utilities including Internet service or cable.
- (i) Trash and Garbage. All applicable ordinances of the Town of Bridgewater pertaining to the collection and disposal of garbage (which ordinances are set forth in the Village Rules and Regulations) apply to Resident. Bridgewater Village Residents are responsible to place garbage and trash containers at designated areas for collection by the Town.
- (j) Programs. Social, educational, cultural, recreational, religious and wellness programs are provided for those Village residents who wish to participate. Tours and programs are available at commercially reasonable costs for those

residents who wish to participate. Residents are encouraged to participate in the programming of activities. Volunteer opportunities are also available at Bridgewater Retirement Community and in the community at large.

- (k) Taxes. Village shall pay all real estate taxes assessed against the Residence. Resident shall pay all personal property taxes assessed against Resident's personal property.
- (l) Parking. Resident parking shall be available.
- (m) Physician Services. Resident may use his or her own physician or a physician affiliated with Bridgewater Retirement Community on a fee-for-service basis.
- (n) Priority Placement in Assisted Living and Nursing Households. This Agreement does not entitle Resident to assisted living or health care services, but, in the event Resident applies for admission, and is eligible for admission, to Assisted Living, Memory Support, or Nursing Households at Bridgewater Retirement Community, Resident's application will have priority over non-residents. If Resident transfers temporarily or permanently to Assisted Living, Memory Support, or the Nursing Households at Bridgewater Retirement Community, Resident will be charged on the basis of Bridgewater's prevailing rates as are then in effect during Resident's stay in such location. The prevailing rates include room and board, but do not include physician's fees, therapeutic services, drugs and medical supplies, or transportation. The effect of a temporary transfer on this Agreement and the fees due hereunder is described in Section 7. The effect of a permanent transfer on this Agreement and the fees due hereunder is described in Section 11(e).

7. **Monthly Service Fee.**

- (a) Billing. Village will present Resident with a detailed monthly statement that reflects the Monthly Service Fee due, in advance, for the month; any credits; any charges for additional services rendered during the preceding month; any other amounts due to the Village; and payments received. Such monthly statement shall be paid by the fifth day following Resident's receipt thereof. For residences completely renovated and ready for move-in on the date of contract signing, the

first Monthly Service Fee will be due on the first day of the month following occupancy.

- (b) Adjustments to Published Monthly Service Fee. A current schedule of the Monthly Service Fees pertaining to all residences in the Village and the single/joint occupancy thereof is published in the Annual Disclosure Statement. This schedule of Monthly Service Fees is subject to change upon 30 days' advance written notice to Resident; provided, however, notice is not required in the event of changes required by state or federal assistance programs. Changes to the Monthly Service Fee are based upon a number of factors, including without limitation, changes in the Consumer Price Index, changes in the financial condition of Bridgewater Retirement Community, and government regulations affecting Bridgewater Retirement Community. Adjustments to the Monthly Service Fee are normally made on an annual basis.
- (c) Individual Adjustments to Monthly Service Fee. The Monthly Service Fee is subject to individual adjustment for the following changes in circumstance: (i) the transfer of Resident to another residence within the Village to which a different Monthly Service Fee applies, or (ii) a change in the occupancy of such Residence from single occupancy to joint occupancy, or vice versa. Unless otherwise provided in this Agreement, such adjustments to the Monthly Service Fee will be made in the month following such change in circumstance, in accordance with the then current Monthly Service Fee schedule.
- (d) Transfers from Village. In the event Resident temporarily transfers to a hospital, health care facility within Bridgewater Retirement Community, or elsewhere, Resident shall nevertheless remain responsible to pay the Monthly Service Fee, with no adjustments or prorations on account of such temporary transfer; provided, however, daily meal credits will be effective immediately upon a transfer to Assisted Living or a Nursing Household within Bridgewater Retirement Community, whether the transfer is temporary or permanent.
- (e) Payment of Monthly Service Fee Following Termination. Resident shall remain responsible for the payment of the Monthly Service Fee after termination of this



Agreement until Resident's Vacation of Residence. The Monthly Service Fee will be charged for the last month of occupancy regardless of date of move out. Residence must be left in broom-swept condition upon move out. Labeled boxes for Bridgewater Home Auxiliary ReRun Shoppe, Bridgewater Village Residents' Association Village Barn, or other charity are permitted as long as the organization has agreed to accept and pick up the donation in a timely manner. Should unlabeled belongings remain in the residence, or should the designated organization not arrange for pick-up of the donation in a timely manner, upon Vacation they become the sole property of Bridgewater Village to dispose of as it deems appropriate. Bridgewater Village reserves the right to charge customary cleaning rates if residence is not left in broom- swept condition.

(f) Inability to Pay Monthly Service Fee. In the event Resident is unable to pay the Monthly Service Fee for financial reasons which Resident asserts are beyond his or her control, Resident shall notify Village Administration within five days of his or her receipt of the monthly statement described in Section 7 above, and the following procedures will be observed. In the event the monthly statement has not been paid within five days of its receipt by Resident, Village Administration may undertake the following procedures on its own initiative.

(i) Village Administration shall promptly review with Resident all facts and circumstances that Village Administration deems necessary or appropriate to assess Resident's ability to pay, including without limitation copies of such tax and financial records pertaining to Resident as Village may reasonably request; whether Resident has made recent gifts of cash or property which have impaired Resident's ability to pay; and Resident's sources of income, whether through governmental assistance, medical benefits, family support or otherwise. In the event Village Administration determines, in its sole discretion, that Resident's nonpayment is unjustified, or if Resident does not fully cooperate with such review, Village Administration may declare this Agreement in default, and the termination procedures of Section 9 shall apply.

- (ii) In the event Village Administration determines Resident's nonpayment is justified, Village Administration will attempt to work out, in its sole discretion, a modified payment plan that will allow Resident to remain a resident of the Village. Such plan may require one or more of the following actions, among others: Resident's transfer to a less expensive residence within the Village; a reduction, up to and including complete elimination, of the Entrance Fee refund to which Resident would otherwise be entitled under Section 10; a temporary or permanent reduction in the Monthly Service Fee; Resident's execution and delivery of such instruments as necessary to evidence Resident's indebtedness to Village, together with any instruments which secure such indebtedness; Resident's written commitment not to make any future gifts of cash or personal property; and Resident's periodic delivery to Village of tax and financial statements pertaining to Resident. Such modified payment plan will be evidenced by an addendum attached to this Agreement.
- (iii) Notwithstanding the foregoing, Resident acknowledges that Section 7(f)(ii) above is qualified in all respects by the necessity of protecting the sound financial condition of Village and of Bridgewater Retirement Community and does not impair Village's right to terminate this Agreement due to nonpayment of fees or as otherwise permitted herein. While the Village attempts to provide charitable care to needy residents, it is not required to do so, and the Resident will be required to vacate the Residence in the event the Village terminates this Agreement due to nonpayment of fees or as otherwise permitted herein.

8. **Resident Covenants.** Resident shall observe the following covenants:

- (a) Payment and Performance. Until Vacation of the Residence, and thereafter for so long as any payment or performance obligation with respect to this Agreement remains outstanding, Resident shall pay when due all fees, expenses and charges anticipated by this Agreement and shall observe the requirements of this Agreement, including the Village Rules and Regulations.

- (b) Safe and Healthy Residency. Resident will reside in the Residence in a safe and healthy way and live without endangering himself or herself or others.
- (c) Insurance. Until Vacation of the Residence, Resident shall maintain the following insurance, at Resident's own expense: (i) insurance on any motor vehicle owned by Resident, to the extent required by the Commonwealth of Virginia; (ii) casualty and theft insurance on Resident's personal property; (iii) comprehensive personal liability insurance; and (iv) health insurance acceptable to Village. Resident shall submit proof of such insurance as Village may from time to time request.
- (d) Benefits. Until Vacation of the Residence, and thereafter for so long as any payment obligation with respect to this Agreement remains outstanding, Resident agrees at any time and from time to time to take such action and execute such forms as necessary or appropriate to secure the payment to the Village, any hospital, skilled nursing facility, or other provider of services, or to any physician, of any and all amounts payable for goods or services provided Resident and for which benefits, such as health insurance, Medicare, or supplemental insurance, are available, or may become available in the future.
- (e) Subordination. Resident acknowledges that all rights, privileges, and benefits under this Agreement are subordinate to any mortgage, deed of trust or security interest on or in any of the real or personal property of Bridgewater Retirement Community, as the same may be modified or refinanced from time to time, subject to the agreement of the lienholder not to disturb the rights of Resident so long as there exists no default under this Agreement. This clause shall be self-operative and no further instrument of subordination shall be required in order to effectuate it. In the event any proceedings are brought for foreclosure of any mortgage, deed of trust or other encumbrance to which this Agreement is subject and subordinate, Resident shall, upon request of the party succeeding to the interest of Bridgewater Retirement Community as a result of such proceedings, automatically attorn to and become the resident of such successor in interest without change in the terms of this Agreement. Until

Vacation of the Residence, Resident agrees, upon request of Bridgewater Retirement Community, to execute and deliver any document which is required by Bridgewater Retirement Community or its lenders further to evidence or effect such subordination.

- (f) Power of Attorney; Guardianship. Upon execution hereof, Resident shall supply Village with a true and correct copy of a signed and notarized Power of Attorney naming a third party of Resident's choosing as attorney-in-fact to conduct Resident's business and financial transactions. Resident shall maintain a Power of Attorney at all times until Vacation of the Residence, promptly delivering to Village any subsequently executed Powers of Attorney. In the event guardianship proceedings with respect to the Resident are initiated, whether by Village or another party, due to the failure of Resident to maintain a current Power of Attorney, or for any other reason, Resident will be responsible for all costs incurred by Village, including reasonable attorneys' fees, in connection with such proceeding.
- (g) Indemnification. Resident shall indemnify and hold harmless the entities comprising Bridgewater Retirement Community, together with their respective agents, employees, officers and directors, from and against any and all liabilities, losses, claims, demands, costs, expenses, fines and remediation costs (including reasonable attorneys' fees and expenses) and judgments of any nature arising, or alleged to arise, from or in connection with the occupancy or use of the Residence or any property of Bridgewater Retirement Community by Resident or any of Resident's agents or invitees, excepting only such losses caused by the sole negligence of the Indemnified Parties.
- (h) Changes in Resident's Circumstances. Until Vacation of the Residence, Resident shall promptly disclose to Village Administration any material change in Resident's physical, financial or mental condition. Resident further agrees to provide such tax and financial records as Village may reasonably and periodically request in order to verify that Resident continues to possess the

financial resources necessary to fulfill the payment obligations anticipated by this Agreement.

- (i) Outside Contractors (including Caregivers). Any outside contractors hired by a resident must provide a Certificate of Insurance to Vice President of Independent Living prior to providing services.

9. **Termination.**

- (a) Termination by Resident. Resident has a seven-day right to rescind this Agreement as provided in Section 4. Thereafter, and until expiration of the due date for paying the first Monthly Service Fee as provided in Section 7 above, Resident may terminate this Agreement upon written notice to Village. Following expiration of the due date for paying the first Monthly Service Fee, Resident may terminate this Agreement upon 30 days' advance written notice to Village.
- (b) Termination by Village. Village may terminate this Agreement for good cause, as follows:
  - (i) At any time upon determination by Village Administration, in consultation with such persons as Village Administration deems appropriate, such as Resident's physician, personal representative or family member, that Resident presents a direct threat to the health and safety of himself or herself or others, Resident's tenancy in the Residence will result in substantial property damage and no reasonable accommodation (which, if made, would be paid for by Resident) will mitigate this direct threat, or Resident no longer meets the requirements for independent living;
  - (ii) Thirty days after Village's written notice to Resident of Resident's nonpayment of any fee due under this Agreement and of Village's intent to terminate this Agreement due to nonpayment, provided payment is not received within such 30-day period;
  - (iii) Thirty days after Village's written notice to Resident specifying Resident's repeated conduct that has interfered with other residents' quiet enjoyment of any facility of Bridgewater Retirement Community, provided such

conduct is not corrected within 21 days of such notice or, if corrected, thereafter recurs;

- (iv) Thirty days after Village's written notice to Resident specifying Resident's persistent refusal to comply with Village Rules and Regulations, provided such conduct is not corrected within 21 days of such notice or, if corrected, thereafter recurs;
  - (v) Thirty days after Village's written notice to Resident specifying a material misrepresentation made intentionally or recklessly by Resident in his or her application for admission to Village, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of Resident to qualify for admission or a material increase in the fees required of Resident under this Agreement; or
  - (vi) Thirty days after Village's written notice to Resident specifying any other material breach by Resident of the terms of this Agreement, provided such breach is not corrected within 21 days of such notice or, if corrected, thereafter recurs.
- (c) Automatic Termination. This Agreement shall automatically terminate upon the occurrence of any of the following events:
- (i) The death of Resident;
  - (ii) The permanent transfer of Resident to a hospital or health care facility, or within Bridgewater Retirement Community, or elsewhere; or
  - (iii) The inability of Resident, due to documented illness, injury or incapacity occurring after Admission but before the Occupancy Date, to become a resident of Village.
- (d) Vacation of Residence Following Termination. Resident shall have 30 days, or such longer period as Village may permit, to Vacate the Residence following termination of the Agreement; provided, however, that if the Agreement has terminated by reason of Resident's misconduct, safety concerns, or other reasons which, in the discretion of the Village, warrant immediate vacation, the Village may require the Resident to vacate the Residence concurrently with the

termination of the Agreement. In the event Resident does not vacate the Residence within such period or at such time, the Village has the right to sell or dispose of resident's personal property. Bridgewater Retirement Community will not be liable for the misdelivery of personal property or of the proceeds of any sale thereof pursuant to this Section 9(d) unless due to the gross negligence or willful misconduct of Bridgewater Retirement Community.

Residence must be left in broom-swept condition upon move out. Labeled boxes for Bridgewater Home Auxiliary ReRun Shoppe, Bridgewater Village Residents Association Village Barn or other charity are permitted as long as the organization has agreed to accept and pick up the donation in a timely manner. Should unlabeled belongings remain in the residence, or should the designated organization not arrange for pick-up of the donation in a timely manner, upon Vacation they become the sold property of Bridgewater Village to dispose of as it deems appropriate. Bridgewater Village reserves the right to charge customary cleaning rates if residence is not left in broom-swept condition.

- (e) Effect of Termination in Case of Joint Residents. Except as otherwise provided for rescission in Section 4, in the event this Agreement has been entered into by more than one Resident, then, notwithstanding anything to the contrary contained herein, the termination of this Agreement under Sections 9(a), 9(b) or 9(c) above with respect to one Resident shall not terminate this Agreement with respect to the remaining Resident(s) unless such termination is expressly made applicable to such Resident(s). Unless otherwise agreed to by the parties, which agreement shall be evidenced by an addendum to be attached to this Agreement, upon termination of this Agreement with respect to one Resident, all rights hereunder shall vest in, and all obligations hereunder (including those of the Resident with respect to whom the Agreement has been terminated) shall be assumed by, the remaining Resident(s); provided, however, that (i) any Entrance Fee refund payable on the termination of this Agreement with respect to the last joint Resident shall be payable as provided in Section 11(e) and, (i) and (ii) in the event Bridgewater Home, Inc. exercises its right to transfer the Entrance Fee

refund for the account of the transferring Resident as provided in Section 11(e), any remaining refund shall be paid as provided in Section 11(e).

10. **Entrance Fee Options.**

\_\_\_\_\_ *Option One: 7-Year Declining Refund.* In calculating this refund, an amount equal to the Entrance Fee specified in Section 3(a), as amended by any addendum hereto, (“Base Amount”) is depreciated at the rate of twenty percent (20%) for the first year of occupancy and fifteen percent (15%) in years two and three of occupancy and ten percent (10%) per year thereafter. This methodology is reflected on the following chart:

| Day/Month After Occupancy     | Percent Depreciation Applied to Base Amount |
|-------------------------------|---|
| Day 1 – 365                   | 20%   |
| 12 months & 1 day - 24 months | 15%   |
| 25 months – 36 months         | 15%   |
| 37 months – 48 months         | 10%   |
| 49 months – 60 months         | 10%   |
| 61 months – 72 months         | 10%   |
| 73 months – 84 months         | 10%   |
| 85 months or more             | 10%   |

\_\_\_\_\_ *Option Two: No-Less-Than 50% Refund.* In calculating this refund, an amount equal to the Entrance Fee specified in Section 3(a), as amended by any addendum hereto, (“Base Amount”) is depreciated at the rate of twenty percent (20%) for the first year of occupancy and fifteen percent (15%) in years two and three of occupancy. This methodology is reflected on the following chart:

| Day/Month After Occupancy     | Percent Depreciation Applied to Base Amount |
|-------------------------------|---|
| Day 1 – 365                   | 20%   |
| 12 months & 1 day - 24 months | 15%   |
| 25 months – 36 months         | 15%   |



\_\_\_\_\_ *Option Three: 100% Refund.* An amount equal to the Entrance Fee specified in Section 3(a) as amended by any addendum hereto.

11. ***Refund of Entrance Fees.*** To the extent the entrance fee described in section 10 has actually been paid, refunds with respect thereto shall be paid to Resident upon the termination of this Agreement (or, in the case of subsequently married residents as described in Section 2(d)(i), upon termination of both Residency Agreements) as follows:

- (a) Rescission and Non-occupancy. In the event (i) Resident rescinds this Agreement as provided in Section 4, (ii) Resident dies prior to the Occupancy Date, or (iii) this Agreement is terminated by virtue of Section 9(c)(iii) (illness precluding occupancy), then all payments made by Resident shall be refunded within 30 days of such rescission or termination, without interest, except for the Application Fee and any offset for expenses actually incurred by Village at Resident's specific request for custom improvements to Residence.
- (b) Termination After Payment Due Date of First Monthly Service Fee. If this Agreement is terminated after the due date for payment of the First Monthly Service Fee as described in Section 7, then the refund shall be paid, without interest, less any offset for (i) fees and charges then due with respect to Residence, and (ii) any amounts charged against the Entrance Fee refund as provided in this Agreement, including any addendum hereto.
- (c) Refund Payment Due Date. Refund payments under Options One, Two, or Three shall be paid on the earlier of (i) six months following Vacation by the Resident (or last Resident, in the case of joint Residents), or (ii) 60 days following the date on which a Residency Agreement with respect to a new resident is fully executed for the Residence and occupancy has been granted to the new resident.
- (d) Refund in the Event of Joint Residents. In the event this Agreement has been entered into by more than one Resident, any refund payment under Section 10 above shall be paid in equal interests to all Residents surviving at the time of payment, or, if only one Resident survives at the time of payment, all to such

surviving Resident. For the sake of clarity, a Resident who has ceased to reside at Bridgewater Retirement Community prior to the refund being paid shall not, as a result thereof, forfeit his or her right to the refund.

(e) Refund in the Event of Certain Transfers.

- (i) In the event this Agreement is terminated as a result of Resident's permanent transfer to an Assisted Living, Memory Support, or Nursing Household within Bridgewater Retirement Community, then notwithstanding anything to the contrary contained herein, the Entrance Fee refund to which Resident is entitled pursuant to this Agreement may, at the discretion of Bridgewater Home, Inc., be transferred to an interest-bearing account with Bridgewater Home, Inc., which Bridgewater Home, Inc. has the right to draw against for payment of Resident's account in such facility.
- (ii) If, upon a Resident's ("first Resident") permanent transfer to Assisted Living, Memory Support, or Nursing Household at Bridgewater Retirement Community, this Agreement continues with respect to other Resident(s) who are party hereto as provided in Section 9(e), then, upon termination of this Agreement with respect to all remaining Resident(s), if any Resident is in Assisted Living, Memory Support, or a Nursing Household at Bridgewater Retirement Community, then, notwithstanding anything to the contrary contained herein, the Entrance Fee refund due under this Agreement may, at the discretion of Bridgewater Home, Inc., be transferred to an interest-bearing account with Bridgewater Home, Inc., which Bridgewater Home, Inc. has the right to draw against for payment of Resident's account in such level of living. Upon such Resident's death or permanent transfer outside of Bridgewater Retirement Community, any Entrance Fee refund, as reduced as provided herein, shall be paid in equal interests to all surviving Residents, or, if only one Resident survives, all to such surviving Resident.

12. **Miscellaneous.**

- (a) Residents' Association. Village residents have the right to participate in the Resident's Association.
- (b) Notices. Any notice required or permitted under this Agreement will be given and served either by personal delivery to the party to whom it is directed, or by registered or certified mail, postage and charges prepaid. If sent to Village, any notice must be addressed to Village Administration, 302 N. Second Street, Bridgewater, Virginia 22812, and, if sent to Resident, any notice must be addressed to Residence. Any notice is deemed given on the date on which it is personally delivered, or, if mailed, the date it is deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as required in this Section 12(b).
- (c) Non-Waiver. Village's failure to seek redress for violation of or to insist upon the strict performance of any provision of this Agreement will not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.
- (d) Severability. In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason and in any respect, such invalidity, illegality or unenforceability thereof shall not affect the remainder of this Agreement which shall be in full force and effect, enforceable in accordance with its terms.
- (e) Dispute Resolution.
  - (i) Resident may file a complaint or disclose any concern, in writing, at any time, to Village Administration. Village Administration will use its best efforts to respond, in writing, to such complaint within 15 days of its receipt thereof. If Resident is unsatisfied with the response of Village Administration, Resident may appeal the matter to the President of Bridgewater HealthCare, Inc. The President, likewise, will use his best efforts to respond, in writing, to such appeal within 15 days of his receipt thereof. If Resident is unsatisfied with the response of the President,

Resident may appeal the matter to the Executive Committee of the Board of Directors of Bridgewater Healthcare, Inc.

- (ii) In the event of a conflict regarding this Agreement, or any other matter that is not resolved through the complaint procedures of Section 12(e)(i), the parties agree to resolve such conflicts through arbitration conducted in accordance with the rules of the American Arbitration Association then in effect, except as may be modified as follows. Each party to the conflict shall select an independent professional and the two such arbitrators shall select a third arbitrator. A decision by a majority of the arbitrators shall be binding on all parties. The arbitrator(s) shall issue a written award which shall contain, at a minimum, the names of the parties, a summary of the issues in controversy, findings of fact, a description of the award, and which award may contain an allocation of arbitration costs between the parties. The arbitrator(s) will have no authority to award punitive or other damages not measured by the prevailing party's actual damages, except as may be required by statute. Judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction. The parties agree that any arbitration proceedings between them and the outcome of such proceedings shall be kept strictly confidential; provided, however, that the parties may disclose such information to the extent required by law and to their respective agents and professional advisors who have a legitimate need to know such information.
- (f) Governing Law. This Agreement is to be construed according to the laws of the Commonwealth of Virginia without reference to its choice of law provisions.
- (g) Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. All counterparts will be construed together and will constitute one agreement.
- (h) Successors and Assigns; Binding Effect. Resident may not assign this Agreement, but any obligation of the Village to pay the Resident will survive the death of the Resident and such payment will be made to the personal

representative of the Resident's estate or according to an unambiguous "Pay on Death" designation form properly completed and on file with the Village. Village may assign this Agreement without the consent of Resident; provided, however, Village shall remain responsible for the refund obligations described in Section 10. The terms of this Agreement are binding upon and inure to the benefit of the parties, with respect to the Village, its successors and assigns, and, with respect to the Resident, the Resident's heirs, executors, administrators and personal representatives.

- (i) Amendments. This Agreement may be amended in any written document signed by the parties hereto. All addenda referenced by this Agreement to be attached hereto shall be signed by the parties.
- (j) Interpretation. The divisions of this Agreement into sections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement. When the context in which the words are used in this Agreement that such is the intent, words in the singular shall include the plural and vice versa, and words of the masculine gender shall include the feminine and neuter genders and vice versa.
- (k) Survival. All the terms, conditions, covenants, representations and warranties, including without limitation Resident's obligation to indemnify Bridgewater Retirement Community, contained in this Agreement shall survive the termination of this Agreement, except to the extent otherwise provided herein.

[Signatures appear on the following page.]

WITNESS the following signatures and seals.

BRIDGEWATER VILLAGE, INC.

\_\_\_\_\_  
Date

By \_\_\_\_\_  
Its \_\_\_\_\_

RESIDENT(S)

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

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

# BRIDGEWATER RETIREMENT COMMUNITY

*energy* FOR LIFE

## Bridgewater Village, Inc.

### Entrance and Monthly Fee Schedule

Contract Option #1

(7-year refund option)

| Description of Residence   | Entrance Fee          | Monthly Service Fee |                   |
|----------------------------|-----------------------|---------------------|-------------------|
|                            |                       | One Person          | Two Persons       |
| Village Courts:            | \$71,232 – \$147,398  | \$1,051 – \$1,305   | \$1,366 – \$1,620 |
| <b><u>Cottages</u></b>     |                       |                     |                   |
| Cluster Cottages:          | \$102,105 – \$163,317 | \$1,154 – \$1,358   | \$1,469 – \$1,673 |
| Duplex Cottages:           | \$116,368 – \$235,028 | \$1,202 – \$1,597   | \$1,517 – \$1,912 |
| Duplex Cottages w/ Garage: | \$232,286 – \$415,510 | \$1,588 – \$2,199   | \$1,903 – \$2,514 |
| Single Family Cottage:     | \$189,691 – \$428,260 | \$1,446 – \$2,242   | \$1,761 – \$2,557 |
| <b><u>Apartments</u></b>   |                       |                     |                   |
| Hearthstone Manor:         | \$111,362 – \$158,108 | \$1,262 – \$1,418   | \$1,577 – \$1,733 |
| Maple Terrace:             | \$183,400 – \$280,708 | \$2,742 – \$3,067   | \$3,201 – \$3,526 |
| Grove:                     | \$237,450 – \$369,140 | \$2,923 – \$3,361   | \$3,382 – \$3,820 |

**Application Fee:** \$150 for one person; \$200 for two persons.

Included in the Monthly Service Fee is the Meal Plan: \$137/person for all Village homes; \$236/person in the Grove and Maple Terrace.

*Pricing effective October 1, 2022 | Revised September 26, 2022 AH*

Independent Living | Assisted Living | Memory Support | Nursing Households

302 North Second St. | Bridgewater, VA 22812 | 540.828.2550 | info@brcliving.org | brcliving.org



# BRIDGEWATER RETIREMENT COMMUNITY

*energy* FOR LIFE

Bridgewater Village, Inc.

Entrance and Monthly Fee Schedule

Contract Option #2

(50% refund option)


| Description of Residence   | Entrance Fee          | Monthly Service Fee |                   |
|----------------------------|-----------------------|---------------------|-------------------|
|                            |                       | One Person          | Two Persons       |
| Village Courts:            | \$96,163 – \$198,987  | \$1,051 – \$1,305   | \$1,366 – \$1,620 |
| <b><u>Cottages</u></b>     |                       |                     |                   |
| Cluster Cottages:          | \$137,842 – \$220,478 | \$1,154 – \$1,358   | \$1,469 – \$1,673 |
| Duplex Cottages:           | \$157,097 – \$317,288 | \$1,202 – \$1,597   | \$1,517 – \$1,912 |
| Duplex Cottages w/ Garage: | \$313,586 – \$560,939 | \$1,588 – \$2,199   | \$1,903 – \$2,514 |
| Single Family Cottage:     | \$256,083 – \$578,151 | \$1,446 – \$2,242   | \$1,761 – \$2,557 |
| <b><u>Apartments</u></b>   |                       |                     |                   |
| Hearthstone Manor:         | \$150,339 – \$213,446 | \$1,262 – \$1,418   | \$1,577 – \$1,733 |
| Maple Terrace:             | \$247,590 – \$378,956 | \$2,742 – \$3,067   | \$3,201 – \$3,526 |
| Grove:                     | \$320,558 – \$498,339 | \$2,923 – \$3,361   | \$3,382 – \$3,820 |

**Application Fee:** \$150 for one person; \$200 for two persons.

Included in the Monthly Service Fee is the Meal Plan: \$137/person for all Village homes; \$236/person in the Grove and Maple Terrace.

*Pricing effective October 1, 2022 | Revised September 26, 2022 AH*

Independent Living | Assisted Living | Memory Support | Nursing Households

302 North Second St. | Bridgewater, VA 22812 | 540.828.2550 | info@brcliving.org | brcliving.org 



# BRIDGEWATER RETIREMENT COMMUNITY

*energy* FOR LIFE

## Bridgewater Village, Inc.

### Entrance and Monthly Fee Schedule

#### Contract Option #3

(100% refund option)

| Description of Residence   | Entrance Fee            | Monthly Service Fee<br><i>One Person</i> | Monthly Service Fee<br><i>Two Persons</i> |
|----------------------------|-------------------------|--|---|
| Village Courts:            | \$213,696 – \$442,194   | \$1,051 – \$1,305                        | \$1,366 – \$1,620                         |
| <b>Cottages</b>            |                         |  |   |
| Cluster Cottages:          | \$306,315 – \$489,951   | \$1,154 – \$1,358                        | \$1,469 – \$1,673                         |
| Duplex Cottages:           | \$349,104 – \$705,084   | \$1,202 – \$1,597                        | \$1,517 – \$1,912                         |
| Duplex Cottages w/ Garage: | \$696,858 – \$1,246,530 | \$1,588 – \$2,199                        | \$1,903 – \$2,514                         |
| Single Family Cottage:     | \$569,073 – \$1,284,780 | \$1,446 – \$2,242                        | \$1,761 – \$2,557                         |
| <b>Apartments</b>          |                         |  |   |
| Hearthstone Manor:         | \$334,086 – \$474,324   | \$1,262 – \$1,418                        | \$1,577 – \$1,733                         |
| Maple Terrace:             | \$550,200 – \$842,124   | \$2,742 – \$3,067                        | \$3,201 – \$3,526                         |
| Grove:                     | \$712,350 – \$1,107,420 | \$2,923 – \$3,361                        | \$3,382 – \$3,820                         |

**Application Fee:** \$150 for one person; \$200 for two persons.

Included in the Monthly Service Fee is the Meal Plan: \$137/person for all Village homes; \$236/person in the Grove and Maple Terrace.

*Pricing effective October 1, 2022 | Revised September 26, 2022 AH*

Independent Living | Assisted Living | Memory Support | Nursing Households

302 North Second St. | Bridgewater, VA 22812 | 540.828.2550 | info@brcliving.org | brcliving.org



## ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between BRIDGEWATER VILLAGE, INC., a Virginia non-profit corporation (the "Provider") and Truist Bank ("Bank").

### BACKGROUND

A. Provider is required by Virginia's "Continuing Care Provider Registration and Disclosure Act," Chapter 49 of Title 38.2 of the Code of Virginia, (the "Act") to establish an entrance fee escrow account with a bank, trust company or other escrow agent approved by Virginia's State Corporation Commission.

B. Provider wishes to have Bank serve as escrow agent of its entrance fee escrow account and Bank is willing to serve as escrow agent.

### TERMS

In consideration of the terms and conditions set for in this Agreement, the parties agree as follows:

1. Bank will receive into a separate account (the "Entrance Fee Escrow Account"), all entrance fees or portions thereof in excess of \$1,000.00 per resident received by the Provider prior to the date the resident is permitted to occupy a unit in the Provider's facility and deposited to the Entrance Fee Escrow Account by Provider. Bank will invest the funds in the Entrance Fee Escrow Account in accordance with the instructions of the Provider and subject to the limitations on investments imposed by the Act.

2. Physical division of the funds held in the Entrance Fee Escrow Account shall not be necessary, but Bank shall maintain separate account records with respect to each resident for whom Provider has deposited funds to be escrowed.

3. Bank will release to *Provider* those funds in the Entrance Fee Escrow Account which constitute the principal of a resident's account upon Provider's certification, in writing, that a unit in the Provider's facility has been occupied by such resident or made available for immediate occupancy by the resident. Bank will release to *resident* (giving Bank the name, address and social security number of such resident) those funds in the Entrance Fee Escrow Account which constitute the principal of such resident's account upon Provider's written certification that resident is entitled to such funds as provided by resident's Residency Agreement with Provider, the Act, or both.

4. Interest or other income earned on the Entrance Fee Escrow Account shall be the exclusive property of Provider and shall be paid to Provider upon its request.

5. Either Bank or Provider may terminate this Agreement upon 60 days' advance written notice to the other. Upon termination, the Bank shall release all remaining funds to Provider.

6. This Agreement and the Entrance Fee Escrow Account shall be governed by the Act. Bank, as escrow agent, shall serve as fiduciary in carrying out its obligations under this Escrow Agreement.

7. This Agreement and the Entrance Fee Escrow Account shall automatically terminate when Provider is no longer required to maintain an entrance fee escrow account under the Act. At that time, Bank shall release all remaining funds to Provider.

8. For its services hereunder, Bank shall receive a fee according to its customary charges, which fee may be adjusted by the Bank upon 60 days' advance written notice to Provider.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement the  
day  
and year first above written.

BRIDGEWATER VILLAGE, INC

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

James A. Weaver, Vice President of Finance

TRUIST BANK

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

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

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES  
d/b/a BRIDGEWATER RETIREMENT COMMUNITY**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2022 AND 2021**

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**

***Officers***

|                     |  |
|---------------------|--|
| Mr. John Neff       | Chair                                    |
| Mr. Abe Shearer     | Vice Chair                               |
| Mr. Rodney Alderfer | President                                |
| Ms. Pam Sherman     | Secretary                                |
| Mr. James Weaver    | Vice President for Finance and Treasurer |

***Board of Directors***

|                     |                      |
|---------------------|----------------------|
| Ms. Deborah Greubel | Mr. Larry Powell     |
| Mr. Henry Hawkins   | Mr. Abe Shearer      |
| Mr. Neil Houff      | Ms. Jennifer Shirkey |
| Ms. Marsha Justice  | Mr. Steve Watson     |
| Ms. Sherry Mongold  | Mr. Bob Wheatley     |
| Mr. John Neff       | Mr. John Withers     |

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## **Independent Auditor's Report**

To the Board of Director's  
Bridgewater HealthCare, Inc. and Affiliates  
d/b/a Bridgewater Retirement Community

### **Opinion**

We have audited the accompanying consolidated financial statements of Bridgewater HealthCare, Inc. and Affiliates d/b/a Bridgewater Retirement Community (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bridgewater HealthCare, Inc. and Affiliates d/b/a Bridgewater Retirement Community as of September 30, 2022 and 2021, and the results of their operations, the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridgewater HealthCare, Inc. and Affiliates d/b/a Bridgewater Retirement Community's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



## Independent Auditor's Report (Continued)

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

*Gross, Mendelson & Associates, P.A.*

Baltimore, Maryland  
January 25, 2023

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidated Statements of Financial Position**  
**September 30, 2022 and 2021**

|   | <u>2022</u>                  | <u>2021</u>                  |
|---|------------------------------|------------------------------|
| <b>Assets</b>   |                              |                              |
| <b>Current Assets</b>   |                              |                              |
| Cash and cash equivalents   | \$ 4,157,661                 | \$ 2,249,996                 |
| Restricted cash   | -0-                          | 279,105                      |
| Accounts receivable, net of allowance for doubtful<br>accounts of (2022 - \$500,000 and 2021 - \$525,000) | 2,734,901                    | 2,115,391                    |
| Contributions receivable, current   | -0-                          | 20,000                       |
| Investments, current  | 23,020,307                   | 26,692,990                   |
| Inventories   | 184,164                      | 170,777                      |
| Prepaid expenses  | 209,904                      | 219,981                      |
| Accrued interest receivable   | 22,620                       | 20,856                       |
| Total Current Assets  | <u>30,329,557</u>            | <u>31,769,096</u>            |
| <b>Property</b> , net of accumulated depreciation   | <u>89,027,780</u>            | <u>89,361,354</u>            |
| <b>Other Assets</b>   |                              |                              |
| Contributions receivable, net   | 331,000                      | 165,000                      |
| Deposits  | 274,981                      | 274,981                      |
| Investments, limited as to use  | 2,738,059                    | 3,297,150                    |
| Investments, long-term  | 7,630,134                    | 7,340,529                    |
| Land held for sale  | 1,818,282                    | 1,818,282                    |
| Interest rate swap agreements   | 2,057,121                    | -0-                          |
| Other assets  | 12,762                       | 12,762                       |
| Total Other Assets  | <u>14,862,339</u>            | <u>12,908,704</u>            |
| <b>Total Assets</b>   | <u><u>\$ 134,219,676</u></u> | <u><u>\$ 134,039,154</u></u> |

|  | <u>2022</u>           | <u>2021</u>           |
|--|-----------------------|-----------------------|
| <b>Liabilities And Net Assets</b>                                    |                       |                       |
| <b>Current Liabilities</b>   |                       |                       |
| Accounts payable   | \$ 1,744,023          | \$ 1,825,423          |
| Accrued expenses   | 144,780               | 327,037               |
| Accrued compensation costs   | 1,082,040             | 1,079,952             |
| Contract liabilities   | 51,840                | -0-                   |
| Deferred revenue   | -0-                   | 57,328                |
| Line of credit   | 1,918,997             | 1,672,386             |
| Current portion of split-interest obligations                        | 11,210                | 42,838                |
| Current portion of deferred entrance fees                            | 2,512,888             | 2,612,312             |
| Current maturities of long-term debt                                 | 4,770,547             | 1,415,636             |
| Total Current Liabilities  | <u>12,236,325</u>     | <u>9,032,912</u>      |
| <b>Non-Current Liabilities</b>                                       |                       |                       |
| Long-term debt, net of current portion                               | 39,869,548            | 42,574,556            |
| Split-interest obligations, net of current portion                   | 638,632               | 693,372               |
| Deferred entrance fees, net of current portion                       | 10,906,832            | 9,281,031             |
| Refundable entrance fees   | 19,738,921            | 19,441,673            |
| Interest rate swap agreements  | -0-                   | 3,180,536             |
| Total Non-Current Liabilities  | <u>71,153,933</u>     | <u>75,171,168</u>     |
| <b>Total Liabilities</b>   | <u>83,390,258</u>     | <u>84,204,080</u>     |
| <b>Commitments and Contingencies</b> (Notes 7, 8, 12, 13, 15 and 17) |                       |                       |
| <b>Net Assets</b>  |                       |                       |
| Without donor restrictions   |                       |                       |
| Undesignated   | 28,013,169            | 26,766,797            |
| Board designated funds   | 7,749,641             | 6,252,912             |
| Total Without Donor Restrictions                                     | <u>35,762,810</u>     | <u>33,019,709</u>     |
| With donor restrictions  | 15,066,608            | 16,815,365            |
| Total Net Assets   | <u>50,829,418</u>     | <u>49,835,074</u>     |
| <b>Total Liabilities and Net Assets</b>                              | <u>\$ 134,219,676</u> | <u>\$ 134,039,154</u> |

The accompanying notes are an integral part of these consolidated financial statements.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2022 and 2021**

|   | 2022                          |                            |                      |
|---|-------------------------------|----------------------------|----------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
| <b>Support and Revenue</b>                            |                               |                            |                      |
| Health care services:                                 |                               |                            |                      |
| Nursing care  | \$ 18,027,675                 | \$ -0-                     | \$ 18,027,675        |
| Less contractual losses with Medicare                 | (1,484,261)                   | -0-                        | (1,484,261)          |
| Less contractual losses with Medicaid                 | (1,758,905)                   | -0-                        | (1,758,905)          |
|   | <u>14,784,509</u>             | <u>-0-</u>                 | <u>14,784,509</u>    |
| Assisted living                                       | 7,345,650                     | -0-                        | 7,345,650            |
| Less contractual losses with Social Services          | (369,934)                     | -0-                        | (369,934)            |
| Less community service losses                         | (742,572)                     | -0-                        | (742,572)            |
|   | <u>6,233,144</u>              | <u>-0-</u>                 | <u>6,233,144</u>     |
| Resident services:                                    |                               |                            |                      |
| Rental income   | 204,783                       | -0-                        | 204,783              |
| Service fees  | 5,335,381                     | -0-                        | 5,335,381            |
| Amortization of entrance fees                         | 2,550,466                     | -0-                        | 2,550,466            |
| Gain on unit turnover                                 | 773,431                       | -0-                        | 773,431              |
|   | <u>8,864,061</u>              | <u>-0-</u>                 | <u>8,864,061</u>     |
| Pharmaceutical sales                                  | 298,729                       | -0-                        | 298,729              |
| Contributions   | 2,477,669                     | 1,137,372                  | 3,615,041            |
| Fee for service revenue                               | 69,396                        | -0-                        | 69,396               |
| Government grants - PPP loans                         | -0-                           | -0-                        | -0-                  |
| Government grants - provider relief funds             | 57,328                        | -0-                        | 57,328               |
| Net investment return                                 | 789,022                       | 516,733                    | 1,305,755            |
| Miscellaneous revenue                                 | 348,651                       | -0-                        | 348,651              |
|   | <u>4,040,795</u>              | <u>1,654,105</u>           | <u>5,694,900</u>     |
| Net assets released from restrictions                 |                               |                            |                      |
| Satisfaction of program restrictions                  | 1,059,632                     | (1,059,632)                | -0-                  |
| Satisfaction of time restrictions                     | 131,500                       | (131,500)                  | -0-                  |
| Total Support and Revenue                             | <u>35,113,641</u>             | <u>462,973</u>             | <u>35,576,614</u>    |
| <b>Operating Expenses</b>                             |                               |                            |                      |
| Program services                                      | 28,888,957                    | -0-                        | 28,888,957           |
| Supporting services:                                  |                               |                            |                      |
| Management and general                                | 4,664,996                     | -0-                        | 4,664,996            |
| Fundraising   | 167,860                       | -0-                        | 167,860              |
| Total Expenses  | <u>33,721,813</u>             | <u>-0-</u>                 | <u>33,721,813</u>    |
| <b>Income from Operations</b>                         | <u>1,391,828</u>              | <u>462,973</u>             | <u>1,854,801</u>     |
| <b>Other Income (Expense)</b>                         |                               |                            |                      |
| Unrealized gains (losses) on investments              | (4,074,791)                   | (2,211,730)                | (6,286,521)          |
| Income from investment in partnership                 | 259,323                       | -0-                        | 259,323              |
| Change in annuity value of split-interest obligations | (20,797)                      | -0-                        | (20,797)             |
| Loss on disposal of fixed assets                      | (38,554)                      | -0-                        | (38,554)             |
| Loss on impairment                                    | (11,565)                      | -0-                        | (11,565)             |
| Change in value of interest rate swap agreements      | 5,237,657                     | -0-                        | 5,237,657            |
| Total Other Income (Expense)                          | <u>1,351,273</u>              | <u>(2,211,730)</u>         | <u>(860,457)</u>     |
| <b>Change in Net Assets</b>                           | <u>2,743,101</u>              | <u>(1,748,757)</u>         | <u>994,344</u>       |
| <b>Net Assets at Beginning of Year</b>                | <u>33,019,709</u>             | <u>16,815,365</u>          | <u>49,835,074</u>    |
| <b>Net Assets at End of Year</b>                      | <u>\$ 35,762,810</u>          | <u>\$ 15,066,608</u>       | <u>\$ 50,829,418</u> |

**2021**

| <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|---------------------------------------|------------------------------------|----------------------|
| \$ 16,778,241                         | \$ -0-                             | \$ 16,778,241        |
| (963,239)                             | -0-                                | (963,239)            |
| (1,628,970)                           | -0-                                | (1,628,970)          |
| 14,186,032                            | -0-                                | 14,186,032           |
| 5,931,768                             | -0-                                | 5,931,768            |
| (400,929)                             | -0-                                | (400,929)            |
| (940,197)                             | -0-                                | (940,197)            |
| 4,590,642                             | -0-                                | 4,590,642            |
| 171,800                               | -0-                                | 171,800              |
| 4,837,559                             | -0-                                | 4,837,559            |
| 2,660,593                             | -0-                                | 2,660,593            |
| 561,383                               | -0-                                | 561,383              |
| 8,231,335                             | -0-                                | 8,231,335            |
| 313,153                               | -0-                                | 313,153              |
| 194,846                               | 759,917                            | 954,763              |
| 14,963                                | -0-                                | 14,963               |
| 2,838,100                             | -0-                                | 2,838,100            |
| 975,896                               | -0-                                | 975,896              |
| 1,127,399                             | 617,258                            | 1,744,657            |
| 49,994                                | -0-                                | 49,994               |
| 5,514,351                             | 1,377,175                          | 6,891,526            |
| 1,035,980                             | (1,035,980)                        | -0-                  |
| 80,000                                | (80,000)                           | -0-                  |
| 33,638,340                            | 261,195                            | 33,899,535           |
| 26,124,246                            | -0-                                | 26,124,246           |
| 4,315,943                             | -0-                                | 4,315,943            |
| 116,471                               | -0-                                | 116,471              |
| 30,556,660                            | -0-                                | 30,556,660           |
| 3,081,680                             | 261,195                            | 3,342,875            |
| 1,591,216                             | 2,269,367                          | 3,860,583            |
| 474,611                               | -0-                                | 474,611              |
| (75,306)                              | -0-                                | (75,306)             |
| (108,008)                             | -0-                                | (108,008)            |
| (15,315)                              | -0-                                | (15,315)             |
| 2,495,217                             | -0-                                | 2,495,217            |
| 4,362,415                             | 2,269,367                          | 6,631,782            |
| 7,444,095                             | 2,530,562                          | 9,974,657            |
| 25,575,614                            | 14,284,803                         | 39,860,417           |
| <b>\$ 33,019,709</b>                  | <b>\$ 16,815,365</b>               | <b>\$ 49,835,074</b> |

The accompanying notes are an integral part of these consolidated financial statements.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidated Statements of Functional Expenses**  
**Years Ended September 30, 2022 and 2021**

|                               | 2022          |                           |             |               |
|-------------------------------|---------------|---------------------------|-------------|---------------|
|                               | Program       | Management<br>and General | Fundraising | Total         |
| Personnel expenses:           |               |                           |             |               |
| Salaries                      | \$ 13,318,154 | \$ 2,001,414              | \$ 54,471   | \$ 15,374,039 |
| Payroll taxes                 | 989,198       | 139,170                   | 3,747       | 1,132,115     |
| Benefits                      | 1,709,158     | 288,823                   | 14,150      | 2,012,131     |
| Total personnel expenses      | 16,016,510    | 2,429,407                 | 72,368      | 18,518,285    |
| Depreciation                  | 4,126,016     | 50,402                    | 125         | 4,176,543     |
| Food                          | 1,342,759     | -0-                       | -0-         | 1,342,759     |
| Interest                      | 1,311,371     | 38,233                    | -0-         | 1,349,604     |
| Supplies                      | 823,402       | 80,202                    | 972         | 904,576       |
| Utilities                     | 904,332       | -0-                       | -0-         | 904,332       |
| Insurance                     | 205,060       | 501,062                   | 2,092       | 708,214       |
| Purchased repairs             | 675,035       | 3,988                     | -0-         | 679,023       |
| Taxes and licenses            | 543,379       | 56,593                    | -0-         | 599,972       |
| Technology service fees       | 53,879        | 507,372                   | 2,584       | 563,835       |
| Medical supplies              | 489,650       | -0-                       | -0-         | 489,650       |
| Provision for bad debts       | -0-           | 381,702                   | -0-         | 381,702       |
| Professional fees             | 239,570       | 75,394                    | 2,686       | 317,650       |
| Therapies, lab and pharmacy   | 315,547       | -0-                       | -0-         | 315,547       |
| Cost of prescriptions sold    | 272,168       | -0-                       | -0-         | 272,168       |
| Management fees               | 263,582       | -0-                       | -0-         | 263,582       |
| Renovations                   | 239,624       | -0-                       | -0-         | 239,624       |
| Refuse disposal               | 155,834       | 52,090                    | -0-         | 207,924       |
| Resident activities           | 164,847       | -0-                       | 12,984      | 177,831       |
| Telephone                     | 31,497        | 127,505                   | 363         | 159,365       |
| Support services              | 152,222       | -0-                       | -0-         | 152,222       |
| Marketing                     | 141,581       | 3,000                     | -0-         | 144,581       |
| Printing and postage          | 88,113        | 19,915                    | 6,487       | 114,515       |
| Campaign expenses             | 57,092        | -0-                       | 57,093      | 114,185       |
| Employee and public relations | 31,401        | 64,612                    | 6,729       | 102,742       |
| Grant related expenses        | -0-           | 69,396                    | -0-         | 69,396        |
| Professional development      | 42,517        | 20,878                    | 938         | 64,333        |
| Repairs and maintenance       | 46,156        | 815                       | 679         | 47,650        |
| Transportation                | 33,252        | 10,732                    | 115         | 44,099        |
| Dues and subscriptions        | 19,325        | 21,161                    | 1,258       | 41,744        |
| Medical director              | 35,250        | -0-                       | -0-         | 35,250        |
| Equipment rentals             | 28,852        | -0-                       | -0-         | 28,852        |
| Bank and credit card fees     | 4,533         | 18,442                    | 219         | 23,194        |
| Long-range planning           | 302           | 22,389                    | 168         | 22,859        |
| Equipment replacement         | 20,723        | -0-                       | -0-         | 20,723        |
| Miscellaneous                 | 13,576        | 109,706                   | -0-         | 123,282       |
| Total Expenses                | \$ 28,888,957 | \$ 4,664,996              | \$ 167,860  | \$ 33,721,813 |

**2021**

| <b>Program</b>       | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>         |
|----------------------|-----------------------------------|--------------------|----------------------|
| \$ 11,909,610        | \$ 1,960,078                      | \$ 54,091          | \$ 13,923,779        |
| 734,461              | 123,578                           | 1,488              | 859,527              |
| 1,808,251            | 279,589                           | 15,513             | 2,103,353            |
| 14,452,322           | 2,363,245                         | 71,092             | 16,886,659           |
| 3,590,895            | 44,804                            | 129                | 3,635,828            |
| 1,180,585            | -0-                               | -0-                | 1,180,585            |
| 1,006,666            | 38,233                            | -0-                | 1,044,899            |
| 798,340              | 61,731                            | 461                | 860,532              |
| 861,018              | -0-                               | -0-                | 861,018              |
| 176,776              | 432,555                           | 2,081              | 611,412              |
| 434,801              | 2,857                             | -0-                | 437,658              |
| 428,349              | 45,399                            | -0-                | 473,748              |
| 32,772               | 478,609                           | 1,298              | 512,679              |
| 660,155              | -0-                               | -0-                | 660,155              |
| -0-                  | 283,357                           | -0-                | 283,357              |
| 163,169              | 118,658                           | 2,944              | 284,771              |
| 808,192              | -0-                               | -0-                | 808,192              |
| 255,150              | -0-                               | -0-                | 255,150              |
| 273,896              | -0-                               | -0-                | 273,896              |
| 208,362              | -0-                               | -0-                | 208,362              |
| 146,324              | 67,925                            | -0-                | 214,249              |
| 19,069               | -0-                               | 4,180              | 23,249               |
| 20,002               | 125,835                           | 436                | 146,273              |
| 3,927                | -0-                               | -0-                | 3,927                |
| 164,530              | 2,081                             | -0-                | 166,611              |
| 86,976               | 15,246                            | 4,780              | 107,002              |
| -0-                  | -0-                               | -0-                | -0-                  |
| 16,042               | 53,027                            | 2,685              | 71,754               |
| -0-                  | 14,963                            | -0-                | 14,963               |
| 24,368               | 8,558                             | 325                | 33,251               |
| 53,139               | 826                               | 688                | 54,653               |
| 20,943               | 6,295                             | 22                 | 27,260               |
| 14,953               | 22,123                            | 1,456              | 38,532               |
| 35,000               | -0-                               | -0-                | 35,000               |
| 31,961               | 826                               | -0-                | 32,787               |
| 1,503                | 12,015                            | 84                 | 13,602               |
| 42,859               | 29,218                            | 23,810             | 95,887               |
| 8,648                | -0-                               | -0-                | 8,648                |
| 102,554              | 87,557                            | -0-                | 190,111              |
| <b>\$ 26,124,246</b> | <b>\$ 4,315,943</b>               | <b>\$ 116,471</b>  | <b>\$ 30,556,660</b> |

The accompanying notes are an integral part of these consolidated financial statements.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2022 and 2021**

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>   |                     |                     |
| Change in net assets  | \$ 994,344          | \$ 9,974,657        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                     |                     |
| Provision for bad debts   | 381,702             | 283,357             |
| Unrealized losses (gains) on investments  | 6,286,521           | (3,860,583)         |
| Realized gains on investments   | (202,513)           | (1,067,058)         |
| Income from investment in partnership   | (259,323)           | (474,611)           |
| Depreciation  | 4,176,543           | 3,635,828           |
| Loss on disposal of fixed assets  | 38,554              | 108,008             |
| Non-cash government grants (PPP loans)  | -0-                 | (2,838,100)         |
| Non-cash interest expense   | 38,233              | 38,233              |
| Change in annuity value of split-interest obligations   | 20,797              | 75,306              |
| Amortization of entrance fees   | (2,550,466)         | (2,660,593)         |
| Gain on unit turnover   | (773,431)           | (561,383)           |
| Change in value of interest rate swap agreements  | (5,237,657)         | (2,495,217)         |
| Changes in operating assets and liabilities:  |                     |                     |
| Accounts receivable   | (1,001,212)         | 1,045,324           |
| Contributions receivable  | (146,000)           | (105,000)           |
| Inventories   | (13,387)            | 29,139              |
| Prepaid expenses  | 10,077              | (40,430)            |
| Accrued interest receivable   | (1,764)             | 14,304              |
| Accounts payable  | 542,000             | (1,274,823)         |
| Accrued expenses  | (182,257)           | 46,832              |
| Accrued compensation costs  | 2,088               | (190,654)           |
| Contract liabilities  | 51,840              | -0-                 |
| Deferred revenue  | (57,328)            | (876,721)           |
| Net Cash Provided by (Used in) Operating Activities   | <u>2,117,361</u>    | <u>(1,194,185)</u>  |
| <b>Cash Flows from Investing Activities</b>   |                     |                     |
| Purchase of investments   | (10,520,787)        | (7,623,581)         |
| Proceeds from sales of investments  | 8,302,284           | 6,591,301           |
| Distribution from partnership   | 335,987             | 324,100             |
| Proceeds from sale of fixed assets  | 11,098              | -0-                 |
| Purchase of property  | (4,516,021)         | (4,711,726)         |
| Net Cash Used in Investing Activities   | <u>(6,387,439)</u>  | <u>(5,419,906)</u>  |
| <b>Cash Flows from Financing Activities</b>   |                     |                     |
| Net borrowings on line of credit  | 246,611             | 307,263             |
| Proceeds from long-term debt  | 2,143,732           | 585,446             |
| Principal payments on long-term debt  | (1,532,062)         | (1,549,243)         |
| Proceeds from new annuities, net of contribution  | -0-                 | 25,838              |
| Payments under split-interest obligations   | (107,165)           | (130,383)           |
| Refundable entrance fees received   | 5,833,813           | 4,154,131           |
| Payments of refundable entrance fees  | (686,291)           | (452,521)           |
| Net Cash Provided by Financing Activities   | <u>5,898,638</u>    | <u>2,940,531</u>    |
| <b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>                          | <u>1,628,560</u>    | <u>(3,673,560)</u>  |
| <b>Cash, Cash Equivalents and Restricted Cash - Beginning of Year</b>                                 | <u>2,529,101</u>    | <u>6,202,661</u>    |
| <b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>                                       | <u>\$ 4,157,661</u> | <u>\$ 2,529,101</u> |



|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| <b>Reconciliation to Cash, Cash Equivalents and Restricted Cash on Consolidated Statements of Financial Position</b> |                     |                     |
| Cash and cash equivalents  | \$ 4,157,661        | \$ 2,249,996        |
| Restricted cash  | -0-                 | 279,105             |
| Cash, Cash Equivalents, and Restricted Cash on the Consolidated Statements of Cash Flows                             | <u>\$ 4,157,661</u> | <u>\$ 2,529,101</u> |
| <b>Supplemental Disclosure of Cash Flow Information:</b>   |                     |                     |
| Interest paid, net of amount capitalized   | <u>\$ 1,520,609</u> | <u>\$ 970,507</u>   |
| Noncash Investing and Financing Activities:  |                     |                     |
| Purchase of property   | \$ 3,892,621        | \$ 3,980,966        |
| Change in property-related accounts payable  | <u>623,400</u>      | <u>730,760</u>      |
| Cash paid for acquisitions of property (included in cash flows from investing activities)                            | <u>\$ 4,516,021</u> | <u>\$ 4,711,726</u> |

The accompanying notes are an integral part of these consolidated financial statements.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies**

These consolidated financial statements include the accounts of Bridgewater Home, Inc., Bridgewater Village, Inc., Bridgewater HealthCare, Inc. and Bridgewater HealthCare Foundation, Inc. (collectively referred to as the Organization). The Organization operates a retirement community located in Bridgewater, Virginia.

Bridgewater Home, Inc. (the Home) has been recognized by the Internal Revenue Service (IRS) as a not-for-profit, tax-exempt organization as defined by §501(c)(3) of the Internal Revenue Code (IRC) that is publicly supported and, therefore, is not a private foundation. The Home was incorporated under the laws of the commonwealth of Virginia and provides care to residents in its 127-bed skilled healthcare center and 98-unit assisted living facility. The Home is committed to providing the highest possible quality care to residents with a focus on innovation and compassion.

Bridgewater Village, Inc. (the Village) has been recognized by the IRS as a not-for-profit, tax-exempt organization as defined by §501(c)(3) of the IRC that is publicly supported and, therefore, is not a private foundation. The Village was incorporated under the laws of the Commonwealth of Virginia and offers 269 independent living units. The Village provides an engaging and energized living environment for its residents.

Bridgewater HealthCare, Inc (HealthCare) has been recognized by the IRS as a not-for-profit, tax-exempt organization as defined by §501(c)(3) of the IRC that is publicly supported and, therefore, is not a private foundation. HealthCare was incorporated under the laws of the commonwealth of Virginia and provides support services to the other affiliates.

Bridgewater HealthCare Foundation, Inc. (the Foundation) has been recognized by the IRS as a not-for-profit, tax-exempt organization as defined by IRC §501(c)(3), that is publicly supported and, therefore, is not a private foundation. The Foundation was incorporated under the laws of the commonwealth of Virginia and provides fundraising, funds management and public relations services for the benefit of the other affiliates. The Foundation has a wholly-owned subsidiary, BHFI, LLC, which was created for the purpose of holding gifts of land for the Foundation. For financial reporting purpose, land held by this subsidiary has been included with the Foundation's assets.

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Principles of Consolidation: The consolidated financial statements include the accounts of Bridgewater HealthCare, Inc. along with its affiliates, Bridgewater Home, Inc., Bridgewater Village, Inc. and Bridgewater HealthCare Foundation, Inc. Bridgewater HealthCare, Inc. is the sole member of each of its affiliates and each of the entities is under common control through management and components of the Boards of Directors. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization classifies all investments which are readily convertible to cash and which have a maturity of three months or less when purchased as cash equivalents. Cash and cash equivalents held by investment custodians are not included in cash and cash equivalents but rather are treated as investments.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Resident Accounts Receivable and Allowance for Doubtful Accounts: Resident accounts receivables arise from services rendered to residents which are billed either to the residents, insurance companies or to government agencies and are carried at original invoice amount less an estimate made for doubtful receivables. The Organization uses the allowance method for estimating uncollectible accounts based upon a review of its outstanding receivables and its historical collection experience with individual accounts and payor sources. Receivables are written off by management when, in their determination, all collection efforts have been exhausted. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts was \$500,000 and \$525,000 as of September 30, 2022 and 2021, respectively.

Contributions Receivable: Unconditional promises to give are recorded as contributions receivable and recognized as revenue in the period received. A provision is made for uncollectible contributions based on anticipated collection losses. Estimated losses are generally determined from historical collection experience and a review of outstanding contributions receivable. Contributions receivable are written off by management when, in its determination, all appropriate collection efforts have been taken. Management has determined that all contributions receivable at September 30, 2022 and 2021 are fully collectible and therefore, has not recorded an allowance for doubtful accounts.

Investments: Investments in marketable securities with readily determinable fair values are reported at fair value in the consolidated statements of financial position. Investments whose fair values are not readily determinable are recorded at cost. 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. Realized gains and losses on investments for the year are reported in the consolidated statements of operations and changes in net assets as part of net investment return.

Land held for sale is carried at cost. The Organization's ownership in a privately held partnership is accounted for under the equity method.

Inventories: Inventories, which consists primarily of pharmaceuticals held for resale and consumable supplies, is stated as net realizable value, computed on the first-in, first-out basis, or fair value.

Property and Depreciation: Property is recorded at cost or, if donated, at fair value at the date of gift, less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. The Organization capitalizes property acquisitions in excess of \$1,000 having an estimated useful life of three years or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

|                            |              |
|----------------------------|--------------|
| Land improvements          | 5 - 25 years |
| Buildings and improvements | 5 - 40 years |
| Furniture and equipment    | 3 - 20 years |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Deferred Financing Costs: Deferred financing costs represent costs incurred to secure bond financing (Note 8) which are being amortized over the life of the debt instrument, utilizing the straight-line method, and charged to interest expense. Under Generally Accepted Accounting Principles (GAAP), debt issuance costs related to the recognized debt liability are required to be presented in the consolidated statements of financial position as a direct reduction from the carrying amount of the debt liability. Deferred financing costs as of September 30, 2022 and 2021 are as follows:

|                                | 2022              | 2021              |
|--------------------------------|-------------------|-------------------|
| Deferred financing costs       | \$ 458,792        | \$ 458,792        |
| Less: Accumulated amortization | 181,605           | 143,372           |
|                                | <u>\$ 277,187</u> | <u>\$ 315,420</u> |

Interest Rate Swap Agreements: The Organization uses interest rate swap agreements to manage risks related to interest rate fluctuations on its bonds payable. The interest rate swap agreements have been designated as cash flow hedges and are reported at fair value. The fair value of the interest rate swap agreements is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and current credit worthiness of the swap counter parties. The net amounts paid or received under the interest rate swap agreements are recognized in the consolidated statements of functional expenses as interest expense.

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

*Net Assets without Donor Restrictions:* Net assets available for use in general operations and not subject to donor restrictions. The governing boards have designated, from net assets without donor restrictions, net assets for a reserve fund and a quasi-endowment fund.

*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.

Revenue Recognition: The Organization generates contract revenue primarily by providing healthcare, assisted living care and independent living services to residents within its facility. It also generates contract revenue from service fees and pharmaceutical sales. Revenue is recognized when control of the promised good or service is transferred to a resident, in an amount that reflects the consideration to which the Organization expects to be entitled from residents, third-party payors (including government programs and insurers) and others, in exchange for those goods and services.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Performance obligations are determined based on the nature of the services provided. The majority of the Organization's healthcare services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation satisfied over time as services are rendered. The Organization also provides certain ancillary services which are not included in the bundle of services, and as such, are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered. Service fees encompass a variety of services provided to residents and are treated as a single performance obligation satisfied at a point in time. Pharmaceutical sales are treated as a single performance obligation satisfied at a point in time as goods and services are rendered. The Organization determines the transaction price for each type of service based on contractually agreed-upon amounts or rates. Net resident health care service revenue is recorded at net realizable amounts from residents and third-party payors for services rendered.

The Organization generates fee for service revenue primarily from a fee for service contract wherein the Organization provides person-directed care to its residents within a household environment. Compensation from this fee for service contract is earned on a monthly basis and as services are provided to the residents. Performance obligations are determined based on agreed upon milestones within the contract. The Organization has primarily one performance obligation which is satisfied over time related to this contract.

The Organization disaggregates revenue from contracts with residents by payor type (private or third-party reimbursement). The Organization notes that this disaggregation of revenue into these categories achieves the disclosure objectives to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The payment terms and conditions with the Organization's revenue-generating contracts vary by payor source (See Note 17). Approximately 42.8% and 37.8% of the Home's nursing care revenue for the years ended September 30, 2022 and 2021, respectively, was derived under third-party reimbursement programs.

The Organization disaggregates its revenue from contracts with residents and others as follows:

|  | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|
| Performance obligations satisfied over time          |                      |                      |
| Resident health care service revenue                 | \$ 20,128,609        | \$ 18,205,482        |
| Rental income  | 204,783              | 171,800              |
| Amortization of entrance fees                        | 2,550,466            | 2,660,593            |
| Fee for service revenue                              | 69,396               | 14,963               |
| Performance obligations satisfied at a point in time |                      |                      |
| Resident service revenue - ancillaries               | 889,044              | 571,192              |
| Service fees   | 5,335,381            | 4,837,559            |
| Pharmaceutical sales                                 | 298,729              | 313,153              |
|  | <u>\$ 29,476,408</u> | <u>\$ 26,774,742</u> |

The Organization recognizes revenue in the consolidated statements of operations and changes in net assets and contract assets on the consolidated statements of financial position only when services have been provided. Since the Organization has performed its obligation under the contract, it has unconditional rights to the consideration recorded as contract assets and therefore classifies those billed and unbilled contract assets as accounts receivable.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Payments that the Organization receives from residents and others in advance of providing services represent contract liabilities. Such payments primarily relate to private pay patients and residents, which are billed monthly in advance.

The Organization assesses an entrance fee for its independent living units. A portion of the entrance fee paid by a resident upon entering into an independent living unit contract is refundable upon the resident's death or discharge based on the terms of the resident contract. The refundable portion of the entrance fee is not affected by the amount assessed for future entrance fees.

Refundable entrance fees are recorded in the accompanying consolidated statements of financial position as non-current liabilities. The nonrefundable entrance fees are classified as deferred entrance fees and are recognized as revenue on a straight-line basis over each individual resident's life expectancy (based on actuarial assumptions of the life expectancy of the residents in a continuing care retirement community).

The gross contractual liability for the refundable portion of entrance fees of the independent living unit contracts as of September 30, 2022 and 2021 was \$19,738,921 and \$19,441,673, respectively.

The Organization also receives revenue from contributions, grants, net investment return, and other income. Net investment return and other income are recognized as revenue in the period they are earned. Contributions, including unconditional promises to give, are recognized as revenue when received. Conditional promises to give and grants are not recognized until the conditions on which they depend have been substantially met, are earned and/or the service is provided.

Financial Assistance: The Home and Village provide care to certain residents without charge or at amounts less than established rates, which is reflected as community service losses on the consolidated statements of operations and changes in net assets. This assistance is subsidized by grants from the Foundation which are not reflected on the consolidated financial statements under the principles of consolidation. Total funds granted by the Foundation were \$742,572 and \$940,197 for the years ended September 30, 2022 and 2021, respectively.

Contributions: Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions: All donor-restricted support is reported as an increase in net assets with donor restrictions. Upon the expiration of a temporary restriction, net assets with donor restrictions are reclassified to net assets without restrictions in the consolidated statements of operations and changes in net assets.

Advertising: Advertising costs are charged to operations when incurred. The Organization has no significant direct-response advertising. Advertising expense for the years ended September 30, 2022 and 2021 was \$144,581 and \$166,611, respectively, and is included in marketing on the consolidated statements of functional expenses.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis and by natural classification in the consolidated statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimates such as time and effort or other criteria.

Income Taxes: All of the entities of the Organization are exempt from federal and state income taxes under IRC §501(c)(3). Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Organization had no unrelated business income for the years ended September 30, 2022 and 2021. Accordingly, no provision for income taxes is reflected in these consolidated financial statements. The Organization's respective federal exempt organization tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

Recently Issued Accounting Pronouncements: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* which will be effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance for leases. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a related liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. Management has elected not to early adopt this standard and will assess the future impact of any leases on the consolidated financial statements.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 25, 2023, the date the financial statements were available to be issued. During the period October 1, 2022 through January 25, 2023, the Organization did not have any material recognizable subsequent events.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 2: Liquidity and Availability of Funds**

A summary of the financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date comprise the following:

|   | <u>2022</u>          | <u>2021</u>          |
|---|----------------------|----------------------|
| Cash and cash equivalents   | \$ 4,157,661         | \$ 2,249,996         |
| Accounts receivable, net  | 2,734,901            | 2,115,391            |
| Contributions receivable, current   | -0-                  | 20,000               |
| Investments, current  | 23,020,307           | 26,692,990           |
| Investments, limited as to use  | 2,738,059            | 3,297,150            |
| Less: Portion of investments subject to appropriation<br>in periods after September 30, 2022 and 2021 | (3,155,579)          | (5,211,174)          |
| Less: Net assets without donor restrictions,<br>board designated                                      | (7,749,641)          | (6,252,912)          |
| Less: Net assets with donor restrictions  | <u>(3,376,895)</u>   | <u>(3,505,665)</u>   |
| Financial Assets Available for General Expenditure  | <u>\$ 18,368,813</u> | <u>\$ 19,405,776</u> |

As part of the Organization's liquidity management plans, the Organization invests cash in excess of daily requirements in short-term investments. The Boards of the Organization have designated future cash flow for specific purposes (see Note 10). Even though there is no intent of the Boards to remove these designations, the Boards could make these amounts available, as necessary. The amounts designated and not included within the liquidity calculation as of September 30, 2022 and 2021 were \$7,749,641 and \$6,252,912, respectively. Additionally, the Organization has available a line of credit in the amount of \$2,000,000, which it could draw upon to help manage unanticipated liquidity needs.

**Note 3: Contributions Receivable**

The Organization is the recipient of unconditional promises to give as of September 30, 2022 and 2021, which are generally expected to be received as follows:

|   | <u>2022</u>    | <u>2021</u>      |
|---|----------------|------------------|
| Receivables in less than one year             | \$ -0-         | \$ 20,000        |
| Receivables in one to five year               | 331,000        | 165,000          |
| Total unconditional promises to give          | 331,000        | 185,000          |
| Less: Long-term contributions receivable, net | <u>331,000</u> | <u>165,000</u>   |
| Contributions receivable, current             | <u>\$ -0-</u>  | <u>\$ 20,000</u> |



**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 4: Investments**

A summary of the investment portfolio, at fair value, is as follows at September 30, 2022 and 2021:

|                                       | 2022                 | 2021                 |
|---------------------------------------|----------------------|----------------------|
| Common stocks                         | \$ 13,350,219        | \$ 15,437,431        |
| Equity mutual funds                   | 10,413,319           | 12,278,648           |
| Corporate bonds                       | 3,108,803            | 3,743,372            |
| Fixed income mutual funds             | 2,784,800            | 3,430,715            |
| Money market funds                    | 1,926,064            | 833,623              |
| Government bonds                      | 637,969              | 363,458              |
| Interest in First Choice, LLC         | 598,376              | 675,040              |
| Municipal bonds                       | 332,186              | 503,168              |
| Certificates of deposit               | 187,643              | -0-                  |
| Mortgage/asset backed securities      | 45,946               | 60,851               |
| Preferred stock                       | 3,175                | 4,363                |
| <b>Total Investments</b>              | <b>33,388,500</b>    | <b>37,330,669</b>    |
| Investments classified as long-term:  |                      |                      |
| Investments, limited as to use        | 2,738,059            | 3,297,150            |
| Endowment funds                       | 7,630,134            | 7,340,529            |
| <b>Investments, long-term portion</b> | <b>10,368,193</b>    | <b>10,637,679</b>    |
| <b>Investments, current portion</b>   | <b>\$ 23,020,307</b> | <b>\$ 26,692,990</b> |

The following schedule summarizes the net investment return from all sources and their classification in the consolidated statements of operations and changes in net assets for the year ended September 30, 2022:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|---|-------------------------------|----------------------------|-----------------------|
| Investments                               |                               |                            |                       |
| Interest and dividends                    | \$ 816,965                    | \$ 91,742                  | \$ 908,707            |
| Net realized gains                        | 54,284                        | 28,956                     | 83,240                |
| Investment fees                           | (82,227)                      | (19,666)                   | (101,893)             |
| <b>Net investment return</b>              | <b>789,022</b>                | <b>101,032</b>             | <b>890,054</b>        |
| <b>Net unrealized losses</b>              | <b>(4,074,791)</b>            | <b>(439,150)</b>           | <b>(4,513,941)</b>    |
| <b>Total investment loss, investments</b> | <b>(3,285,769)</b>            | <b>(338,118)</b>           | <b>(3,623,887)</b>    |
| Endowments                                |                               |                            |                       |
| Interest and dividends                    | -0-                           | 377,395                    | 377,395               |
| Net realized gains                        | -0-                           | 119,273                    | 119,273               |
| Investment fees                           | -0-                           | (80,967)                   | (80,967)              |
| <b>Net investment return</b>              | <b>-0-</b>                    | <b>415,701</b>             | <b>415,701</b>        |
| <b>Net unrealized losses</b>              | <b>-0-</b>                    | <b>(1,772,580)</b>         | <b>(1,772,580)</b>    |
| <b>Total investment loss, endowments</b>  | <b>-0-</b>                    | <b>(1,356,879)</b>         | <b>(1,356,879)</b>    |
| <b>Total investment loss</b>              | <b>\$ (3,285,769)</b>         | <b>\$ (1,694,997)</b>      | <b>\$ (4,980,766)</b> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
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**Note 4: Investments (Continued)**

The following schedule summarizes the net investment return from all sources and their classification in the consolidated statements of operations and changes in net assets for the year ended September 30, 2021:

|                                      | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--------------------------------------|-------------------------------|----------------------------|---------------------|
| Investments                          |                               |                            |                     |
| Interest and dividends               | \$ 457,655                    | \$ 72,079                  | \$ 529,734          |
| Net realized gains                   | 744,815                       | 62,034                     | 806,849             |
| Investment fees                      | (75,071)                      | (15,252)                   | (90,323)            |
| Net investment return                | 1,127,399                     | 118,861                    | 1,246,260           |
| Net unrealized gains                 | 1,591,216                     | 436,109                    | 2,027,325           |
| Total investment income, investments | 2,718,615                     | 554,970                    | 3,273,585           |
| Endowments                           |                               |                            |                     |
| Interest and dividends               | -0-                           | 302,208                    | 302,208             |
| Net realized gains                   | -0-                           | 260,209                    | 260,209             |
| Investment fees                      | -0-                           | (64,020)                   | (64,020)            |
| Net investment return                | -0-                           | 498,397                    | 498,397             |
| Net unrealized gains                 | -0-                           | 1,833,258                  | 1,833,258           |
| Total investment income, endowments  | -0-                           | 2,331,655                  | 2,331,655           |
| Total investment income              | <u>\$ 2,718,615</u>           | <u>\$ 2,886,625</u>        | <u>\$ 5,605,240</u> |

Included in total investment income listed under the column "Without Donor Restrictions" is investment income (loss) earned on the Nursing Home Replacement Board Designated Fund in the amount of (\$559,091) and \$373,754 for the years ended September 30, 2022 and 2021, respectively.

**Note 5: Property**

Property at September 30, 2022 and 2021 consisted of the following:

|                                | 2022                 | 2021                 |
|--------------------------------|----------------------|----------------------|
| Land                           | \$ 4,654,094         | \$ 4,528,361         |
| Land improvements              | 3,438,418            | 3,290,435            |
| Buildings and improvements     | 124,697,096          | 122,319,331          |
| Furniture and equipment        | 6,106,549            | 7,201,273            |
| Construction in progress       | 1,270,447            | 2,179,505            |
| Total cost                     | 140,166,604          | 139,518,905          |
| Less: Accumulated depreciation | 51,138,824           | 50,157,551           |
|                                | <u>\$ 89,027,780</u> | <u>\$ 89,361,354</u> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 6: Line of Credit**

The Organization has a line of credit agreement with a bank in the amount of \$2,000,000. The line of credit bears interest at a variable interest rate based on the one-month London Interbank Offered Rate (LIBOR) plus 1.30% (4.43% and 1.45% at September 30, 2022 and 2021, respectively). The minimum interest rate charged on the line of credit cannot decrease below a fixed minimum rate of 1.55%. Interest is payable monthly in arrears. The line of credit expires June 15, 2024. The balance on the line of credit at September 30, 2022 and 2021 was \$1,918,997 and \$1,672,386, respectively.

**Note 7: Split-Interest Obligations**

The Organization is the beneficiary of several charitable gift annuity agreements which require lifetime annuity payments to the respective donor. The agreements terminate upon the death of the donor, at which time any remaining annuity value becomes available for use as designated by the agreements.

Annuity payments of \$107,165 and \$130,383 for the years ended September 30, 2022 and 2021, respectively, were made to the donors during the year. Annuity obligations are determined based on required periodic payments, using discount rates of 4% to 10% and life expectancy tables included in the IRC. Gains recognized on the termination of annuity agreements totaled \$75,158 and \$12,239 for the years ended September 30, 2022 and 2021, respectively.

The present value of the split-interest obligations totaled \$649,842 and \$736,210 for the years ended September 30, 2022 and 2021, respectively.

**Note 8: Long-Term Debt**

Long-term debt consists of the following as of September 30, 2022 and 2021:

|   | 2022       | 2021       |
|---|------------|------------|
| Mortgage note, collateralized by real estate with monthly payments of \$863 with an interest rate of 5.25% and due November 2025  | \$ 30,131  | \$ 38,659  |
| Mortgage note, collateralized by real estate with monthly payments of \$1,074 with an interest rate of 6.50% and due October 2022   | -0-        | 13,438     |
| Mortgage note, collateralized by real estate with monthly payments of \$1,393 with an interest rate of 4.74% and a final balloon payment of \$131,211 due on August 15, 2028  | 185,737    | 193,334    |
| Series 2017A \$26,000,000 Industrial Development Authority Revenue Refunding Bonds, collateralized by substantially all real estate and equipment, with monthly payments of \$75,000 at September 30, 2022 and a variable interest rate, as defined in the bond documents (3.12% and 0.86% as of September 30, 2022 and 2021, respectively, and subject to an interest rate swap agreement) with a final balloon payment of \$16,052,494 due on December 15, 2029 | 22,329,984 | 23,214,990 |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 8: Long-Term Debt (Continued)**

|   | <u>2022</u>          | <u>2021</u>          |
|---|----------------------|----------------------|
| Series 2017B \$18,000,000 Industrial Development Authority Revenue Refunding Bonds, collateralized by substantially all real estate and equipment, with monthly payments of \$39,584 at September 30, 2022 and a variable interest rate, as defined in the bond documents (3.12% and 0.86% as of September 30, 2022 and 2021, respectively, and subject to an interest rate swap agreement) with a final balloon payment of \$12,730,004 due on December 15, 2029 | 16,341,252           | 16,808,745           |
| Series 2017C \$4,500,000 Industrial Development Authority Revenue Bonds collateralized by substantially all real estate and equipment, with monthly interest only payments at a variable interest rate, as defined in the bond documents (2.96% and 0.70% as of September 30, 2022 and 2021, respectively) with a final balloon payment due on December 15, 2022  | 3,300,000            | 3,450,000            |
| Construction term loan commitment of \$4,000,000, collateralized by real estate with monthly payments of \$15,980 at September 30, 2022 with a variable interest rate based on the Secured Overnight Financing Rate (SOFR) plus 1.36% (3.91% as of September 30, 2022) but not to decrease below a fixed minimum rate of 1.55% and due on June 1, 2031  | 2,729,178            | 585,446              |
| Unsecured note payable to an individual, due on demand with interest at 6%  | 1,000                | 1,000                |
| Total Long-Term Debt  | 44,917,282           | 44,305,612           |
| Less: Unamortized debt issuance costs   | 277,187              | 315,420              |
| Total Long-Term Debt, Less Unamortized Debt Issuance Costs  | 44,640,095           | 43,990,192           |
| Less: Current maturities  | 4,770,547            | 1,415,636            |
| Long-Term Debt  | <u>\$ 39,869,548</u> | <u>\$ 42,574,556</u> |

The aggregate annual maturities of long-term debt, net of the annual amortization of deferred financing costs, subsequent to September 30, 2022 are as follows:

|                           | <u>Principal<br/>Payments</u> | <u>Deferred<br/>Financing Costs</u> | <u>Total</u>         |
|---------------------------|-------------------------------|-------------------------------------|----------------------|
| Year ending September 30, |                               |                                     |                      |
| 2023                      | \$ 4,808,780                  | \$ (38,233)                         | \$ 4,770,547         |
| 2024                      | 1,555,414                     | (38,233)                            | 1,517,181            |
| 2025                      | 1,599,435                     | (38,233)                            | 1,561,202            |
| 2026                      | 1,517,925                     | (38,233)                            | 1,479,692            |
| 2027                      | 1,355,012                     | (38,233)                            | 1,316,779            |
| Thereafter                | 34,080,716                    | (86,022)                            | 33,994,694           |
| Total                     | <u>\$ 44,917,282</u>          | <u>\$ (277,187)</u>                 | <u>\$ 44,640,095</u> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
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**September 30, 2022 and 2021**

**Note 8: Long-Term Debt (Continued)**

The Series 2017 bonds contain various financial covenants, which are subject to periodic review by the bank which the Organization was in compliance as of September 30, 2022 and 2021.

Interest Rate Swap Agreements: The Organization entered into two interest rate swap agreements to alter the interest rate characteristics of its outstanding debt instruments. The Organization uses these interest rate swap agreements to effectively convert its floating rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future income. These agreements involve the receipt of fixed rate amounts in exchange for floating rate interest payments over the life of the agreements without an exchange of the underlying principal amounts. The differential to be paid or received is accrued as interest rates change and recognized as an adjustment to interest expense related to the debt.

The Home has an interest rate swap agreement outstanding with Truist Bank with a notional amount of \$22,329,984 which is scheduled to mature on December 15, 2029. The agreement has a fixed rate of 2.95%. The fair value of the interest rate swap agreement as of September 30, 2022 and 2021 was \$1,172,365 and (\$1,820,842), respectively, representing an asset (liability) to the Home.

The Village has an interest rate swap agreement outstanding with Truist Bank with a notional amount of \$16,341,252 which is scheduled to mature on December 15, 2029. The agreement has a fixed rate of 2.95%. The fair value of the interest rate swap agreement as of September 30, 2022 and 2021 was \$884,756 and (\$1,359,694), respectively, representing an asset (liability) to the Village.

Changes in the fair value of the interest rate swap agreements are reflected in the consolidated statements of operations and changes in net assets.

Interest Expense: Total interest expense on all long-term debt, including payments required under the interest rate swap agreements and the line of credit, was \$1,311,371 and \$1,281,903 for the years ended September 30, 2022 and 2021, respectively, of which \$-0- and \$275,237 were capitalized as part of property during the years ended September 30, 2022 and 2021, respectively. Interest expense on the consolidated statements of functional expenses also includes the amortization of deferred costs of \$38,233 for both years.

**Note 9: Fair Value Measurement**

GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

Level 2: Inputs to the valuation methodology include:

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

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 9: Fair Value Measurement (Continued)**

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

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

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

Money Market Funds: Valued at original cost, which equals fair value

Certificates of Deposit: Valued at amortized cost, which approximates fair value.

Mutual Funds and Common Stocks: Valued at the last sales price reported on the active market in which the individual security is traded.

Corporate Bonds, Municipal Bonds, Government Bonds and Mortgage/Asset Backed Securities: Valued using inputs such as benchmark yields, reported trades, broker/dealer quotes and issuer spreads.

Preferred Stock: Preferred stock is valued based on expected future income streams as stated by the class of stock and an assumed required rate of return based on observable market data.

Interest in First Choice, LLC: Valued utilizing the net asset valuations provided by the general partners or estimates of value as determined in good faith by the respective investment manager.

Interest Rate Swap Agreements: Interest rate swap agreements are valued using estimated future cash outflow projections based on internal assumptions regarding future amortized debt balances.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 9: Fair Value Measurement (Continued)**

The table below represents the balances of assets as of September 30, 2022 measured at fair value on a recurring basis by level within the hierarchy:

|                                  | Total                | Level 1              | Level 2             | Level 3           |
|----------------------------------|----------------------|----------------------|---------------------|-------------------|
| Common stocks                    | \$ 13,350,219        | \$ 13,350,219        | \$ -0-              | \$ -0-            |
| Equity mutual funds              | 10,413,319           | 10,413,319           | -0-                 | -0-               |
| Corporate bonds                  | 3,108,803            | -0-                  | 3,108,803           | -0-               |
| Fixed income mutual funds        | 2,784,800            | 2,784,800            | -0-                 | -0-               |
| Money market funds               | 1,926,064            | 1,926,064            | -0-                 | -0-               |
| Government bonds                 | 637,969              | -0-                  | 637,969             | -0-               |
| Interest in First Choice, LLC    | 598,376              | -0-                  | -0-                 | 598,376           |
| Municipal bonds                  | 332,186              | -0-                  | 332,186             | -0-               |
| Certificates of deposit          | 187,643              | -0-                  | 187,643             | -0-               |
| Mortgage/asset backed securities | 45,946               | -0-                  | 45,946              | -0-               |
| Preferred stock                  | 3,175                | -0-                  | 3,175               | -0-               |
| Interest rate swap agreements    | -0-                  | -0-                  | -0-                 | -0-               |
| <b>Total</b>                     | <b>\$ 33,388,500</b> | <b>\$ 28,474,402</b> | <b>\$ 4,315,722</b> | <b>\$ 598,376</b> |

The table below represents the balances of assets as of September 30, 2021 measured at fair value on a recurring basis by level with the hierarchy:

|                                  | Total                | Level 1              | Level 2             | Level 3           |
|----------------------------------|----------------------|----------------------|---------------------|-------------------|
| Common stocks                    | \$ 15,437,431        | \$ 15,437,431        | \$ -0-              | \$ -0-            |
| Equity mutual funds              | 12,278,648           | 12,278,648           | -0-                 | -0-               |
| Corporate bonds                  | 3,743,372            | -0-                  | 3,743,372           | -0-               |
| Fixed income mutual funds        | 3,430,715            | 3,430,715            | -0-                 | -0-               |
| Money market funds               | 833,623              | 833,623              | -0-                 | -0-               |
| Municipal bonds                  | 503,168              | -0-                  | 503,168             | -0-               |
| Interest in First Choice, LLC    | 675,040              | -0-                  | -0-                 | 675,040           |
| Government bonds                 | 363,458              | -0-                  | 363,458             | -0-               |
| Mortgage/asset backed securities | 60,851               | -0-                  | 60,851              | -0-               |
| Preferred stock                  | 4,363                | -0-                  | 4,363               | -0-               |
| Interest rate swap agreements    | (3,180,536)          | -0-                  | (3,180,536)         | -0-               |
| <b>Total</b>                     | <b>\$ 34,150,133</b> | <b>\$ 31,980,417</b> | <b>\$ 1,494,676</b> | <b>\$ 675,040</b> |

The change in investments for which the Organization has used Level 3 inputs to determine fair value is as follows:

|                               | 2022              | 2021              |
|-------------------------------|-------------------|-------------------|
| Balance at beginning of year  | \$ 675,040        | \$ 524,529        |
| Contributions                 | -0-               | -0-               |
| Distributions                 | (335,987)         | (324,100)         |
| Change in value               | 259,323           | 474,611           |
| <b>Balance at end of year</b> | <b>\$ 598,376</b> | <b>\$ 675,040</b> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
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**September 30, 2022 and 2021**

**Note 10: Net Assets**

Net Assets without Donor Restrictions

Undesignated net assets without donor restrictions - Consists of the resources and obligations related to the daily operations of the Organization

Board designated net assets without donor restrictions - The Organization has established three board designated funds with balances as of September 30, 2022 and 2021 as follows:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Nursing Home Replacement Fund   | \$ 2,738,059        | \$ 3,297,150        |
| Forever Family Board Designated Endowment Fund (formerly Resident Care Board Designated Endowment Fund) | 2,546,242           | 2,955,762           |
| LiveWell Campaign   | 2,465,340           | -0-                 |
|   | <u>\$ 7,749,641</u> | <u>\$ 6,252,912</u> |

Nursing Home Replacement Fund - consists of a fund designated by the Board of Directors for the purpose of establishing and maintaining a reserve for future nursing home replacement costs. The funds are held in a separate investment account and classified as investments, limited as to use on the consolidated statements of financial position.

Forever Family Board Designated Endowment, a quasi-endowment fund - consists of funds that are available to support operations in Independent Living, Assisted Living and Nursing Households for residents who have exhausted their financial resources.

LiveWell Campaign - consists of a fund designated by the Board of Directors for the purpose of enhancing program services that will enrich the lives of the residents, provide greater opportunities to connect and grow and even help the Organization expand its positive influence into the greater community.



**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 10: Net Assets (Continued)**

Net Assets with Donor Restrictions

The Organization has several restricted funds, which may be fully expended but only for the purpose established by the respective donors. Net assets with donor restrictions were available for the following purposes as of September 30, 2022:

|  | 2021                 |                     | Current Year Activity |                       | 2022                 |
|--|----------------------|---------------------|-----------------------|-----------------------|----------------------|
|  |                      |                     | Total                 | Released              |                      |
|  |                      |                     | Investment            | From                  |                      |
|  |                      | Contributions       | Return*               | Restrictions          |                      |
| Subject to expenditure for specific purposes:                            |                      |                     |                       |                       |                      |
| Forever Family Endowment Fund<br>(formerly Resident Care Endowment Fund) | \$ 5,177,179         | \$ -0-              | \$ (1,260,386)        | \$ (607,624)          | \$ 3,309,169         |
| Spiritual Life Endowment Fund<br>(formerly Pastoral Care Endowment Fund) | 606,992              | -0-                 | (96,492)              | (91,090)              | 419,410              |
| Nursing Education Fund   | 3,240,425            | 25                  | (338,119)             | (46,046)              | 2,856,285            |
| Special projects   | 265,240              | 570,242             | -0-                   | (314,872)             | 520,610              |
|  | <u>9,289,836</u>     | <u>570,267</u>      | <u>(1,694,997)</u>    | <u>(1,059,632)</u>    | <u>7,105,474</u>     |
| Subject to expenditure with the passage of time:                         |                      |                     |                       |                       |                      |
| Bequests   | 185,000              | 277,500             | -0-                   | (131,500)             | 331,000              |
| Subject to spending policy or appropriation:                             |                      |                     |                       |                       |                      |
| Endowments   |                      |                     |                       |                       |                      |
| Forever Family Endowment Fund<br>(formerly Resident Care Endowment Fund) | 6,933,080            | 284,480             | -0-                   | -0-                   | 7,217,560            |
| Spiritual Life Endowment Fund<br>(formerly Pastoral Care Endowment Fund) | 407,449              | 5,125               | -0-                   | -0-                   | 412,574              |
|  | <u>7,340,529</u>     | <u>289,605</u>      | <u>-0-</u>            | <u>-0-</u>            | <u>7,630,134</u>     |
|  | <u>\$ 16,815,365</u> | <u>\$ 1,137,372</u> | <u>\$ (1,694,997)</u> | <u>\$ (1,191,132)</u> | <u>\$ 15,066,608</u> |

\*Includes realized and unrealized gains (losses)

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
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**September 30, 2022 and 2021**

**Note 10: Net Assets (Continued)**

Net assets with donor restrictions were available for the following purposes as of September 30, 2021:

|  | 2020                 | Prior Year Activity |                          | 2021                  |                            |
|--|----------------------|---------------------|--------------------------|-----------------------|----------------------------|
|  |                      | Contributions       | Total Investment Return* |                       | Released From Restrictions |
| Subject to expenditure for specific purposes:                            |                      |                     |                          |                       |                            |
| Forever Family Endowment Fund<br>(formerly Resident Care Endowment Fund) | \$ 3,641,165         | \$ -0-              | \$ 2,139,837             | \$ (603,823)          | \$ 5,177,179               |
| Spiritual Life Endowment Fund<br>(formerly Pastoral Care Endowment Fund) | 486,174              | -0-                 | 191,818                  | (71,000)              | 606,992                    |
| Nursing Education Fund   | 2,722,042            | 2,025               | 554,970                  | (38,612)              | 3,240,425                  |
| Special projects   | 209,609              | 378,176             | -0-                      | (322,545)             | 265,240                    |
|  | <u>7,058,990</u>     | <u>380,201</u>      | <u>2,886,625</u>         | <u>(1,035,980)</u>    | <u>9,289,836</u>           |
| Subject to expenditure with the passage of time:                         |                      |                     |                          |                       |                            |
| Bequests   | 80,000               | 185,000             | -0-                      | (80,000)              | 185,000                    |
| Subject to spending policy or appropriation:                             |                      |                     |                          |                       |                            |
| Endowments   |                      |                     |                          |                       |                            |
| Forever Family Endowment Fund<br>(formerly Resident Care Endowment Fund) | 6,747,764            | 185,316             | -0-                      | -0-                   | 6,933,080                  |
| Spiritual Life Endowment Fund<br>(formerly Pastoral Care Endowment Fund) | 398,049              | 9,400               | -0-                      | -0-                   | 407,449                    |
|  | <u>7,145,813</u>     | <u>194,716</u>      | <u>-0-</u>               | <u>-0-</u>            | <u>7,340,529</u>           |
|  | <u>\$ 14,284,803</u> | <u>\$ 759,917</u>   | <u>\$ 2,886,625</u>      | <u>\$ (1,115,980)</u> | <u>\$ 16,815,365</u>       |

\*Includes realized and unrealized gains (losses)

The Organization maintains the following donor-restricted endowment funds classified as restricted in perpetuity. The original principal portion of the funds may not be expended.

Forever Family Endowment Fund (formerly Resident Care Endowment Fund): This fund was established for the purposes of supporting operations in Independent Living, Assisted Living and Nursing Households for residents who have exhausted their financial resources.

Spiritual Life Endowment Fund (formerly Pastoral Care Endowment Fund): This fund was established for the purposes of supporting operations of Lantz Chapel, the work of two chaplains, and spiritual enrichment programming across campus - from vespers and Bible studies to end-of-life care and team member spiritual care training program.

The income earned on the endowment funds is expendable but only for the purpose established by the respective donors.

FASB issued guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This guidance also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 10: Net Assets (Continued)**

The Commonwealth of Virginia (the Commonwealth) has enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of the Organization has interpreted the Commonwealth's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift, as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, such as net realized and unrealized gains (losses).

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds; (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies*

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which protects the purchasing power of the fund against inflation, with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which include equity securities and debt obligations that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time to produce an average rate of return that is higher than the inflation rate in order to maintain the purchasing power of the endowment funds. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy*

The Organization has a policy of appropriating for distribution each year not more than 4.5% for the Forever Family Endowment Fund and 7% for the Spiritual Life Endowment Fund. In establishing this policy, the Organization considered long-term expected return on its investment assets, the nature and duration of the individual endowment funds which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 10: Net Assets (Continued)**

Endowment Net Asset Composition by Type of Fund as September 30, 2022 and 2021 is as follows:

|                                  | With Donor Restrictions      |                        |                        | Total Net<br>Endowment<br>Assets |
|----------------------------------|------------------------------|------------------------|------------------------|----------------------------------|
|                                  | Without Donor<br>Restriction | Temporary<br>in Nature | Permanent<br>in Nature |                                  |
| September 30, 2022:              |                              |                        |                        |                                  |
| Board designated endowment fund  | \$ 2,546,242                 | \$ -0-                 | \$ -0-                 | \$ 2,546,242                     |
| Donor-restricted endowment funds | -0-                          | 3,728,579              | 7,630,134              | 11,358,713                       |
| Total Net Endowment Assets       | <u>\$ 2,546,242</u>          | <u>\$ 3,728,579</u>    | <u>\$ 7,630,134</u>    | <u>\$ 13,904,955</u>             |
| September 30, 2021:              |                              |                        |                        |                                  |
| Board designated endowment fund  | \$ 2,955,762                 | \$ -0-                 | \$ -0-                 | \$ 2,955,762                     |
| Donor-restricted endowment funds | -0-                          | 5,784,171              | 7,340,529              | 13,124,700                       |
| Total Net Endowment Assets       | <u>\$ 2,955,762</u>          | <u>\$ 5,784,171</u>    | <u>\$ 7,340,529</u>    | <u>\$ 16,080,462</u>             |

Changes in endowment net assets during the year ended September 30, 2022 and 2021 are as follows:

|   | With Donor Restrictions       |                        |                        | Total Net<br>Endowment<br>Assets |
|---|-------------------------------|------------------------|------------------------|----------------------------------|
|   | Without Donor<br>Restrictions | Temporary<br>in Nature | Permanent<br>in Nature |                                  |
| Endowment net assets,<br>September 30, 2020 | \$ 2,512,161                  | \$ 4,127,339           | \$ 7,145,813           | \$ 13,785,313                    |
| Contributions                               | -0-                           | -0-                    | 194,716                | 194,716                          |
| Total investment return                     | 443,601                       | 2,331,655              | -0-                    | 2,775,256                        |
| Amounts appropriated for<br>expenditure     | -0-                           | (674,823)              | -0-                    | (674,823)                        |
| Endowment net assets,<br>September 30, 2021 | 2,955,762                     | 5,784,171              | 7,340,529              | 16,080,462                       |
| Contributions                               | -0-                           | -0-                    | 289,605                | 289,605                          |
| Total investment return                     | (409,520)                     | (1,356,878)            | -0-                    | (1,766,398)                      |
| Amounts appropriated for<br>expenditure     | -0-                           | (698,714)              | -0-                    | (698,714)                        |
| Endowment net assets,<br>September 30, 2022 | <u>\$ 2,546,242</u>           | <u>\$ 3,728,579</u>    | <u>\$ 7,630,134</u>    | <u>\$ 13,904,955</u>             |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 11: Government Grants**

Paycheck Protection Program Loans: The Home applied for and received funds in the amount of \$2,184,700 under the Paycheck Protection Program (PPP), which was created by the U.S. Federal Government as a result of the coronavirus pandemic. The proceeds were considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, were incurred during the period of eight-weeks to 24-weeks, commencing on the date of the loan agreement (April 21, 2020). Any portion of this loan that did not qualify for forgiveness was subject to an interest rate of 1%. The original loan document required monthly principal installments plus interest over an eighteen-month period commencing on November 21, 2020 with a maturity date of April 21, 2022. However, the repayment of the principal period was extended until 10 months after the periods of eight-weeks to 24-weeks. The loan was reflected as long-term debt at September 30, 2020. The Home applied for and received 100% forgiveness of the PPP loan on July 23, 2021, and therefore, this forgiveness has been recognized as grant revenue during the year ended September 30, 2021.

The Village applied for and received funds in the amount of \$265,700 under the PPP. The proceeds were considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, were incurred during the period of eight-weeks to 24-weeks, commencing on the date of the loan agreement (April 29, 2020). Any portion of this loan that did not qualify for forgiveness was subject to an interest rate of 1%. The original loan document required monthly principal installments plus interest over an eighteen-month period commencing on November 29, 2020 with a maturity date of April 29, 2022. However, the repayment of the principal period was extended until 10 months after the periods of eight-weeks to 24-weeks. The loan was reflected as long-term debt at September 30, 2020. The Village applied for and received 100% forgiveness of the PPP loan on March 2, 2021, and therefore, this forgiveness has been recognized as grant revenue during the year ended September 30, 2021.

HealthCare applied for and received funds in the amount of \$332,500 under the PPP. The proceeds were considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, were incurred during the period of eight-weeks to 24-weeks, commencing on the date of the loan agreement (April 30, 2020). Any portion of this loan that did not qualify for forgiveness was subject to an interest rate of 1%. The original loan document required monthly principal installments plus interest over an eighteen-month period commencing on November 30, 2020 with a maturity date of April 30, 2022. However, the repayment of the principal period was extended until 10 months after the end of the periods of eight-weeks to 24-weeks. The loan was reflected as long-term debt at September 30, 2020. HealthCare applied for and received 100% forgiveness of the PPP loan on June 10, 2021, and therefore, this forgiveness has been recognized as grant revenue during the year ended September 30, 2021.

The Foundation applied for and received funds in the amount of \$55,200 under the PPP. The proceeds were considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, were incurred during the period of eight-weeks to 24-weeks, commencing on the date of the loan agreement (April 23, 2020). Any portion of this loan that did not qualify for forgiveness was subject to an interest rate of 1%. The original loan document required monthly principal installments plus interest over an eighteen-month period commencing on November 23, 2020 with a maturity date of April 23, 2022. However, the repayment of the principal period was extended until 10 months after the end of the periods of eight-weeks to 24-weeks. The loan was reflected as long-term debt at September 30, 2020. The Foundation applied for and received 100% forgiveness of the PPP loan on March 4, 2021, and therefore, this forgiveness has been recognized as grant revenue during the year ended September 30, 2021.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 11: Government Grants (Continued)**

Provider Relief Fund: On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act established the Provider Relief Fund (PRF) which supports healthcare providers in their battle against the COVID-19 outbreak. During the year 2021 and 2020, the Home received \$99,176 and \$934,048 of funding from the PRF. Under the CARES Act, a recipient of the PRF funding must incur certain eligible expenditures related to the pandemic in order to recognize these funds as revenue. Any PRF funding that is not expended is currently required to be refunded. During the year ended September 30, 2021, the Home incurred \$975,896 of qualified expenditures, and therefore, has recognized this amount of PRF funding as government grants (PRF) revenue for the year ended September 30, 2021. The unearned portion of \$57,328 was recorded as deferred revenue in the consolidated statements of financial position at September 30, 2021. During the year ended September 30, 2022, the Home incurred additional qualifying expenditures, and therefore, was able to recognize the remaining \$57,328 as government grants (PRF) revenue during the year ended September 30, 2022.

**Note 12: Estimated Future Service Obligations**

The Organization was established to provide continuing care to qualified residents. GAAP requires that facilities with continuing care contracts evaluate and accrue any projected losses in their resident contracts. The Organization has made the required calculations and concluded that as of September 30, 2022 and 2021, the present value of future cash flows exceeds the present value of the projected costs related to continuing care contracts. Accordingly, no accrual was required as of September 30, 2022 and 2021.

**Note 13: Retirement Plan**

The Organization has a defined contribution pension plan organized under IRC Section 403(b) covering all full-time employees who work more than 20 hours per week. Under the terms of the plan, participating employees may elect to contribute pre-tax and after-tax dollars up to the maximum limit established by the IRS for each calendar year. The Organization will make a matching contribution equal to 100% of a participating employee's elective deferrals up to 6% of compensation. Total pension expense for the years ended September 30, 2022 and 2021 was \$469,626 and \$413,823, respectively and is included in employee benefits on the consolidated statements of functional expenses.

**Note 14: Resident Cash Funds**

The Home acts in an agency capacity regarding the holding of resident's cash funds. At September 30, 2022 and 2021, the Home was holding \$42,447 and \$43,598 in resident's funds, which have not been reflected in these consolidated financial statements.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 15: Self-Insurance Plans**

The Organization is self-insured for a significant portion of its employee health benefits, workers' compensation and general liability programs. However, stop-loss coverage is maintained with third party insurers to limit individual claims and total exposure under these programs. Under the self-insurance plans, the costs to the Organization cannot exceed \$50,000 per claim and an aggregate annual maximum of \$2,186,616, as defined in the plan documents. The Organization estimates an accrued liability for the ultimate costs to close known claims, including claims incurred but not yet reported as of the consolidated statements of financial position. The recorded estimated liability for self-insurance is based on the insurance companies incurred loss estimates and management's judgement, including assumptions and factors related to the frequency and severity of claims, claims development history and claims settlement practices. The assessment of self-insurance reserves is a highly subjective process that requires judgements about future events. The ultimate settlement of self-insurance reserves may differ significantly from amounts accrued in the consolidated financial statements. The recorded estimated liability for self-insurance was \$71,412 and \$129,252 as of September 30, 2022 and 2021, respectively, which is included in accounts payable on the consolidated statements of financial position.

**Note 16: Related Party Transactions**

The Organization receives services from companies owned by board members for professional fees, surveying fees, and other contracts. Payments for these services totaled approximately \$73,000 and \$196,000 for the years ended September 30, 2022 and 2021, respectively.

**Note 17: Certain Significant Risks and Uncertainties**

Cash and Cash Equivalents: The Organization maintains its cash balances at various financial institutions. Periodically during the year, the Organization's cash balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Resident Service Revenue: The Organization receives revenue from Medicare, Medicaid and private pay residents. The health care industry is continuing to experience the effects of the federal and state governments' trend toward cost containment, as government and other third-party payors seek to impose lower reimbursement and utilization rates and negotiate reduced payment schedules with providers. It is not possible to fully quantify the effect of recent legislation, the interpretation or administration of such legislation, or any other government initiatives on the Organization's business. Accordingly, there can be no assurance that any future health care legislation will not adversely affect the Organization's business. There can be no assurance that payments under government and private third-party payor programs will be timely, will remain at levels comparable to present levels, or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Organization's financial position and change in net assets may be affected by the reimbursement process, which in the health care industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement amounts are settled.

Investment Risk: The Organization invests in a professionally managed portfolio that may contain mutual funds, corporate bonds and notes, government obligations, money market funds and other types of investments. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**September 30, 2022 and 2021**

**Note 18: National Health Emergency**

In March 2020, the President of the United States declared a national emergency due to a viral pandemic. The declaration of the national emergency and similar declarations made by various states, and the outbreak of the virus itself, has had far reaching social, economic and financial impacts on the United States. At this time, the pandemic continues and the impact on the operations and financial status of the Organization cannot be determined.



**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES  
d/b/a BRIDGEWATER RETIREMENT COMMUNITY**

**SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2022 AND 2021**

**Independent Auditor's Report on Supplementary Information**

To the Board of Directors  
Bridgewater HealthCare, Inc. and Affiliates  
d/b/a Bridgewater Retirement Community

We have audited the consolidated financial statements of Bridgewater HealthCare, Inc. and Affiliates d/b/a Bridgewater Retirement Community as of and for the years ended September 30, 2022 and 2021, and our report thereon dated January 25, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on the following pages is presented for purposes of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Gross, Mendelsohn & Associates, P.A.*

Baltimore, Maryland  
January 25, 2023

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidating Statement of Financial Position**  
**September 30, 2022**

|   | <b>Bridgewater<br/>Home, Inc.</b> | <b>Bridgewater<br/>Village, Inc.</b> | <b>Bridgewater<br/>Healthcare,<br/>Inc.</b> | <b>Bridgewater<br/>Healthcare<br/>Foundation,<br/>Inc.</b> | <b>Eliminations</b>    | <b>Total</b>          |
|---|-----------------------------------|--------------------------------------|---|--|------------------------|-----------------------|
| <b>Assets</b>                             |                                   |                                      |   |  |                        |                       |
| <b>Current Assets</b>                     |                                   |                                      |   |  |                        |                       |
| Cash and cash equivalents                 | \$ 624,158                        | \$ 716,844                           | \$ 459                                      | \$ 2,816,200   | \$ -0-                 | \$ 4,157,661          |
| Accounts receivable, net                  | 652,426                           | 2,048,975                            | 19,317                                      | 14,183   | -0-                    | 2,734,901             |
| Investments, current                      | 3,491,212                         | 3,481,236                            | 1,684,102                                   | 14,363,757   | -0-                    | 23,020,307            |
| Inventories                               | 125,812                           | 21,908                               | 36,444                                      | -0-  | -0-                    | 184,164               |
| Prepaid expenses                          | 175,036                           | 34,302                               | 310   | 256  | -0-                    | 209,904               |
| Accrued interest receivable               | -0-                               | -0-                                  | -0-   | 22,620   | -0-                    | 22,620                |
| Due from related parties                  | 8,177,897                         | 331,009                              | 1,575,297                                   | -0-  | (10,084,203)           | -0-                   |
| Total Current Assets                      | <u>13,246,541</u>                 | <u>6,634,274</u>                     | <u>3,315,929</u>                            | <u>17,217,016</u>  | <u>(10,084,203)</u>    | <u>30,329,557</u>     |
| Property, net of accumulated depreciation | 39,268,740                        | 49,758,864                           | 176   | -0-  | -0-                    | 89,027,780            |
| <b>Other Assets</b>                       |                                   |                                      |   |  |                        |                       |
| Contributions receivable, net             | -0-                               | -0-                                  | -0-   | 331,000  | -0-                    | 331,000               |
| Deposits                                  | 157,534                           | 107,224                              | 4,273                                       | 5,950  | -0-                    | 274,981               |
| Investments, limited as to use            | 2,738,059                         | -0-                                  | -0-   | -0-  | -0-                    | 2,738,059             |
| Investments, long-term                    | -0-                               | -0-                                  | -0-   | 7,630,134  | -0-                    | 7,630,134             |
| Land held for sale                        | -0-                               | -0-                                  | -0-   | 1,818,282  | -0-                    | 1,818,282             |
| Interest rate swap agreements             | 1,172,365                         | 884,756                              | -0-   | -0-  | -0-                    | 2,057,121             |
| Other assets                              | 3,338                             | 24                                   | -0-   | 9,400  | -0-                    | 12,762                |
| Total Other Assets                        | <u>4,071,296</u>                  | <u>992,004</u>                       | <u>4,273</u>                                | <u>9,794,766</u>   | <u>-0-</u>             | <u>14,862,339</u>     |
| <b>Total Assets</b>                       | <u>\$ 56,586,577</u>              | <u>\$ 57,385,142</u>                 | <u>\$ 3,320,378</u>                         | <u>\$ 27,011,782</u>                                       | <u>\$ (10,084,203)</u> | <u>\$ 134,219,676</u> |

|   | Bridgewater<br>Home, Inc. | Bridgewater<br>Village, Inc. | Bridgewater<br>Healthcare,<br>Inc. | Bridgewater<br>Healthcare<br>Foundation,<br>Inc. | Eliminations           | Total                 |
|---|---------------------------|------------------------------|------------------------------------|--|------------------------|-----------------------|
| <b>Liabilities and Net Assets</b>             |                           |                              |                                    |  |                        |                       |
| <b>Current Liabilities</b>                    |                           |                              |                                    |  |                        |                       |
| Accounts payable                              | \$ 1,439,120              | \$ 304,903                   | \$ -0-                             | \$ -0-   | \$ -0-                 | \$ 1,744,023          |
| Accrued expenses                              | 105                       | 144,675                      | -0-                                | -0-  | -0-                    | 144,780               |
| Accrued compensation costs                    | 810,734                   | 115,488                      | 140,574                            | 15,244   | -0-                    | 1,082,040             |
| Contract liabilities                          | 51,840                    | -0-                          | -0-                                | -0-  | -0-                    | 51,840                |
| Line of credit                                | 1,918,997                 | -0-                          | -0-                                | -0-  | -0-                    | 1,918,997             |
| Current portion of split-interest obligations | -0-                       | -0-                          | -0-                                | 11,210   | -0-                    | 11,210                |
| Current portion of deferred entrance fees     | -0-                       | 2,512,888                    | -0-                                | -0-  | -0-                    | 2,512,888             |
| Current maturities of long-term debt          | 4,187,524                 | 583,023                      | -0-                                | -0-  | -0-                    | 4,770,547             |
| Due to related parties                        | 1,575,298                 | 2,450,748                    | -0-                                | 6,058,157  | (10,084,203)           | -0-                   |
| Total Current Liabilities                     | <u>9,983,618</u>          | <u>6,111,725</u>             | <u>140,574</u>                     | <u>6,084,611</u>                                 | <u>(10,084,203)</u>    | <u>12,236,325</u>     |
| <b>Non-Current Liabilities</b>                |                           |                              |                                    |  |                        |                       |
| Long-term debt, net                           | 21,292,601                | 18,576,947                   | -0-                                | -0-  | -0-                    | 39,869,548            |
| Split-interest obligations, net               | -0-                       | -0-                          | -0-                                | 638,632  | -0-                    | 638,632               |
| Deferred entrance fees, net                   | -0-                       | 10,906,832                   | -0-                                | -0-  | -0-                    | 10,906,832            |
| Refundable entrance fees                      | -0-                       | 19,738,921                   | -0-                                | -0-  | -0-                    | 19,738,921            |
| Total Non-Current Liabilities                 | <u>21,292,601</u>         | <u>49,222,700</u>            | <u>-0-</u>                         | <u>638,632</u>                                   | <u>-0-</u>             | <u>71,153,933</u>     |
| <b>Total Liabilities</b>                      | <u>31,276,219</u>         | <u>55,334,425</u>            | <u>140,574</u>                     | <u>6,723,243</u>                                 | <u>(10,084,203)</u>    | <u>83,390,258</u>     |
| <b>Net Assets</b>                             |                           |                              |                                    |  |                        |                       |
| Without donor restrictions                    |                           |                              |                                    |  |                        |                       |
| Undesignated                                  | 22,572,299                | 2,050,717                    | 3,179,804                          | 210,349  | -0-                    | 28,013,169            |
| Board designated funds                        | 2,738,059                 | -0-                          | -0-                                | 5,011,582  | -0-                    | 7,749,641             |
| Total Without Donor Restrictions              | <u>25,310,358</u>         | <u>2,050,717</u>             | <u>3,179,804</u>                   | <u>5,221,931</u>                                 | <u>-0-</u>             | <u>35,762,810</u>     |
| With donor restrictions                       | -0-                       | -0-                          | -0-                                | 15,066,608                                       | -0-                    | 15,066,608            |
| Total Net Assets                              | <u>25,310,358</u>         | <u>2,050,717</u>             | <u>3,179,804</u>                   | <u>20,288,539</u>                                | <u>-0-</u>             | <u>50,829,418</u>     |
| <b>Total Liabilities and Net Assets</b>       | <u>\$ 56,586,577</u>      | <u>\$ 57,385,142</u>         | <u>\$ 3,320,378</u>                | <u>\$ 27,011,782</u>                             | <u>\$ (10,084,203)</u> | <u>\$ 134,219,676</u> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidating Statement of Financial Position**  
**September 30, 2021**

|   | <b>Bridgewater<br/>Home, Inc.</b> | <b>Bridgewater<br/>Village, Inc.</b> | <b>Bridgewater<br/>Healthcare,<br/>Inc.</b> | <b>Bridgewater<br/>Healthcare<br/>Foundation,<br/>Inc.</b> | <b>Eliminations</b>    | <b>Total</b>          |
|---|-----------------------------------|--------------------------------------|---|--|------------------------|-----------------------|
| <b>Assets</b>                                     |                                   |                                      |   |  |                        |                       |
| <b>Current Assets</b>                             |                                   |                                      |   |  |                        |                       |
| Cash and cash equivalents                         | \$ 40,521                         | \$ 1,457,733                         | \$ 459                                      | \$ 751,283   | \$ -0-                 | \$ 2,249,996          |
| Restricted cash                                   | 279,105                           | -0-                                  | -0-   | -0-  | -0-                    | 279,105               |
| Accounts receivable, net                          | 1,241,589                         | 839,113                              | 14,256                                      | 20,433   | -0-                    | 2,115,391             |
| Contributions receivable                          | -0-                               | -0-                                  | -0-   | 20,000   | -0-                    | 20,000                |
| Investments, current                              | 3,267,901                         | 3,800,527                            | 1,978,916                                   | 17,645,646   | -0-                    | 26,692,990            |
| Inventories                                       | 118,340                           | 19,588                               | 32,849                                      | -0-  | -0-                    | 170,777               |
| Prepaid expenses                                  | 179,848                           | 38,390                               | 954   | 789  | -0-                    | 219,981               |
| Accrued interest receivable                       | -0-                               | -0-                                  | -0-   | 20,856   | -0-                    | 20,856                |
| Due from related parties                          | 9,463,272                         | 339,759                              | 1,235,076                                   | -0-  | (11,038,107)           | -0-                   |
| Total Current Assets                              | 14,590,576                        | 6,495,110                            | 3,262,510                                   | 18,459,007   | (11,038,107)           | 31,769,096            |
| <b>Property</b> , net of accumulated depreciation | 40,028,964                        | 49,332,038                           | 352   | -0-  | -0-                    | 89,361,354            |
| <b>Other Assets</b>                               |                                   |                                      |   |  |                        |                       |
| Contributions receivable, net                     | -0-                               | -0-                                  | -0-   | 165,000  | -0-                    | 165,000               |
| Deposits  | 157,534                           | 107,224                              | 4,273                                       | 5,950  | -0-                    | 274,981               |
| Investments, limited as to use                    | 3,297,150                         | -0-                                  | -0-   | -0-  | -0-                    | 3,297,150             |
| Investments, long-term                            | -0-                               | -0-                                  | -0-   | 7,340,529  | -0-                    | 7,340,529             |
| Land held for sale                                | -0-                               | -0-                                  | -0-   | 1,818,282  | -0-                    | 1,818,282             |
| Other assets                                      | 3,338                             | 24                                   | -0-   | 9,400  | -0-                    | 12,762                |
| Total Other Assets                                | 3,458,022                         | 107,248                              | 4,273                                       | 9,339,161  | -0-                    | 12,908,704            |
| <b>Total Assets</b>                               | <b>\$ 58,077,562</b>              | <b>\$ 55,934,396</b>                 | <b>\$ 3,267,135</b>                         | <b>\$ 27,798,168</b>                                       | <b>\$ (11,038,107)</b> | <b>\$ 134,039,154</b> |

|   | Bridgewater<br>Home, Inc. | Bridgewater<br>Village, Inc. | Bridgewater<br>Healthcare,<br>Inc. | Bridgewater<br>Healthcare<br>Foundation,<br>Inc. | Eliminations           | Total                 |
|---|---------------------------|------------------------------|------------------------------------|--|------------------------|-----------------------|
| <b>Liabilities and Net Assets</b>             |                           |                              |                                    |  |                        |                       |
| <b>Current Liabilities</b>                    |                           |                              |                                    |  |                        |                       |
| Accounts payable                              | \$ 1,668,387              | \$ 157,036                   | \$ -0-                             | \$ -0-   | \$ -0-                 | \$ 1,825,423          |
| Accrued expenses                              | 134,156                   | 192,881                      | -0-                                | -0-  | -0-                    | 327,037               |
| Accrued compensation costs                    | 819,479                   | 112,811                      | 131,818                            | 15,844   | -0-                    | 1,079,952             |
| Deferred revenue                              | 57,328                    | -0-                          | -0-                                | -0-  | -0-                    | 57,328                |
| Line of credit                                | 1,672,386                 | -0-                          | -0-                                | -0-  | -0-                    | 1,672,386             |
| Current portion of split-interest obligations | -0-                       | -0-                          | -0-                                | 42,838   | -0-                    | 42,838                |
| Current portion of deferred entrance fees     | -0-                       | 2,612,312                    | -0-                                | -0-  | -0-                    | 2,612,312             |
| Current maturities of long-term debt          | 865,864                   | 549,772                      | -0-                                | -0-  | -0-                    | 1,415,636             |
| Due to related parties                        | 1,235,076                 | 4,058,641                    | -0-                                | 5,744,390  | (11,038,107)           | -0-                   |
| Total Current Liabilities                     | 6,452,676                 | 7,683,453                    | 131,818                            | 5,803,072  | (11,038,107)           | 9,032,912             |
| <b>Non-Current Liabilities</b>                |                           |                              |                                    |  |                        |                       |
| Long-term debt, net                           | 25,628,458                | 16,946,098                   | -0-                                | -0-  | -0-                    | 42,574,556            |
| Split-interest obligations, net               | -0-                       | -0-                          | -0-                                | 693,372  | -0-                    | 693,372               |
| Deferred entrance fees, net                   | -0-                       | 9,281,031                    | -0-                                | -0-  | -0-                    | 9,281,031             |
| Refundable entrance fees                      | -0-                       | 19,441,673                   | -0-                                | -0-  | -0-                    | 19,441,673            |
| Interest rate swap agreements                 | 1,820,842                 | 1,359,694                    | -0-                                | -0-  | -0-                    | 3,180,536             |
| Total Non-Current Liabilities                 | 27,449,300                | 47,028,496                   | -0-                                | 693,372  | -0-                    | 75,171,168            |
| <b>Total Liabilities</b>                      | <b>33,901,976</b>         | <b>54,711,949</b>            | <b>131,818</b>                     | <b>6,496,444</b>                                 | <b>(11,038,107)</b>    | <b>84,204,080</b>     |
| <b>Net Assets</b>                             |                           |                              |                                    |  |                        |                       |
| Without donor restrictions                    |                           |                              |                                    |  |                        |                       |
| Undesignated                                  | 20,878,436                | 1,222,447                    | 3,135,317                          | 1,530,597  | -0-                    | 26,766,797            |
| Board designated funds                        | 3,297,150                 | -0-                          | -0-                                | 2,955,762  | -0-                    | 6,252,912             |
| Total Without Donor Restrictions              | 24,175,586                | 1,222,447                    | 3,135,317                          | 4,486,359  | -0-                    | 33,019,709            |
| With donor restrictions                       | -0-                       | -0-                          | -0-                                | 16,815,365                                       | -0-                    | 16,815,365            |
| Total Net Assets                              | 24,175,586                | 1,222,447                    | 3,135,317                          | 21,301,724                                       | -0-                    | 49,835,074            |
| <b>Total Liabilities and Net Assets</b>       | <b>\$ 58,077,562</b>      | <b>\$ 55,934,396</b>         | <b>\$ 3,267,135</b>                | <b>\$ 27,798,168</b>                             | <b>\$ (11,038,107)</b> | <b>\$ 134,039,154</b> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidating Statement of Operations and Changes in Net Assets**  
**Year Ended September 30, 2022**

|  | Bridgewater<br>Home, Inc.  | Bridgewater<br>Village, Inc. | Bridgewater<br>Healthcare,<br>Inc. | Bridgewater<br>Healthcare<br>Foundation,<br>Inc. | Eliminations              | Total                      |
|--|----------------------------|------------------------------|------------------------------------|--|---------------------------|----------------------------|
| <b>Without Donor Restrictions</b>                          |                            |                              |                                    |  |                           |                            |
| <b>Support and Revenue</b>                                 |                            |                              |                                    |  |                           |                            |
| Health care services:                                      |                            |                              |                                    |  |                           |                            |
| Nursing care   | \$ 18,027,675              | \$ -0-                       | \$ -0-                             | \$ -0-   | \$ -0-                    | \$ 18,027,675              |
| Less contractual loss with Medicare                        | (1,484,261)                | -0-                          | -0-                                | -0-  | -0-                       | (1,484,261)                |
| Less contractual loss with Medicaid                        | (1,758,905)                | -0-                          | -0-                                | -0-  | -0-                       | (1,758,905)                |
|  | <u>14,784,509</u>          | <u>-0-</u>                   | <u>-0-</u>                         | <u>-0-</u>                                       | <u>-0-</u>                | <u>14,784,509</u>          |
| Assisted living  | 7,345,650                  | -0-                          | -0-                                | -0-  | -0-                       | 7,345,650                  |
| Less contractual losses with Social Services               | (369,934)                  | -0-                          | -0-                                | -0-  | -0-                       | (369,934)                  |
| Less community service loss                                | (742,572)                  | -0-                          | -0-                                | -0-  | -0-                       | (742,572)                  |
|  | <u>6,233,144</u>           | <u>-0-</u>                   | <u>-0-</u>                         | <u>-0-</u>                                       | <u>-0-</u>                | <u>6,233,144</u>           |
| Resident services:   |                            |                              |                                    |  |                           |                            |
| Rental income  | -0-                        | 204,783                      | -0-                                | -0-  | -0-                       | 204,783                    |
| Service fees   | 1,825,191                  | 5,238,950                    | -0-                                | -0-  | (1,728,760)               | 5,335,381                  |
| Amortization of entrance fees                              | -0-                        | 2,550,466                    | -0-                                | -0-  | -0-                       | 2,550,466                  |
| Gain on unit turnover                                      | -0-                        | 773,431                      | -0-                                | -0-  | -0-                       | 773,431                    |
|  | <u>1,825,191</u>           | <u>8,767,630</u>             | <u>-0-</u>                         | <u>-0-</u>                                       | <u>(1,728,760)</u>        | <u>8,864,061</u>           |
| Pharmaceutical sales                                       | -0-                        | -0-                          | 298,729                            | -0-  | -0-                       | 298,729                    |
| Contributions  | 781,025                    | 71,523                       | -0-                                | 2,503,669  | (878,548)                 | 2,477,669                  |
| Support services   | -0-                        | -0-                          | 2,971,824                          | -0-  | (2,971,824)               | -0-                        |
| Fee for service revenue                                    | 69,396                     | -0-                          | -0-                                | -0-  | -0-                       | 69,396                     |
| Government grants - provider relief funds                  | 57,328                     | -0-                          | -0-                                | -0-  | -0-                       | 57,328                     |
| Net investment return                                      | 262,463                    | 178,110                      | 88,881                             | 259,568  | -0-                       | 789,022                    |
| Miscellaneous revenue                                      | 186,222                    | 258,112                      | 528                                | 21   | (96,232)                  | 348,651                    |
|  | <u>1,356,434</u>           | <u>507,745</u>               | <u>3,359,962</u>                   | <u>2,763,258</u>                                 | <u>(3,946,604)</u>        | <u>4,040,795</u>           |
| Net assets released from restrictions                      |                            |                              |                                    |  |                           |                            |
| Satisfaction of program restrictions                       | -0-                        | -0-                          | -0-                                | 1,059,632  | -0-                       | 1,059,632                  |
| Satisfaction of time restrictions                          | -0-                        | -0-                          | -0-                                | 131,500  | -0-                       | 131,500                    |
|  | <u>-0-</u>                 | <u>-0-</u>                   | <u>-0-</u>                         | <u>1,191,132</u>                                 | <u>-0-</u>                | <u>1,191,132</u>           |
| <b>Total Support and Revenue</b>                           | <u><b>24,199,278</b></u>   | <u><b>9,275,375</b></u>      | <u><b>3,359,962</b></u>            | <u><b>3,954,390</b></u>                          | <u><b>(5,675,364)</b></u> | <u><b>35,113,641</b></u>   |
| <b>Expenses</b>  |                            |                              |                                    |  |                           |                            |
| Program services   | 21,122,813                 | 8,129,273                    | 1,079,419                          | 1,487,175  | (2,929,723)               | 28,888,957                 |
| Supporting services:                                       |                            |                              |                                    |  |                           |                            |
| Management and general                                     | 3,388,221                  | 1,632,820                    | 2,164,349                          | 154,365  | (2,674,759)               | 4,664,996                  |
| Fundraising  | -0-                        | -0-                          | -0-                                | 238,742  | (70,882)                  | 167,860                    |
| <b>Total Expenses</b>                                      | <u><b>24,511,034</b></u>   | <u><b>9,762,093</b></u>      | <u><b>3,243,768</b></u>            | <u><b>1,880,282</b></u>                          | <u><b>(5,675,364)</b></u> | <u><b>33,721,813</b></u>   |
| <b>Income (Loss) from Operations</b>                       | <u><b>(311,756)</b></u>    | <u><b>(486,718)</b></u>      | <u><b>116,194</b></u>              | <u><b>2,074,108</b></u>                          | <u><b>-0-</b></u>         | <u><b>1,391,828</b></u>    |
| <b>Other Income (Expense)</b>                              |                            |                              |                                    |  |                           |                            |
| Unrealized losses on investments                           | (1,533,028)                | (892,994)                    | (331,030)                          | (1,317,739)                                      | -0-                       | (4,074,791)                |
| Income from investment in partnership                      | -0-                        | -0-                          | 259,323                            | -0-  | -0-                       | 259,323                    |
| Change in annuity value of split-interest obligations      | -0-                        | -0-                          | -0-                                | (20,797)   | -0-                       | (20,797)                   |
| Loss on disposal of fixed assets                           | (13,651)                   | (24,903)                     | -0-                                | -0-  | -0-                       | (38,554)                   |
| Loss on impairment   | -0-                        | (11,565)                     | -0-                                | -0-  | -0-                       | (11,565)                   |
| Change in value of interest rate swap agreements           | 2,993,207                  | 2,244,450                    | -0-                                | -0-  | -0-                       | 5,237,657                  |
| <b>Total Other Income (Expense)</b>                        | <u><b>1,446,528</b></u>    | <u><b>1,314,988</b></u>      | <u><b>(71,707)</b></u>             | <u><b>(1,338,536)</b></u>                        | <u><b>-0-</b></u>         | <u><b>1,351,273</b></u>    |
| <b>Change in Net Assets<br/>without Donor Restrictions</b> | <u><b>\$ 1,134,772</b></u> | <u><b>\$ 828,270</b></u>     | <u><b>\$ 44,487</b></u>            | <u><b>\$ 735,572</b></u>                         | <u><b>\$ -0-</b></u>      | <u><b>\$ 2,743,101</b></u> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidating Statement of Operations and Changes in Net Assets (Continued)**  
**Year Ended September 30, 2022**

|   | <b>Bridgewater<br/>Home, Inc.</b> | <b>Bridgewater<br/>Village, Inc.</b> | <b>Bridgewater<br/>Healthcare,<br/>Inc.</b> | <b>Bridgewater<br/>Healthcare<br/>Foundation,<br/>Inc.</b> | <b>Eliminations</b> | <b>Total</b>          |
|---|-----------------------------------|--------------------------------------|---|--|---------------------|-----------------------|
| <b>With Donor Restrictions</b>                          |                                   |                                      |   |  |                     |                       |
| <b>Support and Revenue</b>                              |                                   |                                      |   |  |                     |                       |
| Change in Net Assets with Donor Restrictions:           |                                   |                                      |   |  |                     |                       |
| Contributions   | \$ -0-                            | \$ -0-                               | \$ -0-                                      | \$ 1,137,372   | \$ -0-              | \$ 1,137,372          |
| Net investment return                                   | -0-                               | -0-                                  | -0-   | 516,733  | -0-                 | 516,733               |
| Unrealized losses on investments                        | -0-                               | -0-                                  | -0-   | (2,211,730)  | -0-                 | (2,211,730)           |
| Net assets released from restrictions                   |                                   |                                      |   |  |                     |                       |
| Satisfaction of program restrictions                    | -0-                               | -0-                                  | -0-   | (1,059,632)  | -0-                 | (1,059,632)           |
| Satisfaction of time restrictions                       | -0-                               | -0-                                  | -0-   | (131,500)  | -0-                 | (131,500)             |
| <b>Change in Net Assets<br/>with Donor Restrictions</b> | <b>\$ -0-</b>                     | <b>\$ -0-</b>                        | <b>\$ -0-</b>                               | <b>\$ (1,748,757)</b>                                      | <b>\$ -0-</b>       | <b>\$ (1,748,757)</b> |
| <b>Change in Net Assets</b>                             | <b>\$ 1,134,772</b>               | <b>\$ 828,270</b>                    | <b>\$ 44,487</b>                            | <b>\$ (1,013,185)</b>                                      | <b>\$ -0-</b>       | <b>\$ 994,344</b>     |
| <b>Net Assets at Beginning of Year</b>                  | <b>24,175,586</b>                 | <b>1,222,447</b>                     | <b>3,135,317</b>                            | <b>21,301,724</b>  | <b>-0-</b>          | <b>49,835,074</b>     |
| <b>Net Assets at End of Year</b>                        | <b>\$ 25,310,358</b>              | <b>\$ 2,050,717</b>                  | <b>\$ 3,179,804</b>                         | <b>\$ 20,288,539</b>                                       | <b>\$ -0-</b>       | <b>\$ 50,829,418</b>  |



**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidating Statement of Operations and Changes in Net Assets**  
**Year Ended September 30, 2021**

|  | Bridgewater<br>Home, Inc. | Bridgewater<br>Village, Inc. | Bridgewater<br>Healthcare,<br>Inc. | Bridgewater<br>Healthcare<br>Foundation,<br>Inc. | Eliminations       | Total               |
|--|---------------------------|------------------------------|------------------------------------|--|--------------------|---------------------|
| <b>Without Donor Restrictions</b>                          |                           |                              |                                    |  |                    |                     |
| <b>Support and Revenue</b>                                 |                           |                              |                                    |  |                    |                     |
| Health care services:                                      |                           |                              |                                    |  |                    |                     |
| Nursing care   | \$ 16,778,241             | \$ -0-                       | \$ -0-                             | \$ -0-   | \$ -0-             | \$ 16,778,241       |
| Less contractual loss with Medicare                        | (963,239)                 | -0-                          | -0-                                | -0-  | -0-                | (963,239)           |
| Less contractual loss with Medicaid                        | (1,628,970)               | -0-                          | -0-                                | -0-  | -0-                | (1,628,970)         |
|  | <u>14,186,032</u>         | <u>-0-</u>                   | <u>-0-</u>                         | <u>-0-</u>                                       | <u>-0-</u>         | <u>14,186,032</u>   |
| Assisted living  | 5,931,768                 | -0-                          | -0-                                | -0-  | -0-                | 5,931,768           |
| Less contractual losses with Social Services               | (400,929)                 | -0-                          | -0-                                | -0-  | -0-                | (400,929)           |
| Less community service loss                                | (940,197)                 | -0-                          | -0-                                | -0-  | -0-                | (940,197)           |
|  | <u>4,590,642</u>          | <u>-0-</u>                   | <u>-0-</u>                         | <u>-0-</u>                                       | <u>-0-</u>         | <u>4,590,642</u>    |
| Resident services:   |                           |                              |                                    |  |                    |                     |
| Rental income  | -0-                       | 171,800                      | -0-                                | -0-  | -0-                | 171,800             |
| Service fees   | 1,794,575                 | 4,765,219                    | -0-                                | -0-  | (1,722,235)        | 4,837,559           |
| Amortization of entrance fees                              | -0-                       | 2,660,593                    | -0-                                | -0-  | -0-                | 2,660,593           |
| Gain on unit turnover                                      | -0-                       | 561,383                      | -0-                                | -0-  | -0-                | 561,383             |
|  | <u>1,794,575</u>          | <u>8,158,995</u>             | <u>-0-</u>                         | <u>-0-</u>                                       | <u>(1,722,235)</u> | <u>8,231,335</u>    |
| Pharmaceutical sales                                       | -0-                       | -0-                          | 313,153                            | -0-  | -0-                | 313,153             |
| Contributions  | 953,160                   | 12,203                       | -0-                                | 218,393  | (988,910)          | 194,846             |
| Support services   | -0-                       | -0-                          | 2,456,632                          | -0-  | (2,456,632)        | -0-                 |
| Fee for service revenue                                    | 14,963                    | -0-                          | -0-                                | -0-  | -0-                | 14,963              |
| Government grants - PPP loan                               | 2,184,700                 | 265,700                      | 332,500                            | 55,200   | -0-                | 2,838,100           |
| Government grants - provider relief funds                  | 975,896                   | -0-                          | -0-                                | -0-  | -0-                | 975,896             |
| Net investment return                                      | 500,969                   | 310,744                      | 46,377                             | 269,309  | -0-                | 1,127,399           |
| Miscellaneous revenue                                      | 72,251                    | 75,936                       | -0-                                | (51)   | (98,142)           | 49,994              |
|  | <u>4,701,939</u>          | <u>664,583</u>               | <u>3,148,662</u>                   | <u>542,851</u>                                   | <u>(3,543,684)</u> | <u>5,514,351</u>    |
| Net assets released from restrictions                      |                           |                              |                                    |  |                    |                     |
| Satisfaction of program restrictions                       | -0-                       | -0-                          | -0-                                | 1,035,980  | -0-                | 1,035,980           |
| Satisfaction of time restrictions                          | -0-                       | -0-                          | -0-                                | 80,000   | -0-                | 80,000              |
|  | <u>-0-</u>                | <u>-0-</u>                   | <u>-0-</u>                         | <u>1,115,980</u>                                 | <u>-0-</u>         | <u>1,115,980</u>    |
| <b>Total Support and Revenue</b>                           | <u>25,273,188</u>         | <u>8,823,578</u>             | <u>3,148,662</u>                   | <u>1,658,831</u>                                 | <u>(5,265,919)</u> | <u>33,638,340</u>   |
| <b>Expenses</b>  |                           |                              |                                    |  |                    |                     |
| Program services   | 19,309,166                | 7,341,409                    | 984,605                            | 1,499,161  | (3,010,095)        | 26,124,246          |
| Supporting services:                                       |                           |                              |                                    |  |                    |                     |
| Management and general                                     | 2,765,693                 | 1,497,665                    | 2,078,551                          | 172,607  | (2,198,573)        | 4,315,943           |
| Fundraising  | -0-                       | -0-                          | -0-                                | 173,722  | (57,251)           | 116,471             |
| <b>Total Expenses</b>                                      | <u>22,074,859</u>         | <u>8,839,074</u>             | <u>3,063,156</u>                   | <u>1,845,490</u>                                 | <u>(5,265,919)</u> | <u>30,556,660</u>   |
| <b>Income (Loss) from Operations</b>                       | <u>3,198,329</u>          | <u>(15,496)</u>              | <u>85,506</u>                      | <u>(186,659)</u>                                 | <u>-0-</u>         | <u>3,081,680</u>    |
| <b>Other Income (Expense)</b>                              |                           |                              |                                    |  |                    |                     |
| Unrealized gains on investments                            | 247,795                   | 164,351                      | 211,747                            | 967,323  | -0-                | 1,591,216           |
| Income from investment in partnership                      | -0-                       | -0-                          | 474,611                            | -0-  | -0-                | 474,611             |
| Change in annuity value of split-interest obligations      | -0-                       | -0-                          | -0-                                | (75,306)   | -0-                | (75,306)            |
| Loss on disposal of fixed assets                           | -0-                       | (108,008)                    | -0-                                | -0-  | -0-                | (108,008)           |
| Loss on impairment   | -0-                       | (15,315)                     | -0-                                | -0-  | -0-                | (15,315)            |
| Change in value of interest rate swap agreements           | 1,426,693                 | 1,068,524                    | -0-                                | -0-  | -0-                | 2,495,217           |
| <b>Total Other Income (Expense)</b>                        | <u>1,674,488</u>          | <u>1,109,552</u>             | <u>686,358</u>                     | <u>892,017</u>                                   | <u>-0-</u>         | <u>4,362,415</u>    |
| <b>Change in Net Assets<br/>without Donor Restrictions</b> | <u>\$ 4,872,817</u>       | <u>\$ 1,094,056</u>          | <u>\$ 771,864</u>                  | <u>\$ 705,358</u>                                | <u>\$ -0-</u>      | <u>\$ 7,444,095</u> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidating Statement of Operations and Changes in Net Assets (Continued)**  
**Year Ended September 30, 2021**

|   | <b>Bridgewater<br/>Home, Inc.</b> | <b>Bridgewater<br/>Village, Inc.</b> | <b>Bridgewater<br/>Healthcare,<br/>Inc.</b> | <b>Bridgewater<br/>Healthcare<br/>Foundation,<br/>Inc.</b> | <b>Eliminations</b> | <b>Total</b>         |
|---|-----------------------------------|--------------------------------------|---|--|---------------------|----------------------|
| <b>With Donor Restrictions</b>                          |                                   |                                      |   |  |                     |                      |
| <b>Support and Revenue</b>                              |                                   |                                      |   |  |                     |                      |
| Change in Net Assets with Donor Restrictions:           |                                   |                                      |   |  |                     |                      |
| Contributions   | \$ -0-                            | \$ -0-                               | \$ -0-                                      | \$ 759,917   | \$ -0-              | \$ 759,917           |
| Net investment return                                   | -0-                               | -0-                                  | -0-   | 617,258  | -0-                 | 617,258              |
| Unrealized gains on investments                         | -0-                               | -0-                                  | -0-   | 2,269,367  | -0-                 | 2,269,367            |
| Net assets released from restrictions                   |                                   |                                      |   |  |                     |                      |
| Satisfaction of program restrictions                    | -0-                               | -0-                                  | -0-   | (1,035,980)  | -0-                 | (1,035,980)          |
| Satisfaction of time restrictions                       | -0-                               | -0-                                  | -0-   | (80,000)   | -0-                 | (80,000)             |
| <b>Change in Net Assets<br/>with Donor Restrictions</b> | <b>\$ -0-</b>                     | <b>\$ -0-</b>                        | <b>\$ -0-</b>                               | <b>\$ 2,530,562</b>  | <b>\$ -0-</b>       | <b>\$ 2,530,562</b>  |
| <b>Change in Net Assets</b>                             | <b>\$ 4,872,817</b>               | <b>\$ 1,094,056</b>                  | <b>\$ 771,864</b>                           | <b>\$ 3,235,920</b>  | <b>\$ -0-</b>       | <b>\$ 9,974,657</b>  |
| <b>Net Assets at Beginning of Year</b>                  | <b>19,302,769</b>                 | <b>128,391</b>                       | <b>2,363,453</b>                            | <b>18,065,804</b>  | <b>-0-</b>          | <b>39,860,417</b>    |
| <b>Net Assets at End of Year</b>                        | <b>\$ 24,175,586</b>              | <b>\$ 1,222,447</b>                  | <b>\$ 3,135,317</b>                         | <b>\$ 21,301,724</b>                                       | <b>\$ -0-</b>       | <b>\$ 49,835,074</b> |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Consolidating Statement of Expenses**  
**Year Ended September 30, 2022**

|                                 | Bridgewater<br>Home, Inc. | Bridgewater<br>Village, Inc. | Bridgewater<br>HealthCare, Inc. | Bridgewater<br>HealthCare<br>Foundation, Inc. | Eliminations   | Total         |
|---------------------------------|---------------------------|------------------------------|---------------------------------|---|----------------|---------------|
| Personnel expenses:             |                           |                              |                                 |   |                |               |
| Salaries                        | \$ 11,957,742             | \$ 1,363,556                 | \$ 1,810,646                    | \$ 242,095                                    | \$ -0-         | \$ 15,374,039 |
| Payroll taxes                   | 890,181                   | 101,098                      | 124,181                         | 16,655  | -0-            | 1,132,115     |
| Benefits                        | 1,461,063                 | 237,676                      | 266,226                         | 47,166  | -0-            | 2,012,131     |
| Total personnel expenses        | 14,308,986                | 1,702,330                    | 2,201,053                       | 305,916                                       | -0-            | 18,518,285    |
| Depreciation                    | 1,846,363                 | 2,329,366                    | 313                             | 501   | -0-            | 4,176,543     |
| Food                            | 1,342,759                 | -0-                          | -0-                             | -0-   | -0-            | 1,342,759     |
| Interest                        | 778,606                   | 563,709                      | -0-                             | -0-   | 7,289          | 1,349,604     |
| Utilities                       | 400,528                   | 503,804                      | -0-                             | -0-   | -0-            | 904,332       |
| Supplies                        | 719,498                   | 133,887                      | 47,304                          | 3,887   | -0-            | 904,576       |
| Insurance                       | 488,717                   | 201,294                      | 9,835                           | 8,368   | -0-            | 708,214       |
| Purchased repairs               | 385,281                   | 353,297                      | 445                             | -0-   | (60,000)       | 679,023       |
| Taxes and licenses              | 32,744                    | 564,792                      | 1,892                           | 544   | -0-            | 599,972       |
| Technology service fees         | 177,435                   | 230,400                      | 145,664                         | 10,336  | -0-            | 563,835       |
| Medical supplies                | 489,650                   | -0-                          | -0-                             | -0-   | -0-            | 489,650       |
| Provision for bad debts         | 381,702                   | -0-                          | -0-                             | -0-   | -0-            | 381,702       |
| Professional fees               | 180,247                   | 16,994                       | 109,664                         | 10,745  | -0-            | 317,650       |
| Therapies, lab and pharmacy     | 315,547                   | -0-                          | -0-                             | -0-   | -0-            | 315,547       |
| Cost of prescriptions sold      | -0-                       | -0-                          | 272,168                         | -0-   | -0-            | 272,168       |
| Management fees                 | 263,582                   | -0-                          | -0-                             | -0-   | -0-            | 263,582       |
| Renovations                     | -0-                       | 239,624                      | -0-                             | -0-   | -0-            | 239,624       |
| Refuse disposal                 | 155,834                   | -0-                          | 52,090                          | -0-   | -0-            | 207,924       |
| Resident activities             | -0-                       | 148,005                      | 3,858                           | 25,968  | -0-            | 177,831       |
| Telephone                       | 122,667                   | 16,975                       | 18,270                          | 1,453   | -0-            | 159,365       |
| Support services                | 1,665,943                 | 2,627,877                    | 30,948                          | 179,435                                       | (4,351,981)    | 152,222       |
| Marketing                       | -0-                       | -0-                          | 144,581                         | -0-   | -0-            | 144,581       |
| Printing and postage            | 42,847                    | 2,553                        | 43,166                          | 25,949  | -0-            | 114,515       |
| Campaign expenses               | -0-                       | -0-                          | -0-                             | 114,185                                       | -0-            | 114,185       |
| Employee and public relations   | 13,257                    | 5,769                        | 70,258                          | 13,458  | -0-            | 102,742       |
| Grant related expenses          | 69,396                    | -0-                          | -0-                             | -0-   | -0-            | 69,396        |
| Professional development        | 30,355                    | 8,265                        | 21,961                          | 3,752   | -0-            | 64,333        |
| Repairs and maintenance         | 6,286                     | 36,209                       | 2,438                           | 2,717   | -0-            | 47,650        |
| Transportation                  | 89,509                    | 25,929                       | 203                             | 458   | (72,000)       | 44,099        |
| Dues and subscriptions          | 18,783                    | 8,609                        | 9,319                           | 5,033   | -0-            | 41,744        |
| Medical director                | 35,250                    | -0-                          | -0-                             | -0-   | -0-            | 35,250        |
| Equipment rentals               | 24,949                    | 2,343                        | 1,560                           | -0-   | -0-            | 28,852        |
| Bank and credit card fees       | 16,181                    | 2,283                        | 3,853                           | 877   | -0-            | 23,194        |
| Long-range planning             | -0-                       | -0-                          | 22,188                          | 671   | -0-            | 22,859        |
| Equipment replacement           | -0-                       | 20,723                       | -0-                             | -0-   | -0-            | 20,723        |
| Support of related organization | -0-                       | -0-                          | -0-                             | 1,155,151                                     | (1,155,151)    | -0-           |
| Occupancy                       | -0-                       | 10,881                       | 21,762                          | 10,878  | (43,521)       | -0-           |
| Miscellaneous                   | 108,132                   | 6,175                        | 8,975                           | -0-   | -0-            | 123,282       |
| Total Expenses                  | \$ 24,511,034             | \$ 9,762,093                 | \$ 3,243,768                    | \$ 1,880,282                                  | \$ (5,675,364) | \$ 33,721,813 |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**
**Consolidating Statement of Expenses**
**Year Ended September 30, 2021**

|                                 | Bridgewater<br>Home, Inc. | Bridgewater<br>Village, Inc. | Bridgewater<br>HealthCare, Inc. | Bridgewater<br>HealthCare<br>Foundation, Inc. | Eliminations   | Total         |
|---------------------------------|---------------------------|------------------------------|---------------------------------|---|----------------|---------------|
| Personnel expenses:             |                           |                              |                                 |   |                |               |
| Salaries                        | \$ 10,592,853             | \$ 1,368,209                 | \$ 1,722,312                    | \$ 240,405                                    | \$ -0-         | \$ 13,923,779 |
| Payroll taxes                   | 653,829                   | 83,640                       | 115,446                         | 6,612   | -0-            | 859,527       |
| Benefits                        | 1,526,054                 | 256,580                      | 269,010                         | 51,709  | -0-            | 2,103,353     |
| Total personnel expenses        | 12,772,736                | 1,708,429                    | 2,106,768                       | 298,726                                       | -0-            | 16,886,659    |
| Depreciation                    | 1,462,532                 | 2,170,426                    | 2,355                           | 515   | -0-            | 3,635,828     |
| Food                            | 1,180,585                 | -0-                          | -0-                             | -0-   | -0-            | 1,180,585     |
| Interest                        | 496,277                   | 540,918                      | -0-                             | -0-   | 7,704          | 1,044,899     |
| Utilities                       | 373,455                   | 487,563                      | -0-                             | -0-   | -0-            | 861,018       |
| Supplies                        | 700,684                   | 117,628                      | 40,374                          | 1,846   | -0-            | 860,532       |
| Therapies, lab and pharmacy     | 808,192                   | -0-                          | -0-                             | -0-   | -0-            | 808,192       |
| Medical supplies                | 660,155                   | -0-                          | -0-                             | -0-   | -0-            | 660,155       |
| Insurance                       | 420,433                   | 173,031                      | 9,625                           | 8,323   | -0-            | 611,412       |
| Technology service fees         | 148,089                   | 227,581                      | 131,816                         | 5,193   | -0-            | 512,679       |
| Taxes and licenses              | 31,976                    | 440,063                      | 1,640                           | 69  | -0-            | 473,748       |
| Purchased repairs               | 375,376                   | 121,692                      | 590                             | -0-   | (60,000)       | 437,658       |
| Professional fees               | 127,889                   | 54,401                       | 90,704                          | 11,777  | -0-            | 284,771       |
| Provision for bad debts         | 283,357                   | -0-                          | -0-                             | -0-   | -0-            | 283,357       |
| Management fees                 | 273,896                   | -0-                          | -0-                             | -0-   | -0-            | 273,896       |
| Cost of prescriptions sold      | -0-                       | -0-                          | 255,150                         | -0-   | -0-            | 255,150       |
| Refuse disposal                 | 146,324                   | -0-                          | 67,925                          | -0-   | -0-            | 214,249       |
| Renovations                     | -0-                       | 208,362                      | -0-                             | -0-   | -0-            | 208,362       |
| Marketing                       | -0-                       | -0-                          | 166,611                         | -0-   | -0-            | 166,611       |
| Telephone                       | 114,270                   | 15,241                       | 15,018                          | 1,744   | -0-            | 146,273       |
| Printing and postage            | 46,775                    | 4,081                        | 37,026                          | 19,120  | -0-            | 107,002       |
| Long-range planning             | -0-                       | -0-                          | 645                             | 95,242  | -0-            | 95,887        |
| Employee and public relations   | 6,882                     | 1,940                        | 57,562                          | 5,370   | -0-            | 71,754        |
| Repairs and maintenance         | 5,318                     | 40,140                       | 6,442                           | 2,753   | -0-            | 54,653        |
| Dues and subscriptions          | 17,748                    | 5,790                        | 9,171                           | 5,823   | -0-            | 38,532        |
| Medical director                | 35,000                    | -0-                          | -0-                             | -0-   | -0-            | 35,000        |
| Professional development        | 22,975                    | 2,890                        | 6,088                           | 1,298   | -0-            | 33,251        |
| Equipment rentals               | 28,344                    | 2,178                        | 2,265                           | -0-   | -0-            | 32,787        |
| Transportation                  | 78,913                    | 15,706                       | 287                             | 89  | (67,735)       | 27,260        |
| Resident activities             | -0-                       | 10,800                       | 4,089                           | 8,360   | -0-            | 23,249        |
| Grant related expenses          | 14,963                    | -0-                          | -0-                             | -0-   | -0-            | 14,963        |
| Bank and credit card fees       | 10,626                    | 1,455                        | 1,185                           | 336   | -0-            | 13,602        |
| Equipment replacement           | -0-                       | 8,648                        | -0-                             | -0-   | -0-            | 8,648         |
| Support services                | 1,346,649                 | 2,464,118                    | 24,692                          | 148,992                                       | (3,980,524)    | 3,927         |
| Support of related organization | -0-                       | -0-                          | -0-                             | 1,119,518                                     | (1,119,518)    | -0-           |
| Occupancy                       | -0-                       | 11,462                       | 22,923                          | 11,461  | (45,846)       | -0-           |
| Miscellaneous                   | 84,440                    | 4,531                        | 2,205                           | 98,935  | -0-            | 190,111       |
| Total Expenses                  | \$ 22,074,859             | \$ 8,839,074                 | \$ 3,063,156                    | \$ 1,845,490                                  | \$ (5,265,919) | \$ 30,556,660 |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**
**Schedule of Expenses - Bridgewater Home, Inc.**
**Year Ended September 30, 2022**

|                               | Administration      | Food Service        | Village Dining      | Housekeeping      | Village Housekeeping | Laundry and Linen Service | Maintenance         |
|-------------------------------|---------------------|---------------------|---------------------|-------------------|----------------------|---------------------------|---------------------|
| Personnel expenses:           |                     |                     |                     |                   |                      |                           |                     |
| Salaries                      | \$ 159,031          | \$ 1,049,671        | \$ 662,569          | \$ 39,289         | \$ 159,590           | \$ 92,978                 | \$ 272,815          |
| Payroll taxes                 | 12,185              | 77,844              | 49,656              | 2,648             | 11,671               | 6,919                     | 20,146              |
| Benefits                      | 22,831              | 200,423             | 94,878              | 10,657            | 34,070               | 21,826                    | 45,101              |
| Total personnel expenses      | <u>194,047</u>      | <u>1,327,938</u>    | <u>807,103</u>      | <u>52,594</u>     | <u>205,331</u>       | <u>121,723</u>            | <u>338,062</u>      |
| Depreciation                  | 47,104              | 35,687              | -0-                 | 6,911             | -0-                  | 10,861                    | 38,533              |
| Support services              | 1,660,332           | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Food                          | -0-                 | 937,278             | 405,481             | -0-               | -0-                  | -0-                       | -0-                 |
| Interest                      | 20,808              | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Supplies                      | 36,424              | 206,008             | 87,778              | 85,561            | -0-                  | 22,839                    | 53,357              |
| Medical supplies              | -0-                 | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Insurance                     | 488,717             | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Utilities                     | -0-                 | -0-                 | -0-                 | -0-               | -0-                  | 13,311                    | 378,559             |
| Purchased repairs             | 3,543               | 32,469              | 11,992              | 6,564             | -0-                  | -0-                       | 330,118             |
| Provision for bad debts       | 381,702             | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Therapies, lab and pharmacy   | -0-                 | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Management fees               | -0-                 | 136,087             | 64,626              | 62,869            | -0-                  | -0-                       | -0-                 |
| Professional fees             | 55,176              | 90                  | -0-                 | -0-               | -0-                  | -0-                       | 995                 |
| Technology service fees       | 148,557             | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | 7,037               |
| Refuse disposal               | -0-                 | 72,513              | 471                 | 82,380            | 470                  | -0-                       | -0-                 |
| Telephone                     | 101,416             | 698                 | -0-                 | 601               | 1,864                | -0-                       | 7,908               |
| Transportation                | 10,595              | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Grant related expenses        | 69,396              | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Printing and postage          | 4,112               | 8,356               | 3,077               | 3,044             | -0-                  | -0-                       | -0-                 |
| Medical director              | -0-                 | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Taxes and licenses            | 32,744              | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Professional development      | 3,280               | 15                  | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Equipment rentals             | -0-                 | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | 248                 |
| Dues and subscriptions        | 9,389               | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Bank and credit card fees     | 15,896              | -0-                 | 285                 | -0-               | -0-                  | -0-                       | -0-                 |
| Employee and public relations | 6,770               | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Repairs and maintenance       | -0-                 | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | 4,243               |
| Miscellaneous                 | 98,213              | -0-                 | -0-                 | -0-               | -0-                  | -0-                       | -0-                 |
| Total Expenses                | <u>\$ 3,388,221</u> | <u>\$ 2,757,139</u> | <u>\$ 1,380,813</u> | <u>\$ 300,524</u> | <u>\$ 207,665</u>    | <u>\$ 168,734</u>         | <u>\$ 1,159,060</u> |

| Nursing       | Restorative Care | Beauty Shop | Village Beauty Shop | Adult Care Activities | Social Services | Volunteer Services | Chaplaincy | Other (Allocable) | Totals        |
|---------------|------------------|-------------|---------------------|-----------------------|-----------------|--------------------|------------|-------------------|---------------|
| \$ 8,859,738  | \$ 129,657       | \$ 95,212   | \$ 32,622           | \$ 68,570             | \$ 150,751      | \$ 63,950          | \$ 121,299 | \$ -0-            | \$ 11,957,742 |
| 666,573       | 10,021           | 6,644       | 2,245               | 5,077                 | 11,113          | 4,291              | 3,148      | -0-               | 890,181       |
| 938,240       | 6,447            | 7,090       | 16,122              | 9,542                 | 21,623          | 12,238             | 19,975     | -0-               | 1,461,063     |
| 10,464,551    | 146,125          | 108,946     | 50,989              | 83,189                | 183,487         | 80,479             | 144,422    | -0-               | 14,308,986    |
| 157,146       | -0-              | 1,725       | -0-                 | 254                   | 964             | 1,041              | 31,505     | 1,514,632         | 1,846,363     |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | 5,611              | -0-        | -0-               | 1,665,943     |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 1,342,759     |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | 757,798           | 778,606       |
| 202,160       | 1,494            | 496         | 8,303               | 4,670                 | 438             | 6,794              | 3,176      | -0-               | 719,498       |
| 489,650       | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 489,650       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 488,717       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | 8,658      | -0-               | 400,528       |
| 595           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 385,281       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 381,702       |
| 315,547       | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 315,547       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 263,582       |
| 123,771       | -0-              | 215         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 180,247       |
| 21,646        | -0-              | -0-         | -0-                 | -0-                   | -0-             | 195                | -0-        | -0-               | 177,435       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 155,834       |
| 8,140         | -0-              | 155         | -0-                 | -0-                   | 1,279           | -0-                | 606        | -0-               | 122,667       |
| 5,853         | -0-              | -0-         | -0-                 | -0-                   | -0-             | 1,061              | -0-        | 72,000            | 89,509        |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 69,396        |
| 23,024        | -0-              | -0-         | -0-                 | -0-                   | 35              | 1,199              | -0-        | -0-               | 42,847        |
| 35,250        | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 35,250        |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 32,744        |
| 24,922        | -0-              | -0-         | -0-                 | -0-                   | -0-             | 1,876              | 262        | -0-               | 30,355        |
| 21,937        | -0-              | -0-         | -0-                 | -0-                   | 2,764           | -0-                | -0-        | -0-               | 24,949        |
| 6,353         | -0-              | -0-         | -0-                 | 75                    | -0-             | 1,456              | 1,510      | -0-               | 18,783        |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 16,181        |
| 6,487         | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 13,257        |
| 1,715         | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | 328        | -0-               | 6,286         |
| 9,919         | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 108,132       |
| \$ 11,918,666 | \$ 147,619       | \$ 111,537  | \$ 59,292           | \$ 88,188             | \$ 188,967      | \$ 99,712          | \$ 190,467 | \$ 2,344,430      | \$ 24,511,034 |

**BRIDGEWATER HEALTHCARE, INC. AND AFFILIATES**  
**Schedule of Expenses - Bridgewater Home, Inc.**  
**Year Ended September 30, 2021**

|                               | <u>Administration</u> | <u>Food Service</u> | <u>Village Dining</u> | <u>Housekeeping</u> | <u>Village Housekeeping</u> | <u>Laundry and Linen Service</u> | <u>Maintenance</u> |
|-------------------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------------|----------------------------------|--------------------|
| Personnel expenses:           |                       |                     |                       |                     |                             |                                  |                    |
| Salaries                      | \$ 164,306            | \$ 983,720          | \$ 677,143            | \$ 26,903           | \$ 143,168                  | \$ 86,641                        | \$ 265,322         |
| Payroll taxes                 | 9,436                 | 63,215              | 49,160                | 1,723               | 7,649                       | 4,770                            | 16,854             |
| Benefits                      | 1,220                 | 222,704             | 119,949               | 8,796               | 38,802                      | 21,765                           | 50,062             |
| Total personnel expenses      | 174,962               | 1,269,639           | 846,252               | 37,422              | 189,619                     | 113,176                          | 332,238            |
| Depreciation                  | 39,367                | 30,937              | -0-                   | 6,409               | -0-                         | 8,443                            | 29,717             |
| Food                          | -0-                   | 791,140             | 389,445               | -0-                 | -0-                         | -0-                              | -0-                |
| Support services              | 1,345,071             | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Therapies, lab and pharmacy   | -0-                   | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Supplies                      | 24,588                | 158,814             | 85,893                | 81,340              | 207                         | 38,365                           | 76,748             |
| Medical supplies              | -0-                   | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Interest                      | 20,808                | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Insurance                     | 420,433               | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Purchased repairs             | 2,267                 | 18,713              | 23,465                | 1,631               | -0-                         | -0-                              | 313,785            |
| Utilities                     | -0-                   | -0-                 | -0-                   | -0-                 | -0-                         | 5,431                            | 359,366            |
| Provision for bad debts       | 283,357               | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Management fees               | -0-                   | 143,329             | 68,679                | 61,888              | -0-                         | -0-                              | -0-                |
| Technology service fees       | 134,576               | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Refuse disposal               | -0-                   | 67,762              | -0-                   | 78,562              | -0-                         | -0-                              | -0-                |
| Professional fees             | 60,724                | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Telephone                     | 101,482               | 210                 | -0-                   | 274                 | 979                         | -0-                              | 4,157              |
| Transportation                | 5,981                 | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Printing and postage          | 2,301                 | 12,791              | 5,386                 | 1,344               | 2,524                       | 262                              | -0-                |
| Medical director              | -0-                   | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Taxes and licenses            | 31,976                | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Equipment rentals             | -0-                   | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | 498                |
| Professional development      | 2,224                 | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | 35                 |
| Dues and subscriptions        | 8,909                 | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Grant related expenses        | 14,963                | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Bank and credit card fees     | 10,459                | -0-                 | 159                   | -0-                 | -0-                         | -0-                              | -0-                |
| Employee and public relations | 410                   | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | 307                |
| Repairs and maintenance       | -0-                   | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | 5,108              |
| Miscellaneous                 | 80,835                | -0-                 | -0-                   | -0-                 | -0-                         | -0-                              | -0-                |
| Total Expenses                | \$ 2,765,693          | \$ 2,493,335        | \$ 1,419,279          | \$ 268,870          | \$ 193,329                  | \$ 165,677                       | \$ 1,121,959       |

| Nursing       | Restorative Care | Beauty Shop | Village Beauty Shop | Adult Care Activities | Social Services | Volunteer Services | Chaplaincy | Other (Allocable) | Totals        |
|---------------|------------------|-------------|---------------------|-----------------------|-----------------|--------------------|------------|-------------------|---------------|
| \$ 7,635,186  | \$ 92,812        | \$ 97,834   | \$ 31,044           | \$ 67,075             | \$ 152,185      | \$ 51,330          | \$ 118,184 | \$ -0-            | \$ 10,592,853 |
| 471,887       | 5,504            | 5,614       | 2,095               | 3,677                 | 8,896           | 2,110              | 1,239      | -0-               | 653,829       |
| 949,055       | 15,861           | 6,198       | 17,914              | 10,356                | 25,169          | 16,916             | 21,287     | -0-               | 1,526,054     |
| 9,056,128     | 114,177          | 109,646     | 51,053              | 81,108                | 186,250         | 70,356             | 140,710    | -0-               | 12,772,736    |
| 161,834       | -0-              | 1,395       | -0-                 | 381                   | 779             | 842                | 32,083     | 1,150,345         | 1,462,532     |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 1,180,585     |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | 1,578              | -0-        | -0-               | 1,346,649     |
| 808,192       | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 808,192       |
| 220,104       | 2,281            | 1,320       | 5,528               | 2,307                 | 852             | 1,524              | 813        | -0-               | 700,684       |
| 660,155       | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 660,155       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | 475,469           | 496,277       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 420,433       |
| 15,405        | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | 110        | -0-               | 375,376       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | 8,658      | -0-               | 373,455       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 283,357       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 273,896       |
| 13,335        | -0-              | -0-         | -0-                 | -0-                   | -0-             | 178                | -0-        | -0-               | 148,089       |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 146,324       |
| 67,135        | 30               | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 127,889       |
| 5,264         | -0-              | 203         | -0-                 | -0-                   | 656             | -0-                | 1,045      | -0-               | 114,270       |
| 4,968         | -0-              | -0-         | -0-                 | -0-                   | -0-             | 229                | -0-        | 67,735            | 78,913        |
| 18,188        | -0-              | -0-         | -0-                 | -0-                   | 2,278           | 1,701              | -0-        | -0-               | 46,775        |
| 35,000        | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 35,000        |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 31,976        |
| 25,028        | -0-              | -0-         | -0-                 | -0-                   | 2,818           | -0-                | -0-        | -0-               | 28,344        |
| 19,293        | -0-              | -0-         | 95                  | -0-                   | -0-             | 1,251              | 77         | -0-               | 22,975        |
| 6,822         | -0-              | -0-         | -0-                 | 50                    | -0-             | 1,092              | 875        | -0-               | 17,748        |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 14,963        |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | 8                  | -0-        | -0-               | 10,626        |
| 6,165         | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 6,882         |
| -0-           | -0-              | -0-         | -0-                 | -0-                   | -0-             | 210                | -0-        | -0-               | 5,318         |
| 3,605         | -0-              | -0-         | -0-                 | -0-                   | -0-             | -0-                | -0-        | -0-               | 84,440        |
| \$ 11,126,621 | \$ 116,488       | \$ 112,564  | \$ 56,676           | \$ 83,846             | \$ 193,633      | \$ 78,969          | \$ 184,371 | \$ 1,693,549      | \$ 22,074,859 |







Summary of Financial Information  
 Bridgewater Village, Inc.  
 9/30/2022

|                         | <b><u>Current Year</u></b> | <b><u>Prior Year</u></b> |
|-------------------------|----------------------------|--------------------------|
| Total Assets            | \$56,500,386               | \$55,934,396             |
| Total Liabilities       | \$54,449,669               | \$54,711,949             |
| Total Net Assets        | \$2,050,717                | \$1,222,447              |
| Total Revenues          | \$11,519,825               | \$10,056,453             |
| Total Expenses          | \$10,691,555               | \$8,962,397              |
| Operating Income (Loss) | (\$486,718)                | (\$15,496)               |
| Net Income (Loss)       | \$828,270                  | \$1,094,056              |

| <b>Occupancy Information:</b> | <b>Capacity of<br/>Units</b> | <b>Average<br/>Occupancy</b> | <b>Percentage<br/>Occupancy</b> |
|-------------------------------|------------------------------|------------------------------|---------------------------------|
| Independent Living            | 274                          | 265.10                       | 96.75%                          |
| Assisted Living               | 98                           | 79.69                        | 81.32%                          |
| Nursing                       | 127                          | 116.02                       | 91.36%                          |