



Disclosure Statement for

**Newport News Baptist Retirement
Community, Inc., dba The Chesapeake**
955 Harpersville Road
Newport News, VA 23601
757-223-1600

A Subsidiary of Virginia Baptist Homes, Inc., dba LifeSpire of Virginia

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

Dated 4/24/2024

NAME OF PROVIDER:

VIRGINIA BAPTIST HOMES, INC., DBA LIFESPIRE OF VIRGINIA

BUSINESS ADDRESS OF PROVIDER:

3961 STILLMAN PARKWAY
GLEN ALLEN, VA 23060

NAME OF FACILITY:

NEWPORT NEWS BAPTIST RETIREMENT COMMUNITY, INC.,
DBA THE CHESAPEAKE

BUSINESS ADDRESS OF FACILITY:

955 HARPERSVILLE ROAD
NEWPORT NEWS, VA 23601

LEGAL ENTITY:

Virginia Baptist Homes, Inc., dba LifeSpire of Virginia (“LifeSpire” or “LSV”) was incorporated on March 25, 1946, as a not-for-profit, non-stock corporation. Its subsidiary companies Lakewood Manor Baptist Retirement Community, Inc. dba Lakewood (“Lakewood”); Culpeper Baptist Retirement Community, Inc., dba The Culpeper (“The Culpeper”); Newport News Baptist Retirement Community, Inc., dba The Chesapeake (“The Chesapeake”); The Glebe, Inc. (“The Glebe”); and Lynchburg Baptist Retirement Community, LLC, dba The Summit (“The Summit”), were incorporated or organized on January 23, 1984; January 24, 1984; January 23, 1984; October 14, 1998, and June 30, 2021, respectively. All companies were incorporated in the Commonwealth of Virginia and are currently certified by the State Corporation Commission Clerk’s Office to be in good standing.

OFFICERS OF LIFESPIRE

The Officers of LifeSpire also serve as the Officers of Lakewood; The Chesapeake; The Culpeper; The Glebe; and The Summit. The Officers as of December 31, 2023, were:

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

OFFICERS OF THE BOARD OF TRUSTEES

The Officers of the Board of Trustees of LifeSpire also serve as Officers of the Board of Trustees of Lakewood; The Culpeper; The Chesapeake; and The Glebe; and The Summit. The Officers as of December 31, 2023, were:

Rev. Nelson Harris 3961 Stillman Parkway Glen Allen VA 23059	Board Chair Minister, Heights Community Church Roanoke, VA
Mrs. Sara Marchello 3961 Stillman Parkway Glen Allen, VA	Vice Chair , Hampton, VA Associate Provost & Registrar College of William and Mary

MEMBERS OF THE BOARD OF TRUSTEES

The Members of the Board of Trustees of LifeSpire also serve as the Members of the Board of Trustees of Lakewood; The Culpeper; The Chesapeake; The Glebe; and The Summit. The Members of the Board of Trustees as of December 31, 2023, were:

Mr. James Bales
Newport News, VA
Principal, James Bales Financial, LLC

Mrs. Sharon Brooks
Charles City, VA
Chief Marketing Officer 2Life Communities (Ret.)

Dr. Valerie Carter-Smith
Henrico, VA
Executive Director, WMU of Virginia

Mr. R. Scott Cave
Henrico, VA
Compensation Director (Retired), Anthem Blue Cross Blue Shield

Dr. Tiffany Franks
Danville, VA
President Averett University

Rev. Nelson Harris
Roanoke, VA
Minister, Heights Community Church

Mr. John Jung
Manakin Sabot, VA
Head of BB&T Capital Markets/Sr. Managing Director Retired

Mr. Jim Poats
Lynchburg, VA
Investment Advisor Pettyjohn Wood & White (Retired)

Mr. John Poma
Williamsburg, VA
Chief Legal Counsel Tidewater Physician Multispecialty Group

Mrs. Susan Rucker
Midlothian, VA
President, Prospective Insights

Mr. Arne Owens
Henrico, VA
Director, Virginia Department of Health Professions

Mrs. Sara Marchello
Hampton, VA
Associate Provost & Registrar College of William and Mary (Retired)

Mr. Samuel Oakey
Roanoke, VA 24016

President, Oakey's Funeral Homes

Mrs. Robin Ransom
Mechanicsville, VA 23116
COO/CFO Dominion Payroll

Mr. Matthew Scott
Chesterfield, VA
CEO at Unified Health Group, LLC

Mr. Gary Thomson
Richmond, VA
Managing Partner, Thomson Consulting, LLC

Mr. Jim Vaught
Fredericksburg, VA
Retired Director of Medical Staff Development Mary Washington Health Care

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

The Provider – LifeSpire

LifeSpire has been operating continuing care retirement communities since August 2, 1948. Since the beginning, LifeSpire has responded to continuing growth demands for its service. The original community, The Culpeper, has a capacity of 184 residences. The Chesapeake opened in 1969 and has 376 residences. Lakewood (located in Henrico County) opened in 1977 and has a capacity of 494 residences. The Glebe in Daleville, Virginia, which opened in 2005, currently has a capacity of 238 residences. The Summit LLC has 144 residences.

Management Company

The Chesapeake is managed by LifeSpire, which provides operational, human resources, finance, IT, purchasing, project management and other services. This community and LifeSpire will, from time to time, utilize third party services and consulting from various industry professionals to complement their internal management capabilities. Fitch Ratings affirmed its BBB issuer default rating of LifeSpire of Virginia (LifeSpire) in June of 2023 for bonds issued on behalf of LifeSpire.

Trustees

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

Corporate Officers

Listed below are the credentials of the corporate officers of LifeSpire and its subsidiary corporations, as of December 31, 2023:

President/CEO: Mr. Jonathan R. Cook

Mr. Cook has over 29 years of experience within the senior living/elder care field. He assumed the position of President and CEO of LifeSpire in December 2014. In this position, he serves as the Chief Executive Officer of LifeSpire and all its subsidiaries. He oversees four LSV communities in Virginia, the Virginia Baptist Homes Foundation and the corporate office.

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

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

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

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

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

Senior Vice President for Finance, Chief Financial Officer & Treasurer:

Mr. Christopher M. Markwith -Mr. Markwith is Chief Financial Officer for LifeSpire of Virginia. He began his career at LifeSpire of Virginia in January 2018, bringing more than 27 years in progressive leadership roles. As a Certified Public Accountant and Certified Information Systems Auditor, Mr. Markwith has served in financial roles at a number of health-care related organizations, including director of finance and controller at MCV Physicians, director of finance and human resources at Virginia Health Quality Center, chief financial officer at Patient Services, Inc., and chief financial officer and operations director and Health Savings Administrators, LLC. He holds a Bachelor of Science degree in business administration from the University of Mary Washington and master's degree in business administration from Virginia Commonwealth University.

Mr. Markwith left LifeSpire in February, 2024 to pursue other career interests. This position is presently in the process of being permanently refilled.

In June 2024, Mr. Erik Mauritsen will join LifeSpire of Virginia as the Chief Financial Officer.-Mauritsen has more than 20 years' experience in progressive leadership roles in auditing, finance, corporate compliance programs and regulatory laws for a number of organizations including Weinstein Management, Winston-Salem Industries For The Blind and most recently, Covenant Woods. Mauritsen, a cum laude graduate of Virginia Commonwealth University, earned a bachelor's degree in business, majoring in accounting.

Chief Strategy and Integration Officer: Ms. Lisa Legeer -Ms. Legeer joined the LifeSpire team as chief strategy and integration officer in June 2021. In this role, she will be responsible for growing top-line revenues, as well as adding other complementary business lines to the organization. She will assist in leading strategic planning efforts and will be responsible for the cultivation of acquisition, merger and affiliation opportunities for the organization.

Ms. Legeer has more than 20 years of experience serving senior living and healthcare organizations with strategic and development planning, performance improvement and marketing. Prior to joining the LifeSpire team, she served as senior vice president of strategic partnerships for GlynnDevins—a data, analytics and marketing technology company. She also worked for the accounting firm Dixon Hughes Goodman LLP for 14 years. She holds a bachelor's degree in rhetoric and communication studies from the University of Virginia.

Chief Marketing Officer and Assistant Secretary: Mr. J. Peter Robinson -Mr. Robinson joined LifeSpire in January 2009. Mr. Robinson oversees marketing, sales, public relations, and brand strategy for

LifeSpire. Prior to joining LifeSpire, Mr. Robinson worked for Sunnyside Retirement Community from 1993 to 1999. In 2000, Mr. Robinson began working for Sunrise Senior Living where he held a variety of positions including regional manager for the Virginia portfolio of assisted living communities and regional manager for a portfolio of CCRCs in the Mid-Atlantic region. Mr. Robinson is a graduate of James Madison University with a Bachelor of Arts in History and is also a graduate of George Mason University with a Master of Science in Health Systems Management.

Secretary: Mr. Matthew Scott

Mr. Scott was elected as a member of the Board of Trustees in 2017 and was subsequently elected as Secretary in December 2022. Mr. Scott serves as Head of Health Care Consultants in Richmond, Virginia.

Controller, Assistant Treasurer: Mrs. Christine Moran

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

Management Personnel of Facility

Executive Director: Mr. David Loop

Mr. Loop assumed the position of Executive Director of The Chesapeake in June 2017. Entering the field of senior living administration in 1984, Mr. Loop’s career parallels the development and growth of the senior living industry. His service as a senior living community executive includes Willow Valley Communities, Pennsylvania; The Garlands of Barrington, Illinois; and Friendship Village of Schaumburg, Illinois. He also has experience in Hawaii, Ohio and Michigan with Greystone Communities, Wesleyan Senior Living, Oakwood Health System and Ohio Presbyterian Retirement Services.

Mr. Loop’s experience includes expansion and renovation projects, hospitality program development, strategic planning and fiscal management. In his service to different organizations, Mr. Loop has experienced over \$500,000,000 of development and program growth. He has worked in both large and small retirement communities; with single-site and multi-community organizations; for non-profit and for-profit companies; and with start-up and existing properties. He has also served on numerous professional committees, state association boards and the LeadingAge House of Delegates.

Originally from Ohio, Mr. Loop holds a bachelor’s degree from Miami University of Ohio and received a certificate in nursing home administration from The Ohio State University. He has a passion for excellent customer service and has received training from Disney, Ritz Carlton and Four Seasons.

Administrator of Health Services: Barbara Jackson-Ingram

Barbara Jackson-Ingram joined The Chesapeake in September 2018 as the Licensed Nursing Home Administrator. She oversees all licensed areas including the health care center, assisted living and memory support, as well as the clinic. She holds a Bachelor of Science degree in Health Care Management from Virginia Commonwealth University and a Master of Science degree in Administration with a concentration in Health Services from Central Michigan University. Prior to joining The Chesapeake, Jackson-Ingram led the assisted living team at Lakewood as their Administrator of Assisted Living.

ACQUISITION OF GOODS AND SERVICES

LifeSpire will be providing, or arranging for and overseeing, the provision of the actual services contracted for under

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

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

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

Mr. Jonathan R. Cook	President & Chief Executive Officer
Mrs. Tracey Jennings	Chief Operating Officer
Open Position	Chief Financial Officer & Treasurer
Ms. Lisa Legeer	Chief Strategy & Integration Officer
Mr. J. Peter Robinson	Chief Marketing Officer & Public Relations, Assistant Secretary
Mrs. Christine Moran	Assistant Treasurer

Members of the Board of Trustees of LifeSpire and its subsidiaries receive no compensation. They serve voluntarily on a rotating basis for a period of four years. Each member of the Board of Trustees completes a disclosure statement attesting to any potential areas of conflict of interest and to the extent of any business dealings they may have with the corporation. These disclosure statements are kept on file in the Corporate Office of LifeSpire, and are updated periodically, as needed.

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

Neither LifeSpire, nor its corporate subsidiaries, its Officers, Trustees, or Management:

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

involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

OWNERSHIP OF REAL PROPERTY

The land on which The Chesapeake is located is fully owned by LifeSpire. The improvements, such as buildings, driveways, walkways, landscaping, etc., are owned by The Chesapeake. There is an outstanding mortgage on the real estate portion of the facility and its capital assets.

LOCATION AND DESCRIPTION OF REAL PROPERTY

The Chesapeake is located at 955 Harpersville Road in Newport News. The 40-acre campus has beautifully landscaped grounds in a secluded residential neighborhood. The community offers walking and cycling paths and a delightful garden that is tilled and harvested by residents. Our mild, four-season climate means golf, fishing, hiking and sightseeing can be enjoyed nearly year-round.

The Chesapeake has a wide selection of cottage and apartment homes. The Chesapeake's apartments offer a variety of spacious, residential floor plans ranging in size from a 760 square foot one-bedroom apartment, to over 1,762 square feet for a deluxe two-bedroom, two-bath apartment. Every residence includes a fully equipped kitchen, individually controlled heating and air-conditioning, and an emergency call system. The cottages at The Chesapeake range from 1,389 to 1,765 square feet and feature generously proportioned living and dining space, kitchens, two bedrooms, two bathrooms, and garages.

The Chesapeake has a beautiful assisted living neighborhood, with private residences that are designed to support your daily life. There are well appointed common areas for socializing, recreational activities, and social events. In 2023 The Chesapeake added a dedicated kitchen to assisted living. This kitchen allows for fresh high-quality food to be prepared in assisted living for residents throughout the day. The team members at The Chesapeake will map out an individualized care plan tailored to meet your specific needs. You will also indulge in deliciously prepared gourmet meals by our culinary team.

The Chesapeake has a secure memory support neighborhood. The innovative design of our intimate neighborhood provides freedom of movement, whether it is in the living room, dining room, activity room, sunroom or enclosed courtyard.

The Community Center houses all administrative and support services, including resident recreational and activity functions, a spacious auditorium, a fully equipped hair salon, movie/presentation room, a café, a gift shop, and a bank. At The Chesapeake residents enjoy the indoor pool, fitness center, group exercise room, certified exercise specialists, and a meditation room with a Himalayan salt wall. As a resident at The Chesapeake, you will have many opportunities to enjoy the art studio, and the well-equipped hobby shop for woodworking, stained glass and crafting projects. There are weekly cultural programs and social events, lifelong learning, guest speakers and exciting day trips to many wonderful locations.

Residents at The Chesapeake enjoy the convenience of multiple hospitality services. From the maintenance and landscaping to the multi-use lawns, putting green, lifelong learning programs, business center, media center, and wine club. There is a library, lounge including wine, beer and other beverages. The Chesapeake has 24 hour security, emergency call system, and community Shuttle service. The Chesapeake master plan provides an overview of the comprehensive strategy for future growth and ongoing enhancement of the community.

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

Baptist General Association of Virginia

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

LeadingAge

LifeSpire and its subsidiaries are members of LeadingAge and LeadingAge Virginia. These organizations are composed of similar senior living and retirement communities that have joined together for the purpose of continuing education, facility management, the professional exchange of ideas, to affect stronger purchasing power, etc. This affiliation is voluntary and is limited to the continued payment of annual dues.

Virginia Health Care Association-Virginia Center for Assisted Living

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

TAX STATUS OF PROVIDER

LifeSpire and its subsidiary companies are nonprofit and were determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code in 1948.

SERVICES PROVIDED UNDER CONTRACTS

LifeSpire shall furnish, at no additional cost to the Resident, the following services under either the Life-Care

Agreement or the Fee for Service Agreement at The Chesapeake:

1. Living accommodations in the Community in a one or two bedroom apartment or a two bedroom cottage. An Emergency Call System is provided in each residence with response from the community's nursing personnel.
2. Residents have access to a "your plate of choice" Meal Program that equates to one meal per day. Special diets will be provided when requested by authorized staff. If a Resident resides in Assisted Living, Memory Support, or the Health Care Center, three meals per day will be provided, two at an additional charge under the Life-Care Agreement. (Section III:F.1.)
3. Utilities, including electricity, basic cable TV, telephone, heat, water, air conditioning, sewer services, and trash removal. The Resident is responsible for charges for internet access. The community provides Wi-Fi internet access in main common areas.
4. Insurance of the Community against all reasonable losses and liabilities, other than personal liability and personal property owned by the Resident.
5. Personnel on duty 24-hours per day to protect the property and interests of the Residents and of the Community.
6. Lighted off-street parking for Residents and guests.
7. Maintenance of residences, common areas, and all Community-owned items. This also includes upkeep of the grounds and other maintenance and housekeeping functions.
8. The Community provides transportation in the Newport News area for the Resident on a regularly scheduled basis, subject to the policies of the Community, and transportation to local doctor and medical

appointments without additional charge. An additional charge may be made for transportation for special, personal, and group trips.

9. The Community provides washers and dryers in the Residence. (Bed and bath linens will be provided for residents in Assisted Living and Health Care Center.)
10. Use and quite enjoyment of all Community and common areas, plus participation in all Community-planned religious and social activities and events, as desired. Craft and hobby opportunities, library facilities, and other activities as scheduled. The Community may require room rental fees, admission charges or supply fees for participation in certain activities and events.
11. Residents are entitled to Assisted Living, Memory Support, and Health Care services, if the Community determines that the Resident requires these levels of care. A daily rate is charged for these services under the Fee for Service Agreement.
12. 24 hour access to indoor pool, fitness facilities, and group fitness instruction.
13. On site banking, use of private dining, community rooms, lifelong learning, dog walk, community garden, bee keeping, and putting greens.

ADDITIONAL AVAILABLE SERVICES (Requiring Extra Charges) Additional services are available to the Resident which are not covered in the Life-Care Agreement and the Fee for Service Agreement which require a separate and additional charge. These include, but are not limited to, the following:

1. Medical Services – Generally all medically related services will be the financial responsibility of the Resident. Included, but not limited to, are the following:
 - a. All hospital care (provided on either an in-patient or on an out-patient basis). Facility will only provide access for such care when the Community determines such care is needed. Only hospitals accredited by the Joint Commission on Accreditation of Hospitals will be utilized.
 - b. Employment by the Resident of Private Service Providers (at the hospital and in the Community).
 - c. All physician services needed by Resident.
 - d. All dental treatment and care of the Resident's teeth, including purchase and/or repairs to dentures (partial and complete).
 - e. Ophthalmological care, including routine eye examinations.
 - f. Prosthetic devices and limbs (including repair and replacement thereof), hearing aids, wheelchair, walkers, canes, etc.
 - g. Pharmacy services and medications (including prescription and non-prescription drugs).
 - h. Laboratory tests.
 - i. Physical, Occupational, and Speech Therapy.
2. Meals in excess of those covered in the Resident's meal plan.
3. Expendable supplies in arts and crafts.
4. Salon services available in the Community-operated beauty/barber shop.
5. External performances, trips, and excursions.

FEES REQUIRED OF RESIDENTS (Fee for Service)

The fee structure for all residents entering The Chesapeake under the Fee for Service Agreement includes an initial Entrance Fee along with a Monthly Fee and Daily Fees for Assisted Living, Memory Support and Health Care.

If not already enrolled, Resident must apply for and secure, before execution of the Agreement, coverage under Medicare, parts A and B, and/or any other public hospital or medical insurance benefit programs which may be enacted as successor or supplement to Medicare. In addition, Resident shall also carry acceptable supplemental medical insurance coverage from a private carrier. Resident shall provide the Community with evidence of such coverages or of acceptable substitute insurance plan(s) and shall pay all premiums for same.

Listed below are the current daily fees effective January 1, 2024, required of Residents entering The Chesapeake:

Fee for Service Agreement – Daily Rates

Effective January 1, 2024

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>
Assisted Living Apartment	\$248.00	\$268.00	\$287.00
Memory Support Private	\$298.00		
Memory Support Suite	\$309.00		
Health Care	\$413.00		

**Fee for Service contract holders receive a 10% discount on the rates listed above*

FEES REQUIRED OF RESIDENTS (Life-Care Agreement)

The fee structure for all residents entering The Chesapeake under the Life-Care Agreement includes an initial Entrance Fee along with a Monthly Fee. If not already enrolled, Resident must apply for and secure, before execution of the agreement, coverage under Medicare, Parts A and B, and/or any other public hospital or medical insurance benefit programs which may be enacted as successor or supplement to Medicare. In addition, Resident shall also carry acceptable supplemental medical insurance coverage from a private carrier. Resident shall provide the Community with evidence of such coverage or of acceptable substitute insurance plan(s) and shall pay all premiums for same.

FEES REQUIRED OF RESIDENTS – Fee for Service

Listed below are the **current fees effective January 1, 2024**, (including Entrance Fees and Monthly Charges) required of Residents entering The Chesapeake under the *Fee for Service Agreement*:

<u>Type of Accommodation</u>	<u>90% Refundable Entrance Fee</u>	<u>Monthly Fee</u>
The Virginian (formerly Hampton)	\$181,000	3,264
The Aberdeen	193,000	3,481
The Harris	208,000	3,481
The Chester	219,000	3,520

The York	216,000	3,520
The Mobjack	244,000	3,799
The Bennett	233,000	3,664
The Easton	267,000	3,664
The Patrick	260,000	3,912
The Potomac	278,000	3,970
The Warwick	284,000	3,910
The Elizabeth	267,000	3,970
The Elizabeth Deluxe	452,000	5,046
The James	301,000	3,970
The Bryant	301,000	3,970
The Lawson	271,000	3,912
The Rappahannock	344,000	4,268
The Willoughby	356,000	4,359
The Bethel	277,000	3,626
The Lynnhaven	407,000	4,685
The Lancaster I/Gloucester I	367,000	4,270
The Lancaster II/Gloucester II	399,000	4,397
The Lancaster III/Gloucester III	413,000	4,543
The Smithfield	361,000	4,248
The Smithfield II/III	387,000	4,364
The Madison	266,000	3,337
The Nottoway	390,000	4,151

Subject to market conditions, The Chesapeake may from time to time reduce the monthly fees associated with these units

Double Occupancy –

Entrance Fee add:

90% Refundable - \$67,000

Monthly Fee adds \$1,319

Listed below are the current entrance fees and monthly fees **effective January 1, 2024**, required of Residents entering The Chesapeake under the ***Life-Care Agreement***:

Entrance Fees

Type of Accommodation	Standard Refundable Entrance Fee	50% Refundable Entrance Fee	90% Refundable Entrance Fee	Monthly Service Fee
The Virginian (formerly Hampton)	\$162,000	\$232,000	\$321,000	\$4,052
The Aberdeen	166,000	239,000	331,000	4,325
The Harris	166,000	239,000	331,000	4,325
The Chester	184,000	266,000	371,000	4,325
The Bennett	202,000	293,000	408,000	4,551
The York	190,000	275,000	385,000	4,371
The Mobjack	224,000	321,000	448,000	4,721
The Easton	245,000	353,000	489,000	4,551
The Patrick	235,000	338,000	471,000	4,860
The Potomac	243,000	349,000	485,000	4,931
The Warwick	256,000	371,000	515,000	4,860
The Elizabeth	235,000	339,000	472,000	4,931
The Elizabeth Deluxe	401,000	575,000	798,000	6,259
The James	277,000	399,000	556,000	4,931
The Bryant	277,000	399,000	556,000	4,931
The Lawson	250,000	363,000	502,000	4,860
The Rappahannock	314,000	454,000	632,000	5,323
The Lynnhaven	370,000	534,000	745,000	5,819
The Lancaster I/Gloucester I	341,000	493,000	684,000	5,306
The Lancaster II/Gloucester II	361,000	521,000	726,000	5,462

The Lancaster III/Gloucester III	373,000	540,000	753,000	5,641
The Smithfield	333,000	484,000	674,000	5,277
The Smithfield II/III	354,000	510,000	709,000	5,419
The Willoughby	327,000	475,000	660,000	5,414
The Madison	243,000	349,000	485,000	4,169
The Bethel	247,000	358,000	495,000	4,501
The Nottoway	338,000	486,000	677,000	5,157

Double Occupancy –43,000

Entrance Fee add:

Standard Refundable – \$43,000

50% Refundable - \$60,000

90% Refundable – \$81,000

Monthly Fee adds - \$1,627

Adjustment of Entrance Fees

Entrance Fees will be subject to adjustment if the type of accommodation or level of service initially contracted for by the resident is changed at the request of the resident. There will be no refund of Entrance Fee should the resident voluntarily elect to move to a smaller or less expensive accommodation or to reduce the level of services for which he/she initially contracted.

Refund of Entrance Fees

In Section III:A. and Section VI:A.-D. of the Life-Care Agreement and the Fee for Service Agreement, a provision is made whereby a partial refund of the Entrance Fee is allowed when the Agreement is terminated. The amount of such refund is limited to the unamortized portion thereof, after the deduction of an administrative fee. Payable upon occupancy resale of the residence. In the case of couples, interest in the unamortized portion of the Entrance Fee is vested in the continuing care of the surviving spouse.

Adjustment of Monthly and Daily Charges

Monthly charges are payable in advance and are determined by the size of the residence and levels of service for which the Resident has contracted. Any adjustment of the monthly and daily fees may be made upon a thirty (30) days' written notice to the Resident, or as required by state or federal assistance programs. Adjustments will be based on the costs of operations and/or changes by the Resident to a different residence (Sections II:D. and III:D. of the Life-Care Agreement and the Fee for Service Agreement).

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Independent Living</u>	4.45%	8.00%	5.00%	2.45%	3.95%
<u>2nd Person</u>	4.45%	8.00%	5.00%	2.45%	3.95%
<u>Assisted Living</u>	5.45%	8.50%	5.00%	2.45%	3.95%
<u>Memory Care</u>	5.45%	8.50%	5.00%	2.45%	3.95%
<u>Skilled Nursing Facility</u>	5.45%	10.00%	5.00%	2.45%	3.95%

RESERVE FUNDING

Historical Perspective

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

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

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

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

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

In December 2017, the Obligated Group issued two series of bonds in the amounts of \$49,750,000 (Series C) and \$23,250,000 (Series D) to the public and a bank, respectively. Series 2017C are fixed rate bonds with up to a thirty-year maturity, while Series 2017D is a variable rate bond with a maturity of five years, intended to be retired using entrance fee receipts from new independent living units (Series 2017D was paid off in December 2020). These bonds were intended to i) fund strategic improvements at Lakewood, ii) fund a memory support neighborhood at The Glebe, and iii) pay off The Glebe's Series 2014B bonds. The Series 2017C & D bonds are collateralized by a deed of trust of the Obligated Group's facilities as well as a security interest in certain other assets.

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

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

Equity, Position on Property, Plant, and Equipment

The 2023 Audited Financial Statements for LifeSpire list Property, Plant, and Equipment, less accumulated depreciation, at \$271,089,770 with a total of \$243,925,496 in outstanding debt.

Agreement Provision for Escrowing of Entrance Fees

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

Position Relating to Future Funding of Entrance Fees

LifeSpire annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services). The obligation is discounted at 5.5% in both 2023 and 2022, based on the expected long-term rate of return on investments. Increases or decreases in the obligation are charged or credited to operations, respectively. As of December 31, 2023, and 2022, LifeSpire had no future service obligation.

RESTRICTED FUNDS INFORMATION

Net Assets with Donor Restrictions

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

Contributed Support

LifeSpire's policy is to provide care to residents regardless of their ability to pay, or the amount of assistance they receive from governmental programs or from outside donations. LifeSpire funded from contributed support approximately \$1,394,000 and \$1,402,000 benevolent assistance and contractual adjustments for its residents in 2023 and 2022, respectively.

Donor-Restricted Gifts

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

Depreciation Funding

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

Refunding and Amortization of Entrance Fees

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

For refund purposes, Entrance Fees are amortized over their contractually stipulated timeframe (generally 50 months). Residents who elect to withdraw or who expire before their Entrance Fee is fully amortized will be refunded any unamortized portion thereof, less a predetermined administration fee. Funds needed for this purpose based on historical trends for 2023 would be about \$5,948,641 for all communities. These funds can be drawn out of the General Fund without adverse effect on the cash flow of the corporation.

Investment Position of LifeSpire

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

Our strong financial position allowed us to become Fitch rated in 2020 and this rating was most recently reaffirmed in 2023. Our current rating is BBB with a stable outlook.

Allocation of Home Office Expenses

In managing The Chesapeake, as well as its comprehensive enterprise, LifeSpire incurs expenses which it allocates to its subsidiaries (“Communities” or “Community”, as appropriate) as follows:

Direct Allocations: The cost of services procured by LifeSpire, on a centralized basis, on behalf of its communities, is directly allocated to each impacted Community based on a reasonable and pertinent allocation factor (for example, Workers’ Compensation insurance premiums are allocated based on each Community’s budgeted full-time equivalent positions). Presently, these costs include various types of insurance.

Corporate Office Expenses: General corporate office expenses are allocated to each Community based on its total revenues in relation to the aggregate Communities’ total revenues. These expenses are shown on each Community’s income statement as “Corporate Office Expenses”.

Please note that i) LifeSpire does not charge its communities any management fee in addition to these expense allocations, and ii) LifeSpire does not mark up these expenses beyond the expense actually incurred. LifeSpire may adjust the expenses allocated, their allocation methodologies or their allocation bases from time to time, as it reasonably determines is appropriate.

AUDITED FINANCIAL STATEMENTS

Included are the audited financial statements of Virginia Baptist Homes, Incorporated and Subsidiaries for the years ended December 31, 2023, and 2022, with supplemental information and the opinion of independent accountants. Under generally accepted accounting principles, the financial statements of The Chesapeake are consolidated with those of Virginia Baptist Homes, Incorporated, d/b/a LifeSpire of Virginia (“LSV”) and five other entities under common control (collectively the “LSV Family”). Though balance sheet and income statement accounts for each individual corporation are consolidated in the financial statements, no LSV entity is liable for any indebtedness of any other LSV entity other than the limited cross liability of the LSV Obligated Group for the LSV Long-Term Debt. The LSV Obligated Group consists of LSV, The Culpeper, Lakewood, The Chesapeake, The Glebe, and The Summit. Each of these entities is a legally separate company but each, including The Chesapeake, is legally obligated for payment of certain indebtedness (the “Obligated Group Debt”) incurred under a Master Trust Indenture dated as of October 1, 2016, as amended and revised. The Obligated Group Debt consists of the outstanding bonds that are described in the Historical Perspective section.

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

**VIRGINIA BAPTIST HOMES, INCORPORATED DBA:
LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET
ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
REVENUES, GAINS, AND OTHER SUPPORT		
Residential Services, Including Amortization of Deferred Revenue from Advance Fees of \$20,832,567 and \$19,140,913 in 2023 and 2022, Respectively	\$ 86,723,272	\$ 79,426,007
Health Care Services	25,343,972	24,879,841
Continuing Care At Home Services, Including Amortization of Deferred Revenue from Advance Fees of \$503,413 and \$412,674 in 2023 and 2022, Respectively	1,218,761	1,052,812
Net Assets Released from Restrictions Used for Operations	752,770	769,968
Gifts and Donations	1,541,229	1,710,986
Investment Income (Loss)	2,485,136	(769,850)
Other	<u>4,390,323</u>	<u>3,114,310</u>
Total Revenue, Gains, and Other Support	122,455,463	110,184,074
OPERATING EXPENSES		
Salaries, Wages and Professional Fees	60,800,176	55,498,762
Provisions for Depreciation and Amortization	18,005,719	17,281,396
Interest	10,565,332	10,683,360
Other	<u>31,850,491</u>	<u>31,131,002</u>
Total Operating Expenses	<u>121,221,718</u>	<u>114,594,520</u>
OPERATING INCOME (LOSS)	1,233,745	(4,410,446)
NONOPERATING INCOME (LOSS)		
Change in Unrealized Gains (Losses) on Investments	7,108,952	(13,691,022)
Other Loss	<u>(516,923)</u>	<u>(425,486)</u>
Total Nonoperating Income (Loss)	<u>6,592,029</u>	<u>(14,116,508)</u>
EXCESS (DEFICIT) OF REVENUES, GAINS AND OTHER SUPPORT OVER (UNDER) EXPENSES AND INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	7,825,774	(18,526,954)

**VIRGINIA BAPTIST HOMES, INCORPORATED DBA: LIFESPIRE
OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET
ASSETS (DEFICIT) (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess (Deficit) of Revenues, Gains, and Other Support Over (Under) Expenses	\$ 7,825,774	\$ (18,526,954)
Increase (Decrease) in Net Assets without Donor Restrictions	7,825,774	(18,526,954)
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts, Grants, and Bequests	472,714	624,637
Change in Value of Annuity Obligations	260,806	163,899
Change in Present Value of Perpetual Trust Funds	(132,449)	(2,829,896)
Net Assets Released from Restrictions	(752,770)	(769,968)
Decrease in Net Assets with Donor Restrictions	(151,699)	(2,811,328)
INCREASE (DECREASE) IN NET ASSETS	7,674,075	(21,338,282)
Net Deficit - Beginning of Year	(38,233,747)	(16,895,465)
NET DEFICIT - END OF YEAR	\$ (30,559,672)	\$ (38,233,747)

Occupancy Summary:

STATISTICAL SUMMARY															
Average Year-to-Date Through 12/31/2023															
	UNITS AVAILABLE					UNITS OCCUPIED					OCCUPANCY PERCENT				
	ILU	AL	MS	HC	Total	ILU	AL	MS	HC	Total	ILU	AL	MS	HC	TOTAL
Culpeper	52	54	32	47	185	45	46	29	46	166	87.5%	85.1%	89.4%	97.1%	89.5%
Chesapeake	251	57	16	52	376	241	52	15	52	360	96.2%	90.3%	94.0%	99.1%	95.7%
Lakewood	336	32	14	96	479	321	28	13	83	446	95.5%	87.7%	96.3%	86.0%	93.1%
Summit	101	43	-	-	144	89	42	-	-	131	88.4%	97.5%	0.0%	0.0%	91.1%
Glebe	154	32	20	32	238	150	32	20	29	231	97.4%	98.6%	99.3%	91.5%	96.9%
OBLIGATED GROUP	894	218	82	227	1,422	847	200	77	209	1,333	94.7%	91.5%	93.9%	92.1%	93.8%

Revenues:

Combined revenues of \$122.5M through Q4 2023 exceeded the previous year's results by \$12.3M. The favorable increase over the prior year was due to a \$7.3M increase in monthly residential service income, caused by rate increases and improved occupancy, and a \$3.3M increase in investment income, due to improved investment portfolio performance. Health Care Service revenue increased by \$.5M to \$25.3M.

Combined Independent Living ("IL") unit occupancy for The Group averaged 847 through Q4 or 94.7%, 12 units more than the Q4/2022 average.

Operating Expenses:

Combined operating expenses of \$121.2M through Q4 2023 were \$6.6M more than the previous year. 'Salaries, wages and professional fees' exceeded the previous year by \$5.3M; this variance was primarily due to i) continued wage growth due to staffing shortages in the industry, ii) overtime and agency staffing to offset the staffing shortage, and iii) average merit increases for staff of 3.0%.

Depreciation and Amortization expenses exceeded the prior year by \$724K due to reinvestment in and improvement of our communities. Other (non-staffing related) operating expenses were \$719K more than the previous year. This represents about a 2.3% increase which was limited by strategic operational initiatives to offset persistent inflation.

Entrance Fee Deferrals:

New entrance fee deferrals granted were \$73K less than collections of previously deferred entrance fees through Q4, 2023, increasing the outstanding entrance fee deferral balance to \$3.0M on December 31, 2023. We expect that most of the presently outstanding deferrals will be collected over the next six months.

Net Entrance Fee Receipts:

Net entrance fee receipts through Q4, 2023 were \$34.5M, versus \$31.3M through Q4, 2022. This increase in entrance fee receipts was driven primarily by increased Independent Living unit occupancy as well as expected unit turnover.

Financial Ratios and Covenant Compliance:

Interim calculations indicate that, as shown below, The Group's financial ratio covenants, calculated in accordance with the definitions in the applicable bond documents, continue to have been exceeded as of December 31, 2023. Please note that deferred entrance fees are not included in the Debt Service Coverage Ratio calculation.

Interim Covenant Tests:	Results	Required
Days Cash on Hand ^(a)	295	120
Debt Service Coverage Ratio ^(a)	2.19	1.20
(a) Tested annually at December 31st.		

**The Chesapeake
Statement of Operations
Twelve Months Ended December 31, 2023**

	Month 12				Prior Year		
	Actual	Plan	Variance	Percent Variance	Actual	Variance	Percent Variance
Unrestricted Revenues							
Earned Entrance Fees	4,420,498.98	4,344,864.96	75,634.02	1.74%	3,871,542.02	548,956.96	14.18%
Independent Living	12,792,252.68	13,062,604.68	(270,352.00)	-2.07%	11,937,744.51	854,508.17	7.16%
Assisted Living	3,349,656.63	3,014,631.63	335,025.00	11.11%	2,638,141.53	711,515.10	26.97%
Memory Support	1,008,301.56	1,021,078.41	(12,776.85)	-1.25%	941,700.98	66,600.58	7.07%
Health Care	5,582,433.90	5,125,958.97	456,474.93	8.91%	5,238,690.47	343,743.43	6.56%
Clinic	303,554.14	294,048.00	9,506.14	3.23%	285,288.86	18,265.28	6.40%
Total Resident Income	27,456,697.89	26,863,186.65	593,511.24	2.21%	24,913,108.37	2,543,589.52	10.21%
Net assets released for operations	149,894.63	337,772.40	(187,877.77)	-55.62%	117,730.10	32,164.53	27.32%
Unrestricted gifts and donations	153,516.14	-	153,516.14	0.00%	79,800.14	73,716.00	92.38%
Investment income for current operations	58,012.35	100,800.00	(42,787.65)	-42.45%	14,786.66	43,225.69	292.33%
Corporate Income Allocation	-	-	-	0.00%	-	-	0.00%
Gain (Loss) on disposal of assets	1,000.00	-	1,000.00	0.00%	800.00	200.00	25.00%
Other Income	1,126,732.80	1,025,978.04	100,754.76	9.82%	806,364.51	320,368.29	39.73%
Total Operating Income	28,945,853.81	28,327,737.09	618,116.72	2.18%	25,932,589.78	3,013,264.03	11.62%
Operating Expenses							
Salaries and wages	12,144,803.37	11,156,058.14	988,745.23	8.86%	10,561,933.09	1,582,870.28	14.99%
Benefits	1,748,274.86	1,786,550.91	(38,276.05)	-2.14%	1,524,298.23	223,976.63	14.69%
Interest Expense	2,099,318.97	2,287,509.96	(188,190.99)	-8.23%	2,185,224.12	(85,905.15)	-3.93%
Amortization Expense	-	-	-	0.00%	-	-	0.00%
Depreciation	4,206,108.73	4,132,700.04	73,408.69	1.78%	4,334,337.80	(128,229.07)	-2.96%
Corporate Office Expenses	1,854,890.66	1,938,000.00	(83,109.34)	-4.29%	1,787,279.57	67,611.09	3.78%
Other Expenses	8,207,022.86	7,913,840.64	293,182.22	3.70%	7,321,656.19	885,366.67	12.09%
Total Operating Expenses	30,260,419.45	29,214,659.69	1,045,759.76	3.58%	27,714,729.00	2,545,690.45	9.19%
Operating Income	(1,314,565.64)	(886,922.60)	(427,643.04)	48.22%	(1,782,139.22)	467,573.58	-26.24%
Excess of revenues over expenses							
Unrealized gains (losses) on investments	250,090.99	-	250,090.99	0.00%	(477,096.03)	727,187.02	-152.42%
Increase (Decrease) in unrestricted net assets	(1,064,474.65)	(886,922.60)	(177,552.05)	20.02%	(2,259,235.25)	1,194,760.60	-52.88%

Revenues:

Total Operating Income for 2023 exceeded budget by \$618K or 2.2%. This variance was primarily due to better than planned occupancy results in Assisted Living and Health Care. Total Operating Income exceeded 2022 results by \$3.0M or 11.6%, due to the 2023 rate increase of 8.0% to 10.0% and the higher level of care occupancy gains.

Operating Expenses:

Operating expenses for 2023 were unfavorable to budget by \$1.0M, and exceeded the prior year by \$2.5M. Staffing shortages and wage growth continued to drive expenses in 2023 and accounted for these unfavorable expense variances. Other Expenses were 3.7% unfavorable to budget and 9.2% more than the previous year due primarily to the persistent inflation, especially in the areas of food and benefits expense.

PRO FORMA INCOME STATEMENT FOR LIFESPIRE

A summary copy of the 2024 operating budget (pro forma income statement) is included. The detailed budget was developed by both the management of the retirement communities and LifeSpire, reviewed by the Finance Committee of the Board of Trustees, with final approval by the full Board of Trustees. In the preparation of this budget, the following major assumptions were used:

1. We are projecting the following average occupancy for 2024:

	12/31/24
Capacity	
Independent Living	251
Assisted Living	57
Memory Support	16
Health Care	52
Total	376
Occupancy	
Independent Living	245.0
Assisted Living	54.0
Memory Support	15.0
Health Care	
Private Pay	37.0
Medicare	10.0
Medicaid	2.0
Total Health Care	49.0
Total Occupancy	363.0
% Occupancy	
Independent Living	97.6%
Assisted Living	94.7%
Memory Support	93.8%
Health Care	94.2%
% Total	96.5%

2. Revenue increases were driven by monthly fee increases of 4.45% to 5.45% in 2024 versus 8.0% to 10.0% in 2023.
3. Annual merit wage rate increases are assumed to average 3.5%, which is 0.5% higher than 2023. Some position-specific market driven changes may vary from this average.
4. Budgeted “controllable” (i.e., non-salary related) operating expenses for 2024 are estimated to generally increase by 4.0% over 2023 forecasted results due to various program changes and the need to offset anticipated inflation. There are also specific variations to reflect known circumstances and to improve market comparability, resident care, or regulatory compliance.

Proforma Income Statement

The Chesapeake (2024 Budget)

	Budget 2023	Budget 2024	Variance Percentage	Variance Dollars
OPERATING REVENUES				
Earned Entrance/Membership Fees	\$ 4,344,865	\$ 4,359,769	0.3%	\$ 14,904
Independent Living revenue	13,062,605	13,656,153	4.5%	593,548
Assisted Living revenue	3,014,632	3,191,719	5.9%	177,088
Memory Support revenue	1,021,078	941,564	-7.8%	(79,514)
Health Care revenue	4,518,959	4,729,939	4.7%	210,980
Therapy revenue	643,000	843,996	31.3%	200,996
Bad Debt Allowance	(36,000)	(48,000)	33.3%	(12,000)
Other Operating Revenue	1,320,026	1,781,312	34.9%	461,286
Gift Income	-	-	#DIV/0!	-
Investment Income	100,800	104,400	3.6%	3,600
Net Assets Released For Operations	337,772	402,977	19.3%	65,205
TOTAL REVENUES	28,327,737	29,963,829	5.8%	1,636,092
COMPENSATION EXPENSES				
Health Care - Salaries and Wages	5,234,487	6,026,759	15.1%	792,273
Benefits	775,228	872,243	12.5%	97,014
Resident and Member Services - Salaries and Wages	2,590,930	2,977,327	14.9%	386,397
Benefits	404,480	414,234	2.4%	9,754
Facilities Services - Salaries and Wages	2,100,365	2,402,875	14.4%	302,510
Benefits	366,010	405,408	10.8%	39,399
Administrative and General - V	1,025,352	1,084,765	5.8%	59,413
Benefits	240,833	223,135	-7.3%	(17,699)
TOTAL COMPENSATION EXPENSES	12,737,684	14,406,746	13.1%	1,669,062
OTHER EXPENSE				
Health Care	61,406	87,912	43.2%	26,506
Resident and Member Services	754,948	150,915	-80.0%	(604,033)
Facilities Services	990,378	1,135,124	14.6%	144,746
Administrative and General	704,945	598,261	-15.1%	(106,684)
TOTAL OTHER EXPENSE	2,511,677	1,972,212	-21.5%	(539,466)
GENERAL EXPENSES				
Health Care	1,367,314	1,411,654	3.2%	44,340
Resident and Member Services	1,811,032	1,825,318	0.8%	14,287
Facilities Services	1,415,087	1,654,132	16.9%	239,045
Administrative and General	7,084,356	7,340,726	3.6%	256,370
TOTAL GENERAL EXPENSES	11,677,788	12,231,830	4.7%	554,042
NON-OPERATING EXPENSES				
Non-Operating Expenses	2,287,510	2,018,950	-11.7%	(268,560)
TOTAL NON-OPERATING EXPENSES	2,287,510	2,018,950	-11.7%	(268,560)
TOTAL EXPENSES	29,214,660	30,629,738	4.8%	1,415,078
Excess of revenues, gains and other support over expenses	\$ (886,923)	\$ (665,909)	-24.9%	\$ 221,014

Summary of Financial Information			
Newport News Baptist Retirement Community, Inc., d/b/a The Chesapeake			
As of and for the Years Ending December 31, 2023 and 2022			
	<u>Current Year</u>		<u>Prior Year</u>
Total Assets	41,354,703		40,465,798
Total Liabilities	115,181,461		113,104,152
Total Net Assets	(73,826,758)		(72,638,354)
Total Revenue	28,945,857		25,868,416
Total Expenses	30,260,423		27,714,734
Operating Income (Loss)	(1,314,566)		(1,846,318)
Net Income (Loss)	(1,188,404)		(2,612,319)

Narrative on Financial Condition:

Total Net Assets fluctuated less than 2% from the previous year, indicating a stable fiscal situation. Total Revenues increased 11.9% from the previous year, driven by annual rate increases and improvements in occupancy in Assisted Living and Health Care. Total Expenses increased 9.2% from the previous year, primarily due to continuing staffing challenges because of necessary wage adjustments and labor market participation degradation left over from the recent pandemic, as well as lingering general inflation. The community's Net Loss improved \$1.4M over the previous year because of improved operating results and improved investment portfolio performance. Please see the attached audited financial statements for further detailed information.

Chesapeake

Occupancy Information:	Unit Capacity	Average Occupancy	Average % Occupancy
Independent Living	251	242.6	96.6%
Assisted Living	57	55.2	97.1%
Memory Support	16	15.7	98.1%
Nursing	52	49.0	94.1%

QUALIFICATION FOR ENTRANCE

Prospective applicants are personally interviewed and assessed by staff of the Community. Qualifications for entrance to the apartment and cottage residences, under the Life-Care Agreement and the Fee for Service Agreement include being at least sixty-two (62) years of age, having the ability to live independently, meeting physical criteria, having no communicable disease, and meeting financial requirements. Applicants generally must have sufficient financial ability to meet the reasonably expected costs of their care while a resident.

Virginia Baptist Homes, Inc. was established as a Baptist agency to minister to the needs of Baptists and others. Entrance is open, without restriction to race, creed, or national origin. As provided in the Life-Care Agreement and the Fee for Service Agreement, benevolent assistance may be available to assist with Residents' financial needs where those needs are not, in the Community's judgment, the result of willful or unreasonable dissipation of the Resident's assets.

Assisted Living

Assisted Living at The Chesapeake is generally reserved for residents who entered the Community under a Life-Care Agreement or a Fee for Service Agreement who can no longer function independently. Nevertheless, direct admission to Assisted Living from outside the Community is available from time to time, as space is determined to be available.

Health Care Center

Admission to the Health Care Center at The Chesapeake is generally reserved for care of residents who have entered under a Life-Care Agreement or a Fee for Service Agreement, who can no longer function independently, and who are in need of intensive medical and nursing care. Admission to the Health Care Center of non-continuing care residents through direct admission is permitted since the center is certified as a Medicaid and Medicare provider. As such, admission is open to non-residents without regard to age, race, creed, national origin, and financial resources. Admission for non-fee for service residents will be conditional on space availability, as The Chesapeake's primary responsibility is to those individuals who have contracted for continuing care through the Life-Care Agreement or the Fee for Service Agreement.

ACCESS TO COMMUNITY BY NON-CONTINUING CARE RESIDENTS

Other than those residents entering under direct admission to the Health Care Center or Assisted Living, the services at The Chesapeake are limited to individuals who have contracted for continuing care through a Life-Care Agreement or a Fee for Service Agreement.

PROCEDURE FOR RESIDENT TO FILE A COMPLAINT OR DISCLOSE CONCERN

LifeSpire welcomes the active involvement of residents and provides multiple opportunities for participation in governance. All residents are members of the Resident Council and are invited to participate on numerous committees to provide input, suggestions and direction that impact community life. In addition, LifeSpire conducts quarterly meetings with an ad hoc Resident Advisory Committee ("RAC") generally made up of the resident council president and other residents interested in operating metrics and financials; investment results; Board of Trustees focus areas; and strategic direction and initiatives for the community and the organization. Finally, to promote communication and engagement, LifeSpire's Board of Trustees established a formal board committee, the Resident Engagement Committee, which meets twice annually with the Board's executive committee.

Resident Council and Corporate Governance

Virginia Baptist Homes, Inc. dba LifeSpire of Virginia ("LifeSpire" or "LSV") serves as the management company for the community. LifeSpire is governed by a Board of Trustees who serve voluntarily to set the strategic direction, ensure the necessary resources and provide oversight as fiduciaries who are entrusted with the long-term sustainability of the organization. The Members of the Board of Trustees for LifeSpire also serve as the Members of the Board of Trustees for each LifeSpire community.

While residents do not serve on the LifeSpire Board of Trustees, LifeSpire welcomes the active involvement of residents and provides multiple opportunities for participation in governance. The primary channel is the Resident Council. All residents of the community are automatically members of the Resident Council and are invited to participate on numerous committees to provide input, suggestions and direction that impact community life.

In addition, LifeSpire conducts quarterly meetings with an ad hoc Resident Advisory Committee ("RAC"). The RAC is generally made up of the Resident Council President and other residents interested in operating metrics and financials, investment results, Board of Trustees focus areas and strategic direction and initiatives for the community and the organization. LifeSpire management generally shares the same reports that are provided to the Board of Trustees.

LifeSpire takes great pride in being open and transparent. To promote communication and engagement, the Board of Trustees established a formal board committee, the Resident Engagement Committee, which meets twice annually with the Board's executive committee.

The council and committee structures are shown below.

Resident Council

- ❑ Community-led programs
- ❑ LSV participates as needed or as requested
- ❑ Occurs at community on community's timeline

Resident Advisory Committee

- ❑ Voluntary participation from resident population with interest in financial performance of community and LSV
- ❑ Executive Director determines participants
- ❑ LSV team produces the agenda and leads the meeting
- ❑ Occurs at communities quarterly and typically after the LSV board meeting

Resident Engagement Committee

- ❑ Formal Board Committee as structured in the by-laws
- ❑ LSV CEO and Board Chair create agenda, invitation and structure for meeting
- ❑ Held in conjunction with March and September LSV board meetings

Chapter 49 of Title 38.2 of the Code of Virginia (the “Code”) provides for regulatory oversight of Continuing Care Retirement Communities by the State Corporation Commission Bureau of Insurance. Refer to [A Guide to the Regulation of Continuing Care Retirement Communities in Virginia](#) for more information.

The Chesapeake is committed to providing the highest level of quality resident care and superior resident and responsible representative satisfaction. To that end, The Chesapeake will address all resident /resident representative complaints and/or grievances in a thorough and timely manner. LifeSpire communities respect the resident’s right to voice complaints and/or grievances to the facility or to other agencies or entities that hear grievances without discrimination or reprisal. The resident or responsible representative has the right to file complaints and/or grievances orally, in writing, or via electronic means (email, text, or fax). Reports may be made with full disclosure of the reporter’s identity or may be made anonymously.

The Chesapeake has a complaint and grievance policy which is available to the resident and resident representative. Such information will be posted throughout the community (healthcare, assisted living, independent living, and clinic) and a copy of the Resident Complaint and Grievance Policy will be given to the resident as requested.

The Resident may call the following individuals at any time concerning any grievance:

Office of Licensure & Certification: The Complaint Unit

Virginia Department of Health
9960 Mayland Drive, Suite 401
Richmond, Virginia 23233
1-800-955-1819 (toll free)
(804)367-2106 (metro Richmond area)
(804)527-4503 (Fax)
Email: OLC-complaints@vdh.virginia.gov

Virginia Office for Protection and Advocacy

1910 Byrd Avenue, Suite 5
Richmond, Virginia 23230
1-800-552-3962 (toll free)
Email: general.vopa@vopa.virginia.gov

Adult Protective Services

1-888-832-3858

(757)926-6300

Ms. Joani Latimer, State Ombudsman
Office of the State Long-Term Care Ombudsman
Virginia Department for Aging and Rehabilitative Services
8004 Franklin Farms Drive
Richmond, VA 23229
(804)565-1600
(804)662-9140 (Fax)
1-800-552-3402 (toll free)

Virginia Long-Term Care Ombudsman Local

Carol Turner
100 Parker View Ct
Williamsburg, VA 23188
1-800-766-8059 (toll free)
(757)220-1577
Email: bayaging_ombudsman@yahoo.com

Virginia Association of Area Agencies on Aging

24 E. Cary Street, Suite 100
Richmond, Virginia 23219
(804)644-2804 (804)644-5640 (fax)
Email: info@thev4a.org

If you suspect fraud by a Medicaid Provider, contact the **Medicaid Fraud Control Unit of the Office of the Attorney**

General

900 East Main Street
Richmond, Virginia 23219
1-800-371-0824 (toll free)
(804)371-0779
Email: MFCU_mail@oag.state.va.us

If you have concerns about nursing home care which is covered by Medicare, contact **Health Quality Innovators**

9830 Mayland Drive, Suite J
Richmond, Virginia 23233
(804)289-5320
(804)289-5324

In case of questions or concerns about Resident Rights in Assisted Living or Memory Support, call:

Eastern Regional Licensing Administrator, Virginia Department of Social Services:

Anthony Fludd
Department of Social Services
Commonwealth of Virginia Peninsula
Licensing Office
11751 Rock Landing Drive, Suite H6
Newport News, Virginia 23606
(757)404-3507

LifeSpire welcomes the active involvement of residents and provides multiple opportunities for participation in governance. All residents are members of the Resident Council and are invited to participate on numerous committees to provide input, suggestions and direction that impact community life. In addition, LifeSpire conducts quarterly meetings with an ad hoc Resident Advisory Committee (“RAC”) generally made up of the resident council president and other residents interested in operating metrics and financials; investment results; Board of Trustees focus areas; and strategic direction and initiatives for the community

and the organization. Finally, to promote communication and engagement, LifeSpire's Board of Trustees established a formal board committee, the Resident Engagement Committee, which meets twice annually with the Board's executive committee.

The Chesapeake has developed an emergency plan based on a risk assessment, using an all-hazard approach, that focuses on specific types of emergencies including natural disasters, human-caused events, and technological hazards. The community's plan encompasses multiple components designed to address different situations and includes the provision of care and/or evacuation of residents, team members and visitors as appropriate based on the nature of the emergency. The community practices four main components of emergency preparedness: risk assessment/emergency planning, policies and procedures, communication plan and training/testing programs. The community has plans for sheltering in place as well as relocation agreements with other LifeSpire communities and other alternative sites in the event an evacuation is required. The emergency operations plan is reviewed, tested, and updated annually. **Insert community's name** leadership works closely with emergency preparedness staff from local municipalities (fire department, emergency services, local emergency coordinators, Virginia Health Care Alerting and Status System-VHASS) on annual planning and has a detailed emergency preparedness plan. Once community leadership has activated the emergency preparedness plan, the main building serves as the emergency preparedness center/operations hub.

Since most of our operations are dependent upon the electrical power system, **The Chesapeake** is diligent at maintaining diesel powered generators that will provide electricity to vital systems in the main buildings of the community. Please note this does not mean all residences are equipped with a generator or generator power. **The Chesapeake** has sufficient generator capacity to support critical systems that are essential to the functioning of the community. The community has an established procedure to continue essential services even in the event of failure of secondary power supply, the generator.

The Chesapeake kitchen can prepare food for a sustained period for the entire campus and maintains a plan for the availability of a potable water supply. Plans are also in place for specialized needs of the residents such as availability of oxygen tanks and concentrators in the event this is needed during an emergency. The use of oxygen may require the resident to temporarily relocate to another part of the community.

The community is confident in its emergency preparedness and all residents may plan to remain at the community during an emergency, provided evacuation isn't necessitated due to the nature of the emergency. Some emergencies can be foreseen, such as a hurricane. Residents who can travel may want to consider staying with family or friends that live outside of the area that is projected to be impacted by a foreseeable emergency. This will assist the community's team members with focusing on residents who require more assistance or have specialized needs during the response to the emergency.

All community team members receive training on emergency procedures and residents can feel assured **The Chesapeake** is ready to respond to emergency situations.

Optional Services Fee List

Effective January 1, 2024

CULINARY & DINING

Guest Meals - Mariners Room, Regatta Grille, Café	Menu price
Guest Meals - Memory Support, Health Center Dining Rooms Breakfast Lunch & Dinner	\$7.65 \$13.30
Guests - Assisted Living	Menu pricing
Holiday Meals and buffets - Mariners Room, Regatta Grille, Chesapeake Room	Price per event. Guests pricing may be higher.

Additional Resident Meals While in Health Services Under Life Care agreement, the daily charge for two (2) additional meals in Assisted Living, Memory Support or Health Care Center is \$7.87 per meal. <i>Medicare stays receive this amount in a credit in their IL MSF and have equal amount reduced from Dining Dollars balance.</i>	\$16.68 per day
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Meal Delivery from daily menu (served on disposable service ware)	\$5.00
Room Service from daily menu (served on china, glass, silverware, and Concierge Service)	\$10.00
Disposable Containers (available upon request)	SMALL \$.25 LARGE \$.50 SOUP \$.25
Reusable Containers <i>These containers will last for more than 100 uses when cared for properly.</i>	SMALL \$2.25 MEDIUM \$4.25 LARGE \$6.00

SPECIAL EVENT ROOM RENTAL OFFERINGS

In the rooms noted below, all food and beverage will be provided by The Chesapeake. Contact Director of Culinary Services for pricing of preferred menu, service fee information, and to make required advanced reservations.

Captain's Cove (Private Dining Room)	Menu offerings from daily menu may be paid for using Dining Dollars. A service fee of up to \$50 will be charged. Catered menu and service fee are not eligible to be paid for with Dining dollars .
Chesapeake Room SPECIAL EVENT AND CATERED MEALS ARE PRICED PER MENU ITEMS SELECTED AND INCLUDE SERVICE LABOR.	
The Chesapeake Room	Arranged catered menu pricing
Partitioned section of room	\$75.00 Room fee
Full Room	\$125.00 Room fee (Dining dollars not applicable)
Assisted Living 2nd floor Dining	Arranged catered menu pricing. A service fee of up to \$50 will be charged. Please note the residents' meal will be at no charge.

Table Set-up and Cleaning for Private Parties and Gatherings

Contact Director of Culinary for room availability.

In the rooms noted below, food and beverage may be provided by the event host or The Chesapeake. Contact Director of Culinary Services for pricing of preferred menu.

Hampton, Newport, and Yorktown Living Spaces <i>NOTE: Fee waived if no setup or cleaning is needed.</i>	\$25.00 setup and cleaning fee
Explorer Room <i>(NOTE: Food permitted under Special Circumstances Only)</i>	\$50.00 setup and cleaning fee
Assisted Living 1st Floor Multi-Purpose Room <i>NOTE: Fee waived if no setup or cleaning is needed.</i>	Setup and cleaning fee of up to \$75.00

CLINIC SERVICES OFFERED

Nursing Services /Consultation (Emergency or Non-emergency)	\$15.00 per 15 minutes
Electrocardiogram or Pacemaker Check	\$15.00
PTINRS Test, Blood Glucose Check, Lab Draw, Injection	\$22.00
Blood Pressure, Height & Weight Check	Free
Meal Delivery (<i>One meal a day</i>) <i>Independent Living due to illness</i>	Free days up to 7; Couple may both receive \$5.00 per meal thereafter
Medication Reminders (in home)	\$5.00 per occurrence
Medication Management: Pillbox Setup	\$50 initial setup \$30 per re-fill
Medication Box Purchase (Mon-Sun box)	\$10.00 per box
Medication Pharmacy Pick up/delivery	\$20.00
Repeated failure to check in with the clinic by pressing the check in button daily	\$50.00 after the 3rd occurrence
Application of Support Stockings	\$5.00 per application
Staple/Suture Removal	\$10.00
Minor Wound Care Major Wound Care	\$10.00 \$20.00
Fee for repeated non-emergency use of SARA pendant or pull-cord (accidental false alarms excluded)	\$50.00 per occurrence

HOME CARE & HOME HEALTH THROUGH AFFIRMATION

Home Care & Home Health Services Certified Nursing Assistant <i>For services requested with less than 48 hours' notice, we reserve the right to bill at one and one half (1.5) the quoted rate.</i>	\$33.00 per hour/2-Hour minimum
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HOME SERVICE/CARE (PRIVATE DUTY)

Private Duty Worker/Sitter <i>(Certified Nursing Assistant or Registered Medical Assistant or Domestic)</i>	
Administrative Annual Fee ¹ <i>(Monitor of private duty or outside agency worker(s), per resident)</i>	\$50.00
Fees Paid by Resident/Responsible Party per Private Duty Sitter/Worker	
Background Check ¹	\$48.00
Drug Testing: Kit and Reading by Professional ¹	\$40.00
Flu Shot ¹	\$35.00
PPD Test ¹	\$35.00
Special Test	lab price

All must be COVID-19 FULLY VACCINATED.

All fees are waived if using Affirmation Home Care & Home Health Services. ¹These fees may be waived if you choose an outside agency that provide these tests to their employees and are current.

GUEST ACCOMMODATIONS

Guest Suite <i>(Reservations Required)</i> Accommodates up to 4 guests. Includes Café breakfast voucher for each guest.	\$130.00 per night
Roll away bed <i>(Reservations Required)</i>	\$15.00 per night

HOUSEKEEPING

Services in addition to regularly scheduled and performed housekeeping	\$30.00 per hour includes supplies
Removal of Mattress and/or box spring	\$50.00 per item
Laundry for Assisted Living & Health Care	\$80 monthly

MAINTENANCE

Services outside of routine work orders and preventive maintenance, such as assembling or repairing a personal item	\$50.00 per hour materials extra
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TECHNOLOGY

Cable Television – – Starter & Preferred lineup within house channels and HBO channels	Included in MSF*
Premium service/channels	Billed by Provider
Telephone – local, long distance, caller ID	Included in MSF*
Internet Service in Residence–Cox Preferred 150 Mbps w/Modem-billed by The Chesapeake (requires sign-up through The Chesapeake)	\$45.00 per month

**MSF-monthly service fee*

TRANSPORTATION

Medical appointments: Local - within 13-mile radius of The Chesapeake Non-local	Free \$30.00 per hour + \$.50 per mile
* Before/After Hours	\$38.00 additional
Additional Fees with Medical appointments: “Stay With”/appointment with Affirmation companion (maximum 3 hours)	\$28.00 per hour
Convenience Pick-up at Apartment Wheelchair accessible van	\$7.00 per occurrence \$27.00 each way

Leisure/Memorial Services (subject to availability and only offered during normal transportation hours): Sedan (up to 4 people) Van or Bus (4 or more people)	\$27.00 + \$.50 per mile \$52.00 + \$1.00 per mile
Pharmacy Pick up/delivery	\$22.00

**Normal transportation hours are Monday – Friday, 8:00am – 4:30pm, except for holidays.*

OTHER RESIDENT SERVICES

Package Delivery Service Note: Residents will have 24-hours to pick up their packages after which the following charges will apply.	\$3.00 for small items \$10 for cart sized delivery or 2-person lift *unlimited package delivery service for \$10.00 month
Long-term Care Insurance Filing	\$40 month
Electric Vehicle Charging in Hampton Lot	Pay at station using personal credit card
Electric Vehicle Charging Station (Cottage Residents Only – must have approval)	Charger & Installation + \$40.00 per month
Trip tickets for non-shopping events	\$12.00 or \$22.00 prepaid card
Copies/Faxes (Send & Receive)	25¢ per page
Document Shredding	50¢ per inch, with a one-inch minimum
Key Replacement for Lost Key (door will be re-keyed)	\$250
Additional Key for Independent Living and Assisted Living	\$25.00 per key
Key Replacement (Mailbox)	\$15.00 per key
Key Fob Replacement	\$15.00 per Fob
Name Tag Replacement	\$10.00
Name Tag – Magnetic Back Only Replacement	\$5.00
Emergency Alert Pendant (SARA) Replacement	\$250.00
Intra level transfer from one IL home to another <i>Resident is responsible for moving costs</i>	\$5,000.00

Charges may change with a sixty (60) day notice

SALON & SPA SERVICES

Services	Resident	Non-Resident
Shampoo & Set	\$26.00	\$30.00
Shampoo	\$11.00	\$13.00
Shampoo & Blow Dry	\$26.00	\$30
Women's Hair Cut	\$26.00	\$30
Comb out & Curling Iron <i>(On Existing Sets)</i>	\$20	\$22.00
Color/Permanent	\$60.00	\$80.00
Highlighting	\$78.00	\$83.00
Perm	\$79.00	\$98.00
Bang or Neck Trim	\$13.00	\$15.00
Treatments		
Paraffin Wax Treatment	\$13.00	\$15.00
Paraffin Wax Treatment with Manicure	\$11.00	\$13.00
Waxing Services		
Chin/Lip/Eyebrow Wax	\$11.00	\$13.00
Barber Services		
Men's Haircut	\$22.00	\$24.00
Shave or trim facial hair	\$12.00	\$14.00
Mustache	\$8.00	\$10.00
Beard	\$11.00	\$13.00
Manicures		
Touch-Up	\$10.00	\$12.00
Pedicure – Regular	\$29.00	\$32.00
Fingernail Trim	\$11.00	\$13.00
Fingernail Trim & Polish	\$19.00	\$22.00
Toenail Trim	\$18.00	\$20.00
Toenail Trim & Polish	\$23.00	\$27.00
Massage	Rates provided by contractor	



FEE FOR SERVICE RESIDENCY AGREEMENT





FEE FOR SERVICE RESIDENCY AGREEMENT

TABLE OF CONTENTS

I.	KEY TERMS AND DEFINITIONS	5
II.	RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES	6
A.	RESIDENCE	6
B.	FURNISHINGS IN THE RESIDENCE	6
C.	CHANGES TO THE RESIDENCE	7
D.	COMMON AREAS AND AMENITIES	7
E.	PARKING	7
F.	STORAGE.....	7
G.	SERVICES AND PROGRAMS.....	7
	1. Services Included In Your Monthly Fee.....	7
	2. Services Available With An Additional Charge.....	8
H.	MAINTENANCE AND REPAIRS	8
I.	ASSISTED LIVING, MEMORY CARE, AND NURSING SERVICES.....	8
	1. Assisted Living/Memory Care.....	8
	2. Health Care Center.....	9
	3. Limitations On Care.....	9
	4. Clinic Services	9
	5. Health Related Charges Not Covered.....	9
	6. Staffing	10
	7. Medical Director.....	10
	8. Charges For Additional Levels Of Care	10
	9. Personal/Attending Physician	10
III.	FINANCIAL ARRANGEMENTS	11
A.	ENTRANCE FEE	11
B.	TERMS OF PAYMENT OF THE ENTRANCE FEE	11
	1. Deposit	11
	2. Balance Of The Entrance Fee	11
	3. Non-Standard Selections And Upgrade Charges.....	11

C.	MONTHLY FEE	12
D.	INCREASES IN FEES.....	12
E.	MONTHLY STATEMENTS	12
F.	FEES/CHARGES FOR ASSISTED LIVING, MEMORY CARE AND HEALTH CARE SERVICES.....	12
	1. Assisted Living/Memory Care Discounted Daily Rate	12
	2. Health Care Center.....	13
	(A) Medicare Stay.....	13
	(B) Non-Medicare Stay.....	13
	3. Transfer And Continuance Of Monthly Fee	13
	(A) Temporary Transfer.....	13
	(B) Permanent Transfer	13
	(C) Joint Residents.....	13
	4. Additional Charges For Ancillary Services	14
	5. Care In Another Facility.....	14
	6. Illness Away From The Community.....	14
IV.	TERMS OF RESIDENCY	14
A.	AGE AND OCCUPANCY REQUIREMENTS.....	14
B.	POLICIES AND PROCEDURES	14
C.	PRIVATE DUTY PERSONNEL	15
D.	USE OF TOBACCO PRODUCTS	15
E.	CHANGES IN AND USE OF YOUR RESIDENCE	15
F.	VISITORS.....	15
G.	LOSS OR DAMAGE OF PROPERTY	15
H.	HEALTH INSURANCE AND SUPPLEMENTAL INSURANCE.....	15
I.	OCCUPANCY BY TWO RESIDENTS	16
J.	MARRIAGE DURING OCCUPANCY	16
K.	ADDED RESIDENT	16
L.	RESIDENCE CHANGE UPON REQUEST OF RESIDENT	16
M.	RIGHTS OF RESIDENT	17
N.	RIGHT OF ENTRY	17
O.	RESIDENTS' COUNCIL	17
P.	FINANCIAL REQUIREMENTS	17
Q.	REPRESENTATIONS.....	17
R.	MANAGED CARE.	17
	1. Participating Provider.....	17
	2. Not A Participating Provider.....	17
	3. Negotiated Managed Care Rate.....	18
	4. No Negotiated Managed Care Rate.....	18
	5. Post Medicare-Qualified Stay.....	18
V.	TRANSFERS OR CHANGES IN LEVELS OF CARE.....	18
A.	TRANSFERS TO ASSISTED LIVING, MEMORY CARE OR HEALTH CARE CENTER.....	18
B.	TRANSFER TO HOSPITAL OR OTHER FACILITY	19
C.	RETAINING YOUR PRIOR RESIDENCE/ ROOM RESERVATION RATE.....	19
D.	RELEASE AND VACATION OF RESIDENCE.....	19
E.	Transfer for Needs of the Community.....	19

VI.	TERMINATION AND REFUND PROVISIONS	20
A.	TRIAL PERIOD	20
B.	VOLUNTARY TERMINATION AFTER OCCUPANCY	20
C.	TERMINATION UPON DEATH	20
D.	TERMINATION BY THE COMMUNITY	21
E.	CONDITION OF RESIDENCE.....	21
VII.	RIGHT TO RESCIND AGREEMENT.....	21
VIII.	FINANCIAL ASSISTANCE.....	22
A.	RESIDENCY CONTINUANCE.....	22
IX.	GENERAL	22
A.	ASSIGNMENT	22
B.	MANAGEMENT OF THE COMMUNITY	22
C.	ENTIRE AGREEMENT	22
D.	SUCCESSORS AND ASSIGNS	23
E.	DURABLE GENERAL POWER OF ATTORNEY AND MEDICAL DIRECTIVE.....	23
F.	TRANSFER OF PROPERTY	23
G.	PROPERTY DISPOSITION UPON TRANSFER OR DEATH	23
H.	GOVERNING LAW AND VENUE.....	24
I.	NOTICE PROVISIONS	24
J.	SEVERABILITY	24
K.	AVAILABILITY OF DISCLOSURE STATEMENT	24
L.	WAIVER OF ONE BREACH NOT A WAIVER OF ANY OTHER.....	24
M.	MODIFICATION OF AGREEMENT AND POLICIES AND PROCEDURES.	24
N.	ASSIGNABILITY	24



FEE FOR SERVICE RESIDENCY AGREEMENT

The Chesapeake Newport News, VA

This is a Fee for Service Residency Agreement ("Agreement") between Newport News Baptist Retirement Community, Inc., d/b/a The Chesapeake, a Virginia non-stock, non-profit corporation (together, the "Community" "The Chesapeake", "our", "we" or "us"), and _____ (hereinafter referred to as "you", "your", or "Resident" including when joint residents are listed here).

LifeSpire of Virginia, a trade name for Virginia Baptist Homes, Inc., is the sole member of The Chesapeake, a faith-based provider of senior living services. The Chesapeake is located at 955 Harpersville Road in the Newport News, Virginia area which provides residential living, community areas and programs, and a continuum of wellness, assisted living and health care services. The Chesapeake assisted living area is licensed by the Virginia Department of Social Services and its healthcare/nursing area is licensed by the Virginia Department of Health.

You have made application for residency at The Chesapeake and in reliance on your application The Chesapeake wishes to enter into this Agreement with you. Subject to the terms and conditions of this Agreement, we are pleased to offer to you residency at The Chesapeake and by your signature at the end of this document, you agree to accept the following terms and conditions.

I. KEY TERMS AND DEFINITIONS

- A. Assisted Living.** A level of care provided at our Community where, when admitted, a resident receives assistance with daily living activities after evaluation. Assisted Living is an area of care licensed by the Virginia Department of Social Services. *See, Article II, Section I (1), Assisted Living/Memory Care.*
- B. Room Reservation Rate.** When applicable, if you are a permanent resident of our Assisted Living, Memory Care, or Health Care Center, the Room Reservation Rate is the amount charged to hold your space while you are temporarily at a different level of care. This is sometimes referred to as a "Bed Hold". *See, Article V, Section C, Retaining Your Prior Residence/Room Reservation Rate.*

- C. **Daily Rate.** The Daily Rate is a rate we charge for services in our Assisted Living, Memory Care, or Health Care Center. Generally, if you need to make a transition from your Independent Living Residence to Assisted Living, Memory Care, or the Health Care Center (other than for a Medicare Stay), you will pay a Discounted Daily Rate.
- D. **Discounted Daily Rate.** The Discounted Daily Rate is our Daily Rate less Ten Percent (10%) as described in Article III, Section F (1), *Assisted Living/Memory Care Discounted Daily Rate*, Article III, Section F (2), *Health Care Center*.
- E. **Entrance Fee.** An initial entrance payment made to us at the time of your entry into the Community. You may choose from the options found in *Article III, Section A, Entrance Fee Options*.
- F. **Health Care Center.** Our nursing level of care is provided for in the Health Care Center. Nursing Care is provided at this level of care for certain rehabilitation and long-term nursing services. Our Health Care Center is licensed by the Virginia Department of Health. *See, Article II, Section I (2), Health Care Center*.
- G. **Independent Living.** Our residential living area where meals and other services are available to you as set forth in this Agreement. The Monthly Fee is paid for your Residence in the Independent Living Area, as well certain other services as set forth in this Agreement.
- H. **Interdisciplinary Care Planning (“ICP”) Team.** The ICP Team consists of members of the various disciplines on our staff that evaluate and plan your care in our Community after consultation with you and your family.
- I. **Memory Care.** A portion of our licensed Assisted Living area that is designated to provide special programs and security for those who are in need of memory related services. *See Article II, Section I (1), Assisted Living/Memory Care*.
- J. **Monthly Fee.** A fee charged for your Independent Living Residence and certain other services described in this Agreement. *See, Article III, Section C, Monthly Fee*.

II. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES

- A. **Residence.** You shall have the exclusive right to occupy, use, and enjoy as your independent living residence number, a/an (apartment/villa/cottage/hybrid home) (hereinafter, including any other independent living residence you may select, the "Residence"), subject to the terms of this Agreement.
- B. **Furnishings in the Residence.** You may furnish your Residence with your furniture, furnishings, decorations and other personal property. Although we do not provide furniture or furnishings in Independent Living, we do provide standard large household appliances and an urgent call system for your safety. (The urgent call system should be used in addition to first calling 911 if your life or health is in danger.)

- C. Changes to the Residence.** Should you wish to make changes to your Residence, any physical or structural improvements are required to be approved in advance by us in writing and paid for by you. All improvements must be in conformity with all applicable building codes and will become part of the Residence and the property of the Community when construction is completed. The value of any such improvement will not be considered in computing refunds, and the Community will have a vested ownership in such improvements. You agree that if we permit you to make physical or structural improvements to your Residence, we, in our reasonable discretion, can require you to cover the cost of returning the Residence to its original condition when your Residence is vacated.
- D. Common Areas and Amenities.** We provide a variety of common areas and amenities for the use and benefit of all residents.
- E. Parking.** A parking area is provided for you and your guests.
- F. Storage.** The Community may provide limited storage space, other than the space in each apartment for apartment residents.
- G. Services and Programs.** The services and programs included in your Monthly Fee are listed in subsection 1 of this Section G. These services and programs may be adjusted from time to time and, when possible, thirty (30) days' notice will be given. Services and programs vary at the different levels of care.

1. Services included in your Monthly Fee:

- (a) Utilities – including heating, air conditioning, electricity, water, sewer, and telephone (local and long distance).
- (b) Cable television service in your Residence.
- (c) Basic housekeeping services every other week.
- (d) A Flexible Meal Program with a declining balance which equates to one meal per day.
- (e) Grounds Keeping – including lawn, tree and shrubbery care.
- (f) Transportation to medical providers and medical appointments scheduled in accordance with Community policy.
- (g) Security services.
- (h) An urgent call system and smoke detector in each Residence.
- (i) Planned wellness, social, recreational, spiritual, educational, and cultural activities; arts and crafts; exercise and health programs; and other special activities designed to meet your needs. There may be a charge related to some programs.
- (j) Wireless internet connection (Wi-Fi) in designated common area.

2. Services Available with an Additional Charge:

- (a) Cable Box and DVR, Internet, and premium cable services in your Residence.
- (b) Guest accommodations, when available.
- (c) Beauty salon and Barber services.
- (d) Home Care and Private Duty Services.
- (e) Optional premium beverages, such as beer or wine, may be available at an additional charge. Premium beverages are not included with a meal.
- (f) Special Diets—please make sure that you fully communicate these needs to our Dining Services Manager; some special diets may be met without an additional charge.
- (g) Complimentary tray service is available for delivery to your Residence in accordance with the Community’s policy.
- (h) Housekeeping services beyond those included in your Monthly Fee.
- (i) Transportation for special, personal, or group trips.
- (j) Additional meals or groceries in excess of the dining allotment.

H. Maintenance and Repairs. The Community maintains and keeps in repair its own improvements, furnishings, and equipment. With the exception of ordinary wear and tear, you will be responsible for the cost of repairing damage to our property when caused by you or your guest(s).

I. Assisted Living, Memory Care, and Nursing Services:

1. Assisted Living/Memory Care. If our Interdisciplinary Care Planning Team (“ICP Team”) after consultation with you and your family, determines that you require assistance with the activities of daily living or that you have other needs such that Assisted Living is the appropriate level of care for you, the Community will make available and you agree to accept a transfer to, our Assisted Living area (“Assisted Living”). Assistance in daily living needs may include bathing, dressing or grooming, administration of medication, transportation or assistance to programs and services throughout the Community. See Article III, Section F, *Fees/Charges for Assisted Living, Memory Care and Health Care Services*, for the fees and charges in Assisted Living. Our Assisted Living area includes a memory care area where special programs and security are provided for those residents who are in need of memory related care (“Memory Care”). The degree of your independence in performing daily living activities is a factor in determining the appropriate level of care for you. To the extent that space permits, you may bring some of your own furniture and furnishings to your Assisted Living residence. Should space not be available in Assisted Living, you may be required to temporarily receive services in the Health Care Center (as defined in this Agreement) until an appropriate Assisted Living residence is available. Assisted Living services rendered in the Health Care Center shall be charged to you at the Assisted Living Discounted Daily Rate.

- 2. Health Care Center.** If the Community, in conjunction with its ICP Team, determines that you require the services of a licensed nursing facility, the Community will make available such nursing care in, and you agree to move to, the Community's licensed nursing facility (the "Health Care Center"). Should space not be available in the Health Care Center, you may be required to be temporarily transferred to an outside nursing facility (herein an "Outside Facility") (see, Article II, Section I (3), *Limitations on Care*). You are responsible for all fees and charges at the Outside Facility and, should you maintain a residence with us, your fees under this Agreement. If your transfer is due to space limitations at the Community, you will receive priority admittance when a bed becomes available in our Health Care Center. Further, while at an Outside Facility due solely to our inability to offer you bed space in our Health Care Center, we will pay the difference between the daily rate you actually pay out of pocket at the Outside Facility and the Discounted Daily Rate you would pay to us if a bed had been available at our Community (if what you pay is higher) until (i) a bed in our Community is offered to you, (ii) you are no longer in need of nursing care as determined by our ICP Team or (iii) you are no longer able to be cared for in our Community and your stay at the Outside Facility becomes permanent as determined by our ICP Team.
- 3. Limitations on Care.** There are limitations to the type of nursing care that we are able to provide. The following are examples of limitations: if you have a dangerously contagious disease, an uncontrolled or untreated mental condition or specialized psychiatric condition, any condition requiring services which are prohibited under the licenses of the Health Care Center or Assisted Living or which we are unable to provide to you within the Community (including by reason of lack of specialized staffing, beds or space), or if you require nursing care services beyond routine nursing services. We will assist you in transferring to an appropriate hospital, institution, or other facility. You are responsible for all fees and charges at the facility to which you are transferred. If your move to the hospital, health care facility or other institution is permanent, then you may terminate this Agreement. If your move to the hospital, health care facility, or other institution is temporary and you maintain a Residence with us, you will continue to pay your fees to us under this Agreement.
- 4. Clinic Services.** The Community makes available at the Community's clinic a variety of routine health care services (the "Clinic"). Some Clinic services may be at an additional charge.
- 5. Health Related Charges Not Covered.** Our Assisted Living area provides assistance with the activities of daily living as well as Memory Care and our Health Care Center provides routine nursing services as part of our fee. We do not cover the items listed in this Section except some of the listed items are covered in a Medicare Stay in our Health Care Center. Should you have need for these services or others which we do not provide, you are responsible for paying for such items and services whether provided at the Community or elsewhere, and whether arranged for by you or by us on your behalf:

 - (a) Charges of any physician, physical therapist, speech therapist, or occupational therapist, dentist, podiatrist, psychologist, psychiatrist or other health care professional;
 - (b) Hospital, ambulance and other health care provider charges;

- (c) Charges for medicines, drugs, lab services and x-ray services, vitamins, food supplements, dental work, glasses, hearing aids, orthopedic devices, durable medical equipment, personal care supplies and other health related items.
6. **Staffing.** Assisted Living and the Health Care Center are staffed by licensed and/or certified nursing staff twenty-four (24) hours per day.
 7. **Medical Director.** The overall coordination and supervision of health care services by the Community in the licensed areas of care will be provided by a Medical Director who is a licensed physician selected by the Community (the “Medical Director”).
 8. **Charges for Additional Levels of Care.** While in Assisted Living, Memory Care, or the Health Care Center, you agree to pay the additional fees and charges for Assisted Living or Health Care Center as applicable and as published by us and available to you upon request. *See, Article III, Section F, Fees/Charges for Assisted Living, Memory Care and Health Care Services.*
 9. **Personal/Attending Physician.** You may choose to use the services of a personal attending physician and you will be responsible for the charges by that physician. The physician may or may not be the Community’s Medical Director. However, the attending physician you choose must be willing to follow the policies and procedures of the Community and meet the requirements of the Community including the making of regular visits to you when required by our policies and procedures. In the event your attending physician is not available, our Medical Director may issue appropriate orders for you. Transportation to medical appointments may be provided by the Community in accordance with the Community’s policies and procedures; please review the procedures in the Resident Handbook in making arrangements for transportation.

III. FINANCIAL ARRANGEMENTS

- A. **Entrance Fee.** You agree to pay to the Community an Entrance Fee (the “Entrance Fee”) as a condition of becoming a Resident.

Entrance Fee Option	Amount of Entrance Fee	Amortization Schedule
Standard	\$	The Entrance Fee, less an initial 4% administrative charge paid to us, will be amortized, accrued and transferred to us at 2% per month for 50 months after which time the Entrance Fee is fully amortized and you are not entitled to a refund.*
50% Refund	\$	The Entrance Fee, less an initial 4% administrative charge paid to us, will be amortized, accrued and transferred to us at 2% per month for 25 months. Upon termination of Your Agreement, you will be entitled to a refund that shall not be less than 50% of the Entrance Fee paid, less the 4% administrative fee.*
90% Refund	\$	The Entrance Fee less an initial 4% administrative charge paid to us, will be amortized, accrued and transferred to us at 1% per month for 10 months. Upon termination of your Agreement, you shall be entitled to a refund that will not be less than 90% of the Entrance Fee paid, less the 4% administrative fee.*

* Prior to payment, we reserve the right to deduct from any refund charges owed to us.

For purposes of the Amortization schedule above, a partial month counts as a full month. For additional refund information, *see* Article VI, *Termination and Refund Provisions*.

- B. **Terms of Payment of the Entrance Fee.** The Entrance Fee based on the Entrance Fee option selected by you is due and payable as follows:
- 1. Deposit.** Prior to the signing of this Agreement you must have signed a Reservation Agreement and paid a \$ _____ deposit.
 - 2. Balance of the Entrance Fee.** The balance of the total Entrance Fee (less the deposit previously paid) for the Entrance Fee option selected by you is due and payable upon the signing of this Agreement and prior to occupancy of the Residence.
 - 3. Non-Standard Selections and Upgrade Charges.** Any non-standard selections and upgrades to your Residence requested by you may result in additional charges which must be paid in full prior to your move-in. You are not eligible for a refund for these charges.

- C. Monthly Fee.** In addition to the Entrance Fee, you agree to pay a monthly fee when your Residence is made available to you and during the term of this Agreement which shall be payable in advance by the tenth (10th) of each month. As of the date of this Agreement, the monthly fee associated with your Residence is \$_____per month, and an additional \$_____per month if a second Resident occupies your Residence (adjusted as provided herein the “Monthly Fee”). The Monthly Fee may be increased by the Community during the term of this Agreement as described in Article III, Section D, *Increases in Fees*. The Monthly Fee shall be paid by you for so long as you occupy, or retain the right to occupy, your Residence. If a resident opts to prepay monthly fees in a lump sum payment and the lump sum payment is accepted by the Community, we agree not to increase the fee structure during the agreed upon term for care and services for which the lump sum is paid, except for changes related to state and federal funding. Currently, the Community does not accept lump sum payments.
- D. Increases in Fees.** The fees are charged to provide the facilities, programs, and services described in this Agreement and are intended to also provide for the cost of the expenses associated with the operation, maintenance, and management of the Community, as well as maintaining the viability and marketability of the Community. You agree that the Community shall have the authority to increase the Monthly Fee and Daily Rate from time to time during the term of this Agreement as the Community, in its sole discretion, deems necessary in order to reflect increases and changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis, maintaining the quality of services called for herein as well as maintaining the marketability of the Community and providing for the future of the Community. A thirty (30) day written notice will be given to you before there is any adjustment in fees and charges, or before there is any significant change in the scope of services to be provided hereunder.
- E. Monthly Statements.** The Community will furnish you with monthly statements showing the total amount of fees and other charges due hereunder which shall be payable on or before the tenth (10th) day of the month. The Community reserves the right to charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance. You agree to pay all costs of collection including court costs, attorney fees and other fees and expenses incurred by us in collecting payment.
- F. Fees/Charges for Assisted Living, Memory Care and Health Care Services.**
- 1. Assisted Living/Memory Care Discounted Daily Rate.** If you move permanently to Assisted Living or Memory Care you will pay the Daily Rate less ten percent (10%) for Assisted Living or Memory Care as published by the Community from time to time and as adjusted in Article III, Section D, *Increases in Fees*. If you move on a temporary basis you will pay the Discounted Daily Rate plus your Monthly Fee. If you release and vacate your Residence and become a permanent resident of either Assisted Living or Memory Care, you will no longer pay the Monthly Fee. See Article III, Section F(3), *Transfer and Continuance of Monthly Fee*.

2. Health Care Center. We offer nursing and skilled nursing care in our Health Care Center.

- (a) Medicare Stay.** Our Health Care Center is certified under the Medicare program (Title XVIII of the Social Security Act) to provide skilled nursing care. If you are in need of skilled nursing care and you meet the requirements determined by the Medicare program, your admission to our Health Care Center will be pursuant to the Medicare program (a “Medicare Stay”). You will be responsible for paying all deductibles and other permitted non-covered charges during your Medicare Stay. When your admission to our Health Care Center is a Medicare Stay, you will execute a separate Medicare Residency Agreement with us which will govern your Medicare Stay. Since Medicare covers part of this stay, you do not pay the Discounted Daily Rate; however, you will continue to pay your Monthly Fee. We reserve the right to withdraw from the Medicare program at any time.
- (b) Non-Medicare Stay.** If you move permanently to our Health Care Center not pursuant to a Medicare Stay (or if Your Medicare Stay ceases and you remain in our Health Care Center), you will pay the Discounted Daily Rate for the Health Care Center as published by the Community from time to time, as adjusted in Article III, Section D, *Increases in Fees*. If you move temporarily to Health Care Center you will pay the Discounted Daily Rate plus the Monthly Fee. If you release and vacate your Residence and become a permanent resident of our Health Care Center, you will no longer pay the Monthly Fee. *See, Article III, Section F(3), Transfer and Continuance of Monthly Fee.*

3. Transfer and Continuance of Monthly Fee.

- (a) Temporary Transfer.** Should you qualify for services in Assisted Living, Memory Care or the Health Care Center and temporarily (as determined by the Community) occupy a residence in such area, you will be charged, in addition to the Monthly Fee, an amount equal to the then published current Discounted Daily Rate for such services. You may receive a meal credit depending upon the meal plan you selected. *See also, Article V, Section C, Retaining Your Residence/Room Reservation Rate.*
- (b) Permanent Transfer.** Upon permanent transfer (as determined by the Community) to an Assisted Living, Memory Care or Health Care Center, you will release and vacate your Residence and (i) no longer pay the Monthly Fee for your Residence, but instead, (ii) pay the then published current Discounted Daily Rate for the residence in Assisted Living, Memory Care or the Health Care Center. In addition to the Discounted Daily Rate, charges will be made for ancillary services as more fully described in Section F(4), *Additional Charges for Ancillary Services.*
- (c) Joint Residents.**
1. If you share your Residence with another resident and one of you temporarily transfers to Assisted Living, Memory Care or Health Care Center, you will pay (i) the first- and second-person Monthly Fee and (ii) Discounted Daily Rate for Assisted Living, Memory Care or Health Care Center.

2. If both of you are temporarily placed at another level of care, you will pay (i) either the Room Reservation Rate for your permanent accommodation if your permanent accommodation is in Assisted Living, Memory Support or the Health Care Center or the first and second person Monthly Fee if your permanent accommodation is in Independent Living, and (ii) the Discounted Daily Rate for each of the rooms occupied by you in Assisted Living, Memory Support or the Health Care Center.
4. **Additional Charges for Ancillary Services.** Additional charges may be made for ancillary services provided at the Community. Ancillary services are services not included in the Monthly Fee/Daily Rate. Examples of such additional charges for ancillary services may include, but are not limited to, the cost of prescription and non-prescription medications, personal laundry, staff accompaniment of resident to scheduled medical appointments, podiatric, dental, optical services, physicians' services, laboratory tests, physical therapy, occupational therapy, speech therapy, rehabilitative treatments, wheelchairs, other medical equipment and medical supply needs, ambulance service, and any other medical services beyond those included in your Monthly Fee/Daily Rate. Also, any professional services (medical or otherwise) contracted by you, or on your behalf, shall be billed directly to you or your representative. Ancillary services may be changed from time to time by the Community at its discretion.
5. **Care in Another Facility.** If the Community determines that you need care beyond that which the Community makes available (*see*, Article II, Section I(3), *Limitations on Care*), and requires transfer to another facility, we will assist you in transferring to a hospital, institution or other facility (*See*, Article V, Section B, *Transfer to Hospital or Other Facility*); however, all expenses resulting from such transfer and care shall be borne entirely by you.
6. **Illness Away from the Community.** The Community does not provide care, in any manner or degree, for you when away from the Community nor can the Community ensure your safe return to the Community.

IV. TERMS OF RESIDENCY

- A. **Age and Occupancy Requirements.** We believe that our residents deserve to be treated fairly at all times. As an equal opportunity housing provider, we provide housing opportunities regardless of race, color, national origin, religion, sex, physical or mental disability, familial status or any other classification protected by applicable federal, state or local law. Entrance is restricted to persons sixty-two 62 years of age or older. An exception to the age requirement may be requested in the case of double occupancy where one resident will meet the age requirement and the other is at least fifty-five (55) years of age, but such exception is subject to our discretion and approval.
- B. **Policies and Procedures.** All Residents shall abide by the Community's policies and procedures including such amendments, modifications, and changes to the Resident Handbook as may be adopted by the Community. General resident policies and procedures are found in the Resident Handbook.

- C. Private Duty Personnel.** If you wish to hire private duty companions and similar personnel, such persons must be hired pursuant to the requirements found in our policies and procedures and you are responsible for ensuring that any such private duty person follows our policies and procedures at all times. We reserve the right to prohibit any person, including a private duty person hired by you, from coming onto the Community's property when, in our discretion, it is reasonable to do so. Any approved private duty personnel shall be paid by the Resident. You may not employ current or former employees of the Community as private duty personnel without the expressed written consent of the Community.
- D. Use of Tobacco Products.** The use of tobacco products is prohibited throughout the Community, including its buildings, campus, and community vehicles. This policy is applicable to all Residents, guests, visitors, employees, and contract personnel.
- E. Changes in and Use of Your Residence.** The Community has the right to alter or change your Residence to meet requirements of any applicable statute, law, or regulation. Your Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.
- F. Visitors.** You are welcome to have visitors in your Residence. Overnight stays are limited to short term visits and may not exceed thirty (30) days per calendar year per guest. No person other than you may reside in your Residence without the approval of the Community.
- G. Loss or Damage of Property.** The Community is not responsible for the loss or damage of any of your property due to theft, mysterious disappearance, fire or any other cause. You are responsible for providing any desired tenant/renters' insurance protection covering any such loss.
- H. Health Insurance and Supplemental Insurance.** You agree to provide the Community with evidence of health insurance coverage under Medicare Parts A & B as well as hospital or medical insurance benefit programs which supplement Medicare. Such supplemental insurance should cover Medicare co-insurance and deductibles. You shall furnish to us such evidence of coverage as we may from time to time request. Should your supplemental health insurance or equivalent coverage not fully cover a qualified stay in the Health Care Center, should it not pay benefits directly to us or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a qualified stay in the Health Care Center, you shall be financially responsible for paying to us deductibles, co-insurance amounts, and any other charges for each qualified stay in the Health Care Center, *see also* Article IV, Section R, *Managed Care*. If you are not eligible to be covered under Medicare, you must provide evidence of coverage under comparable insurance accepted by the Community. You are responsible for the payment of premiums for such coverage during your residency at the Community. You agree to authorize us to receive reimbursement under this insurance coverage and assign to the Community the right to appeal Medicare coverage determinations. *See, Article IV, Section R, Managed Care*, for additional information.

- I. Occupancy by Two Residents.** In the event more than one resident executes this Agreement, you will pay an Entrance Fee and Monthly Fee based on the joint residency. Each joint resident is jointly and severally liable and responsible for the terms of this Agreement. This Agreement shall not terminate until the death of the second to die of the residents or the termination of the Agreement by both residents. If you do not wish to be a joint resident with the obligations required hereunder, you and the other resident may seek to qualify separately and sign separate agreements upon qualification. In the event that two Residents occupy the Residence under the terms of this Agreement as joint residents, upon the permanent transfer to Assisted Living, Memory Care or the Health Care Center or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence. The remaining Resident will pay the then current single person Monthly Fee while occupying the Residence. Should the remaining or surviving Resident wish to move to another Residence, the policies of the Community governing residence transfer will pertain.
- J. Marriage During Occupancy.** If while occupying your Residence you marry a person who is also a resident of the Community, you and the other resident may occupy the Residence of either of you. Such married residents will pay the Monthly Fee for double occupancy associated with the residence occupied by them. In the event that you marry a person who is not a resident of the Community, your spouse may become a resident under your existing Agreement, if your spouse meets all the then current financial and medical requirements to reside in the Community and enters into a then current version of the Agreement with the Community and pays the then current second person Entrance Fee for the Residence. You and your new spouse shall pay the first person and second person Monthly Fees associated with the Residence. If your new spouse does not meet the requirements of the Community for admission as a resident and you choose to terminate this Agreement, you may terminate this Agreement as provided in Article VI, Section B, *Voluntary Termination After Occupancy*.
- K. Added Resident.** If a non-resident joins you in sharing your Residence for which you paid the entire Entrance Fee and in which you are living alone, such non-resident must (i) qualify by meeting all the then current financial and health requirements to reside in the Community (ii) enter into a then current version of the Agreement with the Community and (iii) pay the then current second person Entrance Fee for the appropriate accommodation. The Residents shall pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the resident joining you remains in the Residence after your death or transfer, the remaining resident will be charged the first-person Monthly Fee for the Residence and will be subject to the terms and conditions of this Agreement as if such person were the original Resident. If the remaining resident subsequently permanently transfers to Assisted Living or the Health Care Center, the resident will pay the then current Discounted Daily Rate applicable to the level of service received.
- L. Residence Change Upon Request of Resident.** Subject to availability, in accordance with our policies and procedures and with the approval of the Executive Director, you may request to move to another residence (the "New Residence") in the Community. You will be required to pay: (i) the cost of any work necessary to bring your Residence to market ready condition, (ii) the then current Monthly Fee for the New Residence beginning the first of the month following the move date, and (iii) the difference between the two Entrance Fees if the Entrance Fee for the New Residence is larger than the original Entrance Fee. No refund of the Entrance Fee will be given if a resident

elects to move to a smaller residence. Physical improvements or upgrades made to the original residence will not be transferred or relocated to the New Residence. Physical improvements or upgrades to the New Residence may be negotiated and made with the approval of the Executive Director and paid for by the Resident.

- M. Rights of Resident.** You have the right to occupy, use and enjoy the Residence, common areas, amenities, programs, and services of the Community during your lifetime unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Community other than the rights and privileges as described in this Agreement.
- N. Right of Entry.** You hereby authorize our employees or agents to enter your Residence for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency.
- O. Residents' Council.** You are invited to participate in the Residents' Council and/or its committees which will be open to all residents and governed by the Bylaws of the Council.
- P. Financial Requirements.** Upon entrance, you must have assets and income which will be sufficient under foreseeable circumstances to pay your financial obligation under this Agreement and to meet your ordinary living expenses. The Community, at its discretion, may require you to periodically furnish updated financial information upon request.
- Q. Representations.** You affirm that the representations made in each part of the Application, including but not limited to the Application for Residency, Personal Health History, and Confidential Financial Statement are true and correct and may be relied upon by the Community as a basis for entering into this Agreement.
- R. Managed Care.** If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B and supplemental insurance coverage, the terms governing care in the Health Care Center will be as follows:

 - 1. Participating Provider.** If we are a participating provider with your managed care program, we will agree to accept, as full payment, reimbursement at the rate we negotiate with your managed care program.
 - 2. Not a Participating Provider.** If we are not a participating provider with your managed care program and you choose to receive health care services at a managed care participating provider during a qualified stay, then you understand and agree that you must relocate for as long as necessary for all those services, and be responsible for all charges for those health care services. In addition, while receiving health care services at the managed care participating provider, you understand and agree that unless this Agreement is terminated, you will continue to pay the Monthly Fee for your Residence.

3. ***Negotiated Managed Care Rate.*** If we are not a participating provider in your managed care program and you would still like to receive health care services in the Health Care Center during a qualified stay, we will attempt to negotiate an acceptable reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we will agree to accept the rate provided by your managed care program as full payment.
4. ***No Negotiated Managed Care Rate.*** If we are not a participating provider in your managed care program and a negotiated rate is not agreed upon between your managed care program and us, and you still desire to receive health care services in the Health Care Center during a qualified stay, then you agree that your charges for health care services in the Health Care Center will be at our then-current Discounted Daily Rate. If you choose to retain your Residence, the Monthly Fee for your Residence will continue. In addition, you will pay for the charges for meals in excess of the one meal per day included in your Monthly Fee at the then-current charges for meals.
5. ***Post Medicare-Qualified Stay.*** At the conclusion of each such qualified stay, you will be entitled to health care services in the Health Care Center in accordance with all the terms of this Agreement.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE

- A. **Transfers to Assisted Living, Memory Care or Health Care Center.** It is our policy to see that you reside in an area of the Community where your specific needs are best met and the appropriate level of care is available to you. To assist us in being able to care for you, you agree to cooperate with our ICP Team and to provide to us all reasonable requests for current information regarding your health. The Community is organized as a “continuing care retirement community” (“CCRC”) where we have made certain assumptions in our planning that you will move seamlessly through a continuum of care and receive the appropriate level of care in the most cost-effective and efficient setting. Our ICP Team, in consultation with you and your family, will make a determination of the appropriate level of care for you. In making these determinations, the ICP Team will consult with you and will review potential reasonable accommodations to allow you to stay on a desired level of care so long as that level of care is appropriate for you. You will not be permitted to remain on a lower level of care if we determine that it may not allow us to provide you the appropriate level of care needed in your particular circumstances in consideration of your safety and security and that of other residents of the Community given the structure of care in our Community. You agree that, after you have established Residency, we may transfer you to the Assisted Living, Memory Care, Health Care Center or to another facility (see, Article V, Section B *Transfer to Hospital or Other Facility*), at such time as we, in consultation with the ICP Care Team, determine that such a transfer is necessary for your wellbeing. The ICP Team, in consultation with you, your family and/or your physician, will determine based on its criteria for evaluation and placement whether your transfer is temporary or permanent. At the time of temporary or permanent transfer, you will pay the Discounted Daily Rate for the new level of care where you receive services. See, Article III, Section F, *Fees/ Charges for Assisted Living and Health Care Services*. If your Residence is occupied by two Residents at the time of permanent transfer, the remaining Resident will pay the then current single occupancy Monthly Fee. See also, Article V, Section C, *Retaining Your Prior Residence/Room Reservation Rate*.

- B. Transfer to Hospital or Other Facility.** If our ICP Team determines that you need care beyond that which can reasonably be provided by the Community or is necessary for your well-being, you agree that we may transfer you to a hospital, health care facility, or other institution equipped to provide such care; such outside care will be at your sole expense. A transfer to a hospital, another health care facility, or other institution will be made only after consultation, to the extent possible, with you or your representative, and your attending physician. The Medical Director in consultation with your attending physician shall have the ultimate authority to authorize your transfer to a hospital, health care facility, or other institution. While away from our Community, you remain responsible for all your fees, rates and charges to us for your Residence or your Assisted Living, Memory Care or Health Care Center services.
- C. Retaining Your Prior Residence/Room Reservation Rate.** In Assisted Living, Memory Care or the Health Care Center, if your transfer has not become permanent, your current Assisted Living, Memory Care or Health Care Center residence accommodation may be reserved at an additional charge of seventy percent (70%) of the Discounted Daily Rate (“Room Reservation Rate”). Payment of the Room Reservation Rate reserves your permanent accommodation while you are temporarily in a different level of care. If you wish to reserve your independent living Residence while temporarily residing in Assisted Living, Memory Support or Health Care, you will also continue to pay your single person Monthly Fee less a discount for unused meals in addition to the Daily Discounted Rate. *For Joint Residents see. Article III, Section F(3)(c), Joint Residents.*
- D. Release and Vacation of Residence.** If a determination is made by the Community that any transfer described in Article V, Section A, *Transfers to Assisted Living, Memory Care or Health Care Center* or Section B, *Transfers to Hospital or Other Facility*, is permanent in nature, you shall release and vacate your Residence. If the Community subsequently determines that you can resume occupancy in an apartment or cottage residence comparable to the Residence, you shall have priority access to such residence as soon as one becomes available. If a Residence is occupied by two persons, the Residence will not be surrendered due to the health of the first Resident and the second Resident may continue to reside in the Residence.
- E. Transfer for Needs of the Community.** If a determination is made by us, in our sole discretion, that it is in the best interest of the Community to take your Residence off-line for any reason that serves the purposes of the Community, including but not limited to, an extensive remodeling, replacement or removal of your Residence, you agree that we may permanently or temporarily relocate your Residence to another residence in the Community that is generally comparable to your Residence, or if a generally comparable residence is not available, to another residence. If the residence is generally comparable, or if a generally comparable residence is not available and we offer you a residence that has a higher fee rate, then your Fees shall continue to be as provided for your Residence. Should you request a different type of residence than your current Residence and we are able to accommodate your request, then your fee shall be adjusted up or down to the rate for that residence. We are not required in moving you to offer you any specific residence as our obligation is only to seek to find a generally comparable residence for you in the Community, if available. Costs incurred by the Resident during a move requested by the Community will be borne by the Community. The Community will provide a 30-day notice, if possible, before requesting that a Resident relocate to another residence.

VI. TERMINATION AND REFUND PROVISIONS

- A. Trial Period.** The first sixty (60) days of occupancy at the Community will be considered to be a trial period (the "Trial Period"). During such sixty (60) day Trial Period, you will have the right to terminate this Agreement by giving the Community written notice of such termination. In the event of such termination by you, or in the event of your death during such Trial Period, you (or your estate) shall receive a full refund of the Entrance Fee paid, less (i) an administrative charge equal to four percent (4%) of the total amount of the Entrance Fee as described in Article III, Section A. *Entrance Fee*, and (ii) the cost to us of restoring your Residence to market ready condition. Also, during such Trial Period, the Community shall have the right to terminate this Agreement based on the Community's determination that your emotional, physical or mental condition adjustment will not permit adaptation to the living environment at the Community, by giving you written notice of such termination. In the event of such termination by the Community, the Community will refund the full Entrance Fee paid by you (less the 4% administrative charge). Upon any termination of the Agreement pursuant to this section, the Resident's property shall be removed from the Residence in accordance with Article IX, Section G, *Property Disposition Upon Transfer or Death*. You are responsible for payment of your Monthly Fee (or Daily Rate) for any time you spend in your Residence. You must vacate the Community within sixty (60) days of the date you give us notice that you are terminating the Agreement. Any refund due you under this paragraph, less any upgrade charges, shall be paid within sixty (60) days after you vacate the premises.
- B. Voluntary Termination After Occupancy.** At any time after occupancy, you may terminate this Agreement by giving the Community by giving sixty (60) days' written notice of such termination. You will be responsible for your Monthly Fee or Daily Rate fee during the sixty (60) days' notice period. If you are entitled to a refund, your refund will be paid when your Residence is sold to a new resident and the new entrance fee for your Residence has been received by us. Under the ninety percent (90%) Refund Entrance Fee Option, you shall receive a refund in the amount equal to the amount of the Entrance Fee paid less (i) an initial four percent (4%) administrative charge and (ii) less the balance amortized and accrued to us at the rate of one percent (1%) for each month of residency for up to ten (10) months, (but not less than ninety percent (90%) of the Entrance Fee paid after deducting the four percent (4%) administrative charge). Any refund due you under this paragraph will be made at such time as the Residence you occupied shall have been sold to a new resident and such new resident shall have paid to the Community such new resident's full Entrance Fee for the Residence. The processing of the refund check will be initiated the day following the occupancy of the Residence by the Resident. If a current Resident of our Community transfers to your Residence, then your refund will be paid at such time as the Residence of the transferring Residence is occupied by a new Resident and such new Resident shall have paid to us a new full Entrance Fee for the transferring Resident's Residence. For the purposes of this Section, a partial month counts as a full month. For clarity, the 4% administrative fee is deducted from your Entrance Fee refund, if any, is a percentage of the net after such deduction.
- C. Termination Upon Death.** In the event of your death at any time after the Trial Period, this Agreement shall terminate and the refund of the Entrance Fee paid by you shall be determined and paid in the same manner described in Article VI, Section B, *Voluntary Termination After Occupancy*. When this Agreement is between The Chesapeake and a husband and wife, (or two

related family members who are joint residents) and a refund is due, the unamortized portion of the entry fee refund, if any, will be paid only when (i) the Agreement is terminated with the husband and wife simultaneously or (ii) when the Agreement is terminated with the surviving spouse, or family member who is a joint resident, where one has predeceased the other. Should a Residence be vacated prior to the end of a month, the Community will refund a pro-rated portion of the remaining Monthly Fee based on the day the Residence is vacated. As is provided in Article VI, Section B, *Voluntary Termination After Occupancy*, any refund due you under this paragraph will be made at such time as the Residence you occupied shall have been sold to a new resident and such new resident shall have paid to the Community such new resident's full Entrance Fee for the Residence or, in the case of a current Resident transferring to you Residence, when the transferring Resident's Residence is occupied and a new full Entrance Fee has been paid to us for that Residence. For the purposes of the Entrance Fee refund, if any, a partial month counts as a full month.

- D. Termination by the Community.** The Community reserves the right to terminate the Agreement at any time beyond the Trial Period for good cause. Good cause shall be limited to: (a) proof that you are a danger to yourself or others, (b) nonpayment by you of the Monthly Fee/Daily Rate or other periodic fee, (c) repeated conduct by you that interferes with other Resident's quiet enjoyment of the Community, (d) persistent refusal to comply with reasonable written policies and procedures of the Community, (e) a material misrepresentation made intentionally or recklessly by you in application for residency, or related materials, regarding information which, if accurately provided, would have resulted in your failure to qualify for residency or a material increase in the cost of providing you the care and services provided for under this Agreement, or (f) material breach by you of the terms and conditions of this Agreement. The Community will give you written notice of the conduct and/or Agreement infraction which warrants termination of this Agreement, with a fifteen (15) day period in which to correct or cure the matter. If not corrected or cured within the fifteen (15) day period, you will have an additional fifteen (15) days in which to make other living or service arrangements after which you must vacate your Residence. This Agreement may not be terminated in less than the thirty (30) day combined period except by mutual written agreement by the Community and the Resident. Until the effective date of termination, you will continue to pay the established Monthly Fee. Any refund of the Entrance Fee paid by you shall be paid in the same manner described in Article VI, Section B, *Voluntary Termination After Occupancy*.
- E. Condition of Residence.** At the effective date of termination of this Agreement, you shall vacate the Residence and shall leave it in good condition except for normal wear and tear ("Good Condition"). You shall be liable to the Community for any cost incurred in restoring the Residence to Good Condition.

VII. RIGHT TO RESCIND AGREEMENT

You have the right to rescind this Agreement without penalty or forfeiture of any portion of the Entrance Fee within seven (7) days after executing the Agreement. The Monthly Fee will be prorated for the number of days you occupied the Residence and that amount will be deducted from the refund. You shall not be required to move into the Community before expiration of the seven (7) day period. If before moving into the Community, you die or are precluded through illness, injury or incapacity from becoming a resident under the terms of this Agreement, this

Agreement is automatically rescinded and you (or your representative) shall receive a full refund, less those costs specifically incurred by us at your request and set forth in a separate addendum signed by both you and us. You are considered to have moved into the Community upon the sooner to occur of (i) your actually physically occupying your Residence (including by placing any of your furniture into the Residence) or (ii) thirty (30) days after you pay the balance of your Entrance Fee.

VIII. FINANCIAL ASSISTANCE

Residency Continuance. It is the intent of the Community to permit residents to continue to reside within the Community if a Resident becomes no longer capable of paying the Monthly Fee/Daily Rate and/or charges of the Community as a result of financial reversals occurring after occupancy, provided such reversals, in the Community's judgment, are not the result of willful, intentional, or unreasonable dissipation of the Resident's assets and as limited in this section. Dissipation of assets can take many forms, including but not limited to, overuse of certain discretionary services, such as home care services, when circumstances indicate more judicious use of your resources. When a Resident becomes unable to pay through no fault of his or her own, the Community will give careful consideration to subsidizing the fees and charges payable by the resident so long as such subsidy can be made without impairing the ability of the Community to attain its objectives while operating on a sound financial basis. Any determination by the Community with regard to the granting of financial assistance shall be within the sole discretion of the Community, and the Community does not guarantee that it will subsidize the fees and charges payable by any Resident. If financial assistance is awarded, some change in your accommodations at the Community may be required. Prior to the Community providing subsidy, any remaining refundable portion of the Entrance Fee due to a Resident who entered under a Ninety Percent (90%) Entrance Fee will be applied to the cost of care in the Assisted Living, Memory Care, or Health Care. In such circumstances, an Entrance Fee refund can only be paid for care received at the Community—funds will not be paid directly to any other facility or vendor besides the Community.

IX. GENERAL

- A. **Assignment.** Your rights and privileges under this Agreement to the Residence, common areas, amenities, services, and programs of the Community are personal to you and may not be transferred or assigned.
- B. **Management of the Community.** The absolute rights of management are reserved by the Community, its Board of Trustees, Officers, and its Executive Director. Residents do not have the right to determine acceptance or terms of acceptance of any other Resident.
- C. **Entire Agreement.** This Agreement and the rules, regulations, policies and procedures adopted by the Community, as amended from time to time, constitute the entire Agreement between the Community and the Resident. The Community shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or presuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement.

- D. Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Community and the heirs, executors, administrators, personal representatives, successors, and assigns of the Resident, including but not limited to the trustee of an *inter vivos* trust of which you are a trustee.
- E. Durable General Power of Attorney and Medical Directive.** You agree to execute and maintain a durable general power of attorney designating some competent person as attorney-in-fact for you. You are further encouraged to consider execution of an Advance Medical Directive and Health Care Power of Attorney. You shall provide to, and at all times maintain with, the Community current copies of the Power of Attorney or document designating a responsible party for you with the powers of such party specifically enumerated, remaining valid upon your incapacity and properly notarized, Advance Medical Directive, and Health Care Power of Attorney. A responsible party and/or agent under a power of attorney (collectively "Agent") that you have designated shall agree that when he or she comes into control of or access to your assets, the Agent agrees that your funds under his or her control shall be used for your welfare, including but not limited to making prompt payment in accordance with the terms of this Agreement. Should we incur expenses in having a conservator or guardian of the person appointed for you, you agree that we shall be reimbursed from your assets for the expenses we incur.
- F. Transfer of Property.** You agree not to make any gift or other transfer of property for the purpose of evading your obligations under this Agreement or if such gift or transfer would render you unable to meet such obligations within your lifetime. You also agree to comply with all the Community's policies prohibiting and/or regarding the making of gifts or donations to or for the individual benefit of the Community's employees, such employees' spouses and/or relatives.
- G. Property Disposition Upon Transfer or Death.**
1. In the event of your permanent transfer from the Residence to some other living accommodation, all of your property shall be removed from the Residence within fifteen (15) days after notice by the Community to you or your duly named representative.
 2. In the event of your death while still residing in the Residence, your duly named representative shall have a fifteen (15) day period to remove your property from the Residence. In the event of your death after transfer from the Residence to the Health Care Center, Memory Care or Assisted Living, your property must be removed from such room within seventy-two (72) hours of death.
 3. If such property is not removed within such periods of time by you or your duly named representative, you or your estate shall remain liable and shall pay the then current Monthly Fee for your Residence until all property is removed. The Community shall have the option, but not the obligation, to remove and store such property for thirty (30) days; and thereafter, if such property is not claimed and storage fees are incurred by the Community, then title to such property shall be vested in the Community and the property shall be disposed of as the Community, in its sole discretion deems proper, without any liability of the Community to you or your estate or heirs.
 4. Any expenses incurred by the Community in disposing of your property hereunder shall be added to the final Monthly Fee/Daily Rate charged to you. Monthly fees are due on the tenth

(10th) of the month and are not refundable.

- H. Governing Law and Venue.** This Agreement shall be governed by the laws of the Commonwealth of Virginia without regard to Virginia's conflicts of law provisions. The Parties agree, should there be any suit or action related to this Agreement, venue shall be in the Circuit Court of the County or City in Virginia where the Community is located.
- I. Notice Provisions.** Any notices, consents, or other communications to the Community hereunder (collectively "notices") shall be in writing and addressed as follows:

Registered Agent
The Chesapeake
1900 Lauderdale Drive
Richmond, Virginia 23238

With a Copy to the Executive Director
The Chesapeake
955 Harpersville Road
Newport News, Virginia 23601

Your address for the purpose of giving notice is the address appearing after your signature below.

- J. Severability.** If any provision or clause of this Agreement is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision or clause shall be severed from the Agreement and the balance of this Agreement shall remain in full force and effect.
- K. Availability of Disclosure Statement.** You acknowledge that at least three (3) days prior to your execution of this Agreement, you have received a copy of our annual disclosure statement which we have filed with the Virginia State Corporation Commission.
- L. Waiver of One Breach Not a Waiver of Any Other.** Our failure to insist upon your strict performance and observance of compliance with any of the provisions of this Agreement in any one or more instances shall not be construed to be a waiver of relinquishment by us of our right to insist upon your future strict compliance.
- M. Modification of Agreement and Policies and Procedures.** We reserve the right to modify the Agreement unilaterally in order to conform to changes in the law or applicable regulations and to modify unilaterally our rules, regulations, policies and procedures.
- N. Assignability.** You may not assign or subcontract your rights or obligations under this Agreement. You consent to the assignment by us of our right, title and interest in this Agreement in whole or in part to any successor owner or lender, either outright or as security for any indebtedness of ours or Virginia Baptist Homes, Inc. Any assignment by us shall not be deemed a termination of this Agreement.

IN WITNESS WHEREOF, Newport News Baptist Retirement Community, Inc., d/b/a The Chesapeake has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement and the Entrance Fee has been paid as of this _____ day of _____, 20____.

Witness

Resident

Witness

Resident

Current Address (Number and Street)

City, State, Zip Code

Telephone

NEWPORT NEWS BAPTIST RETIREMENT COMMUNITY,
INC., D/B/A THE CHESAPEAKE

Signature

Title

Date

The Chesapeake

Freedom lives here.

LIFE-CARE AGREEMENT





LIFE-CARE AGREEMENT
TABLE OF CONTENTS

I.	KEY TERMS AND DEFINITIONS	5
II.	RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES	6
A.	RESIDENCE	6
B.	FURNISHINGS IN THE RESIDENCE	6
C.	CHANGES TO THE RESIDENCE	6
D.	COMMON AREAS AND AMENITIES	7
E.	PARKING	7
F.	STORAGE.....	7
G.	SERVICES AND PROGRAMS.....	7
	1. Services Included In Your Monthly Fee	7
	2. Services Available With An Additional Charge	7
H.	MAINTENANCE AND REPAIRS	8
I.	ASSISTED LIVING, MEMORY CARE, NURSING CARE, AND MEDICAL SERVICES	8
	1. Assisted Living/Memory Care.....	8
	2. Health Care Center	8
	3. Limitations On Care	9
	4. Clinic Services	9
	5. Health Related Charges Not Covered.....	9
	6. Staffing.....	9
	7. Medical Director	10
	8. Personal Attending Physician	10
III.	FINANCIAL ARRANGEMENTS	10
A.	ENTRANCE FEE OPTIONS.....	10
B.	TERMS OF PAYMENT OF THE ENTRANCE FEE	11
	1. Deposit.....	11
	2. Balance Of The Entrance Fee.....	11
	3. Non-Standard Selections And Upgrade Charges	11
C.	MONTHLY FEE	11
D.	INCREASES IN THE MONTHLY FEE.....	11
E.	MONTHLY STATEMENTS AND COLLECTION COSTS AND FEES	11
F.	FEES /CHARGES FOR ASSISTED LIVING, MEMORY CARE AND HEALTH CARE SERVICES	12
	1. Monthly Fee Continues For Assisted Living And Memory Care	12

2. HEALTH CARE CENTER	12
(A) Medicare Stay.....	12
(B) Non-Medicare Stay.....	12
(C) Joint Residents.....	12
3. Additional Charges For Ancillary Services	12
4. Care In Another Facility	13
5. Illness Away From The Community.....	13
IV. TERMS OF RESIDENCY	13
A. AGE AND OCCUPANCY REQUIREMENTS.....	13
B. POLICIES AND PROCEDURES	13
C. PRIVATE DUTY PERSONNEL	13
D. USE OF TOBACCO PRODUCTS.....	13
E. CHANGES IN AND USE OF YOUR RESIDENCE	13
F. VISITORS	13
G. LOSS OR DAMAGE OF PROPERTY	14
H. HEALTH INSURANCE AND SUPPLEMENTAL INSURANCE.....	14
I. OCCUPANCY BY TWO RESIDENTS	14
J. MARRIAGE DURING OCCUPANCY	14
K. ADDED RESIDENT	15
L. RESIDENCE CHANGE UPON REQUEST OF RESIDENT	15
M. RIGHTS OF RESIDENT	15
N. RIGHT OF ENTRY	15
O. RESIDENTS' COUNCIL	15
P. FINANCIAL REQUIREMENTS	15
Q. REPRESENTATIONS.....	15
R. MANAGED CARE.	15
1. Participating Provider.....	16
2. Not A Participating Provider.....	16
3. Negotiated Managed Care Rate.....	16
4. No Negotiated Managed Care Rate.....	16
5. Post Medicare-Qualified Stay.....	16
V. TRANSFERS OR CHANGES IN LEVELS OF CARE.....	16
A. TRANSFERS TO ASSISTED LIVING, MEMORY CARE OR HEALTH CARE CENTER.....	16
B. TRANSFER TO HOSPITAL OR OTHER FACILITY	17
C. RETAINING YOUR PRIOR RESIDENCE	17
D. RELEASE AND VACATION OF RESIDENCE.....	17
E. Transfer for Needs of the Community.....	18
VI. TERMINATION AND REFUND PROVISIONS	18
A. TRIAL PERIOD	18
B. VOLUNTARY TERMINATION AFTER OCCUPANCY.....	18
C. TERMINATION UPON DEATH	19
D. TERMINATION BY THE COMMUNITY	19
E. CONDITION OF RESIDENCE.....	20
VII. RIGHT TO RESCIND AGREEMENT	20

VIII. FINANCIAL ASSISTANCE	20
A. RESIDENCY CONTINUANCE	20
IX. GENERAL	21
A. ASSIGNMENT	21
B. MANAGEMENT OF THE COMMUNITY	21
C. ENTIRE AGREEMENT	21
D. SUCCESSORS AND ASSIGNS	21
E. DURABLE GENERAL POWER OF ATTORNEY AND MEDICAL DIRECTIVE.....	21
F. TRANSFER OF PROPERTY	22
G. PROPERTY DISPOSITION UPON TRANSFER OR DEATH	22
H. GOVERNING LAW AND VENUE.....	22
I. NOTICE PROVISIONS	22
J. SEVERABILITY	23
K. AVAILABILITY OF DISCLOSURE STATEMENT	23
L. WAIVER OF ONE BREACH NOT A WAIVER OF ANY OTHER.....	23
M. MODIFICATION OF AGREEMENT AND POLICIES AND PROCEDURES	23
N. ASSIGNABILITY	23



LIFE-CARE AGREEMENT

The Chesapeake Newport News, VA

This is a Life-Care Agreement ("Agreement") between Newport News Baptist Retirement Community, Inc., d/b/a The Chesapeake, a Virginia non-stock, non-profit corporation (together, the "Community", "The Chesapeake", "we" or "us") and _____ (hereinafter referred to as "you", "your" or "Resident" including when joint residents are listed here).

LifeSpire of Virginia, a trade name for Virginia Baptist Homes, Inc., is the sole member of The Chesapeake, a faith-based provider of senior living services. The Chesapeake is located at 955 Harpersville Road in the Newport News, Virginia area, which provides residential living, community areas and programs, and a continuum of wellness, assisted living and health care services. The Chesapeake assisted living area is licensed by the Virginia Department of Social Services, and its healthcare/nursing area is licensed by the Virginia Department of Health.

You have made application for residency at The Chesapeake and in reliance on your application, The Chesapeake wishes to enter into this Agreement with you. Subject to the terms and conditions of this Agreement, we are pleased to offer to you residency at The Chesapeake and by your signature at the end of this document, you agree to accept the following terms and conditions.

I. KEY TERMS AND DEFINITIONS

- A. Assisted Living.** A level of care provided at our Community where, when admitted, a resident receives assistance with daily living activities after evaluation. Assisted Living is an area of care licensed by the Virginia Department of Social Services. See Article II, Section I (1), Assisted Living/Memory Care.
- B. Entrance Fee.** An initial entrance payment made to us at the time of your entry into the Community. You may choose from the options found in Article III, Section A, Entrance Fee Options.

- C. Health Care Center.** Our nursing level of care is provided for in the Health Care Center. Nursing Care is provided at this level of care for certain rehabilitation and long-term nursing services. Our Health Care Center is licensed by the Virginia Department of Health. See Article II, Section I (2), Health Care Center.
- D. Independent Living.** Independent Living refers to our residential living area where meals and other services are available to you pursuant to this Agreement. The Monthly Fee is paid for your Residence in the Independent Living Area, as well as certain other services as set forth in this Agreement.
- E. Interdisciplinary Care Planning (“ICP”) Team.** The ICP Team consists of members of the various disciplines on our staff that evaluate and plan your care of our Community after consultation with you and your family.
- F. Memory Care.** A portion of our licensed Assisted Living area that is designated to provide special programs and security for those who are in need of memory related services. See Article II, Section I (1), Assisted Living/Memory Care.
- G. Monthly Fee.** A fee is charged for your Residence and certain other services as described below. Under this Life Care Agreement, you pay the same monthly fee regardless of your level of care. See Article III, Section C, Monthly Fee. The Monthly Fee is subject to adjustment as provided hereunder. See Article III, Section D, Increases in the Monthly Fee.

II. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS, AND SERVICES

- A. Residence.** You shall have the exclusive right to occupy, use, and enjoy as your independent living residence number, a/an _____ (apartment/cottage) (hereinafter, including any such other residence you may select under this Agreement, the "Residence"), subject to the terms of this Agreement.
- B. Furnishings in the Residence.** You may furnish your Residence with your furniture, furnishings, decorations, and other personal property. Although we do not provide furniture or furnishings in Independent Living, we do provide standard large household appliances and an urgent call system for your safety. (The urgent call system should be used in addition to first calling 911 if your life or health is in danger.)
- C. Changes to the Residence.** Should you wish to make changes to your Residence, any physical or structural improvements are required to be approved in advance by us in writing and paid for by you. All improvements must be in conformity with all applicable building codes and will become part of the Residence and the property of the Community when construction is completed. The value of any such improvement will not be considered in computing refunds, and the Community will have a vested ownership in such improvements. You agree that if we permit you to make physical or structural improvements to your Residence, we, in our reasonable discretion, can require you to cover the cost of returning the Residence to its original condition when your Residence is vacated.

- D. Common Areas and Amenities.** We provide a variety of common areas and amenities for the use and benefit of all residents.
- E. Parking.** A parking area is provided for you and your guests.
- F. Storage.** The Community may provide limited storage space, other than space in each apartment for apartment residents.
- G. Services and Programs.** The services and programs included in your Monthly Fee are listed in subsection 1 of this Section G. These services and programs may be adjusted from time to time, and when possible, thirty (30) days' notice will be given. Services and programs vary at the different levels of care.

1. Services Included in Your Monthly Fee.

- (a) Utilities, including heating, air conditioning, electricity, water, sewer, and telephone (local and long distance).
- (b) Cable television service in your Residence.
- (c) Basic housekeeping services every other week.
- (d) A Flexible Meal Program with a declining balance which equates to one meal per day.
- (e) Grounds keeping including lawn, tree, and shrubbery care.
- (f) Transportation to medical providers and medical appointments scheduled in accordance with Community policy.
- (g) Security staff.
- (h) An urgent call system and smoke detector in each Residence.
- (i) Planned wellness, social, recreational, spiritual, educational, and cultural activities; arts and crafts; exercise and health programs; and other special activities designed to meet your needs. There may be a charge related to some programs.
- (j) Wireless internet connection (Wi-Fi) in designated common areas.
- (k) Three (3) nutritionally well-balanced meals are available each day of which one (1) per day is included in the monthly fee.

2. Services Available with an Additional Charge.

- (a) Cable box and DVR, Internet, and premium cable services in your Residence.
- (b) Guest accommodations, when available.
- (c) Beauty salon and Barber services.

- (d) Home Care and Private Duty Services
 - (e) Optional premium beverages, such as beer or wine, may be available at an additional charge. Premium beverages are not included with a meal.
 - (f) Special Diets—please make sure that you fully communicate these needs to our Dining Services Manager; some special diets may be met without an additional charge.
 - (g) Complimentary tray service is available for delivery to your residence in accordance with the Community’s policy.
 - (h) Housekeeping services beyond those included in your Monthly Fee.
 - (i) Transportation for special, personal or group trips.
 - (j) Additional meals or groceries in excess of the dining allotment.
- H. Maintenance and Repairs.** The Community maintains and keeps in repair its own improvements, furnishings, and equipment. With the exception of ordinary wear and tear, you will be responsible for the cost of repairing damage to our property when caused by you or your guest(s).
- I. Assisted Living, Memory Care, Nursing Care, and Medical Services:**
- 1. Assisted Living/Memory Care.** If the Interdisciplinary Care Planning Team (“ICP Team”) after consultation with you and your family, determines that you require assistance with the activities of daily living or that you have other needs such that Assisted Living is the appropriate level of care for you, the Community will make available, and you agree to accept a transfer to, our Assisted Living area (“Assisted Living”). Assistance in daily living needs may include bathing, dressing or grooming, administration of medication, transportation or assistance to other programs and services throughout the Community. *See Article III, Section F, Monthly Fee Continues for Assisted Living/Memory Care/Health Care.* Our Assisted Living area includes a memory care area where special programs and security are provided for those residents who are in need of memory related care (“Memory Care”). The degree of your independence in performing daily living activities is a factor in determining the appropriate level of care for you. To the extent that space permits, you may bring some of your own furniture and furnishings to your Assisted Living residence. Should space not be available in Assisted Living, you may be required to temporarily receive services in the Health Care Center (as defined in this Agreement) until an appropriate Assisted Living residence is available.
 - 2. Health Care Center.** If the Community, in conjunction with its ICP Team, determines that you require the services of a licensed nursing facility, the Community will make available such nursing care in and you agree to move to, the Community’s licensed nursing facility (the “Health Care Center”). Should space not be available in the Health Care Center, you may be required to be temporarily transferred to an outside nursing facility (herein an “Outside Facility”). *See Article II, Section I (3), Limitations on Care.* You must continue to pay your Monthly Fee to us until your transfer outside the Community becomes permanent and

you terminate this Agreement. If your transfer is due to space limitations at our Community, you will receive priority admittance when a bed becomes available in our Health Care Center. Further, if your stay at an Outside Facility is not a Medicare Stay and is due solely to our inability to offer you a bed and results in direct out of pocket expenses to you that you would not have paid had a bed been available to you in our Community, we will reimburse you for those out of pocket expenses paid by you until one of the following occurs: (i) a bed in our Community is offered to you, (ii) you are no longer in need of nursing care as determined by our ICP Team, or (iii) you are no longer able to be cared for in our Community and your stay at the Outside Facility becomes permanent as determined by our ICP Team.

- 3. Limitations on Care.** There are limitations to the type of nursing care that we are able to provide. The following are examples of limitations: if you have a dangerously contagious disease, an uncontrolled or untreated mental condition or specialized psychiatric condition, any condition requiring services which are prohibited under the licenses of the Health Care Center or Assisted Living or which we are unable to provide to you within the Community (including by reason of lack of specialized staffing, beds or space), or if you require high acuity nursing care services beyond routine nursing services. We will assist you in transferring to an appropriate hospital, institution, or other facility. You are responsible for all fees and charges at the facility to which you are transferred. If your move to hospital, health care facility, or other institution is permanent, then you may terminate this Agreement. If your move to the hospital, health care facility, or other institution is temporary and you maintain a residence with us, you will continue to pay your fees to us under this Agreement.
- 4. Clinic Services.** The Community makes available at the Community's clinic a variety of routine health care services (the "Clinic"). Some Clinic services may be at an additional charge.
- 5. Health Related Charges Not Covered.** Our Assisted Living area provides assistance with the activities of daily living as well as Memory Care and our Health Care Center provides routine nursing services as part of our fee. We do not cover the items listed in this Section except some of the listed items are covered in a Medicare Stay in our Health Care Center. Should you have need for these services or others which we do not provide, you are responsible for paying for such items and services whether provided at the Community or elsewhere, and whether arranged for by you or by us on your behalf:

 - (a) Charges of any physician, physical therapist, speech therapist or occupational therapist, dentist, podiatrist, psychologist, psychiatrist or other health care professional;
 - (b) Hospital, ambulance and other health care provider charges;
 - (c) Charges for medicines, drugs, lab services and x-ray services, vitamins, food supplements, dental work, glasses, hearing aids, orthopedic devices, durable medical equipment, personal care supplies and other health related items.
- 6. Staffing.** Assisted Living and the Health Care Center are staffed by licensed and certified nursing staff twenty-four (24) hours per day.

- 7. Medical Director.** The overall coordination and supervision of health care services by the Community in the licensed areas of care will be provided by a Medical Director who will be a licensed physician selected by the Community (the “Medical Director”).
- 8. Personal Attending Physician.** You may choose to use the services of a personal attending physician and you will be responsible for the charges by that physician. The attending physician may or may not be the Community’s Medical Director. However, the physician you choose must be willing to follow the policies and procedures of the Community and meet the requirements of the Community, including the making of regular visits to you when required by our policies and procedures. In the event your attending physician is not available, our Medical Director may issue appropriate orders for you, Transportation to medical appointments may be provided by the Community in accordance with the Community’s policies and procedures; please review the procedures in the Resident Handbook in making arrangements for transportation.

III. FINANCIAL ARRANGEMENTS

- A. Entrance Fee Options.** You agree to pay to the Community an Entrance Fee (the “Entrance Fee”) as a condition of becoming a Resident. You may choose one of the following Entrance Fee options:

Entrance Fee Option	Amount of Entrance Fee	Amortization Schedule
Standard	\$	The Entrance Fee, less an initial 4% administrative charge paid to us, will be amortized, accrued and transferred to us at 2% per month for 50 months after which time the Entrance Fee is fully amortized and you are not entitled to a refund.*
50% Refund	\$	The Entrance Fee, less an initial 4% administrative charge paid to us, will be amortized, accrued and transferred to us at 2% per month for 25 months. Upon termination of Your Agreement, you will be entitled to a refund that shall not be less than 50% of the Entrance Fee paid, less the 4% administrative fee.*
90% Refund	\$	The Entrance Fee less an initial 4% administrative charge paid to us, will be amortized, accrued and transferred to us at 1% per month for 10 months. Upon termination of your Agreement, you shall be entitled to a refund that will not be less than 90% of the Entrance Fee paid, less the 4% administrative fee.*

*Prior to payment, we reserve the right to deduct from any refund charges owed to us.

Your choice of Entrance Fee Option is: _____.

For purposes of the Amortization schedule above, a partial month counts as a full month. For additional refund information, see Article VI, *Termination and Refund Provisions*.

- B. Terms of Payment of the Entrance Fee.** The Entrance Fee based on the Entrance Fee option selected by you is due and payable as follows:
- 1. Deposit.** Prior to the signing of this Agreement, you acknowledge that you have signed a Reservation Agreement and paid a \$_____ deposit.
 - 2. Balance of the Entrance Fee.** The balance of the total Entrance Fee (less the deposit previously paid) for the Entrance Fee option selected by you is due and payable upon the signing of this Agreement and prior to occupancy of the Residence.
 - 3. Non-Standard Selections and Upgrade Charges.** Any non-standard selections and upgrades to your Residence requested by you may result in additional charges which must be paid in full prior to your move-in. You are not eligible for a refund for these charges.
- C. Monthly Fee.** In addition to the Entrance Fee, you agree to pay a monthly fee when the Residence is made available to you and during the term of this Agreement which shall be payable in advance by the tenth (10th) of each month. As of the date of this Agreement, the monthly fee associated with your Residence is \$_____ per month, and an additional \$ per month if a second Resident occupies your Residence (adjusted as provided herein the "Monthly Fee"). The Monthly Fee may be increased by the Community during the term of this Agreement as described in Article III, Section D, *Increases in Fees*. The Monthly Fee shall be paid by you for so long as you occupy, or retain the right to occupy, your Residence. If a resident opts to prepay monthly fees in a lump sum payment and the lump sum payment is accepted by the Community, we agree not to increase the fee structure during the agreed upon term for care and services for which the lump sum is paid, except for changes related to state and federal funding. Currently, the Community does not accept lump sum payments.
- D. Increases in the Monthly Fee.** The Monthly Fee is charged to provide the facilities, programs, and services described in this Agreement and is intended to also provide for the cost of the expenses associated with the operation, maintenance, and management of the Community, as well as maintaining the viability and marketability of the Community. You agree that the Community shall have the authority to increase the Monthly Fee from time to time during the term of this Agreement as the Community, in its sole discretion, deems necessary in order to reflect increases and changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis, maintaining the quality of services called for herein as well as maintaining the marketability of the Community, and providing for the future of the Community. A thirty (30) day written notice will be given to you before there is any adjustment in fees and charges, or before there is any significant change in the scope of services to be provided hereunder.
- E. Monthly Statements and Collection Costs and Fees.** The Community will furnish you with monthly statements showing the total amount of fees and other charges due hereunder which shall be payable on or before the tenth (10th) day of the month. The Community reserves the right to charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance. You agree to pay all costs of collection including court costs, attorney fees and other fees and expenses incurred by us in collecting payment.

F. Fees /Charges for Assisted Living, Memory Care and Health Care Services.

- 1. Monthly Fee Continues for Assisted Living and Memory Care.** If You move to our Assisted Living or Memory Care Center, you will continue to pay your Monthly Fee in the amount paid for your Residence at the time of your transfer (subject to adjustment as provided herein), or if you have moved to a new Residence in the last year prior to moving to a new level of care, at the rate of the last Residence at which you resided for at least one (1) year. In addition to the Monthly Fee, charges will be made for two (2) additional meals per day and other charges for ancillary services as more fully described in Article III, Section F (3), *Additional Charges for Ancillary Services*.
- 2. Health Care Center.** We offer nursing and skilled nursing care in our Health Care Center.
 - (a) Medicare Stay.** Our Health Care Center is certified under the Medicare program (Title XVIII of the Social Security Act) to provide skilled nursing care. If you are in need of skilled nursing care and you meet the requirements determined by the Medicare program, your admission to our Health Care Center will be pursuant to the Medicare program (a “Medicare Stay”). You will be responsible for paying all deductibles and other permitted non-covered charges during Your Medicare Stay. When your admission to our Health Care Center is a Medicare Stay, you will execute a separate Medicare Residency Agreement with us which will govern your Medicare Stay. We reserve the right to withdraw from the Medicare program at any time.
 - (b) Non-Medicare Stay.** If you move to our Health Care Center not pursuant to a Medicare Stay, you will continue to pay the Monthly Fee in the amount paid for your Residence at the time of your transfer (subject to adjustment as provided herein) or if you have moved to a new Residence in the last year prior to moving to a new level of care, at the rate of the last Residence at which you resided for at least one (1) year. In addition to the Monthly Fee, charges will be made for two (2) additional meals per day and other charges for ancillary services as more fully described in Article III, Section F (3), *Additional Charges for Ancillary Services*.
 - (c) Joint Residents.** If you share your Residence with another Resident and one of you remains in your Residence while another moves to Assisted Living, Memory Care or Health Care, you will continue to pay your respective Monthly Fees (both first and second person) plus an additional cost of two (2) meals per day for the person moving to Assisted Living, Memory Care or Health Care Center. *For temporary transfers see Article V, Transfers or Changes in Levels of Care.*
- 3. Additional Charges for Ancillary Services.** Additional charges may be made for ancillary services provided at the Community. Ancillary services are services not included in the Monthly Fee. Examples of such additional charges for ancillary services include, but are not limited to, the cost of prescription and non-prescription medications, personal laundry, staff accompaniment of resident to scheduled medical appointments, podiatric, dental and optical services, physicians’ services, laboratory tests, physical therapy, occupational therapy, speech therapy, rehabilitative treatments, wheelchairs, other medical equipment and medical supply needs, ambulance service, and any other medical services beyond those included in your Monthly Fee. Also, any professional services (medical or otherwise) contracted by you or on

your behalf shall be billed directly to you or your representative. Ancillary Services may be changed from time to time by the Community at its discretion.

4. **Care in Another Facility.** If the Community determines that you need care beyond that which the Community makes available (See Article II, Section I (3), *Limitations on Care*), and requires transfer to another facility, we will assist you in transferring to an outside facility (See Article V, Section B, *Transfer to Hospital or Other Facility*); however, all expenses resulting from such transfer and care shall be borne entirely by you.
5. **Illness Away from the Community.** The Community does not provide care, in any manner or degree, for you when away from the Community nor can the Community ensure your safe return to the Community.

IV. **TERMS OF RESIDENCY**

- A. **Age and Occupancy Requirements.** The entrance requirements for residence at the Community are non-discriminatory with respect to race, religion, color, creed, ethnicity and national origin and we are an equal housing community. Entrance is restricted to persons sixty-two (62) years of age or older. An exception to the age requirement may be requested in the case of joint residents where one resident will meet the age requirement and the other is at least fifty-five (55) years of age, but such exception is subject to our discretion and approval.
- B. **Policies and Procedures.** All Residents shall abide by the Community's policies and procedures including such amendments, modifications, and changes to the Resident Handbook as may be adopted by the Community. General resident policies and procedures are found in the Resident Handbook.
- C. **Private Duty Personnel.** If you wish to hire private duty companions and similar personnel, such persons must be hired pursuant to the requirements found in our policies and procedures and you are responsible for ensuring that any such private duty person follows our policies and procedures at all times. We reserve the right to prohibit any person, including a private duty person hired by you, from coming onto the Community's property when, in our discretion, it is reasonable to do so. Payment of any approved private duty personnel is the responsibility of the Resident. You may not employ current or former employees of the Community as private duty personnel without the express written consent of the Community.
- D. **Use of Tobacco Products.** The use of tobacco products is prohibited throughout the Community, including its buildings, campus, and community vehicles. This policy is applicable to all Residents, guests, visitors, employees, and contract personnel.
- E. **Changes In and Use of Your Residence.** The Community has the right to alter or change your Residence to meet requirements of any applicable statute, law, or regulation. Your Residence may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation.
- F. **Visitors.** You are welcome to have visitors in your Residence. Overnight stays are limited to short term visits and may not exceed thirty (30) days per calendar year per guest. No person other than you may reside in your Residence without the approval of the Community.

- G. Loss or Damage of Property.** The Community is not responsible for the loss or damage of any of your property due to theft, mysterious disappearance, fire, or any other cause. You are responsible for providing any desired tenant/renters' insurance protection covering any such loss.
- H. Health Insurance and Supplemental Insurance.** You agree to provide the Community with evidence of health insurance coverage under Medicare Parts A & B as well as hospital or medical insurance benefit programs which supplement Medicare. Such supplemental insurance should cover Medicare co-insurance and deductibles. You shall furnish to us such evidence of coverage as we may from time-to-time request. Should your supplemental health insurance or equivalent coverage not fully cover a qualified stay in the Health Care Center, should it not pay benefits directly to us or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a qualified stay in the Health Care Center, you shall be financially responsible for paying to us deductibles, co-insurance amounts, and any other charges for each qualified stay in the Health Care Center, *see also* Article IV, Section R, *Managed Care*. If you are not eligible to be covered under Medicare, you must provide evidence of coverage under comparable insurance accepted by the Community. You are responsible for the payment of premiums for such coverage during your residency at the Community. You agree to authorize us to receive reimbursement under this insurance coverage and assign to the Community the right to appeal Medicare coverage determinations. *See* Article IV, Section R, *Managed Care*, for additional information.
- I. Occupancy by Two Residents.** In the event more than one resident executes this Agreement, you will pay an Entrance Fee and Monthly Fee based on the joint residency. Each joint resident is jointly and severally liable and responsible for the terms of this Agreement. This Agreement shall not terminate until the death of the second to die of the residents or the termination of the Agreement by both residents. If you do not wish to be a joint resident with the obligations required hereunder, you and the other resident may seek to qualify separately and sign separate agreements upon qualification. In the event that two Residents occupy the Residence under the terms of this Agreement, as joint residents, upon the permanent transfer to Assisted Living, Memory Care or the Health Care Center or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence. The remaining resident will pay the then current single person Monthly Fee while occupying the Residence. Should the remaining or surviving Resident wish to move to another residence, the policies of the Community governing residence transfer will pertain.
- J. Marriage During Occupancy.** If while occupying your Residence, you marry a person who is also a resident of the Community, you and the other resident may occupy the residence of either of you. Such married residents will pay the Monthly Fee for double occupancy associated with the residence occupied by them. In the event that you marry a person who is not a resident of the Community, your spouse may become a resident under your existing Agreement, if your spouse meets all the then current financial and medical requirements to reside in the Community and enters into a then current version of the Agreement with the Community and pays the then current second person Entrance Fee for the Residence. You and your new spouse shall pay the first person and second person Monthly Fees associated with the Residence. If your new spouse does not meet the requirements of the Community for admission as a resident, and you choose to terminate this Agreement, you may terminate this Agreement as provided in Article VI, Section B, *Voluntary Termination After Occupancy*.

- K. Added Resident.** If a non-resident joins you in sharing your Residence for which you paid the entire Entrance Fee and in which you are living alone, such non-resident must (i) qualify by meeting all the then current financial and health requirements to reside in the Community, (ii) enter into a then current version of the Agreement with the Community and (iii) pay the then current second person Entrance Fee for the appropriate accommodation. The Residents shall pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the resident joining you remains in the Residence after your death or transfer, the remaining resident will be charged the first-person Monthly Fee for the Residence and will be subject to the terms and conditions of this Agreement as if such person were the original Resident.
- L. Residence Change Upon Request of Resident.** Subject to availability, in accordance with our policies and procedures and with the approval of the Executive Director, you may request to move to another residence (the “New Residence”) in the Community. You will be required to pay: (i) the cost of any work necessary to bring your Residence to market ready condition, (ii) the then current Monthly Fee for the New Residence beginning the first of the month following the move date, and (iii) the difference between the two Entrance Fees if the Entrance Fee for the New Residence is larger than the original Entrance Fee. No refund of the Entrance Fee will be given if a resident elects to move to a smaller residence. Physical improvements or upgrades made to the original residence will not be transferred or relocated to the New Residence. Physical improvements or upgrades to the New Residence may be negotiated and made with the approval of the Executive Director and paid for by the Resident.
- M. Rights of Resident.** You have the right to occupy, use and enjoy the Residence, common areas, amenities, programs, and services of the Community during your lifetime unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Community other than the rights and privileges as described in this Agreement.
- N. Right of Entry.** You hereby authorize our employees or agents to enter your Residence for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency.
- O. Residents’ Council.** You are invited to participate in the Residents' Council and/or its committees which will be open to all residents and governed by the Bylaws of the Council.
- P. Financial Requirements.** Upon entrance, you must have assets and income which will be sufficient under foreseeable circumstances to pay your financial obligation under this Agreement and to meet your ordinary living expenses. The Community, at its discretion, may require you to periodically furnish updated financial information upon request.
- Q. Representations.** You affirm that the representations made in each part of the Application, including but not limited to the Application for Residency, Personal Health History, and Confidential Financial Statement, are true and correct and are being relied upon by the Community as a basis for entering into this Agreement.
- R. Managed Care.** If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B and supplemental insurance coverage, the terms governing care in the Health Care Center will be as follows:

1. **Participating Provider.** If we are a participating provider with your managed care program, we will agree to accept, as full payment, reimbursement at the rate we negotiate with your managed care program.
2. **Not a Participating Provider.** If we are not a participating provider with your managed care program and you choose to receive health care services at a managed care participating provider during a qualified stay, then you understand and agree that you must relocate for as long as necessary for all those services, and be responsible for all charges for those health care services. In addition, while receiving health care services at the managed care participating provider, you understand and agree that unless this Agreement is terminated, you will continue to pay the Monthly Fee for your Residence.
3. **Negotiated Managed Care Rate.** If we are not a participating provider in your managed care program and you would still like to receive health care services in the Health Care Center during a qualified stay, we will attempt to negotiate an acceptable reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we will agree to accept the rate provided by your managed care program as full payment.
4. **No Negotiated Managed Care Rate.** If we are not a participating provider in your managed care program and a negotiated rate is not agreed upon between your managed care program and us, and you still desire to receive health care services in the Health Care Center during a qualified stay, then you agree that your charges for health care services in the Health Care Center will be at our then-current Discounted Daily Rate. If you choose to retain your Residence, the Monthly Fee for your Residence will continue. In addition, you will pay for the charges for meals in excess of the one meal per day included in your Monthly Fee at the then-current charges for meals.
5. **Post Medicare-Qualified Stay.** At the conclusion of each such qualified stay, you will be entitled to health care services in the Health Care Center in accordance with all the terms of this Agreement.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE

- A. **Transfers to Assisted Living, Memory Care or Health Care Center.** It is our policy to see that you reside in an area of the Community where your specific needs are best met and the appropriate level of care is available to you. To assist us in being able to care for you, you agree to cooperate with our ICP Team and to provide to us all reasonable requests for current information regarding your health. The Community is organized as a “continuing care retirement community” (“CCRC”) where we have made certain assumptions in our planning that you will move seamlessly through a continuum of care and receive the appropriate level of care in the most cost-effective and efficient setting. Our ICP Team, in consultation with you and your family, will ultimately make a determination of the appropriate level of care for you. In making these determinations, the ICP Team will consult with you and will review potential reasonable accommodations to allow you to stay on a desired level of care so long as that level of care is appropriate for you. You will not be permitted to remain on a lower level of care if we determine that it may not allow us to provide you the appropriate level of care needed in your particular circumstances in consideration of your

safety and security and that of other residents of the Community given the structure of care in our Community. You agree that, after you have established Residency, we may transfer you to the Assisted Living, Memory Care, Health Care Center or to another facility (*see* Article V, Section B, *Transfer to Hospital or Other Facility*), at such time as we, in consultation with the ICP Team, determine that such a transfer is necessary for your wellbeing. The ICP Team, in consultation with you, your family and/or your physician, will determine based on its criteria for evaluation and placement whether Your transfer is temporary or permanent. At the time of temporary or permanent transfer, you will continue to pay your Monthly Fee. If the Residence is occupied by two Residents at the time of permanent transfer, the remaining Resident will pay the then current single occupancy Monthly Fee and the temporarily transferred Resident will pay the second person Monthly Fee until his/her transfer becomes permanent. *See also*, Article V, Section C, *Retaining Your Prior Residence*.

B. Transfer to Hospital or Other Facility. If our ICP Team determines that you need care beyond that which can reasonably be provided by the Community or is necessary for your well-being, you agree that we may transfer you to a hospital, health care facility, or other institution equipped to provide such care; such outside care will be at your sole expense. A transfer to a hospital, health care facility, or other institution will be made only after consultation, to the extent possible, with you or your representative and your attending physician. The Medical Director in consultation with your attending physician shall have the ultimate authority to authorize your transfer to a hospital, health care facility, or other institution. While away from our Community, you remain responsible for all your fees, rates and charges to us for your Residence or your Assisted Living, Memory Care or Health Care Center services.

C. Retaining Your Prior Residence.

1. Independent Living: If your Residence is in Independent Living and you are temporarily transferred to Assisted Living, Memory Care, or the Health Care Center, you need only pay your Monthly Fee while your stay is considered temporary. When the ICP Team determines your stay is no longer temporary, you will be notified and thereafter you will be required to pay your Monthly Fee, if you retain your Independent Living Residence, and the Discounted Daily Rate.

2. Assisted Living/Memory Care: If your Residence is in Assisted Living or Memory Care and you temporarily transfer to the Health Care Center, you will continue to pay your Monthly Fee. When the ICP Team determines your stay is no longer temporary, you will be notified and thereafter you will be required to pay your Monthly Fee; however, if you retain your Assisted Living or Memory Care Residence while deemed permanently in Health Care you will pay both the Monthly Fee and the Discounted Daily Rate.

D. Release and Vacation of Residence. If a determination is made by the Community that any transfer described in Article V, Section A, *Transfers to Assisted Living, Memory Care or Health Care Center* or Section B, *Transfers to Hospital or Other Facility* is not temporary in nature, you shall release and vacate your Residence unless you exercise your right to retain your Prior Residence as provided in Article V, Section C above and remain current on the additional payments required thereunder. If the Community subsequently determines that you can resume occupancy in an apartment or cottage residence comparable to the Residence, you shall have priority access to such residence as soon as one becomes available. If a Residence is occupied by two persons, the

Residence will not be surrendered due to the health of the first Resident and the second Resident may continue to reside in the Residence.

- E. Transfer for Needs of the Community.** If a determination is made by us, in our sole discretion, that it is in the best interest of the Community to take your Residence off-line for any reason that serves the purposes of the Community, including but not limited to, an extensive remodeling, replacement or removal of your Residence, you agree that we may permanently or temporarily relocate your Residence to another residence in the Community that is generally comparable to your Residence, or if a generally comparable residence is not available, to another residence. If the residence is generally comparable, or if a generally comparable residence is not available and we offer you a residence that has a higher fee rate, then your Fees shall continue to be as provided for your Residence. Should you request a different type of residence than your current Residence and we are able to accommodate your request, then your fee shall be adjusted up or down to the rate for that residence. We are not required in moving you to offer you any specific residence as our obligation is only to seek to find a generally comparable residence for you in the Community, if available. Costs incurred by the Resident during a move requested by the Community will be borne by the Community. The Community will provide a 30-day notice, if possible, before requesting that a Resident relocate to another residence.

VI. TERMINATION AND REFUND PROVISIONS

- A. Trial Period.** The first sixty (60) days of occupancy at the Community will be considered to be a trial period (the "Trial Period"). During such sixty (60) day Trial Period, you will have the right to terminate this Agreement by giving the Community written notice of such termination. In the event of such termination by you, or in the event of your death during such Trial Period, you (or your estate) shall receive a full refund of the Entrance Fee paid, less (i) an administrative charge equal to four percent (4%) of the total amount of the Entrance Fee as described in Article III, Section A, *Entrance Fee Options*, and (ii) the cost to us of restoring your Residence to market ready condition. Also, during such Trial Period, the Community shall have the right to terminate this Agreement based on the Community's determination that your emotional, physical, or mental condition adjustment will not permit adaptation to the living environment at the Community, by giving you written notice of such termination. In the event of such termination by the Community, the Community will refund the full Entrance Fee paid by you (less the four percent (4%) administrative charge). Upon any termination of the Agreement pursuant to this section, the Resident's property shall be removed from the Residence in accordance with Article IX, Section G, *Property Disposition Upon Transfer or Death*. You are responsible for payment of your Monthly Fee (or Daily Rate) for any time you spend in your Residence. You must vacate the Community within sixty (60) days of the date you give us notice that you are terminating the Agreement. Any refund due you under this paragraph, less any upgrade charges, shall be paid within sixty (60) days after you vacate the premises.
- B. Voluntary Termination After Occupancy.** At any time after occupancy, you may terminate this Agreement by giving the Community sixty (60) days written notice of such termination. You will be responsible for your Monthly Fee during such sixty (60) day notice period. If you are entitled to a refund, your refund will be paid when your Residence is sold to a new resident and the new Entrance Fee for your Residence has been received by us. If you elected a Standard Entrance Fee

and less than fifty (50) months has elapsed since you entered the Community, you refund, if any, will be the Entrance Fee, less (i) the initial four percent (4%) administrative charge paid to us, and (ii) less the balance amortized and accrued at two percent (2%) per month for fifty (50) months after which time the Entrance Fee is fully amortized and you are not entitled to a refund. If you have elected the fifty percent (50%) Refund Entrance Fee Option, your refund will be in an amount equal to the amount of the Entrance Fee paid less (i) an initial four percent (4%) administrative charge and (ii) less the balance amortized and accrued to us at the rate of two percent (2%) for each month of residency for up to twenty-five (25) months (but not less than fifty percent (50%) of the Entrance Fee paid after deducting the four percent (4%) administrative charge). If you elected the ninety percent (90%) Refund Entrance Fee Option, you shall receive a refund in the amount equal to the amount of the Entrance Fee paid less (i) an initial four percent (4%) administrative charge and (ii) less the balance amortized and accrued to us at the rate of one percent (1%) for each month of residency for up to ten (10) months but not less than ninety percent (90%) of the Entrance Fee paid after deducting the four percent (4%) administrative charge). Any refund due you under this paragraph will be made at such time as the Residence you occupied shall have been sold to a new resident and such new resident shall have paid to the Community such new resident's full Entrance Fee for the Residence. The processing of the refund check will be initiated the day following the occupancy of the Residence by the new Resident. If a current Resident of our Community transfers to your Residence, then your refund will be paid at such time as the Residence of the transferring Resident is occupied by a new Resident and such new Resident shall have paid to us a new full Entrance Fee for the transferring Resident's Residence. For the purposes of this section, a partial month counts as a full month. For clarity, the four percent (4%) administrative fee is deducted from your Entrance Fee and the Standard, Fifty Percent (50%) or Ninety Percent (90%) refund, if any, is a percentage of the net after such deduction.

- C. Termination Upon Death.** In the event of your death at any time after the Trial Period, this Agreement shall terminate and the refund of the Entrance Fee paid by you shall be determined and paid in the same manner described in Article VI, Section B, *Voluntary Termination After Occupancy*. When this Agreement is between The Chesapeake and a husband and wife (or two related family members who are joint residents), and a refund is due, the unamortized portion of the entry fee refund, if any, will be paid only when (i) the Agreement is terminated with the husband and wife simultaneously or (ii) when the Agreement is terminated with the surviving spouse, or family member who is a joint resident, where one has predeceased the other. Should a Residence be vacated prior to the end of a month, the Community will refund a pro-rated portion of the remaining Monthly Fee based on the day the Residence is vacated. As provided in Section Article VI, Section B, *Voluntary Termination After Occupancy*, any refund due you under this paragraph will be made at such time as the Residence you occupied shall have been sold to a new resident and such new resident shall have paid to the Community such new resident's full Entrance Fee for the Residence or, in the case of a current Resident transferring to your Residence, when the transferring Resident's Residence is occupied and a new full entrance fee has been paid to us for that Residence. For the purposes of the Entrance Fee refund, if any, a partial month counts as a full month.
- D. Termination by the Community.** The Community reserves the right to terminate the Agreement at any time beyond the Trial Period for good cause. Good cause shall be limited to: (a) proof that you are a danger to yourself or others, (b) nonpayment by you of the Monthly Fee or other

periodic fee, (c) repeated conduct by you that interferes with other Resident's quiet enjoyment of the Community, (d) persistent refusal to comply with reasonable written policies and procedures of the Community, (e) a material misrepresentation made intentionally or recklessly by you in application for residency, or related materials, regarding information which, if accurately provided, would have resulted in your failure to qualify for residency or a material increase in the cost of providing you the care and services provided for under this Agreement, or (f) material breach by you of the terms and conditions of this Agreement. The Community will give you written notice of the conduct and/or Agreement infraction which warrants termination of this Agreement, with a fifteen (15) day period in which to correct or cure the matter. If not corrected or cured within the fifteen (15) day period, you will have an additional fifteen (15) days in which to make other living or service arrangements after which you must vacate your Residence. This Agreement may not be terminated in less than the thirty (30) day combined period except by mutual written agreement by the Community and the Resident. Until the effective date of termination, you will continue to pay the established Monthly Fee. Any refund of the Entrance Fee paid by you shall be paid in the same manner described in Article VI, Section B, *Voluntary Termination After Occupancy*.

- E. Condition of Residence.** At the effective date of termination of this Agreement, you shall vacate the Residence and shall leave it in good condition except for normal wear and tear ("Good Condition"). You shall be liable to the Community for any cost incurred in restoring the Residence to Good Condition.

VII. RIGHT TO RESCIND AGREEMENT

You have the right to rescind this Agreement without penalty or forfeiture of any portion of the Entrance Fee within seven (7) days after executing the Agreement. The Monthly Fee will be prorated for the number of days you occupied the Residence and that amount will be deducted from the refund. You shall not be required to move into the Community before expiration of the seven (7) day period. If before moving into the Community, you die or are precluded through illness, injury or incapacity from becoming a resident under the terms of this Agreement, this Agreement is automatically rescinded and you (or your representative) shall receive a full refund, less those costs specifically incurred by us at your request and set forth in a separate addendum signed by both you and us. You are considered to have moved into the Community upon the sooner to occur of (i) your actually physically occupying your Residence (including by placing any of your furniture into the Residence) or (ii) thirty (30) days after you pay the balance of your Entrance Fee.

VIII. FINANCIAL ASSISTANCE

Residency Continuance. It is the intent of the Community to permit residents to continue to reside within the Community if a resident becomes no longer capable of paying the Monthly Fee and/or charges of the Community as a result of financial reversals occurring after occupancy, provided such reversals, in the Community's judgment, are not the result of willful, intentional, or unreasonable dissipation of the Resident's assets and as limited in this section. Dissipation of assets can take many forms, including but not limited to, overuse of certain discretionary services, such as home care service, when circumstances indicated more judicious use of your resources. When a Resident

becomes unable to pay through no fault of his or her own, the Community will give careful consideration to subsidizing the fees and charges payable by the Resident so long as such subsidy can be made without impairing the ability of the Community to attain its objectives while operating on a sound financial basis. Any determination by the Community with regard to the granting of financial assistance shall be within the sole discretion of the Community, and the Community does not guarantee that it will subsidize the fees and charges payable by any resident. If financial assistance is awarded, some change in your accommodations at the Community may be required. Prior to the Community providing subsidy, the remaining refundable portion of the Entrance Fee due to a Resident who entered under a Fifty Percent (50%) or Ninety Percent (90%) refundable Entrance Fee will be applied to the cost of care in the Assisted Living, Memory Care or Health Care Center. In such circumstances, an Entrance Fee refund can only be paid for care received at the Community—funds will not be paid directly to any other facility or vendor besides the Community. Resident agrees to apply for Medicaid if eligible.

IX. GENERAL

- A. Assignment.** Your rights and privileges under this Agreement to the Residence, common areas, amenities, services, and programs of the Community are personal to you and may not be transferred or assigned.
- B. Management of the Community.** The absolute rights of management are reserved by the Community, its Board of Trustees, Officers and its Executive Director. Residents do not have the right to determine acceptance or terms of acceptance of any other Resident.
- C. Entire Agreement.** This Agreement and the rules, regulations, policies and procedures adopted by the Community as amended from time to time, constitute the entire Agreement between the Community and the Resident. The Community shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or presuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement.
- D. Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Community and the heirs, executors, administrators, personal representatives, successors, and assigns of the Resident including but not limited to the trustee of an *inter vivos* trust of which you are a trustee.
- E. Durable General Power of Attorney and Medical Directive.** You agree to execute and maintain a durable general power of attorney designating some competent person as attorney-in-fact for you. You are further encouraged to consider execution of an Advance Medical Directive and Health Care Power of Attorney. You shall provide to, and at all times maintain with, the Community current copies of the Power of Attorney or document designating a responsible party for you with the powers of such party specifically enumerated, remaining valid upon your incapacity and properly notarized, Advance Medical Directive, and Health Care Power of Attorney. A responsible party and/or agent under a power of attorney (collectively “Agent”) that you have designated shall agree that when he or she comes into control of or access to your assets, the Agent agrees that your funds under his or her control shall be used for your welfare, including but not limited to making prompt payment in accordance with the terms of this Agreement. Should we incur expenses in having a conservator or guardian of the person appointed for you, you agree

that we shall be reimbursed from your assets for the expenses we incur.

F. Transfer of Property. You agree not to make any gift or other transfer of property for the purpose of evading your obligations under this Agreement or if such gift or transfer would render you unable to meet such obligations within your lifetime. You also agree to comply with all the Community's policies prohibiting and/or regarding the making of gifts or donations to or for the benefit of the Community's employees such employees' spouses and/or relatives.

G. Property Disposition Upon Transfer or Death:

1. In the event of your permanent transfer from the Residence to some other living accommodation, all of your property shall be removed from the Residence within fifteen (15) days after notice by the Community to you or your duly named representative.
2. In the event of your death while still residing in the Residence, your duly named agent shall have a fifteen (15) day period to remove your property from the Residence. In the event of your death after transfer from the Residence to the Health Care Center, Memory Care, or Assisted Living, your property must be removed from such room within seventy-two (72) hours of death.
3. If such property is not removed within such periods of time by you or your duly named representative, you or your estate shall remain liable and shall pay the then-current Monthly Fee for your Residence until all property is removed. The Community shall have the option, but not the obligation, to remove and store such property for thirty (30) days; and thereafter, if such property is not claimed and storage fees are incurred by the Community, then title to such property shall be vested in the Community and the property shall be disposed of as the Community, in its sole discretion, deems proper, without any liability of the Community to you or your estate or heirs.
4. Any expenses incurred by the Community in disposing of your property hereunder shall be added to the final Monthly Fee charged to you. Monthly fees are due on the tenth (10th) of the month and are not refundable.

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

I. Notice Provisions. Any notices, consents, or other communications to the Community hereunder (collectively "notices") shall be in writing and addressed as follows:

Registered Agent
The Chesapeake
1900 Lauderdale Drive
Richmond, Virginia 23238

With a Copy to the Executive Director
The Chesapeake

955 Harpersville Road
Newport News, Virginia 23601

Your address for the purpose of giving notice is the address appearing after your signature below.

- J. Severability.** If any provision or clause of this Agreement is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision or clause shall be severed from the Agreement and the balance of this Agreement shall remain in full force and effect.
- K. Availability of Disclosure Statement.** You acknowledge that at least three (3) days prior to your execution of this Agreement, you have received a copy of our annual disclosure statement which we have filed with the Virginia State Corporation Commission.
- L. Waiver of One Breach Not a Waiver of Any Other.** Our failure to insist upon your strict performance and observance of compliance with any of the provisions of this Agreement in any one or more instances shall not be construed to be a waiver of relinquishment by us of our right to insist upon your future strict compliance.
- M. Modification of Agreement and Policies and Procedures.** We reserve the right to modify the Agreement unilaterally in order to conform to changes in the law or applicable regulations and to modify unilaterally our rules, regulations, policies and procedures.
- N. Assignability.** You may not assign or subcontract your rights or obligations under this Agreement. You consent to the assignment by us of our right, title and interest in this Agreement in whole or in part to any successor owner or lender, either outright or as security for any indebtedness of ours or Virginia Baptist Homes, Inc. Any assignment by us shall not be deemed a termination of this Agreement.

IN WITNESS WHEREOF, Newport News Baptist Retirement Community, Inc., d/b/a The Chesapeake has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement and the Entrance Fee has been paid as of this _____ day of _____, 20_____.

Witness

Resident

Witness

Resident

Current Address (Number and Street)

City, State, Zip Code

Telephone

NEWPORT NEWS BAPTIST RETIREMENT COMMUNITY,
INC., D/B/A THE CHESAPEAKE

Signature

Title

Date

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND ACCOMPANYING INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	3
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9
INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION	41
ACCOMPANYING INFORMATION	
CONSOLIDATING BALANCE SHEET	42
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)	44
COMBINING BALANCE SHEET OF OBLIGATED GROUP	46
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) OF OBLIGATED GROUP	48
COMBINING STATEMENT OF CASH FLOWS	50
COMBINING BALANCE SHEET OF LAKEWOOD MANOR	52
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS OF LAKEWOOD MANOR	54



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries (LifeSpire) which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LifeSpire as of December 31, 2023 and 2022, and the results of their operations, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of LifeSpire and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Charlotte, North Carolina
April 18, 2024

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 37,740,751	\$ 44,432,119
Current Portion of Assets Whose Use is Limited	4,895,773	4,617,045
Accounts Receivable	8,989,379	4,705,590
Allowance for Credit Losses	(1,333,138)	(658,912)
Accounts Receivable, Net	7,656,241	4,046,678
Notes Receivable	2,984,446	2,451,032
Prepaid Expenses	1,507,600	1,431,400
Deposits and Other	1,254,211	1,871,238
Total Current Assets	56,039,022	58,849,512
INVESTMENTS	71,926,207	63,453,144
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	8,628,817	8,761,266
ASSETS WHOSE USE IS LIMITED		
Externally Restricted Under Bond Indenture Agreement (Held by Trustee)	14,273,352	14,397,798
Less: Amounts Available for Current Liabilities	(4,895,773)	(4,617,045)
Total Assets Whose Use is Limited	9,377,579	9,780,753
PROPERTY, PLANT, AND EQUIPMENT, NET	271,089,770	264,461,709
LOAN RECEIVABLE	325,000	-
OTHER ASSETS	328,832	895,045
Total Assets	\$ 417,715,227	\$ 406,201,429

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS (DEFICIT)	2023	2022
CURRENT LIABILITIES		
Accounts Payable	\$ 8,822,008	\$ 6,158,545
Accrued Salaries and Wages	3,022,764	3,358,727
Accrued Interest Payable	1,819,528	1,819,528
Annuities Payable	134,588	97,343
Deposits from Prospective Residents	883,400	1,392,500
Deferred Revenue	-	698,678
Current Portion of Right-of-Use Operating Lease Payable	347,486	397,954
Current Portion of Long-Term Debt	12,725,000	12,705,000
Refundable Advance - CARES Act	-	295,593
Advance Fee Refund Liability	10,863,027	6,777,117
Total Current Liabilities	38,617,801	33,700,985
ADVANCE FEE REFUND LIABILITY, LESS CURRENT PORTION	58,385,419	56,018,768
DEFERRED REVENUE FROM ADVANCE FEES	118,762,061	113,841,811
ANNUITIES PAYABLE	538,262	394,687
RIGHT-OF-USE OPERATING LEASE PAYABLE, LESS CURRENT PORTION	770,860	1,109,436
LONG-TERM DEBT, NET	231,200,496	239,369,489
Total Liabilities	448,274,899	444,435,176
NET ASSETS (DEFICIT)		
Without Donor Restrictions	(48,437,260)	(56,263,034)
With Donor Restrictions	17,877,588	18,029,287
Total Net Deficit	(30,559,672)	(38,233,747)
Total Liabilities and Net Assets (Deficit)	\$ 417,715,227	\$ 406,201,429

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES
IN NET ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUES, GAINS, AND OTHER SUPPORT		
Residential Services, Including Amortization of Deferred Revenue from Advance Fees of \$20,832,567 and \$19,140,913 in 2023 and 2022, Respectively	\$ 86,723,272	\$ 79,426,007
Health Care Services	25,343,972	24,879,841
Continuing Care At Home Services, Including Amortization of Deferred Revenue from Advance Fees of \$503,413 and \$412,674 in 2023 and 2022, Respectively	1,218,761	1,052,812
Net Assets Released from Restrictions Used for Operations	752,770	769,968
Gifts and Donations	1,541,229	1,710,986
Investment Income (Loss)	2,485,136	(769,850)
Other	4,390,323	3,114,310
Total Revenue, Gains, and Other Support	122,455,463	110,184,074
OPERATING EXPENSES		
Salaries, Wages and Professional Fees	60,800,176	55,498,762
Provisions for Depreciation and Amortization	18,005,719	17,281,396
Interest	10,565,332	10,683,360
Other	31,850,491	31,131,002
Total Operating Expenses	121,221,718	114,594,520
OPERATING INCOME (LOSS)	1,233,745	(4,410,446)
NONOPERATING INCOME (LOSS)		
Change in Unrealized Gains (Losses) on Investments	7,108,952	(13,691,022)
Other Loss	(516,923)	(425,486)
Total Nonoperating Income (Loss)	6,592,029	(14,116,508)
EXCESS (DEFICIT) OF REVENUES, GAINS AND OTHER SUPPORT OVER (UNDER) EXPENSES AND INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	7,825,774	(18,526,954)

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES
IN NET ASSETS (DEFICIT) (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess (Deficit) of Revenues, Gains, and Other Support Over (Under) Expenses	\$ 7,825,774	\$ (18,526,954)
Increase (Decrease) in Net Assets without Donor Restrictions	<u>7,825,774</u>	<u>(18,526,954)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts, Grants, and Bequests	472,714	624,637
Change in Value of Annuity Obligations	260,806	163,899
Change in Present Value of Perpetual Trust Funds	(132,449)	(2,829,896)
Net Assets Released from Restrictions	<u>(752,770)</u>	<u>(769,968)</u>
Decrease in Net Assets with Donor Restrictions	<u>(151,699)</u>	<u>(2,811,328)</u>
INCREASE (DECREASE) IN NET ASSETS	7,674,075	(21,338,282)
Net Deficit - Beginning of Year	<u>(38,233,747)</u>	<u>(16,895,465)</u>
NET DEFICIT - END OF YEAR	<u><u>\$ (30,559,672)</u></u>	<u><u>\$ (38,233,747)</u></u>

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,674,075	\$ (21,338,282)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of Deferred Revenue from Advance Fees	(21,335,980)	(19,553,587)
Proceeds from Advance Fees and Deposits	31,168,917	29,423,375
Amortization of Intangible Assets	49,290	49,290
Amortization of Deferred Financing Costs	206,463	206,461
Amortization of Bond Discount	39,571	39,571
Amortization of Bond Premium	(682,027)	(682,026)
Other Loss	516,923	425,486
Loss on Sale of Property, Plant, and Equipment	24,800	2,539
Provision for Credit Loss	811,946	272,491
Provision for Depreciation	17,956,429	17,232,106
Increase in Annuity Obligations	180,820	80,325
Proceeds from Contributions Restricted for Long-Term Investment	(472,714)	(624,637)
Net Realized and Unrealized (Gains) Losses on Long-Term Investments	(6,623,425)	17,233,993
Change in Present Value of Trust Funds	132,449	2,829,896
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(4,421,509)	(482,111)
Prepaid Expenses	(76,200)	(212,143)
Notes Receivable	(533,414)	1,129,093
Other Current Assets	617,027	(219,987)
Loan Receivable	(325,000)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(745,721)	(847,542)
Deferred Revenue	(698,678)	373,018
Refundable Advance - CARES Act	(295,593)	(164,214)
Accrued Salaries and Wages	(335,963)	269,830
Accrued Interest Payable	-	38,049
Deposits from Prospective Residents	(294,100)	150,803
Net Cash Provided by Operating Activities	22,538,386	25,631,797

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant, and Equipment	\$ (21,589,150)	\$ (27,881,028)
Purchases of Investments	(14,804,481)	(33,462,299)
Sales of Investments	12,652,119	32,693,215
Net Cash Used by Investing Activities	(23,741,512)	(28,650,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Long-Term Investment	472,714	624,637
Refunds of Advance Fees and Deposits	(9,215,562)	(6,192,560)
Proceeds from Refundable Advance Fees	10,540,436	6,374,627
Payments on Long-Term Debt	(7,713,000)	(6,245,000)
Net Cash Used by Financing Activities	(5,915,412)	(5,438,296)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(7,118,538)	(8,456,611)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	51,600,271	60,056,882
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 44,481,733	\$ 51,600,271
Cash and Cash Equivalents	\$ 37,740,751	\$ 44,432,119
Restricted Cash included in Assets Limited as to Use	6,740,982	7,168,152
Total Cash, Cash Equivalents and Restricted Cash	\$ 44,481,733	\$ 51,600,271
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Property and Equipment Additions in Accounts Payable	\$ 3,649,268	\$ 240,084
Right-of-Use Assets Obtained through Right-of-Use Operating Lease Payables	\$ 13,593	\$ 445,633

See accompanying Notes to Consolidated Financial Statements.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

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

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

In 2020, LifeSpire entered into a joint venture with an unrelated third party to form Senior Living Partners of Virginia, LLC (SLPV). SLPV was created to provide home health services and to promote the health and care of seniors from a broad cross-section of the communities served by the organizations. LifeSpire has a 50% interest in SLPV. No consideration was paid in 2020 related to this joint venture. In 2023, \$325,000 was transferred to SLPV as a loan from LifeSpire. In 2022, \$790,000 was transferred to SLPV as a capital contribution from LifeSpire. This investment is included in Other Assets in the accompanying consolidated balance sheet as of December 31, 2023 and 2022 and is recorded under the equity method. LifeSpire recorded a loss on this investment of \$516,923 and \$425,486 for the years ended December 31, 2023 and 2022, respectively, which represents its share of SLPV's results and is included as an other loss within nonoperating income (loss) in the statements of operations and changes in net assets (deficit).

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Use of Estimates

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

Basis for Consolidation

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

Basis of Presentation

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

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

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

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents

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

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

Notes Receivable

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

Allowance for Credit Losses

LifeSpire provides an allowance for credit losses using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. Accounts past due are individually analyzed for collectability. In addition, an allowance is estimated for other accounts based on the historical experience of LifeSpire, analysis of payor source and aging of receivable, and future economic conditions and market trends. Management believes the composition of receivables and roll-forward of allowance at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The allowance for credit losses was approximately \$1,333,000 and \$659,000 at December 31, 2023 and 2022, respectively.

Beneficial Interest in Perpetual Trusts

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Beneficial Interest in Perpetual Trusts (Continued)

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

Investments

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

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

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

Assets Whose Use is Limited

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

Property, Plant, and Equipment

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property, Plant, and Equipment (Continued)

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

If an indication of impairment is present, LifeSpire determines recoverability of its long-lived assets by evaluating the probability that undiscounted future cash flows will be less than the carrying amount of the assets. If future estimated undiscounted cash flows are less than the carrying amount of the long-lived assets, then such assets are written down to their estimated fair value. The fair value is determined based on valuation techniques such as comparison to fair values of similar assets or using a discounted cash flow analysis. Management believes that there are no impairments to long-lived assets in 2023 and 2022.

Deferred Financing Costs

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

Leases

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

Advance Fees

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advance Fees (Continued)

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

Obligation to Provide Future Services

LifeSpire annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services). The obligation is discounted at 5.5% in both 2023 and 2022, based on the expected long-term rate of return on investments. Increases or decreases in the obligation are charged or credited to operations, respectively. As of December 31, 2023 and 2022, LifeSpire had no future service obligation.

Refundable Advance – CARES ACT

Provider Relief Funding

In response to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved and received by LifeSpire as of December 31, 2021 was \$3,156,053. The PRF's are subject to certain restrictions on eligible expenses or uses and reporting requirements. At December 31, 2023 and 2022, LifeSpire recognized \$295,593 and \$164,214, respectively, as gifts and donation revenue in the consolidated statement of operations. As of December 31, 2022, a Refundable Advance of \$295,593 was recorded in the consolidated balance sheet. Management believes the amounts have been recognized appropriately as of December 31, 2023 and 2022.

Charity Care and Community Benefit

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

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Charity Care and Community Benefit (Continued)

LifeSpire has estimated its direct and indirect costs of providing charity care under its financial assistance policy. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the direct and allocated expenses by level of care to the corresponding revenues charged on an annual basis. The cost-to-charge ratio is applied to the charity care charges foregone to calculate the estimated cost of providing charity care. Using this methodology, LifeSpire has estimated the costs for services and supplies furnished under LifeSpire's financial assistance policy to be approximately \$1,394,000 and \$1,402,000 for the years ended December 31, 2023 and 2022, respectively.

Primarily through the support of the Virginia Baptist Homes Foundation, LifeSpire received approximately \$1,518,000 to subsidize the costs of providing charity care under its financial assistance policy for the year ended December 3, 2022. LifeSpire received no support to subsidize the costs of providing charity care under its financial assistance policy for the year ended December 3, 2023.

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

Operating Indicator

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

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

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

Income Taxes

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Income Taxes (Continued)

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

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

Professional Liability Insurance

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

Fair Value Measurements

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

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

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

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

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

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements (Continued)

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

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

New Accounting Pronouncements – ASU 2016-13

LifeSpire has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. LifeSpire adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on LifeSpire's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

In preparing these consolidated financial statements, LifeSpire has evaluated events and transactions for potential recognition or disclosure through April 18, 2024, the date the consolidated financial statements were issued.

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

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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

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

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

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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

Medicare and Medicaid

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

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

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

Other

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and LifeSpire’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2023 or 2022.

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

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

Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the resident’s ability to pay are recorded as bad debt expense.

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

The composition of residential, health care, and continuing care at home services revenue by primary payor for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 9,631,301	\$ 9,873,518
Medicaid	806,770	821,991
Private	100,717,684	92,631,058
Commercial Insurers	2,130,250	2,032,093
Total	<u>\$ 113,286,005</u>	<u>\$ 105,358,660</u>

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

The composition of residential, health care, and continuing care at home services revenue based on LifeSpire's lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Service Lines:		
Independent Living	\$ 46,665,170	\$ 42,886,693
Assisted Living	13,248,058	12,136,453
Memory Support	5,977,477	5,261,948
Health Care Services	25,343,972	24,879,841
Continuing Care At Home Services	715,348	640,138
Amortization of Entrance Fees	21,335,980	19,553,587
Total	<u>\$ 113,286,005</u>	<u>\$ 105,358,660</u>
Method of Reimbursement:		
Monthly Service Fees	\$ 60,628,576	\$ 55,663,284
Amortization of Entrance Fees	21,335,980	19,553,587
Fee for Service	31,321,449	30,141,789
Total	<u>\$ 113,286,005</u>	<u>\$ 105,358,660</u>
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	<u>\$ 113,286,005</u>	<u>\$ 105,358,660</u>

Financing Component

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

Contract Costs

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Contract Costs (Continued)

The opening and closing contract balances were as follows:

	<u>Accounts and Notes Receivable</u>	<u>Deferred Revenue from Advance Fees</u>
January 1, 2022	\$ 7,417,183	\$ 113,721,716
December 31, 2022	7,156,622	113,841,811
December 31, 2023	11,973,825	118,762,061

NOTE 3 INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

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

	<u>2023</u>	<u>2022</u>
Investments and Assets Whose Use is Limited		
Cash and Short-Term Investments	\$ 6,740,982	\$ 7,168,152
Mutual Funds	23,750,747	17,998,832
Marketable Equity Securities	26,442,940	24,891,185
Fixed Income	26,702,382	25,416,800
Absolute Return Strategy Investments/Hedge Funds (Liquidity in Excess of a Year)	2,313,828	2,160,169
Equity Method Securities	248,680	215,804
Total	<u>\$ 86,199,559</u>	<u>\$ 77,850,942</u>

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

	<u>2023</u>	<u>2022</u>
Bond Sinking Fund	\$ 3,388,188	\$ 3,161,124
Debt Service Reserve Fund	8,497,978	7,951,856
Construction Fund	9,715	1,024,989
Principal Fund	451,357	438,445
Interest Fund	1,926,114	1,821,384
Total	<u>\$ 14,273,352</u>	<u>\$ 14,397,798</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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

	<u>2023</u>	<u>2022</u>
Dividends and Interest	\$ 2,970,663	\$ 2,773,121
Net Realized Losses	(485,527)	(3,542,971)
Total Investment Income (Loss)	<u>\$ 2,485,136</u>	<u>\$ (769,850)</u>

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

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Land and Land Improvements	\$ 35,643,545	\$ 29,077,313
Buildings and Fixed Equipment	409,792,353	389,426,476
Vehicles	2,339,912	2,167,618
Movable Equipment	31,525,025	30,932,340
Right-of-Use Assets	2,555,402	2,541,809
Construction in Progress	19,058,664	21,825,656
Subtotal	<u>500,914,901</u>	<u>475,971,212</u>
Less: Accumulated Depreciation	<u>229,825,131</u>	<u>211,509,503</u>
Property, Plant, and Equipment, Net	<u>\$ 271,089,770</u>	<u>\$ 264,461,709</u>

Construction in progress at December 31, 2023 and 2022 was related to expansion projects at LifeSpire’s facilities, as well as apartment renovations and improvements to common areas. As of December 31, 2023 LifeSpire has remaining construction commitments amounting to approximately \$1,233,000 related to these projects.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 RIGHT-OF USE LEASES

LifeSpire leases equipment as well as certain office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028 and many cases provide for rent escalations and renewal options. Renewal options are at the sole discretion of LifeSpire. Escalation terms include fixed-rent escalations annually. Total rent expense on these leases was approximately \$171,000 and \$174,000 for 2023 and 2022, respectively.

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 385,728
2025	375,771
2026	355,988
2027	70,480
2028	4,001
Total Lease Payments	1,191,968
Less: Current Portion	(347,486)
Less: Imputed Interest	(73,622)
Present Value of Lease Payable, Net of Current Portion	<u>\$ 770,860</u>

The lease payable will continue to be impacted by new leases, lease modifications, lease terminations, and reevaluation of any new facts and circumstances. As of December 31, 2023 and 2022, the weighted average lease term remaining that is included in the maturities of the lease payables is 2.30 and 4.06 years, respectively.

As the rate implicit in each lease is not readily determinable, LifeSpire uses an incremental borrowing rate to calculate the lease liability that represents an estimate of the interest rate LifeSpire would have to borrow on a collateralized basis over the term of a lease. The weighted average discount rate used for operating leases was 4.0% at December 31, 2023 and 2022.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 LONG-TERM DEBT AND NOTES PAYABLE

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

<u>Description</u>	<u>2023</u>	<u>2022</u>
Industrial Development Authority of Botetourt County, Virginia Residential Care Facility Revenue Refunding Bonds Series 2014A (Glebe Series 2014A Bonds):		
Serial bond, matures June 30, 2044. Interest is payable semiannually at a variable rate between 3% and 6%. Principal payments began January 1, 2015.	\$ 32,505,000	\$ 33,285,000
Economic Development Authority of the City of Newport News, Virginia Residential Care Facilities Revenue Refunding Bonds (LifeSpire of Virginia), Series 2016:		
Serial bonds, due in graduated annual installments ranging from \$2,550,000 in 2017 to \$3,520,000 in 2026 and bear interest at varying rates ranging from 1.9% to 5%.	9,935,000	13,005,000
Term bond, due December 1, 2029. Interest is payable semiannually at a rate of 3.5%.	9,095,000	9,095,000
Term bond due December 1, 2031. Interest is payable semiannually at a rate of 5.0%.	10,530,000	10,530,000
Term bond due December 1, 2038. Interest is payable semiannually at a rate of 5.0%.	36,430,000	36,430,000
Economic Development Authority of Henrico County, Virginia Residential Care Facility Revenue and Refunding Bonds (LifeSpire of Virginia) Series 2017C		
Serial bonds, due in graduated annual installments ranging from \$1,060,000 in 2021 to \$1,270,000 in 2027 and bear interest at varying rates ranging from 3.0% to 3.5%.	4,845,000	5,965,000
Term bond, due December 1, 2032. Interest is payable semiannually at a rate of 4.0%.	7,120,000	7,120,000
Term bond, due December 1, 2037. Interest is payable semiannually at a rate of 5.0%.	8,840,000	8,840,000
Term bond, due December 1, 2047. Interest is payable semiannually at a rate of 5.0%.	25,675,000	25,675,000
Term loan, due August 1, 2026. Interest is payable monthly at a variable rate of Daily Simple SOFR plus 1.3% (6.61% at December 31, 2023).	14,246,000	15,494,000

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

<u>Description</u>	<u>2023</u>	<u>2022</u>
Virginia Small Business Financing Authority, Residential Care Facilities Revenue and Refunding Bonds (LifeSpire of Virginia) Series 2021		
Serial bonds, due in graduated annual installments ranging from \$1,455,000 in 2022 to \$1,635,000 in 2026 and bear interest at 3%.	\$ 4,765,000	\$ 6,260,000
Term bond, due December 1, 2031. Interest is payable semiannually at a rate of 4.0%.	9,120,000	9,120,000
Term bond, due December 1, 2036. Interest is payable semiannually at a rate of 4.0%.	11,100,000	11,100,000
Term bond, due December 1, 2041. Interest is payable semiannually at a rate of 4.0%.	13,505,000	13,505,000
Term bond, due December 1, 2051. Interest is payable semiannually at a rate of 4.0%.	<u>36,435,000</u>	<u>36,435,000</u>
Total	234,146,000	241,859,000
Less: Current Portion	(12,725,000)	(12,705,000)
Less: Unamortized Deferred Financing Costs	(4,511,501)	(4,717,964)
Plus: Unamortized Bond Premium	15,121,986	15,804,013
Less: Unamortized Bond Discount	<u>(830,989)</u>	<u>(870,560)</u>
Total	<u>\$ 231,200,496</u>	<u>\$ 239,369,489</u>

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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

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

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

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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

The Series 2016, 2017 and 2021 Bonds are collateralized by a deed of trust of certain facilities of the LifeSpire Obligated Group as well as a security interest in inventory, accounts, documents, instruments, other monies, chattel paper and general intangibles. The related agreements also contain certain covenants, including a requirement that days cash on hand (as defined) be in excess of 120 days and that the long-term debt service coverage ratio be in excess of 1.20. Management is not aware of any noncompliance with these covenants as of December 31, 2023.

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

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 12,725,000
2025	10,074,333
2026	12,441,667
2027	3,925,000
2028	4,090,000
Thereafter	190,890,000
Total	<u>\$ 234,146,000</u>

During 2023 and 2022, LifeSpire paid approximately \$10,417,000 and \$10,497,000, respectively, for interest, net of amounts capitalized.

NOTE 7 ADVANCE FEES AND DEPOSITS

A refundable deposit of \$1,000 of the advance fee is made at the time a priority list agreement for The Culpeper, The Chesapeake, Lakewood, The Summit or The Glebe is executed. Advance fees received from residents are subject to the refund provisions of Residents' Agreements. Refunds expire ratably over a 10 to 50-month period starting from the resident's date of entrance. At December 31, 2023 and 2022, the portion of advance fees subject to refund provisions amounted to approximately \$107,286,000 and \$100,272,000, respectively. Amounts expected to be refunded to current residents, based on LifeSpire's experience, are approximately \$10,863,000 and \$6,777,000 at December 31, 2023 and 2022, respectively.

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2023 and 2022:

	2023	2022
Subject to Expenditure for Specific Purpose:		
Purchase of Equipment	\$ 370,515	\$ 366,585
Benevolent Care of Residents	2,460,518	3,197,893
Other	557,790	115,561
Total	3,388,823	3,680,039
 Annuity Trust Agreements	 1,254,723	 993,917
 Beneficial Interests in Perpetual Trusts	 8,628,817	 8,761,266
 Subject to the Corporation's Spending Policy and Appropriation:		
Endowment Funds	4,605,225	4,594,065
Total Net Assets With Donor Restrictions	\$ 17,877,588	\$ 18,029,287

During the years ended December 31, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2023	2022
Benevolent Care of Residents	\$ 740,174	\$ 751,326
Other	12,596	18,642
Total Releases	\$ 752,770	\$ 769,968

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

Interpretation of Relevant Law

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

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

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

Funds with Deficiencies

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

Return Objectives and Risk Parameters

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Perpetually restricted net assets of approximately \$13,234,000 and \$13,355,000 at December 31, 2023 and 2022, respectively, are restricted to investment in perpetuity, the income some of which is not donor-restricted and is expendable primarily to support residential services. Of these totals, approximately \$8,629,000 and \$8,761,000 relates to split interest agreements that are administered and managed by third parties as trustees at December 31, 2023 and 2022, respectively. LifeSpire does not have the ability to make any investing decisions related to these funds. The remaining \$4,605,000 and \$4,594,000 of perpetually restricted net assets with donor restrictions are managed by LifeSpire at December 31, 2023 and 2022, respectively. LifeSpire had no board designated endowment funds for the years ended December 31, 2023 and 2022.

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

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

	<u>2023</u>	<u>2022</u>
Donor-Restricted Endowment Funds:		
Portion subject to appropriation under UPMIFA	\$ 1,146,986	\$ 1,146,986
Original Donor-Restricted Gift Amount and Amounts		
Required to be Retained by Donor	<u>4,605,225</u>	<u>4,594,065</u>
Total Funds	<u>\$ 5,752,211</u>	<u>\$ 5,741,051</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

The following is the change in endowment net assets managed by LifeSpire for the years ended December 31, 2023 and 2022:

	2023			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, Beginning of the Year	\$ -	\$ 1,146,986	\$ 4,594,065	\$ 5,741,051
Realized Losses and Change in Unrealized Losses on Investments	-	-	-	-
Contributions	-	-	11,160	11,160
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 1,146,986</u>	<u>\$ 4,605,225</u>	<u>\$ 5,752,211</u>
	2022			
	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets, Beginning of the Year	\$ -	\$ 1,146,986	\$ 4,464,504	\$ 5,611,490
Realized Losses and Change in Unrealized Losses on Investments	-	-	-	-
Contributions	-	-	129,561	129,561
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 1,146,986</u>	<u>\$ 4,594,065</u>	<u>\$ 5,741,051</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 ANNUITY PLAN

All employees of LifeSpire are eligible to participate in the GuideStone 403(b) Plan (the Plan). The Plan provides retirement contributions for those employees completing six months of service and a minimum of 500 hours of service during a six-month period. LifeSpire matches eligible employees' contributions. The match is determined as a percentage of the participant's compensation, not to exceed 4.5% in 2023 and 2022. The participant is fully vested in the matching contribution. LifeSpire may also make discretionary contributions. Participants may make voluntary contributions, not to exceed the lesser of \$18,500 or 20%, with certain exceptions, of their annual compensation during the plan year.

Contributions by LifeSpire were approximately \$960,000 and \$1,089,000 for the years ended December 31, 2023 and 2022, respectively.

NOTE 10 LIQUIDITY AND AVAILABILITY

LifeSpire invests cash in excess of short-term requirements in short-term investments. In addition, LifeSpire has long-term mutual funds and equity securities which are liquid within one week and hedge funds and equity method securities which are liquid quarterly. As of December 31, 2023 and 2022, LifeSpire had working capital of \$17,421,221 and \$25,148,527, respectively.

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

	2023	2022
Cash and Cash Equivalents	\$ 37,740,751	\$ 44,432,119
Investments and Assets Whose Use is Limited:		
Mutual Funds	23,750,747	17,998,832
Marketable Equity Securities	26,442,940	24,891,185
Fixed Income	26,702,382	25,416,800
Equity Method Securities	248,680	215,804
Accounts Receivable, Net	8,989,379	4,705,590
Notes Receivable	2,984,446	2,451,032
Less: Purpose Restricted Net Assets	(3,388,823)	(3,680,039)
Total Financial Assets Available to Meet Liquidity Needs	\$ 123,470,502	\$ 116,431,323

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 FAIR VALUE MEASUREMENTS

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

The following table presents the fair value hierarchy for the balances of the assets and liabilities of LifeSpire measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	2023			Total
	Level 1	Level 2	Level 3	
Assets:				
Assets Whose Use is Limited and Investments:				
Mutual Funds	\$ 23,750,747	\$ -	\$ -	\$ 23,750,747
Marketable Equity Securities	26,442,940	-	-	26,442,940
Fixed Income	26,702,382	-	-	26,702,382
Beneficial Interest in				
Perpetual Trust Funds	-	-	8,628,817	8,628,817
Total Assets	\$ 76,896,069	\$ -	\$ 8,628,817	\$ 85,524,886
Liabilities:				
Annuities Payable	\$ -	\$ 672,850	\$ -	\$ 672,850
Total Liabilities	\$ -	\$ 672,850	\$ -	\$ 672,850

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

	2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Whose Use is Limited and Investments:				
Mutual Funds	\$ 17,998,832	\$ -	\$ -	\$ 17,998,832
Marketable Equity Securities	24,891,185	-	-	24,891,185
Fixed Income	25,416,800	-	-	25,416,800
Beneficial Interest in				
Perpetual Trust Funds	-	-	8,761,266	8,761,266
Total Assets	\$ 68,306,817	\$ -	\$ 8,761,266	\$ 77,068,083
Liabilities:				
Annuities Payable	\$ -	\$ 492,030	\$ -	\$ 492,030
Total Liabilities	\$ -	\$ 492,030	\$ -	\$ 492,030

The tables above include all assets whose use is limited and investments with the exception of cash and short-term investments and absolute return strategy investments/hedge funds and equity method investments as these investments are measured at cost at December 31, 2023 and 2022.

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

	Beneficial Interests
Balance at January 1, 2022	\$ 11,591,162
Total Gains or Losses (Realized or Unrealized) for the Year Included in Operating Profit	<u>(2,829,896)</u>
Balance at December 31, 2022	8,761,266
Total Gains or Losses (Realized or Unrealized) for the Year Included in Operating Profit	<u>(132,449)</u>
Balance at December 31, 2023	<u>\$ 8,628,817</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

Certain alternative investments held by LifeSpire calculate net asset value per share (or its equivalent). The following tables set forth additional disclosures for the fair value measurement of these investments that calculate net asset value per share for the years ended December 31, 2023 and 2022:

	2023			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
TIFF Partners V-US	\$ 10,150	\$ 35,000	Quarterly	10 Business Days
MAP Heritage	1,432,229	-	Short-term	10 Business Days
Commonfund Int'l Partners V	-	15,719	Quarterly	10 Business Days
Venture Investment Assoc. V	120,689	15,000	Quarterly	10 Business Days
SFM Private Equity I, L.P.	71,459	335,000	Quarterly	5 Business Days
SFM Opportunities V, L.P.	1,179,934	160,058	Quarterly	5 Business Days
Total	<u>\$ 2,814,461</u>	<u>\$ 560,777</u>		

	2022			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
TIFF Partners V-US	\$ 27,095	\$ 35,000	Quarterly	10 Business Days
MAP Heritage	1,432,229	-	Short-term	10 Business Days
Commonfund Int'l Partners V	-	15,719	Quarterly	10 Business Days
Venture Investment Assoc. V	131,779	15,000	Quarterly	10 Business Days
SFM Private Equity I, L.P.	100,166	335,000	Quarterly	5 Business Days
SFM Opportunities V, L.P.	1,193,327	169,892	Quarterly	5 Business Days
Total	<u>\$ 2,884,596</u>	<u>\$ 570,611</u>		

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 12 COMMITMENTS AND CONTINGENCIES

As an agency of the BGAV, LifeSpire receives certain additional support which approximated \$10,000 and \$11,000 during the years ended December 31, 2023 and 2022, respectively.

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

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

Liability Insurance

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

Health Insurance

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

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 FUNCTIONAL EXPENSES

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

Program, management, and fundraising expenses for the year ended December 31, 2023 are summarized as follows:

	Program Services			Total	Management and General	Fundraising	Total
	Independent Living	Assisted Living	Health Center				
Salaries and Wages	\$ 14,303,733	\$ 13,673,842	\$ 19,090,326	\$ 47,067,901	\$ 4,540,533	\$ 529,517	\$ 52,137,951
Employee Benefits	2,507,266	2,290,557	2,816,750	7,614,573	423,528	94,659	8,132,760
Dietary and Food Service	2,839,359	1,604,411	1,332,841	5,776,611	-	-	5,776,611
Therapy	-	-	3,290,973	3,290,973	-	-	3,290,973
Insurance	1,087,915	170,751	117,377	1,376,043	26,467	4,208	1,406,718
Marketing Expense	940,869	230,656	174,260	1,345,785	-	33,142	1,378,927
Professional Services	1,029,693	252,431	190,711	1,472,835	479,742	-	1,952,577
Rental Equipment	351,316	55,140	37,904	444,360	19,971	-	464,331
Occupancy, Repairs, and Maintenance	2,870,615	450,549	309,715	3,630,879	261,733	35,462	3,928,074
Supplies	2,169,716	511,564	1,847,059	4,528,339	75,753	4,622	4,608,714
Taxes	125,074	19,631	13,494	158,199	-	-	158,199
Telephone	1,182,643	185,618	127,597	1,495,858	52,665	600	1,549,123
Utilities	3,153,161	494,895	340,199	3,988,255	-	-	3,988,255
Other	1,853,871	290,969	200,017	2,344,857	1,291,925	240,672	3,877,454
Depreciation	14,068,704	2,208,113	1,567,183	17,844,000	158,389	3,330	18,005,719
Interest Expense	8,207,563	1,289,637	837,227	10,334,427	230,905	-	10,565,332
Total Expenses by Function	<u>\$ 56,691,498</u>	<u>\$ 23,728,764</u>	<u>\$ 32,293,633</u>	<u>\$ 112,713,895</u>	<u>\$ 7,561,611</u>	<u>\$ 946,212</u>	<u>\$ 121,221,718</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 FUNCTIONAL EXPENSES (CONTINUED)

Program, management, and fundraising expenses for the year ended December 31, 2022 are summarized as follows:

	Program Services			Total	Management and General	Fundraising	Total
	Independent Living	Assisted Living	Health Center				
Salaries and Wages	\$ 12,624,371	\$ 12,811,614	\$ 17,381,866	\$ 42,817,851	\$ 4,225,961	\$ 484,158	\$ 47,527,970
Employee Benefits	2,141,353	2,102,116	2,492,083	6,735,552	614,978	85,562	7,436,092
Dietary/Food Service	2,605,214	1,686,168	1,306,222	5,597,604	-	-	5,597,604
Therapy	-	-	3,317,499	3,317,499	-	-	3,317,499
Insurance	806,977	126,657	87,066	1,020,700	27,490	1,182	1,049,372
Marketing Expense	891,444	236,560	162,879	1,290,883	-	20,415	1,311,298
Professional Services	953,179	252,943	174,159	1,380,281	425,663	3,365	1,809,309
Rental Equipment	257,980	40,491	27,834	326,305	20,136	-	346,441
Occupancy, Repairs, and Maintenance	3,842,625	603,108	414,586	4,860,319	305,396	19,252	5,184,967
Supplies	1,874,375	481,529	1,749,423	4,105,327	186,916	6,949	4,299,192
Taxes	138,298	21,706	14,921	174,925	-	-	174,925
Telephone	994,033	156,016	107,248	1,257,297	215,458	600	1,473,355
Utilities	2,884,927	452,795	311,259	3,648,981	-	-	3,648,981
Other	1,653,818	259,570	178,433	2,091,821	1,158,085	202,853	3,452,759
Depreciation	13,491,257	2,117,481	1,504,881	17,113,619	164,447	3,330	17,281,396
Interest Expense	8,534,166	1,302,870	846,324	10,683,360	-	-	10,683,360
Total Expenses by Function	<u>\$ 53,694,017</u>	<u>\$ 22,651,624</u>	<u>\$ 30,076,683</u>	<u>\$ 106,422,324</u>	<u>\$ 7,344,530</u>	<u>\$ 827,666</u>	<u>\$ 114,594,520</u>



INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

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

We have audited the consolidated financial statements of Virginia Baptist Homes, Incorporated dba: LifeSpire of Virginia and Subsidiaries as of and for the year ended December 31, 2023 and our report thereon dated April 18, 2024 which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information and combining information for the Obligated Group as listed under "Accompanying Information" on the table of contents are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies or the Obligated Group, and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and combining information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information and combining information for the Obligated Group are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 18, 2024

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2023

	Consolidated	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	Lynchburg Baptist Retirement Community, LLC	Virginia Baptist Homes Foundation, Incorporated
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 37,740,751	\$ -	\$ 20,490,469	\$ (86,304)	\$ (131,399)	\$ 432,060	\$ 17,296,846	\$ (494,135)	\$ 233,214
Assets Whose Use is Limited	4,895,773	-	517,911	1,248,071	-	2,006,799	1,024,251	98,741	-
Accounts Receivable	8,989,379	-	-	2,687,282	2,476,144	2,300,597	1,450,036	75,320	-
Allowance for Credit Losses	(1,333,138)	-	-	(484,287)	(367,788)	(261,435)	(218,438)	(1,190)	-
Accounts Receivable, Net	7,656,241	-	-	2,202,995	2,108,356	2,039,162	1,231,598	74,130	-
Notes Receivable	2,984,446	-	-	243,000	1,027,495	953,251	333,500	427,200	-
Prepaid Expenses	1,507,600	-	1,200,593	44,644	50,810	61,651	23,673	67,546	58,683
Due from Affiliates	-	(190,188,412)	54,383,336	7,317,469	1,616,157	75,001,602	7,147,349	24,442,276	20,280,223
Deposits and Other	1,254,211	-	1,253,494	717	-	-	-	-	-
Total Current Assets	56,039,022	(190,188,412)	77,845,803	10,970,592	4,671,419	80,494,525	27,057,217	24,615,758	20,572,120
INVESTMENTS	71,926,207	-	22,096,352	31,250	2,511,562	18,770,931	18,385,286	-	10,130,826
BENEFICIAL INTEREST IN PERPETUAL TRUST	8,628,817	-	4,219,350	301,941	598,166	486,675	3,022,685	-	-
ASSETS WHOSE USE IS LIMITED									
Under Bond Indenture Agreement	14,273,352	-	5,862,583	306,804	-	6,554,376	1,379,449	170,140	-
Less: Amounts Available for Current Liabilities	(4,895,773)	-	(517,911)	(1,248,071)	-	(2,006,799)	(1,024,251)	(98,741)	-
Total Assets Whose Use is Limited	9,377,579	-	5,344,672	(941,267)	-	4,547,577	355,198	71,399	-
PROPERTY, PLANT, AND EQUIPMENT, NET	271,089,770	-	1,461,863	55,328,853	33,573,556	109,253,395	32,243,871	39,129,218	99,014
LOAN RECEIVABLE	325,000	-	325,000	-	-	-	-	-	-
BENEFICIAL INTEREST IN NET ASSETS OF AFFILIATES	-	19,939,010	(19,939,010)	-	-	-	-	-	-
OTHER ASSETS	328,832	-	123,456	-	-	-	205,376	-	-
Total Assets	<u>\$ 417,715,227</u>	<u>\$ (170,249,402)</u>	<u>\$ 91,477,486</u>	<u>\$ 65,691,369</u>	<u>\$ 41,354,703</u>	<u>\$ 213,553,103</u>	<u>\$ 81,269,633</u>	<u>\$ 63,816,375</u>	<u>\$ 30,801,960</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2023

	<u>Consolidated</u>	<u>Eliminations</u>	<u>Virginia Baptist Homes, Incorporated</u>	<u>Culpeper Baptist Retirement Community, Incorporated</u>	<u>Newport News Baptist Retirement Community, Incorporated</u>	<u>Lakewood Manor Baptist Retirement Community, Incorporated</u>	<u>The Glebe, Incorporated</u>	<u>Lynchburg Baptist Retirement Community, LLC</u>	<u>Virginia Baptist Homes Foundation, Incorporated</u>
LIABILITIES AND NET ASSETS (DEFICIT)									
CURRENT LIABILITIES									
Accounts Payable	\$ 8,822,008	\$ -	\$ 786,216	\$ 276,332	\$ 1,508,828	\$ 2,568,870	\$ 1,398,682	\$ 2,281,951	\$ 1,129
Accrued Salaries and Wages	3,022,764	-	3,022,764	-	-	-	-	-	-
Accrued Interest Payable	1,819,528	-	297,518	178,103	-	220,915	1,024,251	98,741	-
Annuities Payable	134,588	-	-	-	-	-	-	-	134,588
Deposits from Prospective Residents	883,400	-	-	49,600	141,100	389,700	209,000	94,000	-
Due to Affiliates	-	(190,188,412)	109,815,635	12,520,395	24,275,428	24,709,479	7,276,135	2,511,733	9,079,607
Current Portion of Operating Lease Payable	347,486	-	149,170	-	36,639	92,309	26,570	42,798	-
Current Portion of Long-Term Debt	12,725,000	-	220,393	1,069,968	2,216,556	1,653,189	995,630	6,569,264	-
Advance Fee Refund Liability	10,863,027	-	-	257,217	1,732,989	1,868,584	1,768,487	5,235,750	-
Total Current Liabilities	<u>38,617,801</u>	<u>(190,188,412)</u>	<u>114,291,696</u>	<u>14,351,615</u>	<u>29,911,540</u>	<u>31,503,046</u>	<u>12,698,755</u>	<u>16,834,237</u>	<u>9,215,324</u>
ADVANCE FEE REFUND LIABILITY, LESS CURRENT PORTION	58,385,419	-	-	-	19,731,524	12,639,885	17,775,376	8,238,634	-
DEFERRED REVENUE FROM ADVANCE FEES	118,762,061	-	-	13,954,811	21,827,455	61,019,976	19,586,304	2,373,515	-
ANNUITIES PAYABLE	538,262	-	-	-	-	-	-	-	538,262
OPERATING LEASE PAYABLE, LESS CURRENT PORTION	770,860	-	349,748	-	74,656	240,449	22,967	83,040	-
LONG-TERM DEBT, NET	231,200,496	-	7,395,714	54,871,876	43,636,286	52,136,627	37,015,202	36,144,791	-
Total Liabilities	<u>448,274,899</u>	<u>(190,188,412)</u>	<u>122,037,158</u>	<u>83,178,302</u>	<u>115,181,461</u>	<u>157,539,983</u>	<u>87,098,604</u>	<u>63,674,217</u>	<u>9,753,586</u>
NET ASSETS (DEFICIT)									
Without Donor Restrictions	(48,437,260)	33,292,302	(48,437,260)	(19,727,669)	(74,540,565)	54,256,603	(9,366,999)	(388,796)	16,475,124
With Donor Restrictions	17,877,588	(13,353,292)	17,877,588	2,240,736	713,807	1,756,517	3,538,028	530,954	4,573,250
Total Net Assets (Deficit)	<u>(30,559,672)</u>	<u>19,939,010</u>	<u>(30,559,672)</u>	<u>(17,486,933)</u>	<u>(73,826,758)</u>	<u>56,013,120</u>	<u>(5,828,971)</u>	<u>142,158</u>	<u>21,048,374</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 417,715,227</u>	<u>\$ (170,249,402)</u>	<u>\$ 91,477,486</u>	<u>\$ 65,691,369</u>	<u>\$ 41,354,703</u>	<u>\$ 213,553,103</u>	<u>\$ 81,269,633</u>	<u>\$ 63,816,375</u>	<u>\$ 30,801,960</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED DECEMBER 31, 2023

	Consolidated	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	Lynchburg Baptist Retirement Community, LLC	Virginia Baptist Homes Foundation, Incorporated
REVENUES, GAINS, AND OTHER SUPPORT									
Residential Services	\$ 86,723,272	\$ -	\$ -	\$ 10,955,885	\$ 21,570,710	\$ 30,368,354	\$ 15,758,054	\$ 8,070,269	\$ -
Health Care Services	25,343,972	-	-	6,829,614	5,885,989	8,628,890	4,002,713	(3,234)	-
Continuing Care At Home Services	1,218,761	-	-	-	-	1,218,761	-	-	-
Net Assets Released from Restrictions									
Used for Operations	752,770	-	-	203,233	149,894	321,583	57,312	20,748	-
Gifts and Donations	1,541,229	-	-	243,741	153,516	106,443	79,801	-	957,728
Investment Income	2,485,136	-	1,192,929	86,284	58,014	284,411	437,467	42,736	383,295
Other	4,390,323	(7,570,983)	7,651,867	411,297	1,127,734	1,628,759	442,596	219,311	479,742
Total Revenue, Gains, and Other Support	122,455,463	(7,570,983)	8,844,796	18,730,054	28,945,857	42,557,201	20,777,943	8,349,830	1,820,765
EXPENSES									
Salaries, Wages and Professional Fees	60,800,176	-	4,964,061	10,342,673	13,893,078	17,247,308	9,852,833	3,876,317	623,906
Provisions for Depreciation and Amortization	18,005,719	-	158,389	1,813,953	4,206,109	7,410,340	3,413,565	1,000,033	3,330
Interest	10,565,332	-	230,904	2,181,557	2,099,320	2,657,671	2,386,350	1,009,530	-
Other	31,850,491	(7,570,983)	2,216,624	5,384,808	10,061,916	12,399,618	6,353,631	2,686,198	318,679
Total Operating Expenses	121,221,718	(7,570,983)	7,569,978	19,722,991	30,260,423	39,714,937	22,006,379	8,572,078	945,915
Operating Income (Loss)	1,233,745	-	1,274,818	(992,937)	(1,314,566)	2,842,264	(1,228,436)	(222,248)	874,850
NONOPERATING INCOME (LOSS)									
Change in Unrealized Gains on Investments	7,108,952	-	2,341,716	-	250,091	1,825,134	1,793,427	-	898,584
Loss on Investment in Joint Venture	(516,923)	-	(516,923)	-	-	-	-	-	-
Total Nonoperating Income	6,592,029	-	1,824,793	-	250,091	1,825,134	1,793,427	-	898,584
EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	7,825,774	-	3,099,611	(992,937)	(1,064,475)	4,667,398	564,991	(222,248)	1,773,434

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Consolidated	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	Lynchburg Baptist Retirement Community, LLC	Virginia Baptist Homes Foundation, Incorporated
NET ASSETS WITHOUT DONOR RESTRICTIONS									
Excess (Deficit) of Revenues, Gains and Other Support Over (Under) Expenses	\$ 7,825,774	\$ -	\$ 3,099,611	\$ (992,937)	\$ (1,064,475)	\$ 4,667,398	\$ 564,991	\$ (222,248)	\$ 1,773,434
Increase in Beneficial Interest in Net Assets of Affiliates	-	(9,131,673)	\$ 9,131,673	-	-	-	-	-	-
Transfer to (from) Affiliate	-	-	(4,405,510)	-	-	-	-	-	4,405,510
Increase (Decrease) in Net Assets without Donor Restrictions	7,825,774	(9,131,673)	7,825,774	(992,937)	(1,064,475)	4,667,398	564,991	(222,248)	6,178,944
NET ASSETS WITH DONOR RESTRICTIONS									
Gifts, Grants and Bequests	472,714	-	-	1,815	6,308	15,129	417,809	1,105	30,548
Change in Value of Annuity Obligations	260,806	-	-	-	-	-	-	-	260,806
Change in Present Value of Perpetual Trusts	(132,449)	-	491,262	21,564	19,657	(876,312)	211,380	-	-
Decrease in Beneficial Interest in Net Assets of Affiliates	-	642,961	(642,961)	-	-	-	-	-	-
Net Assets Released from Restrictions	(752,770)	-	-	(203,233)	(149,894)	(321,583)	(57,312)	(20,748)	-
Increase (Decrease) in Donor Restricted Net Assets	(151,699)	642,961	(151,699)	(179,854)	(123,929)	(1,182,766)	571,877	(19,643)	291,354
INCREASE (DECREASE) IN NET ASSETS	7,674,075	(8,488,712)	7,674,075	(1,172,791)	(1,188,404)	3,484,632	1,136,868	(241,891)	6,470,298
Net Assets (Deficit) - Beginning of Year	(38,233,747)	28,427,722	(38,233,747)	(16,314,142)	(72,638,354)	52,528,488	(6,965,839)	384,049	14,578,076
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (30,559,672)</u>	<u>\$ 19,939,010</u>	<u>\$ (30,559,672)</u>	<u>\$ (17,486,933)</u>	<u>\$ (73,826,758)</u>	<u>\$ 56,013,120</u>	<u>\$ (5,828,971)</u>	<u>\$ 142,158</u>	<u>\$ 21,048,374</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING BALANCE SHEET OF OBLIGATED GROUP
DECEMBER 31, 2023

	Combined	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	Lynchburg Baptist Retirement Community, LLC
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 37,507,537	\$ -	\$ 20,490,469	\$ (86,304)	\$ (131,399)	\$ 432,060	\$ 17,296,846	\$ (494,135)
Assets Whose Use is Limited	4,895,773	-	517,911	1,248,071	-	2,006,799	1,024,251	98,741
Accounts Receivable	8,989,379	-	-	2,687,282	2,476,144	2,300,597	1,450,036	75,320
Allowance for Credit Losses	(1,333,138)	-	-	(484,287)	(367,788)	(261,435)	(218,438)	(1,190)
Accounts Receivable, Net	7,656,241	-	-	2,202,995	2,108,356	2,039,162	1,231,598	74,130
Notes Receivable	2,984,446	-	-	243,000	1,027,495	953,251	333,500	427,200
Prepaid Expenses	1,448,917	-	1,200,593	44,644	50,810	61,651	23,673	67,546
Due from Affiliates	(11,200,616)	(181,108,805)	54,383,336	7,317,469	1,616,157	75,001,602	7,147,349	24,442,276
Deposits and Other	1,254,211	-	1,253,494	717	-	-	-	-
Total Current Assets	44,546,509	(181,108,805)	77,845,803	10,970,592	4,671,419	80,494,525	27,057,217	24,615,758
INVESTMENTS	61,795,381	-	22,096,352	31,250	2,511,562	18,770,931	18,385,286	-
BENEFICIAL INTEREST IN PERPETUAL TRUST	8,628,817	-	4,219,350	301,941	598,166	486,675	3,022,685	-
ASSETS WHOSE USE IS LIMITED								
Under Bond Indenture Agreement	14,273,352	-	5,862,583	306,804	-	6,554,376	1,379,449	170,140
Less: Amounts Available for Current Liabilities	(4,895,773)	-	(517,911)	(1,248,071)	-	(2,006,799)	(1,024,251)	(98,741)
Total Assets Whose Use is Limited	9,377,579	-	5,344,672	(941,267)	-	4,547,577	355,198	71,399
PROPERTY, PLANT AND EQUIPMENT, NET	270,990,756	-	1,461,863	55,328,853	33,573,556	109,253,395	32,243,871	39,129,218
LOAN RECEIVABLE	325,000	-	325,000	-	-	-	-	-
BENEFICIAL INTEREST IN NET ASSETS OF AFFILIATES								
	-	40,987,384	(40,987,384)	-	-	-	-	-
OTHER ASSETS	328,832	-	123,456	-	-	-	205,376	-
Total Assets	\$ 395,992,874	\$ (140,121,421)	\$ 70,429,112	\$ 65,691,369	\$ 41,354,703	\$ 213,553,103	\$ 81,269,633	\$ 63,816,375

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING BALANCE SHEET OF OBLIGATED GROUP (CONTINUED)
DECEMBER 31, 2023

	Combined	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	Lynchburg Baptist Retirement Community, LLC
LIABILITIES AND NET ASSETS (DEFICIT)								
CURRENT LIABILITIES								
Accounts Payable	\$ 8,820,879	\$ -	\$ 786,216	\$ 276,332	\$ 1,508,828	\$ 2,568,870	\$ 1,398,682	\$ 2,281,951
Accrued Salaries and Wages	3,022,764	-	3,022,764	-	-	-	-	-
Accrued Interest Payable	1,819,528	-	297,518	178,103	-	220,915	1,024,251	98,741
Deposits from Prospective Residents	883,400	-	-	49,600	141,100	389,700	209,000	94,000
Due to Affiliates	-	(181,108,805)	109,815,635	12,520,395	24,275,428	24,709,479	7,276,135	2,511,733
Current Portion of Operating Lease Payable	347,486	-	149,170	-	36,639	92,309	26,570	42,798
Current Portion of Long-Term Debt	12,725,000	-	220,393	1,069,968	2,216,556	1,653,189	995,630	6,569,264
Advance Fee Refund Liability	10,863,027	-	-	257,217	1,732,989	1,868,584	1,768,487	5,235,750
Total Current Liabilities	<u>38,482,084</u>	<u>(181,108,805)</u>	<u>114,291,696</u>	<u>14,351,615</u>	<u>29,911,540</u>	<u>31,503,046</u>	<u>12,698,755</u>	<u>16,834,237</u>
ADVANCE FEE REFUND LIABILITY, LESS CURRENT PORTION	58,385,419	-	-	-	19,731,524	12,639,885	17,775,376	8,238,634
DEFERRED REVENUE FROM ADVANCE FEES	118,762,061	-	-	13,954,811	21,827,455	61,019,976	19,586,304	2,373,515
OPERATING LEASE PAYABLE, LESS CURRENT PORTION	770,860	-	349,748	-	74,656	240,449	22,967	83,040
LONG-TERM DEBT, NET	<u>231,200,496</u>	<u>-</u>	<u>7,395,714</u>	<u>54,871,876</u>	<u>43,636,286</u>	<u>52,136,627</u>	<u>37,015,202</u>	<u>36,144,791</u>
Total Liabilities	447,600,920	(181,108,805)	122,037,158	83,178,302	115,181,461	157,539,983	87,098,604	63,674,217
NET ASSETS (DEFICIT)								
Without Donor Restrictions	(64,912,384)	49,767,426	(64,912,384)	(19,727,669)	(74,540,565)	54,256,603	(9,366,999)	(388,796)
With Donor Restrictions	13,304,338	(8,780,042)	13,304,338	2,240,736	713,807	1,756,517	3,538,028	530,954
Total Net Assets (Deficit)	<u>(51,608,046)</u>	<u>40,987,384</u>	<u>(51,608,046)</u>	<u>(17,486,933)</u>	<u>(73,826,758)</u>	<u>56,013,120</u>	<u>(5,828,971)</u>	<u>142,158</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 395,992,874</u>	<u>\$ (140,121,421)</u>	<u>\$ 70,429,112</u>	<u>\$ 65,691,369</u>	<u>\$ 41,354,703</u>	<u>\$ 213,553,103</u>	<u>\$ 81,269,633</u>	<u>\$ 63,816,375</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) OF OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2023

	Combined	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	Lynchburg Baptist Retirement Community, LLC
REVENUES, GAINS, AND OTHER SUPPORT								
Residential Services	\$ 86,723,272	\$ -	\$ -	\$ 10,955,885	\$ 21,570,710	\$ 30,368,354	\$ 15,758,054	\$ 8,070,269
Health Care Services	25,343,972	-	-	6,829,614	5,885,989	8,628,890	4,002,713	(3,234)
Continuing Care At Home Services	1,218,761	-	-	-	-	1,218,761	-	-
Net Assets Released from Restrictions								
Used for Operations	752,770	-	-	203,233	149,894	321,583	57,312	20,748
Gifts and Donations	583,501	-	-	243,741	153,516	106,443	79,801	-
Investment Income	2,101,841	-	1,192,929	86,284	58,014	284,411	437,467	42,736
Other	3,910,581	(7,570,983)	7,651,867	411,297	1,127,734	1,628,759	442,596	219,311
Total Revenue, Gains, and Other Support	<u>120,634,698</u>	<u>(7,570,983)</u>	<u>8,844,796</u>	<u>18,730,054</u>	<u>28,945,857</u>	<u>42,557,201</u>	<u>20,777,943</u>	<u>8,349,830</u>
EXPENSES								
Salaries, Wages and Professional Fees	60,176,270	-	4,964,061	10,342,673	13,893,078	17,247,308	9,852,833	3,876,317
Provisions for Depreciation and Amortization	18,002,389	-	158,389	1,813,953	4,206,109	7,410,340	3,413,565	1,000,033
Interest	10,565,332	-	230,904	2,181,557	2,099,320	2,657,671	2,386,350	1,009,530
Other	31,531,812	(7,570,983)	2,216,624	5,384,808	10,061,916	12,399,618	6,353,631	2,686,198
Total Expenses	<u>120,275,803</u>	<u>(7,570,983)</u>	<u>7,569,978</u>	<u>19,722,991</u>	<u>30,260,423</u>	<u>39,714,937</u>	<u>22,006,379</u>	<u>8,572,078</u>
OPERATING INCOME (LOSS)	358,895	-	1,274,818	(992,937)	(1,314,566)	2,842,264	(1,228,436)	(222,248)
NONOPERATING INCOME (LOSS)								
Change in Unrealized Gains on Investments	6,210,368	-	2,341,716	-	250,091	1,825,134	1,793,427	-
Loss on Investment in Joint Venture	(516,923)	-	(516,923)	-	-	-	-	-
Total Nonoperating Income	<u>5,693,445</u>	<u>-</u>	<u>1,824,793</u>	<u>-</u>	<u>250,091</u>	<u>1,825,134</u>	<u>1,793,427</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES, GAINS AND OTHER SUPPORT OVER (UNDER) EXPENSES	6,052,340	-	3,099,611	(992,937)	(1,064,475)	4,667,398	564,991	(222,248)

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) OF OBLIGATED GROUP (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Combined	Eliminations	Virginia Baptist Homes, Incorporated	Culpeper Baptist Retirement Community, Incorporated	Newport News Baptist Retirement Community, Incorporated	Lakewood Manor Baptist Retirement Community, Incorporated	The Glebe, Incorporated	Lynchburg Baptist Retirement Community, LLC
NET ASSETS WITHOUT DONOR RESTRICTIONS								
Excess (Deficit) of Revenues, Gains, and Other Support Over (Under) Expenses	\$ 6,052,340	\$ -	\$ 3,099,611	\$ (992,937)	\$ (1,064,475)	\$ 4,667,398	\$ 564,991	\$ (222,248)
Increase in Beneficial Interest in Net Assets of Affiliates	-	(2,952,729)	2,952,729	-	-	-	-	-
Transfer to (from) Affiliate	(4,405,510)	-	(4,405,510)	-	-	-	-	-
Increase (Decrease) in Net Assets without Donor Restrictions	1,646,830	(2,952,729)	1,646,830	(992,937)	(1,064,475)	4,667,398	564,991	(222,248)
NET ASSETS WITH DONOR RESTRICTIONS								
Gifts, Grants, and Bequests	442,166	-	-	1,815	6,308	15,129	417,809	1,105
Change in Present Value of Perpetual Trusts	(132,449)	-	491,262	21,564	19,657	(876,312)	211,380	-
Decrease in Beneficial Interest in Net Assets of Affiliates	-	934,315	(934,315)	-	-	-	-	-
Net Assets Released from Restrictions	(752,770)	-	-	(203,233)	(149,894)	(321,583)	(57,312)	(20,748)
Increase (Decrease) in Donor Restricted Net Assets	(443,053)	934,315	(443,053)	(179,854)	(123,929)	(1,182,766)	571,877	(19,643)
INCREASE (DECREASE) IN NET ASSETS	1,203,777	(2,018,414)	1,203,777	(1,172,791)	(1,188,404)	3,484,632	1,136,868	(241,891)
Net Assets (Deficit) at Beginning of Year	(52,811,823)	43,005,798	(52,811,823)	(16,314,142)	(72,638,354)	52,528,488	(6,965,839)	384,049
NET ASSETS (DEFICIT) AT END OF YEAR	\$ (51,608,046)	\$ 40,987,384	\$ (51,608,046)	\$ (17,486,933)	\$ (73,826,758)	\$ 56,013,120	\$ (5,828,971)	\$ 142,158

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	Obligated Group	Nonobligated Group	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ 1,203,777	\$ 6,470,298	\$ 7,674,075
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Amortization of Deferred Revenue from Advance Fees	(21,335,980)	-	(21,335,980)
Proceeds from Advance Fees and Deposits	31,168,917	-	31,168,917
Amortization of Intangible Assets	49,290	-	49,290
Amortization of Deferred Financing Costs	206,463	-	206,463
Amortization of Bond Discount	39,571	-	39,571
Amortization of Bond Premium	(682,027)	-	(682,027)
Loss on Joint Venture	516,923	-	516,923
Loss on Sale of Property, Plant, and Equipment	24,800	-	24,800
Provision for Credit Loss	811,946	-	811,946
Provision for Depreciation	17,953,099	3,330	17,956,429
Increase in Annuity Obligations	-	180,820	180,820
Proceeds from Contributions Restricted for Long-Term Investment	(442,166)	(30,548)	(472,714)
Net Realized and Unrealized Gains on Long-Term Investments	(5,744,663)	(878,762)	(6,623,425)
Change in Present Value of Trust Funds	132,449	-	132,449
Decrease (Increase) in Operating Assets:			
Accounts Receivable	(4,421,509)	-	(4,421,509)
Prepaid Expenses	(25,090)	(51,110)	(76,200)
Notes Receivable	(533,414)	-	(533,414)
Other Current Assets	6,112,224	(5,495,197)	617,027
Loan Receivable	(325,000)	-	(325,000)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	(746,683)	962	(745,721)
Deferred Revenue	(698,678)	-	(698,678)
Refundable Advance - CARES Act	(295,593)	-	(295,593)
Accrued Salaries and Wages	(335,963)	-	(335,963)
Deposits from Prospective Residents	(294,100)	-	(294,100)
Net Cash Provided by Operating Activities	22,338,593	199,793	22,538,386

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Obligated Group	Nonobligated Group	Total
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant, and Equipment	\$ (21,589,150)	\$ -	\$ (21,589,150)
Purchases of Investments	(12,708,424)	(2,096,057)	(14,804,481)
Sales of Investments	10,884,937	1,767,182	12,652,119
Net Cash Used by Investing Activities	<u>(23,412,637)</u>	<u>(328,875)</u>	<u>(23,741,512)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Contributions Restricted for Long-Term Investment	442,166	30,548	472,714
Refunds of Advance Fees and Deposits	(9,215,562)	-	(9,215,562)
Proceeds from Refundable Advance Fees	10,540,436	-	10,540,436
Payments on Long-Term Debt	<u>(7,713,000)</u>	<u>-</u>	<u>(7,713,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>(5,945,960)</u>	<u>30,548</u>	<u>(5,915,412)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH			
	(7,020,004)	(98,534)	(7,118,538)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>51,268,523</u>	<u>331,748</u>	<u>51,600,271</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR			
	<u>\$ 44,248,519</u>	<u>\$ 233,214</u>	<u>\$ 44,481,733</u>
Cash and Cash Equivalents	\$ 37,507,537	\$ 233,214	37,740,751
Restricted Cash included in Assets Limited as to Use	6,740,982	-	6,740,982
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 44,248,519</u>	<u>\$ 233,214</u>	<u>\$ 44,481,733</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Property and Equipment Additions in Accounts Payable	<u>\$ 3,649,268</u>	<u>\$ -</u>	<u>\$ 3,649,268</u>
Right of Use Assets Obtained through Operating Leases Payable	<u>\$ 13,593</u>	<u>\$ -</u>	<u>\$ 13,593</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING BALANCE SHEET OF LAKEWOOD MANOR
DECEMBER 31, 2023

ASSETS	<u>Combined</u>	<u>Eliminations</u>	<u>Lakewood Manor Baptist Retirement Community, Incorporated</u>	<u>Lakewood at Home</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 432,060	\$ -	\$ 504,382	\$ (72,322)
Assets Whose Use is Limited	2,006,799	-	2,006,799	-
Accounts Receivable	2,300,597	-	2,295,834	4,763
Allowance for Credit Losses	(261,435)	-	(258,542)	(2,893)
Accounts Receivable, Net	<u>2,039,162</u>	<u>-</u>	<u>2,037,292</u>	<u>1,870</u>
Notes Receivable	953,251	-	892,700	60,551
Prepaid Expenses	61,651	-	54,741	6,910
Due from Affiliates	<u>75,001,602</u>	<u>(170,419)</u>	<u>73,112,884</u>	<u>2,059,137</u>
Total Current Assets	80,494,525	(170,419)	78,608,798	2,056,146
INVESTMENTS	18,770,931	-	16,785,639	1,985,292
BENEFICIAL INTEREST IN PERPETUAL TRUST	486,675	-	486,675	-
ASSETS WHOSE USE IS LIMITED				
Under Bond Indenture Agreement	6,554,376	-	6,554,376	-
Less: Amounts Available for Current Liabilities	<u>(2,006,799)</u>	<u>-</u>	<u>(2,006,799)</u>	<u>-</u>
Total Assets Whose Use is Limited	4,547,577	-	4,547,577	-
PROPERTY, PLANT, AND EQUIPMENT, NET	<u>109,253,395</u>	<u>-</u>	<u>109,021,044</u>	<u>232,351</u>
Total Assets	<u>\$ 213,553,103</u>	<u>\$ (170,419)</u>	<u>\$ 209,449,733</u>	<u>\$ 4,273,789</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING BALANCE SHEET OF LAKEWOOD MANOR (CONTINUED)
DECEMBER 31, 2023

LIABILITIES AND NET ASSETS (DEFICIT)	<u>Combined</u>	<u>Eliminations</u>	<u>Lakewood Manor Baptist Retirement Community, Incorporated</u>	<u>Lakewood at Home</u>
CURRENT LIABILITIES				
Accounts Payable	\$ 2,568,870	\$ -	\$ 2,565,392	\$ 3,478
Accrued Interest Payable	220,915	-	220,915	-
Deposits from Prospective Residents	389,700	-	389,700	-
Due to Affiliates	24,709,479	(170,419)	24,538,199	341,699
Current Portion of Operating Lease Payable	92,309	-	32,158	60,151
Current Portion of Long-Term Debt	1,653,189	-	1,653,189	-
Advance Fee Refund Liability	1,868,584	-	1,761,254	107,330
Total Current Liabilities	<u>31,503,046</u>	<u>(170,419)</u>	<u>31,160,807</u>	<u>512,658</u>
ADVANCE FEE REFUND LIABILITY, LESS CURRENT PORTION	12,639,885	-	8,605,152	4,034,733
DEFERRED REVENUE FROM ADVANCE FEES	61,019,976	-	61,019,976	-
OPERATING LEASE PAYABLE, LESS CURRENT PORTION	240,449	-	101,473	138,976
LONG-TERM DEBT, NET	52,136,627	-	52,136,627	-
Total Liabilities	<u>157,539,983</u>	<u>(170,419)</u>	<u>153,024,035</u>	<u>4,686,367</u>
NET ASSETS (DEFICIT)				
Without Donor Restrictions	54,256,603	-	54,669,181	(412,578)
With Donor Restrictions	1,756,517	-	1,756,517	-
Total Net Assets (Deficit)	<u>56,013,120</u>	<u>-</u>	<u>56,425,698</u>	<u>(412,578)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 213,553,103</u>	<u>\$ (170,419)</u>	<u>\$ 209,449,733</u>	<u>\$ 4,273,789</u>

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
OF LAKEWOOD MANOR
YEAR ENDED DECEMBER 31, 2023

	Combined	Eliminations	Lakewood Manor Baptist Retirement Community, Incorporated	Lakewood at Home
REVENUES, GAINS, AND OTHER SUPPORT				
Residential Services	\$ 30,368,354	\$ -	\$ 30,368,354	\$ -
Health Care Services	8,628,890	-	8,628,890	-
Continuing Care At Home Services	1,218,761	-	-	1,218,761
Net Assets Released from Restrictions				
Used for Operations	321,583	-	321,583	-
Gifts and Donations	106,443	-	106,443	-
Investment Income	284,411	-	215,279	69,132
Other	1,628,759	-	1,628,759	-
Total Revenue, Gains, and Other Support	<u>42,557,201</u>	<u>-</u>	<u>41,269,308</u>	<u>1,287,893</u>
EXPENSES				
Salaries, Wages and Professional Fees	17,247,308	-	16,740,336	506,972
Provisions for Depreciation and Amortization	7,410,340	-	7,403,017	7,323
Interest	2,657,671	-	2,657,546	125
Other	12,399,618	-	11,997,814	401,804
Total Operating Expenses	<u>39,714,937</u>	<u>-</u>	<u>38,798,713</u>	<u>916,224</u>
Operating Income	2,842,264	-	2,470,595	371,669
NONOPERATING INCOME				
Change in Unrealized Gains on Investments	1,825,134	-	1,666,364	158,770
Total Nonoperating Income	<u>1,825,134</u>	<u>-</u>	<u>1,666,364</u>	<u>158,770</u>
EXCESS OF REVENUES, GAINS AND OTHER SUPPORT OVER EXPENSES				
	4,667,398	-	4,136,959	530,439

VIRGINIA BAPTIST HOMES, INCORPORATED
DBA: LIFESPIRE OF VIRGINIA AND SUBSIDIARIES
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
OF LAKEWOOD MANOR (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	<u>Combined</u>	<u>Eliminations</u>	<u>Lakewood Manor Baptist Retirement Community, Incorporated</u>	<u>Lakewood at Home</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Excess of Revenues, Gains and Other Support Over Expenses	\$ 4,667,398	\$ -	\$ 4,136,959	\$ 530,439
Increase in Net Assets without Donor Restrictions	4,667,398	-	4,136,959	530,439
NET ASSETS WITH DONOR RESTRICTIONS				
Gifts, Grants and Bequests	15,129	-	15,129	-
Change in Present Value of Perpetual Trusts	(876,312)	-	(876,312)	-
Net Assets Released from Restrictions	<u>(321,583)</u>	<u>-</u>	<u>(321,583)</u>	<u>-</u>
Decrease in Donor Restricted Net Assets	<u>(1,182,766)</u>	<u>-</u>	<u>(1,182,766)</u>	<u>-</u>
INCREASE IN NET ASSETS	3,484,632	-	2,954,193	530,439
Net Assets (Deficit) - Beginning of Year	<u>52,528,488</u>	<u>-</u>	<u>53,471,505</u>	<u>(943,017)</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 56,013,120</u>	<u>\$ -</u>	<u>\$ 56,425,698</u>	<u>\$ (412,578)</u>



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