

# CONTINUING Care Provider Registration Annual Submission



## Kendal at Lexington

Submitted by

**Lexington Retirement Community, Inc.**

160 Kendal Drive

Lexington, VA 24450

April 30, 2024

# Kendal at Lexington

## CONTINUING CARE PROVIDER REGISTRATION STATEMENT

### Table of Contents

Disclosure Statement .....	1
.....	
Required Information.....	3-28
.....	
List of Attachments.....	29

Disclosure Statement

For

**Lexington Retirement Community, Inc.**

**d/b/a Kendal at Lexington**

April 30, 2024

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

*Indented italicized paragraphs in this document are quotations of questions required by the State Corporation Commission.*

**Required Information**

**Continuing Care Provider**

*Give the name and business address of the provider and a statement of whether the provider is a partnership, foundation, association, corporation or other type of business or legal entity. Such statement shall also set forth the jurisdiction in which the provider is organized if applicable.*

*If the provider is composed of multiple legal entities, give the required information for all such entities and provide a specific description of their relationship to each other.*

Provider: Lexington Retirement Community, Inc., d/b/a Kendal at Lexington  
160 Kendal Drive  
Lexington, VA 24450

Lexington Retirement Community, Inc. (hereafter LRC) (d/b/a Kendal at Lexington) is a 501(c)(3) not-for-profit corporation organized in the Commonwealth of Virginia.

LRC is a single legal entity. LRC is an affiliate of The Kendal Corporation, a Delaware non-profit corporation that develops and supports services and accommodations for older people. The Kendal Corporation has no ownership of LRC, but The Kendal Corporation has eight specific reserve powers regarding LRC. Specifically, LRC shall seek and must obtain the approval of The Kendal Corporation with respect to the following:

- X Changes in corporate purpose;
- X Incurring of indebtedness of specified value;
- X The use of the name "Kendal";
- X The substance of resident contracts;
- X The purchase, sale, lease or other disposition of any real estate or improvements thereon of a specific value;
- X Dissolution, merger with another entity, division, or acquiring control of another entity;
- X The election of members of the Board of Directors of the LRC; and
- X Amendments to the Articles of Incorporation or specific sections of the Bylaws of Kendal at Lexington.

The Kendal Corporation shall have the right to review Kendal at Lexington's operations, strategic and other plans, and financial projections and performance. If, in the judgment of The Kendal Corporation, Kendal at Lexington is not in accord with the Values and Practices and affiliation agreement of Kendal affiliates as established from time to time by The Kendal Corporation, to the extent not prohibited by the laws of Virginia, The Kendal Corporation may request, and require if necessary, the affiliate to take appropriate action to address the situation.

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

*Give the names and business addresses of the officers, directors, trustees, managing or general partners, and any person having a ten percent or greater equity or beneficial interest in the provider, and a description of such person's interest in or occupation with the provider. In the case of a non-stock corporation also provide the information for members of the non-stock corporation.*

No individual has any equity interest in the provider. There are no members of the corporation. Therefore, all the following information applies to the officers and directors of LRC. The names and addresses of the officers and directors of Lexington Retirement Community, Inc., are:

**Chair:**

Pamela Luecke, Retired  
Professor  
16 Sixty West  
Lexington, VA 24450

**Treasurer:**

Bennett Ross, Attorney  
1196 Thornhill Road  
Lexington, VA 24450

Natasha Walsh, Executive Director  
ConnectionsPlus Healthcare + Hospice  
950 Turkey Hill Road  
Lexington, VA 24450

David Grizzle  
Aerospace Consultant  
140 Bells Ridge Trail  
Lexington, VA 24450

**Vice-Chair:** Linda Wilder, Human  
Resources Consultant  
725 Possum Hollow  
Lexington, VA 24450

**Secretary:**

Karen Russell, Retired  
Investment Advisor  
160 Kendal Drive, #1009  
Lexington, VA 24450

Randolph Hare, Retired  
Director of University Facilities  
5 Grover Drive  
Lexington, VA 24450

Drewry Sackett  
Executive Director of Communication  
7 Houston Street  
Lexington, VA 24450

James Adams,  
Retired Professor  
160 Kendal Drive, #T-14  
Lexington, VA 24450

Priscilla Baker, Retired  
Registered Nurse  
224 N. Lewis Street  
Lexington, VA 24450

Christopher Russell, Attorney  
2474 Laurel Avenue  
Buena Vista, VA 24416

Bruce Summers, Retired  
Economist  
320 Sunrise Ridge Circle  
Lexington, VA 24450

Elizabeth Branner, Assistant Dean  
947 Thornhill Road  
Lexington, VA 24450

Felicia DiPronio Bush  
Chief Financial Officer  
5 Hamric Street  
Lexington, VA 24450

Jan E. Bigelow  
Chief Executive Officer  
120 Lilly Bell Drive  
Lexington, VA 24450

Mark Keeley, Director IT Projects  
417 Honeysuckle Hill  
Lexington, VA 24450

Lexington Retirement Community, Inc. has entered into an agreement with The Kendal Corporation to provide services and support. The agreement calls for Kendal at Lexington to pay The Kendal Corporation a system fee calculated using a formula for a Life Plan Community based on percentages for each expense tier using a rolling three-year average of expenses, excluding the Kendal System fee itself: the two most recent audited years available and the budgeted expenses for the year the fee is being calculated. Expenses up to \$10 million are assessed a fee of 3.05%; expenses between \$10 million and less than \$25 million are assessed a fee of 2.75%; expenses between \$25 million and \$45 million are assessed a fee of 2.55%; and expenses greater than \$45 million are assessed a fee of .75%

*1. All forms of direct or indirect ownership of a provider, including ownership through another legal entity;*

Lexington Retirement Community, Inc. is not owned in whole or in part, directly or indirectly by any other entity.

2. *Ownership or control of any voting class of securities issued by the provider; and*

Lexington Retirement Community, Inc. has not issued any voting class securities.

3. *Any contract, including a lease or management contract, with a provider where the amount of consideration under the contract is tied to the financial performance of the provider.*

None.

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

*For (i) the provider, (ii) any person named in the previous section or (iii) the proposed management, if the facility will be managed on a day-to-day basis by a person other than an individual directly employed by the provider:*

*a. Give a description of any specific business experience in the operation or management of similar facilities.*

**The Provider (i)**

LRC as the provider is affiliated with The Kendal Corporation that has been developing and supporting not-for-profit retirement communities and other services for older people since 1971.

Prior to the work of developing Kendal at Lexington, LRC did not have any specific experience in the management or operation of retirement communities. Kendal at Lexington has been in operation since July 2000. Most members of the Board of Directors have served for several years and during that time have gained considerable experience with the issues attendant to operating a CCRC.

All the staff members at Kendal at Lexington are employed by LRC. The Chief Executive Officer serves at the mutual satisfaction of the LRC and the President of The Kendal Corporation. The LRC is the provider at Kendal at Lexington.

## Named Persons (ii)

The Kendal Corporation, per se, does not own or operate any of the Kendal affiliates. At present, Kendal affiliates are operating services in Pennsylvania, Ohio, New Hampshire, Maryland, Virginia, Massachusetts, and New York, and California. The Kendal Corporation has extensive experience in all aspects of the development process, including providing the essential systems and guidance to begin successful operations of a new retirement community. These systems include human resources, finance, health services, information services, marketing, and governance.

### Kendal Affiliates

Affiliate	Facility/Community	Location
Kendal at Hanover	Kendal at Hanover: continuing care retirement community, 1991	Hanover, NH
Kendal at Oberlin	Kendal at Oberlin: continuing care retirement community, 1993	Oberlin, OH
Kendal at Home	Kendal at Home: life care services at home, 2003	Westlake, OH
Kendal at Ithaca	Kendal at Ithaca: continuing care retirement community, 1995	Ithaca, NY
Barclay Friends Corporation	Barclay Friends: continuing care retirement community, 1994	West Chester, PA
Lexington Retirement Community, Inc.	Kendal at Lexington: continuing care retirement community, 2000	Lexington, VA
Kendal on Hudson	Kendal on Hudson: life care community, 2005	Sleepy Hollow, NY



Affiliate	Facility/Community	Location
The Lathrop Communities	The Lathrop Communities: continuing care retirement communities, 2004	Easthampton and Northampton, MA
Collington Episcopal Life Care Community	Collington: continuing care retirement community, 2011	Mitchellville, MD
Enso Village	Opening fall 2023; continuing care retirement community	Healdsburg, VA

**Management (iii)**

Kendal at Lexington is managed on a day-to-day basis by Lexington Retirement Community, Inc.

*b. Give the name and address of any professional service, firm, association, foundation, trust, partnership or corporation or any other business or legal entity in which such person has, or which has in such person, a ten percent or greater direct or indirect interest and which it is presently intended will or may provide goods, leases or services to the provider of a value of \$500 or more, within any year, including:*

*(1) A description of the goods, leases or services and the probable or anticipated cost thereof to the provider;*

*(2) The process by which the contract was awarded;*

*(3) Any additional offers that were received; and*

*(4) Any additional information requested by the Commission detailing how and why a contract was awarded.*

### **The Provider (i)**

No service, firm, association, foundation, trust, partnership or corporation or any other business has a ten percent or greater direct or indirect interest in LRC or Kendal at Lexington. LRC does not have any such direct or indirect interest in any service, firm, association, foundation, trust, partnership or corporation or any other business. All contracts awarded are based on the best combination of price and quality provided to LRC. LRC will provide any additional information requested by the Commission detailing how and why a contract was awarded.

### **Named Persons (ii)**

No director or officer of LRC and no service, firm, association, foundation, trust, partnership or corporation has a ten percent or greater direct or indirect interest in LRC or Kendal at Lexington. No officer or director of LRC has a ten percent or greater direct or indirect interest in any entity that will provide goods, leases or services valued at \$500 or more per year.

### **Management (iii)**

The provider will manage Kendal at Lexington.

*c. Give a description of any matter in which such person:*

*(1) Has been convicted of a felony or pleaded nolo contendere to a criminal charge, or been held liable or enjoined in a civil action by final judgment, if the crime or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property or moral turpitude; or*

*(2) Is subject to an injunctive or restrictive order of a court of record, or within the past five years had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under this chapter or similar laws in another state; or*

*(3) Is currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.*

**The Provider (i)**

- 1) Neither LRC nor any member of the Board of Directors has been convicted of a felony or pleaded nolo contendere to a criminal charge or been held liable or enjoined in a civil action by final judgment, if the crime or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property or moral turpitude.
- 2) Neither LRC nor any member of the Board of Directors is subject to an injunctive or restrictive order of a court of record, or within the past five years had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under this chapter or similar laws in another state.
- 3) Neither LRC nor any member of the Board of Directors is currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

**Named Persons (ii)**

N/A

**Management (iii)**

The provider will manage Kendal at Lexington on a day-to-day basis. (See above.)

## **Ownership of Real Property**

*Give full and detailed information regarding direct and indirect ownership of the property on which the facility is or will be operated and of the buildings in which it is or will be operated.*

The real property, including all the land on which the community is operated and the existing and planned buildings, is wholly and directly owned by the LRC. The property was donated to LRC in 1997. The land and existing buildings are pledged as collateral as security for tax-exempt bonds issued by the City of Lexington Industrial Development Authority.

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

*Give the location and description of the real property of the facility, existing or proposed, and to the extent proposed, the estimated completion date or dates of improvements, whether or not construction has begun and the contingencies under which construction may be deferred.*

The location of the property is between Ross and Enfield Roads in Lexington, Virginia. Part of the land is in the City of Lexington, and part is in Rockbridge County. The parcel consists of approximately 83 acres, of which approximately 27 acres are within the city limits. The Rockbridge County parcel is fully described at Tax Map #74-A-35, 36, 36. The City of Lexington parcel is fully described at Tax Map #21-1-1. The street address is 160 Kendal Drive.

On December 31, 2023, Kendal at Lexington consists of 150 independent living residences, 19 Assisted Living apartments, a licensed nursing facility and a community center. The 150 independent living residences are provided in two apartment buildings (55 apartments), nine cottage clusters (29 cottages), eight duplexes (16 cottages) and 50 single cottages. Assisted Living consists of 19 private apartments, and one couples apartment. Nursing care consists of 20 companion suites and 20 private rooms.

Size	Apartment	Cottage
Studio	4	0
1 bedroom	5	3
1 bedroom with den	14	11
2 bedroom	17	42
2 bedroom with den	11	18
Large 2 bedroom with den	4	21
Assisted Living	20	0

In addition, a large historic farmhouse has been renovated to supplement the community spaces.

The community center includes offices, social areas, library, fitness center, beauty/barber shop, kitchen, dining rooms, storage, and a health office. The buildings and residences have been designed to promote accessibility and ease-of-use for residents. Aesthetically, the buildings have been designed to be consistent with the architectural style of Lexington, keying off the existing house on the property.

Occupancy of the community center, assisted living center, and residential accommodations began in July 2000. All of the initial construction was completed by December 2004. Construction of the nursing facility was completed in September of 2002. The renovation of the farmhouse was completed in 2006. The Phase II expansion consisting of 35 cottages, a 14-apartment addition to the south apartment building, a fitness center and an expansion and renovation to the dining room and commons building was completed in Spring 2009.

The Phase III expansion and renovation project, completed in 2021, consisted of 30 new independent living cottages, and expansions and renovations to the existing dining room, Borden Health Center, and Webster Assisted Living Center. A new emergency road was added to the community as well as a new maintenance facility.

## **Affiliation with Religious, Charitable or Other Nonprofit organizations; Tax Status of Provider**

Give a statement as to:

*a. Whether the provider is or ever has been affiliated with a religious, charitable or other nonprofit organization, the nature of any such affiliation, and the extent to which the affiliate organization is or will be responsible for the financial and contractual obligation of the provider.*

LRC is not affiliated with any religious organization. It is affiliated with The Kendal Corporation, a Delaware not-for-profit IRS 501(c)(3) tax-exempt organization. As described previously, and more fully in the bylaws of LRC, The Kendal Corporation provides development, marketing, and operational guidance to LRC and has a defined set of eight reserve powers. LRC has one member who is a member of the board of directors of The Kendal Corporation. The Kendal Corporation is not responsible for the financial and contractual obligations of the provider.

The Kendal Corporation is a Delaware not-for-profit tax-exempt organization.

*b. Any provision of the Federal Internal Revenue Code under which the provider is exempt from the payment of income tax.*

LRC has been found to be a tax-exempt organization under the provisions of section 501(c)(3) of the IRS code. The Kendal Corporation is also tax-exempt under the provisions of section 501(c)(3) of the IRS code.

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

*Describe the services provided or proposed to be provided under continuing care contracts, including the extent to which medical care is furnished or is available pursuant to any arrangement. The disclosure statement shall clearly state which services are included in basic continuing care contracts and which services are made available by the provider at extra charge.*

Kendal at Lexington offers two types of continuing care contracts, one for extensive coverage of continuing care and one for modified coverage of continuing care. Residents

who choose the Residence and Care Agreement for modified coverage will choose a Nursing Care Benefit Period of either sixty (60) days or three (3) year modified per diem.

Under the Residence and Care Agreement for Modified Continuing Care Coverage the following services are included:

- 1) Occupancy of a specific residential unit, with standard floor coverings, window treatments and appliances (stove, refrigerator, disposal, washer and dryer).
- 2) Dining points meal program.
- 3) Unlimited lifetime use of Assisted Living, consistent with Virginia regulations and Kendal at Lexington's ability to meet the care needs of residents. Assisted living residents will pay an additional charge for the two additional meals per day,
- 4) Sixty (60) days or after three (3) years per resident, of nursing care in the licensed nursing facility, depending on the Nursing Care Benefit Period chosen. Nursing facility residents will pay an additional charge for the two additional meals per day.
- 5) Participation in resident wellness, health education and assessment programs as provided by Kendal at Lexington's clinic nurse.
- 6) Routine housekeeping once every two weeks and heavy house cleaning twice a year.
- 7) Scheduled local transportation.
- 8) Electricity, water, sewer, natural gas, basic cable, and internet service.
- 9) Real estate taxes.
- 10) Open parking.
- 11) Use of all community spaces and grounds.
- 12) Repair, maintenance and replacement of Kendal-owned property.

Under the Residence and Care Agreement for Extensive Continuing Care the following services are included:

- 1) All of the above.
- 2) Unlimited lifetime use of the licensed nursing facility. Nursing facility residents will pay an additional charge for the two additional meals per day.

The following services are provided under both of the Residence and Care Agreements at an additional charge(s) according to a periodically published fee schedule.

- 1) Additional meals.
- 2) Weekly housekeeping.
- 3) Provision of weekly flat linens, including changing beds.
- 4) Unscheduled transportation.
- 5) Telephone and premium cable television.
- 6) Covered reserved parking.
- 7) Primary care provided by the facility's clinic nurse.
- 8) Upgrade options to residence features or appliances.
- 9) Out of area medical transportation.

### **Fees Required of Residents**

*Give a description of all fees required of residents, including any entrance fee and periodic charges. The description shall include (i) a description of all proposed uses of any funds or property required to be transferred to the provider or any other person prior to resident's occupancy of the facility and of any entrance fee, (ii) a description of provisions for the escrowing and return of any such funds, assets or entrance fee, the manner and conditions of return and to whom earnings on escrowed funds are payable as discussed in Code Section 38.2-4904.1 and (iii) a description of the manner by which the provider may adjust periodic charges or other recurring fees and any limitations on such adjustments. If the facility is already in operation, or if the provider operates one or more similar facilities within this Commonwealth, there shall be included tables showing the frequency and average dollar amount of each increase in periodic rates at each facility for the previous five years or such shorter period that the facility has been operated by the provider.*

The Residence and Care Agreement sets out in detail the fees required of residents both upon admission to Kendal at Lexington and adjustments that might be occasioned by changes in a resident's situation, and the reader should refer to those sections for complete information. Specifically, provisions regarding refunds are found in Sections 11.G. and 11.H. Provisions regarding fees charged in the case of transfer to another unit are found in Section 10. Provisions regarding fees in the event of admission of a second occupant are found in paragraph 5.C. Provisions regarding medical and surgical insurances are found in section 9.G.



Kendal at Lexington residents will pay an entry fee and a monthly fee. The entry fee is determined by the number of days of nursing care coverage, the size of residence, and the refund option chosen by the resident. Kendal at Lexington offers three refund options: a 2% declining balance, a 50% refund and a 90% refund.

Within three days of signing a reservation agreement, residents will pay a 10% deposit. The remainder of the entry fee is due and payable prior to occupying the residence. Residents will pay a monthly fee that covers the occupancy of the residence and the basic services provided under the Residence and Care Agreement.

During the annual budgeting process, the volume and cost of providing the services enumerated in the Residence and Care Agreement is forecast. Rates (and increases or decreases) are calculated to provide sufficient revenue to meet those obligations. The budget and all fee schedules require approval by the LRC board of directors. Residents will receive thirty (30) days written notice of any fee increases.

The entry fees on page 19 include a declining balance refund. The refund declines at 2% per month for each month that the resident resides at Kendal. After 50 months, there would be no refund.

**Independent Living and Assisted Living Fee Schedule**  
**Contract for Extensive Coverage of Continuing Care with Unlimited Nursing Care**  
**Benefit Period – Table**

**Lifecare**

	Entry Fee		Monthly Fee	
	Single	Double	Single	Double
<b>Apartments:</b>				
Studio (A)	185,000	-	3,905	-
One Bedroom (B)	278,000	391,600	4,272	6,211
One Bedroom/Den (C)	332,400	446,000	4,660	6,599
Two Bedroom (D&E)	430,300	543,900	5,009	6,948
Two Bedroom/Den (F)	478,100	591,700	5,286	7,225
One Bedroom/Den (G)	380,400	494,000	4,893	6,832
One Bedroom/Den (H)	436,000	549,600	4,983	6,922
Two Bedroom (I)	478,100	591,700	5,265	7,204
Two Bedroom/Den (J)	563,500	677,100	5,629	7,568
Two Bedroom/Den Deluxe(K)	642,500	756,100	5,909	7,848
<b>Cottages:</b>				
One Bedroom (L)	289,200	402,800	4,272	6,211
One Bedroom/Den (M)	356,100	469,700	4,660	6,599
Two Bedroom (N)	452,000	565,600	5,009	6,948
Two Bedroom/Den (O)	510,800	624,400	5,286	7,225
Two Bedroom/Den (P)	540,100	653,700	5,471	7,410
Two Bedroom/Den (Q)	548,700	662,300	5,471	7,410
Two Bedroom/Den (R)	595,400	709,000	5,654	7,593
One Bedroom/Den (S)	488,500	602,100	5,265	7,204
Two Bedroom (T)	570,000	683,600	5,629	7,568
Two Bedroom/Den (U)	734,000	847,600	5,909	7,848
Two Bedroom (S3)	525,000	638,600	5,472	7,411
Two Bedroom (TX3)	570,000	683,600	5,629	7,568
Two Bedroom/Den (U3)	662,800	776,400	5,909	7,848

**Reduced Fees for 60-Day and 3-Year Per Diem Modified Options**

	Entry Fee	Monthly Fee
60-Day Nursing Care	-22,500 per person	-221 per person
3-Year Nursing Care Per Diem	-12,000 per person	-0-

## Independent Living and Assisted Living Fee Schedule

### Additional Refund Options

Table 2

#### Extensive Option

Kendal offers two guaranteed refund options: 50% and 90%

	50% Refund		90% Refund	
	Single	Double	Single	Double
<b>Apartments:</b>				
Studio (A)	240,500	-	338,550	-
One Bedroom (B)	361,400	509,080	508,740	716,628
One Bedroom/Den (C)	432,120	579,800	608,292	816,180
Two Bedroom (D&E)	559,390	707,070	787,449	995,337
Two Bedroom/Den (F)	621,530	769,210	874,923	1,082,811
One Bedroom/Den (G)	494,520	642,200	696,132	904,020
One Bedroom/Den (H)	566,800	714,480	797,880	1,005,768
Two Bedroom (I)	621,530	769,210	874,923	1,082,811
Two Bedroom/Den (J)	732,550	880,230	1,031,205	1,239,093
Two Bedroom/Den Deluxe (K)	835,250	982,930	1,175,775	1,383,663
<b>Cottages:</b>				
One Bedroom (L)	375,960	523,640	529,236	737,124
One Bedroom/Den (M)	462,930	610,610	651,663	859,551
Two Bedroom (N)	587,600	735,280	827,160	1,035,048
Two Bedroom/Den (O)	664,040	811,720	934,764	1,142,652
Two Bedroom/Den (P)	702,130	849,810	988,383	1,196,271
Two Bedroom/Den (Q)	713,310	860,990	1,004,121	1,212,009
Two Bedroom/Den (R)	774,020	921,700	1,089,582	1,297,470
One Bedroom/Den (S)	635,050	782,730	893,955	1,101,843
Two Bedroom (T)	741,000	888,680	1,043,100	1,250,988
Two Bedroom/Den (U)	954,200	1,101,880	1,343,220	1,551,108
Two Bedroom (S3)	682,500	830,180	960,750	1,168,638
Two Bedroom (TX3)	741,000	888,680	1,043,100	1,250,988
Two Bedroom/Den (U3)	861,640	1,009,320	1,212,924	1,420,812

**Reduced Fees for 60-Day and 3-Year Per Diem Modified Health Care Options**

	<b>50% Refund</b>	<b>90% Refund</b>
60-Day Nursing Care	-29,250 per person	-41,175 per person
3-year Nursing Care Per Diem	-15,600 per person	-21,960 per person

\*Persons over 85 are ineligible for these refund options.

\*There is no additional monthly fee when choosing the 50% or the 90% guaranteed refund.

**Per Diem Rates  
For Non-Contract Residents**

Table 3

Assisted Living-basic level	228/day
Skilled Nursing Care-companion suite	322/day

- i) No entry fee funds will be used by the community prior to occupancy. As described in the Residence and Care Agreement, all deposits are fully refundable prior to occupancy less 2% of the total entry fee for the reserved residence unless due to health or finances. All entry fees must be paid in funds; no property will be accepted in lieu of funds.
- ii) LRC has an established escrow account with Truist Bank. All escrowed deposits remain the property of the depositor and are not the property of LRC until the resident enters the community. A copy of the escrow agreement is provided to every depositor and is on file with the State Corporation Commission.
- iii) The entry fees for Kendal at Lexington are subject to periodic adjustment as necessary. When a resident signs a Residence and Care Agreement, the entry fee for that resident is fixed by contract. Subsequent increases only apply to future residents. Entry fees are always stated in current year dollars. Priority waitlist members are notified of fee increases. Fees are also available on the Kendal at Lexington website and by request.

The monthly fees for Kendal at Lexington are subject to periodic adjustment to ensure sufficient funds to provide the services guaranteed by the Residence and Care Agreement. Increases in the monthly fee will usually occur annually. Current

and prospective residents are given thirty (30) days written advance notice of fee increases.

The table shows the frequency of fee increases at Kendal at Lexington from January 1, 2018. The last fee increase went into effect January 1, 2023. Neither LRC nor The Kendal Corporation operates any other facilities in the Commonwealth of Virginia.

**History of Fee Increases**

	2024	2023	2022	2021	2020	2019
Frequency in fee increases	Jan. 1	Jan. 1	Jan. 1	Jan. 1	Jan. 1	Jan. 1
Monthly Fees	4.75%	6.0%	4.0%	2.75%	2.5%	2.0%
Assisted Living Per Diem	4.75%	6.0%	4.0%	3.0%	6.0%	3.0%

Frequency in fee increases	Jan. 1	Jan. 1	Jan. 1	Jan. 1	Jan. 1	Jan. 1
Entry Fees	5.0%	4.0%	3-4.0%	2.5%	2.5%	2.0%

**Reserve Funding**

*Describe any provisions that have been made or will be made to provide reserve funding or security to enable the provider to fully perform its obligations under continuing care contracts, including the establishment of escrow accounts, trusts or reserve funds, together with the manner in which such funds will be invested and the names and experience of persons who will make the investment decisions. The disclosure statement shall clearly state whether or not reserve funds are maintained.*

*This description shall include a specific explanation of how the value of any such reserve funding was established and, if available, it shall include the opinion of a qualified actuary.*

In October 2016, Lexington Retirement Community, Inc., with the Industrial Development Authority of the City of Lexington, Virginia, issued \$28,210,000 of Tax-Exempt Residential Care Facility Refunding Revenue Bonds.

In December 2017, Lexington Retirement Community, Inc., with the Industrial Development Authority of the City of Lexington, Virginia, issued the 2017 Series A and B Bonds. The 2017 Series A consists of \$20,380,000 of Tax-Exempt Residential Care Facility Revenue bonds while the 2017 Series B consists of a principal amount up to \$13,000,000. The Series 2017B debt was paid in full in May 2021.

On October 5, 2022, the Industrial Development Authority of the City of Lexington, Virginia issued \$18,910,000 of tax-exempt Residential Care Facility Revenue Bonds Series 2022. The proceeds of the bonds, together with other available funds, were used to refund a portion of the outstanding principal of the Authority's Residential Care Facility Revenue Bonds, Series 2017A, pay all or a portion of the costs of issuance, and fund a debt service reserve fund.

Kendal at Lexington has a debt service reserve fund for the Series 2016, Series 2017A, and Series 2022 Bonds. It is held by the bond trustee (US Bank Corporate Trust Services) and is equal to the maximum annual debt service of \$2,900,044. It is currently invested in short-term government obligations.

All entry fees and waitlist deposits for cottages and apartments are held in an interest-bearing savings account.

Under the Master Trust Indenture, LRC is required to maintain a long-term debt service coverage ratio, calculated at the end of each fiscal year, of at least 1.20 and no less than 120 days' cash on hand. If the long-term debt service coverage ratio is less than 1.20 but greater than 1.00, and LRC has at least 300 days' cash on hand as of the last day of the fiscal year, then no action is required, and the covenants are deemed to have been met. However, if the long-term debt coverage ratio is less than 1.20 and greater than 1.00 for two consecutive years, LRC shall retain a management consultant, within 30 days following the calculation at the end of the second consecutive year, to make recommendations to increase the long-term debt service coverage ratio for the following year.

In the event that long-term debt service coverage ratio, calculated at the end of any fiscal year, is less than 1.20 but greater than 1.00 and LRC has less than 300 days' cash on hand, or the long-term debt service coverage ratio calculated at the end of the fiscal year is less

than 1.00, LRC shall retain a management consultant, within 30 days following the calculation at the end of the year, to make recommendations to increase the long-term debt service coverage ratio to at least 1.20 for the following year.

## **Certified Financial Statements**

*Give certified financial statements of the provider, including (i) a balance sheet as of the end of the two most recent fiscal years and (ii) income statements of the provider for the two most recent fiscal years or such shorter period that the provider has been in existence. Such statements shall conform to generally accepted accounting principles and shall be certified by an independent, certified public accountant. The opinion of the independent, certified public accountant shall be included in this section.*

Certified financial statements are included as Attachment 2



## **Pro Forma Income Statement**

*Give a pro forma income statement for the current fiscal year. This statement shall conform to generally accepted accounting principles and shall include a specific description of the major assumptions used in developing the pro forma statement.*

Forecasted Statement of Revenues and Expenses	<b>Budget FY 2024</b>
Operating Revenues	
Entry fee amortization	4,100,000
Monthly service fees	10,387,541
Other Income	386,299
Investment Income	800,000
Health Center fees	5,272,865
Total Operating Revenues	<u>20,946,705</u>
Operating Expenses	
General & administrative	3,105,849
Housekeeping & laundry	694,110
Plant operations	1,561,132
Food service	2,621,641
Health services	4,401,502
Depreciation	3,705,000
Staff Benefits	1,567,330
Utilities	786,900
Real Estate Taxes	293,000
Interest	1,533,873
Management fee	588,410
Total Operating Expenses	<u>20,858,747</u>
Excess of Operating Revenue over Operating Expenses	<u>87,958</u>

### Major Assumptions:

Monthly service fees and Health Center fees are based on a projected occupancy of 95.0%, 90.0% and 60.0% for residential living, assisted living, and skilled nursing, respectively. Lower occupancy is budgeted for 2024 for the skilled nursing facility to reflect the closed neighborhood and temporary closure of 12 nursing home beds due to staffing challenges.

Salary and related costs represent the wages and related payroll taxes for the planned staffing level with budgeted increases of a minimum of 4.0% for all staff.

### **Admission of New Residents**

*Give a description of the provider's criteria for admission of new residents.*

To be eligible for admission to independent living residences at Kendal at Lexington, prospective residents must be capable of living safely in a residential setting and must be able to demonstrate the availability of financial assets and income sufficient to support their residency at Kendal at Lexington. To be covered by the full Residence and Care Agreement, individual residents must be age 65 or older. In the case of a couple, at least one of the residents must be age 65 or older; Kendal at Lexington reserves unilateral discretion as to whether to extend the full coverage of the Residence and Care Agreement to an applicant who is younger than age 65.

Each prospective resident submits a two-part health assessment form that includes a health history and a physician assessment of the prospective resident's ability to live safely in a residential setting. If the resident's physician's assessment is more than ninety days old, it will be necessary to have the assessment updated prior to occupancy.

Each prospective resident submits a financial statement that quantifies the resident's assets and income. Kendal staff assesses the resident's resources and compares them with the projected expenses of occupancy. During the admissions process, Kendal staff review the adequacy of resources with the prospective resident.

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

*Give a description of the provider's policies regarding access to the facility and its services for nonresidents.*

Kendal at Lexington is designed primarily for the use of residents who enter into a Residence and Care Agreement with the provider. Because the residents of retirement communities have generally been actively involved in community life, it is common for community areas to be available on a scheduled basis for use by community groups. Non-residents who need care that can be provided in the health centers may be eligible for admission on a per diem basis.

Kendal at Lexington has a Residents Association that is empowered to set and modify many of the policies that govern life in the retirement community. The Residents Association has established that residents are welcome to reserve and use common space for events related to their involvement in outside organizations.

Overnight lodging accommodations are available for resident and staff guests at Sunnyside, the historic renovated farmhouse, for a fee. In addition, civic and professional organizations may rent rooms for meetings or events. Guests of Kendal residents and staff may purchase guest meals in the dining room.

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

*Give a description of the procedure by which a resident may file a complaint or disclose any concern.*

Residents and staff, working together in good spirit, generally will be able to resolve issues successfully and easily. Should there be an instance in which a problem is not resolved satisfactorily, residents are invited to ask assistance from the appropriate supervisor, department director, or area administrator, in that order. Residents may invite the participation of the Area Agency on Aging ombudsman, the name and address of which are on file in the office of the Chief Executive Officer (CEO). The Residents Association can also serve as an avenue for the discussion and resolution of issues. Should a satisfactory resolution still not be achieved, the matter may be referred to the Kendal at Lexington's Chief Executive Officer. In deciding the issue, the CEO will review our policies and procedures with the resident and any representative the resident chooses to include. Residents may present any information concerning the issue. The CEO will consult with appropriate staff or seek other input as necessary and after considering all the information presented shall make a decision.

Residents may request the Board of Directors to review the matter after the CEO's decision. The Board, or its designees, will review all relevant information, including any presented by the resident and decide whether to direct the CEO to reconsider the issue. The Board's recommendation will be final.

## **List of Attachments**

- 1 - Residence and Care Agreements
- 2 - Certified Financial Statements
- 3 - Priority List Agreement
- 4 - Residence Reservation Agreement
- 5 – Narrative of material differences and comparison of prior year actual and prior year pro forma statement of revenue and expenses
- 6 – Resident’s Financial Statement
- 7 – Summary of Financial Information
- 8 – Ancillary fees sheets
  - Independent Living
  - Assisted Living
  - Skilled Nursing

**Attachment 1 - Residence and Care Agreements**

A. For Modified Coverage of Continuing Care

B. For Extensive Coverage of Continuing Care

C. Addendum to Residence Care Agreement – Upgrades to Apartments/Cottage

# **Residence and Care Agreement**

**For Modified Coverage of Continuing Care**

**Kendal at Lexington**  
160 Kendal Drive  
Lexington, VA 24450  
(540) 463-1910

This Residence and Care Agreement was accepted by the Virginia State Corporation Commission which has registered Kendal at Lexington as a continuing care retirement community, effective June 29, 1998. Interested parties should also refer to the Disclosure Statement and the Priority Reservation Agreement.



**Kendal at Lexington**  
**Residence and Care Agreement**

**Notice of Right to Rescind**

Please reference the Residence Reservation Agreement.

# Kendal at Lexington

## Residence and Care Agreement

THIS AGREEMENT is made between \_\_\_\_\_, referred to as "Resident" , "you" and "your" and Lexington Retirement Community, Inc., doing business as Kendal at Lexington, hereafter referred to as "Community," "we," "us," and "our," which owns and operates Kendal at Lexington, in the city of Lexington and Rockbridge County, Virginia.

Lexington Retirement Community, Inc. (LRC) is a not for profit Virginia corporation governed by a Board of Directors. No other organization has any financial responsibility for the Community.

Lexington Retirement Community, Inc. is affiliated with The Kendal Corporation, a Pennsylvania not-for-profit corporation, through provisions in the Bylaws. Refer to the Kendal at Lexington Disclosure Statement for a full description of the relationship. Lexington Retirement Community, Inc., and The Kendal Corporation reserve the right to modify the relationship at any time, subject to necessary approvals by the Virginia State Corporation Commission.

Lexington Retirement Community, Inc. and you agree as follows:

You must select a Refund Plan and a Nursing Care Benefit Period in Section 5.

### **1. Admission**

With the mutual execution of this Agreement, you are granted admission to Kendal at Lexington in accordance with the provisions of this Agreement, regardless of any change in your state of health between the date of this Agreement and the Occupancy Date.

To be eligible for admission to independent living residences at Kendal at Lexington, prospective residents must be capable of living safely in a residential setting and must be able to demonstrate the availability of financial assets and income sufficient to support their residency at Kendal at Lexington. To be covered by the full Residence and Care Agreement, individual residents must be age 65 or older. In the case of a double occupancy, at least one of the residents must be age 65 or older; Kendal at Lexington reserves unilateral discretion as to

whether to extend the full coverage of the Residence and Care Agreement to a resident who is younger than age 65.

### **A. Prospective Residents Under Age 65**

If you are younger than the age of 65 on the Occupancy Date, we may at our sole discretion admit you on one of the following two bases. The basis for admission will be mutually established at the time of admission.

#### **1) Full Residency**

We will admit you as a full resident of the community if you meet all criteria for admissions except for age. You will pay the full Entry and Monthly Fee for your residence. You shall enroll or maintain medical and surgical insurance that is at least equivalent to that referred to in Section 9.H.

#### **2) Limited Residency Without Pre-Paid Health Care**

If you are under the age of sixty-five (65) on your Occupancy Date, are one of two people signing this Agreement with the other person being sixty-five (65) or older, and if you meet all the criteria for admissions except age, we will admit you for occupancy to include the services specified in this Agreement, except for all the services described in Section 9. By signing this agreement for limited residency, you and the other Resident will pay the double occupancy Monthly Fee for your residency. The person over age sixty-five (65) will pay the single occupancy Entry Fee.

#### **3) Conversion From Limited to Full Residency**

Upon your reaching the age of sixty-five (65), you may convert your occupancy to full residency status under a separate written agreement, contingent on your paying the difference between the single occupancy Entry Fee and the double occupancy Entry Fee in effect upon your sixty-fifth (65th) birthday for the accommodation you then occupy.

## **2. Occupancy Date**

The Occupancy Date for all purposes under this Agreement shall be \_\_\_\_\_.  
Monthly fees will begin on the occupancy date.

## **3. Services Provided**

From and after the Occupancy Date, we will furnish you the living accommodation identified in Section 4, and the facilities, services, and health care to the extent specified in this agreement and pursuant to your residency classification, and you will become liable for payment of the

Monthly Fee. These services will be provided, unless and until a termination event occurs pursuant to Section 11 of this Agreement. We will provide you with at least sixty (60) days' notice in advance of changes in the scope of care or services except for changes required by State or Federal assistance programs. We reserve the right to modify the scope of services provided.

#### 4. Accommodation

The living accommodation you will occupy, subject to the provisions of this Agreement, is unit number \_\_\_\_\_ which is a \_\_\_\_\_, including the options selected from the Upgrades to Apartments/Cottages Addendum.

#### 5. Entry Fee

The Entry Fee is due to us prior to or on the Occupancy Date. The amount of your Entry Fee is \$ \_\_\_\_\_ for the First Occupant; \$ \_\_\_\_\_ for the Second Occupant; \$ \_\_\_\_\_ for the enclosed patio/balcony; \$ \_\_\_\_\_ for the unfinished/walkout basement; totaling \$ \_\_\_\_\_ ("Total Entry Fee"). The Entry Fee Deposits plus other deposits (including priority list deposit) you have paid for which you receive a full credit (excluding any administrative fees) against the Total Entry Fee, total \$ \_\_\_\_\_. The balance of the Entry Fee is \$ \_\_\_\_\_.

The computations of the above amounts are:

Total entry fee	_____
Less sum of all deposits	_____
Amount due on signing Agreement	_____
Amount of entry fee due on or before occupancy date	_____

You have selected a (check one) \_\_\_\_ 2% Declining Entry Fee/ \_\_\_\_ 50% Refundable Entry Fee/ \_\_\_\_ 90% Refundable Entry Fee. You have also selected a (check one) \_\_\_\_ 60 day Nursing Care Benefit Period/ \_\_\_\_ 3-Year Nursing Care Per Diem Period.

**A. Amount**

You pay the Entry Fee as a condition of entrance according to the Refund Plan and Nursing Care Benefit Period selected, the type of living accommodation selected, and whether it is single or joint occupancy. If the Entry Fee has been paid on behalf of two persons, the Second Occupant Fee shall be deemed to be paid on behalf of the individual who first withdraws or dies. The balance of the Entry Fee is then attributed to the remaining party and refunds will be calculated accordingly.

**B. Additions to the Entry Fee**

If you elect to transfer to a larger accommodation, you may be required to pay an additional entry fee amount consisting of the difference between the entry fee for the original unit and the larger unit. An additional entry fee may also be required upon the entry of a co-occupant or other person not already a resident to share the accommodation with you pursuant to Section 5.C below.

**C. Admission of a Second Occupant who is not a Resident**

If you wish to live with a person who is not a resident, this person may apply for admission as a Resident. If accepted for residency by us, your co-occupant will pay one half of the then current double occupancy Entry Fee for the accommodation you occupy, or the lowest single occupancy Entry Fee charged by us, whichever is less. On and after your co-occupant’s Occupancy Date, you and your co-occupant will pay the double occupancy Monthly Fee for the accommodation you occupy.

If your co-occupant is not accepted as a Resident or does not apply for admission, we may grant your co-occupant the right to occupy your accommodation with you for the duration of your residency and a right to the services specified in this agreement, except for the services described in Section 9. You and your co-occupant will pay the double occupancy Monthly Fee for the accommodation you occupy, but no additional Entry Fee.

**6. Monthly Fee**

From and after the Occupancy Date, Resident will pay us a Monthly Fee each month. The Monthly Fee for your accommodation will be \$\_\_\_\_\_ as of your Occupancy Date.

We will adjust the Monthly Fee from time to time on the basis of our experience or to reflect changes in the cost of achieving our purposes. We will give you at least thirty (30) days’ written notice of monthly fee adjustments. We will endeavor to maintain the Monthly Fee at the lowest feasible figure, which in the judgment of the Board of Directors of Lexington Retirement

Community, Inc., is consistent with sound financial operation and the maintenance of the quality of service we have undertaken to provide.

### **A. General**

We bill the Monthly Fee in advance and it is payable in advance by you. We do not bill lump sum amounts or more than one month at a time. The Monthly Fee is based on the size of the living accommodation and the number of persons occupying the accommodation. If you transfer to a smaller residential living accommodation, except in the Health Center, the Monthly Fee is reduced to that for the smaller living accommodation.

If you are permanently transferred to the Health Center your Monthly Fee is the same as it would be if you had remained in your most recently occupied living accommodation, plus the charge for the two additional meals a day. In a double occupancy with residents at least 65 years old, if one of two persons signing this Agreement remains in the residential living accommodation while the other permanently moves to the Health Center, then you continue to pay the double occupancy Monthly Fee for the independent living accommodation plus the charge for the two additional meals a day. If two persons at least 65 years of age sign this Agreement, the Monthly Fee will be reduced to the single occupancy rate if one of the two dies or withdraws from the Community. However, if the surviving resident does not have a Residence and Care Agreement, that resident no longer qualifies for residency at the Community, thereby terminating the Agreement. The surviving resident will be required to vacate the premises within 30 days.

If you live permanently in our Nursing Facility and your care is qualified for and paid by Medicare, you will not be responsible to pay your usual monthly fee during any such periods. When you no longer qualify for Medicare benefits, you will resume paying your usual monthly fee.

### **B. Monthly Statement**

We shall present you a detailed monthly statement including: (a) the Monthly Fee for the following month; (b) charges exceeding the monthly allocations of dining points; (c) additional services rendered during the preceding month or not previously paid; and (d) any other amounts due us.

### **C. Payment of Monthly Charges**

The Monthly Fee is due in advance, and it and all other charges appearing on the monthly statement shall be paid to us on or before the first day of the calendar month following the date of the statement. If you fail to make the payment within thirty (30) days after receiving the

statement, we may give you written notice that you must make such payment within fifteen (15) days after receiving such notice, and if you fail to comply with such notice, we may terminate this Agreement.

## **D. Inability to Pay**

### **1) Our Policy**

Without in any way qualifying our right to terminate this Agreement, if the sole reason for nonpayment of your financial obligations to us is insufficient funds, for reasons beyond your control, we will review the matter with you. If you present us with facts which, in our opinion, justify special financial consideration, at our sole discretion we may partly or wholly subsidize your Monthly Fee provided that such subsidy can be granted or continued without impairing our ability to attain our objectives while operating on a sound financial basis. All determinations we make concerning the granting or continuing of special financial consideration shall be final and binding on you, and any such determination shall be regarded as a confidential transaction between us, except for reports required to be made to financial institutions lending monies to us or to regulatory or other governmental bodies.

### **2) Your Responsibility**

It shall be a condition of receiving a subsidy that you shall represent that you have not made any gift or other transfer of money or personal property in contemplation of the execution of this Agreement, or subsequently, which would impair your ability or your estate's ability to satisfy the financial obligations under this Agreement. If your income is found to be inadequate to meet your responsibilities to us and to pay personal and incidental expenses, you will make every effort to obtain assistance from available resources and, if you can qualify, to take the necessary steps to obtain County, State or Federal aid or assistance. If your Entry Fee or Monthly Fee is subsidized wholly or partly by us you may not make a gift of your property without our written consent. If your Monthly Fee or Entry Fee is subsidized wholly or partly by us, from time to time at our request, you will supply us with financial statements and copies of your tax returns.

### **3) Recovery of Community Subsidy**

When you die or withdraw, if your Entry Fee or Monthly Fee has been subsidized wholly or partly by us, your estate, if any, shall be liable to us for the full amount of the subsidy for the entire time of residency. This subsection shall apply whether or not you are in residence at Kendal at Lexington at the time of death.

## **7. Facilities Provided by Us**

### **A. Living Accommodation**

You have the right to occupy and use the living accommodation assigned subject to provisions

for changes in accommodations as provided below. We will furnish floor covering, basic window treatments, washer and dryer, stove, garbage disposal, microwave, dishwasher and refrigerator in the living accommodation. You shall provide all other furnishings.

Modifications to any living accommodation, other than those we undertake, will require the approval of the Executive Director. If approved, the modifications will be at your expense and will thereafter become our property. Approval of such modifications may be conditioned upon your payment to us of a sum sufficient to later restore the living accommodation to its condition before the modifications. The firm or individual retained to make such changes, and the plans for the changes, are subject to the approval of the Executive Director. All modifications will be performed in a workman-like manner, with all necessary approvals. We have the right to stop any work if it interferes with the normal operation of the community.

### **B. Community Facilities**

You may use the dining rooms, lobbies, living room, library, social and recreational facilities (indoor and outdoor), and other common facilities provided by us. These areas of the Kendal at Lexington facilities will be available to all Community residents without regard to race, color, religion, sex, familial status, national origin or handicap.

### **C. Health Center**

We will provide the facilities necessary for the medical care and services (other than hospital care) specified in this Agreement in accord with residency classification. In this Agreement, the term "Health Center" includes the Assisted Living Facility and our Nursing Facility.

### **D. Laundry Facilities**

Washers and dryers for personal laundry are provided in most residences. A community laundry room is available in the Assisted Living Facility.

### **E. Parking**

We will provide and maintain open parking areas. A limited number of covered parking areas will be available to Residents for an additional charge.

## **8. General Services We Will Provide**

### **A. Food and Meals**

#### **1) Meals Offered**

Dining Service is available for three meals a day in our dining areas. You will be able to select your meals from nutritionally, well-balanced menus. At any time you move from an apartment or cottage to the Health Center, your monthly fee will cover one meal per day. The additional two meals per day will be billed to you at the then current published rates.



## **2) Dining Points Meal Program**

A monthly allocation of dining points will be provided for your use in our dining venues. The allocation will be provided at the beginning of each new month, and you will be allowed to carry over only one month's allocation. Dining points are neither refundable nor transferable.

During temporary stays in the Health Center, if you are receiving care covered by Medicare, you will retain your current dining points. The allocation of dining points will cease with your permanent move/transfer to the Health Center.

## **3) Tray Service**

When ordered by the Resident's medical provider, tray service at the then current published fee will be provided while in the Assisted Living Facility and in your residence during minor short-term illness. Tray service if needed by a resident in the Nursing Facility will be provided at no extra charge.

## **4) Other Service**

Meals comprising substitute or alternative diets will be provided when ordered by the Resident's medical provider.

## **5) Meal Charges**

A statement of dining charges will be provided monthly. Charges exceeding the monthly allocation (minus any carryover) will be added to your bill, according to the then current established rates. We reserve the right to change these rates from time to time. We will notify you in writing of changes in rates no less than thirty (30) days in advance of their effective date.

## **6) Carry Over of Dining Points**

Unused dining points, not to exceed one month's allocation amount, may be carried over from month to month.

## **B. Housekeeping Services**

You will maintain your living accommodation in a clean, sanitary, and orderly condition. We will furnish routine housecleaning service every other week. Twice a year we will provide seasonal heavy housecleaning. At your option and expense according to a published fee schedule, we will provide more frequent housecleaning. You may arrange for more frequent heavy housecleaning at your expense. At your option and expense according to a published fee schedule, we will provide and launder standard sized linens and towels. If you do not maintain your accommodation in a proper manner, we have the right, after notice to you, to maintain the accommodation and to charge the cost of such maintenance to you.

### **C. Maintenance and Repair Service**

We will perform and provide repairs, maintenance, and replacement of property and equipment we own. Repairs, maintenance, and replacement of your personal property will be your responsibility. Redecoration of any living accommodation, in addition to or other than that scheduled by us, will require the approval of the Executive Director and will be at your expense. Any change or replacement by you of the property or equipment we provide in the living accommodation gives title thereto to us unless we agree otherwise in writing.

### **D. Groundskeeping**

We will furnish basic groundskeeping care, including lawn service and snow removal. With our approval, you may elect to plant and then maintain a specific area adjacent to your living accommodation per established community guidelines.

### **E. Utilities**

We will furnish water, electricity, heat and air conditioning, connections to a common television signal distribution point with basic cable, internet service, sewage disposal and garbage and trash removal from collection points. Installation and maintenance of private telephone service and a computer network service is your responsibility.

### **F. Local Transportation**

We will provide limited, scheduled local transportation for residents wherever the resident resides in the community. Out of town transportation may be provided at an additional fee if Kendal vehicles and staff are available. Staff members are not permitted to transport residents in their personal vehicles or in a resident's vehicle.

### **G. Taxes**

We will pay all real estate taxes assessed to Kendal at Lexington. You will be responsible for your own personal property taxes.

## **9. Health Services**

### **A. General**

When recommended by our Resident Care Committee, we will furnish, or cause to be furnished, temporary or permanent assisted living services in our Assisted Living Facility or nursing care in our Nursing Facility, or if space is not available in our Health Center, in another facility until such space is available. Such services include assistance with activities of daily living or general nursing care, special diets and health services which regulations allow us to provide. The cost of such services, subject to the limitations set forth in Sections 9.B to 9.G will be paid by us. Your monthly fee will be adjusted in accordance with Section 6 of this agreement.

## **B. Skilled Nursing Care**

When prescribed by your physician and approved by us, and when appropriate care cannot be provided in our Assisted Living Facility, over your lifetime we will provide care in Our Nursing Facility for the 60 days or after a 3 –Year Per Diem Period (whichever you chose at signing of agreement), hereafter referred to as your “Nursing Care Benefit Period”. During the 3-Year Nursing Care Per Diem Period, the Resident(s) pays the per diem rate for 1095 days in Skilled Nursing Long Term Care. Following the 3-year per diem period, monthly fees resume.

Such days of nursing care are non-transferable, non-renewable and non-refundable. Your Nursing Care Benefit Period is in addition to any days of care paid for by Medicare or other government programs. During your Nursing Care Benefit Period, if you continue to occupy your residential or assisted living unit, you will continue to be responsible for your regular Monthly Fee as well as co-pays for Medicare and other insurance you may have. However, if your permanent residence is the Nursing Facility, you will not be responsible to pay your usual monthly fee during any such periods for which Medicare benefits are available. When you no longer qualify for Medicare benefits, you will resume paying your usual monthly fee or if you have exhausted your Nursing Care Benefit Period, you will pay the then current per diem amount for the nursing unit you occupy.

## **C. Use of Medical Practitioner and Other Facilities**

At your own expense, you may engage the services of medical practitioners or utilize medical facilities other than those designated by us and suggested by our staff. You shall be liable for any expense resulting from such care including, but not limited to, the cost of any physician services, surgical, nursing or hospital care provided other than the care provided in our Health Center, except as noted in Section 9.A.

## **D. Hospitalization**

When your physician determines that it has become necessary to hospitalize you, your physician shall have the authority to arrange for such hospitalization. If hospital space is not immediately available, we will continue to provide medical care to the extent of our capability. All costs, if any, associated with hospitalization and surgical services are your responsibility.

## **E. Physicians**

We will make space available and establish routine hours for physicians to be available within the Community. You may visit the physicians on site or utilize any other physician you wish. You will be responsible for all costs resulting from physicians and any other medical practitioner. You will notify us of Your Physician choice and of any future changes.

## **F. Exclusions**

In addition to the other costs to be paid by you under this section, you will be solely responsible for payment for all drugs; all vision related devices, procedures or care; all hearing related devices, procedures or care; all dental related devices, procedures or care; , incontinence supplies; orthopedic devices, procedures or care; podiatry; chiropractic services; nursing care services generally defined as sub-acute; or specialty care, such as (but not limited to) ventilator care or care for some types of communicable diseases that are beyond the scope of our care; home health care; hospitalization; inpatient and outpatient surgical services; renal dialysis; treatment for alcohol or drug abuse; and diagnosis and therapy for psychiatric disorders. However, you may have coverage for many of these costs through your Medicare and secondary insurance plans.

## **G. Illness or Accident While Away from Kendal at Lexington**

If you have an accident or are ill while you are away from Kendal at Lexington, we shall have no responsibility to pay for costs resulting from such accident or illness until you return to Kendal at Lexington. Upon your return to Kendal, we shall assume our responsibility for health care services, as provided in this Agreement.

## **H. Medical and Surgical Insurance**

### **1) Your Obligation to Carry Insurance**

You agree to enroll in, and maintain and pay all applicable premiums, deductibles, co-pays or other costs associated with the following types of health insurances:

(1) that provided by the Federal Social Security Amendments of 1965 (commonly referred to as "Medicare A and B") or any successor plan, or equivalent plans, whether now or in the future ; and (2) a Medigap plan that complements Medicare Parts A and B in the following ways: pays the in-patient hospital deductible and hospital co-pays in full, and includes 365 additional days after Medicare benefits; and pays the co-insurance for skilled nursing facility; and pays the co-insurance for all Medicare Part B approved amounts;

or

(2) an approved Medicare Health Maintenance Organization (referred to as HMO) or other insurance as approved by the Community. If you choose to enroll in this type of insurance, this will replace Federal Medicare and the need to maintain a Medigap plan. You agree to pay for all services and related expenses not covered by your HMO plan, including prescription drugs, as well as all co-pays, deductibles and premiums. You agree to be financially responsible for any services rendered to you without the proper referral from the Community Physician or required prior authorization.

A list of HMO plans that have been approved by the Community will be maintained and available in Kendal's finance office. If the HMO plan in which you are enrolled is no longer approved by the Community, you must enroll in an alternate plan which meets the requirements of this section and such additional requirements as the Community may from time to time impose.

and

(3) at least standard coverage meeting the requirements of a Medicare Part D prescription drug plan or any successor thereto or actuarially equivalent standard coverage.

For 1, 2, and 3 of this section, you agree to enroll in, maintain and pay all applicable premiums, deductibles, co-pays and other costs associated with any successor insurance programs or program equivalents, whether private or government-sponsored, in the event that any programs described above in which you are an enrollee cease, change or fail to provide coverage at least substantially equivalent to coverage provided with the programs herein described.

If we permit you, in our sole discretion, to maintain insurance coverage that does not meet the above requirements (including an employer provided plan), or to forego obtaining any such required insurances, then, in addition to paying the above enumerated costs, you agree to pay the difference between the required benefit and benefit actually paid by your insurance, if any, or, if you have no insurance to cover a particular health care service (including prescription drugs), to pay all costs associated with your receipt of such health care. You are also financially responsible for any future changes in coverages which result in a difference between required benefit coverages and benefit coverages actually paid by your insurance.

Any exception granted to you by us under this section is done solely at our discretion and is specific to you and your circumstances at the time the exception is granted. We retain the right to revoke any exception at any time upon notice to you. Where two persons sign this Agreement as Resident, we may, in our sole discretion, grant or revoke an exception to only one person.

## **2) Our Right to Insurance Benefits**

You hereby authorize us to make any and all claims for insurance benefits to which we are entitled under this Agreement and agree to execute any and all documents necessary to enable us to collect or enforce such claims. If for any reason we cannot directly apply for benefits payable under insurance required by this Agreement, you agree to make such application and to pay us the proceeds received.

## **10. Changes in Living Accommodations**

### **A. Policy on Changes**

It is our policy to approve accommodation changes initiated by you for the following reasons only: health, financial, death of a spouse or other co resident, and marriage. If you move from one accommodation to another you shall pay the applicable Monthly Fee for the new accommodation.

### **B. Change in Living Accommodation by Our Action**

We may relocate you in another living accommodation of the same size at the same level of care if we determine that such a move should be made for your benefit, or for the proper operation of the Community.

### **C. Permanent Transfer to the Health Center**

You may be transferred to the Health Center for health conditions which require permanent or prolonged occupancy of such quarters. The decision regarding such a transfer shall be made jointly by our Resident Care Committee in consultation with you and your physician. If you are a single occupant resident or the remaining survivor of two Co-occupants, you shall make arrangements to remove your personal belongings from the original living accommodation within thirty (30) days after it has been determined that the transfer will be of a permanent or prolonged nature. No Entry Fee refund or adjustment is due on such a transfer.

### **D. Transfer made by One of Two Residents Sharing a Living Accommodation**

If one of two residents sharing a living accommodation is transferred to the Health Center, we will not require the remaining resident to move to smaller residence. However, if the remaining occupant does not have a Residence and Care Agreement that occupant no longer qualifies for residency and the Agreement is terminated. The remaining occupant will be required to vacate the premises in 30 days.

### **E. Transfer from Single to Joint Occupancy**

#### **1) Transfer into a Current Accommodation**

If two residents, occupying separate living accommodations, request a transfer into one of the two accommodations, and if such transfer is approved by the Executive Director, then no additional Entry Fee payment or refund is due upon such transfer. Any subsequent refunds due to termination of this agreement will be based on the individual resident's original Entry Fee and Occupancy Date.

## **2) Transfer into a Larger Accommodation**

If two residents, occupying separate living accommodations, request a transfer into a larger accommodation, and if such transfer is approved by the Executive Director, the residents will pay the Monthly Fee for double occupancy associated with the residence they move into. The amount of the Entry Fee owed shall be the difference between (a) the current double occupancy Entry Fee for the new larger accommodation, less 2% per month of the original Entry Fees using the average length of occupancy of the two residents moving into a new unit, and (b) the sum of the original Entry Fees paid by each resident, less 2% per month since the original occupancy dates. No Entry Fee Refund will be owed to Residents if the difference is less than zero. A change from single to joint occupancy does not change the original Occupancy Date of either resident, nor does it initiate a new probationary period.

## **3) Transfer to a Smaller Residential Accommodation**

A contracted Resident who moves to a smaller living accommodation shall not be obligated to pay any additional Entry Fee; however, one of the following three sections for reduction of the Entry Fee will apply in accordance with the Resident's selection in Section 5 and the following formula:

FORMULA: The original Entry Fee paid less a sum equal to two percent (2%) of the original amount of the Entry Fee for each month or fraction thereof since the Occupancy Date, up to and including the month in which the transfer occurs; MINUS The Entry Fee required for the smaller accommodation at the time of transfer less a sum equal to two percent (2%) per month of the Entry Fee for each month or fraction thereof since the Occupancy Date, up to and including the month in which the transfer occurs.

- a. For the 2% Declining Refund Plan: If the move to a smaller unit is during the first fifty (50) months of occupancy, the amount due you is the FORMULA result. Payment shall be made pursuant to Section 11.H below. There is no refund for moves after fifty (50) months of occupancy.
- b. For the 50% Refund Plan: If you move to the smaller unit during the first twenty five (25) months of occupancy, the amount due you is FORMULA result. Payment shall be made pursuant to Section 11.H below. There is no refund for moves after twenty-five (25) months of occupancy.
- c. For the 90% Refund Plan: If you move to the smaller unit during the first five (5) months of occupancy, the amount due you is the FORMULA result. Payment shall be made pursuant to Section 11.H below. There is no refund for moves after five (5) months of occupancy.

## **F. Temporary Transfer to a Nursing Facility, Hospital or Other Facility**

You may be transferred on a temporary basis to a specialized nursing facility, hospital or other

facility. If, in the estimation of you and your physician, you will return to Kendal at Lexington, we will reserve your room or apartment until you return. You will be responsible for the normal monthly charges as described under this Agreement during your absence as well as the costs of the specialized care facility you are transferred to.

### **G. Permanent Transfer to Another Facility**

You may be transferred to another facility for health conditions which are beyond the care that we can legally and competently provide the level of care required from the outset or after unsuccessful attempts to accommodate your care needs in our Health Center and which require permanent occupancy in a health facility that can provide the care you need. The decision regarding such a transfer shall be made by our Resident Care Committee in consultation with you and your physician. If you are a single occupant resident or the remaining survivor of two co-occupants, you shall make arrangements to remove your personal belongings from the original living accommodation within thirty (30) days after it has been determined that the transfer will be of a permanent or prolonged nature.

## **11. Termination of Agreement**

### **A. By Death or Permanent Transfer to Another Facility**

Unless sooner terminated by either of us, this Agreement shall terminate at your death or upon a permanent transfer to another facility not provided for under this Agreement.

### **B. By You**

At any time prior to the Occupancy Date, you may terminate this Agreement effective upon delivery of written notice to us. If you withdraw for any reason, except in the event of death, change in health status where one or both of you is no longer capable of independent living, or an inability to qualify for independent living admission, two percent (2%) of the total entry fee will be retained by us, except during the 7 day period to rescind.

At any time within ninety (90) days after the Occupancy Date, you may terminate this Agreement by delivery of written notice to us and surrender of the living accommodations, such termination to be effective upon such surrender. An entry fee refund will be made in accordance to Section 11.G, except for withdrawals during the 7 day period to rescind.

At any time after the initial 90 day period, you may terminate this Agreement by delivery of written notice to us stating when the termination shall be effective, which shall not be more than one hundred and twenty (120) days or less than thirty (30) days after notice has been given. An entry fee refund will be made in accordance to Section 11.G.



### **C. By Us**

We reserve the right to terminate this Agreement for just cause after consultation with you for any one or more of the following: proof that you are a danger to yourself or others; nonpayment of a monthly fee; repeated conduct that interferes with other residents' quiet enjoyment of the facility; persistent refusal to comply with reasonable written rules and regulations of the facility; a material breach by the resident of the terms and conditions of the continuing care contract; and in cases of a material misrepresentation made intentionally or recklessly in your application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either your failure to qualify for residency or a material increase in the cost of providing to the resident the care and services provided under the contract, we reserve the right to terminate the Agreement. In such case, we shall serve upon you written notice of termination specified to be effective on a date not less than thirty (30) days, nor later than one hundred twenty (120) days after the date of notice.

However, should the notice recite that it is based upon a written medical finding by two doctors, one of whom is not an employee of or associated with us, that you are a danger to yourself or others, then the date for termination shall be fixed at a date which is reasonable in light of the circumstances. On or before the termination date in any such notice, you shall move from and release your living accommodation.

### **D. Monthly Fee**

On or before the effective date of termination, you shall surrender your living accommodation. Your Monthly Fee shall cease upon the effective termination date determined in accordance with this section, provided the living accommodations have been surrendered; if not, the Monthly Fee shall continue until such surrender.

### **E. Release Upon Termination**

Upon termination of this Agreement, we are released from any further obligations to you or your estate except for the delivery of personal property and the payment of any refund which may be due under Section 11.G. Upon termination of this Agreement, you or your estate are released from any further obligations to us except for our right to have any subsidies reimbursed pursuant to Section 6.D.3 and any other amounts due.

### **F. Effect of Termination Upon Survivor**

If this Agreement is made with two persons, a termination of this Agreement as to one of those persons shall not affect the continuation of this Agreement as to the other. The surviving Resident shall have the option of: (a) retaining the same living accommodation with the Monthly Fee changed to the rate for single occupancy; or (b) moving to a smaller living

accommodation on notice given within one year of the death or termination of the co occupant and when available, and paying the Monthly Fee for single occupancy of the new living accommodation. Any adjustment to the Entry Fee is subject to the provisions of Section 11.G of this Agreement.

### **G. Refunds of All or Part of the Entry Fee**

On termination of this Agreement, we will make full or partial refund of the Entry Fee to you or to your estate only in accordance with the following provisions.

#### **1) Termination Prior to the Occupancy Date**

You may terminate this agreement at any time prior to the Occupancy Date by your death or by written notice of termination to us. The Community may terminate this Agreement before occupancy upon written notice to you. This agreement will also be terminated by written notice of your death. In the event of death of one or both of you, the decedent's Entry Fee deposit will be fully refunded to the decedent's estate in accordance with Section 11.H of this Agreement. Should you withdraw due to a change in health status through injury, illness, incapacity or inability to live independently, your entry fee deposit will be fully refunded in accordance with Section 11.H of this Agreement. Should you withdraw for any other reason, your entry fee deposit will be refunded, less 2% of the Entry Fee for the residence you have reserved, in accordance with Section 11.H of this Agreement. If you terminate within the 7 day rescission period, any funds paid will be fully reimbursed.

#### **2) Termination After the Occupancy Date**

##### **a) By Either Resident or Community in the First 90 Days**

If either Resident or Community terminates this Agreement during the first three months following the Occupancy Date, we shall make a full refund of the Entry Fee, less the 2% penalty outlined in the Residence Reservation Agreement, or your share thereof, to you, payable at such time as is provided in Section 11.H below.

##### **b) By a Single Occupancy Resident or Both Co-occupants After 90 Days)**

If one or both occupants terminate this Agreement after 90 days occupancy, one of the following two sections shall apply in accordance with the refund selection in Section 5.

In the event of the death, withdrawal or permanent transfer to a facility not provided for under this agreement of a single occupant Resident or both Co-occupants, a refund shall be made to you or your estate equal to the original Total Entry Fee paid less a sum equal to two percent (2%) of the original amount of the Total Entry Fee for each month or fraction thereof since the Occupancy Date of, up to and including the month in which you have vacated the accommodation and turned it over for our use, pursuant to Section 11.H below. Before

calculating this refund, any refund already paid under 10.E.3 below will be deducted from this refund. Refunds shall be paid pursuant to the refund selections chosen in Section 5 as follows:

- a. For the 2% Declining Refund Plan: After fifty (50) months occupancy, there is no refund.
- b. For the 50% or 90% Refund Plans: The refund will not be less than either 50% or 90% of the Total Entry Fee.

**c) By One of Two Co Occupants After 90 Days**

If one of two occupants in a double occupancy terminates this Agreement after occupancy, one of the following two sections applies in accordance with the selection in Section 5.

In the event of the death, withdrawal or permanent transfer to a nursing facility not provided for under this agreement of one of you, a refund equal to the Second Occupant's Entry Fee, less a sum equal to two percent (2%) for each month or fraction thereof this Agreement has been in force, up to and including the month in which such death or withdrawal occurs, shall be paid to the remaining individual, as follows:

- a. For the 2% Declining Refund Plan: After fifty (50) months occupancy, there is no refund
- b. For the 50% or 90% Refund Plan: The refund will not be less than either 50% or 90% of the Second Person Entry Fee you paid according to the plan you selected in Section 5 of this Agreement

**H. Time for Payment of Refunds before Occupancy or after the Living Accommodation has been Vacated**

With exception of termination during the 7 day period to rescind, if you terminate this Agreement prior to the Occupancy Date, no refund of the Entry Fee shall be paid until we have received one or more Entry Fee payments from another prospective resident, for the same accommodation for which you had contracted, in a total amount which is at least equal to the refund to which you or your estate are entitled. When you terminate this Agreement after occupancy, no refund of the Entry Fee shall be paid until we have accepted and entered into a Residence and Care Agreement with a new Resident who has accepted the living accommodation you formerly occupied and who has paid the Total Entry Fee for that living accommodation. The Community agrees to engage in a good faith effort to obtain a new resident as soon as possible after notice of your termination of this Agreement. When we terminate this Agreement, any refund of the Entry Fee shall be paid to you within thirty (30) days of the termination date, provided that all outstanding charges have been paid and your living accommodation has been vacated and you have removed your belongings from it.

**I. Our Option to Insure for Entry Fee Refunds**

We may, at our option, obtain insurance to cover our obligation to pay refunds of the Entrance Fee under this Agreement.

## **12. Rights and Obligations Concerning Property**

### **A. Rights to Property**

The rights and privileges granted to you by this Agreement do not include any right, title or interest in any part of the personal property, land, buildings, and improvements owned, leased, or administered by us. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between us. Your rights are primarily for services, with a right of occupancy subject to all the terms and conditions of this Agreement. Any rights, privileges, or benefits under this Agreement shall be subordinate to any mortgage on any of the premises or interest in our real property and to such reasonable rules and regulations on the use of all Community property as shall from time to time be adopted by us.

### **B. Right of Entry**

You recognize and accept our right and responsibility to enter your living accommodation in order to carry out the purpose and intent of this Agreement. The purposes for which such entry may be made include but are not limited to (a) performance of scheduled housekeeping duties, (b) response to the medical alert system, (c) response to the fire alarm system, (d) if you are reported missing or as having not responded to a call, and (e) maintenance. We recognize your right to privacy and our responsibility to limit entry to your living accommodation to emergencies and to maintenance and housekeeping work as set forth in this section. With the exception of emergencies, we will inform you in advance of our intentions to enter.

### **C. Responsibility for Damages**

Any loss or damage to our property caused by your negligence shall be charged to and paid for by you. Similarly, if any negligence of another Resident results in injury, illness, or damage to you, we assume no responsibility therefore, and you hereby release and discharge us from all liability or responsibility for injury or damage to you or to your property caused by the fault or negligence of other Residents. You shall have the responsibility of providing at your own expense any liability insurance you desire to protect against any such loss.

### **D. Responsibility of Protection of Your Property**

We shall not be responsible for the loss of any property belonging to you due to theft, fire, or any other cause. You shall have the responsibility, at your own expense, of providing any insurance you desire to protect against any such loss.

In the event of your death or if you are no longer able to occupy the living accommodation or

fail to vacate after having been given notice to do so, we shall have the right, at your cost, to remove promptly all your property from the living accommodation and store the same. We shall be required to exercise only ordinary care to protect such property against theft or other loss while stored.

If the property is stored in a commercial warehouse, we shall have no responsibility for such property after storage has been accomplished (including costs of storage). In the case of your death, it shall be the obligation of your executor, representative, or next of kin to vacate the accommodation theretofore occupied by you, and remove any of your property previously stored by us, within thirty (30) days after your death, unless you reside in the Health Center. The accommodation shall be vacated within fourteen (14) days after your death if you reside in Assisted Living. Your monthly fee will continue to be assessed until all furniture and personal possessions are removed and the residence is surrendered to Kendal at Lexington.

We will hold such personal property for a period not to exceed thirty (30) days at the risk of your estate or of the persons entitled thereto, subject to ordinary care by us in safeguarding the same until delivery can be made. You shall, at the time you move to Kendal at Lexington, designate the individual responsible for retrieving your property. After sixty (60) days, we have the right to dispose of all such property.

### **13. Arrangements in Case of Incapacity**

You agree to make arrangements for the handling of your affairs in case of your incapacity and to notify us of the arrangements prior to the Occupancy Date. You agree to revise these arrangements as necessary to keep them current and to notify us of any changes as they occur.

If you become unable to care properly for your property and if you have made no other designation of a person or legal entity to serve as guardian, or trustee, or under power of attorney, then you hereby authorize us to nominate a person or entity to serve as legal guardian when approved by a court as provided by law.

### **14. Your Obligation to Us for Arrangements at Death**

You agree to provide us with the following information prior to the Occupancy Date: name and address of the funeral director with whom you have made arrangements, the location of your will, the name and address of your lawyer and executor, the names and addresses of any banks, trust officers, etc., and information necessary to complete a death certificate, and whom to notify in case of death, including the person to whom your personal property is to be released.

### **15. Delegation by the Executive Director**

It is understood that any authority or responsibility given by this Agreement to Kendal at Lexington's Executive Director may be delegated by him or her to any one or more members of our staff.

## **16. No Discrimination**

Kendal at Lexington considers and admits residents without regard to race, color, sex, sexual orientation, religion, familial status, handicap or national origin.

## **17. Possession of Firearms or Weapons**

In order to maintain a safe environment for Residents, visitors and employees, firearms will not be permitted on the premises of Kendal at Lexington. Neither firearms nor weapons are allowed in the Health Centers.

## **18. Rules, Values and Practices Adopted by Us**

Kendal at Lexington will operate in accordance with the *Statement of Values and Practices* published and adopted by The Kendal Corporation as it is currently written and as it may be revised in the future. By signing this Agreement, you acknowledge receipt of a copy of the Statement of Values and Practices. We reserve the right to adopt policies, procedures and rules regarding residency not inconsistent with the provisions of this Agreement, and you agree to abide by such policies, procedures and rules.

## **19. Procedure for Resolving Issues**

It is our experience and our expectation that residents and staff, working together in good spirit, generally will be able to resolve issues successfully and easily. Should there be an instance in which a problem is not resolved satisfactorily, residents are invited to ask assistance from the appropriate supervisor, department head, or area administrator, in that order. Residents may invite the participation of the Area Agency on Aging ombudsman, the name and address of which are on file in the office of the Executive Director. The Residents Association can also serve as an avenue for the discussion and resolution of issues. Should satisfactory resolution still not be achieved, the matter may be referred to the Executive Director of Kendal at Lexington. In deciding the issue, the Executive Director will review our policies and procedures with the resident and any representative the resident chooses to include. Residents may present any information concerning the issue. The Executive Director will consult with appropriate staff or seek other input as necessary and, after considering all the information presented, shall make a decision.

Residents may request the Board of Directors to review the matter after the Executive Director's decision. The Board, or its designees, will review all relevant information, including any presented by the resident and decide whether to direct the Executive Director to reconsider the issue. The Board's recommendation will be final.

## **20. Guest Policies**

No one other than you shall have a right of occupancy in a living accommodation without the consent of the Executive Director unless otherwise permitted pursuant to guest policies established by us. The intent of such policies shall be to permit stays of short duration by your guests where such stays shall not, in the opinion of the Executive Director, adversely affect the operation of the Community or be inconsistent with the welfare of Residents.

## **21. Changes Because of Regulatory Agencies**

Notwithstanding any other provision of this Agreement, we shall have the right to alter your living accommodations to meet the requirements of law, the regulations of regulatory agencies, or other duly constituted authorities or agencies.

## **22. Residents Association**

You shall have the right to be a member of a Residents Association.

## **23. Notices**

Notices, when required by the terms of this Agreement, shall be sufficient if given to us at our administrative office and if to you at the address given below until you enter the Community, and thereafter at your Community address.

## **24. Entire Agreement**

This Agreement constitutes the entire Agreement between us and includes the Priority Waitlist Agreement, the Residence Reservation Agreement, the Financial Statement for Prospective Residents, the Health Care Record and medical forms, the report of the physical examination by a Physician and the Upgrades to Apartments/Cottages Addendum. These documents are hereby incorporated by reference. Knowing that we will rely on your statements made therein, you represent that all such statements are true and complete.

## **25. Non transferability**

Your rights and privileges under this Agreement are personal to you and cannot be transferred or assigned by your act, by any proceeding at law, or otherwise.

## **26. Modification of Agreement**

No amendment or modification of this Agreement shall be valid unless in writing executed by all parties of this Agreement.

## **27. Enforcement**

We shall have the right at all times to enforce the provisions of this Agreement in strict accordance with their terms, notwithstanding any conduct or custom on our part in refraining from doing so at any time or times.

## **28. Attorney's Fees**

Resident shall pay all litigation costs, and attorney's fees Kendal incurs to enforce the terms of this Agreement against the Resident, Responsible Party or anyone acting on the Resident's behalf or to successfully defend against claims by Resident, Responsible Party or anyone acting on Resident's behalf arising under the terms of this Agreement.

## **29. Forum Selection Clause**

By virtue of entering into this Agreement, Resident agrees and submits to a court of competent jurisdiction in our serving the County of Rockbridge, Virginia, and further agrees that this Agreement is to be construed as if executed and performed entirely within the Commonwealth of Virginia; and all claims, disputes, and other matters touching or concerning this contract or its performance shall be decided only by such court according to the laws of the Commonwealth of Virginia.

## **30. Savings Clause**

Should any provision or portion of this Agreement violate Federal, state or local law as announced by statute, regulation, ordinance, ruling or judicial decision, it shall be deemed as stricken from this Agreement, with the remainder of this Agreement continuing in full force.

## **31. Smoking Policy**

As part of Kendal at Lexington's wellness philosophy, smoking is permitted only in residential living accommodations, excluding the Benjamin Borden Health Center and the Webster Assisted Living Center. Smokers may be charged a fee based on unit square footage to remove



smoke odor and otherwise restore the apartment or cottage prior to re-occupancy.

### **32. Indemnification Clause**

In the event that Kendal at Lexington and/or Lexington Retirement Community, Inc. is named in a lawsuit related to your negligence, wrongful acts or omissions, illegal activities or any other tort or contract litigation arising from your conduct, you agree to indemnify and hold harmless Kendal at Lexington and/or Lexington Retirement Community, Inc. for any recoveries or judgments against them and to pay any attorney's fees or court costs arising from such litigation.

## Options

If you have agreed to purchase, at an additional price, optional products or services beyond those included in the Entry and Monthly Fees, please reference the **Upgrades to Apartments/Cottages Addendum**.

If the Residence and Care Agreement is rescinded or you terminate it prior to the Occupancy Date, then those costs incurred by us in providing those products or services will be deducted from any refund.

## Signatures

**Resident Signature:**

---

**Date:** \_\_\_\_\_

**Address of Resident:** \_\_\_\_\_

**Resident Signature:**

---

**Date:** \_\_\_\_\_

**Address of Resident:** \_\_\_\_\_

**Kendal at Lexington:**

**Date:** \_\_\_\_\_

**Executive Director or other authorized signature:**

---

## Definitions

**Activities of Daily Living (ADLs).** A group of activities which are necessary for safe and comfortable living. Activities of daily living include dressing/grooming, bathing/personal hygiene, mobility/ambulation, bowel and bladder control, and eating/nutrition.

**Assisted Living.** A level of care and accommodations licensed by the Commonwealth of Virginia to provide assistance with activities of daily living to its residents.

**First Occupant.** One of the residents of a double occupancy residential accommodation or the sole resident of a single occupancy residential unit. In the case of double occupancy, if one resident leaves for any reason, the remaining resident is deemed the First Occupant.

**Health Center.** Includes our Assisted Living Facility and our Nursing Facility on site.

**Kendal at Lexington.** A continuing care retirement community in Lexington, Virginia, owned and operated by Lexington Retirement Community, Inc. Kendal at Lexington is also a registered legal alias for Lexington Retirement Community, Inc.

**Lexington Retirement Community, Inc.** A tax exempt, not-for-profit Virginia corporation which owns and operates Kendal at Lexington.

**Nursing Care Benefit Period.** That period you have selected, either 60 days or 3 years, during which nursing care in Our Nursing Facility will be provided and you will continue to be responsible for your monthly fee.

**Occupancy Date.** The date specified in your Residence and Care Agreement or the date on which you first personally occupy your living accommodation, whichever first occurs.

**Our Nursing Facility.** The nursing facility located on the campus of Kendal at Lexington and owned and operated by Lexington Retirement Community, Inc.

**Probationary Period.** The first ninety (90) days following the Occupancy Date.

**Resident Care Committee.** The interdisciplinary team members involved with the resident's care.

**Second Occupant.** Any second occupant of a residential or assisted living unit, regardless of the relationship between the two residents. In the case of double occupancy, if one resident leaves, that resident is deemed the Second Occupant.

**Total Entry Fee.** The total of the First Occupant plus Second Occupant Entry Fees; the Entry Fee paid on or before the occupancy date as specified in this Agreement.

**Your Physician.** A licensed physician you have identified to us as your primary physician and who has agreed to abide by our rules and procedures.

**Contents**

- For Modified Coverage of Continuing Care ..... 1
- Notice of Right to Rescind ..... 2
- Residence and Care Agreement ..... 3
- 1. Admission ..... 3
  - A. Prospective Residents Under Age 65 ..... 4
    - 1) Full Residency ..... 4
    - 2) Limited Residency Without Pre-Paid Health Care ..... 4
    - 3) Conversion From Limited to Full Residency ..... 4
- 2. Occupancy Date ..... 4
- 3. Services Provided ..... 4
- 4. Accommodation ..... 5
- 5. Entry Fee ..... 5
  - A. Amount ..... 6
  - B. Additions to the Entry Fee ..... 6
  - C. Admission of a Second Occupant who is not a Resident ..... 6
- 6. Monthly Fee ..... 6
  - A. General ..... 7
  - B. Monthly Statement ..... 7
  - C. Payment of Monthly Charges ..... 7
  - D. Inability to Pay ..... 8
    - 1) Our Policy ..... 8
    - 2) Your Responsibility ..... 8
    - 3) Recovery of Community Subsidy ..... 8
- 7. Facilities Provided by Us ..... 8
  - A. Living Accommodation ..... 8
  - B. Community Facilities ..... 9
  - C. Health Center ..... 9

D.	Laundry Facilities .....	9
E.	Parking .....	9
8.	General Services We Will Provide .....	9
A.	Food and Meals.....	9
1)	Meals Offered .....	9
2)	Dining Points Meal Program.....	10
3)	Tray Service .....	10
4)	Other Service .....	10
5)	Meal Charges.....	10
6)	Carry Over of Dining Points .....	10
B.	Housekeeping Services.....	10
C.	Maintenance and Repair Service .....	11
D.	Groundskeeping .....	11
E.	Utilities .....	11
F.	Local Transportation.....	11
G.	Taxes .....	11
9.	Health Services.....	11
A.	General .....	11
B.	Skilled Nursing Care .....	12
C.	Use of Medical Practitioner and Other Facilities.....	12
D.	Hospitalization.....	12
E.	Physicians .....	12
F.	Exclusions .....	13
G.	Illness or Accident While Away from Kendal at Lexington.....	13
H.	Medical and Surgical Insurance.....	13
1)	Your Obligation to Carry Insurance.....	13
2)	Our Right to Insurance Benefits.....	14
10.	Changes in Living Accommodations .....	15
A.	Policy on Changes .....	15

B.	Change in Living Accommodation by Our Action.....	15
C.	Permanent Transfer to the Health Center .....	15
D.	Transfer made by One of Two Residents Sharing a Living Accommodation .....	15
E.	Transfer from Single to Joint Occupancy .....	15
1)	Transfer into a Current Accommodation .....	15
2)	Transfer into a Larger Accommodation .....	16
3)	Transfer to a Smaller Residential Accommodation .....	16
F.	Temporary Transfer to a Nursing Facility, Hospital or Other Facility .....	16
G.	Permanent Transfer to Another Facility.....	17
11.	Termination of Agreement.....	17
A.	By Death or Permanent Transfer to Another Facility .....	17
B.	By You .....	17
C.	By Us.....	18
D.	Monthly Fee .....	18
E.	Release Upon Termination.....	18
F.	Effect of Termination Upon Survivor .....	18
G.	Refunds of All or Part of the Entry Fee .....	19
1)	Termination Prior to the Occupancy Date .....	19
2)	Termination After the Occupancy Date.....	19
H.	Time for Payment of Refunds before Occupancy or after the Living Accommodation has been Vacated.....	20
I.	Our Option to Insure for Entry Fee Refunds .....	20
12.	Rights and Obligations Concerning Property .....	21
A.	Rights to Property .....	21
B.	Right of Entry .....	21
C.	Responsibility for Damages .....	21
D.	Responsibility of Protection of Your Property.....	21
13.	Arrangements in Case of Incapacity .....	22
14.	Your Obligation to Us for Arrangements at Death .....	22
15.	Delegation by the Executive Director .....	22



16. No Discrimination .....	23
17. Possession of Firearms or Weapons .....	23
18. Rules, Values and Practices Adopted by Us .....	23
19. Procedure for Resolving Issues.....	23
20. Guest Policies .....	24
21. Changes Because of Regulatory Agencies.....	24
22. Residents Association.....	24
23. Notices.....	24
24. Entire Agreement.....	24
25. Non transferability .....	24
26. Modification of Agreement .....	25
27. Enforcement.....	25
28. Attorney’s Fees.....	25
29. Forum Selection Clause.....	25
30. Savings Clause .....	25
31. Smoking Policy.....	25
32. Indemnification Clause .....	26
Options.....	27
Signatures .....	28
Definitions .....	29

..... Revised 4/23/20

# **Residence and Care Agreement**

**For Extensive Coverage of Continuing Care**

**Kendal at Lexington**  
160 Kendal Drive  
Lexington, VA 24450  
(540) 463-1910

This Residence and Care Agreement was accepted by the Virginia State Corporation Commission which has registered Kendal at Lexington as a continuing care retirement community, effective June 29, 1998. Interested parties should also refer to the Disclosure Statement and the Priority Reservation Agreement.

# **Kendal at Lexington Residence and Care Agreement**

## **Notice of Right to Rescind**

Please reference the Residence Reservation Agreement.

## **Kendal at Lexington Residence and Care Agreement**

THIS AGREEMENT is made between \_\_\_\_\_ hereafter referred to as "Resident," "you," and "your," and Lexington Retirement Community, Inc., doing business as Kendal at Lexington, hereafter referred to as "Community," "we," "us," and "our," which owns and operates Kendal at Lexington, in the city of Lexington and Rockbridge County, Virginia.

Lexington Retirement Community, Inc. (LRC) is a not-for-profit Virginia corporation governed by a Board of Directors. No other organization has any financial responsibility for the Community.

Lexington Retirement Community, Inc. is affiliated with The Kendal Corporation, a Pennsylvania not-for-profit corporation, through provisions in its Bylaws. Refer to the Kendal at Lexington Disclosure Statement for a full description of the relationship. Lexington Retirement Community, Inc., and The Kendal Corporation reserve the right to modify the relationship at any time, subject to necessary approvals by the Virginia State Corporation Commission.

Lexington Retirement Community, Inc. and you agree as follows:

### **1. Admission**

With the mutual execution of this Agreement, you are granted admission to Kendal at Lexington in accordance with the provisions of this Agreement, regardless of any change in your state of health between the date of this Agreement and the Occupancy Date.

To be eligible to reside in independent living residences at Kendal at Lexington, prospective residents must be capable of living safely in a residential setting and must be able to demonstrate the availability of financial assets and income sufficient to support their residency at Kendal at Lexington. To be covered by the full Residence and Care Agreement, individual residents must be age 65 or older. In the case of a double occupancy, at least one of the residents must be age 65 or older; Kendal at Lexington reserves unilateral discretion as to whether to extend the full coverage of the Residence and Care Agreement to a resident who is younger than age 65.

### **A. Prospective Residents Under Age 65**

If you are younger than the age of 65 on the Occupancy Date, we may at our sole discretion admit you on one of the following two bases. The basis for admission shall be mutually established at the time of admission.

**1) Full Residency**

We will admit you as a full resident of the community if you meet all criteria for admissions except for age. You will pay the full Entry and Monthly Fee for your residence. You shall enroll or maintain medical and surgical insurance that is at least equivalent to that referred to in Section 9.G.

**2) Limited Residency Without Pre-Paid Health Care**

If you are under the age of sixty-five (65) on your Occupancy Date, are one of two people signing this Agreement with the other person being sixty-five (65) or older, and if you meet all the criteria for admissions except age, we will admit you for occupancy to include the services specified in this Agreement, except for the services described in Section 9. By signing this Agreement for limited residency, you and the other Resident will pay the double occupancy Monthly Fee for your residency. The person over age sixty-five (65) will pay the single occupancy Entry Fee.

**3) Conversion From Limited to Full Residency**

Upon your reaching the age of sixty-five (65), you may convert your occupancy to full residency status under a separate written agreement, contingent on your paying the difference between the single occupancy Entry Fee and the double occupancy Entry Fee in effect upon your sixty-fifth (65<sup>th</sup>) birthday for the accommodation you then occupy.

**2. Occupancy Date**

The Occupancy Date for all purposes under this Agreement shall be\_\_\_\_\_. Monthly fees will begin on the occupancy date.

**3. Services Provided**

From and after the Occupancy Date, we will furnish you the living accommodation identified in Section 4 and the facilities, services, and health care to the extent specified in this agreement and pursuant to your residency classification, and you will become liable for payment of the Monthly Fee. These services will be provided unless and until a termination event occurs pursuant to Section 11 of this Agreement. We will provide you with at least sixty (60) days' notice in advance of changes in the scope of

care or services except for changes required by State or Federal assistance programs. We reserve the right to modify the scope of services provided.

**4. Accommodation**

The living accommodation you will occupy, subject to the provisions of this Agreement, is unit number \_\_\_\_\_ which is a \_\_\_\_\_, including the options selected from the Upgrades to Apartments/Cottages Addendum.

**5. Entry Fee**

The Total Entry Fee is due to us prior to or on the Occupancy date. The amount of your Entry Fee is \$ \_\_\_\_\_ for the First Occupant; \$ \_\_\_\_\_ for the Second Occupant; \$ \_\_\_\_\_ for the enclosed patio/balcony; \$ \_\_\_\_\_ for the unfinished/walkout basement; totaling \$ \_\_\_\_\_ (“Total Entry Fee”). The Entry Fee Deposits plus other deposits (including priority list deposit) you have paid, excluding any administrative fees, for which you receive a full credit against the Entry Fee, total \$ \_\_\_\_\_. The balance of the Entry Fee is \$ \_\_\_\_\_.

The computations of the above amounts are:

Total entry fee \_\_\_\_\_

Less sum of all deposits \_\_\_\_\_

Amount due on signing Agreement \_\_\_\_\_

Amount of entry fee due on or before occupancy date \_\_\_\_\_

You have selected a (check one)  2% Declining Entry Fee/  50% Refundable Entry Fee/  90% Refundable Entry Fee.

**A. Amount**

You pay the Entry Fee as a condition of entrance according to the type of living accommodation selected, and whether it is single or joint occupancy. If the Entry Fee has been paid on behalf of two persons, the Second Occupant Fee shall be deemed to be paid on behalf of the individual who first withdraws or dies. The balance of the Entry

Fee is then attributed to the remaining party and refunds will be calculated accordingly.

**B. Additions to the Entry Fee**

If you elect to transfer to a larger accommodation, you may be required to pay an additional entry fee amount consisting of the difference between the entry fee for the original unit and the larger unit. An additional entry fee may also be required upon the entry of a co-occupant or other person not already a resident to share the accommodation with you pursuant to Section 5.C below.

**C. Admission of a Second Occupant who is not a Resident**

If you wish to live with a person who is not a resident, this person may apply for admission as a Resident. If accepted for residency by us, your co-occupant will pay one half of the then current double occupancy Entry Fee for the accommodation you occupy, or the lowest single occupancy Entry Fee charged by us, whichever is less. On and after your co-occupant's Occupancy Date, you and your co-occupant will pay the double occupancy Monthly Fee for the accommodation you occupy.

If your co-occupant is not accepted as a Resident or does not apply for admission, we may grant your co-occupant the right to occupy your accommodation with you for the duration of your residency and a right to the services specified in this agreement, except for the services described in Section 9. You and your co-occupant will pay the double occupancy Monthly Fee for the accommodation you occupy, but no additional Entry Fee.

**6. Monthly Fee**

From and after the Occupancy Date, Resident will pay us a Monthly Fee each month. The Monthly Fee for your accommodation will be \$ \_\_\_\_\_ as of the Occupancy Date.

We will adjust the Monthly Fee from time to time on the basis of our experience or to reflect changes in the cost of achieving our purposes. We will give you at least thirty (30) days' written notice of monthly fee adjustments. We will endeavor to maintain the Monthly Fee at the lowest feasible figure which, in the judgment of the Board of Directors of Lexington Retirement Community, Inc., is consistent with sound financial operation and the maintenance of the quality of service we have undertaken to provide.

**A. General**

We bill the Monthly Fee in advance and it is payable in advance by you. We do not bill lump sum amounts or more than one month at a time. The Monthly Fee is based on the size of the living accommodation and the number of persons occupying the accommodation. If you transfer to a smaller residential living accommodation, except in the Health Center, the Monthly Fee is reduced to that for the smaller living accommodation.

If you, as a single resident, are permanently transferred to the Health Center, your Monthly Fee is the same as it would be if you had remained in your most recently occupied living accommodation, plus the charge for the two additional meals a day. In a double occupancy with residents at least 65 years old, if one of two persons signing this Agreement remains in the residential living accommodation while the other permanently moves to the Health Center, then you continue to pay the double occupancy Monthly Fee for the independent living accommodation plus the charge for the two additional meals a day. If two persons 65 years old or older sign this Agreement, the Monthly Fee will be reduced to the single occupancy rate if one of the two dies or withdraws from the Community. However, if the surviving resident does not have a Residence and Care Agreement, that resident no longer qualifies for residency at the Community, thereby terminating the Agreement. The surviving resident will be required to vacate the premises within 30 days.

If you live permanently in our Nursing Facility and your care is qualified for and paid by Medicare, you will not be responsible to pay your usual monthly fee during any such periods. When you no longer qualify for Medicare benefits, you will resume paying your usual monthly fee.

### **B. Monthly Statement**

We shall present you a detailed monthly statement including: (a) the Monthly Fee for the following month; (b) charges exceeding the monthly allocations of dining points (c) additional services rendered during the preceding month or not previously paid; and (d) any other amounts due us.

### **C. Payment of Monthly Charges**

The Monthly Fee is due in advance, and it and all other charges appearing on the monthly statement shall be paid to us on or before the first day of the calendar month following the date of the statement. If you fail to make the payment within thirty (30) days after receiving the statement, we may give you written notice that you must make such payment within fifteen (15) days after receiving such notice, and if you fail to comply with such notice, we may terminate this Agreement.



## **D. Inability to Pay**

### **1) Our Policy**

Without in any way qualifying our right to terminate this Agreement, if the sole reason for non-payment of your financial obligations to us is insufficient funds, for reasons beyond your control, we will review the matter with you. If you present us with facts which, in our opinion, justify special financial consideration, at our sole discretion, we may partly or wholly subsidize your Monthly Fee provided that such subsidy can be granted or continued without impairing our ability to attain our objectives while operating on a sound financial basis. All determinations we make concerning the granting or continuing of special financial consideration shall be final and binding on you, and any such determination shall be regarded as a confidential transaction between us, except for reports required to be made to financial institutions lending monies to us or to regulatory or other governmental bodies.

### **2) Your Responsibility**

It shall be a condition of receiving a subsidy that you shall represent that you have not made any gift or other transfer of money or personal property in contemplation of the execution of this Agreement, or subsequently, which would impair your ability or your estate's ability to satisfy the financial obligations under this Agreement. If your income is found to be inadequate to meet your responsibilities to us and to pay personal and incidental expenses, you will make every effort to obtain assistance from available resources and, if you can qualify, to take the necessary steps to obtain County, State or Federal aid or assistance. If your Entry Fee or Monthly Fee is subsidized wholly or partly by us, you may not make a gift of your property without our written consent. If your Monthly Fee or Entry Fee is subsidized wholly or partly by us, from time to time at our request, you will supply us with financial statements and copies of your tax returns.

### **3) Recovery of Community Subsidy**

When you die or withdraw, if your Entry Fee or Monthly Fee has been subsidized wholly or partly by us, your estate, if any, shall be liable to us for the full amount of the subsidy for the entire time of residency. This subsection shall apply whether or not you are in residence at Kendal at Lexington at the time of death.

## **7. Facilities Provided by Us**

### **A. Living Accommodation**

You have the right to occupy and use the living accommodation assigned subject to provisions for changes in accommodations as provided below. We will furnish floor

covering, basic window treatments, washer and dryer, stove, garbage disposal, microwave, dishwasher and refrigerator in the living accommodation. You shall provide all other furnishings.

Modifications to any living accommodation, other than those we undertake, will require the approval of the Executive Director. If approved, the modifications will be at your expense and will thereafter become our property. Approval of such modifications may be conditioned upon your payment to us of a sum sufficient to later restore the living accommodation to its condition before the modifications. The firm or individual retained to make such changes, and the plans for the changes, are subject to the approval of the Executive Director. All modifications will be performed in a workman-like manner, with all necessary approvals. We have the right to stop any work if it interferes with the normal operation of the community.

### **B. Community Facilities**

You may use the dining rooms, lobbies, living room, library, social and recreational facilities (indoor and outdoor), and other common facilities provided by us. These areas of the Kendal at Lexington facilities will be available to all Community residents without regard to race, color, religion, sex, familial status, national origin or handicap.

### **C. Health Center**

We will provide the facilities necessary for the medical care and services (other than hospital care) specified in this Agreement in accord with residency classification. In this Agreement, the term "Health Center" includes the Assisted Living Facility and our Nursing Facility.

### **D. Laundry Facilities**

Washers and dryers for personal laundry are provided in all residences. A community laundry room is available in the Assisted Living Facility.

### **E. Parking**

We will provide and maintain open parking areas. A limited number of covered parking areas will be available to Residents for an additional charge.

## **8. General Services We Will Provide**

### **A. Food and Meals**

#### **1) Meals Offered**

Dining Service is available for three meals a day in our dining areas. You will be able to select your meals from nutritionally, well-balanced menus. At any time you move

from an apartment or cottage to the Health Center, your monthly fee will cover one meal per day. The additional two meals per day will be billed to you at the then current published rates.

## **2) Dining Points Meal Program**

A monthly allocation of dining points will be provided for your use in our dining venues. The allocation will be provided at the beginning of each new month, and you will be allowed to carry over only one month's allocation. Dining points are neither refundable nor transferable.

During temporary stays in the Health Center, if you are receiving care covered by Medicare, you will retain your current dining points. The allocation of dining points will cease with your permanent move/transfer to the Health Center.

## **3) Tray Service**

When ordered by the Resident's medical provider, tray service at the then current published fee will be provided while in the Assisted Living Facility and in your residence during minor short-term illness. Tray service if needed by a resident in the Nursing Facility will be provided at no extra charge.

## **4) Other Service**

Meals comprising substitute or alternative diets will be provided when ordered by the Resident's medical provider.

## **5) Meal Charges**

A statement of dining charges will be provided monthly. Charges exceeding the monthly allocation (minus any carryover) will be added to your bill, according to the then current established rates. We reserve the right to change these rates from time to time. We will notify you in writing of changes in rates no less than thirty (30) days in advance of their effective date.

## **6) Carry Over of Dining Points**

Unused dining points, not to exceed one month's allocation amount, may be carried over from month to month.

## **B. Housekeeping Services**

You will maintain your living accommodation in a clean, sanitary, and orderly condition. We will furnish routine housecleaning service every other week. Twice a year we will

provide seasonal heavy housecleaning. At your option and expense, according to a published fee schedule, we will provide more frequent housecleaning. You may also arrange for more frequent heavy housecleaning at your expense. At your option and expense, according to a published fee schedule, we will provide and launder standard sized linens and towels. If you do not maintain your accommodation in a proper manner, we have the right, after notice to you, to clean the accommodation and to charge the cost of such housecleaning to you.

### **C. Maintenance and Repair Service**

We will perform and provide repairs, maintenance, and replacement of property and equipment we own. Repairs, maintenance, and replacement of your personal property will be your responsibility. Redecoration of any living accommodation, in addition to or other than that scheduled by us, will require the advance approval of the Executive Director and will be at your expense. Any change or replacement by you of the property or equipment we provide in the living accommodation gives title thereto to us unless we agree otherwise in writing.

### **D. Groundskeeping**

We will furnish basic groundskeeping care, including lawn service and snow removal. With our approval, you may elect to plant and then maintain a specific area adjacent to your living accommodation per established community guidelines.

### **E. Utilities**

We will furnish water, electricity, heat and air conditioning, connections to a common television signal distribution point with basic cable, internet service, sewage disposal and garbage and trash removal from collection points. Installation and maintenance of a private telephone service is your responsibility.

### **F. Local Transportation**

We will provide limited, scheduled local transportation for residents wherever the resident resides in the community. Out of town transportation may be provided at an additional fee if Kendal vehicles and staff are available. Staff members are not permitted to transport residents in their personal vehicles or in a resident's vehicle.

### **G. Taxes**

We will pay all real estate taxes assessed to Kendal at Lexington. You will be responsible for your own personal property taxes.

## **9. Health Services**

### **A. General**

When recommended by our Resident Care Committee, we will furnish, or cause to be furnished, temporary or permanent assisted living services in our Assisted Living Facility or nursing care in our Nursing Facility, or if space is not available in our Health Center, in another facility until such space is available. Such services include assistance with activities of daily living or general nursing care, special diets and health services which regulations allow us to provide. The cost of such services, subject to the limitations set forth in Sections 9.B to 9.G will be paid by us. Your monthly fee will be adjusted in accordance with Section 6 of this agreement.

### **B. Use of Medical Practitioner and Other Facilities**

At your own expense, you may engage the services of medical practitioners or utilize medical facilities other than those designated by us and suggested by our staff. You shall be liable for any expense resulting from such care including, but not limited to, the cost of any physician services, surgical, nursing or hospital care provided other than the care provided in our Health Center, except as noted in Section 9.A.

### **C. Hospitalization**

When your physician determines that it has become necessary to hospitalize you, your physician shall have the authority to arrange for such hospitalization. If hospital space is not immediately available, we will continue to provide medical care to the extent of our capability. All costs, if any, associated with hospitalization and surgical services are your responsibility.

### **D. Physicians**

We will make space available and establish routine hours for physicians to be available within the Community. You may visit the physicians on site or utilize any other physician you wish. You will be responsible for all costs resulting from physicians and any other medical practitioners. You will notify us of your physician choice and of any future changes.

### **E. Exclusions**

In addition to the other costs to be paid by you under this section, you will be solely responsible for payment for all drugs; all vision related devices, procedures or care; all hearing related devices, procedures or care; , all dental related devices, procedures or care; incontinence supplies; orthopedic devices, procedures or care; podiatry;

chiropractic services; nursing care services generally defined as subacute; or specialty care, such as (but not limited to) ventilator care, or care for some types of communicable diseases that are beyond the scope of our care; home health care; hospitalization; inpatient and outpatient surgical services; renal dialysis; treatment for alcohol or drug abuse; and diagnosis and therapy for psychiatric disorders. However, you may have coverage for many of these costs through your Medicare and secondary insurance plans.

#### **F. Illness or Accident While Away from Kendal at Lexington**

If you have an accident or are ill while you are away from Kendal at Lexington, we shall have no responsibility to pay for costs resulting from such accident or illness until you return to Kendal at Lexington. Upon your return to Kendal, we shall assume our responsibility for health care services, as provided in this Agreement.

#### **G. Medical and Surgical Insurance**

##### **1) Your Obligation to Carry Insurance**

You agree to enroll in, and maintain and pay all applicable premiums, deductibles, co-pays or other costs associated with the following types of health insurances:

(1) that provided by the Federal Social Security Amendments of 1965 (commonly referred to as "Medicare A and B") or any successor plan, or equivalent plans, whether now or in the future ; and (2) a Medigap plan that complements Medicare Parts A and B in the following ways:

pays the in-patient hospital deductible and hospital co-pays in full; includes 365 additional days after Medicare benefits; pays the co-insurance for skilled nursing facility; and pays the co- insurance for all Medicare Part B approved amounts;

or

(2) an approved Medicare Health Maintenance Organization (referred to as HMO) or other insurance as approved by the Community. If you choose to enroll in this type of insurance, this will replace Federal Medicare and the need to maintain a Medigap plan. You agree to pay for all services and related expenses not covered by your HMO plan, including prescription drugs, as well as all co-pays, deductibles and premiums. You agree to be financially responsible for any services rendered to you without the proper referral from the Community Physician or required prior authorization.

A list of criteria for HMO plans that have been approved by the Community will be maintained and available in Kendal's finance office. If the HMO plan in which you are enrolled is no longer approved by the Community, you must enroll in an alternate plan which meets the requirements of this section and such additional requirements as the Community may from time to time impose;

and

(3) at least standard coverage meeting the requirements of a Medicare Part D prescription drug plan or any successor thereto or actuarially equivalent standard coverage.

For 1, 2, and 3 of this section, you agree to enroll in, maintain and pay all applicable premiums, deductibles, co-pays and other costs associated with any successor insurance programs or program equivalents, whether private or government-sponsored, in the event that any programs described above in which you are an enrollee cease, change or fail to provide coverage at least substantially equivalent to coverage provided with the programs herein described.

If we permit you, in our sole discretion, to maintain insurance coverage that does not meet the above requirements (including an employer provided plan), or to forego obtaining any such required insurances, then, in addition to paying the above enumerated costs, you agree to pay the difference between the required benefit and benefit actually paid by your insurance, if any; or, if you have no insurance to cover a particular health care service (including prescription drugs), you agree to pay all costs associated with your receipt of such health care. You are also financially responsible for any future changes in coverages which result in a difference between required benefit coverages and benefit coverages actually paid by your insurance.

Any exception granted to you by us under this section is done solely at our discretion and is specific to you and your circumstances at the time the exception is granted. We retain the right to revoke any exception at any time upon notice to you. Where two persons sign this Agreement as Resident, we may, in our sole discretion, grant or revoke an exception to only one person

## **2) Our Right to Insurance Benefits**

You hereby authorize us to make any and all claims for insurance benefits to which we are entitled under this Agreement and agree to execute any and all documents

necessary to enable us to collect or enforce such claims. If for any reason we cannot directly apply for benefits payable under insurance required by this Agreement, you agree to make such application and to pay us the proceeds received.

## **10. Changes in Living Accommodations**

### **A. Policy on Changes**

It is our policy to approve accommodation changes initiated by you for the following reasons only: health, financial, death of a spouse or other co-resident, and marriage. If you move from one accommodation to another, you shall pay the applicable Monthly Fee for the new accommodation.

### **B. Change in Living Accommodation by Our Action**

We may relocate you to another living accommodation of the same size at the same level of care if we determine that such a move should be made for your benefit, or for the proper operation of the Community.

### **C. Permanent Transfer to the Health Center**

You may be transferred to the Health Center for health conditions which require permanent or prolonged occupancy of such quarters. The decision regarding such a transfer shall be made jointly by our Resident Care Committee in consultation with you and your physician. If you are a single occupant resident or the remaining survivor of two Co-occupants, you shall make arrangements to remove your personal belongings from the original living accommodation within thirty (30) days after it has been determined that the transfer will be of a permanent or prolonged nature. No Entry Fee refund or adjustment is due on such a transfer.

### **D. Transfer made by One of Two Residents Sharing a Living Accommodation**

If one of two residents sharing a living accommodation is transferred to the Health Center, we will not require the remaining resident to move to smaller residence. However, if the remaining occupant does not hold a Residence and Care Agreement, that occupant no longer qualifies for residency and the Agreement is terminated. The remaining occupant will be required to vacate the premises in 30 days.

### **E. Transfer from Single to Joint Occupancy**

#### **1) Transfer into a Current Accommodation**



If two residents occupying separate living accommodations request a transfer into one of the two accommodations, and if such transfer is approved by the Executive Director, then no additional Entry Fee payment or refund is due upon such transfer. Any subsequent refunds due to termination of this agreement will be based on the individual resident's original Entry Fee and Occupancy Date.

### **2) Transfer into a Larger Accommodation**

If two residents, occupying separate living accommodations, request a transfer into a larger accommodation, and if such transfer is approved by the Executive Director, the residents will pay the Monthly Fee for double occupancy associated with the residence they move into. The amount of the Entry Fee owed shall be the difference between (a) the current double occupancy Entry Fee for the new larger accommodation, less 2% per month of the original Entry Fees using the average length of occupancy of the two residents moving into a new unit, and (b) the sum of the original Entry Fees paid by each resident, less 2% per month since the original occupancy dates. No Entry Fee Refund will be owed to Residents if the difference is less than zero. A change from single to joint occupancy does not change the original Occupancy Date of either resident, nor does it initiate a new probationary period.

### **3) Transfer to a Smaller Residential Accommodation**

A contracted resident who moves to a smaller living accommodation, either by choice or after a co-occupant's termination or death, shall not be obligated to pay any additional Entry Fee; however, one of the following three sections for reduction of the Entry Fee will apply in accordance with the Resident's selection in Section 5 and using the following formula:

FORMULA: The original Entry Fee paid less a sum equal to two percent (2%) of the original amount of the Entry Fee for each month or fraction thereof since the Occupancy Date, up to and including the month in which the transfer occurs;  
MINUS: the Entry Fee required for the smaller accommodation at the time of transfer less a sum equal to two percent (2%) per month of the Entry Fee for each month or fraction thereof since the Occupancy Date, up to and including the month in which the transfer occurs.

- a. For the 2% Declining Refund Plan: If the move to a smaller unit is during the first fifty (50) months of occupancy, the amount due you is the FORMULA result. Payment shall be made pursuant to Section 11.H below. There is no refund for moves after fifty (50) months of occupancy.

- b. For the 50% Refund Plan: If you move to a smaller unit during the first twenty five (25) months of occupancy, the amount due to you is the FORMULA result. Payment shall be made pursuant to Section 11.H below. There is no refund for moves after twenty-five (25) months of occupancy.
- c. For the 90% Refund Plan: If you move to a smaller unit during the first five (5) months of occupancy, the amount due to you is the FORMULA result. Payment shall be made pursuant to Section 11.H below. There is no refund for moves after five (5) months of occupancy.

#### **F. Temporary Transfer to a Nursing Facility, Hospital or Other Facility**

You may be transferred on a temporary basis to a specialized nursing facility, hospital or other facility. If, in the estimation of you and your physician, you will return to Kendal at Lexington, we will reserve your room or apartment until you return. You will be responsible for the normal monthly charges as described under this Agreement during your absence, as well as the costs of the specialized care facility you are transferred to.

#### **G. Permanent Transfer to Another Facility**

You may be transferred to another facility for health conditions which are beyond the care that we can legally and competently provide the level of care required from the outset or after unsuccessful attempts to accommodate your care needs in our Health Center and which require permanent occupancy in a health facility that can provide the care you need. The decision regarding such a transfer shall be made by our Resident Care Committee in consultation with you and your physician. If you are a single occupant resident or the remaining survivor of two co-occupants, you shall make arrangements to remove your personal belongings from the original living accommodation within thirty (30) days after it has been determined that the transfer will be of a permanent or prolonged nature.

### **11. Termination of Agreement**

#### **A. By Death or Permanent Transfer to Another Facility**

Unless sooner terminated by either of us, this Agreement shall terminate at your death or upon permanent transfer to another facility not provided for under this Agreement.

## **B. By You**

At any time prior to the Occupancy Date, you may terminate this Agreement effective upon delivery of written notice to us. If you withdraw for any reason, except in the event of death, an inability to qualify financially, or the inability to qualify for independent living admission, two percent (2%) of the total entry fee will be retained by us, except during the 7 day period to rescind.

At any time within ninety (90) days after the Occupancy Date, you may terminate this Agreement by delivery of written notice to us and surrender of the living accommodations, such termination to be effective upon such surrender. An entry fee refund will be made in accordance to Section 11.G, except for withdrawals during the 7 day period to rescind.

At any time after the initial 90 day period, you may terminate this Agreement by delivery of written notice to us stating when the termination shall be effective, which shall not be more than one hundred and twenty (120) days or less than thirty (30) days after notice has been given. An entry fee refund will be made in accordance to Section 11.G.

## **C. By Us**

We reserve the right to terminate this Agreement for just cause after consultation with you for any one or more of the following: proof that you are a danger to yourself or others; nonpayment of a monthly fee; repeated conduct that interferes with other residents' quiet enjoyment of the facility; persistent refusal to comply with reasonable written rules and regulations of the facility; a material breach by the resident of the terms and conditions of the continuing care contract; and in cases of a material misrepresentation made intentionally or recklessly in your application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either your failure to qualify for residency or a material increase in the cost of providing to the resident the care and services provided under the contract, we reserve the right to terminate the Agreement. In such case, we shall serve upon you written notice of termination specified to be effective on a date not less than thirty (30) days, nor later than one hundred twenty (120) days after the date of notice.

However, should the notice recite that it is based upon a written medical finding by two doctors, one of whom is not an employee of or associated with us, that you are a danger to yourself or others, then the date for termination shall be fixed at a date which

is reasonable in light of the circumstances. On or before the termination date in any such notice, you shall move from and release your living accommodation.

#### **D. Monthly Fee**

On or before the effective date of termination, you shall surrender your living accommodation. Your Monthly Fee shall cease upon the effective termination date determined in accordance with this section, provided the living accommodations have been surrendered; if not, the Monthly Fee shall continue until such surrender.

#### **E. Release Upon Termination**

Upon termination of this Agreement, we are released from any further obligations to you or your estate except for the delivery of personal property and the payment of any refund which may be due under Section 11.G. Upon termination of this Agreement, you or your estate are released from any further obligations to us except for our right to have any subsidies reimbursed pursuant to Section 6.D.3 and any other amounts due.

#### **F. Effect of Termination Upon Survivor**

If this Agreement is made with two persons, a termination of this Agreement as to one of those persons shall not affect the continuation of this Agreement as to the other. The surviving Resident shall have the option of: (a) retaining the same living accommodation with the Monthly Fee changed to the rate for single occupancy; or (b) moving to a smaller living accommodation on notice given within one year of the death or termination of the co-occupant and when available, and paying the Monthly Fee for single occupancy of the new living accommodation. Any adjustment to the Entry Fee is subject to the provisions of Section 11.G of this Agreement.

#### **G. Refunds of All or Part of the Entry Fee**

On termination of this Agreement, we will make full or partial refund of the Entry Fee to you or to your estate only in accordance with the following provisions.

##### **1) Termination Prior to the Occupancy Date**

You may terminate this agreement at any time prior to the Occupancy Date by your death or by written notice of termination to us. The Community may terminate this agreement before occupancy upon written notice to you. This agreement will also be terminated by written notice of your death. In the event of death of one or both of you before occupancy, the decedent's entry fee deposit will be fully refunded to the decedent's estate in accordance with Section 11.H of this Agreement. Should you withdraw due to a change in health status through injury, illness, incapacity or

inability to live independently, your entry fee deposit will be fully refunded in accordance with Section 11.H of this Agreement. Should you withdraw for any other reason, your entry fee deposit will be refunded, less 2% of the Entry Fee for the residence you have reserved, in accordance with Section 11.H of this Agreement. If you terminate within the 7 day rescission period, any funds paid will be fully reimbursed.

## **2) Termination After the Occupancy Date**

### **a) By Either Resident or Community in First 90 Days**

If either Resident or Community terminates this Agreement during the first three months following the Occupancy Date, we shall make a full refund of the Entry Fee, less the 2% penalty outlined in the Residence Reservation Agreement, or your share thereof, to you, payable at such time as is provided in Section 11.H below.

### **b) By a Single Occupancy Resident or Both Co-Occupants After 90 Days**

If one or both occupants terminate this Agreement after 90 days occupancy, one of the following two sections shall apply in accordance with the refund selection in Section 5.

In the event of the death, withdrawal or permanent transfer to a facility not provided for under this agreement of a single-occupant Resident or both Co-occupants, a refund shall be made to you or your estate equal to the original Total Entry Fee paid less a sum equal to two percent (2%) of the original amount of the Total Entry Fee for each month or fraction thereof since the Occupancy Date of, up to and including the month in which you have vacated the accommodation and turned it over for our use, pursuant to Section 11.H below. Before calculating this refund, any refund already paid under 10.E.3 will be deducted from this refund.

Reimbursements shall be paid pursuant to the refund selections chosen in Section 5 as follows:

- a. For the 2% Declining Refund Plan: After fifty (50) months occupancy, there is no refund.
- b. For the 50% or 90% Refund Plan: The refund will not be less than either 50% or 90% of the Total Entry Fee

### **c) By One of Two Co-Occupants After 90 Days**

If one of two occupants in a double occupancy terminates this Agreement after occupancy, one of the following two sections applies in accordance with the selection in Section 5.

In the event of the death, withdrawal or permanent transfer to a nursing facility not provided for under this agreement of one of you, a refund equal to the Second Occupant's Entry Fee, less a sum equal to two percent (2%) for each month or fraction thereof this Agreement has been in force, up to and including the month in which such death or withdrawal occurs, shall be paid to the remaining individual as follows:

- a. For the 2% Declining Refund Plan: After fifty (50) months occupancy, there is no refund.
- b. For the 50% or 90% Refund Plan: The refund will not be less than either 50% or 90% of the Second Person Entry Fee you paid according to the plan you selected in Section 5 of this agreement.

#### **H. Time for Payment of Refunds before Occupancy or after the Living Accommodation has been Vacated**

With the exception of termination during the 7 day period to rescind, if you terminate this Agreement prior to the Occupancy Date, no refund of the Entry Fee shall be paid until we have received one or more Entry Fee payments from another prospective resident, for the same accommodation for which you had contracted, in a total amount which is at least equal to the refund to which you or your estate are entitled. When you terminate this Agreement after occupancy, no refund of the Entry Fee shall be paid until we have accepted and entered into a Residence and Care Agreement with a new Resident who has accepted the living accommodation you formerly occupied and who has paid the Total Entry Fee for that living accommodation. The Community agrees to engage in a good faith effort to obtain a new resident as soon as possible after notice of your termination of this Agreement.

When we terminate this Agreement, any refund of the Entry Fee shall be paid to you within thirty (30) days of the termination date, provided that all outstanding charges have been paid and your living accommodation has been vacated and you have removed your belongings from it.

#### **I. Our Option to Insure for Entry Fee Refunds**

We may, at our option, obtain insurance to cover our obligation to pay refunds of the Entrance Fee under this Agreement.

## **12. Rights and Obligations Concerning Property**

### **A. Rights to Property**

The rights and privileges granted to you by this Agreement do not include any right, title or interest in any part of the personal property, land, buildings, and improvements owned, leased, or administered by us. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between us. Your rights are primarily for services, with a right of occupancy subject to all the terms and conditions of this Agreement. Any rights, privileges, or benefits under this Agreement shall be subordinate to any mortgage on any of the premises or interest in our real property and to such reasonable rules and regulations on the use of all Community property as shall from time to time be adopted by us.

### **B. Right of Entry**

You recognize and accept our right and responsibility to enter your living accommodation in order to carry out the purpose and intent of this Agreement. The purposes for which such entry may be made include, but are not limited to, (a) performance of scheduled housekeeping duties, (b) response to the medical alert system, (c) response to the fire alarm system, (d) if you are reported missing or as having not responded to a call, and (e) maintenance. We recognize your right to privacy and our responsibility to limit entry to your living accommodation to emergencies and to maintenance and housekeeping work as set forth in this section. With the exception of emergencies, we will inform you in advance of our intentions to enter.

### **C. Responsibility for Damages**

Any loss or damage to our property caused by your negligence shall be charged to and paid for by you. Similarly, if any negligence of another Resident results in injury, illness, or damage to you, we assume no responsibility therefore, and you hereby release and discharge us from all liability or responsibility for injury or damage to you or to your property caused by the fault or negligence of other Residents. You shall have the responsibility of providing at your own expense any liability insurance you desire to protect against any such loss.

### **D. Responsibility of Protection of Your Property**

We shall not be responsible for the loss of any property belonging to you due to theft, fire, or any other cause. You shall have the responsibility, at your own expense, of providing any insurance you desire to protect against any such loss.

In the event of your death or if you are no longer able to occupy the living accommodation or fail to vacate after having been given notice to do so, we shall have the right, at your cost, to remove promptly all your property from the living accommodation and store the same. We shall be required to exercise only ordinary care to protect such property against theft or other loss while stored.

If the property is stored in a commercial warehouse, we shall have no responsibility for such property after storage has been accomplished (including costs of storage). In the case of your death, it shall be the obligation of your executor, representative, or next of kin to vacate the accommodation theretofore occupied by you, and remove any of your property previously stored by us, within thirty (30) days after your death, unless you reside in the Health Center. The accommodation shall be vacated within fourteen (14) days after your death if you reside in Assisted Living. Your monthly fee will continue to be assessed until all furniture and personal possessions are removed and the residence is surrendered to Kendal at Lexington.

We will hold such personal property for a period not to exceed thirty (30) days at the risk of your estate or of the persons entitled thereto, subject to ordinary care by us in safeguarding the same until delivery can be made. You shall, at the time you move to Kendal at Lexington, designate the individual responsible for retrieving your property. After sixty (60) days, we have the right to dispose of all such property.

### **13. Arrangements in Case of Incapacity**

You agree to make arrangements for the handling of your affairs in case of your incapacity and to notify us of the arrangements prior to the Occupancy Date. You agree to revise these arrangements as necessary to keep them current and to notify us of any changes as they occur.

If you become unable to care properly for your property and if you have made no other designation of a person or legal entity to serve as guardian, or trustee, or under power of attorney, then you hereby authorize us to nominate a person or entity to serve as legal guardian when approved by a court as provided by law.

### **14. Your Obligation to Us for Arrangements at Death**

You agree to provide us with the following information prior to the Occupancy Date: name and address of the funeral director with whom you have made arrangements, the



location of your will, the name and address of your lawyer and executor, the names and addresses of any banks, trust officers, etc., and information necessary to complete a death certificate, and whom to notify in case of death, including the person to whom your personal property is to be released.

**15. Delegation by the Executive Director**

It is understood that any authority or responsibility given by this Agreement to Kendal at Lexington's Executive Director may be delegated by him or her to any one or more members of our staff.

**16. No Discrimination**

Kendal at Lexington considers and admits residents without regard to race, color, sex, sexual orientation, religion, handicap, familial status, or national origin.

**17. Possession of Firearms or Weapons**

In order to maintain a safe environment for Residents, visitors and employees, firearms will not be permitted on the premises of Kendal at Lexington. Neither firearms nor weapons are allowed in the Health Centers.

**18. Rules, Values and Practices Adopted by Us**

Kendal at Lexington will operate in accordance with the *Statement of Values and Practices* published and adopted by The Kendal Corporation as it is currently written and as it may be revised in the future. By signing this Agreement, you acknowledge receipt of a copy of the *Statement of Values and Practices*. We reserve the right to adopt policies, procedures and rules regarding residency not inconsistent with the provisions of this Agreement, and you agree to abide by such policies, procedures and rules.

**19. Procedure for Resolving Issues**

It is our experience and our expectation that residents and staff, working together in good spirit, generally will be able to resolve issues successfully and easily. Should there be an instance in which a problem is not resolved satisfactorily, residents are invited to ask assistance from the appropriate supervisor, department head, or area administrator, in that order. Residents may invite the participation of the Area Agency on Aging ombudsman, the name and address of which are on file in the office of the Executive Director. The Residents Association can also serve as an avenue for the discussion and resolution of issues. Should satisfactory resolution still not be achieved, the matter may

be referred to the Executive Director of Kendal at Lexington. In deciding the issue, the Executive Director will review our policies and procedures with the resident and any representative the resident chooses to include. Residents may present any information concerning the issue. The Executive Director will consult with appropriate staff or seek other input as necessary and, after considering all the information presented, shall make a decision.

Residents may request the Board of Directors to review the matter after the Executive Director's decision. The Board, or its designees, will review all relevant information, including any presented by the resident and decide whether to direct the Executive Director to reconsider the issue. The Board's recommendation will be final.

#### **20. Guest Policies**

No one other than you shall have a right of occupancy in a living accommodation without the consent of the Executive Director unless otherwise permitted pursuant to guest policies established by us. The intent of such policies shall be to permit stays of short duration by your guests where such stays shall not, in the opinion of the Executive Director, adversely affect the operation of the Community or be inconsistent with the welfare of Residents.

#### **21. Changes Because of Regulatory Agencies**

Notwithstanding any other provision of this Agreement, we shall have the right to alter your living accommodations to meet the requirements of law, the regulations of regulatory agencies, or other duly constituted authorities or agencies.

#### **22. Residents Association**

You shall have the right to be a member of a Residents Association.

#### **23. Notices**

Notices, when required by the terms of this Agreement, shall be sufficient if given to us at our administrative office and if to you at the address given below until you enter the Community, and thereafter at your Community address.

#### **24. Entire Agreement**

This Agreement constitutes the entire Agreement between us and includes the Priority Waitlist Agreement, the Residence Reservation Agreement, the Financial Statement for Prospective Residents, the Health Care Record and medical forms, the report of the physical examination by a Physician and the Upgrades to Apartments/Cottages

Addendum. These documents are hereby incorporated by reference. Knowing that we will rely on your statements made therein, you represent that all such statements are true and complete.

**25. Non-transferability**

Your rights and privileges under this Agreement are personal to you and cannot be transferred or assigned by your act, by any proceeding at law, or otherwise.

**26. Modification of Agreement**

No amendment or modification of this Agreement shall be valid unless in writing executed by all parties to this Agreement.

**27. Enforcement**

We shall have the right at all times to enforce the provisions of this Agreement in strict accordance with their terms, notwithstanding any conduct or custom on our part in refraining from doing so at any time or times.

**28. Attorney's Fees**

Resident shall pay all litigation costs, and attorney's fees Kendal incurs to enforce the terms of this Agreement against the Resident, Responsible Party or anyone acting on the Resident's behalf or to successfully defend against claims by Resident, Responsible Party or anyone acting on Resident's behalf arising under the terms of this Agreement.

**29. Forum Selection Clause**

By virtue of entering into this agreement, Resident agrees and submits to a court of competent jurisdiction in or serving the County of Rockbridge, Virginia, and further agrees that this Agreement is to be construed as if executed and performed entirely within the Commonwealth of Virginia; and all claims, disputes, and other matters touching or concerning this contract or its performance shall be decided only by such court according to the laws of the Commonwealth of Virginia.

**30. Savings Clause**

Should any provision or portion of this Agreement violate Federal, state, or local law as announced by statute, regulation, ordinance, ruling, or judicial decision, it shall be deemed as stricken from this Agreement, with the remainder of this Agreement continuing in full force.

**31. Smoking Policy**

As part of Kendal at Lexington's wellness philosophy, smoking is permitted only in residential living accommodations, excluding the Benjamin Borden Health Center and Webster Assisted Living Center. Smokers may be charged a fee based on unit square footage to remove smoke odor and otherwise restore the apartment or cottage prior to re-occupancy.

**32. Indemnification Clause**

In the event that Kendal at Lexington and/or Lexington Retirement Community, Inc. is named in a lawsuit related to your negligence, wrongful acts or omissions, illegal activities or any other tort or contract litigation arising from your conduct, you agree to indemnify and hold harmless Kendal at Lexington and/or Lexington Retirement Community, Inc. for any recoveries or judgments against them and to pay any attorney's fees or court costs arising from such litigation.

### Options

If you have agreed to purchase, at an additional price, optional products or services beyond those included in the Entry and Monthly Fees, please reference the **Upgrades to Apartments/ Cottages Addendum**.

If the Residence and Care Agreement is rescinded or you terminate it prior to the Occupancy Date, then those costs incurred by us in providing those products or services will be deducted from any refund.

**Signatures**

Resident Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Address of Resident: \_\_\_\_\_

Resident Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Address of Resident: \_\_\_\_\_

Kendal at Lexington: \_\_\_\_\_ Date: \_\_\_\_\_

Executive Director or other authorized signature

## Definitions

**Activities of Daily Living (ADLs).** A group of activities which are necessary for safe and comfortable living. Activities of daily living include dressing/grooming, bathing/personal hygiene, mobility/ambulation, bowel and bladder control, and eating/nutrition.

**Assisted Living.** A level of care and accommodations licensed by the Commonwealth of Virginia to provide assistance with activities of daily living to its residents.

**First Occupant.** One of the residents of a double occupancy residential accommodation or the sole resident of a single occupancy residential unit. In the case of double occupancy, if one resident leaves for any reason, the remaining resident is deemed the First Occupant.

**Health Center.** Includes our Assisted Living Facility and Our Nursing Facility on site.

**Kendal at Lexington.** A continuing care retirement community in Lexington, Virginia, owned and operated by Lexington Retirement Community, Inc. Kendal at Lexington is also a registered legal alias for Lexington Retirement Community, Inc.

**Lexington Retirement Community, Inc.** A tax exempt, not-for-profit Virginia corporation which owns and operates Kendal at Lexington.

**Occupancy Date.** The date specified in your Residence and Care Agreement or the date on which you first personally occupy your living accommodation, whichever first occurs.

**Our Nursing Facility.** The nursing facility located on the campus of Kendal at Lexington is owned and operated by Lexington Retirement Community, Inc.

**Probationary Period.** The first ninety (90) days following the Occupancy Date.

**Resident Care Committee.** The interdisciplinary team members involved with the resident's care.

**Second Occupant.** Any second occupant of a residential or assisted living unit, regardless of the relationship between the two residents. In the case of double occupancy, if one resident leaves, that resident is deemed the Second Occupant.

**Total Entry Fee.** The total of the First Occupant plus Second Occupant Entry Fees; the Entry Fee paid on or before the occupancy date as specified in this Agreement.

**Your Physician.** A licensed physician you have identified to us as your primary physician and who has agreed to abide by our rules and procedures.



# Contents

- For Extensive Coverage of Continuing Care..... 1
  - Notice of Right to Rescind..... 2
  - Kendal at Lexington Residence and Care Agreement ..... 3
- 1. Admission ..... 3
  - A. Prospective Residents Under Age 65 ..... 3
    - 1) Full Residency ..... 4
    - 2) Limited Residency Without Pre-Paid Health Care..... 4
    - 3) Conversion From Limited to Full Residency ..... 4
- 2. Occupancy Date ..... 4
- 3. Services Provided..... 4
- 4. Accommodation ..... 5
- 5. Entry Fee ..... 5
  - A. Amount ..... 5
  - B. Additions to the Entry Fee ..... 6
  - C. Admission of a Second Occupant who is not a Resident ..... 6
- 6. Monthly Fee ..... 6
  - A. General ..... 6
  - B. Monthly Statement ..... 7
  - C. Payment of Monthly Charges ..... 7
  - D. Inability to Pay ..... 8
    - 1) Our Policy ..... 8
    - 2) Your Responsibility ..... 8
    - 3) Recovery of Community Subsidy..... 8
- 7. Facilities Provided by Us ..... 8
  - A. Living Accommodation ..... 8
  - B. Community Facilities..... 9
  - C. Health Center ..... 9

D.	Laundry Facilities.....	9
E.	Parking .....	9
8.	General Services We Will Provide.....	9
A.	Food and Meals .....	9
1)	Meals Offered .....	9
2)	Dining Points Meal Program.....	10
3)	Tray Service.....	10
4)	Other Service .....	10
5)	Meal Charges .....	10
6)	Carry Over of Dining Points.....	10
B.	Housekeeping Services .....	10
C.	Maintenance and Repair Service .....	11
D.	Groundskeeping.....	11
E.	Utilities .....	11
F.	Local Transportation .....	11
G.	Taxes .....	11
9.	Health Services .....	12
A.	General .....	12
B.	Use of Medical Practitioner and Other Facilities.....	12
C.	Hospitalization.....	12
D.	Physicians.....	12
E.	Exclusions .....	12
F.	Illness or Accident While Away from Kendal at Lexington.....	13
G.	Medical and Surgical Insurance.....	13
1)	Your Obligation to Carry Insurance.....	13
2)	Our Right to Insurance Benefits.....	14
10.	Changes in Living Accommodations .....	15
A.	Policy on Changes.....	15
B.	Change in Living Accommodation by Our Action.....	15

C.	Permanent Transfer to the Health Center .....	15
D.	Transfer made by One of Two Residents Sharing a Living Accommodation.....	15
E.	Transfer from Single to Joint Occupancy .....	15
1)	Transfer into a Current Accommodation .....	15
2)	Transfer into a Larger Accommodation .....	16
3)	Transfer to a Smaller Residential Accommodation.....	16
F.	Temporary Transfer to a Nursing Facility, Hospital or Other Facility .....	17
G.	Permanent Transfer to Another Facility .....	17
11.	Termination of Agreement .....	17
A.	By Death or Permanent Transfer to Another Facility .....	17
B.	By You .....	18
C.	By Us.....	18
D.	Monthly Fee .....	19
E.	Release Upon Termination .....	19
F.	Effect of Termination Upon Survivor .....	19
G.	Refunds of All or Part of the Entry Fee.....	19
1)	Termination Prior to the Occupancy Date .....	19
2)	Termination After the Occupancy Date.....	20
c)	By One of Two Co-Occupants After 90 Days.....	20
H.	Time for Payment of Refunds before Occupancy or after the Living Accommodation has been Vacated.....	21
I.	Our Option to Insure for Entry Fee Refunds .....	21
12.	Rights and Obligations Concerning Property.....	22
A.	Rights to Property .....	22
B.	Right of Entry .....	22
C.	Responsibility for Damages.....	22
D.	Responsibility of Protection of Your Property .....	22
13.	Arrangements in Case of Incapacity .....	23
14.	Your Obligation to Us for Arrangements at Death.....	23
15.	Delegation by the Executive Director .....	24

16. No Discrimination .....	24
17. Possession of Firearms or Weapons .....	24
18. Rules, Values and Practices Adopted by Us .....	24
19. Procedure for Resolving Issues.....	24
20. Guest Policies.....	25
21. Changes Because of Regulatory Agencies.....	25
22. Residents Association.....	25
23. Notices	25
24. Entire Agreement.....	25
25. Non-transferability .....	26
26. Modification of Agreement .....	26
27. Enforcement.....	26
28. Attorney’s Fees .....	26
29. Forum Selection Clause.....	26
30. Savings Clause.....	26
31. Smoking Policy.....	27
32. Indemnification Clause .....	27
Options .....	28
Signatures.....	29
Definitions.....	30

..... Revised 4-23-  
2020

Kendal at Lexington  
**Upgrades to Apartments/Cottages**  
**Addendum to Resident Care Agreement**

Name:

Apt/cottage #:

**Requested “Custom Upgrades” to be paid by depositor:**

Description	Estimate (pass-through costs*)
-------------	--------------------------------

**Upgrades to be paid by Kendal at Lexington:**

Incentives and standard upgrades

-----  
Approved by Marketing Director: \_\_\_\_\_ Date: \_\_\_\_\_  
Approved by Director of Operations: \_\_\_\_\_ Date: \_\_\_\_\_  
Approved by Finance Manager: \_\_\_\_\_ Date: \_\_\_\_\_  
Approved by Executive Director: \_\_\_\_\_ Date: \_\_\_\_\_

**Depositor agrees to pay for the cost of requested upgrades not covered by Kendal at Lexington. Payment will be in addition to any reservation deposit and no refund will be given after work has begun or materials have been purchased. If depositor decides to withdraw the reservation agreement, payment must be made or the cost of the requested upgrades will be deducted from any reservation deposit.**

**\*Pass-Through Costs:** Where applicable, Kendal at Lexington has collected estimates from outside contractors. Please keep in mind that these are “estimates”. The full actual cost of the work is the responsibility of the resident(s).

**Replacement and Maintenance:** Resident(s) are responsible for the full cost of replacement parts of non-standard Custom Upgrades. If non-standard items (such as non-standard appliances) need to be replaced, then Kendal will replace with a standard item. The cost for upgraded items is the responsibility of resident(s). Maintenance of Custom Upgrades (such as refrigerator filters) is at the expense of the resident(s).

Please note: Delays in custom upgrade projects can be common and completion will not delay the closing date.

Depositor: \_\_\_\_\_ Date: \_\_\_\_\_

Depositor: \_\_\_\_\_ Date: \_\_\_\_\_

**Attachment 2 - Certified Financial Statements**

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)



**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>3</b>
<b>STATEMENTS OF OPERATIONS</b>	<b>5</b>
<b>STATEMENTS OF CHANGES IN NET ASSETS</b>	<b>6</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8</b>



## INDEPENDENT AUDITORS' REPORT

Audit and Oversight Committee  
Lexington Retirement Community, Inc.  
dba: Kendal at Lexington  
Lexington, Virginia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Lexington Retirement Community, Inc. dba: Kendal at Lexington, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lexington Retirement Community, Inc. dba: Kendal at Lexington as of December 31, 2023 and 2022, and the results of its operations, changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lexington Retirement Community, Inc. dba: Kendal at Lexington'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 Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

King of Prussia, Pennsylvania  
April 15, 2024

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 329,177	\$ 472,213
Accounts Receivable	577,859	671,167
Allowance for Credit Losses	(102,826)	(95,128)
Other Receivable	10,000	10,000
Entry Fee Receivable	829,280	630,050
Prepaid Expenses and Other	442,753	541,641
Current Portion of Assets Limited as to Use	<u>2,069,481</u>	<u>1,890,777</u>
Total Current Assets	4,155,724	4,120,720
<b>INVESTMENTS</b>	35,795,270	30,143,928
<b>ASSETS LIMITED AS TO USE</b>		
By Trustee Under Bond Indenture	5,128,646	4,834,144
By Board	5,732,576	3,810,963
Escrowed Deposits	620,060	631,657
By Donors	<u>2,109,406</u>	<u>1,810,128</u>
Total	13,590,688	11,086,892
Less: Current Portion of Assets Limited as to Use	<u>(2,069,481)</u>	<u>(1,890,777)</u>
Total Assets Limited as to Use	11,521,207	9,196,115
<b>PROPERTY AND EQUIPMENT</b>		
Land	741,068	741,068
Buildings and Improvements	93,156,092	91,760,508
Equipment and Furniture	6,365,530	6,208,188
Construction in Progress	<u>636,005</u>	<u>190,428</u>
Total	100,898,695	98,900,192
Less: Accumulated Depreciation	<u>(39,109,297)</u>	<u>(35,768,451)</u>
Property and Equipment, Net	61,789,398	63,131,741
<b>OTHER ASSETS</b>		
Insurance Deposits	456,906	454,324
Beneficial Interest in Charitable Remainder Unitrust Receivable	<u>-</u>	<u>28,541</u>
Total Other Assets	<u>456,906</u>	<u>482,865</u>
 Total Assets	 <u>\$ 113,718,505</u>	 <u>\$ 107,075,369</u>

See accompanying Notes to Financial Statements.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2023 AND 2022**

<b>LIABILITIES AND NET ASSETS</b>	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 1,245,000	\$ 1,190,000
Accounts Payable and Accrued Expenses	1,146,869	1,065,638
Accrued Interest Payable	824,481	650,777
Due to The Kendal Corporation	22,573	25,310
Entry Fee Refund Payable	<u>287,856</u>	<u>43,104</u>
Total Current Liabilities	3,526,779	2,974,829
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Net of Current Portion	41,781,931	43,115,997
Deferred Entrance Fee Revenue	46,252,819	45,438,346
Refundable Contract Obligations	2,141,414	1,110,484
Entry Fee Deposits	<u>620,060</u>	<u>631,657</u>
Total Long-Term Liabilities	<u>90,796,224</u>	<u>90,296,484</u>
Total Liabilities	94,323,003	93,271,313
<b>NET ASSETS</b>		
Without Donor Restrictions	11,553,520	8,154,424
Without Donor Restrictions - Board Designated	<u>5,732,576</u>	<u>3,810,963</u>
Total Net Assets Without Donor Restrictions	17,286,096	11,965,387
With Donor Restrictions	<u>2,109,406</u>	<u>1,838,669</u>
Total Net Assets	<u>19,395,502</u>	<u>13,804,056</u>
Total Liabilities and Net Assets	<u>\$ 113,718,505</u>	<u>\$ 107,075,369</u>

See accompanying Notes to Financial Statements.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>REVENUE</b>		
Net Residential Services Revenue	\$ 9,574,290	\$ 9,034,201
Health Center Fees	5,065,098	5,500,621
Amortization of Deferred Entry Fees	4,771,009	4,079,022
Investment Income	1,568,102	990,997
Unrealized Gain (Loss) on Equity Securities	3,655,647	(4,971,802)
Contributions	63,266	289,031
Other Income	359,730	362,443
Net Assets Released from Restrictions	79,835	63,528
Total Revenue	25,136,977	15,348,041
<b>OPERATING EXPENSES</b>		
General and Administrative	2,723,600	2,517,939
Housekeeping and Laundry	644,515	568,772
Maintenance	1,573,988	1,323,454
Food Service	2,319,231	2,059,540
Health Service	4,310,670	4,082,394
Employee Benefits	1,455,018	1,342,949
Utilities	772,770	786,414
Real Estate Taxes	290,363	322,627
Affiliation and Service Fee	594,612	571,596
Interest Expense	1,559,896	1,719,579
Depreciation Expense	3,468,034	3,405,253
Provision for Credit Losses	66,753	8,846
Total Operating Expenses	19,779,450	18,709,363
<b>INCOME (LOSS) FROM OPERATIONS</b>	5,357,527	(3,361,322)
<b>NONOPERATING LOSS</b>		
Loss on Extinguishment of Debt	-	(141,559)
Gain (Loss) on Disposal of Property and Equipment	(10,302)	98,162
Total Nonoperating Loss	(10,302)	(43,397)
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSES</b>	<b>\$ 5,347,225</b>	<b>\$ (3,404,719)</b>

See accompanying Notes to Financial Statements.

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
STATEMENTS OF CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSES</b>	\$ 5,347,225	\$ (3,404,719)
<b>OTHER CHANGES IN NET ASSETS - WITHOUT DONOR RESTRICTIONS</b>		
Unrealized Loss on Fixed Income Securities and Other Investments	(36,307)	(82,217)
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	9,791	55,052
Increase (Decrease) in Net Assets - Without Donor Restrictions	5,320,709	(3,431,884)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	147,784	187,925
Investment Income (Loss)	241,120	(308,810)
Provision for Bad Debt Expense	-	(5,325)
Change in the Beneficial Interest in Charitable Remainder Unitrust Receivable	(28,541)	(7,810)
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	(9,791)	(55,052)
Net Assets Released from Restrictions Used for Operations	(79,835)	(63,528)
Increase (Decrease) in Net Assets - With Donor Restrictions	270,737	(252,600)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	5,591,446	(3,684,484)
Net Assets - Beginning of Year	13,804,056	17,488,540
<b>NET ASSETS - END OF YEAR</b>	\$ 19,395,502	\$ 13,804,056

See accompanying Notes to Financial Statements.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 5,591,446	\$ (3,684,484)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
(Gain) Loss on Disposals of Property and Equipment	10,302	(98,162)
Unrealized (Gain) Loss on Investments and Assets Limited as to Use	(3,619,340)	5,054,019
Depreciation Expense	3,468,034	3,405,253
Provision for Credit Losses	66,753	8,846
Amortization of Deferred Financing Costs	46,120	63,476
Entry Fee Amortization	(4,771,009)	(4,079,022)
Deferred Entry Fees Received, Net of Refunds	6,650,337	6,976,628
Amortization of Original Issue Premium	(135,186)	(164,058)
Loss on Extinguishment of Debt	-	141,559
(Increase) Decrease in:		
Accounts Receivables, Net	34,253	(125,922)
Contributions Receivable and Other	28,541	67,853
Prepaid Expenses and Other	98,888	(53,198)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	129,158	76,818
Accrued Interest Payable	173,704	(305,304)
Due to Kendal Corporation	(2,737)	8,773
Net Cash Provided by Operating Activities	7,769,264	7,293,075
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Fixed Assets	1,661	330,274
Purchase of Property and Equipment	(2,185,581)	(2,418,779)
Purchases of Investments	(15,794,994)	(19,168,795)
Sales of Investments	13,762,992	14,132,179
Deposit of Self Insurance	(2,582)	(50,562)
(Increase) Decrease in Assets Limited As to Use	(2,450,760)	2,013,356
Net Cash Used by Investing Activities	(6,669,264)	(5,162,327)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for Debt Issuance Costs	-	(442,783)
Repayment of Long-Term Debt	(1,190,000)	(1,125,000)
Redemption of Debt	-	(19,323,897)
Issuance of Debt	-	18,910,000
Premium from Issuance of Debt	-	663,304
Net Cash Used by Financing Activities	(1,190,000)	(1,318,376)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	(90,000)	812,372
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	4,169,050	3,356,678
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	\$ 4,079,050	\$ 4,169,050
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest, Net of Capitalized Interest	\$ 1,475,258	\$ 2,125,466

See accompanying Notes to Financial Statements.



**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Organization**

Lexington Retirement Community, Inc. (LRC) or (the Corporation) was formed March 16, 1995 as a Virginia nonstock corporation for the purpose of establishing, maintaining, operating, and managing a continuing care retirement community in Lexington, Virginia. LRC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC).

Effective March 11, 1997, LRC amended its bylaws for the purpose of affiliating with The Kendal Corporation, a Pennsylvania nonprofit organization. Certain activities of LRC require the approval of The Kendal Corporation. The amended bylaws specify the composition of LRC's board of directors and create authority for a residents' association. LRC has registered the trade name Kendal at Lexington with the Commonwealth of Virginia.

In July 2000, LRC commenced operations. LRC consists of 150 independent living residences in cottages, cottage clusters, and apartments, plus an assisted living facility for 20 residents at December 31, 2023. Since September 2001, the Community also operated the Borden Health Center, a 60 bed skilled nursing facility.

**Use of Estimates**

The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents and Restricted Cash**

The Corporation considers cash and cash equivalents to include all highly liquid investments with maturities of three months or less. Cash balances are principally uninsured and subject to normal credit risks. Cash and cash equivalents within funds identified as investments held under bond indenture and escrowed deposits for entrance fees are considered restricted in nature.

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Cash and Cash Equivalents and Restricted Cash (Continued)**

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows at December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 329,177	\$ 472,213
Restricted Cash Included in Assets Held by Trustee for Debt Service Reserve	970,752	1,148,440
Restricted Cash Included in Assets Held by Trustee for Principal and Interest	2,159,061	1,916,740
Restricted Cash Included in Escrowed Deposits for Entrance Fees	<u>620,060</u>	<u>631,657</u>
Total Cash and Cash Equivalents and Restricted Cash Shown in the Statements of Cash Flows	<u>\$ 4,079,050</u>	<u>\$ 4,169,050</u>

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are reported net of an allowance for credit losses to represent Kendal at Lexington's estimate of expected losses at the balance sheet date. The adequacy of Kendal at Lexington's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends and a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

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 more than 30 days are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off against the related allowance.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2023 and 2022, the allowance for estimate of expected credit losses was \$102,826 and \$95,128, respectively.

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Accounts Receivable and Allowance for Credit Losses (Continued)**

Changes in the allowance for credit losses for the year ended December 31, 2023 were as follows:

	<u>2023</u>
Allowance for Credit Losses	
Balance, Beginning of Year	\$ 95,128
Provision for Losses	66,753
Amounts Written Off	<u>(59,055)</u>
Balance, End of Year	<u>\$ 102,826</u>

The opening and closing balances in accounts receivable, net were as follows:

	<u>Accounts Receivable, Net</u>
Balance as of January 1, 2022	\$ 458,962
Balance as of December 31, 2022	576,039
Balance as of December 31, 2023	475,033

**Entry Fee Receivable**

Entry fee receivable represents entrance fees that are deferred for up to 12 months after a resident occupies a unit. The receivable is expected to be collected during the next 12 months and is, therefore, categorized as a current asset as of December 31, 2023 and 2022. Management determined that no allowance is necessary on the entry fee receivable.

**Investments**

Investments are comprised primarily of mutual funds, equity securities and debt securities and are measured at fair value in the balance sheets. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income, including interest and dividends, unrealized gains (losses) on equity securities, declines in market value deemed to be other than temporary and earnings on trustee held funds, are included in the excess (deficit) of revenue over expenses. The cost of substantially all securities sold is based on the specific identification method. Unrealized gains (losses) from fixed income and other securities are excluded from the excess (deficit) of revenue over expenses.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the risk associated with certain investments, it is reasonably possible that changes in the value of the investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

**Assets Limited as to Use**

Assets limited as to use include assets held by trustees under bond indenture agreements, escrowed deposits, and certain donor-restricted assets. In addition, unrestricted resources designated by the Corporation's board are reported as assets limited as to use. Assets limited as to use are carried at fair value. Certain amounts required for obligations classified as current liabilities are reported in current assets.

The Corporation's board has designated a portion of cash and investments for specific purposes, which include future capital replacements and repairs, fellowship assistance, employee education, and other general purposes. The Corporation's board retains control of these assets and may at its discretion subsequently use the funds for other purposes.

**Concentration of Credit Risk**

The Corporation maintains its cash accounts at commercial banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC insurable limits. The funds on deposit in brokerage accounts are insured by the SIPC up to \$500,000.

**Property and Equipment**

The Corporation capitalizes all expenditures for property and equipment with costs over \$1,000 and an estimated life greater than one year. The cost of maintenance and repairs are charged against operations as incurred. Property and equipment is stated at cost or at fair value at the date of donation. Depreciation of office furniture and equipment is computed using the straight-line method over estimated useful lives ranging from 3 to 20 years. Buildings and improvements are depreciated on a straight-line basis over 3 to 40 years. Depreciation expense was \$3,468,034 and \$3,405,253 and for the years ended December 31, 2023 and 2022, respectively.

**Net Assets**

The Corporation reports information regarding its financial position and activities according to 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 restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated purposes.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

**Net Assets (Continued)**

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

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. 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.

**Deferred Entrance Fee Revenue**

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. Upon death of a sole surviving resident, any remaining unamortized portion of the entry fee is recognized as revenue.

A resident may terminate their contract at any time during the first 90 days, without notice. After that, 30 days' notice is required. In both instances, the paid entry fee is decreased by 2% per month. Amounts refundable are equal to the original fee paid less 2% for each month of occupancy. At December 31, 2023 and 2022, the portion of deferred entry fee revenue subject to such refund provisions amounted to approximately \$14,235,000 and \$15,223,000, respectively.

Other contracts include a 50% and a 90% refundable option upon the death of the resident or upon termination by the resident. Refunds are payable once the resident's unit is reoccupied. Refundable amounts under these contracts are not amortized to revenue.

The opening and closing balances in deferred revenue, refundable contract obligations, and entry fee deposits were as follows:

Balance as of January 1, 2022	\$ 44,124,685
Balance as of December 31, 2022	47,180,487
Balance as of December 31, 2023	49,014,293

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Obligation to Provide Future Services**

The Corporation annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred entrance fee revenue. If the present value of the net cost of future services and the use of facilities exceeds the deferred entry fee revenue, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.0% in 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. This calculation did not result in a liability as of December 31, 2023 and 2022.

**Charitable Remainder Unitrust**

The Corporation was the beneficiary of one charitable remainder unitrust. Each year, the trustees paid the recipients during the recipient's life an annuity amount. With the death of the recipient in 2023, the trustee distributed the principal and income of the trust to the corporation of \$69,314.

**Performance Indicator**

The statements of operations includes excess (deficit) of revenues over expenses, known as the performance indicator. Changes in net assets without donor restrictions, which are excluded from the performance indicator, include unrealized gains (losses) on investments from fixed income and other securities and net assets released from restrictions used for purchase of property and equipment.

**Net Residential Services and Health Center Fees Revenue (Resident Services Revenue)**

Resident services revenue is reported at the amount that reflects the consideration to which the Corporation 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, the Corporation bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

**Net Residential Services and Health Center Fees Revenue (Resident Services Revenue) (Continued)**

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges. The Corporation 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 facility receiving skilled nursing services or residents receiving services in the facility. The Corporation measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and the Corporation does not believe it is required to provide additional goods or services related to that sale. The Corporation 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 the Corporation's policy and/or implicit price concessions provided to residents. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience.

**Medicare and Medicaid**

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

**Medicare Reimbursement**

The Centers for Medicare and Medicaid Services (CMS) finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient 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.

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Net Residential Services and Health Center Fees Revenue (Resident Services Revenue) (Continued)**

Medicare Reimbursement (Continued)

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, Centers for Medicare, and Medicaid Services (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.

Medicaid Reimbursement

The Virginia Department of Medical Assistance Services (DMAS) requires Medicaid members that have full Medicaid coverage and are age 65 or older or are disabled, to a mandatory Medicaid managed care program (MCO), formally referred to as the Commonwealth Coordinated Care Plus (CCC Plus). Effective January 1, 2023, it is referred to as Cardinal Care. The Cardinal Care program consists of six managed care health plans. The Corporation is reimbursed by each MCO according to their contract. Currently, all six organization use the Commonwealth of Virginia Medicaid Fee Schedule.

Net Residential Services Revenue

Residential service revenue is comprised of revenue from the independent living services (Residential Living). Residential services revenue is recorded at established rates with vacancies and absence allowances deducted to arrive at net residential services revenue. Monthly residential occupancy fees are recognized as revenue in the month of assessment.

Health Center Fees Revenue

Health center fees revenue is comprised of revenue from the assisted living and skilled nursing facility.

The composition of the Corporation's net residential services and health center fees revenue by primary payor for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Traditional Medicare	\$ 1,082,397	\$ 1,145,325
Private Pay, Managed Care Organizations and Other (Including Medicare and Medicaid MCO's)	18,687,730	17,830,962
Total Net Residential Services and Health Center Fees Revenue	<u>\$ 19,770,127</u>	<u>\$ 18,976,287</u>



**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Net Residential Services and Health Center Fees Revenue (Resident Services Revenue) (Continued)**

The composition of revenue based on service lines, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Service Lines:		
Residential Living	\$ 14,345,299	\$ 13,113,223
Skilled Nursing	4,104,221	4,501,064
Assisted Living	960,877	999,557
Other Ancillary Charges	98,236	147,607
Retail Sales (Dining)	175,380	138,825
Rental Income	86,114	76,011
Total	\$ 19,770,127	\$ 18,976,287
Method of Reimbursement:		
Fee for Services	\$ 19,508,633	\$ 18,761,451
Other	261,494	214,836
Total	\$ 19,770,127	\$ 18,976,287
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	\$ 19,508,633	\$ 18,761,451
Sales at Point in Time	261,494	214,836
Total	\$ 19,770,127	\$ 18,976,287

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Net Residential Services and Health Center Fees Revenue (Resident Services Revenue) (Continued)**

Occupancy Percentages

During the years ended December 31, 2023 and 2022, the occupancy percentages and the percentages of the Borden Health Center residents covered under the Medicaid program, Medicare program, private pay, managed care organizations (MCO) and other were as follows:

	2023	2022
Traditional Medicare	12%	12%
Private Pay, Managed Care Organizations and Other (Including Medicare and Medicaid MCO's)	88%	88%
Total	100%	100%

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

**Professional Liability Insurance**

The Corporation's professional liability insurance is on the claims made basis.

**Income Taxes**

The Corporation has been granted exempt status relative to federal and state corporate income taxes under Section 501(c)(3) of the IRC and applicable state codes. The Corporation follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Corporation's financial statements.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

**New Accounting Pronouncements**

At the beginning of 2023, the Corporation adopted Accounting Standards Update (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. The Corporation adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Corporation's financial statements but did change how the allowance for credit losses is determined.

**Subsequent Events**

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 15, 2024, the date the financial statements were available to be issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in the financial statements.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 RELATED PARTY TRANSACTIONS**

On December 1, 2014, Kendal at Lexington entered into an Affiliation Agreement with the Kendal Corporation of Newark, Delaware. Under the terms of the Affiliation Agreement, The Kendal Corporation has certain reserve powers which include approval of any change in purpose, incurring indebtedness over a certain threshold, the manner in which the Kendal name is used, material changes in contracts with residents, certain real estate transactions, dissolution, acquisition, merger or change in control of the corporation, selection of new board members, amendment to certain sections of the bylaws and Articles of Incorporation of Kendal at Lexington. The Kendal Corporation also has the right to review the operation, strategic, and other plans, projections, and performance of its Affiliates and may request, or require, changes, if it deems them necessary. The bylaws also specify that the two organizations may have certain board members in common, and that the president of The Kendal Corporation, or his/her designee, is entitled to attend the board meetings, ex officio.

The Kendal Corporation does not own its affiliates or any of their assets. The Kendal System is a federal-type model that seeks to be sensitive to local environments, with the most decision-making at the local level, added to the benefit of being part of a larger, national system. Oversight of each Kendal organization is provided by a local volunteer board of directors, and residents and community members serve together on those boards.

The Kendal Corporation maintains reserve funds, which are available according to the purpose of each fund, solely at the discretion of The Kendal Corporation board of directors; these funds include a Contingency Reserve and a System Growth Fund. The Kendal Corporation sponsors pension, deferred compensation, and self-insured medical plans for employees, which affiliates may participate in.

Kendal at Lexington pays a System Fee to The Kendal Corporation as defined by the Affiliation Agreement. Total system fees of \$594,612 and \$571,596 were incurred for the years ended December 31, 2023 and 2022, respectively and are included in affiliation and service fee on the statements of operations.

**NOTE 3 ENTRY FEE DEPOSITS**

As of December 31, 2023 and 2022, some prospective residents have paid an entry fee deposit, signed a Residency Agreement, and selected a unit. These deposits (which are refundable if the prospective resident does not move in) are held in escrow and are reflected in the financial statements as assets limited as to use. Under the terms of the escrow agreement, interest on these deposits is the property of the Corporation and is recorded as investment income by the Corporation when earned. Upon individual occupancies, deposits will be released from escrow and recorded as deferred entry fee revenue on the balance sheets. As of December 31, 2023 and 2022, entry fee deposits were \$620,060 and \$631,657, respectively.

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE**

**Fund Held by Bond Trustee**

The Corporation is required to hold the funds in various accounts based on the terms in the Indenture dated October 1, 2016, the Supplemental Indentures for Series 2017A and 2017B dated December 1, 2017, Indenture and Second Supplemental bond indenture for Series 2022 dated October 1, 2022.

**Debt Service Reserve Funds**

Debt service reserve funds have been established to provide a reserve for payment of principal and interest on the bonds in the event the Corporation's principal and interest payments are insufficient to meet debt service requirements.

**Interest Funds**

Interest funds have been established to pay interest costs related to 2016, Series 2017A and 2022 bond debt.

**Principal Funds**

Principal funds have been established to service the required principal payments to bondholders.

**Board-Designated Funds**

The board-designated funds are designated for the following:

	2023	2022
Replacement and Maintenance Reserve Fund	\$ 5,084,622	\$ 2,926,171
Campus Beautification Fund	295,390	256,612
Undesignated	-	321,900
Resident Financial Assistance	257,076	223,328
Staff Education	95,488	82,952
Total	<u>\$ 5,732,576</u>	<u>\$ 3,810,963</u>

**Escrowed Deposits**

The escrowed deposits are cash restricted for deposits made by prospective residents.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)**

**Investments**

Investments, recorded at fair value, are summarized by type of investment as follows:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	\$ 2,100,270	\$ 2,100,270	\$ 1,822,898	\$ 1,822,898
Mutual Funds	33,695,000	35,389,018	28,321,030	33,754,153
Total	<u>\$ 35,795,270</u>	<u>\$ 37,489,288</u>	<u>\$ 30,143,928</u>	<u>\$ 35,577,051</u>

**Assets Limited as to Use**

Assets limited as to use, recorded at fair value, are summarized by type of investment as follows:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	\$ 3,749,873	\$ 3,749,873	\$ 3,696,836	\$ 3,696,836
U.S. Government Securities	1,998,831	2,035,138	1,768,963	1,851,180
Mutual Funds	7,841,984	7,841,984	5,621,093	5,621,093
Total	<u>\$ 13,590,688</u>	<u>\$ 13,626,995</u>	<u>\$ 11,086,892</u>	<u>\$ 11,169,109</u>

The composition of assets limited as to use is as follows:

	2023	2022
Held by Trustee for Debt Service Reserve	\$ 2,969,585	\$ 2,917,404
Held by Trustee for Bond Principal and Interest	2,159,061	1,916,740
Board-Designated Funds	5,732,576	3,810,963
Escrowed Deposits for Entry Fees	620,060	631,657
By Donors	2,109,406	1,810,128
Total	<u>\$ 13,590,688</u>	<u>\$ 11,086,892</u>

Investment income from investments and assets limited as to use is as follows:

	2023	2022
Without Donor Restrictions:		
Dividends and Interest Income, Net of Fees	\$ 1,569,781	\$ 994,314
Net Realized Loss on Investments	(1,679)	(3,317)
Total	<u>\$ 1,568,102</u>	<u>\$ 990,997</u>
Net Unrealized Gain (Loss) on Investments	<u>\$ 3,619,340</u>	<u>\$ (5,054,019)</u>
With Donor Restrictions:		
Dividends and Interest Income, Net of Fees	\$ 69,514	\$ 59,488
Net Realized Loss on Investments	(81)	(248)
Net Unrealized Gain (Loss) on Investments	171,687	(368,050)
Total	<u>\$ 241,120</u>	<u>\$ (308,810)</u>

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 NET ASSETS**

Net assets with donor restrictions are comprised of the following:

	<u>2023</u>	<u>2022</u>
Resident Financial Assistance (Fellowship Fund)	\$ 1,830,006	\$ 1,525,923
Contributions Receivable	-	28,541
Staff Education	78,155	69,670
Other	201,245	214,535
Total	<u>\$ 2,109,406</u>	<u>\$ 1,838,669</u>

Net assets with donor restrictions held in perpetuity at December 31, 2023 and 2022 was \$267,122, and \$266,647, respectively for resident financial assistance and \$54,932 for staff education for both December 31, 2023 and 2022.

**Interpretation of Relevant Law**

The Commonwealth of Virginia adopted the Uniform Prudent Management of Institutional Funds Act (the Act) effective during 2008. The board of directors of the Corporation 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, the Corporation classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The endowment remains in net assets with donor restrictions until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed in the Act. In accordance with the Act, the Corporation 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 the Corporation 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 the Corporation
- The investment policy of the Corporation

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 NET ASSETS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

The following were the changes in the endowment net assets for the years ended December 31, 2023 and 2022:

	With Donor Restrictions
Endowment Net Assets - December 31, 2021	\$ 488,440
Contributions	300
Investment Income, Net of Fees	15,321
Net Depreciation Realized and Unrealized Losses, Net	(94,854)
Net Asset Releases	<u>(32,569)</u>
Endowment Net Assets - December 31, 2022	376,638
Contributions	475
Investment Income, Net of Fees	16,409
Net Appreciation Realized and Unrealized Gains, Net	40,507
Net Asset Releases	<u>(34,833)</u>
Endowment Net Assets - December 31, 2023	<u>\$ 399,196</u>

**Funds with Deficiencies**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Corporation to retain as a fund of perpetual duration. As of December 31, 2023 and 2022, there were no deficiencies of this nature that are reported in assets with donor restrictions.

**Other Policies**

The Corporation has established guidelines for accepting, investing, managing and using donor restricted and donor unrestricted endowments. Once the requirements are met to establish an endowment, a portion of the endowment is deemed expendable for spending. Up to 5% of the three-year rolling average market value of the endowment principal, appreciated/depreciated value and unspent investment earnings at year-end is deemed expendable. Any funds not expended in that year, may be carried over for future use.



**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 LONG-TERM DEBT**

In October 2016, the Industrial Development Authority of the city of Lexington, Virginia, issued \$28,210,000 of tax-exempt Residential Care Facility Refund Revenue Bonds. Principal is due annually on January 1 of each year. Interest is due semiannually on January 1 and July 1 beginning January 1, 2017.

The proceeds of the Series 2016 Bonds were used to refund the Authority's Residential Care Facilities Mortgage Revenue Bonds Series 2007A, to fund a debt service reserve fund for the Series 2016 Bonds, and to finance cost of issuing the Series 2016 Bonds. At the time of issuance, a portion of the proceeds were placed into escrow to refund the Series 2007A Bonds on January 1, 2017. The Series 2007A Bonds were no longer outstanding and deemed to be fully defeased. The Series 2016 Bonds were issued at a premium of \$1,765,790.

In December 2017, the Industrial Development Authority of the city of Lexington, Virginia, issued \$20,380,000 of tax-exempt Residential Care Facility Revenue Bonds Series 2017A. Interest is due semiannually on January 1 and July 1 beginning July 1, 2018. Principal payments begin in 2038.

The proceeds of the Series 2017A Bonds were used to (1) pay the costs of improvement to Kendal at Lexington, including, but not limited to (a) 30 new residential cottages, (b) an expansion and renovation to the existing dining facility and the addition of a second floor exterior patio, (c) an expansion and renovation to the existing Benjamin Borden Nursing Health Center, (d) the expansion and renovation to the existing Webster Assisted Living Health Center, (e) the construction of a new emergency road access to the Community, (f) the construction of a new maintenance facility and (g) the lowering of the road to the main entrance, (2) pay all or a portion of the costs of issuance in connection with the issuance of the Series 2017A Bonds, and (3) pay working capital and other routine capital expenditures. The bonds were issued at a premium of \$1,477,102. In connection with the issuance of the Series 2022 bonds, these bonds were defeased except for \$1,840,000 in term bonds due January 2043.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

On October 5, 2022, the Industrial Development Authority of the city of Lexington, Virginia issued \$18,910,000 of tax-exempt Residential Care Facility Revenue Refunding Bonds Series 2022. The proceeds of the bonds, together with other available funds, were used to refund a portion of the outstanding principal of the Authority's Residential Care Facility Revenue Bonds, Series 2017A, pay all or a portion of the costs of issuance, and fund a debt service reserve fund. Interest is due semiannually on January 1<sup>st</sup> and July 1<sup>st</sup> beginning January 1, 2023. Annual principal payments began in 2023. The bonds were issued at a premium of \$663,304.

The components and maturities of long-term debt are as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
<b>Series 2016:</b>		
Tax-Exempt Serial Bonds, Maturing 2024 at 4.00%	\$ 1,215,000	\$ 2,385,000
Tax-Exempt Term Bond, 2.75%, Maturing 2026	2,565,000	2,565,000
Tax-Exempt Term Bond, 4.00%, Maturing 2031	6,480,000	6,480,000
Tax-Exempt Term Bond, 3.25%, Maturing 2031	760,000	760,000
Tax-Exempt Term Bond, 4.00%, Maturing 2037	8,815,000	8,815,000
Tax-Exempt Term Bond, 3.375%, Maturing 2037	1,900,000	1,900,000
<b>Series 2017A:</b>		
Tax-Exempt Term Bonds, 4.00%, Maturing 1/1/2043	1,840,000	1,840,000
<b>Series 2022:</b>		
Tax-Exempt Term Bond, Maturing between 2024 and 2038 at 4.00%, and amounts ranging from \$30,000 to \$1,495,000	2,050,000	2,070,000
Tax-Exempt Term Bonds, 4.00%, Maturing 1/1/2042	6,595,000	6,595,000
Tax-Exempt Term Bonds, 4.00%, Maturing 1/1/2048	10,245,000	10,245,000
	<u>42,465,000</u>	<u>43,655,000</u>
Long-Term Debt		
Unamortized Debt Issuance Costs	(786,903)	(833,023)
Unamortized Bond Premium	<u>1,348,834</u>	<u>1,484,020</u>
Total	43,026,931	44,305,997
Less: Current Portion of Long-Term Debt	<u>(1,245,000)</u>	<u>(1,190,000)</u>
Long-Term Debt, Net of Current Portion	<u>\$ 41,781,931</u>	<u>\$ 43,115,997</u>

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

As of December 31, 2023, aggregate principal maturities for long-term debt and bond premium amortization over the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>	<u>Bond Premium</u>
2024	\$ 1,245,000	\$ 115,468
2025	1,295,000	96,080
2026	1,335,000	96,080
2027	1,370,000	98,673
2028	1,425,000	98,673
Thereafter	<u>35,795,000</u>	<u>843,860</u>
Total	<u>\$ 42,465,000</u>	<u>\$ 1,348,834</u>

Interest Costs incurred totaled \$1,559,896 in 2023 and \$1,719,579 in 2022.

The Corporation has pledged certain assets, including, but not limited to gross receipts, which include all revenues, investments, accounts, inventory and entry fees, to the extent they are not held in escrow under Virginia requirements; as well as the rights under the residency agreements. Donor-restricted gifts cannot be used as collateral. There is a lien on, as well as a security interest in, all fixtures, furniture, and equipment.

Among other things, the Corporation is required to meet certain marketing and financial covenants under the security agreements related to the bond issues. There are financial and operational covenants associated with the bonds. As of December 31, 2023, management is not aware of any instances of noncompliance with the required covenants.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 7 RETIREMENT PLANS**

The Corporation participated in The Kendal Corporation Pension Plan, a noncontributory defined benefit plan along with other entities affiliated with The Kendal Corporation. An employee was eligible for the plan when the employee worked 1,000 hours per year, attained the age of 21, and completed one year of eligible service. In order to be vested, an employee needed five years of vesting service. A year of vesting service was earned when an employee worked at least 1,000 hours. Total expenses related to the plan during fiscal 2023 and 2022 were \$28,193 and \$25,000, respectively. The defined benefit pension plan was terminated on June 30, 2022. All active participants in the plan become fully vested as the date of termination and the Kendal Corporation completed the transfer of the funds to a highly rated insurance company who will provide benefits to participants that remain in the plan. The plan has received all required regulatory approvals for termination and plan assets have been liquidated via a lump-sum distribution and purchase of a group annuity for future benefits in 2023.

Effective July 1, 2006, the Corporation participates in a defined contribution plan under IRC Section 403(b) through The Kendal Corporation. The plan contains an employer grant and/or match component for eligible employees. Effective January 1, 2015, The Kendal Corporation established a defined contribution plan under 401(a) of the IRC. Kendal at Lexington participates in the plan. Eligible employees must have attained age 21 and must complete one eligibility year of service. The Corporation's grant and/or matching contribution is discretionary. All employees are eligible to make contributions to the 403(b) plan. The Corporation may elect a basic contribution percentage of annual compensation or a grant subject to certain limitations. Contributions accrued by the Corporation were \$237,999 and \$235,161 for the years ended December 31, 2023 and 2022, respectively.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 8 CONCENTRATION OF CREDIT RISK**

The Corporation grants credit without collateral to their residents, most of whom are insured under third-party payor agreements. The mix of the Corporation's net receivables from residents and third-party payors as of December 31 was as follows:

	2023	2022
Traditional Medicare	33%	36%
Residents, Managed Care Organizations and Other (Including Medicare and Medicaid MCO's)	67%	64%
Total	100%	100%

**NOTE 9 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Corporation emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation 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 an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 9 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table presents the fair value hierarchy for the balances of the assets of the Corporation measured at fair value on a recurring basis as of December 31:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds	\$ 33,695,000	\$ -	\$ -	\$ 33,695,000
Assets Limited as to Use:				
U.S. Government Securities	\$ 1,998,831	\$ -	\$ -	\$ 1,998,831
Mutual funds	7,841,984	-	-	7,841,984
Total	<u>\$ 9,840,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,840,815</u>
 <u>December 31, 2022</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Investments:				
Mutual Funds	\$ 28,321,030	\$ -	\$ -	\$ 28,321,030
Assets Limited as to Use:				
U.S. Government Securities	\$ 1,768,963	\$ -	\$ -	\$ 1,768,963
Mutual funds	5,621,093	-	-	5,621,093
Total	<u>\$ 7,390,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,390,056</u>
Beneficial Interest in Charitable Remainder Unitrust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,541</u>	<u>\$ 28,541</u>

**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 9 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Investments and Assets Limited as to Use**

Investments and assets limited as to use are recorded at fair value on a recurring basis. 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. government and corporate obligations and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

**Beneficial Interest in Charitable Remainder Unitrust**

Fair values of the beneficial interest in a charitable remainder unitrust are determined based upon good faith estimates of the trust's assets less the present value of estimated future payments to the recipient. The present value is based upon an estimated discount rate and applicable mortality tables and, accordingly, is classified as using a Level 3 input.

The following table provides a summary of unobservable inputs related to the Organization's Charitable Remainder Unitrust as of December 31, 2022. The Charitable Remainder Unitrust terminated in 2023 with the death of the remaining donor.

**December 31, 2022**

<u>Instrument</u>	<u>Fair Value</u>	<u>Principle Valuation Technique</u>	<u>Unobservable Inputs</u>
Charitable Remainder Unitrust	\$28,541	PV of Trust Investments	Term of Distributions

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 10 FUNCTIONAL EXPENSES**

The Corporation provides residential and health care services to residents. The functional expenses are allocated based on a wage allocation if the expense is not directly attributable specifically to program, general and administrative or fundraising. The functional allocation of these expenses related to these services is as follows:

	2023			
	Continuing Care Expenses	General and Administrative	Fundraising	Total
Wages	\$ 5,630,676	\$ 1,025,955	\$ 4,377	\$ 6,661,008
Payroll taxes	406,445	74,057	-	480,502
Legal	-	14,928	-	14,928
Accounting Fees	-	130,072	-	130,072
Consulting Services	1,223,045	441,620	-	1,664,665
Office Expense	1,436,570	261,754	200	1,698,524
Occupancy	879,769	160,301	-	1,040,070
Property and Liability Insurance	-	346,408	-	346,408
Repairs and Maintenance	41,552	7,571	-	49,123
Printing, Books, and Periodicals	23,457	4,274	-	27,731
Travel	18,414	3,355	-	21,769
Conferences and Meetings	19,354	3,526	-	22,880
Interest Expense	-	1,559,896	-	1,559,896
Depreciation	2,933,522	534,512	-	3,468,034
Dues and Licenses	17,355	3,162	200	20,717
Miscellaneous Expense	7,097	1,293	-	8,390
Information Technology	500	344,267	1,679	346,446
Advertising	89,801	16,362	-	106,163
System Fees	-	594,612	-	594,612
Other Employee Benefits	955,784	174,152	-	1,129,936
Pension Expense	271,376	49,447	-	320,823
Credit Loss Expense	-	66,753	-	66,753
Total Functional Expenses	<u>\$ 13,954,717</u>	<u>\$ 5,818,277</u>	<u>\$ 6,456</u>	<u>\$ 19,779,450</u>

	2022			
	Continuing Care Expenses	General and Administrative	Fundraising	Total
Wages	\$ 5,042,146	\$ 1,010,140	\$ 4,135	\$ 6,056,421
Payroll taxes	360,585	72,239	-	432,824
Legal	-	21,708	-	21,708
Accounting Fees	-	115,888	-	115,888
Consulting Services	1,089,141	378,514	-	1,467,655
Office Expense	1,369,160	274,296	114	1,643,570
Occupancy	896,717	179,648	-	1,076,365
Property and Liability Insurance	-	309,844	-	309,844
Repairs and Maintenance	34,278	6,867	-	41,145
Printing, Books, and Periodicals	25,296	5,068	-	30,364
Travel	9,123	1,827	-	10,950
Conferences and Meetings	16,165	3,240	-	19,405
Interest Expense	-	1,719,579	-	1,719,579
Depreciation	2,836,909	568,344	-	3,405,253
Dues and Licenses	16,139	3,233	200	19,572
Miscellaneous Expense	1,949	392	-	2,341
Information Technology	3,582	309,394	1,550	314,526
Advertising	85,601	17,149	-	102,750
System Fees	-	571,596	-	571,596
Other Employee Benefits	863,045	172,902	-	1,035,947
Pension Expense	252,274	50,540	-	302,814
Credit Loss Expense	-	8,846	-	8,846
Total Functional Expenses	<u>\$ 12,902,111</u>	<u>\$ 5,801,253</u>	<u>\$ 5,999</u>	<u>\$ 18,709,363</u>



**LEXINGTON RETIREMENT COMMUNITY, INC.  
DBA: KENDAL AT LEXINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Compliance**

The Corporation operates in the health care industry and may be subject to legal proceedings and claims from time-to-time that arise in the course of providing its services. The Corporation maintains malpractice insurance coverage on a claims-made basis, which provides coverage for claims occurring during the policy year. Management has determined that no provision is required 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, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

**Other**

In the normal course of business, there could be various outstanding claims and contingent liabilities. No contingent liabilities are reflected in the accompanying financial statements. No such liabilities have been asserted and, therefore, no estimate of loss, if any, is determinable.

**NOTE 12 INSURANCE**

In 2014, the Corporation began participating in an insurance risk retention group, the Peace Church Risk Retention Group (the PCRRG), a group insurance captive corporation licensed by the state of Vermont, to cover basic professional and general liability insurance on a claims-made basis. Entrance into the captive required a capital purchase of stock of \$50,682. The investment is accounted by the cost method and is included in other assets on the balance sheets.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 13 SELF-INSURED GROUP HEALTH PLAN**

Effective January 1, 2014, Kendal at Lexington elected to participate in a self-insured medical and prescription plan established by The Kendal Corporation for the benefit of the employees of The Kendal Corporation and the employees of participating Kendal affiliates, the "Welfare Plan". The Kendal Corporation serves as the Welfare Plan Sponsor and has established operational guidelines for the Welfare Plan as well as an oversight committee which includes representatives from participating Affiliates. With the assistance of consultants, the committee will estimate future claims as well as required premiums to fund future claims and establish required cash balances. The total premium determined for the Welfare Plan will be allocated using the participating lives for each participating entity. The premiums will be determined based on a shared risk pool and will not be adjusted to reflect the claims experience of any participating entity. There is an initial commitment of five years from the effective date of participation.

The Welfare Plan is administered by an insurance carrier and backed by a letter of credit. The Welfare Plan is responsible for funding employer liability losses to a maximum of \$150,000 per participant and \$1,000,000 in the aggregate per policy year. Third-party, stop-loss insurance coverage is in place for losses that exceed these amounts.

Kendal at Lexington has executed a Joinder Agreement with The Kendal Corporation to participate in the Welfare Plan effective January 1, 2014. In conjunction with execution of this agreement, Kendal at Lexington's ownership interest in the Welfare Plan is \$406,224 and \$403,642 as of December 31, 2023 and 2022, respectively.

Self-Insurance expense was \$899,129 and \$822,389 for the years ended December 31, 2023 and 2022, respectively.

**LEXINGTON RETIREMENT COMMUNITY, INC.**  
**DBA: KENDAL AT LEXINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 14 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31:

	<u>2023</u>	<u>2022</u>
<b>Financial Assets at Year End:</b>		
Cash and Cash Equivalents	\$ 329,177	\$ 472,213
Accounts Receivable, Net	475,033	576,039
Other Receivable	10,000	38,541
Entry Fee Receivable	829,280	630,050
Investments	35,795,270	30,143,928
Assets Limited to Use:		
Funds Held by Trustee	5,128,646	4,834,144
Board-Designated	5,732,576	3,810,963
Donor-Restricted	2,109,406	1,810,128
Escrowed Deposits	620,060	631,657
Total Financial Assets	<u>51,029,448</u>	<u>42,947,663</u>
<b>Less Amounts Not Available to be Used Within One Year:</b>		
Board-Designated with Liquidity Horizons Greater Than One Year	3,659,037	3,735,963
Funds Held by Trustee	5,128,646	4,834,144
Donor-Restricted with Liquidity Horizons Greater Than One Year	1,533,842	1,241,225
Other Receivable	10,000	38,541
Escrowed Deposits	620,060	631,657
Financial Assets Not Available to be Used Within One Year	<u>10,951,585</u>	<u>10,481,530</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 40,077,863</u>	<u>\$ 32,466,133</u>

As of December 31, 2023, the Corporation has a net working capital of \$628,945 and days (based on normal expenditures) cash on hand of 942.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAglobal.com/disclaimer](http://CLAglobal.com/disclaimer).  
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an  
SFC-registered investment advisor  
**NETWORK MEMBER**



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAglobal.com/disclaimer](http://CLAglobal.com/disclaimer).  
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an  
SFC-registered investment advisor

## Attachment 3 - Priority List Agreements

# Kendal at Lexington's Priority Waitlist

Kendal at Lexington's marketing staff manages a Priority Waitlist for prospective residents who are strongly considering making Kendal their home. A \$1,350 deposit is required to be on the waitlist (\$1,000 is refundable at any time). The membership also provides some special benefits that help waitlist members stay engaged with the community.

## Why join:

- You are not ready to move, but want your name on a waitlist so your name 'rises up to the top' as time goes by.
- You might need to sell before you are able to move, so by securing a spot on the waitlist, you are able to wait for your residence to sell while moving up on the waitlist.
- You are still narrowing your choices and want to be notified about openings at several different communities; what's available in your move-in timeframe will help you make your decision.
- Benefits include invitations to special events, the Waitlist Portal and an ability to join the fitness center.\* (\*There is a fee to use the fitness center.)
- You will also receive the Resident Newsletter every month, which is full of information about the community and events taking place.

## HOW THE PRIORITY WAITLIST IS MANAGED:

- **Kendal at Lexington's list is an "Open-Ended" Waitlist:**  
Should you get offered an apartment or cottage, you are under no obligation to accept it. You keep your position on the list and can wait until the next opening. Because of the way we manage the list and the varied "readiness" of the members on the list, it is impossible for us to give a "wait time". We can tell you that the earlier you get on the list, the better. And the more flexible you are about your floor plan, the more likely you are to be able to move to the community soon.
- **There is no test to pass before joining the Waitlist:**  
That happens later, when you reserve a specific residence and apply to enter. Voluntary preliminary reviews are available for those who wish to provide and discuss medical and financial information before joining the priority waitlist list. Members may also choose to use the MoneyGauge tool.
- **You do not have to sign up for a specific category of residence or floor plan:**  
You can be very flexible if you're open to various options. Just let the Marketing Department know your parameters. Our goal is to find the right new home for you.
- **Members are not contacted every time something is open (unless requested):**  
It's up to those on the list to let the Marketing Department know if they are ready to be contacted about availability. Marketing works to keep communication open, but at the frequency that you'd prefer.

**KENDAL**<sup>®</sup>  
*at Lexington*

*Together, transforming the experience of aging.®*

160 Kendal Drive  
Lexington, Va 24450

540-463-1910  
email: [info@kalex.kendal.org](mailto:info@kalex.kendal.org)

**KALEX.Kendal.org**



more —>

# *Kendal at Lexington's Priority Waitlist*

- **Becoming a Waitlist member does not provide a medical or financial acceptance guarantee and does not "lock-in" fee rates:**

Medical and financial information will need to be shared at the time of reservation of a specific residence to determine ability to safely live in an independent residence and cover the cost of the fees over time.

- **Waitlist applications can be found on the website or by contacting the marketing office:**

Visit [kalex.kendal.org](http://kalex.kendal.org), call (540) 463-1910 or email [info@kalex.kendal.org](mailto:info@kalex.kendal.org)

**KENDAL**<sup>®</sup>  
*at Lexington*

*Together, transforming the experience of aging.®*

160 Kendal Drive  
Lexington, Va 24450

540-463-1910 email:  
[info@kalex.kendal.org](mailto:info@kalex.kendal.org)

**KALEX.Kendal.org**

Persons wishing to maintain a position on the Kendal at Lexington Priority Waitlist may do so by signing and delivering this agreement to Kendal at Lexington (hereinafter “Kendal”), accompanied by a payment of \$1,350.

1. An applicant’s Priority Fee of \$1,000 will be credited in full against the Kendal at Lexington Entry Fee. The Priority Fee will be repaid in full within 60 days if applicant is not admitted to the Community or upon receipt by Kendal of a written request for repayment. Kendal will not pay interest on Priority Fees, either when repaid or when credited against the entry fee.
2. The Application Fee (\$350) represents a recovery by Kendal as a part of its administrative costs and is non-refundable.
3. The decision to admit or not to admit an applicant is made by Kendal and is at Kendal at Lexington’s sole discretion. The applicant agrees to accept such decisions as binding and final in all respects. Kendal at Lexington considers and admits applicants without regard to race, religion, sex, national origin, or sexual orientation.
4. The Schedule of Fees for Kendal at Lexington may be changed at any time. Written notices of such changes shall be emailed to everyone on the Priority Waitlist and/or posted to the Priority Waitlist Portal.
5. The Statement of Admission Procedures may be changed at any time. Written notice of such changes shall be emailed to everyone on the Priority Waitlist or posted to the Priority Waitlist Portal not less than sixty days prior to the effective date of such changes.
6. If the application is made by two people intending to share one unit, both are deemed to be included in the word “applicant” as used in this agreement, and payment of a single Priority Fee and Application Fee shall cover both. Either person may terminate the Agreement. In such case, the second applicant may reapply within 30 days and maintain the original position on the Priority List.
7. To request a refund of the \$1000 Priority Fee, email or mail a written request to the marketing department.
8. If the first (and if applicable) the second occupant listed dies while your priority deposit is still being held by Kendal at Lexington, the deposit will be refunded in full to the personal representative identified in this Priority Waitlist Agreement. Such refund shall be made no later than thirty days after either receipt by Kendal of a written request for refund accompanied by a death certificate or obituary or after Kendal has independently verified



death. Payment shall constitute full and complete discharge of the community's obligation to you. However, should the funds be returned and after Kendal has made 3 attempts over a 3-month period to contact your identified personal representative, the funds shall become a donation to Kendal, and Kendal's obligation to you shall be discharged.

9. Except as provided in paragraph 7 in respect of repayments, an applicant's rights under this agreement are personal to you and may not be assigned or transferred by you and shall not pass to your heirs or devisees or to a personal representative of your estate.
10. It is understood that Kendal is free to expend Priority Fees for any proper corporate purpose, including costs of construction, subject to its responsibility to credit or repay the Fee in accordance with the terms of this agreement.
11. Any notice to an applicant shall be sufficiently given if emailed or mailed to the address(es) provided on this form (or as an applicant may later inform Kendal).
12. This agreement shall supersede any priority list information or agreement previously signed by the applicant.

-----complete form on next page-----

*Note: Two persons intending to occupy one residence may complete one Priority Agreement and pay one Priority Reservation Fee that will cover both persons.*

**Please Complete the Sections Below:**

**Name of First Occupant:** \_\_\_\_\_

Sex \_\_\_\_\_ Date of Birth: Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Telephone ( ) \_\_\_\_\_

E-mail Address \_\_\_\_\_

Alternate Address:

Address \_\_\_\_\_ Effective Dates \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Telephone ( ) \_\_\_\_\_

**Name of Second Occupant** \_\_\_\_\_

Relationship to First \_\_\_\_\_

Sex \_\_\_\_\_ Date of Birth: Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

*Address of Second Occupant, if different from above:*

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Telephone ( ) \_\_\_\_\_

E-mail Address \_\_\_\_\_

**Name of Personal Representative:** *only contacted regarding refund if unable to contact applicant(s). See section #8.*

Relationship to Applicant(s) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Telephone ( ) \_\_\_\_\_

E-mail Address \_\_\_\_\_

## **PAYMENT**

A check for **\$1,350** (your Priority List Fee of \$1,000 plus the \$350 non-refundable application fee) should be made **payable to Kendal at Lexington**.

Please mail the signed Priority Waitlist Agreement and check to:

Kendal at Lexington

160 Kendal Drive, Lexington, Virginia 24450

Att: Marketing Department

Feel free to contact the Marketing Department with any questions. We're happy to help!

540-463-1910 | [info@kalex.kendal.org](mailto:info@kalex.kendal.org) | website: [kalex.kendal.org](http://kalex.kendal.org)

---

**First Applicant's Signature**

---

**Date**

---

**Second Applicant's Signature**

---

**Date**

---

**Kendal at Lexington Representative**

---

**Date**

## RESIDENTIAL PREFERENCE

Type of Residence Preferred: (select one or more)

- Cottage with garage
- Apartment
- Cottage (clustered) with a walkway

Size of Residence Preferred: (select one or more)

- Studio or One Bedroom
- One Bedroom/Den
- Two Bedroom
- Two Bedroom/Den

Location Preferred: (select one or more)

- Apartment South Building
- Apartment North Building
- Sycamore Lane
- Sunrise Ridge Circle
- Cluster Cottages

Estimated Year of Entry \_\_\_\_\_

What is your present living situation?  Own home  Rent

Other \_\_\_\_\_

## PERSONAL INFORMATION (Optional- We'd like to get to know you better.)

### First Occupant:

Education:  High School  Undergraduate  Masters  Ph.D. Other \_\_\_\_\_

College or University \_\_\_\_\_ Majors/Areas of Study \_\_\_\_\_

Volunteer Activities \_\_\_\_\_

Current or Previous Occupation(s) \_\_\_\_\_

Civic/Service/Religious Affiliation \_\_\_\_\_

Special Interests/Talents \_\_\_\_\_

Long-term Care Insurance:  Yes  No

### Second Occupant:

Education:  High School  Undergraduate  Masters  Ph.D. Other \_\_\_\_\_

College or University \_\_\_\_\_ Majors/Areas of Study \_\_\_\_\_

Volunteer Activities \_\_\_\_\_

Current or Previous Occupation(s) \_\_\_\_\_

Civic/Service/Religious Affiliation \_\_\_\_\_

Special Interests/Talents \_\_\_\_\_

Long-term Care Insurance:  Yes  No

## **Attachment 4 – Resident Reservation Agreements**

# KENDAL<sup>®</sup> at Lexington

Together, transforming the experience of aging.<sup>®</sup>

**Residence Reservation Agreement:** *This agreement secures your apartment or cottage with Kendal at Lexington.*

**Residence Number:** \_\_\_\_\_ **Floor Plan Type:** \_\_\_\_\_

**First Person Entrance Fee:** \_\_\_\_\_ **Second Person Entrance Fee:** \_\_\_\_\_

**Basement Fee:** \_\_\_\_\_ **Enclosed Sunroom or Garage Fee:** \_\_\_\_\_

**Total Entrance Fee:** \_\_\_\_\_ **Reservation Deposit Due:** \_\_\_\_\_

**Name of Resident #1:** \_\_\_\_\_ **Name Resident #2:** \_\_\_\_\_

**Address:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

You are making a Residence Reservation Deposit of \_\_\_\_\_ ten percent (10%) of the total entrance fee so that Kendal at Lexington will hold this residence of choice while you are completing the admissions process. The current deposit due is \$\_\_\_\_\_. This deposit will be applied to the payments as outlined in the Residence and Care Agreement.

I/we have received a copy of the "Notice of Right to Rescind" (attached). I/we may rescind and terminate the Residence Reservation Agreement, without penalty or forfeiture, within seven (7) days of the date I/we signed the agreement below.

The Reservation Deposit is fully refundable if there is an inability to financially or medically qualify for independent living admission, in the event of death, or a change in health status where one or both of you is no longer capable of independent living. In this instance, the full refund will be issued within thirty (30) days of termination. If you withdraw for any other reason, two percent (2%) of the total entrance fee will be retained by Kendal at Lexington. In this instance, no refund of the deposits shall be paid until Kendal at Lexington has received a 10% deposit payment from a new prospective resident for the same residence for which you have signed this agreement.

**The Residence and Care Agreement you are selecting is:**

**Resident #1**

Extensive Lifecare Residence and Care Agreement

Modified Lifecare Residence and Care Agreement:  60 Day or  3 year per diem

**Resident #2**

Extensive Lifecare Residence and Care Agreement

Modified Lifecare Residence and Care Agreement:  60 Day or  3 year per diem

I/We understand and accept the terms of this agreement. I/We have received a sample copy of the Residence and Care Agreement and will receive all admissions paperwork to completed as soon as possible. I/we understand that we will be notified as to whether or not I/we have been accepted for admission. Following notification of approval, I/we will be provided a final Residence and Care Agreement(s) and will promptly return it to Kendal at Lexington. The remaining entry fee and first month's fee is due upon taking occupancy.

**Occupancy date is on or before \_\_\_\_\_.**

All requested renovation choices must be made as soon as possible after signing this agreement to guarantee completion by the occupancy date. Depositor agrees to pay for the cost of requested upgraded renovations not covered by Kendal at Lexington. If this agreement is terminated for any reason, payment must be made or the cost of the requested upgrades will be deducted from the reservation deposit.

Resident Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Resident Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Kendal at Lexington: \_\_\_\_\_ Date: \_\_\_\_\_



**Attachment 5 – Narrative of material differences and comparison of prior year actual and prior year pro forma statement of revenues and expenses:**

Total operating revenues of \$25.137 million far exceeded the budgeted revenue of \$20.177 by almost \$5 million (24.6%) as a result of the unrealized investment gains of \$3.656 million. (Note, Kendal at Lexington does not budget for realized and/or unrealized investment gains or losses.) With 17 deaths and three move-outs, entry fee amortization exceeds budget by over \$896,000 (23.1%).

Monthly service fees from residential living and health center fees, were below budget by 2.5% and 5.6%, respectively, because of below budgeted occupancy. Revenue for all payors, except Medicare Part A, in the Borden Health Center, was below budget as nursing staff challenges continued in 2023. This affected the ability to admit new residents to the health center.

Total operating expenses of \$19.779 million were below budget by \$424,000 (2.1%) with all categories reporting below budget except Plant Operations and Management Fees. Plant Operations included unexpected repairs identified by the new Director of Facilities Services. Total wages for the community were under budget by \$471,000 (6.2%); however, fees paid for temporary and traveling nursing staff exceeded budget by \$170,000.

In summary, Kendal at Lexington outperformed budget with an operating gain of \$5.358 million compared to a budget operating loss of \$25,680.

**Lexington Retirement Community, Inc.**  
**Statement of Revenues and Expenses**

	<b>Actual FY 2023</b>	<b>Budget FY 2023</b>
<b>Operating Revenues</b>		
Entry Fee Amortization	4,771,009	3,875,000
Monthly Service Fees	9,574,290	9,823,590
Other Income	502,831	350,940
Investment Income	5,223,749	760,000
Health Center Fees	5,065,098	5,367,815
Total Operating Revenues	25,136,977	20,177,345
<b>Operating Expenses</b>		
General & Administrative	2,790,353	2,941,797
Housekeeping & Laundry	644,515	656,286
Plant Operations	1,573,988	1,453,791
Food Service	2,319,231	2,404,928
Health Services	4,310,670	4,401,055
Depreciation	3,468,034	3,575,000
Staff Benefits	1,455,018	1,506,900
Utilities	772,770	791,220
Real Estate Taxes	290,363	334,000
Interest	1,559,896	1,563,955
Management Fee	594,612	574,093
Total Operating Expenses	19,779,450	20,203,025
<b>Excess of Operating Revenues over (under) Operating Expenses</b>	5,357,527	(25,680)

**Attachment 6 – Resident’s Financial Statement**



## FINANCIAL STATEMENT FOR PROSPECTIVE RESIDENTS

(form updated 6/12021)

The Board of Directors of Kendal at Lexington respects the privacy of every applicant and does not wish to intrude into any applicant's personal financial circumstances other than to have assurance that the amounts needed under the Agreement and for the applicant's personal needs can be met adequately. This information will be kept confidential.

Full Name(s)

Applicant #1

\_\_\_\_\_

Last

First

Middle

Date of Birth \_\_\_\_/\_\_\_\_/\_\_\_\_

Social Security # \_\_\_\_\_

Applicant #2

\_\_\_\_\_

Last

First

Middle

Date of Birth \_\_\_\_/\_\_\_\_/\_\_\_\_

Social Security # \_\_\_\_\_

Address

\_\_\_\_\_

Street

City

State

Zip Code

Home Phone

\_\_\_\_\_ ; Cell #1 \_\_\_\_\_ ; Cell #2 \_\_\_\_\_

Email Address

\_\_\_\_\_



## CONTRACT AND AGREEMENT CHOICE

Please record floor plan. Refund option, and contract type choice.

Floor Plan Choice(s)		
Refund Option	Check one:    ___ 2% declining    ___ 50% declining    ___ 90% declining	
Contract Type	Person 1 (check one or more)	Person 2 (check one or more)
	__ Modified 60    __ 3-Year Per Diem    __ Lifecare	__ Modified 60    __ 3-Year Per Diem    __ Lifecare
Other Comments		

Please record your personal monthly expenses. **Do not include monthly resident fees, long-term care insurance premiums, and income taxes (state or federal).** For couples (or roommates), record the expenses for the first person in the Person 1 column and the additional expenses for the second person in the Person 2 column. All expenses should be recorded as monthly amounts, so if you have an annual expense, divide by 12 and record that amount.

**MONTHLY EXPENSES**

	Person 1	Person 2
Prescriptions and other medical costs		
Telephone, Internet and cable services		
Travel and entertainment		
Personal items and clothing		
Automobile expenses (including insurance)		
Medical insurance premiums, excluding long-term care		
Contributions to charities		
Gifts to family and friends		
Other (Describe)		
Other (Describe)		
Other (Describe)		
<b>Total Monthly Expenses</b>		

**LIABILITIES AND DEBT**

Please record any liabilities or debt.

	Total Debt	Monthly Payment	Terms
Credit card debt			
Home equity loan debt			
Automobile loan			
Loans against stocks or bonds			
Personal notes, Loan, or guarantees			
Other debt			

## LONG-TERM CARE INSURANCE

Please describe the provisions of your long-term care insurance policies and **provide a copy of the policies**. Circle your response for YES or NO questions. Please indicate the frequency of payments per year (annual, quarterly, or monthly).

	Person 1	Person 2
Benefit Period (number of years or “L” for lifetime)		
Elimination period (the number of days before benefit payments start)		
Daily benefit for home care in current dollars	\$ _____	\$ _____
Daily benefit for assisted living in current dollars	\$ _____	\$ _____
Daily benefit for nursing care in current dollars	\$ _____	\$ _____
Does the policy include a benefit inflation adjustment rider?	YES      NO	YES      NO
If YES, please indicate the inflation amount	_____ %	_____ %
Premium Payment	\$ _____	\$ _____
Frequency of payment		
Assumed inflation rate on premiums	_____ %	_____ %



**REAL ESTATE**

Please provide information for real estate that does not generate income (income-generating real estate must be recorded on the Other Assets form). With regards to owner name, for couples enter “joint” if owned jointly; otherwise, record first name of owner. The survivor percentage is the amount of real estate that is bequeathed to surviving spouse. Circle your response for YES or NO questions.

	Location & Type	Owner Name	Current Market Value	Mortgages or Loan Amount	Does Asset Appreciate?	Survivor Percentage
Primary residence					YES      NO	_____ %
Other NON-income generating real estate					YES      NO	_____ %
					YES      NO	_____ %
					YES      NO	_____ %
					YES      NO	_____ %

## SAVINGS, STOCKS, BONDS, AND INVESTMENTS

Please provide information about your investments and a **copy of the most recent investment statement for each account**. It is preferable to record totals for stocks and bonds rather than listing all individual accounts. Regarding owner name for couples, enter “joint” if owned jointly; otherwise, record first name of owner. In the APR% (annual percentage rate) or income column, record either (a) the annual percentage earnings rate of (b) the total income and dividends. Please indicate the frequency of payments per year (annual, quarterly, or monthly). The survivor percentage is the amount of each asset that is bequeathed to surviving spouse. Circle your response for YES or NO questions.

Description	Owner Name	Current Market Value	Name of financial institute where asset is held	Does Asset Appreciate?	Is Income Taxable?	Survivor Percentage
Checking/Savings					YES    NO	_____ %
CDs					YES    NO	_____ %
Stock/mutual funds				YES    NO	YES    NO	_____ %
Bonds/bond funds				YES    NO	YES    NO	_____ %
				YES    NO	YES    NO	_____ %
				YES    NO	YES    NO	_____ %

**LIFE INSURANCE**

Please provide information for any life insurance policies in which your spouse (or roommate) has been designated as a beneficiary. Do not record life insurance policies in which your spouse (or roommate) is NOT listed as a beneficiary. The death benefit recorded should equal the greater of the face amount or the case value amount minus any policy loans. Regarding owner name for couples, record first name of owner. The survivor percentage is the amount of insurance that is bequeathed to surviving spouse.

	Type of Policy (Whole or Term)	Owner Name	Current Cash Value	Survivor percentage
Policy #1				_____ %
Policy #2				_____ %
Policy #3				_____ %
Policy #4				_____ %
Policy #5				_____ %

### OTHER ASSETS

(Such as income-generating real estate)

Please list any other assets. For Net Value, record your estimate of the market value minus any outstanding obligations and costs of disposing of or selling the asset. Regarding owner name for couples, enter “joint” if owned jointly; otherwise, record first name of owner. In the APR% (annual percentage rate) or income column, record either (a) the annual percentage earnings rate of (b) the total income and dividends. Please indicate the frequency of payments per year (annual, quarterly, or monthly). For the Date Began column, record when payments began, or if unknown, record NOW. In the Date Ends column, record month and year when payments end, or record “L” if lifetime. Circle your response for YES or NO questions. The survivor percentage is the amount of each asset that is bequeathed to surviving spouse.

Description	Owner Name	Net Value	APR% or Income & Dividends	Frequency of Payments	Date Began	Date Ends	Does Asset Appreciate?	Does Income Adjust for Inflation?	Is Income Taxable?	Survivor Percentage
							YES NO	YES NO	YES NO	_____ %
							YES NO	YES NO	YES NO	_____ %
							YES NO	YES NO	YES NO	_____ %
							YES NO	YES NO	YES NO	_____ %

**SOCIAL SECURITY**

Please provide information regarding your social security income. Circle your response for YES or NO questions.

	Social Security Number	Owner Name	Gross Monthly Income (include any Medicare Insurance Deduction on the Monthly Expense Sheet, not as a reduction here)	Are You Currently Receiving Social Security Income?	If Not, When Do You Plan to Begin Drawing Social Security?
Person 1				YES      NO	
Person 2				YES      NO	

## PENSIONS AND ANNUITIES

Please provide information regarding your pension and annuity income and a **copy of the most recent investment statement for each account**. Regarding owner name for couples, record “joint” if owned jointly; otherwise, record first name of owner. Please indicate the frequency of payments per year (annual, quarterly, or monthly). For the Date Began column, record when payments began, or if unknown, record NOW. In the Date Ends column, record month and year when payments end, or record “L” if lifetime. Circle your response for YES or NO questions. The survivor percentage is the amount of each asset that is bequeathed to surviving spouse.

	Description	Owner Name	Income	Frequency of Distribution	Is There a Required Minimum Distribution?		Date Began	Date Ends	Does Income Adjust for Inflation?		Survivor Percentage
					YES	NO			YES	NO	
Pension					YES	NO			YES	NO	_____ %
Pension					YES	NO			YES	NO	_____ %
Annuity					YES	NO			YES	NO	_____ %
Annuity					YES	NO			YES	NO	_____ %
					YES	NO			YES	NO	_____ %
					YES	NO			YES	NO	_____ %

## IRAs, ROTH IRAs, 401(k) and 403(b) PLANS

Please provide information regarding your IRA, Roth IRA, 401(k) or 403(b) retirement plans and a **copy of the most recent investment statement for each account**. Regarding owner name for couples, record “joint” if owned jointly; otherwise, record first name of owner. In the Balance column, record the balance that corresponds to your “as of date,” or most current balance available. In the Draw column, record the income draw and record the frequency of payments per year (annual, quarterly, or monthly). For the Date Began column, record when payments began, or if unknown, record NOW. In the Date Ends column, record month and year when payments end, or record “L” if lifetime. The survivor percentage is the amount of each asset that is bequeathed to surviving spouse.

	Description	Owner Name	Balance	Draw or Required Distribution	Frequency of Payments	Date Began	Date Ends	Survivor Percentage
	IRA							_____ %
	401(k)							_____ %
	Roth IRA							_____ %
	403(b)							_____ %
								_____ %
								_____ %
								_____ %

**OTHER INCOME**

Please provide information regarding other income in which you do not own any portion of the asset, such as alimony. Regarding owner name for couples, record “joint” if owned jointly; otherwise, record first name of owner. Please indicate the frequency of payments per year: annual, quarterly, or monthly. For the Date Began column, record when payments began, or if unknown, record NOW. In the Date Ends column, record month and year when payments end, or record “L” if lifetime. Circle your response for YES or NO questions. The survivor percentage is the amount of each asset that is bequeathed to surviving spouse.

Description	Owner Name	Income	Date Began	Date Ends	Frequency of Payments	Does Income Adjust for Inflation?		Is Income Taxable?		Survivor Percentage
						YES	NO	YES	NO	
						YES	NO	YES	NO	_____%
						YES	NO	YES	NO	_____%
						YES	NO	YES	NO	_____%



**OTHER INFORMATION**

1. Do you or the second applicant provide financial assistance to anyone (family, friends, etc.)? If so, please provide the details:

---

---

---

2. Do you or the second applicant receive financial assistance from anyone (family, friends, organization)? If so, please provide the details:

---

---

---



**DECLARATION**  
**(Please sign if applying for admission to Kendal at Lexington)**

I (we) agree to furnish financial information, including tax returns, investment statements, proof of income, to process this application.

I (we) agree to a credit check.

I (we) agree to furnish additional financial information as may be required from time to time and agree to report any major changes in financial status as soon as possible.

I (we) will not, during residence at Kendal at Lexington, transfer or reduce resources needed to carry out my (our) commitments to Kendal at Lexington.

I (we) estimate that I (we) will need financial assistance to live at Kendal at Lexington: Yes \_\_\_\_\_ No \_\_\_\_\_

**I (we) affirm that the information provided to Kendal at Lexington in this financial disclosure and any attachments in connection with my (our) application for residence is true, accurate and complete to the best of my (our) ability. All information has been provided with the express knowledge that it will be relied on my Kendal at Lexington in making a determination regarding the application.**

\_\_\_\_\_  
**Applicant #1 Signature**

\_\_\_\_\_  
**Applicant #2 Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Date**

## Attachment 7 – Summary of Financial Information

**Lexington Retirement Community, Inc.**  
**d/b/a Kendal at Lexington**  
**Summary of Financial Information**  
**As of December 31, 2021**

	<b>Current Year 2023</b>	<b>Prior Year 2022</b>
<b>Total Assets</b>	113,718,505	107,075,369
<b>Total Liabilities</b>	94,323,003	93,271,313
<b>Total Net Assets</b>	19,395,502	13,804,056
<b>Total Revenues</b>	25,136,977	15,348,041
<b>Total Expenses</b>	19,779,450	18,709,363
<b>Operating Income (Loss)</b>	5,357,527	(3,361,322)
<b>Net Income (Loss)</b>	5,591,446	(3,684,484)

### **Narrative on financial condition:**

Total assets for Kendal at Lexington increased by \$6.643 million with Cash, Investments and Assets Limited as to Use (restricted funds) increasing by slightly over \$8.0 million. Net Property and Equipment declined by \$1.342 million with an increase in accumulated depreciation of \$3.341 million.

Total liabilities increased by \$1.052 with Long-term Debt decreasing by \$1.334 million while Deferred Entry Fee revenue and Refundable Contract Obligations increased by over \$1.845 million with the community welcoming 19 new residents in 11 residences.

Total revenue increased by \$9.789 million (63.8%) from the previous year due to the unrealized gain on equity securities and investment income of \$5.224 million. In 2022, investment income and the unrealized loss on equity securities reflected a loss of \$3.981 million. Monthly service fee revenue increased by \$540,000 (6.0%) while health center fees decreased by \$436,000 (7.9%). Total expenses increased by \$1.070 million (5.7%) with the largest increases in General and Admin expenses, Plant operations, Food Services and Health Services.

The 2023 operating gain of \$5.358 million was a huge improvement from the 2022 operating loss of \$3.361 million. Total net assets increased by \$5.591 million from 2022 to 2023 with net assets without donor restrictions accounting for 95% of the increase.

<b>Occupancy Information:</b>	<b>Capacity of Units</b>	<b>2023 Average occupancy</b>	<b>Percentage Occupancy</b>
<b>Independent Living</b>	150	139.7	93.1%
<b>Assisted Living</b>	20	16.3	81.6%
<b>Nursing</b>	60	35.8	59.7%

## **Attachment 8 - Ancillary Fee Sheets**

- Independent Living
- Assisted Living
- Skilled Nursing

**Kendal at Lexington**  
**Ancillary Fees for Contract Residents in Independent Living**  
**Effective 1/1/2023**  
**Page 1 of 2**

RN/LPN Clinic Services	No fee for KaLex professional services. Fee for medical supplies provided based on cost.
In-home Meal Delivery Charge*	\$ 3.00 per meal per household
Laundry Services:	
*Resident in-home laundry (wash & fold)	\$ 25.00 per load
Commercial load – bed linens	\$ 15.00 per load
Extra Housekeeping Services:	
Change of bed linens	\$ 12.00
Beyond regular schedule	\$ 25.00 per hour, per housekeeper
Personal Extra Maintenance Services **	\$30.00 per hour, plus materials, minimum 15 minutes
Computer/IT Services:	
Non-Kendal system-wise services	No charge if less than 15 minutes. \$30.00 per half hour, \$30.00 minimum
Out-of-area Medical Transportation	Depends on destination with fee between \$95-\$145; additional charge for driver’s meal and wait time. Refer to Out-of-Area Transport Policy
Non-refundable Pet Fee	\$ 200.00 per pet
Telephone & non-Kendal internet	Through a local provider at the resident’s own discretion
Beauty/Barbershop:	
Haircut	\$ 21.00
Shampoo/Style	\$ 21.00
Shampoo Style w/cut	\$ 42.00
Perm (includes set)	\$ 71.00
Color (includes Set)	\$ 65.00
Waxing	\$ 12.00
Replacement PET (Personal Emergency Transmitter)	\$190.00 each
Replacement parts for non-standard equipment (refrigerators, humidifiers, etc.)	Based on cost of item
Replacement Name Tag	\$ 8.00 each

**Kendal at Lexington**  
**Ancillary Fees for Contract Residents in Independent Living**  
**Effective 1/1/2023**  
**Page 2 of 2**

Additional Keys	\$ 5.00 per key
Therapy: Physical/Occupational/Speech	Billed to Medicare, insurance or private
Medical Supplies	Based on individual charges

*\*In-home meal delivery and in-home laundry is only available when medically indicated by the Clinic Nurse or Resident Services Coordinator and is only for use as a short-term solution. The meal delivery charge is in addition to dining points assessed for meal.*

*\*\*Extra Maintenance Services fee includes, but not limited to, the following services: assemble furniture, move furniture, hang pictures, clean out storage closets, deliver heavy items dropped off at the receptionist desk, move personal items for emergency transition to Webster or Borden, coordinate requested customization projects after move-in, remove unbagged trash and personal items left after residence is vacated.*

**Charges are subject to change with advance notification.**

**Kendal at Lexington**  
**Ancillary Fees for Contract Residents in the Webster Assisted Living Center**  
**Effective 1/1/2023**

Additional charge meals per day for contract residents	\$10.00 per day
Personal Laundry	\$ 8.00 per load
Extra Housekeeping Services	\$ 25.00 per hour, per housekeeper
Personal Extra Maintenance Services*	\$ 30.00 per hour, plus materials, minimum 15 minutes
Computer/IT Services:	
Non-Kendal system-wide services	No charge if less than 15 minutes \$ 30 per half hour, \$30 minimum
Out-of-Area Transportation	Depends on destination with fee between \$95-\$145; additional charge for driver's meal and wait time. Refer to Out-of-Area Transport Policy
Transportation Companion	\$ 25.00 per hour
Non-refundable Pet fee	\$ 200.00 per pet
Telephone & non-Kendal internet	Through a local provider at the residents own discretion.
Beauty/Barbershop:	
Haircut	\$ 21.00
Shampoo/Style	\$ 21.00
Shampoo Style w/cut	\$ 42.00
Perm (includes set)	\$ 71.00
Color (includes Set)	\$ 65.00
Waxing	\$ 12.00
Replacement PET (Personal Emergency Transmitter)	\$190.00 each
Replacement Name tag	\$ 8.00 each
Additional Keys	\$ 5.00 per key
Therapy: Physical/Occupational/Speech	Billed to Medicare, insurance or private
Medical Supplies	Based on individual charges

*\*Extra Maintenance Services fee includes, but not limited to, the following services: assemble furniture, move furniture, hang pictures, clean out storage closets, deliver heavy items dropped off at the receptionist desk, move personal items for emergency transition to Webster or Borden, coordinate requested customization projects after move-in, remove unbagged trash and personal items left after residence is vacated.*

**Charges are subject to change with advance notification.**



**Kendal at Lexington  
Ancillary Fees for Contract Residents  
in the Benjamin Borden Health Center  
Effective 1/1/2023**

Additional meal charge per day for contract residents	\$ 10.00 per day
Personal Laundry	\$ 50.00 per month
Transportation Companion	\$ 25.00 per hour
Beauty/Barbershop:	
Haircut	\$ 21.00
Shampoo/Style	\$ 21.00
Shampoo Style w/cut	\$ 42.00
Perm (includes set)	\$ 71.00
Color (includes Set)	\$ 65.00
Waxing	\$ 12.00
Incontinent Supplies:	
High use	\$ 12.00 per day
Medium use	\$ 8.00 per day
Low use	\$ 4.00 per day
Medical Supplies	Based on individual usage
Oxygen	\$ 7.00 per tank
Therapy:	
Physical/Occupational/Speech	Billed to Medicare, insurance or private
Computer/IT Services:	
Initial investigation (less than 15 minutes)	No charge
Setup resident internet, general service & troubleshooting	\$ 30 per half hour with \$30 minimum

**Charges are subject to change with advance notification.**