

WindsorMeade

PINNACLE LIVING

DISCLOSURE STATEMENT

2023 – 2024

FOR

WindsorMeade

WILLIAMSBURG

September 2023

A Pinnacle Living Community

This is a disclosure statement intended to comply with the provisions of Section 38.2-4900 through 38.2-4904 of the Code of Virginia of 1950, as amended. The filing of this disclosure statement with the State Corporation Commission of Virginia does not constitute approval, recommendation or endorsement of the community by the State Corporation Commission.

MISSION STATEMENT

The mission of
WindsorMeade Williamsburg
&
Pinnacle Living
is
Enriching Life's Journey

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Exhibits

Exhibit A – Financial Report – May 31, 2023

Exhibit B – WindsorMeade Williamsburg
Pro Forma Statement of Activities, Balance Sheet and Statement of Cash Flows
Years Ending May 31, 2024 – 2028

Exhibit C - Pinnacle Living
ProForma Statement of Activities, Balance Sheet and Statement of Cash Flows
Years Ending May 31, 2024 - 2028

INTRODUCTION

We are WindsorMeade, and our Mission, Enriching Life's Journey, reflects the way we want the people we serve to live, to add value and to explore meaning every day at any age. The following Disclosure provides a detailed view of who we are and how we serve our residents.

CONTINUING CARE PROVIDER

The continuing care providers are WindsorMeade Williamsburg (WindsorMeade) and Pinnacle Living. WindsorMeade, a dba for Virginia United Methodist Homes of Williamsburg, Inc., is a Virginia not-for-profit, non-stock corporation with its business address at *120 Eastshore Drive, Suite 130, Glen Allen, Virginia 23059*.

Pinnacle Living is the sole member of WindsorMeade. Pinnacle Living, a dba for Virginia United Methodist Homes, Inc., is a Virginia not-for-profit, non-stock corporation with its business address at *120 Eastshore Drive, Suite 130, Glen Allen, Virginia 23059*. Pinnacle Living provides administrative services to WindsorMeade pursuant to an Administrative Services Agreement but does not provide continuing care or other services directly to any resident of WindsorMeade. Pinnacle Living is not responsible for the obligations of WindsorMeade.

OFFICERS, DIRECTORS, TRUSTEES, MANAGING AND GENERAL PARTNERS, AND CERTAIN PERSONS WHO HOLD EQUITY OR BENEFICIAL INTERESTS

A. WINDSORMEADE

The names and business addresses of the officers of WindsorMeade are:

Christopher P. Henderson, President/CEO
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

Clark D. Cundiff, Chairman
*1053 Collection Creek Way
Virginia Beach, Virginia 23454*

The names and addresses of the directors of WindsorMeade are:

Philip F. Alsup
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

Harvey L. Bryant
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

Clark D. Cundiff
*1053 Collection Creek Way
Virginia Beach, Virginia 23454*

Christopher P. Henderson
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

Elizabeth P. McCormick
*P.O. Box 726
Gloucester Point, Virginia 23062*

Bishop Sue Hauptert-Johnson – *Ex Officio*
*P.O. Box 5606
Glen Allen, Virginia 23058*

The Directors of WindsorMeade are elected as follows:

- Nominated by a nominating committee of the Board of Directors of Pinnacle Living
- Elected by the Board of Directors of Pinnacle Living

WindsorMeade has one member, namely Pinnacle Living. Subject to the foregoing, no person has a ten percent (10%) or greater equity or beneficial interest in WindsorMeade. Pursuant to the terms and conditions of the WindsorMeade By-Laws, the President of WindsorMeade must be the same person as the President of Pinnacle Living, and members of the WindsorMeade Board of Directors may, but are not required to, be current or immediate-past-members of the Pinnacle Living Board of Directors. Additionally, WindsorMeade's budget and other significant financial activities are subject to the approval of the Pinnacle Living Board however, Pinnacle Living is not responsible for the obligations of WindsorMeade.

B. PINNACLE LIVING

Pinnacle Living is the sole member of WindsorMeade. The names and business addresses of the officers of Pinnacle Living are:

Christopher P. Henderson, President
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

Shirley M. Cauffman, Chairperson
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

Kevin W. Bruny, Vice Chairperson
*5001 Libbie Mill East, Apartment 581
Richmond, Virginia 23230*

Hank C. Coleman, Secretary
*9633 Fernleigh Drive
Richmond, Virginia 23235*

Lisa F. Han, Past Chairperson
*150 Boush Street, Suite 1005
Norfolk, Virginia 23510*

The names and addresses of the directors of Pinnacle Living are:

Kevin W. Bruny
*5001 Libbie Mill East, Apartment 581
Richmond, Virginia 23230*

Shirley M. Cauffman
*120 Eastshore Drive, Suite 130
Richmond, Virginia 23059*

Hank C. Coleman
*9633 Fernleigh Drive
Richmond, Virginia 23235*

Lisa F. Han
*150 Boush Street, Suite 1005
Norfolk, Virginia 23510*

Christopher P. Henderson
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

Jane G. Hornbeck
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

Steven R. Jones
*120 Eastshore Drive, Suite 130
Glen Allen, Virginia 23059*

F. Ellen Netting
*9534 Oldhouse Drive
Richmond, Virginia 23238*

Lisa M. Williams
*201 North Tryon Street, Suite 3000
Charlotte, North Carolina 28202*

Bishop Sue Hauptert-Johnson – *Ex Officio*
*P.O. Box 5606
Glen Allen, Virginia 23058*

Pinnacle Living has no trustees and no managing or general partners. No person has a ten percent (10%) or greater equity or beneficial interest in Pinnacle Living.

Pinnacle Living has no members.

The Directors of Pinnacle Living are elected as follows:

- Nominated by a nominating committee of the Board of Directors
- Elected by the Board of Directors

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

A. BUSINESS EXPERIENCE

WindsorMeade has operated the community in Williamsburg since its construction was completed in 2008. WindsorMeade’s sole member, Pinnacle Living, has substantial experience in the operation of such communities. With its incorporation in 1945, Pinnacle Living embarked on a journey of providing residences and services to seniors throughout the Commonwealth of Virginia.

Throughout these 78 years, the communities have changed, the industry has changed, the well-being and expectations of the residents have changed, but Pinnacle Living’s commitment to its residents and the enhancement of their lives has remained constant.

Pinnacle Living provides continuing care at its three communities throughout Virginia as follows:

Hermitage Roanoke
1009 Old Country Club Road
Roanoke, Virginia 24017-0339

Hermitage Richmond
1600 Westwood Avenue
Richmond, Virginia 23227-4682

Cedarfield
2300 Cedarfield Parkway
Richmond, Virginia 23233-1938

Pinnacle Living has engaged in the management of the community at 1600 Westwood Avenue, Richmond, Virginia since 1948; the community at 1009 Old Country Club Road, Roanoke, Virginia since 1964 and the community at 2300 Cedarfield Parkway, Richmond, Virginia since 1996.

Pursuant to the WindsorMeade By-Laws, the President of WindsorMeade must be the same person as the President of Pinnacle Living, and members of the WindsorMeade Board of Directors may, but are not required to be, current or immediate-past-members of the Pinnacle Living Board of Directors. Additionally, WindsorMeade’s budget and other significant financial activities are subject to the approval of the Pinnacle Living Board.

In consideration of the significant interrelationship between Pinnacle Living and WindsorMeade, the following schedule is provided to describe the business experience WindsorMeade’s Directors and Officers and Pinnacle Living’s Directors and Officers have had in the operation and/or management of WindsorMeade and Pinnacle Living, respectively:

DIRECTOR	MEMBER OF WINDSORMEADE BOARD SINCE	MEMBER OF PINNACLE LIVING BOARD SINCE
Philip F. Alsup	2022	
Harvey L. Bryant	2015	
Kevin W. Bruny		2017
Hank C. Coleman		2019
Shirley M. Cauffman		2016

Clark D. Cundiff	2014	
Lisa F. Han		2015
Christopher P. Henderson	2005	2005
Jane G. Hornbeck		2016
Steven R Jones		2017
Elizabeth P. McCormick	2014	
F. Ellen Netting		2017
Lisa M. Williams		2023

OFFICER	EXPERIENCE WITH WINDSORMEADE	EXPERIENCE WITH PINNACLE LIVING
Clark D. Cundiff	Chairman since 2017 Member of Board since 2014	
Christopher P. Henderson	President since 2005 Member of Board since 2005	President since 2005 Member of Board since 2005
Shirley M. Cauffman		Chairperson since 2023 Member of Board since 2016
Kevin W. Bruny		Vice Chairperson since 2020 Member of Board since 2017
Hank C. Coleman		Secretary since 2023 Member of Board since 2019
Lisa F. Han		Past Chairperson since 2023 Member of Board since 2015

B. ACQUISITION OF GOODS AND SERVICES

Neither WindsorMeade nor any of its officers or directors has any interest, indirectly or directly, in any professional service, firm, association, foundation, trust, partnership, or other legal entity, in which such person has, or which has in such person, a 10% or greater interest and which it is presently intended will or may provide goods, leases or services to WindsorMeade of a value of \$500.00 or more within any year.

WindsorMeade’s sole member, Pinnacle Living, currently provides administrative services to WindsorMeade. The initial Administrative Services Agreement was awarded to Pinnacle Living in 2007 in consideration of the special relationship that exists between WindsorMeade and Pinnacle Living, its sole member, and Pinnacle Living’s many years of experience in the operation and management of several continuing care facilities. Accordingly, no other offers were solicited or received. In May 2013, Pinnacle Living and WindsorMeade entered a new Administrative Services Agreement which was updated in August 2021.

Under the Administrative Services Agreement, services include, but are not limited to, administration of payroll, accounts payable, accounts receivable, general accounting, retirement plan, state and local tax payment and exemption, fund development, insurance and workers’ compensation, church and community relations, bonds and financing, human resources, expansion and construction, and investment advisory services and monitoring of third-party vendors. In addition to these administrative services, general management services are provided through Pinnacle Living corporate management team. These services are generally activities designed to sustain and enhance the public reputation and respect for Pinnacle Living and its affiliated entities and communities. General management services include, but are not limited to, representation at national organizations, development of policy positions, development of a strategic plan for programs and services designed to move the entire organization forward and anticipate trends and needs, research and monitoring of rules, regulations and trends in the industry, the development of support programs

for residents, interns, and training of team members, and promoting church and community relations. WindsorMeade shall pay Pinnacle Living a 6% monthly base fee based on total Generally Accepted Accounting Principles Operating Revenue with up to 3% in additional fees at the end of the year.

C. CRIMINAL, CIVIL AND REGULATORY PROCEEDINGS

Neither WindsorMeade, Pinnacle Living, nor any of their respective officers or directors:

- (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 judgement, 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 community, nursing home, retirement home, home for the aged or community 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.

AFFILIATIONS WITH RELIGIOUS, CHARITABLE OR OTHER NOT-FOR-PROFIT ORGANIZATIONS; TAX STATUS OF PROVIDER

A. AFFILIATIONS

WindsorMeade and Pinnacle Living are each independent, non-stock, not-for-profit corporations. Neither WindsorMeade nor Pinnacle Living is subject to the control of the Virginia Annual Conference of the United Methodist Church. Neither the Virginia Annual Conference of the United Methodist Church, the United Methodist Association of Health and Welfare Ministries, the Department of Health and Welfare Ministries of the Board of Global Ministries of the United Methodist Church, nor the United Methodist Church is, nor will be, responsible for the financial or contractual obligations of WindsorMeade or Pinnacle Living. Likewise, neither WindsorMeade nor Pinnacle Living is, nor will either be, responsible for the financial or contractual obligations of the Virginia Annual Conference of the United Methodist Church, the United Methodist Association of Health and Welfare Ministries, the Department of Health and Welfare Ministries of the Board of Global Ministries of the United Methodist Church or the United Methodist Church. The foregoing organizations are related to WindsorMeade and Pinnacle Living by faith, heritage, history, morals and guiding principles.

Pinnacle Living is the sole member of the Hermitage Capital & Reserve Corp. (HCRC), a Virginia, not-for-profit, non-stock corporation exempt from taxation under §501(c)(3) of the Internal Revenue Code and a “supporting organization” within the meaning §509(a) of the Internal Revenue Code. HCRC was formed exclusively to support WindsorMeade’s sole member, Pinnacle Living, WindsorMeade and any future affiliates of Pinnacle Living or WindsorMeade.

WindsorMeade is a member of Leading Age Virginia, an affiliate of Leading Age, a national organization which provides support and education primarily to not-for-profit entities serving seniors.

B. TAX EXEMPT STATUS OF PROVIDER

WindsorMeade and Pinnacle Living are both exempt from taxation under Internal Revenue Code §501(c)(3) and are permitted to receive charitable donations which, under ordinary gifting circumstances, are tax

deductible to the donor. Under Internal Revenue Code regulations for tax exempt entities, no earnings may be used for the benefit of, nor distributed to, corporate directors or officers or private individuals. All excess funds remain available to be used by WindsorMeade or Pinnacle Living to further the mission of Enriching Life's Journey.

OWNERSHIP OF REAL PROPERTY

The real property on which the WindsorMeade community is constructed was conveyed to WindsorMeade from Pinnacle Living on May 31, 2013. WindsorMeade also owns all equipment, buildings and other improvements on the real property. All such property is pledged to secure the WindsorMeade debt obligations described in the attached Consolidated Financial Statements.

LOCATION AND DESCRIPTION OF REAL PROPERTY AND COMMUNITY NEIGHBORHOODS

The main buildings of the real property are located at *3900 Windsor Hall Drive, Williamsburg, Virginia*. The community is built on approximately 105 acres located in James City County, Virginia and consists of 96 villas, 85 apartments and an Assisted Living Neighborhood consisting of 14 Assisted Living residences, known as Abingdon Neighborhood, as well as ancillary spaces which include a ballroom and resident wellness center. The community also includes Manchester House, an 18 residence Memory Support Household, and Hadley House, a 22 residence Health Care Household. Abingdon Neighborhood, Manchester House and Hadley House are all located in Bedford Terrace in the WindsorMeade Community.

SERVICES PROVIDED UNDER CONTINUING CARE CONTRACT

WINDSORMEADE RESIDENCY AGREEMENT

A specimen of the current WindsorMeade Residency Agreement is attached to this Disclosure. Services provided under the Residency Agreement are described generally in the following specific sections of the Agreement and in greater detail in Schedule A attached to the Agreement. The WindsorMeade Residency Agreement is entered into by Residents who initially establish residency in Independent Living.

Services Included in Monthly Service Fee – Section C.1, and Schedule A

Additional Services Available at Additional Cost – Section C.2, and Schedule A

Health Services in Apartments or Villas at an Additional Cost – Section C.3.a

Assisted Living Services in Abingdon Neighborhood – Section C.3.b, and Schedule A

Memory Support Services in Manchester House – Section C.3.c, and Schedule A

Health Care Services in Hadley House – Section C.3.d, and Schedule A

Health Care Medicare Stay – Section C.3.e

Health Care Services in Apartments or Villas – Section C.3.f, and Schedule A

FEEES REQUIRED OF RESIDENTS

Residents will pay a one-time Entrance Fee at the time of admission which cannot be increased after admission except as specifically stated in the Residency Agreement. See Sections B.2, D, E, F and G of the attached Residency Agreement for more information concerning Entrance Fees, including refunds. The Residency Agreement reflects options for a Declining Refund Entrance Fee Plan, a 50% Entrance Fee Refund Plan a 70%

Entrance Fee Refund Plan or a 90% Entrance Fee Refund Plan (for purposes of this disclosure statement, the pricing schedule of the Declining Refund Entrance Fee Plan and the 50% Entrance Fee Refund Plan have been included). Monthly Service Fees will be charged, the amount of which will be dependent upon the residence selected. See Sections D.2 and F of the Residency Agreement for other information concerning Monthly Service Fees, including refunds and finance charges for late payments. If a resident's financial position substantially deteriorates, he or she may be required to deposit monies as security for payments of future Fees.

The Monthly Service Fees are intended to provide for the regularly offered services and conveniences as well as all other financial obligations and objectives of WindsorMeade including, for example, taxes, debt service, costs of operations, maintaining the viability and marketability of the community, maintaining and improving the quality of services provided, enhancing and expanding the community when expansion is warranted, maintaining reserves to assist residents, where appropriate, who may become unable to meet their financial obligations, and payments or distributions to Pinnacle Living. The Monthly Service Fees may be adjusted by WindsorMeade, in its sole discretion, from time to time after thirty days advance written notice. There are no limitations on the amount, or frequency, of increases in the Monthly Service Fees.

Upon acceptance, the prospective resident will sign a Residency Agreement and pay a Deposit equal to ten percent (10%) of the Entrance Fee for the residence selected. The Deposit will be placed in an escrow account to be held, maintained and disbursed by the escrow agent, which shall be a bank, trust company or other escrow agent approved by the State Corporation Commission of Virginia (see the specimen Residency Agreement attached to this Disclosure for additional information). Subject to the provisions of the Residency Agreement:

- A. The Deposit shall remain the funds of the prospective resident, shall be maintained separate and apart from WindsorMeade's funds, and shall not be subject to any liens, judgements, garnishments or creditor's claims against WindsorMeade;
- B. Charges of the escrow agent for its services as such shall not be deducted from the Deposit;
- C. The Deposit shall only be invested in accordance with investments permitted by the Code of Virginia; and
- D. The Deposit shall remain in escrow until (i) released to WindsorMeade upon written notice to escrow agent that the prospective resident occupies a residence or that a residence of the type the prospective resident selected is ready for immediate occupancy by the prospective resident, or (ii) refunded to the prospective resident (less appropriate charges, as explained in the specimen Residency Agreement).

The current Entrance Fees and Monthly Service Fees for WindsorMeade are shown below:

WindsorMeade Residency Agreement Fee Schedules

WINDSOR HALL APARTMENTS	Floor Plan Features			0% Pricing Fee Schedule	
	Bed	Bath	Sq. Ft.	Entrance Fee	Monthly Fee
DOVER	1 + den	1½	1,054	\$226,020	\$5,025
SCOTNEY	2	2	1,350	\$320,155	\$5,270
LEEDS	2 + den	2	1,690	\$399,765	\$5,530
LUDLOW	2 + den	2	1,797	\$407,900	\$5,545
CADBURY	2 + den	2	1,900	\$416,445	\$5,690
RABY	2 + den	2	1,937	\$422,980	\$5,725
Second Person (for all models)				Additional \$29,180	Additional \$1,305

VILLAS	Floor Plan Features			0% Pricing Fee Schedule	
	Bed	Bath	Sq. Ft.	Entrance Fee	Monthly Fee
YARMOUTH					
<i>Yarmouth I</i>	2	2½	1,704	\$459,990	\$5,470
<i>Yarmouth I + sunroom</i>	2	2½	1,845	\$496,305	\$5,470
<i>Yarmouth I + sunroom + studio</i>	2	2½	2,051	\$562,740	\$5,470
<i>Yarmouth II + sunroom + studio</i>	2	2½	2,525	\$618,660	\$5,470
EDINBURGH					
<i>Edinburgh I</i>	2 + den	2½	1,884	\$524,205	\$5,650
<i>Edinburgh I + sunroom</i>	2 + den	2½	2,084	\$559,380	\$5,650
<i>Edinburgh II + sunroom</i>	4 + den	3½	2,564	\$616,915	\$5,650
DURHAM					
<i>Durham I</i>	2 + den	2½	2,265	\$565,330	\$5,935
<i>Durham I + studio</i>	2 + den	2½	2,433	\$579,535	\$5,935
<i>Durham I + sunroom</i>	2 + den	2½	2,470	\$593,845	\$5,935
<i>Durham I + sunroom + studio</i>	2 + den	2½	2,639	\$604,115	\$5,935
<i>Durham II + sunroom + studio</i>	3 + den	3½	3,314	\$670,960	\$5,935
Second Person (for all models)				Additional \$29,180	Additional \$1,305

- * Above is the pricing schedule for the Declining Refund Entrance Fee Refund Plan.
- * Three additional plans are available – 50%, 70% and a 90%.

Prices effective June 1, 2023



VILLAS	Floor Plan Features			0% Pricing Fee Schedule	
	Bed	Bath	Sq. Ft.	Entrance Fee	Monthly Fee
EDINBURGH					
<i>Edinburgh I</i>	2 + den	2½	1,884	\$553,385	\$5,650
<i>Edinburgh I + sunroom</i>	2 + den	2½	2,084	\$588,560	\$5,650
<i>Edinburgh II + sunroom</i>	4 + den	3½	2,564	\$646,095	\$5,650
DURHAM					
<i>Durham I</i>	2 + den	2½	2,265	\$594,510	\$5,935
<i>Durham I + studio</i>	2 + den	2½	2,433	\$608,715	\$5,935
<i>Durham I + sunroom</i>	2 + den	2½	2,470	\$623,025	\$5,935
<i>Durham I + sunroom + studio</i>	2 + den	2½	2,639	\$633,295	\$5,935
<i>Durham II + sunroom + studio</i>	3 + den	3½	3,314	\$700,140	\$5,935
<i>Second Person (for all models)</i>				<i>Additional \$29,180</i>	<i>Additional \$1,305</i>

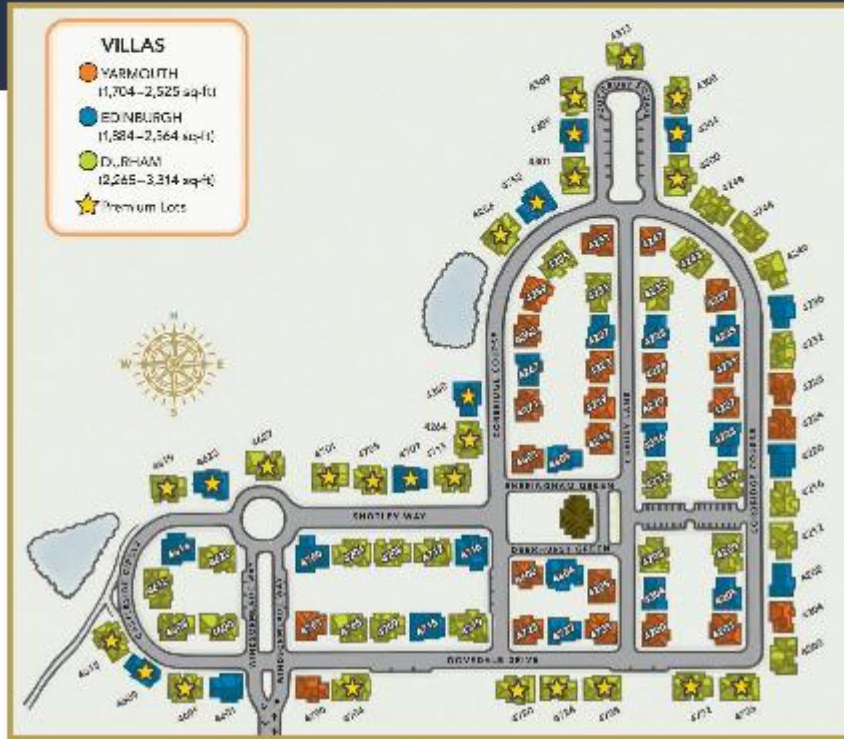
Above is the pricing schedule for the Declining Refund Entrance Fee Refund Plan for the Villas and Premium Lots. Three additional plans are available – 50% 70% and a 90%.

WINDSOR HALL APARTMENTS	Floor Plan Features			50% Pricing Fee Schedule	
	Bed	Bath	Sq. Ft.	Entrance Fee	Monthly Fee
DOVER	1 + den	1½	1,054	\$309,645	\$5,025
SCOTNEY	2	2	1,350	\$438,610	\$5,270
LEEDS	2 + den	2	1,690	\$547,680	\$5,530
LUDLOW	2 + den	2	1,797	\$558,825	\$5,545
CADBURY	2 + den	2	1,900	\$570,530	\$5,690
RABY	2 + den	2	1,937	\$579,485	\$5,725
<i>Second Person (for all models)</i>				<i>Additional \$39,975</i>	<i>Additional \$1,305</i>

VILLAS	Floor Plan Features			50% Pricing Fee Schedule	
	Bed	Bath	Sq. Ft.	Entrance Fee	Monthly Fee
YARMOUTH					
<i>Yarmouth I</i>	2	2½	1,704	\$630,185	\$5,470
<i>Yarmouth I + sunroom</i>	2	2½	1,845	\$679,940	\$5,470
<i>Yarmouth I + sunroom + studio</i>	2	2½	2,051	\$770,955	\$5,470
<i>Yarmouth II + sunroom + studio</i>	2	2½	2,525	\$847,565	\$5,470
EDINBURGH					
<i>Edinburgh I</i>	2 + den	2½	1,884	\$718,160	\$5,650
<i>Edinburgh I + sunroom</i>	2 + den	2½	2,084	\$766,350	\$5,650
<i>Edinburgh II + sunroom</i>	4 + den	3½	2,564	\$845,175	\$5,650
DURHAM					
<i>Durham I</i>	2 + den	2½	2,265	\$774,500	\$5,935
<i>Durham I + studio</i>	2 + den	2½	2,433	\$793,965	\$5,935
<i>Durham I + sunroom</i>	2 + den	2½	2,470	\$813,570	\$5,935
<i>Durham I + sunroom + studio</i>	2 + den	2½	2,639	\$827,640	\$5,935
<i>Durham II + sunroom + studio</i>	3 + den	3½	3,314	\$919,215	\$5,935
<i>Second Person (for all models)</i>				<i>Additional \$39,975</i>	<i>Additional \$1,305</i>

Prices subject to change.

- * Above is the pricing schedule for the 50% Entrance Fee Refund Plan.
- * Three additional plans are available – 70%, 90% and a Declining Refund Entrance Fee.



VILLAS	Floor Plan Features			50% Pricing Fee Schedule	
	Bed	Bath	Sq. Ft.	Entrance Fee	Monthly Fee
EDINBURGH					
<i>Edinburgh I</i>	2 + den	2½	1,884	\$758,135	\$5,650
<i>Edinburgh I + sunroom</i>	2 + den	2½	2,084	\$806,325	\$5,650
<i>Edinburgh II + sunroom</i>	4 + den	3½	2,564	\$885,150	\$5,650
DURHAM					
<i>Durham I</i>	2 + den	2½	2,265	\$814,475	\$5,935
<i>Durham I + studio</i>	2 + den	2½	2,433	\$833,940	\$5,935
<i>Durham I + sunroom</i>	2 + den	2½	2,470	\$853,545	\$5,935
<i>Durham I + sunroom + studio</i>	2 + den	2½	2,639	\$867,615	\$5,935
<i>Durham II + sunroom + studio</i>	3 + den	3½	3,314	\$959,190	\$5,935
<i>Second Person (for all models)</i>				<i>Additional \$39,975</i>	<i>Additional \$1,305</i>

Prices subject to change.

*Above is the pricing schedule for the 50% Entrance Fee Refund Plan for the Villas and Premium Lots.

*Three additional plans are available – 70%, 90% and a Declining Refund Entrance Fee.

FREQUENCY AND AMOUNTS OF INCREASE IN PERIODIC RATES

WindsorMeade began receiving Monthly Fees from residents in May 2007. The average dollar amount of increase in single monthly fees for continuing care contracts is as follows:

Average Dollar Amount of Increase

Frequency	Apartment	Villa	Assisted Living	Health Care	Memory Support
19-20	132	138	608	335	760
20-21	171	178	259	365	341
21-22	142	148	0	0	215
22-23	238	251	375	822	510
23-24	382	400	435	973	850

RESERVE FUNDING

WindsorMeade does not provide secured or “earmarked” reserve funding or security (including escrow accounts, trust or reserve funds) to guaranty that it will fully perform its obligations under its continuing care contracts. However, WindsorMeade operates under a business and financial model that it believes to be very conservative and rigorously tested and maintains operational investment reserves. WindsorMeade follows generally accepted accounting principles for not-for-profit entities utilized by Pinnacle Living. Please refer to Note 1 of the Consolidated Financial Statements for the years ended May 31, 2023, and May 31, 2022, for information concerning the accounting treatment by Pinnacle Living of Entrance Fees and unearned income from residents who pay an Entrance Fee. Annually, Pinnacle Living revalues the liability to annuitants by utilizing commonly used actuarial tables. For funds on hand, Pinnacle Living’s Board of Directors establishes an Investment Policy and selects a financial institution to make investment decisions based upon the guidelines in the approved investment policy. Sandy Wiggins, of the Actuarial Consulting Group, serves as the investment consultant. Mr. Wiggins assists the Board as it develops appropriate investment policies. Mr. Wiggins has over 32 years of experience.

CERTIFIED FINANCIAL STATEMENTS

Independent auditors annually audit consolidated financial statements for WindsorMeade and its sole member, Pinnacle Living. Attached are certified consolidated financial statements of WindsorMeade and Pinnacle Living including balance sheets, statements of activities and statements of cash flows for the two most recent fiscal years. These consolidated financial statements conform to generally accepted accounting principles and have been certified by an independent certified public accountant, whose opinion is also included.

WINDSORMEADE BOND REFINANCE

On August 31, 2021, WindsorMeade refinanced its long-term debt obligations with the Economic Development Authority of James City County containing covenants more reflective of current market conditions. The bonds, Economic Development Authority of James City County, Virginia, Residential Care Facility Revenue Bonds (WindsorMeade) Series 2021A, replace WindsorMeade’s 2013 and 2016 bonds and provide an overall net present value savings to the organization. Please see attached Financial Statements for more information about such financing.

PRO FORMA STATEMENTS

Exhibit B of this Disclosure contains the projected Statement of Activities, Balance Sheet and Statement of Cash Flows for WindsorMeade for Fiscal Years 2024 – 2028. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). *Further information about the assumptions upon which the pro forma projections are based is available from WindsorMeade upon request.*

Exhibit C of this Disclosure contains the projected Statement of Activities, Balance Sheet and Statement of Cash Flows for Pinnacle Living for Fiscal Years 2024 – 2028. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). *Further information about the assumptions upon which the pro forma projections are based is available from WindsorMeade upon request.*

EXPLANATION OF MATERIAL DIFFERENCES BETWEEN PRIOR FISCAL YEAR'S PRO FORMA INCOME STATEMENT AND THE ACTUAL RESULTS OF OPERATIONS DURING THE PRIOR FISCAL YEAR

Fiscal year ended May 31, 2023 (“FY 2023”) with an average occupancy as follows:

- Independent Living residences (IL) 98%
- Assistant Living residences (AL) 94%
- Memory Support residences (AL) 94%, and
- Health Care (HC) (which includes skilled nursing) 86%

For the period ended May 31, 2023, WindsorMeade had total operating revenue of \$21,568,000, a 7% increase over the prior year and a 1% increase over the pro forma statement. Overall occupancy was higher than anticipated. Operating expenses of \$21,874,000 is 13% higher over the prior year and 6% higher than the pro forma statement caused by higher rates of pay and increased contract services expenses. This resulted in a change in net assets from operations of (\$306,000) or a 138% decrease over the prior year and a 140% decrease to the pro forma. Non-operating changes of (\$751,000) is 94% higher than the prior year and 52% higher than the pro forma. The largest driver is increased investment income. Change in net assets if (\$1,057,000) or 92% higher than the prior year but 31% lower than the pro forma.

ADMISSION OF NEW RESIDENTS

A minimum age of 62 is required at the time of residency; provided, however, that, in the case of married Joint Residents, WindsorMeade’s Executive Director may require that only one Joint Resident meet the minimum age requirement.

A. INDEPENDENT LIVING

- (1) An Independent Living resident must meet WindsorMeade’s standards for living independently as a resident:
 - (a) exhibiting the ability to exit the building
 - (b) securing the approval of the future resident’s physician and WindsorMeade’s physician
- (2) The future resident must demonstrate the ability to meet the cost of services contemplated to be provided.
- (3) Residency may be refused on the basis that approval may interfere with WindsorMeade’s

ability to provide proper services to present residents.

B. ASSISTED LIVING – ABINGDON NEIGHBORHOOD

- (1) Residency in Abingdon Neighborhood is limited to the availability of space, and the future resident must provide sufficient information to permit WindsorMeade to determine the services that will be necessary.
- (2) The future resident must secure the approval of both the future resident’s physician and WindsorMeade’s physician.
- (3) The future resident must demonstrate the ability to meet the cost of services contemplated to be provided.
- (4) Residency may be refused on the basis that approval may interfere with WindsorMeade’s ability to provide proper services to present residents.

C. MEMORY SUPPORT – MANCHESTER HOUSE

- (1) Residency in Manchester House is limited to the availability of space, and is further limited by applicable law. The future resident must provide sufficient information to permit WindsorMeade to determine the services that will be necessary.
- (2) The future resident must secure the approval of both the future resident’s physician and WindsorMeade’s physician.
- (3) The future resident must demonstrate the ability to meet the cost of services contemplated to be provided.
- (4) Residency may be refused on the basis that approval may interfere with WindsorMeade’s ability to provide proper services to present residents.

D. HEALTH CARE – HADLEY HOUSE

- (1) Residency in Hadley House is limited to the availability of space, and is further limited by applicable law. The future resident must provide sufficient information to permit WindsorMeade to determine the services that will be necessary.
- (2) The future resident must secure the approval of both the future resident’s physician and WindsorMeade’s physician.
- (3) The future resident must demonstrate the ability to meet the cost of services contemplated to be provided.
- (4) Residency may be refused on the basis that approval of the application may interfere with WindsorMeade’s ability to provide proper services to present residents.

ACCESS TO COMMUNITY AND SERVICES

WindsorMeade does not offer its services to persons who do not have an agreement with WindsorMeade. Arrangements may be made to accommodate overnight guests.

PROCEDURE BY WHICH A RESIDENT MAY FILE A COMPLAINT OR DISCLOSE CONCERN

A Resident may file a complaint or disclose any concern, in writing, as follows:

- (1) The complaint or concern should first be submitted in writing to the appropriate department director who will provide a written response within fifteen (15) days.
- (2) In the event the resident's complaint or concern is not resolved to the resident's satisfaction by the department director within such fifteen (15) day period, the resident may submit the complaint or concern in writing to the Executive Director, who will provide a written response within fifteen (15) days.
- (3) In the event the resident's complaint or concern is not resolved by the Executive Director within such fifteen (15) day period, the resident may submit the complaint or concern to the appropriate ombudsman.

WindsorMeade

PINNACLE LIVING

RESIDENCY AGREEMENT

September 2023

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WINDSORMEADE WILLIAMSBURG

RESIDENCY AGREEMENT

This is an Agreement between Insert Resident(s) Name(s) (either “Resident”, “Joint Resident(s)”, “You” or “Your”) and WindsorMeade Williamsburg Pinnacle Living (either “WindsorMeade”, “Our”, “We” or “Us”). We are a Virginia, not-for-profit, non-stock corporation operating a continuing care community (sometimes referred to as “the Community”) located at 3900 Windsor Hall Drive, Williamsburg, Virginia. (If two people sign this Agreement as Residents, this is a Joint Residency Agreement, and the term “You” shall refer to each person individually, and to both people together, as the context may dictate).

You acknowledge receipt of a copy of the Reservation Agreement, this Agreement and the Disclosure Statement. The Reservation Agreement (including the financial, health and related documents submitted by You in relation thereto) is by this reference, made part of this Agreement.

A. ACCEPTANCE FOR RESIDENCY

We agree to provide You with the following residency and services in an available independent Residence of Your choice, subject to the terms and conditions of this Agreement.

You agree to comply with the terms of this Agreement and Our policies and procedures, as they may be modified from time to time, provided they are consistent with the provisions of this Agreement. You agree to provide Us, no sooner than thirty (30) days and no less than seven (7) days before establishing occupancy, a report from Your personal physician regarding a physical examination to permit Us to assess Your ability to live independently. You also agree to provide updated health and financial information and documentation to Us from time to time upon Our reasonable request, and to inform Us immediately of any material change in Your health or financial condition. If Your financial position substantially deteriorates, You may be required to deposit monies as security for the payment of future Monthly Service Fees.

B. RESIDENCE ACCOMMODATIONS

1. Your Residence

You have reserved Insert Residence Type, number Insert Residence Number, (Together with any Residence You may occupy in Bedford Terrace or to which You request to be transferred to in the future “Your Residence”). Your Residence is non-assignable.

You may decorate and furnish Your Residence as You deem appropriate. Appliances and special equipment will be subject to the prior approval of Our Executive Director. You may arrange to make physical changes to Your Residence in independent living with the prior written approval of Our Executive Director. You will be responsible for the cost of materials and labor required to make such changes. When You vacate Your Residence, You will be responsible for any costs incurred in restoring Your Residence to its original condition, reasonable wear and tear excepted. Title to all fixtures added as part of the foregoing will immediately vest in Us and will remain Our property after termination or rescission of this Agreement. Notwithstanding any other provision of this Agreement, any such decorations, furnishings or changes must be in compliance with all applicable safety and governmental codes and regulations as well as Our written policies, which may change from time to time.

2. Establishing Residency

We will notify You when Your Residence is ready and available for occupancy by You. Unless otherwise agreed to in writing by Us, You agree to establish Residency (“Residency”) within ninety (90) days from the date You sign this Agreement by paying the balance of the total Entrance Fee and the Monthly Service Fee for the first month of Residency, prorated in the event Residency is established after the first day of the month (You may not occupy Your Residence until such Fees have been paid, although You will not be required to occupy Your Residence physically in order to “establish Residency”). If You fail to establish Residency within the ninety (90) day period, We shall have the right to market the residence You have reserved to other prospective residents, during which time You will have the first right of refusal of the residence, as follows:

- a. We shall have the right to show the residence to other prospective residents;
- b. We will advise You in writing if a prospective resident indicates an intention to establish Residency in the Residence;
- c. You shall have seven (7) days from the date of such written notice to establish Residency by paying the balance of the total Entrance Fee and Monthly Service Fee for the first month or Residency, prorated in the event Residency is established after the first day of the month; and
- d. If You do not establish Residency within such seven (7) day period, We will have the right to permit another prospective resident to establish Residency in the residence, in which case We shall refund the entire amount of Your Deposit to You.

C. SERVICES TO RESIDENTS

1. Services Included in Monthly Service Fee

The Monthly Service Fee covers Your access to amenities, certain services and meals, as described in **Schedule A** attached hereto. Except as otherwise specifically provided in this Agreement, there will be no change in the scope of services without at least thirty days prior written notice to You.

2. Additional Services Available at Additional Cost

Additional Services are available, at an additional cost, as described in **Schedule A** attached hereto.

3. Health Services

The following health services are presently available to Our residents. The Interdisciplinary Care Team (which typically includes a registered nurse, dietician, social worker and activities coordinator, and may include other WindsorMeade team members) will determine, in consultation with the Medical Director, whether such services are appropriate for You and, if so, the proper location and provision for such services. Subject to the qualification set forth in Section G.4., such services may be provided to You in Your apartment or villa, or in Bedford Terrace (which is comprised of Abingdon Neighborhood, Manchester House and Hadley House).

a. Health Services in Apartments or Villas

The Monthly Service Fee covers Your access to the following Health Services:

-
- i. Health and well-being assessments at Our Resident Wellness Center; and
 - ii. Preventative health services at Our Resident Wellness Center, including minor first aid, regular blood pressure checks, temperature and pulse checks and maintenance of Your health records. Additional services may be available at Our Resident Wellness Center for an additional charge.

b. Assisted Living Services – Abingdon Neighborhood

We presently operate an assisted living neighborhood (Abingdon Neighborhood) in Bedford Terrace at WindsorMeade, staffed with personnel trained to provide Assisted Living services. Abingdon Neighborhood is designed for residents who are unable to function independently in an independent living Residence, but who do not need continuous medical supervision. Abingdon Neighborhood residents receive those services covered under Section C.1, commensurate with their condition, such as help in dressing, self-care and other activities of daily living, assistance in attending meals, increased assistance in housekeeping, increased monitoring of personal status, and monitoring of medications. There are tiers of Assisted Living services as detailed in **Schedule A** attached hereto.

If the Interdisciplinary Care Team, (in consultation with the Medical Director) determines that Assisted Living services are appropriate for You, You will be granted priority access to Abingdon Neighborhood over those who do not reside at WindsorMeade pursuant to a Residency Agreement (“Nonresidents”), on a space-availability basis. If You transfer to Abingdon Neighborhood (as further explained in Section G.4 hereof), You agree to pay a fee for Assisted Living services (the “Assisted Living Fee”), commensurate with the Assisted Living tier of services You receive (See **Schedule A** attached hereto for a description of Assisted Living tiers currently offered and related Assisted Living Fees, which services and Fees may change from time to time).

c. Memory Support Services – Manchester House

We presently operate a Memory Support household (Manchester House) in Bedford Terrace at WindsorMeade, staffed with personnel trained to provide Memory Support services. Manchester House is designed for residents who need help in dressing, self-care and other activities of daily living, assistance in attending meals, increased assistance with housekeeping, increased monitoring of personal status, and monitoring of medications.

If the Interdisciplinary Care Team (in consultation with the Medical Director and/or such other persons as may be required under the then current Virginia Law and regulations) determines that Memory Support services are appropriate for You, You will be granted priority access to Manchester House over Nonresidents, on a space-availability basis. If You transfer to Manchester House (as further explained in Section G.4 hereof), You agree to pay a fee for Memory Support services (the “Memory Support Fee”) (See **Schedule A** attached hereto for a description of Memory Support services currently offered and related Memory Support Fees, which services and Fees may change from time to time).

d. Health Care Services – Hadley House

We presently operate a Health Care household (Hadley House) in Bedford Terrace at WindsorMeade, staffed with personnel trained to provide Health Care services. Residents of Hadley House not on a Medicare Stay (defined below) receive those services covered under

Section C.1, commensurate with their condition, and other Health Care varying with their needs, the highest level of which is total nursing care in accordance with the Rules and Regulations for Licensed Nursing Facilities promulgated by the Virginia Department of Health.

If the Interdisciplinary Care Team (in consultation with the Medical Director) determines that Hadley House is appropriate for You, You will be granted priority access to Hadley House over Nonresidents. While occupying Your apartment or villa, You will receive a total of twelve free days (“Free Days”) of care in Hadley House for a non-Medicare Stay during Your lifetime, per resident, at no extra charge beyond the Monthly Service Fee (unused Free Days will have no residual value at termination of Your Residency). After these Free Days have been used, if You transfer to Hadley House (as further described in Section G.4 hereof) on a non-Medicare stay, You agree to pay a fee for Health Care services (the “Health Care Fee”) (See **Schedule A** attached hereto for a description of Health Care services currently offered and the related Health Care Fee, which services and Fee may change from time to time).

e. Health Care Medicare Stay

Hadley House is certified under the Medicare program (Title XVIII of the Social Security Act) to provide skilled nursing care. If you are in need of skilled nursing care and you meet and maintain the requirements determined by the Medicare program, your stay in Hadley House will be pursuant to the Medicare program (a “Medicare Stay”). You will be responsible for paying all deductibles and other permitted non-covered charges during your Medicare Stay. Since Medicare covers part of this stay, you do not pay the Health Care Fee; however, you will continue to pay your Monthly Service Fee. When your admission to our Health Care Center is a Medicare Stay, you will execute a separate Medicare specific Hadley House Residency Agreement with us which will govern your Medicare Stay only. Your Medicare stay is subject to Our having available space in Hadley House. We reserve the right to withdraw from the Medicare program at any time.

f. Services in Your Residence

It may be determined that any of the foregoing Health services may be provided to You in Your apartment or villa rather than in Abingdon Neighborhood or Hadley House. This determination may be made in consideration of reasons deemed appropriate by Us for Your care and benefit. In such event, in addition to Your Monthly Service Fee, You will pay an hourly home-care fee based upon the level and extent of the services to be provided (See **Schedule A** attached hereto for the current fees for such services).

g. Services Not Covered

The services provided in Abingdon Neighborhood, Manchester House and Hadley House shall not cover the cost of medical care, such as hospitalization, professional medical services by an attending physician, drugs, medical supplies, medical equipment, transportation incident to medical care, and expenses of private duty nurses or companions employed by You. You are encouraged to carry adequate health insurance to cover these health related expenses. Further, You are responsible for paying charges of any physician, physical therapist, speech therapist, occupational therapist, dentist, podiatrist, psychologist, psychiatrist or other health professional regardless of whether You arrange for such services or We make the arrangements for You; and You are also responsible for all charges for Your medicine, drugs, lab services, x-rays, food supplements, durable medical equipment, personal care supplies and other health related items.

h. Insurance

All Residents are required to carry Medicare Insurance Parts A and B and a Medicare Supplement, or the equivalent of such coverage. We reserve the right to require evidence of such insurance coverage.

D. FEES

You agree to pay the following fees to Us as a condition of Your Residency:

1. Entrance Fee

You agree to pay to Us, before establishing Residency, an Entrance Fee, as shown below in either Section (a) or (b). Select one option by indicating in the appropriate space. The Entrance Fee shall be payable according to Section (c), below. There shall be no restrictions on Our use of the Entrance Fee, and the Entrance Fee shall not be changed except as specifically stated in this Agreement.

- a. A Declining Refund Entrance Fee in the amount of \$. Part of the Entrance Fee paid will be refunded to You if You move from WindsorMeade and terminate this Agreement within forty-eight (48) months after You have established Residency. The amount of the refund will be reduced (i) four percent (4%) of the Entrance Fee assessed at the beginning of the term of this Agreement as an Administrative Fee and (ii) two percent (2%) for each full or partial month of Residency at the rate of two percent (2%) of the Entrance Fee per month until the balance is zero. Any unpaid charges will be deducted from the refund.
- b. A 50% Refund Entrance Fee in the amount of \$. No less than fifty percent (50%) of the Entrance Fee paid will be refunded to You upon termination of this Agreement. The refund ("Your Refund") will be an amount equal to the Entrance Fee paid less (i) four percent (4%) of the amount of Your Entrance Fee as an Administrative Fee assessed at the beginning of the term of this Agreement and (ii) two percent (2%) of the Entrance Fee for each full or partial month of Residency through the twenty-third (23rd) month, at which time the refund will reach fifty percent (50%) of the Entrance Fee. Your Refund will thereafter remain a constant fifty percent (50%), regardless of Your length of Residency at WindsorMeade, subject to the provisions of Section G, unless You enter a Refund Reduction Agreement with Us. Any unpaid charges will be deducted from the refund.
- c. A 70% Refund Entrance Fee in the amount of \$. No less than seventy percent (70%) of the Entrance Fee paid will be refunded to You upon termination of this Agreement. The refund ("Your Refund") will be an amount equal to the Entrance Fee paid less (i) four percent (4%) of the amount of Your Entrance Fee as an Administrative Fee assessed at the beginning of the term of this Agreement and (ii) two percent (2%) of the Entrance Fee for each full or partial month of Residency through the thirty third (33rd) month, at which time Your Refund will reach seventy percent (70%) of the Entrance Fee. Your Refund will thereafter remain a constant seventy percent (70%), regardless of Your length of Residency at WindsorMeade, subject to the provisions of Section G, unless You enter a Refund Reduction Agreement with Us. Any unpaid charges will be deducted from the refund.
- d. A 90% Refund Entrance Fee in the amount of \$. No less than ninety percent (90%) of the Entrance Fee paid will be refunded to You upon termination of this Agreement. The refund

("Your Refund") will be an amount equal to the Entrance Fee paid less (i) four percent (4%) of the amount of Your Entrance Fee as an Administrative Fee assessed at the beginning of the term of this Agreement and (ii) two percent (2%) of the Entrance Fee for each full or partial month of Residency through the third (3rd) month, at which time Your Refund will reach ninety percent (90%) of the Entrance Fee. Your Refund will thereafter remain a constant ninety percent (90%), regardless of Your length of Residency at WindsorMeade, subject to the provisions of Section G, unless You enter a Refund Reduction Agreement with Us. Any unpaid charges will be deducted from the refund.

- e. The Entrance Fee Shall be payable as follows:
 - i. A deposit of \$ (from time to time the "Deposit") equal to 10% of the total Entrance Fee is due when You sign this Agreement and return it to Us.
 - ii. The remaining balance of \$ is due within ninety (90) days from the date You sign this Agreement.
- f. There are no restrictions on Our use of the Entrance Fee, and the Entrance Fee shall not be changed except as specifically stated in this Agreement.
- g. To the extent required by Virginia law and prior to Your occupancy, the Deposit (i) shall be placed in an escrow account to be held, maintained and disbursed by the escrow agent (which shall be a bank, trust company or other escrow agent approved by the State Corporation Commission of Virginia); (ii) shall remain Your fund, shall be maintained separate and apart from Our funds, and shall not be subject to claims against Us; and (iii) shall only be invested in accordance with investments permitted by the Code of Virginia, such as obligations of the United States Government and its agencies, obligations of the Commonwealth of Virginia, bankers' acceptances, and certain high grade corporate bonds. The Deposit shall not be subject to the forgoing requirements once You establish Residency and shall be released to Us.

2. Monthly Service Fee

You agree to pay Us each month, starting with the month You establish Residency, a Monthly Service Fee applicable to Your Residence, prorated in the event Residency is established after the first day of the month.

- a. The initial Monthly Service Fee for Your Residence is \$; provided, however, that if You execute this Agreement more than thirty days prior to establishing Residency, the initial Monthly Service Fee may be adjusted as provided below in subsection D.2.d (We will give You at least thirty days advance written notice of such adjustment). You agree to pay the Monthly Service Fee (as adjusted) on or before the first day of each month of Your Residency.
- b. The Monthly Service Fee stated above is based on Residency by person(s). If this is a Joint Residency Agreement, the Monthly Service Fee includes a Second Person Monthly Service Fee of \$. In such case, each of You will be jointly and severally liable for the full amount of the Monthly Service Fee (including the Second Person Monthly Service Fee). In the event of termination of this Agreement with respect to one of the Joint Residents or the permanent transfer of one of the Joint Residents to Bedford Terrace (as described in Section G.4 hereof), the Monthly Service Fee relative to the remaining Joint Resident will thereafter be reduced by the amount of the Second Person Monthly Service Fee; provided that both Joint Residents shall remain jointly and severally liable for full payment of the reduced Monthly Service Fee as provided in Section V hereof.

-
- c. The Monthly Service Fee is due and payable on the first day of each month of Residency. If it is not paid on or before the fifth day of each month, in addition to any other obligations hereunder, You agree to pay a **FINANCE CHARGE** at the rate of TWELVE PERCENT per annum (12% APR) until the Monthly Service Fee is paid in full.
 - d. The Monthly Service Fees are intended to provide for the regularly offered services and conveniences as well as all other financial obligations and objectives of WindsorMeade including, for example, taxes, debt service, costs of operations, maintaining the viability and marketability of the Community, maintaining and improving the quality of services provided, enhancing and expanding the Community when expansion is warranted, maintaining reserves to assist residents, where appropriate, who may become unable to meet their financial obligations, and payments and distributions to Pinnacle Living (WindsorMeade's sole member). The Monthly Service Fees may be adjusted by Us, in Our sole discretion, from time to time, after thirty days advance written notice. There are no limitations on the amount, or frequency, of increases in the Monthly Service Fees.
 - e. You will not receive any refund of any portion of the Monthly Service Fee, unless this Agreement is terminated or in the event of Your permanent transfer to Bedford Terrace (as described in Section G.4 hereof). Such refund, if any, will be calculated in consideration of the effective date of such termination or permanent transfer.
 - f. You will be billed for additional services that are not covered by the Monthly Service Fee, either at the time they are rendered or with Your next Monthly Service Fee statement. The current fees for such additional services are listed in **Schedule A** attached hereto, and such fees may change from time to time. Subject to the foregoing, payment procedures for fees for such additional services, including imposition of finance charges, will be the same as for Your Monthly Service Fee.

E. RESCISSION OR TERMINATION BEFORE RESIDENCY IS ESTABLISHED

1. Rescission Without Cause Within Seven Days

You have the right to rescind this Agreement, without penalty or forfeiture, by delivering written notice of such rescission to Us within seven days after (i) You gave us an initial deposit or (ii) You receive a fully executed copy of this Agreement (signed by You and Us), whichever occurs first. You will not be required to establish Residency or to move into Your Residence prior to the expiration of such seven-day period.

In the event of rescission of this Agreement in accordance with this Section E.1, You will receive a full refund of the Entrance Fee within sixty days of such rescission, without penalty or forfeiture.

2. Rescission by Death or Incapacity

If, prior to establishing Residency, You die or become incapacitated by illness or injury and no longer qualify for Independent Living, this Agreement will be deemed automatically rescinded by You. The effective date of such rescission will be the date We receive written notice of Your death or incapacity.

In the event of rescission of this Agreement in accordance with this Section E.2, You will receive a full refund of the Entrance Fee within sixty days of such rescission, provided that the amount of such refund will be reduced by the amount of any costs specifically incurred by Us at Your request according to a written document signed by You and Us.

3. Special Provision for Joint Residency Agreement

If this is a Joint Residency Agreement, any rescission by one Joint Resident before Residency is established will be deemed a rescission by both Joint Residents; provided that the other Joint Resident may enter into a new Residency Agreement so long as such other Resident then satisfies Our then current admissions criteria independently.

F. TERMINATION OF RESIDENCY AFTER RESIDENCY IS ESTABLISHED

1. Termination by Resident

You may terminate Residency at any time by giving Us written notice. If You die after having established Residency, Your death will be deemed a termination of this Agreement in accordance with this Section F.1, however, Your estate will remain obligated to us as applicable. If this is a Joint Residency Agreement and only one of the Joint Residents terminates Residency, the remaining Resident will retain the rights and obligations of this Agreement; provided, however, that the Joint Resident terminating this Agreement shall also remain obligated to Us as provided in Section V hereof.

In the event of termination in accordance with this Section F.1, You will receive Your Refund, if any, within sixty days after the later of (i) the date You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) the date a new resident enters into a Residency Agreement with Us and pays Us the then current Entrance Fee for the residence You have vacated; provided, however, that if the residence You have vacated is occupied by a current resident of the Community who is relocating to Your former Residence (and, in certain cases, who may be one of a series of several current residents relocating among independent living residences), no refund shall be paid to You until the later of (i) the date You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) We receive from a new resident of the Community full payment of the then applicable entrance fee with respect to the residence previously occupied by a relocating current resident. You may stop paying the Monthly Service Fee after such termination, as follows:

- a. If Your death is the cause of termination of this Agreement, You (Your estate) may stop paying the Monthly Service Fee thereafter as of the date all of Your personal property has been removed from Your Residence; provided that, if this is a Joint Residency Agreement, the Second Person Fee shall cease as of the date of Your death (the remaining Joint Resident shall thereafter pay the single person Monthly Service Fee applicable to Your Residence).
- b. If You terminate this Agreement for any reason other than Your death, You may stop paying the Monthly Service Fee upon the later of (i) the date You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) the date a new resident enters into a Residency Agreement with Us and pays Us the then current Entrance Fee for the residence You have vacated or an existing resident transfers to Your Residence); provided that, in no case shall You be obligated to pay the Monthly Service Fee for more than ninety days after the date You have physically vacated (including removal of all of Your personal property from) Your Residence (if this is a Joint Residency Agreement, after the terminating Joint Resident physically vacates Your Residence, the remaining Joint Resident shall pay the single person Monthly Service Fee applicable to Your Residence).

2. Termination by Us

Once You establish Residency, We will not terminate Your Residency except for Good Cause. “Good Cause” means (a) proof that You are a danger to Yourself or others; (b) Your non-payment of any

monthly or periodic fees; (c) Your repeated conduct that interferes with other Residents' quiet enjoyment of the Community; (d) Your persistent refusal to comply with Our reasonable written rules and regulations, policies and procedures or the Resident's Handbook; (e) a material misrepresentation made intentionally by or recklessly by You in Your Application for Residency, or any other document provided by You to Us 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 You the care and services provided under this Agreement; or (f) a material breach by You of the terms and conditions of this Agreement. We will not terminate Your Residency until We have given You written notice stating the grounds of termination and a reasonable period of time for cure. The effective date of such termination will be stated in the written notice but will not be prior to the end of such cure period. If this is a Joint Residency Agreement, this termination may, depending on the nature of the cause, apply to either One Joint Resident or to both and, if termination applies to only one Joint Resident, provided the other Joint Resident then satisfies Our then current admissions criteria independently, such other Joint Resident will have the option of retaining the obligation and rights of this Agreement or terminating this Agreement.

In the event of termination in accordance with this Section F.2, You will receive Your Refund, if any, within sixty days after the later of (i) the date You have physically vacated (including removal of all of Your personal property from) the Residence, and (ii) the date a new resident enters into a Residency Agreement with Us and pays Us the then current Entrance Fee for the Residence You have vacated; provided, however, that if the residence You have vacated is occupied by a current resident of the Community who is relocating to Your former residence (and, in certain cases, who may be one of a series of several current residents relocating among residences), no refund shall be paid to You until the later of (i) the date You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) We receive from a new resident of the Community full payment of the then applicable entrance fee with respect to the residence previously occupied by a relocating current resident.

3. Refund for Joint Residents

If this a Joint Residency Agreement, You shall not receive Your Refund in accordance with this Section F until sixty days after (i) both of You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) the date a new resident enters into a Residency Agreement with Us and pays Us the then current Entrance Fee for the residence You have vacated; provided, however, that if the residence You have vacated is occupied by a current resident of the Community who is relocating to Your former residence (and, in certain cases, who may be one of a series of several current residents relocating among residences), no refund shall be paid to You until the later of (i) the date You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) We receive from a new resident of the Community full payment of the then applicable entrance fee with respect to the residence previously occupied by a relocating current resident. Unless otherwise agreed by both of You and Us in writing, Your Refund, if any, is due shall be paid (i) in equal shares to both of You if the Residency of both of You is terminated simultaneously, or (ii) to the one of You whose Residency is terminated last if Residency is not terminated simultaneously.

4. Refund Payable to Trustee

Your Refund, if any, may be paid to the Trustee of an existing Trust if You have executed and delivered to Us an assignment document in such form and content as an Assignment of Refund document attached hereto as **Schedule B**, or such other document We deem appropriate, in Our discretion, provided such document is effective at the time Your Refund is due.

G. TRANSFER FROM YOUR RESIDENCE

1. You May Change Your Residence

If You desire to move from Your current Residence to another residence in the Community, subject to availability and Our then current policies and procedures, We shall use Our best efforts to accommodate such a transfer. Prior to any such transfer, You (both of You if this is a Joint Residency Agreement) must satisfy Our then current admissions criteria relative to the residence to which You desire to transfer (Your “new Residence”). You agree to abide by Our transfer policies and procedures.

In the event of such transfer, if the Entrance Fee applicable to Your new Residence is greater than the amount of the then current Entrance Fee applicable to the residence from which You desire to move, You will pay the difference (the “Additional Entrance Fee”) to Us prior to such transfer. You will not receive any payment at such time if the new Entrance Fee is less than the current Entrance Fee applicable to the Residence from which You desire to move. After such transfer, You will pay the Monthly Service Fee applicable to Your new Residence, pro-rated for the first month if such transfer occurs on any day other than the first day of the month. Additionally, certain relocation, refurbishment upgrade and additional square footage fees may be charged to You.

In the event You pay any Additional Entrance Fee, unless otherwise agreed by You and Us in writing, any refund thereof shall be amortized at the same rate as the Entrance Fee Plan You selected in Section D.1 hereof, starting at the date of payment of such Additional Entrance Fee as though such date was the date You established Residency for the purpose of such calculation.

2. Establishing Joint Residency With an Existing Resident

If You marry another resident of the Community and desire to establish Joint Residency, subject to availability and Our then current policies and procedures, We shall use Our best efforts to accommodate such arrangements. In such event, You will each be required to terminate Your respective, existing Residency Agreement to and execute a new (then current) Joint Residency Agreement, provided that the provisions of subsection G.1 above shall apply to Your Additional Entrance Fee, if any.

After any such transfer, You will be treated in all respects as Joint Residents and thereafter will pay the Monthly Service Fee for Joint Residency, with the Second Person Monthly Service Fee prorated for the first month, if appropriate.

3. Establishing Joint Residency With a Nonresident

If You marry a person not a resident of the Community and desire to establish Joint Residency with Your spouse, Your spouse must submit an Application for Residency and such other documentation as We may reasonably require in accordance with Our then current policies and procedures, and both You and Your spouse must submit a then current financial report. If Your spouse does not qualify for independent living Residency in accordance with Our acceptance policies then in effect, Your spouse will not be permitted to establish Residency at WindsorMeade.

If accepted for Joint Residency, You will be required to terminate your existing Residency Agreement, and You and Your spouse must then execute a new, Joint Residency Agreement, provided that the provisions of subsection G.1 above shall apply to Your Additional Entrance Fee, if any. After any such transfer, You and Your spouse will be treated in all respects as Joint Residents and thereafter will pay the Monthly Service Fee for Joint Residency, with the Second Person Monthly Service Fee prorated for the first month, if appropriate.

4. Transfer for Level of Service Reasons

If You have a condition which requires a level of service that cannot be given in the Community, such as a dangerously contagious disease, an uncontrolled or untreated mental condition, specialized psychiatric condition or any other condition requiring services which are prohibited under the applicable licenses of Abingdon Neighborhood, Manchester House or Hadley House or which We are otherwise unable to provide to You in the Community (including by reason of lack of space), We will assist You in transferring to an appropriate hospital, institution or other community (herein an “Outside Facility”).

It is Our policy to see that You reside in an area of the Community where Your specific needs and the appropriate level of services are available to You. The Community is organized as a “continuing care retirement community” (“CCRC”) where We have made certain assumptions in our planning that You will move seamlessly through a continuum of care and receive the appropriate level of services in the most cost-effective and efficient setting. Our Interdisciplinary Care Team (described in this Agreement) is the team that ultimately makes the determinations of the appropriate level of service for You. In making these determinations, the Interdisciplinary Care Team will consult with You and will review potential reasonable accommodations to allow you to stay on a desired level of service so long as that level of service is appropriate for You. You will not be permitted to remain on a lower level of service if We determine that it may alter the nature of Our Community as a CCRC or if We determine that it may not allow Us to provide You the appropriate level of services needed in your particular circumstances in consideration of Your safety and security and those of other residents of the Community.

You agree that, after You have established Residency, We may transfer You to Bedford Terrace (as described in Section C hereof) or to an Outside Facility, at such time as We, in consultation with the Interdisciplinary Care Team (and in consultation with the Medical Director), determine that such a transfer is necessary for Your well-being. The Interdisciplinary Care Team, in consultation with the Medical Director and You, Your family and/or Your physician, will determine based on its criteria for evaluation and placement whether Your transfer is temporary or permanent.

a. Temporary Transfer

If You are transferred temporarily to Bedford Terrace or an Outside Facility, You may retain Your Residence during Your absence. In that case, You will pay Your regular Monthly Service Fee and the Assisted Living Fee, Memory Support Fee or Health Care Fee (after use of Your Free Days) or the charges of an Outside Facility, as applicable.

If You are transferred temporarily to an Outside Facility for Health Care Services which We are unable to provide in Hadley House solely because of a lack of space, You will receive Free Days in accordance with the foregoing guidelines, limited to the then current per diem Health Care Fee for non-residents, direct-admits, as adjusted from time to time.

b. Permanent Transfer

If You are transferred permanently to Bedford Terrace or an Outside Facility, the following provisions will apply;

- i. Single Occupancy. If You occupy Your Residence by Yourself and it has been determined that such transfer is permanent, You must vacate Your Residence (including removal of Your personal property) within sixty days after the date We give You notice that Your transfer is permanent. When Your Residence has been vacated (including removal of Your personal

property), subject to the provisions of subparagraph G.6 hereof, You will no longer be required to pay the Monthly Service Fee; instead, You will pay the Assisted Living Fee, Memory Support Fee, Health Care Fee (after use of Your Free Days) or Outside Facility charges, as applicable, and You will also be responsible for fees and charges for any additional services or items that You may receive.

If You do not vacate Your Residence (including removal of Your personal property) within sixty days of the date We give You notice that Your transfer is permanent, You will be liable to continue to pay (i) the Monthly Service Fee for Your Residence, (ii) the Assisted Living Fee, Memory Support Fee, Health Care Fee (after use of Your Free Days) or Outside Facility charges, as applicable, (iii) any fees and charges for any additional services or items that You may receive, and (iv) Our costs of repossession of the Residence and storage of Your personal property.

- ii. Joint Occupancy. If this is a Joint Residency Agreement, and it has been determined that such transfer is permanent for only one of You, the other Joint Resident will continue to occupy Your Residence. In that case, the remaining Resident will pay the regular single occupancy Monthly Service Fee, and the transferred Resident will pay the Assisted Living Fee, Memory Support Fee, Health Care Fee (after use of Your Free Days) or Outside Facility charges, as applicable, and any fees and charges for any additional services or items that such transferred Resident may receive.

If it has been determined that such transfer is permanent for both of You, You must both vacate Your Residence (including removal of Your personal property from) within fourteen days of the date We give You notice that Your transfer is permanent. If Your Residence has not been vacated by both You (including removal of Your personal property from) within fourteen days of the date We give You notice that Your transfer is permanent, You will both be jointly and severally liable to continue to pay (A) the Monthly Service Fee for Your Residence, (B) the Assisted Living Fee, Memory Support Fee, Health Care Fee (after use of Your Free Days) or Outside Facility charges, as applicable, (C) any fees and charges for any additional services or items that You may receive, and (D) Our costs of repossession of Your Residence and storage of Your personal property.

- iii. Your New “Residence”. In the event of any such permanent transfer to Bedford Terrace, such new living accommodations will thereafter be deemed “Your Residence” for all purposes, under this Agreement unless and until You have transferred to another living accommodation in accordance with this Agreement.

5. Disposition of Refund

a. Permanent Transfer to Outside Facility

If You are transferred permanently from Your Residence to an Outside Facility, this Agreement will automatically terminate, and You will receive payment of Your Refund, if any, within sixty days after the later of (i) the date You have physically vacated (including removal of Your personal property from) Your Residence, and (ii) the date a new resident enters into a Residency Agreement with Us and pays Us the then current Entrance Fee for the Residence You have vacated provided, however, that if the residence You have vacated is occupied by a current resident of the Community who is relocating to Your former residence (and, in certain cases, who may be one of a series of several current residents relocating among residences), no refund shall be paid to You until the later of (i) the date You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) We receive from a new resident of the Community full payment of

the then applicable entrance fee with respect to the residence previously occupied by a relocating current resident. In the event of such termination, if You later recover and wish to occupy a new Residence, You will be required to apply for Residency and, if You are accepted for Residency based upon Our then current criteria for admissions, You will be required to execute a new Residency Agreement. You will not have priority status for such Residency, nor will You have priority status for admission to the Bedford Terrace.

b. Permanent Transfer to Health Services

If You are permanently transferred from Your Residence to Bedford Terrace, You shall receive advance payment of a portion of Your Refund, (if any portion then remains), as follows:

- i. The amount of the payment shall be equal to (A) the amount of Your Refund (as determined in accordance with Section D.1 hereof as though the date of such transfer was the date of termination of Your Residency), less (B) Seven Hundred Thirty (730) days times the per diem Health Care Fee at the rate current on the date of Your permanent transfer to Bedford Terrace.
- ii. If this is a Joint Residency Agreement, there shall be no calculation or payment made until Your Residence is vacated by both of You.
- iii. Upon termination of Your Residency, the amount of Your Refund shall be reduced, dollar for dollar, by the amount of any payment You receive in accordance with this Section (such reduced amount may be referred to from time to time as “Your Remaining Refund” and, unless otherwise indicated, any reference to “Your Refund” shall be deemed to mean such a reduced amount).

If You are permanently transferred from Your Residence to Bedford Terrace, and thereafter Your health improves so that You are able to return to Independent Living, We will provide You with the next available apartment or villa appropriate to Your condition. In such event, You shall pay the difference between (i) the amount of the then current Entrance Fee applicable to Your new Residence, and (ii) the amount of Your Remaining Refund. Thereafter, You will be required to pay the Monthly Service Fee applicable to the residence to which You transfer, as such Fee may be adjusted from time to time in accordance with this Agreement. You will also have priority access over Nonresidents, on a space-availability basis, for re-admission to any other Household or Neighborhood in Bedford Terrace, as may be appropriate for Your benefit.

6. Continuing Responsibility for Residence Vacated

Notwithstanding any other provisions of this Agreement, if You transfer from Your Residence in accordance with the provisions of this Section G, the following provisions shall apply:

- a. You will be responsible for all moving and cleaning costs and the cost of restoring Your vacated residence to its original condition, excluding ordinary wear and tear (Joint Residents shall be jointly and severally liable for such costs);
- b. No payment of any Refund or portion thereof will be made to You until we receive payment of the applicable Entrance Fee from a new resident for the residence You have vacated; provided, however, that if the residence You have vacated is occupied by a current resident of the Community who is relocating to Your former residence (and, in certain cases, who may be one of a series of several current residents relocating among residences), no refund shall be paid to You until the later of (i) the date You have physically vacated (including removal of all of Your personal property from Your Residence, and (ii) We receive from a new resident of the Community full payment of the then

applicable entrance fee with respect to the residence previously occupied by a relocating current resident, and

- c. You will continue to pay the Monthly Service Fee (and the Second Person Monthly Service Fee if applicable) relative to Your vacated residence (in addition to all other Fees described above) until We receive payment of an Entrance Fee from a new resident for Your vacated residence (or an existing resident transfers to Your Residence); provided that, unless this Agreement is terminated in accordance with Section F hereof, You will not be responsible to pay such Fee for more than sixty days (pro-rated) after You have physically vacated (including removal of all of Your personal property from) Your Residence.

H. REASSIGNMENT OF A RESIDENCE

1. We may reassign Your Residence to a different resident upon the occurrence of any of the following:
 - a. Your failure to establish Residency within the time frame prescribed in Section B.2 of this Agreement.
 - b. The permanent vacancy of Your Residence by every Resident having a present right to reside there. A permanent vacancy is considered to exist if:
 - i. This Agreement is rescinded, or Your Residency is otherwise terminated, and Your Residence is vacated (including removal of all personal property) by every Resident having a present right to reside there, or
 - ii. You (or the last remaining Joint Resident in the case of Joint Residency) are admitted permanently to Bedford Terrace or an Outside Facility.
 - c. Should We require Your Residence to make improvements to the campus for the benefit of the community such as in the case of an expansion or other building project.
2. Except as otherwise provided in this Agreement, if You use Bedford Terrace or an Outside Facility on a temporary basis, You will retain possession, rights and privileges for use of Your Residence during that period.

I. DISPOSITION OF PROPERTY

In the event of termination or rescission of this Agreement or Your permanent transfer from Your Residence, all of Your personal property must be removed from Your Residence within sixty days thereof. If after that sixty day period such property is not removed, We will have the right to remove the property from Your Residence and to charge You for the actual cost of storing, insuring, transporting and preserving the property, such costs not to be less than fifty dollars (\$50.00) per month. We will have a lien in such property to the extent of such costs and the costs of recovering same.

J. FINANCIAL OBLIGATIONS AND SUBSIDIES

Your timely payment of all fees and other charges under this Agreement is a condition of Your Residency at the Community, and failure to pay any such fees and charges will constitute "Good Cause" for termination of Your Residency. However, We may grant You a subsidy to assist You in the payment of a portion of such fees or charges in the event We determine, in Our sole and absolute discretion, that such subsidy is appropriate. Any such subsidy will be made in accordance with Our policies and procedures then in effect,

which may be changed from time to time. In no event will any such subsidy be given to any resident who impairs his or her ability to meet financial obligations, whether by gratuitous transfer (to Your children or to any other person or entity) or incurrence of unusual, unnecessary or extraordinary expenditures or obligations, as determined by Us in Our sole and absolute discretion. No subsidy will be granted to a remaining Joint Resident if the first Joint Resident to die, or withdraw, fails to provide for the remaining Joint Resident as more fully set forth in Section V below. You agree to provide Us with such financial and other information and documentation as We may request, from time to time, in Our sole and absolute discretion, to determine Your eligibility for such subsidy in accordance with the foregoing. In the event any such subsidy is granted to You, You agree as follows:

1. You will remain obligated to reimburse Us for the full amount of such subsidy, which will remain Your obligation upon termination of this Agreement and may be satisfied from or offset against any refund or other sums We may owe to You. To the extent such obligation is not satisfied as of the time of Your death, You hereby agree that it will be an obligation of Your estate.
2. You agree to accept such level of accommodations as We deem necessary, in Our sole and absolute discretion, so as not to impair Our ability to meet Our financial obligations and otherwise operate the Community on a sound financial basis, in Our sole and absolute discretion. You agree that such accommodations may be smaller or otherwise different from Your Residence if We deem it necessary or appropriate.
3. You acknowledge that We are under no obligation to make or to continue any such subsidy, and that We may discontinue any such subsidy at any time in Our sole and absolute discretion.

In consideration of Our acceptance of You for Residency under this Agreement, You hereby agree not to take any action, or to omit to take any actions, so as to impair Your ability to meet Your financial obligations under this Agreement, whether by gratuitous transfer to any person or entity or to incur any unusual, unnecessary or extraordinary expenditures or obligations. Expenditures for private duty personnel can be, in certain circumstances, deemed unnecessary or extraordinary. Any such act or omission by You (or in Your behalf by Your personal representative, agent or other authorized person) shall be deemed a “material breach” of this Agreement as contemplated under Section F.2 hereof.

K. NATURE OF PAYMENTS

You and We acknowledge that the payments made by You to Us under this Agreement are intended solely as compensation to Us for providing You with residency and services, and that such payments are not intended to be a loan. However, We have not provided, nor shall We provide, any advice to You in this regard, and We urge You to seek advice and counsel from Your own legal and tax advisors regarding these matters and any income or other tax implications relating to such payments or otherwise relating to this Agreement.

L. PERSONAL REPRESENTATIVE FOR INCAPACITY

We strongly encourage You to make arrangements before You move into Your Residence whereby Your affairs will be managed by attorneys-in-fact or other agents with legal authority to handle your personal, health, legal and business matters (collectively Your “personal representatives”) if You become incapacitated. You agree to have a financial power of attorney in place at all times while a resident of the Community. You agree to provide Us with the name, address and telephone number of each of Your personal representatives before You move into Your Residence, and to inform Us of any change in the identity of Your personal representatives. You also agree that either You or Your personal representatives will inform Us when Your personal representatives assume responsibility for managing Your personal, health, legal or business affairs. You agree to reimburse Us for all expenses which We may incur as the result of Your having failed to make

or to keep such arrangements in place. Although We Undertake no obligation to do so, You agree to reimburse Us for all expenses which We may incur as the result of Your having failed to make or to keep such arrangements in place, including, but not limited to, the cost of obtaining a guardian of Your person or a conservator to manage Your estate.

M. RIGHT OF ENTRY

You agree to give Us and Our authorized team members and agents the right of entry into Your Residence at all reasonable times (after making arrangements with You if reasonably practicable) for inspection, maintenance and housekeeping or storage purposes, and at any time for emergencies.

N. LOSS OR DAMAGE TO PROPERTY OR PERSON

1. We will not be responsible for the loss or damage of any of Your personal property due to routine maintenance, housekeeping activities, theft, fire, other casualty or any other cause. Our insurance policy(ies) shall not protect You against loss or damage to Your personal property. You may desire to obtain such policy(ies) of insurance as may be appropriate to provide against theft, fire or other casualty to Your personal property.
2. You agree that neither We nor Our agents or team members will be liable for death or injury not caused by Our active negligence.
3. You agree to indemnify and hold Us and Our agents and team members harmless from and against any and all claims, demands, actions and causes of action (including any costs and attorney's fees), whether from injury to person, loss of life or damage to property, occurring in or about Your Residence or involving You anywhere else at the Community, but only to the extent actually caused by Your negligence.

O. ENTIRE AGREEMENT AND MODIFICATION

This Agreement, including the Application for Residency (including, without limitation, the health, financial and other related documentation You provide Us), comprise the entire Agreement between You and Us. You agree that You are not relying upon any oral statements or representations made by Us which are not also set forth in this written Agreement. No amendment or special provision of this Agreement will be valid or enforceable unless set forth in a written document executed by all Residents who are parties hereto and on behalf of WindsorMeade by its President. We reserve the right to modify the Agreement unilaterally in order to conform to changes in the law or applicable regulations and to modify unilaterally Our rules, regulations, policies and procedures.

P. SEVERABILITY

Except as otherwise specifically provided in this Agreement, the invalidity or amendment of any restriction, condition or other provision of this Agreement, or any part thereof, shall not impair or affect in any way the validity, enforceability or effect of the rest of this Agreement.

Q. GOVERNING LAW AND COST OF ENFORCEMENT

This Agreement is made in Virginia, and it shall be governed and construed, in all respects, in accordance with the laws of the Commonwealth of Virginia. In the event of a dispute concerning the performance of this Agreement, the substantially prevailing party shall be allowed to collect from the other party their court costs and reasonable attorney fees in such dispute.

R. INSURANCE

You agree to maintain health insurance coverage under Parts A and B of the Medicare Program; provided that, if You are not eligible for such coverage, You agree to obtain equivalent coverage in such amounts and from such carrier(s) as may be reasonably acceptable to Us.

S. NON-WAIVER OF BREACH

If in one or more instances We fail to insist that You perform any of Your obligations under this Agreement, such failure shall not be construed as a waiver of any past, present or future rights We have under this Agreement; Your obligations shall nevertheless continue in full force and effect.

T. NO OWNERSHIP INTEREST

The rights and privileges granted to You by this Agreement do not include any leasehold rights or interests nor include any right, title or interest in any part of the personal property, land, buildings or improvements owned or administered by Us. Your rights are primarily for services, with a contractual right of residency. Any rights, privileges or benefits under this Agreement or any interest or contractual rights of any nature in the Community, including the right to any refund of the Entrance Fee, Your Refund or other benefit or payment hereunder, are and shall be subordinate in priority, right, claim and interest to any lien, charge, mortgage or other security interest or agreement now or hereafter placed on or affecting WindsorMeade or any of WindsorMeade's real or personal property, and to any amendment, modification, replacement or refunding thereof.

U. ASSIGNABILITY

You may not assign Your rights or obligations hereunder, in whole or in part, nor may You subcontract Your right to reside in Your Residence, under any circumstances. We shall have the right to assign Our rights and obligations hereunder in whole or in part to any successor owner or lender, either outright or as security for any indebtedness of WindsorMeade, without Your consent. The transfer of ownership of WindsorMeade, or any part thereof, shall not be deemed a termination of this Agreement.

V. JOINT AND SEVERAL LIABILITY

If this is a Joint Residency Agreement, each Joint Resident hereby agrees (i) to be bound jointly and severally by the terms and conditions hereof, (ii) to make provision in his or her respective estate planning documents (whether by will, trust, survivorship, pay-on-death, beneficiary designation or other designation) to satisfy the continuing obligations of the remaining Joint Resident under this Agreement after the death of the first Joint Resident to die, and (iii) that such obligations shall become an obligation of his or her estate. You hereby agree to provide us from time to time, upon Our request, with written evidence satisfactory to Us of Your compliance with Your obligations under this Paragraph. In the event that one Joint Resident no longer resides at the Community, each of You, as Joint Residents, shall remain jointly liable for the full performance of this Agreement (including but not limited to payment for expenses of the other Joint Resident) even in the event of death, divorce, legal or actual separation. Any contrary provision of this Agreement notwithstanding, should one of You, as Joint Resident, die or withdraw without making provisions for the remaining Joint Resident sufficient to permit the surviving Joint Resident to independently financially qualify as a Resident after the Joint Resident's death or withdrawal, then, in addition to being in breach of this Agreement affecting both Joint Residents, You agree that the remaining Joint Resident shall have a claim against Your estate and against any person to whom You made a transfer in violation of the duty to support Your Joint Resident under this Agreement. You acknowledge that We would not enter into this Agreement but for the assurances of both Joint Residents that each would provide for the remaining Joint Resident, and You acknowledge that one

Joint Resident's failure to do so for the other is a material breach of this Agreement constituting good cause for termination of this Agreement by Us and otherwise excusing Our further performance of this Agreement. This Section V shall survive the termination of this Agreement.

WITNESS THE SIGNATURES of the parties.

RESIDENT(S):

Date: _____
Resident Signature

Date: _____
Joint Resident Signature (if applicable)

WINDSORMEADE WILLIAMSBURG

By: _____

Title: _____

**SCHEDULE A
TO RESIDENCY AGREEMENT
WINDSORMEADE WILLIAMSBURG
AMENITIES AND SERVICES***

Summary of Amenities

1. club room and private dining venue;
2. communication channel/monthly newsletter;
3. library/business center;
4. access to meeting space/activity rooms;
5. salon services;
6. fitness center with pool, spa, juice bar, exercise studio;
7. bistro, formal dining room, take out, bar/clubroom;
8. pickleball courts, bocce court;
9. building access system;
10. resident garden area;
11. health and wellness center with on-site physician services;
12. rehabilitation therapy;
13. gated community with 24 hour security;
14. housekeeping and maintenance services;
15. lawn care;
16. priority access to Bedford Terrace;
17. free days, per contract;
18. transportation;
19. planned activities and outings;
20. catering services;
21. club house;
22. woodworking shop;
23. massage therapy;
24. car detailing;
25. personal laundry services;
26. hospitality and concierge services;
27. guest suites;
28. dietician services;
29. dry cleaning pick up;
30. art gallery; and
31. Wi-Fi in select common spaces.

* NOTE: The amenities, services and fees described in this Schedule A may be modified from time to time or eliminated, as may be deemed appropriate; provided, however, that residents will be given at least 30 days advance notice of any such changes.

Schedule A (Continued)

INDEPENDENT LIVING SERVICES

**Services Included in Monthly Service Fee
(Subject to change with 30 days' notice)**

Summary of Services

1. meal allowance, per resident, per month at the prevailing community rate schedule;
2. weekly light housekeeping, to include mopping of kitchens and bathrooms, light dusting, vacuuming, wiping of exposed kitchen surfaces and general cleaning of bathroom areas including sinks, tubs, showers, toilets and mirrors;
3. nursing on call 24 hours per day for emergencies;
4. water and sewer;
5. gas and electric services, apartments included, villas pay prevailing vendor rate;
6. trash disposal and recycling services;
7. pest control services;
8. maintenance of common spaces, grounds and lawn care;
9. maintenance of Residences including repair of appliances provided by WindsorMeade;
10. two hours of personal maintenance service within the first two weeks following move-in for picture hanging and furniture arrangement. Supplies not included. Hours not used are not carried over for future use;
11. 24-hour security;
12. emergency call system monitoring, 24 hrs a day;
13. daily check-in system;
14. regularly scheduled social, cultural, educational, wellness and recreational programs;
15. access to Fitness Center, pool and pickleball courts;
16. medical transportation within a 10-mile radius for routine, non-emergency medical care;
17. transportation to regularly scheduled shopping trips and planned events and activities;
18. concierge services;
19. access to woodworking shop and garden area;
20. access to library, resident business center and spiritual programs;
21. use of common area facilities (some require scheduling);
22. limited medical meal delivery service (up to five days);
23. preventative health services at the Wellness Center, to include minor first aid, regular blood pressure checks, temperature and pulse checks, maintenance of health records;
24. access to Bedford Terrace, including Respite Care, per contract;
25. assistance with the coordination of home health, companion, and other support services; and
26. Wi-Fi in select common areas.

Schedule A (Continued)

INDEPENDENT LIVING SERVICES

**Additional Services
Available at an Additional Cost**

1. additional housekeeping (beyond weekly light housekeeping service) at an hourly rate to be established;
2. on site physician services (physician must have a service agreement with WindsorMeade; fee for services made directly between resident and physician);
3. alternative therapies, such as massage (prevailing vendor rates);
4. salon services (prevailing vendor rates);
5. basic cable TV (billed monthly at community rate);
6. premium cable TV service (prevailing vendor rates);
7. catered meal functions (varies with menu choices and location);
8. guest suites (based on availability);
9. personal laundry services (wash, dry, and fold);
10. rehabilitation services based on prevailing rates;
11. repair of personal appliances, lamps, etc. (fee based per hour plus parts);
12. special programs, concert tickets, catered trips;
13. telephone (prevailing vendor rates);
14. internet (prevailing vendor rates);
15. long term care insurance review and filing, at prevailing community rate;
16. meals in excess of the monthly meal allowance;
17. hospitality services (mail pick up, water plants, automobile jump start);
18. dietary consultation;
19. room set up fee (varies by location);
20. gas and electric services, villas pay prevailing vendor rate, apartments included;
21. medical supplies and additional services received in the Wellness Center, per contract;
22. medical transportation outside a 10-mile radius;
23. private transportation; and
24. on site flu and pneumonia vaccinations (billed to Medicare).

Schedule A (Continued)

ASSISTED LIVING TIERS – ABINGDON NEIGHBORHOOD

**Services Included in Monthly Service Fee
(Subject to change with 30 days notice)**

Assisted Living Tier 1:

This tier indicates a need for the lowest level of assistance from team members to function independently in daily routines. Typically, residents will not need assistance with the physical aspects of daily living but will need some supervision.

Assisted Living Tier 2:

This tier indicates a need for minimal assistance from team members to function independently in daily routines. Residents may receive some supervision and assistance with the physical aspects of daily living but can manage the majority of his or her own needs.

Assisted Living Tier 3:

This tier indicates a need for limited assistance from team members to function in daily routines. Residents are unable to safely live independently and require supervision and assistance with the physical aspects of daily living, orientation and cueing to maintain this level of independence.

Assisted Living Tier 4:

This tier indicates a need for greater assistance from team members to function in daily routines. Resident is unable to safely live independently and requires greater supervision and assistance with the physical aspects of daily living, behavior patterns, orientation and cueing to maintain this level of independence.

Assisted Living Tier 5:

This tier indicates a need for substantial assistance from team members to function in daily routines. Resident is dependent on others and requires significant supervision with the physical aspects of daily living, continual cueing for orientation and behavior to maintain this level of independence.

Assisted Living Tier 6:

This tier indicates a need for extensive assistance from team members to function in daily routines. Resident is completely dependent on others for all aspects of daily living and may be prioritized for a level of service change.

Schedule A (Continued)

ASSISTED LIVING SERVICES – ABINGDON NEIGHBORHOOD

**Services Included in Monthly Service Fee
(Subject to change with 30 days notice)**

1. three meals per day in the dining room, plus snacks and beverages;
2. weekly housekeeping to include linen change;
3. nursing assistance and monitoring 24 hours per day;
4. water, sewer, electric, heating and cooling;
5. trash disposal;
6. pest control services;
7. maintenance of apartment and grounds;
8. one hour of personal maintenance service within the first week following move-in for picture hanging and furniture arrangement. Supplies not included. Hours not used are not carried over for future use;
9. special diets, if ordered by physician;
10. 24-hour security;
11. scheduled life enhancement opportunities;
12. medical transportation within a 10-mile radius;
13. transportation to regularly scheduled shopping trips and planned events and activities;
14. use of bistro, wellness center, outdoor terrace or patio, wood and garden shop and library;
15. use of common areas space (some require scheduling);
16. use of laundry facilities;
17. wireless internet;
18. basic cable TV; and
19. telephone service.

Schedule A (Continued)

ASSISTED LIVING SERVICES – ABINGDON NEIGHBORHOOD

**Additional Services
Available at an Additional Cost**

1. housekeeping beyond weekly service at prevailing community rates;
2. on site physician services (physician must have a service agreement with WindsorMeade; fee for services made directly between resident and physician);
3. alternative therapies, such as massage (prevailing vendor rates);
4. salon services (prevailing vendor rates);
5. medical supplies and dressings;
6. premium cable TV service (prevailing vendor rates);
7. catered meal functions (varies with menu choices and location);
8. guest suites (based on availability);
9. personal laundry services (wash, dry, and fold);
10. rehabilitation services based on prevailing rates;
11. special programs, concert tickets, catered trips;
12. mobility alert/wander management equipment;
13. incontinence services (supplies are applicable to the Partial Fee);
14. pharmaceutical services;
15. long term care review and filing, at prevailing community rate;
16. private transportation (prevailing community rates, based on availability);
17. dry cleaning services (prevailing vendor rates);
18. guest meals;
19. wound care;
20. medical equipment rental;
21. formal dining room;
22. medication management;
23. bed;
24. bedside table;
25. bedside light;
26. comfortable chair; and
27. dresser with drawers.

Schedule A (Continued)

MEMORY SUPPORT SERVICES – MANCHESTER HOUSE

**Services Included in Monthly Service Fee
(Subject to change with 30 days notice)**

1. three meals per day in the dining room, plus snacks and beverages;
2. daily housekeeping to include as needed/weekly linen change;
3. nursing assistance and monitoring 24 hours per day;
4. water, sewer, electric, heating and cooling;
5. trash disposal;
6. pest control services;
7. maintenance of apartment and grounds;
8. one hour of personal maintenance service within the first week following move-in for picture hanging and furniture arrangement. Supplies not included. Hours not used are not carried over for future use;
9. special diets, if ordered by physician;
10. 24-hour security;
11. scheduled life enhancement opportunities;
12. medical transportation within a 10-mile radius;
13. transportation to regularly scheduled shopping trips and planned events and activities;
14. use of bistro, wellness center, outdoor terrace, patio, memory support garden and library;
15. use of common areas space (some require scheduling);
16. use of laundry facilities;
17. wireless internet;
18. medication management; and
19. telephone service.

Schedule A (Continued)

MEMORY SUPPORT SERVICES – MANCHESTER HOUSE

**Additional Services
Available at an Additional Cost**

1. housekeeping beyond daily service at prevailing community rates;
2. on site physician services (physician must have a service agreement with WindsorMeade; fee for services made directly between resident and physician);
3. alternative therapies, such as massage (prevailing vendor rates);
4. salon services (prevailing vendor rates);
5. medical supplies and dressings;
6. premium cable TV service (prevailing vendor rates);
7. catered meal functions (varies with menu choices and location);
8. guest suites (based on availability);
9. personal laundry services (wash, dry, and fold);
10. rehabilitation services based on prevailing rates;
11. special programs, concert tickets, catered trips;
12. mobility alert/wander management equipment;
13. incontinence services (supplies are applicable to the Partial Fee);
14. pharmaceutical services;
15. long term care review and filing, at prevailing community rate;
16. private transportation (prevailing community rates, based on availability);
17. dry cleaning services (prevailing vendor rates);
18. guest meals;
19. wound care;
20. medical equipment rental;
21. formal dining room;
22. bed;
23. bedside table;
24. bedside light;
25. comfortable chair; and
26. dresser with drawers.

Schedule A (Continued)

HEALTH CARE SERVICES – HADLEY HOUSE

**Services Included in Monthly Service Fee
(Subject to change with 30 days notice)**

1. three meals per day, plus snacks and beverages;
2. dietary consultation;
3. daily light housekeeping;
4. linen changes weekly and as needed;
5. nursing assistance and monitoring 24 hours per day;
6. medication administration;
7. water, sewer, electric, heating and cooling;
8. trash disposal;
9. pest control services;
10. basic cable TV;
11. maintenance of apartment and grounds;
12. special diets, if ordered by physician;
13. 24-hour security;
14. regularly scheduled social, cultural, spiritual, educational, wellness and recreational programs;
15. medical transportation within a 10-mile radius for routine, non-emergency medical care;
16. transportation to regularly scheduled shopping trips and planned special events;
17. use of bistro, formal dining room, outdoor terrace and patio, garden area and library;
18. use of common areas facilities (some require scheduling);
19. use of laundry facilities;
20. access to Wellness Center;
21. computer access;
22. Wi-Fi in select common spaces;
23. telephone service;
24. bed;
25. bed-side table; and
26. chair.

Schedule A (Continued)

HEALTH CARE SERVICES – HADLEY HOUSE

**Additional Services
Available at an Additional Cost**

1. on site physician services (physician must have a service agreement with WindsorMeade; fee for services made directly between resident and physician);
2. alternative therapies, such as massage (prevailing vendor rates);
3. salon services (prevailing vendor rates);
4. wound care;
5. medical supplies and dressings;
6. premium cable TV service (prevailing vendor rates);
7. catered meal functions (varies with menu choices and location);
8. guest suites (based on availability);
9. personal laundry service (wash, dry, and fold);
10. rehabilitation services based on prevailing rates;
11. special programs, concert tickets, catered trips;
12. mobility alert equipment;
13. incontinence care (supplies are applicable to the Partial Fee);
14. private transportation (prevailing community rates, based on availability);
15. pharmaceutical services;
16. long term care insurance review and filing, at prevailing community rate;
17. guest meals;
18. dry cleaning services (prevailing vendor rates); and
19. medical equipment rental (such as oxygen concentrator and tanks).

SCHEDULE A (Continued)

**BEDFORD TERRACE
2023-2024 FEE SCHEDULE**

Abingdon Neighborhood-Assisted Living	
Base Monthly Fee	\$6,204
Assisted Living Additional Monthly Services Tier Fees	
Tier 1 Services	\$890
Tier 2 Services	\$1,785
Tier 3 Services	\$2,675
Tier 4 Services	\$3,575
Tier 5 Services	\$4,460
Tier 6 Services	\$5,355
Assisted Living Additional Monthly Medication Management Fees	
Medication Management – Tier 1 (1-2 Medications)	\$350
Medication Management – Tier 2 (3-6 Medications)	\$435
Medication Management – Tier 3 (More than 6 Medications)	\$550
Manchester House-Memory Support Services	
Monthly Fee (Private)	\$8,760
Hadley House-Health Care Services	
Daily Fees (Private)	
Rooms 1-10	\$455
Rooms 11-22	\$465
These fees are applicable to Residency Agreement Residents only and are subject to change in thirty (30) days advance written notice.	

SCHEDULE A (Continued)
WINDSORMEADE WILLIAMSBURG

**DESCRIPTION OF
SERVICES TO RESIDENTS**

The following is a description of the Services which are presently offered to Independent Living Residents at WindsorMeade. Except as otherwise stated, the Monthly Service Fee covers the cost of these Services. A Resident Handbook is provided with additional details concerning all WindsorMeade Programs and Services.

A. Meals:

Meals will be available in WindsorMeade's dining venues seven days a week. The hours of operation of these venues will be published in the Resident Handbook. Residents may use their monthly meal allowance, at their own discretion, to cover the cost of such meals. Meal purchases beyond the monthly meal allowance will be charged to the resident's monthly statement at the published menu prices. Guest meals, carryout and home delivery service may also be charged against the resident's monthly meal allowance.

Catering and Special Event Services will be available through the Dining Services Department. Service charges and fees will apply. Residents may not charge these services against their monthly meal allowance.

WindsorMeade will make reasonable efforts to accommodate special diets as prescribed by a resident's physician as a medical necessity.

Limited Medical Meal Delivery Service will be available to the residence of an ill resident with the approval of the Executive Director and clinic nurse. A delivery fee will be charged only after such service has been provided to such resident for more than five (5) consecutive days.

Guests are welcome to dine in WindsorMeade's dining venues. A reservation policy has been established in the Resident Handbook.

B. Housekeeping:

WindsorMeade residents are expected to maintain their own residences in a clean, sanitary, safe and orderly condition, and WindsorMeade will provide weekly light housekeeping to assist residents in this regard. The weekly service will include (i) mopping of hard surface floors, (ii) vacuuming carpeting, (iii) cleaning and sanitizing showers, tubs, lavatories, kitchen sink and all countertops, (iv) cleaning the exterior of vanities and kitchen cabinets and (v) cleaning exterior surfaces of kitchen appliances, (vi) light dusting. In addition, windows will be cleaned as scheduled.

Additional or more frequent housekeeping is available upon request, at an additional charge.

C. Laundry

Each residence is equipped with a washer and dryer. Personal laundry assistance will be provided at an additional fee. Dry cleaning pick-up and drop-off services will be provided on a scheduled basis with local cleaners, subject to availability.

D. Utilities

Apartments in the Windsor Hall will have water, sewer, electricity, heating, cooling and trash service, the cost of which is covered by the Monthly Service Fee.

Villas have water, sewer and trash service, the cost of which is covered by the Monthly Service Fee. Electricity and gas are separately metered for each villa and will be charged directly by the provider.

Each residence will be wired for cable T.V. Such service will be available at an additional charge.

Each residence will be wired for up to two (2) telephone lines. Additional telephone lines may be available at an additional fee. Telephone service will be available at an additional charge directly by the provider.

Each residence will be wired for in-home computer use. High-speed Internet access is available at an additional charge by an outside provider.

E. Maintenance

WindsorMeade will maintain each residence and all provided appliances.

WindsorMeade will maintain all community common areas.

WindsorMeade will maintain all landscaping and grounds. Residents are welcome to plant personal gardens within designated planting areas.

F. Transportation

WindsorMeade will provide scheduled transportation for local shopping trips and local medical/dental appointments. Additional transportation service outside of regularly scheduled routes may be available at an additional charge.

G. Security

WindsorMeade will provide reasonable security measures, including a 24-hour resident emergency call system, a resident check-in system and monitoring of the WindsorMeade grounds and facilities by security personnel.

H. Storage Space

Residents who occupy an Apartment will be assigned one (1) storage locker, the cost of which is included in the Monthly Service Fee. State and local fire regulations restrict what may be stored, and the manner in which it may be stored, in such storage lockers. Guidelines for use of storage space will be provided in a Resident Handbook.

I. Social-Recreational Activities

WindsorMeade will have a program of activities designed to meet the spiritual, physical, social, recreational and intellectual needs of WindsorMeade residents. Residents are welcome to participate in these activities, as they may desire. Some events may involve an additional charge.

J. Guests

Guest rooms shall be provided for visitors on a reserved basis, at an additional fee, subject to availability.

K. Health and Wellness Program

Your Monthly Service Fee covers access to the Health and Wellness programs at WindsorMeade. The programs include:

- Scheduled Health Education programs;
- Health and well-being assessments in our Wellness Center;
- Access to Fitness Center and pool during open hours;
- Scheduled fitness, exercise and water activities classes;
- Preventative Health Services such as regular blood pressure check, temperature and pulse checks and minor first aid.

In addition, a variety of fitness programs, wellness services and consultation services may be available at an additional fee.

WindsorMeade may provide additional services in the future, or may modify or eliminate existing services from time to time, as may be deemed appropriate (i.e., if there is an insufficient level of resident interest or participation); provided, however, that residents will be given at least 30 days advance notice of any such change.

WINDSORMEADE WILLIAMSBURG

SCHEDULE B TO RESIDENCY AGREEMENT

ASSIGNMENT OF REFUND TO TRUST

The undersigned Resident (the “Resident”) hereby assigns, grants and conveys unto the Trustee(s) (from time to time the “Trustee” or the “Assignee”) of the Trust described below all right, title and interest in and to any and all refunds (collectively the “Refund”) the Resident is entitled to receive under that certain Residency Agreement (the “Residency Agreement”) between the Resident and WindsorMeade Williamsburg (“WindsorMeade”) dated _____, 20_____.

Name of Assignee/Trustee(s): Enter Name(s) of Assignee/Trustee(s)

Name of Trust: Enter Name of Trust

Effective Date of Trust: Enter Effective Date of Trust

The Resident hereby acknowledges that, with regard to this Assignment:

- (1) It shall be the Resident’s duty to notify WindsorMeade in writing regarding any change in the identity of any Trustee;
- (2) Upon request by WindsorMeade, the Resident (or the Trustees) shall provide written assurance satisfactory to WindsorMeade (e.g. certification of trust pursuant to Virginia Code §64.2-804) regarding continuing validity of each of the Trust and the identities and authority of the Trustee(s); and
- (3) In the event of any confusion regarding the correct identity of any such Trustee(s) or Trust at the time such Refund payment is due, WindsorMeade shall be entitled, in its sole and absolute discretion, to distribute such Refund to the estate of the Resident without liability to any person or entity.

The Resident hereby acknowledges that WindsorMeade is accepting this Assignment as a convenience to the Resident and, on behalf of the Resident and the Resident’s heirs, distributees, beneficiaries, personal representatives, successors and assignees, the Resident hereby releases WindsorMeade and agrees to indemnify and save WindsorMeade harmless of and from any and all claims and other liability as may arise in connection with WindsorMeade’s compliance with the instructions contained herein. The Resident acknowledges that all of WindsorMeade’s rights and remedies hereunder shall devolve to WindsorMeade’s successors and assigns.

WITNESS the signatures of the parties.

RESIDENT:

Date

Resident Signature

TRUSTEE(S):

Date

Trustee's Signature

Date

Co-Trustee's Signature (if applicable)

**WINDSORMEADE WILLIAMSBURG
PINNACLE LIVING**

Date

By

Title

**WINDSORMEADE WILLIAMSBURG
SCHEDULE B TO JOINT RESIDENCY AGREEMENT**

ASSIGNMENT OF REFUND TO TWO TRUSTS

The undersigned Joint Residents (the “Residents”) hereby assign, grant and convey unto the Trustee(s) (from time to time the “Trustee” or the “Assignee”) of the Trusts, in the percentage allocations, as described below, all right, title and interest in and to any and all refunds (collectively the “Refund”) the Residents are entitled to receive under that certain Joint Residency Agreement (the “Residency Agreement”) between the Residents and WindsorMeade Williamsburg (“WindsorMeade”) dated _____, 20____.

Percentage* of the Refund to be allocated to the following First Trust (_____ %):

Name of Assignee/Trustee(s): Enter Name(s) of Assignee/Trustee(s)

Name of Trust: Enter Name of Trust

Effective Date of Trust: Enter Effective Date of Trust

Percentage* of the Refund to be allocated to the following Second Trust (_____ %):

Name of Assignee/Trustee(s): Enter Name(s) of Assignee/Trustee(s)

Name of Trust: Enter Name of Trust

Effective Date of Trust: Enter Effective Date of Trust

* *If a Percentage is not stated for both Trusts, or if the sum of the Percentages stated is a value other than 100%, the Refund shall be allocated 50% to each Trust.*

The Residents hereby acknowledge that, with regard to this Assignment:

- (1) It shall be the Residents’ duty to notify WindsorMeade in writing regarding any change in the identity of any of the Trustees;
- (2) Upon request by WindsorMeade, the Residents (or the Trustees) shall provide written assurance satisfactory to WindsorMeade regarding continuing validity of each of the Trusts (e.g. certification of trust pursuant to Virginia Code §64.2-804) and the identities and authority of the Trustee(s) of the respective Trusts; and
- (3) In the event of any confusion regarding the correct identity of any such Trustee(s) or Trust(s) at the time the Refund payment is due, WindsorMeade shall be entitled, in its sole and absolute discretion, to distribute such Refund to the respective estates of the Residents without liability to any person or entity.

The Residents hereby acknowledge that WindsorMeade is accepting this Assignment as a convenience to the Residents and, on behalf of the Residents and the Residents’ heirs, distributees, beneficiaries, personal representatives, successors and assignees, the Residents hereby release WindsorMeade and agree to indemnify and save WindsorMeade harmless of and from any and all claims and other liability

as may arise in connection with WindsorMeade’s compliance with the instructions contained herein. The Residents acknowledge that all of WindsorMeade’s rights and remedies hereunder shall devolve to WindsorMeade’s successors and assigns.

Any rescission by either Resident of the Residency Agreement will be deemed a rescission by both Residents; provided that the other Resident may enter into a new Residency Agreement so long as such other Resident then satisfies Our then current admissions criteria independently.

As used herein, the term “Resident” shall refer to each Joint Resident individually and to both Joint Residents together, as the context may dictate, and both Residents agree to be bound jointly and severally by the terms and conditions hereof.

WITNESS the signatures of the parties.

RESIDENTS:

Date

Resident Signature

Date

Resident Signature

TRUSTEE(S) OF FIRST TRUST:

Date

Trustee’s Signature

Date

Co-Trustee’s Signature (if applicable)

TRUSTEE(S) OF SECOND TRUST:

Date

Trustee’s Signature

Date

Co-Trustee’s Signature (if applicable)

**WINDSORMEADE WILLIAMSBURG
PINNACLE LIVING**

Date

By

Title

WindsorMeade

PINNACLE LIVING

CERTIFICATE OF ENTRANCE

September 2023

WINDSORMEADE WILLIAMSBURG

CERTIFICATE OF ENTRANCE

This Certificate of Entrance, executed by Insert Name of Resident (the “Resident”) and WindsorMeade Williamsburg (“WindsorMeade”) this day of , , evidences that the Resident entered WindsorMeade on the date hereof pursuant to that certain Residency Agreement made and entered into between the Resident and WindsorMeade (the “parties”).

The parties acknowledge and agree that this date shall be considered the date of Resident’s entrance to the community for all purposes contemplated in the Residency Agreement.

WITNESS the following signatures:

Resident’s Signature

Joint Resident’s Signature

Print Resident’s Name

Print Joint Resident’s Name

WINDSORMEADE WILLIAMSBURG

Date: _____

By _____
Name

Title

P I N N A C L E
L I V I N G

**Combined Financial Report
May 31, 2023**

Exhibit A

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pinnacle Living
Richmond, Virginia

Opinion

We have audited the accompanying combined financial statements of Pinnacle Living, WindsorMeade, and Hermitage Capital and Reserve Corporation, which comprise the combined balance sheets as of May 31, 2023 and 2022, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Pinnacle Living, WindsorMeade, and Hermitage Capital and Reserve Corporation as of May 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Pinnacle Living, WindsorMeade, and Hermitage Capital and Reserve Corporation 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

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

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Pinnacle Living, WindsorMeade, and Hermitage Capital and Reserve Corporation'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pinnacle Living, WindsorMeade, and Hermitage Capital and Reserve Corporation'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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
August 29, 2023

PINNACLE LIVING
COMBINED BALANCE SHEETS MAY 31, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10,278,216	\$ 26,724,446
Cash and cash equivalents, with donor restrictions	793,050	431,233
Total cash and cash equivalents	11,071,266	27,155,679
Accounts receivable, residents, less allowance for uncollectible accounts 2023 \$123,066; 2022 \$1,494,811	232,436	299,047
Accounts receivable, other	2,987,406	1,688,933
Accrued income receivable	179,942	117,576
Prepaid expenses	680,979	283,545
Other assets	384,462	396,350
Assets whose use is limited	6,222,367	8,472,287
Total current assets	21,758,858	38,413,417
Beneficial interest in trusts, with donor restrictions	15,123,495	19,739,753
Investments	108,870,370	63,308,306
Investments, with donor restrictions	5,214,158	5,867,935
Investment in Senior Living Partners of Virginia	356,418	236,137
Assets whose use is limited	19,974,157	29,129,221
Other assets	3,336,258	2,103,533
Property and equipment, net	221,267,074	224,891,377
Total assets	\$ 395,900,788	\$ 383,689,679
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	\$ 3,034,217	\$ 2,603,924
Accrued expenses	7,125,842	9,279,518
Deposits, prospective residents	464,574	447,882
Bonds payable	3,865,000	3,730,000
Other liabilities	279,026	1,388,040
Total current liabilities	14,768,659	17,449,364
Deposits, future list	1,075,000	764,000
Bonds payable, net of OIP of 2023 \$1,759,439; 2022 OID \$2,889,247 and BIC of 2023 \$3,010,932; 2022 \$3,185,223	151,888,507	161,196,944
Deferred revenue, entrance fees	106,583,428	101,093,984
Refundable fees	56,313,287	57,058,696
Other liabilities	952,385	425,481
Total liabilities	331,581,266	337,988,469
Net Assets		
Without donor restrictions		
Undesignated	\$ 38,196,064	\$ 14,499,413
With board designations	4,992,755	5,162,876
With donor restrictions		
Purpose restricted	3,033,270	3,325,230
Perpetual in nature	18,097,433	22,713,691
Total net assets	\$ 64,319,522	\$ 45,701,210
Total liabilities and net assets	\$ 395,900,788	\$ 383,689,679

The Notes to Combined Financial Statements are an integral part of these statements.

PINNACLE LIVING
 COMBINED STATEMENT OF ACTIVITIES YEAR ENDED MAY 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and support			
Resident and Membership Fees	\$ 65,804,561	\$ -	\$ 65,804,561
Benevolent care	(316,415)	-	(316,415)
Amortization of deferred revenue from entrance fees	12,652,961	-	12,652,961
Ancillary service revenue, net	420,833	-	420,833
Other operating revenue	12,883,420	-	12,883,420
Net assets released from restrictions	499,952	(499,952)	-
Total operating revenues and support	\$ 91,945,312	\$ (499,952)	\$ 91,445,360
Operating expenses			
Administration	12,981,598	-	12,981,598
Marketing	2,669,650	-	2,669,650
General overhead	2,233,081	-	2,233,081
Depreciation	11,396,810	-	11,396,810
Dining	11,185,337	-	11,185,337
Resident services	3,034,047	-	3,034,047
Donor restricted funds spent	177,528	-	177,528
Building and grounds	11,298,223	-	11,298,223
Housekeeping	3,564,734	-	3,564,734
Nursing Neighborhoods	23,515,059	-	23,515,059
Total operating expenses	82,056,067	-	82,056,067
Change in net assets from operations	\$ 9,889,245	\$ (499,952)	\$ 9,389,293
Other non-operating changes			
Bequests	160,439	-	160,439
Trusts and legacies	1,038,836	-	1,038,836
Present value change in trusts	-	(4,616,258)	(4,616,258)
Gain (Loss) on disposal of property and equipment	17,458,790	(268,478)	17,190,312
Contributions	565	569,613	570,178
Investment income	4,356,883	138,048	4,494,931
Realized loss on investments	(933,683)	(88,862)	(1,022,545)
Unrealized loss on investments	(2,354,113)	(142,329)	(2,496,442)
Interest expense	(5,962,545)	-	(5,962,545)
Transfer (to) from affiliate	-	-	-
Other non-operating charges and fees	(127,887)	-	(127,887)
Total non-operating changes	13,637,285	(4,408,266)	9,229,019
Change in net assets	\$ 23,526,530	\$ (4,908,218)	\$ 18,618,312
Net assets at the beginning of the year	19,662,289	26,038,921	45,701,210
Net assets at the end of the year	\$ 43,188,819	\$ 21,130,703	\$ 64,319,522

The Notes to Combined Financial Statements are an integral part of these statements.

PINNACLE LIVING
 COMBINED STATEMENT OF ACTIVITIES YEAR ENDED MAY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and support			
Resident and Membership Fees	\$ 67,529,638	\$ -	\$ 67,529,638
Benevolent care	(338,136)	-	(338,136)
Amortization of deferred revenue from entrance fees	13,062,906	-	13,062,906
Ancillary service revenue, net	425,601	-	425,601
Other operating revenue	3,349,387	-	3,349,387
Net assets released from restrictions	420,777	(420,777)	-
Total operating revenues and support	\$ 84,450,173	\$ (420,777)	\$ 84,029,396
Operating expenses			
Administration	11,667,827	-	11,667,827
Marketing	3,117,456	-	3,117,456
General overhead	2,110,801	-	2,110,801
Depreciation	11,190,209	-	11,190,209
Dining	11,843,669	-	11,843,669
Resident services	3,226,659	-	3,226,659
Donor restricted funds spent	82,641	-	82,641
Building and grounds	11,224,367	-	11,224,367
Housekeeping	3,799,710	-	3,799,710
Nursing Neighborhoods	23,716,001	-	23,716,001
Total operating expenses	81,979,340	-	81,979,340
Change in net assets from operations	\$ 2,470,833	\$ (420,777)	\$ 2,050,056
Other non-operating changes			
Bequests	27,130	-	27,130
Trusts and legacies	802,846	-	802,846
Present value change in trusts	-	(3,664,585)	(3,664,585)
Gain (Loss) on disposal of property and equipment	(54,432)	-	(54,432)
Contributions	15,393	562,169	577,562
Investment income	2,517,599	145,735	2,663,334
Realized loss on investments	545,668	(75,667)	470,001
Unrealized loss on investments	(5,933,421)	(455,952)	(6,389,373)
Interest expense	(4,698,985)	-	(4,698,985)
Loss on defeasance	(12,441,821)	-	(12,441,821)
Other non-operating charges and fees	(130,038)	-	(130,038)
Total non-operating changes	(19,350,061)	(3,488,300)	(22,838,361)
Change in net assets	\$ (16,879,228)	\$ (3,909,077)	\$ (20,788,305)
Net assets at the beginning of the year	36,541,517	29,947,998	66,489,515
Net assets at the end of the year	\$ 19,662,289	\$ 26,038,921	\$ 45,701,210

The Notes to Combined Financial Statements are an integral part of these statements.

PINNACLE LIVING
COMBINED STATEMENTS OF CASH FLOWS YEARS ENDED MAY 31, 2023 AND 2022

	2023	2022
Operating Activities		
Change in Net Assets	\$ 18,618,312	\$ (20,788,305)
Adjustments to reconcile Change in net assets to net cash provided by operating activities		
Amortization of deferred revenue from entrance fees	(12,652,961)	(13,062,906)
Depreciation	11,396,810	11,190,209
Amortization of original issue premium	(1,129,908)	(1,143,373)
Amortization of bond issuance costs	174,291	160,944
Realized loss on investments	1,022,545	(470,001)
Unrealized loss on investments	2,496,442	6,389,373
Gain (loss) on disposal of property and equipment	(17,458,790)	54,432
Forgiveness of debt payroll protection program	(4,587,820)	-
Change in present value of beneficial interest in trusts	4,616,258	3,664,585
Loss on defeasance	-	12,441,821
Entrance fees received - first generation	-	1,435,830
Entrance fees received	20,881,300	20,044,571
Entrance fees refunded	(5,075,629)	(7,254,939)
(Increase) decrease in assets		
Accounts receivable	389,213	(732,889)
Accrued income receivable	(62,366)	(15,871)
Prepaid expenses	(397,434)	39,115
Other assets	(1,220,837)	78,829
Increase (decrease) in liabilities		
Accounts and resident refunds payable	430,293	(108,470)
Accrued expenses	(2,153,676)	514,123
Deposits	327,692	(56,585)
Other liabilities	(582,110)	1,211,104
Net cash provided by operating activities	\$ 15,031,625	\$ 13,591,597
Investing Activities		
Proceeds from sales of investment securities	17,005,291	13,233,879
Purchase of investments	(54,177,612)	(16,629,300)
Proceeds from sale of assets	24,495,319	806,926
Purchase of property and equipment	(14,809,036)	(15,372,612)
Net cash used in investing activities	(27,486,038)	(17,961,107)
Financing Activities		
Bond issuance costs	-	(961,363)
Original issue premium	-	2,098,667
Cap premium	-	(750,000)
Interest expense financed on Series 20013A bonds	-	(2,953,050)
Issuance of debt	-	58,240,000
Payment of debt	(3,630,000)	(49,313,235)
Net cash provided by (used in) financing activities	(3,630,000)	6,361,019
Net change in cash and cash equivalents	\$ (16,084,413)	\$ 1,991,509
Cash and cash equivalents, beginning	27,155,679	25,164,170
Cash and cash equivalents, ending	\$ 11,071,266	\$ 27,155,679
Supplemental disclosure of cash flow information, cash payments for interest, net of amounts capitalized	7,969,515	7,296,457

The Notes to Combined Financial Statements are an integral part of these statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

Virginia United Methodist Homes, Inc. d/b/a Pinnacle Living is a non-stock, §501(c)(3) (tax-exempt) entity organized under the laws of the Commonwealth of Virginia for the purpose of providing quality care and support for older persons in the Commonwealth of Virginia. Pinnacle Living currently operates four active life plan communities, a community based continuing care program, and one §509(a)(3) entity throughout the Commonwealth of Virginia. Of Pinnacle Living's four active life plan communities, two accept term lease contracts, and two accept entrance fee contracts. Specifically, the communities that make up Pinnacle Living are as follows:

Hermitage Northern Virginia, located in Alexandria, Virginia

- Effective August 1, 2022, Pinnacle Living sold Hermitage Northern Virginia to Goodwin Living. Hermitage Northern Virginia had 125 Assisted Living apartments and 121 health care beds. It opened in 1962 and represented approximately 9.8% of Pinnacle Living's total revenue for the fiscal year ended 2022. Hermitage Northern Virginia does not secure the bonds.
- The sale price was \$24,609,000. The unrestricted gain on the sale of property was \$17,458,790. Along with the sale, Pinnacle Living transferred over \$268,478 in restricted funds. This was recorded as a restricted loss on the sale of the property. The sale included 24 health care licenses.
- Pinnacle Living also transferred ownership of its remaining licenses to Woodbine Property, LLC for \$5,335,000. These proceeds are included in the Other Operating Revenue on the Combined Statement of Activities.

Hermitage Richmond located in Richmond, Virginia

- A Pinnacle Living term contract life plan community.
- The average age of residents entering Hermitage Richmond for all levels of support is 84+.
- The principal market is Richmond City, near west end of Henrico County, and parts of central and eastern Hanover County, Virginia.
- Revenue is primarily derived from resident fees.

Hermitage Roanoke located in Roanoke, Virginia

- A Pinnacle Living term contract life plan community.
- The average age of residents entering independent living is 75+, 85+ for assisted living, and 90+ for the health center.
- The principal markets are the counties of Bedford, Botetourt, Franklin and Roanoke, the city of Salem, and the town of Vinton, Virginia.
- Revenue is primarily derived from resident fees.

Cedarfield located in Henrico, Virginia

- A Pinnacle Living entrance fee life plan community.
- The average age of residents entering Cedarfield is 65 - 84 for independent living. Cedarfield is a life-care community and as such fills its assisted living and health center primarily through internal transfers.
- The principal markets are the counties of Henrico and Goochland and parts of Richmond City, Virginia.
- Revenue is primarily derived from resident fees.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Pinnacle Advantage located in Henrico, Virginia

- A Pinnacle Living early acceptance program.
- Target age for participation in Pinnacle Advantage is 65 – 85.
- Pinnacle Advantage provides certain amenities at Cedarfield while a member remains in their home and provides a path for transitioning to Cedarfield’s health services when needed.

WindsorMeade Williamsburg located in Williamsburg, Virginia

- In 2003, Pinnacle Living formed a non-stock, §501(c)(3) (tax-exempt) entity, Virginia United Methodist Homes of Williamsburg, Inc., dba WindsorMeade Williamsburg (“WindsorMeade”). Pinnacle Living is the sole member of WindsorMeade and has the right to appoint its directors.
- A Pinnacle Living entrance fee life plan community.
- The average age of residents entering WindsorMeade is 70+ for independent living. WindsorMeade predominately fills its assisted living and health center from internal transfers.
- WindsorMeade’s principal markets are James City County and Williamsburg, Virginia.
- The majority of revenue is derived from resident fees.

Hermitage Capital and Reserve Corporation

- In 2013, Pinnacle Living formed a supporting organization as contemplated under §509(a)(3) of the Internal Revenue Code entitled Hermitage Capital and Reserve Corporation (“HCRC”). HCRC is a Virginia non-stock corporation exempt from taxation pursuant to IRC §501(c)(3).
- Pinnacle Living is the sole member of HCRC with the right to appoint all but one of the directors. WindsorMeade is entitled to appoint the other director. HCRC maintains funds that may only be used to support Pinnacle Living and/or WindsorMeade.

Senior Living Partners of Virginia, LLC

- In 2020, Pinnacle Living and Lifespire of Virginia, a trading name for Virginia Baptist Homes, Inc. (“Lifespire”) formed Senior Living Partners of Virginia, LLC, a Virginia limited liability company (“SLPV”). Pinnacle Living and Lifespire are the two members of SLPV.
- SLPV is in the process of applying for status as a public charity under IRC §501(c)(3). SLPV will provide home health services under a license from the Virginia Department of Health and home care services, such as private duty nurses, from separate limited liability companies of which it will be the sole member.
- SLPV is governed by a Board of Managers consisting of five members, two of whom are appointed by Pinnacle Living, two of whom are appointed by Lifespire and one of whom is appointed from the community by the mutual agreement of Pinnacle Living and Lifespire.

Pinnacle Living, WindsorMeade, and HCRC are collectively referred to as the “Organization”.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Accounts receivable

The Organization routinely extends credit in connection with the Organization's activities to residents in its communities. Accounts are carried at their estimated collectible amounts and are generally extended on a short-term basis and therefore do not bear interest.

Advertising

The Organization expenses advertising costs as incurred. Total advertising expenses incurred were \$910,950 and \$1,221,049 for the years ended May 31, 2023 and 2022, respectively.

Allowance for uncollectible accounts

The allowance for uncollectible accounts is established through a provision for uncollectible accounts charged to expense. The allowance represents an amount which, in management's judgment, will be adequate to absorb probable losses on existing accounts that may become uncollectible. Management's judgment in determining the adequacy of the allowance is based on evaluations of the collectability of individual accounts receivable. Accounts receivable are charged against the allowance when deemed to be uncollectible. Subsequent recoveries are added to the allowance.

Assets whose use is limited

Assets whose use is limited consist of the following:

- Assets restricted by bond indenture agreements, which may be expended only in connection with Pinnacle Living (for debt taken out on Cedarfield) and WindsorMeade.
- Assets held for contingences with Pinnacle Living's annuity bonds.
- Assets restricted by escrow agreements to secure deposits made by prospective residents of Pinnacle Living and WindsorMeade.
- Assets held on behalf of the residents.

Beneficial interest in trusts

Beneficial interest in perpetual trusts is recognized when the decedent's will is declared valid by the probate court. The amount recognized (fair value) is determined by discounting the expected future cash flows using an appropriate discount rate, which may be based on a 30-year U.S. Treasury security or the actual yield of the trust if known. After the original recognition of the beneficial interest in a trust, the Organization will annually review the fair value of its beneficial interest and adjust as necessary. At times, the Organization may have beneficial interests in trusts where sufficient financial information is not readily available to record these interests. However, these interests may be significant.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Bond issuance costs

Bond issuance costs are amortized over the lives of the related bonds and the amortization is included as part of interest expense. For Pinnacle Living, the 2012 bonds will amortize its bond issuance costs until 2028. The 2017C and 2019 bonds will have their bond issuance costs amortized until 2053. For WindsorMeade, bond issuance costs for the 2021 bonds will amortize its bond issuance costs until 2040. Amortization was \$174,291 and \$160,944 for the years ended May 31, 2023, and 2022, respectively.

Cash and cash equivalents

For purposes of reporting the combined statements of cash flows, the Organization includes all general fund cash accounts without and with donor restrictions, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with a maturity of three months or less as cash and cash equivalents.

Combination and basis of financial statement presentation

The accompanying combined financial statements include the accounts of Pinnacle Living, WindsorMeade and Hermitage Capital and Reserve Corporation. All significant intercompany transactions and balances have been eliminated in the combined financial statements.

The combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and general industry practices.

Contributed services

During the years ended May 31, 2023, and 2022, the value of contributed services meeting the requirements for recognition in the combined financial statements was not material and has not been recorded. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's various activities.

Contributions

Contributions received are recorded without or with donor restrictions depending on the existence or nature of any donor restrictions.

Derivative Instrument

WindsorMeade uses an interest rate cap to effectively place a ceiling on the variable rate interest WindsorMeade will have to pay on 2023 bonds (formerly the 2021B bonds). The change in the fair value of the cap agreement which resulted in a gain of \$750,656 and \$950,781 is included in net unrealized gain (loss) on investments on the combined statement of activities for the year ended May 31, 2023 and May 31, 2022, respectively, and the payments from the counterparty to the cap are netted with the interest expense on the bonds.

The cap asset is measured at fair value using Level 3 fair value measurement inputs as defined in Note 4.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Entrance fees

Fees paid by a resident upon entering a continuing care contract, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. Entrance fees are listed on the combined statements of cash flows as *Proceeds after first generation entrance fees* and *Proceeds of first-generation entrance fees*. *Proceeds after first generation entrance fees* represent entrance fees received after first generation entrance fees (or after a particular residence is originally occupied). These entrance fees are not restricted or designated for a particular purpose. Proceeds of first-generation entrance fees represent entrance fees with Cedarfield's new independent living apartments. These entrance fees will be used to pay the 2019B bonds. Anything collected above what is owed on the 2019B bonds is not restricted or designated for another purpose.

Cedarfield and WindsorMeade require residents in the independent living residences to pay a one-time upfront entrance fee, typically between \$147,760 to \$1,408,710, which is partially refundable in certain circumstances. The amount of the entrance fee varies depending upon the type and size of the residence, the type of contract plan selected, whether the contract contains a life-care benefit for the resident, the amount and timing of the refund, and other variables. These agreements are subject to regulation by the Virginia State Corporation Commission. In addition to a resident's entrance fee, residents under all of the Organization's entrance fee agreements also pay a monthly service fee, which entitles them to the use of certain amenities and services.

Estimates

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

Financial statement presentation

The primary purpose of financial statements is to provide relevant information to meet the common interest of donors, members, creditors, and others who provide resources to the Organization. More specifically, the purpose of financial statements, including the accompanying notes, is to provide information about the following: a) the amount and nature of the Organization's assets, liabilities and net assets; b) the effects of transactions and other events and circumstances that change the amount and nature of net assets, c) the amount and kinds of inflows and outflows of economic resources during a period and the relation between the inflows and outflows; d) how the Organization obtains and spends cash, its borrowing and repayment of borrowing, and other factors that may affect its liquidity; e) the service efforts of the Organization.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Financial statement presentation, continued

General-purpose external financial statements include a statement of financial position (or balance sheet), a statement of activities and a cash flow statement. In addition, certain entities provide either a statement or footnote disclosure of functional expenses. Further, general-purpose financial statements classify and report net assets in two groups; net assets with donor restrictions and net assets without donor restrictions based on the existence or absence of donor-imposed restrictions and the nature of those restrictions.

Net assets without donor restrictions include resources that can be used currently for the general operations of the Organization and amounts designated by the Board for contingencies.

Net assets with donor restrictions may be temporary or permanent. Some donor-imposed restrictions impose limits that are permanent, for example, stipulated those resources be invested in perpetuity. Others are temporary, for example, stipulated that resources may be used only after a specified date, for programs or services, or to acquire buildings and equipment.

Functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying combined statements of activities. Note 17 - Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other costs, which are allocated on the basis of estimates of time and effort.

Income taxes

Pinnacle Living, WindsorMeade, and HCRC are non-stock corporations exempt from taxation pursuant to IRC § 501(c)(3). Contributions to Pinnacle Living, WindsorMeade, and HCRC are tax deductible. Before soliciting contributions to HCRC, Pinnacle Living would amend its filing with the IRS to state the fact that it intended to make solicitations from the public. None of the entities that comprise the Organization are classified as private foundations under IRC § 509(a)(1) and 170(b)(1)(A)(vi). HCRC is a supporting organization for Pinnacle Living and WindsorMeade pursuant to IRC § 509(a)(3).

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the combined financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the taxing authorities for years ending before May 31, 2020.

The Organization includes penalties and interest assessed by income taxing authorities in other non-operating charges and fees. The Organization did not have penalties and interest relating to income taxes for the years ended May 31, 2023, and 2022.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Investments and investment income

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined balance sheets. Unrealized gains and losses are included in the change in net assets as required by accounting standards. The Organization has also adopted authoritative guidance regarding the *Endowment of Not-for Profit Organizations: Net Asset Classification of Fund Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*.

Obligation to provide future services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. Any obligation is discounted based on the expected long-term rate of return of invested funds. Pinnacle Living and WindsorMeade did not have an obligation to provide future services for fiscal 2023 or fiscal 2022.

Original issue discount and original issue premium

The original issue premium on bonds payable is amortized into interest expense using the effective interest method.

Property and equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following table summarizes the estimated useful lives of the assets:

Landscaping.....	5 to 25 years
Buildings.....	35 to 50 years
Building additions or upgrades.....	5 to 40 years
Large equipment.....	5 to 15 years
Small equipment.....	2 to 7 years

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Net Assets With and Without Donor Restrictions

Net assets with and without donor restrictions include the following:

Pinnacle Living		
	May 31, 2023	May 31, 2022
Without Donor Restrictions		
Undesignated	\$ 36,013,384	\$ 24,291,039
With board designations		
Samaritan Program	4,992,755	5,162,876
With Donor Restrictions		
Purpose restricted programs		
Angel Fund	50,571	72,598
Community Enrichment Fund	94,444	52,430
Flower Fund	13,305	3,140
Library Funds	4,542	1,358
Technology Fund	8,589	735
Spiritual Life Fund	32,756	23,657
Resident Program Fund	20,264	9,125
Scholarship Fund	148,360	134,727
Pinnacle Hero	-	3,225
Samaritan Program	2,330,046	2,854,944
Innovation Fund	120,778	-
Perpetual in nature		
Investments	2,973,938	2,973,938
Beneficial interest in trusts	15,123,495	19,739,753
Total net assets	\$ 61,927,227	\$ 55,323,545

NOTES TO COMBINED FINANCIAL STATEMENTS

2. Net Assets With and Without Donor Restrictions (continued)

WindsorMeade		
	May 31, 2023	May 31, 2022
Without Donor Restrictions		
Undesignated	\$ (27,507,022)	\$ (26,410,534)
With Donor Restrictions		
Purpose restricted programs		
Angel Fund	20,620	19,924
Community Enrichment Fund	36,182	30,650
Library Funds	100	-
Resident Program Fund	1,247	1,247
Scholarship Fund	49,748	46,497
Samaritan Program	101,718	70,973
Total net assets	\$ (27,297,407)	\$ (26,241,243)

Hermitage Capital & Reserve Corporation		
	May 31, 2023	May 31, 2022
Without Donor Restrictions		
Undesignated	\$ 29,689,702	\$ 16,618,908

Combined		
	May 31, 2023	May 31, 2022
Total net assets	\$ 64,319,522	\$ 45,701,210

NOTES TO COMBINED FINANCIAL STATEMENTS

3. Investments

Fiscal 2023 information is provided below:

May 31, 2023			
Pinnacle Living			
	Total Cost	Total FMV	Unrealized Appreciation (Depreciation)
Cash / Money Market Funds / CDs	\$ 22,915,048	\$ 22,922,139	\$ 7,091
Mutual funds	32,400,175	31,424,807	(975,368)
Stocks	9,859,484	10,956,344	1,096,860
Bonds	30,019,895	27,192,945	(2,826,950)
Total Pinnacle Living	\$ 95,194,602	\$ 92,496,235	\$ (2,698,367)

May 31, 2023			
WindsorMeade			
	Total Cost	Total FMV	Unrealized Appreciation (Depreciation)
Cash / Money Market Funds / CDs	\$ 17,391,018	\$ 17,384,179	\$ (6,839)
Total WindsorMeade	\$ 17,391,018	\$ 17,384,179	\$ (6,839)

May 31, 2023			
Hermitage Capital & Reserve Corporation			
	Total Cost	Total FMV	Unrealized Appreciation (Depreciation)
Cash / Money Market Funds / CDs	\$ 1,557,487	\$ 1,557,486	\$ (1)
Mutual funds	28,962,016	27,121,037	(1,840,979)
Total HCRC	\$ 30,519,503	\$ 28,678,523	\$ (1,840,980)

May 31, 2023			
Combined			
	Total Cost	Total FMV	Unrealized Appreciation (Depreciation)
Cash / Money Market Funds / CDs	\$ 41,863,553	\$ 41,863,804	\$ 251
Mutual funds	61,362,191	58,545,844	(2,816,347)
Stocks	9,859,484	10,956,344	1,096,860
Bonds	30,019,895	27,192,945	(2,826,950)
Total Combined	\$ 143,105,123	\$ 138,558,937	\$ (4,546,186)

Investments are managed for the Organization by outside parties.

NOTES TO COMBINED FINANCIAL STATEMENTS

3. Investments (Continued)

Fiscal 2022 information is provided below:

May 31, 2022			
Pinnacle Living			
	Total Cost	Total FMV	Unrealized Appreciation (Depreciation)
Cash / Money Market Funds / CDs	\$ 28,400,308	\$ 28,400,308	\$ -
Mutual funds	23,755,249	24,434,518	679,269
Stocks	5,256,752	6,502,576	1,245,824
Bonds	23,900,243	21,833,611	(2,066,632)
Total Pinnacle Living	\$ 81,312,552	\$ 81,171,013	\$ (141,539)

May 31, 2022			
WindsorMeade			
	Total Cost	Total FMV	Unrealized Appreciation (Depreciation)
Cash / Money Market Funds / CDs	\$ 6,164,995	\$ 6,164,995	\$ -
Total WindsorMeade	\$ 6,164,995	\$ 6,164,995	\$ -

May 31, 2022			
Hermitage Capital & Reserve Corporation			
	Total Cost	Total FMV	Unrealized Appreciation (Depreciation)
Cash / Money Market Funds / CDs	\$ 41,150	\$ 41,150	\$ -
Mutual funds	16,927,800	15,806,331	(1,121,469)
Total HCRC	\$ 16,968,950	\$ 15,847,481	\$ (1,121,469)

May 31, 2022			
Combined			
	Total Cost	Total FMV	Unrealized Appreciation (Depreciation)
Cash / Money Market Funds / CDs	\$ 34,606,453	\$ 34,606,453	\$ -
Mutual funds	40,683,049	40,240,849	(442,200)
Stocks	5,256,752	6,502,576	1,245,824
Bonds	23,900,243	21,833,611	(2,066,632)
Total Combined	\$ 104,446,497	\$ 103,183,489	\$ (1,263,008)

NOTES TO COMBINED FINANCIAL STATEMENTS

3. Investments (Continued)

These investments are shown on the combined balance sheets as follows:

	2023	2022
Investments without donor restrictions	\$ 108,870,370	\$ 63,308,306
Investments with donor restrictions	5,214,158	5,867,935
Assets whose use is limited	24,474,409	34,007,248
Total combined	\$ 138,558,937	\$ 103,183,489

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value

Generally Accepted Accounting Principles (GAAP) requires disclosure of the fair value of certain assets, the valuation techniques employed to determine fair value, and provides the framework for measuring fair value. The fair value framework includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

Level 1 Input

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. A Level 1 input will be available for many financial assets and liabilities, some of which might be exchanged in multiple active markets.

Level 2 Input

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data (market-corroborated inputs). If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Input

Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

A description of the valuation methodologies used for assets measured by fair value is below. There have been no changes in the methodologies used at May 31, 2023 and 2022.

Money market funds

Money market funds are valued at the net asset value of shares held at year end.

Mutual funds

Mutual funds are valued at the net asset value of shares held at year end.

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value (Continued)

Stocks

Stocks are valued based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Bonds

Corporate bonds are valued using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bonds, or single-name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

The fair value of government bonds is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest-rate yield curves, cross-currency basis index spreads, and country credit spreads similar to the bond in terms of issuer, maturity and seniority. Government bonds are generally categorized in Levels 1 and 2.

Beneficial interest in trusts

Fair value for the beneficial interest in charitable trusts is determined by calculating the present value of the future distributions expected to be received from the trust using a discount rate.

The methods described above may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, while Pinnacle Living believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value (Continued)

Fiscal 2023 information is provided below:

May 31, 2023				
Pinnacle Living				
	Total FMV	Level 1	Level 2	Level 3
Cash/Money market funds				
Cash and money market funds	\$ 22,922,139	\$ 22,862,145	\$ 59,994	\$ -
Mutual Funds				
Foreign large blend	5,461,374	5,461,374	-	-
Large cap value	11,527,776	11,527,776	-	-
Real assets	2,237,771	2,237,771	-	-
Real estate	2,239,580	2,239,580	-	-
Short term bond	3,847,881	3,847,881	-	-
Small cap value	4,938,690	4,938,690	-	-
Ultrashort bond	1,171,735	1,171,735	-	-
Stocks				
Large cap core	1,453,518	1,453,518	-	-
Large cap growth	5,188,312	5,188,312	-	-
Large cap value	17,367	17,367	-	-
Mid cap core	1,885,820	1,885,820	-	-
Mid cap growth	533,579	533,579	-	-
Mid cap value	1,308,573	1,308,573	-	-
Small blend	94,745	94,745	-	-
Small cap core	324,003	324,003	-	-
Small cap growth	21,869	21,869	-	-
Small cap value	128,558	128,558	-	-
Bonds				
Agency	10,382,916	10,382,916	-	-
Corporate	12,209,475	-	12,209,475	-
Government	4,460,725	4,455,444	5,281	-
Foreign	139,829	139,829	-	-
Beneficial interest in trusts	15,123,495	-	-	15,123,495
Total Pinnacle Living	\$ 107,619,730	\$ 80,221,485	\$ 12,274,750	\$ 15,123,495

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value (Continued)

May 31, 2023				
WindsorMeade				
	Total FMV	Level 1	Level 2	Level 3
Cash/Money market funds				
Cash and money market funds	\$ 17,384,179	\$ 11,160,045	\$ 6,224,134	
Total WindsorMeade	\$ 17,384,179	\$ 11,160,045	\$ 6,224,134	\$ -

May 31, 2023				
Hermitage Capital and Reserve Corporation				
	Total FMV	Level 1	Level 2	Level 3
Cash/Money market funds				
Cash and money market funds	\$ 1,557,486	\$ 1,557,486	\$ -	\$ -
Mutual Fund				
Intermediate core bond	5,473,192	5,473,192	-	-
Large cap growth	2,740,541	2,740,541	-	-
Large cap value	2,671,374	2,671,374	-	-
Mid cap growth	1,338,182	1,338,182	-	-
Mid cap value	1,343,045	1,343,045	-	-
Short term bond	13,159,791	13,159,791	-	-
Ultrashort bond	394,912	394,912	-	-
Total HCRC	\$ 28,678,523	\$ 28,678,523	\$ -	\$ -

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value (Continued)

May 31, 2023				
Combined				
	Total FMV	Level 1	Level 2	Level 3
Cash/Money market funds				
Cash and money market funds	\$ 41,863,804	\$ 35,579,676	\$ 6,284,128	\$ -
Mutual Funds				
Foreign large blend	5,461,374	5,461,374	-	-
Intermediate core bond	5,473,192	5,473,192	-	-
Large cap growth	2,740,541	2,740,541	-	-
Large cap value	14,199,150	14,199,150	-	-
Mid cap growth	1,338,182	1,338,182	-	-
Mid cap value	1,343,045	1,343,045	-	-
Real assets	2,237,771	2,237,771	-	-
Real estate	2,239,580	2,239,580	-	-
Short term bond	17,007,672	17,007,672	-	-
Small cap value	4,938,690	4,938,690	-	-
Ultrashort bond	1,566,647	1,566,647	-	-
Stocks				
Large cap core	1,453,518	1,453,518	-	-
Large cap growth	5,188,312	5,188,312	-	-
Large cap value	17,367	17,367	-	-
Mid cap core	1,885,820	1,885,820	-	-
Mid cap growth	533,579	533,579	-	-
Mid cap value	1,308,573	1,308,573	-	-
Small blend	94,745	94,745	-	-
Small cap core	324,003	324,003	-	-
Small cap growth	21,869	21,869	-	-
Small cap value	128,558	128,558	-	-
Bonds				
Agency	10,382,916	10,382,916	-	-
Corporate	12,209,475	-	12,209,475	-
Government	4,460,725	4,455,444	5,281	-
Foreign	139,829	139,829	-	-
Beneficial interest in trusts	15,123,495	-	-	15,123,495
Total Combined	\$ 153,682,432	\$ 120,060,053	\$ 18,498,884	\$ 15,123,495

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value (Continued)

Fiscal 2022 information is provided below.

May 31, 2022				
Pinnacle Living				
	Total FMV	Level 1	Level 2	Level 3
Cash/Money market funds				
Cash and money market funds	\$ 28,400,308	\$ 28,400,308	\$ -	\$ -
Mutual Funds				
Foreign large blend	3,224,930	3,224,930	-	-
Large cap value	7,052,626	7,052,626	-	-
Real assets	1,636,156	1,636,156	-	-
Real estate	1,750,351	1,750,351	-	-
Short term bond	6,271,616	6,271,616	-	-
Small cap value	3,396,231	3,396,231	-	-
Ultrashort bond	1,102,608	1,102,608	-	-
Stocks				
Large cap core	915,202	915,202	-	-
Large cap growth	2,268,695	2,268,695	-	-
Large cap value	145,974	145,974	-	-
Mid cap core	1,191,423	1,191,423	-	-
Mid cap growth	534,877	534,877	-	-
Mid cap value	1,044,397	1,044,397	-	-
Small blend	17,510	17,510	-	-
Small cap core	154,128	154,128	-	-
Small cap growth	98,730	98,730	-	-
Small cap value	131,640	131,640	-	-
Bonds				
Agency	2,701,708	2,701,708	-	-
Corporate	9,756,775	-	9,756,775	-
Government	3,890,955	2,391,046	1,499,909	-
Foreign	3,673,054	3,673,054	-	-
Principal paydown	1,811,119	-	1,811,119	-
Beneficial interest in trusts	19,739,753	-	-	19,739,753
Total Pinnacle Living	\$ 100,910,766	\$ 68,103,210	\$ 13,067,803	\$ 19,739,753

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value (Continued)

May 31, 2022				
WindsorMeade				
	Total FMV	Level 1	Level 2	Level 3
Cash/Money market funds				
Cash and money market funds	\$ 6,164,995	\$ 6,164,995	\$ -	\$ -
Total WindsorMeade	\$ 6,164,995	\$ 6,164,995	\$ -	\$ -

May 31, 2022				
Hermitage Capital and Reserve Corporation				
	Total FMV	Level 1	Level 2	Level 3
Cash/Money market funds				
Cash and money market funds	\$ 41,150	\$ 41,150	\$ -	\$ -
Mutual Fund				
Intermediate core bond	1,633,634	1,633,634	-	-
Large cap growth	308,036	308,036	-	-
Large cap value	542,451	542,451	-	-
Short term bond	12,193,679	12,193,679	-	-
Ultrashort bond	1,128,531	1,128,531	-	-
Total HCRC	\$ 15,847,481	\$ 15,847,481	\$ -	\$ -

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value (Continued)

May 31, 2022				
Combined				
	Total FMV	Level 1	Level 2	Level 3
Cash/Money market funds				
Cash and money market funds	\$ 34,606,453	\$ 34,606,453	\$ -	\$ -
Mutual Funds				
Foreign large blend	3,224,930	3,224,930	-	-
Intermediate core bond	1,633,634	1,633,634	-	-
Large cap growth	308,036	308,036	-	-
Large cap value	7,595,077	7,595,077	-	-
Real assets	1,636,156	1,636,156	-	-
Real estate	1,750,351	1,750,351	-	-
Short term bond	18,465,295	18,465,295	-	-
Small cap value	3,396,231	3,396,231	-	-
Ultrashort bond	2,231,139	2,231,139	-	-
Stocks				
Large cap core	915,202	915,202	-	-
Large cap growth	2,268,695	2,268,695	-	-
Large cap value	145,974	145,974	-	-
Mid cap core	1,191,423	1,191,423	-	-
Mid cap growth	534,877	534,877	-	-
Mid cap value	1,044,397	1,044,397	-	-
Small blend	17,510	17,510	-	-
Small cap core	154,128	154,128	-	-
Small cap growth	98,730	98,730	-	-
Small cap value	131,640	131,640	-	-
Bonds				
Agency	2,701,708	2,701,708	-	-
Corporate	9,756,775	-	9,756,775	-
Government	3,890,955	2,391,046	1,499,909	-
Foreign	3,673,054	3,673,054	-	-
Principal Paydown	1,811,119	-	1,811,119	-
Beneficial interest in trusts	19,739,753	-	-	19,739,753
Total Combined	\$ 122,923,242	\$ 90,115,686	\$ 13,067,803	\$ 19,739,753

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Fair Value (Continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Beneficial interest in trusts		
May 31, 2021	\$	23,404,338
Change in value		(3,664,585)
May 31, 2022	\$	19,739,753
Change in value		(4,616,258)
May 31, 2023	\$	15,123,195

5. Assets Whose Use is Limited

Assets whose use is limited consists of the following:

	May 31, 2023		
	Pinnacle Living	WindsorMeade	Total
Investments held under indenture agreement by Trustee			
Bond principal fund	\$ 2,133,567	\$ -	\$ 2,133,567
Bond interest fund	2,855,678	601,230	3,456,908
Debt service reserve fund	7,346,567	2,419,292	9,765,859
Construction fund	9,108,630	-	9,108,630
Capital reserve and replacement fund	-	9,445	9,445
Total investments as assets whose use is limited	21,444,442	3,029,967	24,474,409
Resident accounts	7,085	-	7,085
Guild accounts	31,522	-	31,522
Assets held from prospective members			
To secure deposits	341,568	242,272	583,840
Future deposits	632,000	446,000	1,078,000
Assets held in reserve for annuity bonds	21,668	-	21,668
Total assets whose use is limited	\$ 22,478,285	\$ 3,718,239	\$ 26,196,524

There were no assets whose use was limited for HCRC in fiscal year 2023.

NOTES TO COMBINED FINANCIAL STATEMENTS

5. Assets Whose Use is Limited (Continued)

	May 31, 2022		
	Pinnacle Living	WindsorMeade	Total
Investments held under indenture agreement by Trustee			
Bond principal fund	\$ 2,160,028	\$ -	\$ 2,160,028
Bond interest fund	2,903,091	625,440	3,528,531
Debt service reserve fund	7,218,485	2,419,412	9,637,897
Construction fund	15,560,649	-	15,560,649
Capital reserve and replacement fund	-	3,120,143	3,120,143
Total investments as assets whose use is limited	27,842,253	6,164,995	34,007,248
Resident accounts	13,410	-	13,410
Guild accounts	39,335	-	39,335
Escrow deposit on sale of Hermitage Northern Virginia	1,335,000	-	1,335,000
Assets held from prospective members			
To secure deposits	1,318,368	77,615	1,395,983
Future deposits	613,757	165,000	778,757
Assets held in reserve for annuity bonds	31,775	-	31,775
Total assets whose use is limited	\$ 31,193,898	\$ 6,407,610	\$ 37,601,508

There were no assets whose use was limited for HCRC in fiscal year 2022.

NOTES TO COMBINED FINANCIAL STATEMENTS

6. Property and Equipment

A summary of property and equipment is as follows:

May 31, 2023				
	Pinnacle Living	WindsorMeade	HCRC	Total
Land and landscaping	\$ 7,896,663	\$ 5,308,592	145,692	\$ 13,350,947
Leasehold improvements	409,442	-	-	409,442
Buildings	176,257,599	126,855,520	-	303,113,119
Furniture and equipment	10,294,895	3,698,093	-	13,992,988
Capital projects in process	12,740,872	2,594,127	-	15,334,999
Capitalized interest	6,669,339	-	-	6,669,339
Property and equipment, gross	214,268,810	138,456,332	145,692	352,870,834
Less: Accumulated depreciation	(80,641,588)	(50,962,172)	-	(131,603,760)
Property and equipment, net	\$ 133,627,222	\$ 87,494,160	\$ 145,692	\$ 221,267,074

May 31, 2022				
	Pinnacle Living	WindsorMeade	HCRC	Total
Land and landscaping	\$ 7,287,569	\$ 5,115,388	\$ 145,692	\$ 12,548,649
Leasehold improvements	94,001	-	-	94,001
Buildings	194,781,223	125,398,801	-	320,180,024
Furniture and equipment	9,275,050	3,294,641	-	12,569,691
Capital projects in process	10,615,799	1,380,770	-	11,996,569
Capitalized interest	6,275,608	-	-	6,275,608
Property and equipment, gross	228,329,250	135,189,600	145,692	363,664,542
Less: Accumulated depreciation	(91,786,442)	(46,986,723)	-	(138,773,165)
Property and equipment, net	\$ 136,542,808	\$ 88,202,877	\$ 145,692	\$ 224,891,377

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Bonds and Note Payable

PINNACLE LIVING

On August 9, 2012, Pinnacle Living entered into a loan agreement with the Economic Development Authority of Henrico County, Virginia to borrow the proceeds of the Authority's \$30,425,000 Residential Care Facility Revenue Refunding Bonds, Series 2012. The Series 2012 Bonds are secured by a pledge of Pinnacle Living's revenues, a first lien deed of trust on the real estate portion of the Cedarfield facility, and a security interest in the equipment of the Cedarfield facility. The primary purpose of this loan was (a) refunding of the outstanding principal balance of the Authority's \$45,505,000 Residential Care Facility Revenue Refunding Bonds, Series 2002A and Series 2002B, (b) funding a Debt Service Reserve Fund for the Series 2012 Bonds, and (c) paying costs of issuance, and other amounts relating to the Series 2012 Bonds. The interest rates for the Series 2012 Bonds are fixed and range from 3.00% to 5.00%.

The Series 2012 Bonds principal and interest payments are as follows:

May 31, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ 2,270,000	\$ 513,456	\$ 2,783,456
2025	2,385,000	397,081	2,782,081
2026	2,500,000	274,956	2,774,956
2027	2,410,000	161,244	2,571,244
2028	2,515,000	55,016	2,570,016
Total	\$ 12,080,000	\$ 1,401,753	\$ 13,481,753

On December 27, 2017, Pinnacle Living entered into a loan agreement with the Virginia Small Business Financing Authority to borrow the proceeds of the Authority's Residential Care Facility Revenue Bonds, Series 2017C in the amount of \$54,710,000. The primary purpose of the Series 2017C Bond was to refund the Authority's \$25,060,000 and \$25,595,000 Residential Care Facility Revenue Bonds, Series 2017A and Series 2017B, (b) funding a Debt Service Reserve Fund for the Series 2017C Bonds, and (c) paying costs of issuance, and other amounts relating to the Series 2017 Bonds. The interest rates for the Series 2017C Bonds are fixed and range from 3.50% to 5.00%.

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Bonds and Note Payable (Continued)

The Series 2017C Bonds principal and interest payments are as follows:

May 31, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 2,717,850	\$ 2,717,850
2025	-	2,717,850	2,717,850
2026	-	2,717,850	2,717,850
2027	-	2,717,850	2,717,850
2028	-	2,717,850	2,717,850
2029	870,000	2,702,625	3,572,625
2030	910,000	2,664,650	3,574,650
2031	955,000	2,618,025	3,573,025
2032	1,005,000	2,569,025	3,574,025
2033	1,055,000	2,517,525	3,572,525
2034	1,110,000	2,463,400	3,573,400
2035	1,175,000	2,406,275	3,581,275
2036	1,230,000	2,346,150	3,576,150
2037	1,300,000	2,282,900	3,582,900
2038	1,365,000	2,216,275	3,581,275
2039	1,430,000	2,148,700	3,578,700
2040	1,505,000	2,077,625	3,582,625
2041	1,585,000	2,000,375	3,585,375
2042	1,840,000	1,914,750	3,754,750
2043	2,060,000	1,817,250	3,877,250
2044	2,165,000	1,711,625	3,876,625
2045	2,280,000	1,600,500	3,880,500
2046	2,395,000	1,483,625	3,878,625
2047	2,520,000	1,360,750	3,880,750
2048	2,650,000	1,231,500	3,881,500
2049	2,790,000	1,095,500	3,885,500
2050	4,750,000	907,000	5,657,000
2051	4,995,000	663,375	5,658,375
2052	5,250,000	407,250	5,657,250
2053	5,520,000	138,000	5,658,000
Total	\$ 54,710,000	\$ 58,933,925	\$ 113,643,925

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Bonds and Note Payable (Continued)

On March 13, 2019, the Economic Development Authority of Henrico County, Virginia issued \$34,000,000 in Residential Care Facilities Revenue Bonds Series 2019A to provide funds to be used (1) to finance costs associated with renovation and expansion of Pinnacle Living's continuing care retirement community known as Cedarfield including (without limitation) (A) acquiring, constructing, designing, equipping and renovating additional independent living and assisted living units, (B) renovating existing independent living units, (C) renovating memory support facility, (D) acquiring, constructing, designing, equipping and renovating rehabilitation facility, (E) acquiring, constructing, designing, equipping and renovating health care (including assisted living and nursing care) and wellness center facility, (F) renovating common areas, (G) acquiring, constructing, designing, equipping and renovating dining, physical therapy, parking and wellness facility and (H) performing site work and other community-related improvement; and (2) to finance costs related to a debt service reserve fund, costs of issuance, funded interest through approximately July 1, 2020, working capital, routing capital expenditures at Cedarfield and other expenses in connection with the issuance of the Bonds. The interest rates for the Series 2019A Bonds are fixed and range from 4.00% to 5.00%.

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Bonds and Note Payable (Continued)

The Series 2019A Bonds principal and interest payments are as follows:

2019A Bonds			
May 31, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 1,695,513	\$ 1,695,513
2025	-	1,695,513	1,695,513
2026	-	1,695,513	1,695,513
2027	-	1,695,513	1,695,513
2028	-	1,695,513	1,695,513
2029	895,000	1,673,388	2,568,388
2030	935,000	1,628,163	2,563,163
2031	985,000	1,580,438	2,565,438
2032	1,035,000	1,529,938	2,564,938
2033	1,090,000	1,476,813	2,566,813
2034	1,145,000	1,420,938	2,565,938
2035	1,195,000	1,362,438	2,557,438
2036	1,260,000	1,301,063	2,561,063
2037	1,320,000	1,236,563	2,556,563
2038	1,390,000	1,168,813	2,558,813
2039	1,465,000	1,097,438	2,562,438
2040	1,535,000	1,022,438	2,557,438
2041	1,610,000	945,531	2,555,531
2042	1,650,000	865,750	2,515,750
2043	1,705,000	781,875	2,486,875
2044	1,795,000	694,375	2,489,375
2045	1,885,000	602,375	2,487,375
2046	1,980,000	505,750	2,485,750
2047	2,080,000	404,250	2,484,250
2048	2,185,000	297,625	2,482,625
2049	2,295,000	185,625	2,480,625
2050	595,000	113,375	708,375
2051	625,000	82,875	707,875
2052	655,000	50,875	705,875
2053	690,000	17,250	707,250
Subtotal	34,000,000	30,523,527	64,523,527
Original issue premium	395,310		395,310
Total	\$ 34,395,310	\$ 30,523,527	\$ 64,918,837

Simultaneously with the issuance of the Series 2019A Bonds, the Authority issued its \$11,000,000 Residential Care Facilities Revenue Bond Series 2019B as a separate resolution. The Series 2019B bonds have a separate Loan Agreement with STI Institution and Government, Inc., an affiliate of SunTrust Bank. These bonds are being issued on a draw-down basis. The interest rate for the Series 2019B bonds is 81% of LIBOR plus a spread of 1.40%. The average interest rate for fiscal 2022 was 1.22%. The principal on this bond has been paid.

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Bonds and Note Payable (Continued)

On August 31, 2021, WindsorMeade entered into a loan agreement with the Economic Development Authority of James City County, Virginia (the "Authority") to borrow the proceeds of the Authority's \$26,800,000 Residential Care Facility Revenue Refunding Bonds, Series 2021A ("Series 2021A Bonds").

- The proceeds from the Series 2021A Bonds were used to: (a) refinance the outstanding principal amount of the Authority's Series 2013A Subordinate Bonds, Series 2013B Senior Bonds and 2016 Bonds, (b) finance future routine capital projects, (c) fund a Debt Service Reserve Fund, and (d) pay cost of issuance related to the Series 2021A Bonds. The interest rates for the Series 2021A Bonds are fixed at 4.00%.

The Series 2021A Bonds scheduled principal and interest payments are as follows:

May 31, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 1,072,000	\$ 1,072,000
2025	60,000	1,070,800	1,130,800
2026	65,000	1,068,300	1,133,300
2027	65,000	1,065,700	1,130,700
2028	65,000	1,063,100	1,128,100
2029	75,000	1,060,300	1,135,300
2030	75,000	1,057,300	1,132,300
2031	75,000	1,054,300	1,129,300
2032	80,000	1,051,200	1,131,200
2033	85,000	1,047,900	1,132,900
2034	85,000	1,044,500	1,129,500
2035	90,000	1,041,000	1,131,000
2036	90,000	1,037,400	1,127,400
2037	95,000	1,033,700	1,128,700
2038	105,000	1,029,700	1,134,700
2039	105,000	1,025,500	1,130,500
2040	2,410,000	975,200	3,385,200
2041	2,505,000	876,900	3,381,900
2042	2,610,000	774,600	3,384,600
2043	2,720,000	668,000	3,388,000
2044	2,830,000	557,000	3,387,000
2045	2,945,000	441,500	3,386,500
2046	3,065,000	321,300	3,386,300
2047	3,185,000	196,300	3,381,300
2048	3,315,000	66,300	3,381,300
Subtotal	26,800,000	21,699,800	48,499,800
Original issue premium	1,364,129	-	1,364,129
Total	\$ 28,164,129	\$ 21,699,800	\$ 49,863,929

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Bonds and Note Payable (Continued)

Simultaneously with the issuance of the Series 2021A Bonds, the Authority issued its \$29,365,000 Taxable Residential Care Facility Revenue Refunding Bond, Series 2021B ("Series 2021B Bond"), which, under the conditions set forth in a Forward Delivery Bond Purchase and Loan Agreement among the Authority, STI Institutional & Government, Inc. and WindsorMeade was refinanced on a tax-exempt basis by the Authority's \$28,765,000 Tax-Exempt Residential Care Facility Revenue Refunding Bond ("Series 2023 Bond") on March 7, 2023.

- The Series 2021B Bond was held by STI Institutional & Government, Inc. and the proceeds were used to: (a) refinance the outstanding principal amount of the Authority's Series 2013A Senior Bonds, and (b) pay cost of issuance related to the Series 2021B Bond. The Series 2021B Bond carried an interest rate equal to the daily Secured Overnight Financing Rate ("SOFR") plus 1.78% with a minimum rate of 1.95%.
- The Series 2023 Bond is held by STI Institutional & Government, Inc. and the proceeds will be used to refinance the outstanding principal amount of the Series 2021B Bond. The Series 2023 Bond carries an interest rate equal to 79% of daily SOFR plus 1.41% with a minimum rate of 1.54%. Effective August 31, 2021, WindsorMeade entered a captioned transaction ("cap") for \$750,000 with Truist Bank. The transaction effectively places a ceiling on the variable rate on the Series 2023 Bond of 2.91%.

Also on August 31, 2021, WindsorMeade entered into a \$2,075,000 taxable loan (the "2021 Taxable Loan") with Truist Bank and the proceeds were used to: (a) refinance the Authority's Series 2013C Bonds, (b) fund the cost of an interest rate cap, and (c) pay cost of issuance related to the 2021 Taxable Loan. The 2021 Taxable Loan carries an interest rate equal to daily SOFR plus 1.48% with a minimum rate of 1.65%.

The Series 2021A Bonds, the Series 2023 Bond (and the Series 2021B Bond prior to refinancing) and the 2021 Taxable Loan are secured by a pledge of WindsorMeade's revenues, a first lien deed of trust on the real estate portion of the WindsorMeade facility, and a security interest in the equipment of the WindsorMeade facility.

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Bonds and Note Payable (Continued)

The Series 2023 Bonds scheduled principal payments are as follows:

May 31, 2023	
Fiscal Year	Principal
2024	\$ 825,000
2025	1,525,000
2026	1,565,000
2027	1,610,000
2028	1,655,000
2029	1,700,000
2030	1,745,000
2031	1,790,000
2032	1,840,000
2033	1,890,000
2034	1,940,000
2035	1,995,000
2036	2,050,000
2037	2,105,000
2038	2,165,000
2039	2,245,000
Total	\$ 28,645,000

The Taxable Bonds scheduled principal payments are as follows:

May 31, 2023	
Fiscal Year	Principal
2024	\$ 770,000
Total	\$ 770,000

HERMITAGE CAPITAL AND RESERVE CORPORATION

Hermitage Capital and Reserve Corporation had no bonds or loans outstanding effective May 31, 2023 or 2022.

NOTES TO COMBINED FINANCIAL STATEMENTS

7. Bonds and Note Payable (Continued)

THE COMBINED ORGANIZATION

The bonds and note payable for fiscal years 2023 and 2022 shown on the combined balance sheets consist of the following:

	May 31, 2023	May 31, 2022
Pinnacle Living		
2012 senior bonds	\$ 12,080,000	\$ 14,240,000
2017C senior bonds	54,710,000	54,710,000
Premium on 2017C senior bonds	-	512,522
2019A senior bonds	34,000,000	34,000,000
Premium on 2019A senior bonds	395,310	592,960
Bond issuance costs, net	(2,143,040)	(2,263,919)
Payroll protection program	-	4,587,820
Total bonds, Pinnacle Living	99,042,270	106,379,383
WindsorMeade		
2021A senior bonds	26,800,000	26,800,000
Premium on 2021A senior bonds	1,364,129	1,783,865
2023B senior bonds	28,645,000	29,365,000
Taxable bonds	770,000	1,520,000
Bond issuance costs, net	(867,892)	(921,304)
Total bonds, WindsorMeade	56,711,237	58,547,561
Total bonds payable, combined	155,753,507	164,926,944

NOTES TO COMBINED FINANCIAL STATEMENTS

8. Employee Retirement Plan

The Organization has a defined contribution retirement plan. All employees may participate in the plan, however, full-time employees and those part-time employees who work over twenty hours a week are eligible for employer contributions as of the first payroll period. Employer contributions to the plan are approved by the Board of Directors. The total retirement expense for the years ended May 31, 2023 and 2022 was \$1,864,482 and \$1,812,179, respectively.

9. Concentrations of Credit Risk

The Organization has checking accounts and money market mutual funds, at financial institutions, which are not fully insured by the FDIC. The checking accounts are insured to the FDIC limit of \$250,000 per financial institution. On May 31, 2023, the Organization had cash balances in a financial institution in excess of the amounts insured by the FDIC.

The Organization does not require collateral for any of its receivables.

In certain circumstances and on a case-by-case basis, WindsorMeade may grant a prospective resident the option of deferring the payment of their entrance fee for up to three months in order to allow that resident to obtain the funds necessary to pay the entrance fee. This optional deferral is typically offered in circumstances where a resident has been unable to sell an existing home and requires funds from the sale to pay the entrance fee. This optional deferral program is an integral part of WindsorMeade's ability to attract interested and eligible residents. In the event the entrance fee is not paid on the entrance fee due date, the resident agrees to pay a finance charge of nine percent per annum until either (i) the balance of the entrance fee is paid in full or (ii) the Residency Agreement is terminated.

10. Commitments and Contingencies

Pinnacle Living entered into a long-term operating lease agreement for office facilities. The lease runs until March 31, 2028. The following is a schedule of the rental payments under the lease agreement:

<u>Year Ending</u>		
May 31, 2024	\$	114,157
May 31, 2025		117,580
May 31, 2026		121,100
May 31, 2027		124,747
March 31, 2028		106,808
Total future lease payments	\$	<u>584,392</u>

Total rental expense for the years ended May 31, 2023 and 2022 amounted to \$156,821 and \$180,783, respectively.

In accordance with ASC 842 the Organization's lease commitments are presented as a right to use asset of \$674,000 and a lease liability of \$720,000 and are included in other assets and other liabilities, respectively, on the Combined Balance Sheet.

NOTES TO COMBINED FINANCIAL STATEMENTS

10. Commitments and Contingencies

Self-Funded Health Insurance

- The Organization participates in a self-funded health insurance plan. The plan is managed by Scott Benefit Services with administrative services provided by Anthem Blue Cross and Blue Shield and stop loss reinsurance provided by QBE.
- The Plan year runs from October 1 – September 30.
- Financial projections are based on a blended analysis of historical claims experience and evaluation of manual claims. Due to the Organization's size and credibility of claims data, financial projections are 90% to 100% weighted toward projections based on actual paid claims experience.
- The Organization's self-funded health plan maintains an individual stop loss policy of \$100,000 and an aggregate stop loss policy of 125% of expected claims.
- There are no tax implications as all members of the captive are non-profit corporations.
- As of May 31, 2023 and 2022 the liability for incurred but not reported claims was \$162,843 and \$196,811, respectively.

The Organization

The Organization, from time to time, is a party to various legal actions normally associated with life plan communities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the financial condition of the Organization.

11. Related Party Transactions

The nature of the relationship between Pinnacle Living, WindsorMeade, and HCRC is described in footnote 1, *Nature of Operations and Summary of Significant Accounting Policies*. According to the Accounting Standards Codification (ASC) 850-10-50-1 "disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required." All intercompany transactions between Pinnacle Living, WindsorMeade, and HCRC have been eliminated in the combined financial statements.

12. Fair Value of Financial Instruments

Professional standards require disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. The derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. Professional standards exclude certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Organization.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

NOTES TO COMBINED FINANCIAL STATEMENTS

12. Fair Value of Financial Instruments (Continued)

Cash and cash equivalents, accounts receivable, other receivables, accrued income receivable, beneficial interest in trusts, and notes payable.

The carrying amount approximates fair value.

Investments

Fair values are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Bonds payable

The fair values are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar bond financing and does not reflect market risk.

Organization's financial assets and liabilities as of May 31, 2023 and 2022:

	May 31, 2023		May 31, 2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial Assets				
Cash and cash equivalents	\$ 11,071,000	\$ 11,071,000	\$ 27,156,000	\$ 27,156,000
Accounts receivable	232,000	232,000	299,000	299,000
Other receivables	2,987,000	2,987,000	1,689,000	1,689,000
Accrued income receivable	180,000	180,000	118,000	118,000
Beneficial interest in trusts	15,123,000	15,123,000	19,740,000	19,740,000
Investments	108,870,000	108,870,000	63,308,000	63,308,000
Investments, with donor restrictions	5,214,000	5,214,000	5,868,000	5,868,000
Assets whose use is limited	26,197,000	26,197,000	37,602,000	37,602,000
Financial liabilities				
Bonds payable	155,754,000	141,903,000	164,927,000	158,057,000

NOTES TO COMBINED FINANCIAL STATEMENTS

13. Donor Restricted Funds

A donor may make a gift to Pinnacle Living without restrictions (i.e. unrestricted). However, Pinnacle Living also has ten donor restricted fund categories to which a donor may contribute. They are:

1. Angel Fund

Angel Fund gifts are a response to the desires of a community to give assistance to members of the community in crisis. Any resident, team member, contract team member, or volunteer of the community may make a request to nominate persons who are undergoing a crisis who might be a qualified recipient of assistance.

2. Community Enrichment Fund

Gifts restricted to community enrichment are to enhance the experience of living in the community for all residents. Use of such funds include community beautification such as landscape or garden plants, statuary and seating. The community may consider community enrichment recommendations from any donor, but in no event is the community bound in any way to honor the recommendation.

3. Flower Fund

Flower fund gifts are restricted to use in support of creation of chapel/vesper and common area flower arrangements which benefit the entire community. A donor may specify the gift as a tribute to honor or remember a loved one, expression of appreciation or recognition of a special occasion.

4. Library Fund

Gifts restricted to support community libraries enhance literary services through the provision of additional materials and services including magazine and newspaper subscriptions, acquisition of print and audio books, and organizational needs for the library setting.

5. Technology Fund

Gifts restricted to the technology fund provide resources to benefit communication, access to information and accessibility for all residents. Examples of projects and needs which can be funded by such gifts include audio/visual equipment, computer access, and speech, vision and memory enhancements.

6. Spiritual Life Fund

Gifts restricted to Spiritual Life in the community may include individual restricted contributions to enrich the spiritual life of residents. These funds may be used to enhance chapel/vesper services and facilities, provide resources for spiritual life programming, and to engage residents through special projects and service needs.

7. Resident Program Fund

Gifts restricted to resident activities support lifelong learning and engagement opportunities for residents, recognizing that activities and expectations vary by community. Use of the funds may include sponsorship of classes and workshops, provision of materials and supplies, purchase of fitness or entertainment equipment, and support of excursions.

NOTES TO COMBINED FINANCIAL STATEMENTS

13. Donor Restricted Funds (Continued)

8. Scholarship Fund

The Scholarship Fund is an educational enrichment program funded by contributions from generous donors committed to financially assisting selected team members who are pursuing a certification, degree, or taking continuing education courses to support and advance their career goals and who meet the eligibility requirements determined by community scholarship committees without regard to race, creed, or national origin using established application, rating and review processes. Awards are available to no more than ten percent (10%) of the eligible pool of applicants in any one year and are dependent upon availability of funds.

9. Pinnacle Hero

The purpose of the Pinnacle Heroes program is to provide support for retention of team members during the COVID-19 outbreak. This program ended in fiscal 2023.

10. Samaritan Program

The purpose of the Samaritan Program is to provide monies to defray the cost of providing services to persons in Pinnacle Living communities who are unable to provide such monies on their own behalf. Donors may temporarily restrict their gifts to a community. Such monies will be assigned to that community. Monies not temporarily restricted to a community shall be used to subsidize benevolent care in a community where the Samaritan Fund balance cannot meet the benevolent need. Contributions cannot be received for the benefit of a specific individual.

11. Innovation Fund

Gifts to this restricted fund empower creative collaboration between residents and team members to explore and implement innovative initiatives in support of the dimensions of the Pathways to Wellness program.

NOTES TO COMBINED FINANCIAL STATEMENTS

13. Donor Restricted Funds (Continued)

Pinnacle Living and WindsorMeade ending balance summaries as of May 31, 2023 for all restricted funds is as follows:

May 31, 2023				
	Corporate	Hermitage Richmond	Hermitage Roanoke	Cedarfield
Angel Fund	\$ -	\$ 8,308	\$ 100	\$ 42,163
Community Enrichment Fund	-	-	6,350	88,094
Flower Fund	-	-	150	13,155
Library Funds	-	-	-	4,542
Technology Fund	-	-	-	8,589
Spiritual Life Fund	-	1,611	1,227	29,918
Resident Program Fund	-	3,078	8,000	9,186
Scholarship Fund	-	13,378	11,056	123,926
Pinnacle Hero	-	-	-	-
Samaritan Program	104,130	524,960	-	1,700,956
Innovation Fund	-	-	-	120,778
Total Restricted Funds	\$ 104,130	\$ 551,335	\$ 26,883	\$ 2,141,307

	Pinnacle Living		Total
	Obligated Group	WindsorMeade	
Angel Fund	\$ 50,571	\$ 20,620	\$ 71,191
Community Enrichment Fund	94,444	36,182	130,626
Flower Fund	13,305	-	13,305
Library Funds	4,542	100	4,642
Technology Fund	8,589	-	8,589
Spiritual Life Fund	32,756	-	32,756
Resident Program Fund	20,264	1,247	21,511
Scholarship Fund	148,360	49,748	198,108
Pinnacle Hero	-	-	-
Samaritan Program	2,330,046	101,718	2,431,764
Innovation Fund	120,778	-	120,778
Total Restricted Funds	\$ 2,823,655	\$ 209,615	\$ 3,033,270

NOTES TO COMBINED FINANCIAL STATEMENTS

13. Donor Restricted Funds (Continued)

Pinnacle Living and WindsorMeade ending balance summaries as of May 31, 2022 for all restricted funds is as follows:

	May 31, 2022			
	Corporate	Hermitage Northern Virginia	Hermitage Richmond	Hermitage Roanoke
Angel Fund	\$ -	\$ 1,250	\$ 7,708	\$ -
Community Enrichment Fund	-	1,365	-	7,150
Flower Fund	-	-	-	150
Library Funds	-	-	-	-
Technology Fund	-	-	-	-
Spiritual Life Fund	-	489	1,361	1,150
Resident Program Fund	-	-	356	-
Scholarship Fund	-	-	10,852	-
Pinnacle Hero	-	1,150	-	2,075
Samaritan Program	161,378	265,374	681,964	-
Innovation Fund	-	-	-	-
Total Restricted Funds	\$ 161,378	\$ 269,628	\$ 702,241	\$ 10,525

	Pinnacle Living			
	Cedarfield	Obligated Group	WindsorMeade	Total
Angel Fund	\$ 63,640	\$ 72,598	\$ 19,924	\$ 92,522
Community Enrichment Fund	43,915	52,430	30,650	83,080
Flower Fund	2,990	3,140	-	3,140
Library Funds	1,358	1,358	-	1,358
Technology Fund	735	735	-	735
Spiritual Life Fund	20,657	23,657	-	23,657
Resident Program Fund	8,769	9,125	1,247	10,372
Scholarship Fund	123,875	134,727	46,497	181,224
Pinnacle Hero	-	3,225	-	3,225
Samaritan Program	1,746,228	2,854,944	70,973	2,925,917
Innovation Fund	-	-	-	-
Total Restricted Funds	\$ 2,012,167	\$ 3,155,939	\$ 169,291	\$ 3,325,230

NOTES TO COMBINED FINANCIAL STATEMENTS

14. Endowment (Samaritan) Program

In August 2008, the Financial Accounting Standards Board issued authoritative guidance regarding “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds”. The authoritative guidance provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The authoritative guidance also required additional disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The Commonwealth of Virginia enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. Management has determined that a portion of the Organization’s net assets with donor restrictions meet the definition of endowment funds under UPMIFA.

Donor-designated endowments (UPMIFA state)

The Organization’s endowment consists of one fund established to partially defray the cost of administering care to those persons who are otherwise unable to provide such monies on their own behalf (also called the Samaritan Program).

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Organization classifies as net assets with donor restrictions (perpetual in nature) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (perpetual in nature) is classified as net assets with donor restrictions (purpose restricted), including investment income and realized and unrealized gains/losses, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization’s investment policies.

NOTES TO COMBINED FINANCIAL STATEMENTS

14. Endowment (Samaritan) Program (Continued)

Investment return objectives, risk parameters, and strategies

The Organization's investment philosophy is to obtain, over a period of years, a satisfactory level of current investment income and a reasonable increase in the value of the principal through market appreciation consistent with the preservation of the principal. In measuring the performance of the funds to the capital markets, the goal is to generate an annualized return of 30 basis points over a composite benchmark weighted twenty-five percent (25%) to the S&P 500 Common Stock Index and seventy-five percent (75%) to the Barclays Capital Aggregate Bond Index, at a risk level within one hundred twenty percent (120%) of the composite benchmark, over each three-to-five-year period. Performance is measured relative to peers by ensuring the invested funds are within the top-half of a blended universe weighted twenty-five percent (25%) equity funds and seventy-five percent (75%) fixed income funds over each three-to-five year period.

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

The Organization's spending policy for endowment assets is based on a "total return" approach. Using this approach, the Organization will spend an amount based on needs of the Samaritan Program. As such, income and capital gains, realized or unrealized, will not have an effect on the spending policy, given the Organization maintains the standard of prudence prescribed by UPMIFA. Additional spending needs beyond the scope of the spending policy require approval by the Board of Directors. The spending policy is consistent with the Organization's objective to preserve and enhance the real value of the endowment through new gifts and investment return.

The assets of the Endowment (Samaritan) Program are included in the accompanying combined balance sheets as follows:

	May 31	
	Pinnacle Living	
	2023	2022
Cash and cash equivalents	\$ 277,339	\$ -
Investments	5,026,645	5,828,882
Beneficial interest in trusts	474,616	509,719
Total	\$ 5,778,600	\$ 6,338,601

WindsorMeade and the Hermitage Capital and Reserve Corporation do not have Perpetual in Nature Restrictions for 2023 or 2022.

NOTES TO COMBINED FINANCIAL STATEMENTS

14. Endowment (Samaritan) Program (Continued)

Changes in endowment (Samaritan) net assets and net asset composition by type of fund as of May 31, 2023 and 2022 are as follows:

May 31, 2023 Pinnacle Living With Donor Restrictions			
	Purpose Restricted	Perpetual in Nature	Total
Balance as of June 1, 2022	\$ 2,854,944	\$ 3,483,657	\$ 6,338,601
Contributions	159,457	-	159,457
Present value change in beneficial interest in trusts	-	(35,103)	(35,103)
Net investment activity	(101,566)	-	(101,566)
Benevolent care	(316,415)	-	(316,415)
Transfer out	(266,374)	-	(266,374)
Balance as of May 31, 2023	\$ 2,330,046	\$ 3,448,554	\$ 5,778,600

May 31, 2022 Pinnacle Living With Donor Restrictions			
	Purpose Restricted	Perpetual in Nature	Total
Balance as of June 1, 2021	\$ 3,296,882	\$ 3,503,327	\$ 6,800,209
Contributions	282,082	-	282,082
Present value change in beneficial interest in trusts	-	(19,670)	(19,670)
Net investment activity	(385,884)	-	(385,884)
Benevolent care	(338,136)	-	(338,136)
Balance as of May 31, 2022	\$ 2,854,944	\$ 3,483,657	\$ 6,338,601

May 31, 2023 WindsorMeade With Donor Restrictions			
	Purpose Restricted	Perpetual in Nature	Total
Balance as of June 1, 2022	\$ 70,973	\$ -	\$ 70,973
Contributions	29,058	-	29,058
Net investment activity	1,687	-	1,687
Balance as of May 31, 2023	\$ 101,718	\$ -	\$ 101,718

May 31, 2022 WindsorMeade With Donor Restrictions			
	Purpose Restricted	Perpetual in Nature	Total
Balance as of June 1, 2021	\$ 38,095	\$ -	\$ 38,095
Contributions	32,878	-	32,878
Balance as of May 31, 2022	\$ 70,973	\$ -	\$ 70,973

NOTES TO COMBINED FINANCIAL STATEMENTS

15. Contract Assets and Liabilities

The Organization does not have material contract assets. Contract liabilities relate to cash received from residents in connection with contracts for which revenue is recognized over time. Changes in the Organization's contract liabilities, which are included in refundable fees and deferred revenue, entrance fees on the combined balance sheets are as follows:

	Deferred Revenue		
	Refundable Fees	Entrance Fees	Total
Balance at May 31, 2021	\$ 56,565,241	\$ 98,779,403	\$ 155,344,644
Increases due to cash received	4,809,817	15,798,644	20,608,461
Decreases due to recognition of revenue	-	(13,062,906)	(13,062,906)
Refunds paid	(6,786,540)	(468,399)	(7,254,939)
Current year deferrals of entrance fees	192,395	583,980	776,375
Transfers between accounts	536,737	(536,737)	-
Other	1,741,046	(1)	1,741,045
Balance at May 31, 2022	\$ 57,058,696	\$ 101,093,984	\$ 158,152,680
Increases due to cash received	2,846,865	17,258,060	20,104,925
Decreases due to recognition of revenue	-	(12,652,781)	(12,652,781)
Refunds paid	(4,778,591)	(286,936)	(5,065,527)
Current year deferrals of entrance fees	1,198,725	1,198,725	2,397,450
Other	(12,408)	(27,624)	(40,032)
Balance at May 31, 2023	\$ 56,313,287	\$ 106,583,428	\$ 162,896,715

NOTES TO COMBINED FINANCIAL STATEMENTS

16. Liquidity

	May 31, 2023				
	Pinnacle Living	WindsorMeade	HCRC	Eliminations	Total
Total current assets	\$ 15,561,291	\$ 6,590,377	\$ 982,259	\$ (1,375,069)	\$ 21,758,858
Less those unavailable for general expenditures within one year for:					-
Donor imposed restrictions	(656,096)	(136,954)	-	-	(793,050)
Assets whose use is limited	(5,369,420)	(852,947)	-	-	(6,222,367)
Non-financial assets	(591,158)	(89,821)	-	-	(680,979)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,944,617	\$ 5,510,655	\$ 982,259	\$ (1,375,069)	\$ 14,062,462

	May 31, 2022				
	Pinnacle Living	WindsorMeade	HCRC	Eliminations	Total
Total current assets	\$ 20,504,255	\$ 18,258,046	\$ 389,598	\$ (738,482)	\$ 38,413,417
Less those unavailable for general expenditures within one year for:					-
Donor imposed restrictions	(261,942)	(169,291)	-	-	(431,233)
Assets whose use is limited	(7,769,232)	(703,055)	-	-	(8,472,287)
Non-financial assets	(233,433)	(50,112)	-	-	(283,545)
Financial assets available to meet cash needs for general expenditures within one year	\$ 12,239,648	\$ 17,335,588	\$ 389,598	\$ (738,482)	\$ 29,226,352

NOTES TO COMBINED FINANCIAL STATEMENTS

16. Liquidity (Continued)

Pinnacle Living has \$8,944,617 and \$12,239,648 of financial assets available within one year as of May 31, 2023, and 2022, respectively for general expenditures consisting of the following:

Pinnacle Living		
	May 31, 2023	May 31, 2022
Cash and cash equivalents	\$ 6,666,946	\$ 10,071,918
Accounts receivable due from residents	129,818	193,479
Accounts receivable, other	258,956	721,843
Accrued income receivable	129,366	117,576
Due from affiliate	1,375,069	738,482
Other assets	384,462	396,350
Total	\$ 8,944,617	\$ 12,239,648

Pinnacle Living structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of Pinnacle Living's investment policy, it invests excess cash and investments as outlined in Footnotes three and four.

WindsorMeade has \$5,510,655 and \$17,335,588 of financial assets available within one year as of May 31, 2023, and 2022, respectively for general expenditures consisting of the following:

WindsorMeade		
	May 31, 2023	May 31, 2022
Cash and cash equivalents	\$ 2,954,011	\$ 16,262,930
Accounts receivable due from residents	102,618	105,568
Accounts receivable, other	2,403,450	967,090
Accrued income receivable	50,576	-
Total	\$ 5,510,655	\$ 17,335,588

WindsorMeade structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Hermitage capital and reserve corporation has \$982,259 and \$389,598 of financial assets available within one year as of May 31, 2023, and 2022, respectively, for general expenditures. Of the 2023 amount, \$657,259 is cash and cash equivalents and \$325,000 is accounts receivable, other. The 2022 amount consists of cash and cash equivalents.

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NOTES TO COMBINED FINANCIAL STATEMENTS

17. Functional Expenses

Operating expenses for Pinnacle Living and WindsorMeade as of fiscal 2023 and fiscal 2022 are classified by function on the next pages.

NOTES TO COMBINED FINANCIAL STATEMENTS

17. Functional Expenses (Continued)

May 31, 2023

	Pinnacle Living				WindsorMeade				Eliminations	Combined Total
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total		
Salaries and Benefits	\$ 23,739,177	\$ 5,072,866	\$ 214,632	\$ 29,026,675	\$ 7,056,097	\$ 610,930	\$ -	\$ 7,667,027	-	\$ 36,693,702
Retirement Plan	1,237,176	293,394	15,121	1,545,691	315,813	2,978	-	318,791	-	1,864,482
Payroll Taxes	1,764,151	284,955	16,502	2,065,608	507,262	37,798	-	545,060	-	2,610,668
Health Insurance	1,834,324	318,218	-	2,152,542	607,580	40,718	-	648,298	-	2,800,840
Advertising	723,409	-	4,241	727,650	183,300	-	-	183,300	-	910,950
Conferences and education	64,138	81,590	2,979	148,707	20,146	63,819	-	83,965	-	232,672
Consultant services	1,049,816	906,673	-	1,956,489	139,519	41,419	-	180,938	-	2,137,427
Contract services	2,723,217	482,721	-	3,205,938	965,322	2,042,159	-	3,007,481	(1,942,610)	4,270,809
Depreciation	7,421,365	-	-	7,421,365	3,975,448	-	-	3,975,448	-	11,396,813
Dining	3,186,336	8,191	-	3,194,527	1,087,229	26,685	-	1,113,914	-	4,308,441
Dining - paper products	418,092	-	-	418,092	99,292	-	-	99,292	-	517,384
Dues and subscriptions	14,093	74,462	693	89,248	11,979	34,011	-	45,990	-	135,238
Information technology	1,275,343	297	-	1,275,640	355,091	5,965	-	361,056	-	1,636,696
Information technology - Cyber	258	-	-	258	-	-	-	-	-	258
Insurance	1,114,757	73,905	-	1,188,662	348,342	-	-	348,342	-	1,537,004
Licenses	14,404	28,822	-	43,226	3,586	4,775	-	8,361	-	51,587
Maintenance and repair	1,284,320	10,414	-	1,294,734	502,857	3,069	-	505,926	-	1,800,660
Medical services	178,703	-	-	178,703	487,359	-	-	487,359	-	666,062
Medical supplies	138,045	-	-	138,045	13,672	-	-	13,672	-	151,717
Minor Equipment	133,886	17,295	-	151,181	92,249	5,136	-	97,385	-	248,566
Miscellaneous	649,752	40,294	434	690,480	59,101	10,793	-	69,894	-	760,374
Person Centered Initiative	6,323	-	-	6,323	-	-	-	-	-	6,323
Postage	3,825	23,065	-	26,890	146	9,925	-	10,071	-	36,961
Recruitment and Retention	144,732	456,075	-	600,807	126,013	39,832	-	165,845	-	766,652
Rent	14,603	136,965	-	151,568	5,253	-	-	5,253	-	156,821
Renovations	413,686	-	-	413,686	14,750	-	-	14,750	-	428,436
Resident Services	228,449	-	-	228,449	83,210	-	-	83,210	-	311,659
Restricted funds spent	167,821	-	-	167,821	9,714	-	-	9,714	-	177,535
Supplies	429,693	50,687	35	480,415	167,331	22,319	-	189,650	-	670,065
Taxes	16,187	-	-	16,187	676,693	-	-	676,693	-	692,880
Travel & Entertainment	24,226	96,892	8,181	129,299	6,441	3,611	-	10,052	-	139,351
Utilities	2,990,048	14	-	2,990,062	946,972	-	-	946,972	-	3,937,034
Total operating expenses	\$ 53,404,355	\$ 8,457,795	\$ 262,818	\$ 62,124,968	\$ 18,867,767	\$ 3,005,942	\$ -	\$ 21,873,709	\$ (1,942,610)	\$ 82,056,067

NOTES TO COMBINED FINANCIAL STATEMENTS

17. Functional Expenses (Continued)

May 31, 2022

	Pinnacle Living				WindsorMeade				Eliminations	Combined Total
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total		
Salaries and Benefits	\$ 24,585,993	\$ 4,803,499	\$ 204,900	\$ 29,594,392	\$ 5,980,492	\$ 462,208	\$ -	\$ 6,442,700	-	36,037,092
Retirement Plan	1,434,561	34,253	13,513	1,482,327	297,399	32,453	-	329,852	-	1,812,179
Payroll Taxes	1,939,660	278,283	16,819	2,234,762	463,295	33,773	-	497,068	-	2,731,830
Health Insurance	2,305,206	345,714	-	2,650,920	628,588	27,651	-	656,239	-	3,307,159
Advertising	1,048,317	-	329	1,048,646	172,403	-	-	172,403	-	1,221,049
Conferences and education	35,120	54,119	3,104	92,343	13,138	21,797	-	34,935	-	127,278
Consultant services	918,991	793,455	-	1,712,446	87,814	289,720	-	377,534	-	2,089,980
Contract services	3,723,939	305,956	-	4,029,895	859,792	1,576,924	-	2,436,716	(1,484,216)	4,982,395
Depreciation	7,354,018	-	-	7,354,018	3,836,195	-	-	3,836,195	-	11,190,213
Dining	3,316,219	6,249	-	3,322,468	952,298	14,171	-	966,469	-	4,288,937
Dining - paper products	452,255	-	-	452,255	105,369	-	-	105,369	-	557,624
Dues and subscriptions	24,901	69,896	125	94,922	11,370	29,102	-	40,472	-	135,394
Information technology	1,274,171	8,179	-	1,282,350	160,401	14,365	-	174,766	-	1,457,116
Insurance	1,071,419	66,709	-	1,138,128	264,136	-	-	264,136	-	1,402,264
Licenses	15,408	16,428	-	31,836	3,155	1,720	-	4,875	-	36,711
Maintenance and repair	1,464,893	14,507	-	1,479,400	522,532	12,830	-	535,362	-	2,014,762
Medical services	193,646	-	-	193,646	402,891	-	-	402,891	-	596,537
Medical supplies	150,046	439	-	150,485	2,394	-	-	2,394	-	152,879
Minor Equipment	198,023	12,222	-	210,245	86,939	1,856	-	88,795	-	299,040
Miscellaneous	261,097	22,680	-	283,777	32,104	9,440	-	41,544	-	325,321
Person Centered Initiative	6,284	762	-	7,046	-	-	-	-	-	7,046
Postage	2,741	30,880	-	33,621	1,295	12,373	-	13,668	-	47,289
Recruitment and Retention	129,700	449,564	-	579,264	55,037	120,514	-	175,551	-	754,815
Rent	16,375	161,225	-	177,600	3,183	-	-	3,183	-	180,783
Renovations	385,401	-	-	385,401	24,471	-	-	24,471	-	409,872
Resident Services	244,467	38	-	244,505	97,967	-	-	97,967	-	342,472
Restricted funds spent	79,521	-	-	79,521	3,120	-	-	3,120	-	82,641
Supplies	460,711	58,635	977	520,323	143,311	12,429	-	155,740	-	676,063
Taxes	19,304	-	-	19,304	689,544	508	-	690,052	-	709,356
Travel & Entertainment	9,446	53,243	1,471	64,160	6,414	4,137	-	10,551	-	74,711
Utilities	3,086,988	4,003	-	3,090,991	837,141	400	-	837,541	-	3,928,532
Total operating expenses	\$ 56,208,821	\$ 7,590,938	\$ 241,238	\$ 64,040,997	\$ 16,744,188	\$ 2,678,371	\$ -	\$ 19,422,559	\$ (1,484,216)	\$ 81,979,340

NOTES TO COMBINED FINANCIAL STATEMENTS

18. Government Assistance with COVID-19 Relief Funds

Payroll Protection Loan:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Organization. To date, the Organization is experiencing additional costs in resident care, dining, staffing and loss of revenue from delayed move-ins.

In response to the Coronavirus pandemic, Congress established the Paycheck Protection Program (the PPP) to provide relief to qualifying organizations during the Coronavirus pandemic as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. The legislation authorized Treasury to use the SBA’s 7(a) small business lending program to fund loans of up to \$10 million per borrower that qualifying organizations can spend to cover payroll, mortgage interest, rent, and utilities. In fiscal 2020 WindsorMeade applied for and received a PPP loan in the amount of \$1,142,900. This loan was forgiven in fiscal 2021.

In the spring of 2021, another \$1.9 trillion stimulus package was passed that expanded eligibility for larger 501(c)(3) organizations that employ more than 500 employees in aggregate but less than 500 employees per physical location. This new stimulus package allowed Pinnacle Living to apply and receive \$4,587,820 in payroll protection funds. Forgiveness on this loan was applied to and received by the Small Business Administration in the first quarter of fiscal 2023. This forgiveness revenue is included in other operating revenue on the statement of activities.

The loan balance for Pinnacle Living is included in bonds payable on the combined balance sheet at May 31, 2022.

Health & Human Services (“HHS”) Funding:

Pinnacle Living received \$881,102 in HHS assisted living funding in fiscal 2022.

Federal Emergency Management Agency (“FEMA”) Funding:

In fiscal 2022, Pinnacle Living recorded a revenue in the amount of \$565,077 and WindsorMeade recorded 190,715.

In fiscal 2023, WindsorMeade received \$374,832. Pinnacle Living recorded a receivable in the amount of \$219,114 and is expected to receive those funds in fiscal 2024.

NOTES TO COMBINED FINANCIAL STATEMENTS

19. Prior Year Reclassification

Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation.

20. Subsequent Events

Management has evaluated subsequent events through August 29, 2023, the date which the financial statements were available for issue.



INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY AND OTHER INFORMATION

Board of Directors
Pinnacle Living
Richmond, Virginia

Supplementary Information

We have audited the combined financial statements of Pinnacle Living, WindsorMeade, and Hermitage Capital and Reserve Corporation as of and for the years ended May 31, 2023 and 2022 and have issued our report thereon dated August 29, 2023, which expressed an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining balance sheet as of May 31, 2023 and 2022, the combining statements of activities and the combining statements of cash flows for the year then ended are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises combining balance sheets by community as of May 31, 2023 and 2022, combining statements of activities by community for the years ended May 31, 2023 and 2022, and summary of financial information (unaudited) included in the annual report but does not include the combined financial statements and our auditor's report thereon. Our opinion on the combined financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the combined financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
August 29, 2023

PINNACLE LIVING
SCHEDULE OF COMBINING INFORMATION
COMBINING BALANCE SHEET MAY 31, 2023

	Pinnacle Living		WindsorMeade		Hermitage Capital and Reserve		Sub-Total	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions			
ASSETS									
Current Assets									
Cash and cash equivalents	\$ 6,666,946	\$ -	\$ 2,954,011	\$ -	\$ 657,259	\$ -	\$ 10,278,216	\$ -	\$ 10,278,216
Cash and cash equivalents, with donor restrictions	-	656,096	-	136,954	-	-	793,050	-	793,050
Total cash and cash equivalents	6,666,946	656,096	2,954,011	136,954	657,259	-	11,071,266	-	11,071,266
Accounts receivable, residents, less allowance for uncollectible accounts \$123,066	129,818	-	102,618	-	-	-	232,436	-	232,436
Accounts receivable, other	258,956	-	2,403,450	-	325,000	-	2,987,406	-	2,987,406
Due from affiliate	1,375,069	-	-	-	-	-	1,375,069	(1,375,069)	-
Accrued income receivable	129,366	-	50,576	-	-	-	179,942	-	179,942
Prepaid expenses	591,158	-	89,821	-	-	-	680,979	-	680,979
Other assets	384,462	-	-	-	-	-	384,462	-	384,462
Assets whose use is limited	5,369,420	-	852,947	-	-	-	6,222,367	-	6,222,367
Total current assets	14,905,195	656,096	6,453,423	136,954	982,259	-	23,133,927	(1,375,069)	21,758,858
Beneficial interest in trusts, with donor restrictions	-	15,123,495	-	-	-	-	15,123,495	-	15,123,495
Investments	65,910,296	-	14,281,551	-	28,678,523	-	108,870,370	-	108,870,370
Investments, with donor restrictions	-	5,141,497	-	72,661	-	-	5,214,158	-	5,214,158
Investment in Senior Living Partners of Virginia	-	-	-	-	356,418	-	356,418	-	356,418
Assets whose use is limited	17,108,865	-	2,865,292	-	-	-	19,974,157	-	19,974,157
Other assets	842,897	-	2,493,361	-	-	-	3,336,258	-	3,336,258
Property and equipment, net	133,627,222	-	87,494,160	-	145,692	-	221,267,074	-	221,267,074
Total assets	\$ 232,394,475	\$ 20,921,088	\$ 113,587,787	\$ 209,615	\$ 30,162,892	\$ -	\$ 397,275,857	\$ (1,375,069)	\$ 395,900,788
LIABILITIES AND NET ASSETS									
Liabilities									
Current liabilities									
Accounts payable	\$ 1,963,241	\$ -	\$ 597,786	\$ -	\$ 473,190	\$ -	\$ 3,034,217	\$ -	\$ 3,034,217
Accrued expenses	5,417,615	-	1,708,227	-	-	-	7,125,842	-	7,125,842
Due to affiliate	-	-	1,375,069	-	-	-	1,375,069	(1,375,069)	-
Deposits, prospective residents	222,354	-	242,220	-	-	-	464,574	-	464,574
Bonds payable	2,270,000	-	1,595,000	-	-	-	3,865,000	-	3,865,000
Other liabilities	279,026	-	-	-	-	-	279,026	-	279,026
Total current liabilities	10,152,236	-	5,518,302	-	473,190	-	16,143,728	(1,375,069)	14,768,659
Deposits, future list	632,000	-	443,000	-	-	-	1,075,000	-	1,075,000
Bonds payable, net of OIP of \$1,759,439 and BIC of \$3,010,932	96,772,270	-	55,116,237	-	-	-	151,888,507	-	151,888,507
Deferred revenue, entrance fees	80,367,590	-	26,215,838	-	-	-	106,583,428	-	106,583,428
Refundable fees	2,553,427	-	53,759,860	-	-	-	56,313,287	-	56,313,287
Other liabilities	910,813	-	41,572	-	-	-	952,385	-	952,385
Total liabilities	\$ 191,388,336	\$ -	\$ 141,094,809	\$ -	\$ 473,190	\$ -	\$ 332,956,335	\$ (1,375,069)	\$ 331,581,266
Net Assets									
Without donor restrictions									
Undesignated	\$ 36,013,384	\$ -	\$ (27,507,022)	\$ -	\$ 29,689,702	\$ -	\$ 38,196,064	\$ -	\$ 38,196,064
With board designations	4,992,755	-	-	-	-	-	4,992,755	-	4,992,755
With donor restrictions									
Purpose restricted	-	2,823,655	-	209,615	-	-	3,033,270	-	3,033,270
Perpetual in nature	-	18,097,433	-	-	-	-	18,097,433	-	18,097,433
Total net assets	\$ 41,006,139	\$ 20,921,088	\$ (27,507,022)	\$ 209,615	\$ 29,689,702	\$ -	\$ 64,319,522	\$ -	\$ 64,319,522
Total liabilities and net assets	\$ 232,394,475	\$ 20,921,088	\$ 113,587,787	\$ 209,615	\$ 30,162,892	\$ -	\$ 397,275,857	\$ (1,375,069)	\$ 395,900,788

PINNACLE LIVING
SCHEDULE OF COMBINING INFORMATION
COMBINING BALANCE SHEET MAY 31, 2022

	Pinnacle Living		WindsorMeade		Hermitage Capital and Reserve		Sub-Total	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions			
ASSETS									
Current Assets									
Cash and cash equivalents	\$ 10,071,918	\$ -	\$ 16,262,930	\$ -	\$ 389,598	\$ -	\$ 26,724,446	\$ -	\$ 26,724,446
Cash and cash equivalents, with donor restrictions	-	261,942	-	169,291	-	-	431,233	-	431,233
Total cash and cash equivalents	10,071,918	261,942	16,262,930	169,291	389,598	-	27,155,679	-	27,155,679
Accounts receivable, residents, less allowance for uncollectible accounts \$1,494,811	193,479	-	105,568	-	-	-	299,047	-	299,047
Accounts receivable, other	721,843	-	967,090	-	-	-	1,688,933	-	1,688,933
Due from affiliate	738,482	-	-	-	-	-	738,482	(738,482)	-
Accrued income receivable	117,576	-	-	-	-	-	117,576	-	117,576
Prepaid expenses	233,433	-	50,112	-	-	-	283,545	-	283,545
Other assets	396,350	-	-	-	-	-	396,350	-	396,350
Assets whose use is limited	7,769,232	-	703,055	-	-	-	8,472,287	-	8,472,287
Total current assets	20,242,313	261,942	18,088,755	169,291	389,598	-	39,151,899	(738,482)	38,413,417
Beneficial interest in trusts, with donor restrictions	-	19,739,753	-	-	-	-	19,739,753	-	19,739,753
Investments	47,460,825	-	-	-	15,847,481	-	63,308,306	-	63,308,306
Investments, with donor restrictions	-	5,867,935	-	-	-	-	5,867,935	-	5,867,935
Investment in Senior Living Partners of Virginia	-	-	-	-	236,137	-	236,137	-	236,137
Assets whose use is limited	23,424,666	-	5,704,555	-	-	-	29,129,221	-	29,129,221
Other assets	347,633	-	1,755,900	-	-	-	2,103,533	-	2,103,533
Property and equipment, net	136,542,808	-	88,202,877	-	145,692	-	224,891,377	-	224,891,377
Total assets	\$ 228,018,245	\$ 25,869,630	\$ 113,752,087	\$ 169,291	\$ 16,618,908	\$ -	\$ 384,428,161	\$ (738,482)	\$ 383,689,679
LIABILITIES AND NET ASSETS									
Liabilities									
Current liabilities									
Accounts payable	\$ 2,257,156	\$ -	\$ 346,768	\$ -	\$ -	\$ -	\$ 2,603,924	\$ -	\$ 2,603,924
Accrued expenses	7,170,201	-	2,109,317	-	-	-	9,279,518	-	9,279,518
Due to affiliate	-	-	738,482	-	-	-	738,482	(738,482)	-
Deposits, prospective residents	370,245	-	77,637	-	-	-	447,882	-	447,882
Bonds payable	2,160,000	-	1,570,000	-	-	-	3,730,000	-	3,730,000
Other liabilities	1,388,040	-	-	-	-	-	1,388,040	-	1,388,040
Total current liabilities	13,345,642	-	4,842,204	-	-	-	18,187,846	(738,482)	17,449,364
Deposits, future list	599,000	-	165,000	-	-	-	764,000	-	764,000
Bonds payable, net of OID of \$2,889,347 and BIC of \$3,185,223	104,219,383	-	56,977,561	-	-	-	161,196,944	-	161,196,944
Deferred revenue, entrance fees	77,024,021	-	24,069,963	-	-	-	101,093,984	-	101,093,984
Refundable fees	3,005,913	-	54,052,783	-	-	-	57,058,696	-	57,058,696
Other liabilities	370,371	-	55,110	-	-	-	425,481	-	425,481
Total liabilities	\$ 198,564,330	\$ -	\$ 140,162,621	\$ -	\$ -	\$ -	\$ 338,726,951	\$ (738,482)	\$ 337,988,469
Net Assets									
Without donor restrictions									
Undesignated	\$ 24,291,039	\$ -	\$ (26,410,534)	\$ -	\$ 16,618,908	\$ -	\$ 14,499,413	\$ -	\$ 14,499,413
With board designations	5,162,876	-	-	-	-	-	5,162,876	-	5,162,876
With donor restrictions									
Purpose restricted	-	3,155,939	-	169,291	-	-	3,325,230	-	3,325,230
Perpetual in nature	-	22,713,691	-	-	-	-	22,713,691	-	22,713,691
Total net assets	\$ 29,453,915	\$ 25,869,630	\$ (26,410,534)	\$ 169,291	\$ 16,618,908	\$ -	\$ 45,701,210	\$ -	\$ 45,701,210
Total liabilities and net assets	\$ 228,018,245	\$ 25,869,630	\$ 113,752,087	\$ 169,291	\$ 16,618,908	\$ -	\$ 384,428,161	\$ (738,482)	\$ 383,689,679

PINNACLE LIVING
SCHEDULE OF COMBINING INFORMATION
COMBINING STATEMENT OF ACTIVITIES YEAR ENDED May 31, 2023

	Pinnacle Living		WindsorMeade		Hermitage Capital and Reserve		Sub-Total	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions			
Operating revenues and support									
Resident and Membership Fees	\$ 47,704,319	\$ -	\$ 18,100,242	\$ -	\$ -	\$ -	\$ 65,804,561	\$ -	\$ 65,804,561
Benevolent care	(316,415)	-	-	-	-	-	(316,415)	-	(316,415)
Amortization of deferred revenue from entrance fees	10,332,591	-	2,320,370	-	-	-	12,652,961	-	12,652,961
Ancillary service revenue, net	(10,212)	-	431,045	-	-	-	420,833	-	420,833
Other operating revenue	14,109,285	-	716,745	-	-	-	14,826,030	(1,942,610)	12,883,420
Net assets released from restrictions	490,538	(490,538)	9,414	(9,414)	-	-	-	-	-
Total operating revenues and support	72,310,106	(490,538)	21,577,816	(9,414)	-	-	93,387,970	(1,942,610)	91,445,360
Operating expenses									
Administration	11,098,815	-	3,825,393	-	-	-	14,924,208	(1,942,610)	12,981,598
Marketing	2,068,228	-	601,422	-	-	-	2,669,650	-	2,669,650
General overhead	1,203,209	-	1,029,872	-	-	-	2,233,081	-	2,233,081
Depreciation	7,421,362	-	3,975,448	-	-	-	11,396,810	-	11,396,810
Dining	8,636,600	-	2,548,737	-	-	-	11,185,337	-	11,185,337
Resident services	2,320,876	-	713,171	-	-	-	3,034,047	-	3,034,047
Donor restricted funds spent	167,814	-	9,714	-	-	-	177,528	-	177,528
Building and grounds	8,182,781	-	3,115,442	-	-	-	11,298,223	-	11,298,223
Housekeeping	2,814,556	-	750,178	-	-	-	3,564,734	-	3,564,734
Nursing Neighborhoods	18,210,727	-	5,304,332	-	-	-	23,515,059	-	23,515,059
Total operating expenses	62,124,968	-	21,873,709	-	-	-	83,998,677	(1,942,610)	82,056,067
Change in net assets from operations	10,185,138	(490,538)	(295,893)	(9,414)	-	-	9,389,293	-	9,389,293
Other non-operating changes									
Bequests	160,439	-	-	-	-	-	160,439	-	160,439
Trusts and legacies	1,038,836	-	-	-	-	-	1,038,836	-	1,038,836
Present value change in trusts	-	(4,616,258)	-	-	-	-	(4,616,258)	-	(4,616,258)
Gain (Loss) on disposal of property and equipment	17,458,790	(268,478)	-	-	-	-	17,190,312	-	17,190,312
Contributions	565	521,562	-	48,051	-	-	570,178	-	570,178
Investment income	3,181,423	136,361	452,399	1,687	723,061	-	4,494,931	-	4,494,931
Realized loss on investments	(399,886)	(88,862)	-	-	(533,797)	-	(1,022,545)	-	(1,022,545)
Unrealized loss on investments	(2,378,394)	(142,329)	743,791	-	(719,510)	-	(2,496,442)	-	(2,496,442)
Interest expense	(4,004,531)	-	(1,958,014)	-	-	-	(5,962,545)	-	(5,962,545)
Transfer (to) from affiliate	(13,602,900)	-	-	-	13,602,900	-	-	-	-
Other non-operating charges and fees	(87,256)	-	(38,771)	-	(1,860)	-	(127,887)	-	(127,887)
Total non-operating changes	1,367,086	(4,458,004)	(800,595)	49,738	13,070,794	-	9,229,019	-	9,229,019
Change in net assets	11,552,224	(4,948,542)	(1,096,488)	40,324	13,070,794	-	18,618,312	-	18,618,312
Net assets at the beginning of the year	29,453,915	25,869,630	(26,410,534)	169,291	16,618,908	-	45,701,210	-	45,701,210
Net assets at the end of the year	\$ 41,006,139	20,921,088	\$ (27,507,022)	\$ 209,615	\$ 29,689,702	\$ -	\$ 64,319,522	\$ -	\$ 64,319,522

PINNACLE LIVING
SCHEDULE OF COMBINING INFORMATION
COMBINING STATEMENT OF ACTIVITIES YEAR ENDED May 31, 2022

	Pinnacle Living		WindsorMeade		Hermitage Capital and Reserve		Sub-Total	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions			
Operating revenues and support									
Resident and Membership Fees	\$ 51,059,008	\$ -	\$ 16,470,630	\$ -	\$ -	\$ -	\$ 67,529,638	\$ -	\$ 67,529,638
Benevolent care	(338,136)	-	-	-	-	-	(338,136)	-	(338,136)
Amortization of deferred revenue from entrance fees	10,135,226	-	2,927,680	-	-	-	13,062,906	-	13,062,906
Ancillary service revenue, net	24,493	-	401,108	-	-	-	425,601	-	425,601
Other operating revenue	4,408,679	-	424,924	-	-	-	4,833,603	(1,484,216)	3,349,387
Net assets released from restrictions	417,657	(417,657)	3,120	(3,120)	-	-	-	-	-
Total operating revenues and support	65,706,927	(417,657)	20,227,462	(3,120)	-	-	85,513,612	(1,484,216)	84,029,396
Operating expenses									
Administration	9,988,649	-	3,163,394	-	-	-	13,152,043	(1,484,216)	11,667,827
Marketing	2,505,319	-	612,137	-	-	-	3,117,456	-	3,117,456
General overhead	1,157,480	-	953,321	-	-	-	2,110,801	-	2,110,801
Depreciation	7,354,013	-	3,836,196	-	-	-	11,190,209	-	11,190,209
Dining	9,716,402	-	2,127,267	-	-	-	11,843,669	-	11,843,669
Resident services	2,511,942	-	714,717	-	-	-	3,226,659	-	3,226,659
Donor restricted funds spent	79,521	-	3,120	-	-	-	82,641	-	82,641
Building and grounds	8,419,187	-	2,805,180	-	-	-	11,224,367	-	11,224,367
Housekeeping	3,163,842	-	635,868	-	-	-	3,799,710	-	3,799,710
Nursing Neighborhoods	19,144,642	-	4,571,359	-	-	-	23,716,001	-	23,716,001
Total operating expenses	64,040,997	-	19,422,559	-	-	-	83,463,556	(1,484,216)	81,979,340
Change in net assets from operations	1,665,930	(417,657)	804,903	(3,120)	-	-	2,050,056	-	2,050,056
Other non-operating changes									
Bequests	27,130	-	-	-	-	-	27,130	-	27,130
Trusts and legacies	802,846	-	-	-	-	-	802,846	-	802,846
Present value change in trusts	-	(3,664,585)	-	-	-	-	(3,664,585)	-	(3,664,585)
Loss on disposal of property and equipment	(54,432)	-	-	-	-	-	(54,432)	-	(54,432)
Contributions	13,393	484,284	2,000	77,885	-	-	577,562	-	577,562
Investment income	2,451,164	145,735	533	-	398,977	-	2,996,409	(333,075)	2,663,334
Realized loss on investments	812,975	(75,667)	-	-	(267,307)	-	470,001	-	470,001
Unrealized loss on investments	(5,783,755)	(455,952)	950,781	-	(1,100,447)	-	(6,389,373)	-	(6,389,373)
Interest expense	(3,337,845)	-	(1,820,248)	-	-	-	(5,158,093)	459,108	(4,698,985)
Loss on defeasance	-	-	(12,766,498)	-	-	-	(12,766,498)	324,677	(12,441,821)
Transfer (to) from affiliate	1,171,515	-	288,251	-	(1,459,766)	-	-	-	-
Other non-operating charges and fees	(146,184)	-	17,173	-	(1,027)	-	(130,038)	-	(130,038)
Total non-operating changes	(4,043,193)	(3,566,185)	(13,328,008)	77,885	(2,429,570)	-	(23,289,071)	450,710	(22,838,361)
Change in net assets	(2,377,263)	(3,983,842)	(12,523,105)	74,765	(2,429,570)	-	(21,239,015)	450,710	(20,788,305)
Net assets at the beginning of the year	31,831,178	29,853,472	(13,887,429)	94,526	19,048,478	-	66,940,225	(450,710)	66,489,515
Net assets at the end of the year	\$ 29,453,915	\$ 25,869,630	\$ (26,410,534)	\$ 169,291	\$ 16,618,908	\$ -	\$ 45,701,210	\$ -	\$ 45,701,210

PINNACLE LIVING
SCHEDULE OF COMBINING INFORMATION
COMBINING STATEMENT OF CASH FLOWS YEAR ENDED MAY 31, 2023

	Pinnacle Living	WindsorMeade	HCRC	Sub-Total	Eliminations	Total
Operating Activities						
Change in Net Assets	\$ 6,603,682	\$ (1,056,164)	\$ 13,070,794	\$ 18,618,312	\$ -	\$ 18,618,312
Adjustments to reconcile Change in net assets to net cash provided by (used in) operating activities						
Amortization of deferred revenue from entrance fees	(10,332,591)	(2,320,370)	-	(12,652,961)	-	(12,652,961)
Depreciation	7,421,362	3,975,448	-	11,396,810	-	11,396,810
Amortization of original issue premium	(710,172)	(419,736)	-	(1,129,908)	-	(1,129,908)
Amortization of bond issuance costs	120,879	53,412	-	174,291	-	174,291
Realized loss on investments	488,748	-	533,797	1,022,545	-	1,022,545
Unrealized loss on investments	2,520,723	(743,791)	719,510	2,496,442	-	2,496,442
Gain on disposal of property and equipment	(17,458,790)	-	-	(17,458,790)	-	(17,458,790)
Forgiveness of debt payroll protection program	(4,587,820)	-	-	(4,587,820)	-	(4,587,820)
Change in present value of beneficial interest in trusts	4,616,258	-	-	4,616,258	-	4,616,258
Entrance fees received	14,180,010	6,701,290	-	20,881,300	-	20,881,300
Entrance fees refunded	(965,439)	(4,110,190)	-	(5,075,629)	-	(5,075,629)
Due to/from affiliate	(636,587)	636,587	-	-	-	-
(Increase) decrease in assets						
Accounts receivable	526,548	187,665	(325,000)	389,213	-	389,213
Accrued income receivable	(11,790)	(50,576)	-	(62,366)	-	(62,366)
Prepaid expenses	(357,725)	(39,709)	-	(397,434)	-	(397,434)
Other assets	(483,376)	(737,461)	-	(1,220,837)	-	(1,220,837)
Increase (decrease) in liabilities						
Accounts and resident refunds payable	(293,915)	251,018	473,190	430,293	-	430,293
Accrued expenses	(1,752,586)	(401,090)	-	(2,153,676)	-	(2,153,676)
Deposits	(114,891)	442,583	-	327,692	-	327,692
Other liabilities	(568,572)	(13,538)	-	(582,110)	-	(582,110)
Net cash provided by (used in) operating activities	(1,796,044)	2,355,378	14,472,291	15,031,625	-	15,031,625
Investing Activities						
Proceeds from sales of investment securities	13,233,879	-	3,771,412	17,005,291	-	17,005,291
Purchase of investments	(25,241,667)	(10,959,903)	(17,976,042)	(54,177,612)	-	(54,177,612)
Proceeds from sale of assets	24,495,319	-	-	24,495,319	-	24,495,319
Purchase of property and equipment	(11,542,305)	(3,266,731)	-	(14,809,036)	-	(14,809,036)
Net cash provided by (used in) investing activities	945,226	(14,226,634)	(14,204,630)	(27,486,038)	-	(27,486,038)
Financing Activities						
Payment of debt	(2,160,000)	(1,470,000)	-	(3,630,000)	-	(3,630,000)
Net cash used in financing activities	(2,160,000)	(1,470,000)	-	(3,630,000)	-	(3,630,000)
Net change in cash and cash equivalents	(3,010,818)	(13,341,256)	267,661	(16,084,413)	-	(16,084,413)
Cash and cash equivalents, beginning	10,333,860	16,432,221	389,598	27,155,679	-	27,155,679
Cash and cash equivalents, ending	\$ 7,323,042	\$ 3,090,965	\$ 657,259	\$ 11,071,266	\$ -	\$ 11,071,266
Supplemental disclosure of cash flow information, cash payments for interest, net of amounts capitalized	\$ 5,090,320	\$ 2,879,195	\$ -	7,969,515	\$ -	7,969,515

PINNACLE LIVING
SCHEDULE OF COMBINING INFORMATION
COMBINING STATEMENT OF CASH FLOWS YEAR ENDED MAY 31, 2022

	Pinnacle Living	WindsorMeade	HCRC	Sub-Total	Eliminations	Total
Operating Activities						
Change in Net Assets	\$ (6,361,105)	\$ (12,448,340)	\$ (2,429,570)	\$ (21,239,015)	\$ 450,710	\$ (20,788,305)
Adjustments to reconcile Change in net assets to net cash provided by (used in) operating activities						
Amortization of deferred revenue from entrance fees	(10,135,226)	(2,927,680)	-	(13,062,906)	-	(13,062,906)
Depreciation	7,354,013	3,836,196	-	11,190,209	-	11,190,209
Amortization of original issue premium	(828,571)	(190,863)	-	(1,019,434)	(123,939)	(1,143,373)
Amortization of bond issuance costs	120,885	42,153	-	163,038	(2,094)	160,944
Realized (gain) loss on investments	(737,308)	-	267,307	(470,001)	-	(470,001)
Unrealized (gain) loss on investments	6,239,707	(950,781)	1,100,447	6,389,373	-	6,389,373
Loss on disposal of property and equipment	54,432	-	-	54,432	-	54,432
Forgiveness of debt payroll protection program	-	-	-	-	-	-
Change in present value of beneficial interest in trusts	3,664,585	-	-	3,664,585	-	3,664,585
Loss on defeasance	-	12,766,498	-	12,766,498	(324,677)	12,441,821
Entrance fees received - first generation	1,435,830	-	-	1,435,830	-	1,435,830
Entrance fees received	8,854,246	11,190,325	-	20,044,571	-	20,044,571
Entrance fees refunded	(468,399)	(6,786,540)	-	(7,254,939)	-	(7,254,939)
Due to/from affiliate	(640,597)	640,597	-	-	-	-
(Increase) decrease in assets						
Accounts receivable	(436,606)	(296,283)	-	(732,889)	-	(732,889)
Accrued income receivable	(15,871)	-	-	(15,871)	-	(15,871)
Prepaid expenses	48,065	(8,950)	-	39,115	-	39,115
Other assets	92,797	(13,968)	-	78,829	-	78,829
Increase (decrease) in liabilities						
Accounts and resident refunds payable	142,315	(250,785)	-	(108,470)	-	(108,470)
Accrued expenses	482,981	31,142	-	514,123	-	514,123
Deposits	102,012	(158,597)	-	(56,585)	-	(56,585)
Other liabilities	1,211,160	(56)	-	1,211,104	-	1,211,104
Net cash provided by (used in) operating activities	10,179,345	4,474,068	(1,061,816)	13,591,597	-	13,591,597
Investing Activities						
Proceeds from sales of investment securities	13,233,879	-	-	13,233,879	-	13,233,879
Purchase of investments	(9,223,098)	(341,991)	915,789	(8,649,300)	(7,980,000)	(16,629,300)
Withdrawal from investments	-	-	-	-	-	-
Proceeds from sale of assets	806,926	-	-	806,926	-	806,926
Purchase of property and equipment	(13,189,519)	(2,183,093)	-	(15,372,612)	-	(15,372,612)
Net cash provided by (used in) investing activities	(8,371,812)	(2,525,084)	915,789	(9,981,107)	(7,980,000)	(17,961,107)
Financing Activities						
Bond issuance costs	-	(961,363)	-	(961,363)	-	(961,363)
Original issue premium	-	2,098,667	-	2,098,667	-	2,098,667
Cap premium	-	(750,000)	-	(750,000)	-	(750,000)
Interest expense financed on Series 20013A bonds	-	(2,953,050)	-	(2,953,050)	-	(2,953,050)
Issuance of debt	-	58,240,000	-	58,240,000	-	58,240,000
Payment of debt	(3,272,725)	(54,020,510)	-	(57,293,235)	7,980,000	(49,313,235)
Net cash provided by (used in) financing activities	(3,272,725)	1,653,744	-	(1,618,981)	7,980,000	6,361,019
Net change in cash and cash equivalents	(1,465,192)	3,602,728	(146,027)	1,991,509	-	1,991,509
Cash and cash equivalents, beginning	11,799,052	12,829,493	535,625	25,164,170	-	25,164,170
Cash and cash equivalents, ending	\$ 10,333,860	\$ 16,432,221	\$ 389,598	\$ 27,155,679	\$ -	\$ 27,155,679
Supplemental disclosure of cash flow information, cash payments for interest, net of amounts capitalized	\$ 5,152,011	\$ 2,144,446	\$ -	7,296,457	\$ -	7,296,457

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PINNACLE LIVING

SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES

Pinnacle Living is a “provider” of continuing care, as such term is contemplated under Virginia law. Pinnacle Living facilities are not legal entities unto themselves. Rather, Pinnacle Living facilities are locations where Pinnacle Living provides continuing care for its residents. Accordingly, as is reflected in the foregoing combined financial statements, Pinnacle Living owns all assets of the corporation, and all liabilities of the corporation are incurred by Pinnacle Living in its corporate name.

In consultation with its auditor, Pinnacle Living has determined that the following Combining Balance Sheets by Community accurately reflect the foregoing realities: No Pinnacle Living facility owns assets, and no Pinnacle Living facility incurs obligations in the name of the facility.

However, Pinnacle Living has prepared the following Combining Statements of Activities by Community in an effort to provide information about revenues received and expenses incurred by Pinnacle Living with regard to its various facilities. The reader is cautioned to be mindful of the fact, as stated above, that all such activities are engaged in by the corporation (Pinnacle Living) in these locations, not by the facilities themselves (which are not legal entities), and that this information is more accurately reflected in the Pinnacle Living audited combined financial statements. Indeed, Pinnacle Living’s auditor has not subjected this information to the auditing procedures applied in the audit of the basic financial statements precisely because it does not accurately describe the entity contractually responsible for providing services to the residents. Nevertheless, the following unaudited information is presented in response to Administrative Letter 2013-01 of the Commissioner of Insurance, State Corporation Commission of Virginia, to be reviewed in connection with the foregoing audited combined financial statements of Pinnacle Living, which do accurately reflect such contractual relationship.

PINNACLE LIVING
SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES
COMBINING BALANCE SHEET BY COMMUNITY MAY 31, 2023

	Corporate	Hermitage Northern Virginia	Hermitage Richmond	Hermitage Roanoke	Lydia Roper Home	Cedarfield	Pinnacle Advantage	Pinnacle Living Eliminations	Pinnacle Living Obligated Group
ASSETS									
Current Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,666,946
Cash and cash equivalents, restricted	-	-	-	-	-	-	-	-	656,096
Total cash and cash equivalents	-	-	-	-	-	-	-	-	7,323,042
Accounts receivable, residents, less allowance for uncollectible accounts \$123,066	-	-	-	-	-	-	-	-	129,818
Accounts receivable, other	-	-	-	-	-	-	-	-	258,956
Due from affiliate	-	-	-	-	-	-	-	-	1,375,069
Accrued income receivable	-	-	-	-	-	-	-	-	129,366
Prepaid expenses	-	-	-	-	-	-	-	-	591,158
Other assets	-	-	-	-	-	-	-	-	384,462
Assets whose use is limited	-	-	-	-	-	-	-	-	5,369,420
Total current assets	-	-	-	-	-	-	-	-	15,561,291
Beneficial interest in trusts, with donor restrictions	-	-	-	-	-	-	-	-	15,123,495
Investments	-	-	-	-	-	-	-	-	65,910,296
Investments, with donor restrictions	-	-	-	-	-	-	-	-	5,141,497
Investment in Senior Living Partners of Virginia	-	-	-	-	-	-	-	-	-
Assets whose use is limited	-	-	-	-	-	-	-	-	17,108,865
Other assets	-	-	-	-	-	-	-	-	842,897
Property and equipment, net	-	-	-	-	-	-	-	-	133,627,222
Total assets	-	-	-	-	-	-	-	-	253,315,563
LIABILITIES AND NET ASSETS									
Liabilities									
Current liabilities									
Accounts payable	-	-	-	-	-	-	-	-	1,963,241
Accrued expenses	-	-	-	-	-	-	-	-	5,417,615
Due to affiliate	-	-	-	-	-	-	-	-	-
Deposits, prospective residents	-	-	-	-	-	-	-	-	222,354
Bonds payable	-	-	-	-	-	-	-	-	2,270,000
Other liabilities	-	-	-	-	-	-	-	-	279,026
Total current liabilities	-	-	-	-	-	-	-	-	10,152,236
Deposits, future list	-	-	-	-	-	-	-	-	632,000
Bonds payable, net of OIP of \$1,759,439 and BIC of \$3,010,932	-	-	-	-	-	-	-	-	96,772,270
Deferred revenue, entrance fees	-	-	-	-	-	-	-	-	80,367,590
Refundable fees	-	-	-	-	-	-	-	-	2,553,427
Other liabilities	-	-	-	-	-	-	-	-	910,813
Total liabilities	-	-	-	-	-	-	-	-	191,388,336
NET ASSETS									
Without donor restrictions									
Undesignated	-	-	-	-	-	-	-	-	36,013,384
With board designations	-	-	-	-	-	-	-	-	4,992,755
With donor restrictions									
Purpose restricted	-	-	-	-	-	-	-	-	2,823,655
Perpetual in nature	-	-	-	-	-	-	-	-	18,097,433
Total net assets	-	-	-	-	-	-	-	-	61,927,227
Total liabilities and net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,315,563

PINNACLE LIVING
SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES
COMBINING BALANCE SHEET BY COMMUNITY MAY 31, 2023 (CONTINUED)

	WindsorMeade	HCRC	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,954,011	\$ 657,259	\$ -	\$ 10,278,216
Cash and cash equivalents, restricted	136,954	-	-	793,050
Total cash and cash equivalents	3,090,965	657,259	-	11,071,266
Accounts receivable, residents, less allowance for uncollectible accounts \$123,066	102,618	-	-	232,436
Accounts receivable, other	2,403,450	325,000	-	2,987,406
Due from affiliate	-	-	(1,375,069)	-
Accrued income receivable	50,576	-	-	179,942
Prepaid expenses	89,821	-	-	680,979
Other assets	-	-	-	384,462
Assets whose use is limited	852,947	-	-	6,222,367
Total current assets	6,590,377	982,259	(1,375,069)	21,758,858
Beneficial interest in trusts, with donor restrictions	-	-	-	15,123,495
Investments	14,281,551	28,678,523	-	108,870,370
Investments, with donor restrictions	72,661	-	-	5,214,158
Investment in Senior Living Partners of Virginia	-	356,418	-	356,418
Assets whose use is limited	2,865,292	-	-	19,974,157
Other assets	2,493,361	-	-	3,336,258
Property and equipment, net	87,494,160	145,692	-	221,267,074
Total assets	113,797,402	30,162,892	(1,375,069)	395,900,788
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	597,786	473,190	-	3,034,217
Accrued expenses	1,708,227	-	-	7,125,842
Due to affiliate	1,375,069	-	(1,375,069)	-
Deposits, prospective residents	242,220	-	-	464,574
Bonds payable	1,595,000	-	-	3,865,000
Other liabilities	-	-	-	279,026
Total current liabilities	5,518,302	473,190	(1,375,069)	14,768,659
Deposits, future list	443,000	-	-	1,075,000
Bonds payable, net of OIP of \$1,759,439 and BIC of \$3,010,932	55,116,237	-	-	151,888,507
Deferred revenue, entrance fees	26,215,838	-	-	106,583,428
Refundable fees	53,759,860	-	-	56,313,287
Other liabilities	41,572	-	-	952,385
Total liabilities	141,094,809	473,190	(1,375,069)	331,581,266
NET ASSETS				
Without donor restrictions				
Undesignated	(27,507,022)	29,689,702	-	38,196,064
With board designations	-	-	-	4,992,755
With donor restrictions				
Purpose restricted	209,615	-	-	3,033,270
Perpetual in nature	-	-	-	18,097,433
Total net assets	(27,297,407)	29,689,702	-	64,319,522
Total liabilities and net assets	\$ 113,797,402	\$ 30,162,892	\$ (1,375,069)	\$ 395,900,788

PINNACLE LIVING
SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES
COMBINING BALANCE SHEET BY COMMUNITY MAY 31, 2022

	Corporate	Hermitage Northern Virginia	Hermitage Richmond	Hermitage Roanoke	Lydia Roper Home	Cedarfield	Pinnacle Advantage	Pinnacle Living Eliminations	Pinnacle Living Obligated Group
ASSETS									
Current Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,071,918
Cash and cash equivalents, restricted	-	-	-	-	-	-	-	-	261,942
Total cash and cash equivalents	-	-	-	-	-	-	-	-	10,333,860
Accounts receivable, residents, less allowance for uncollectible accounts \$1,494,811	-	-	-	-	-	-	-	-	193,479
Accounts receivable, other	-	-	-	-	-	-	-	-	721,843
Due from affiliate	-	-	-	-	-	-	-	-	738,482
Accrued income receivable	-	-	-	-	-	-	-	-	117,576
Prepaid expenses	-	-	-	-	-	-	-	-	233,433
Other assets	-	-	-	-	-	-	-	-	396,350
Assets whose use is limited	-	-	-	-	-	-	-	-	7,769,232
Total current assets	-	-	-	-	-	-	-	-	20,504,255
Beneficial interest in trusts, with donor restrictions	-	-	-	-	-	-	-	-	19,739,753
Investments	-	-	-	-	-	-	-	-	47,460,825
Investments, with donor restrictions	-	-	-	-	-	-	-	-	5,867,935
Investment in Senior Living Partners of Virginia	-	-	-	-	-	-	-	-	-
Assets whose use is limited	-	-	-	-	-	-	-	-	23,424,666
Other assets	-	-	-	-	-	-	-	-	347,633
Property and equipment, net	-	-	-	-	-	-	-	-	136,542,808
Total assets	-	-	-	-	-	-	-	-	253,887,875
LIABILITIES AND NET ASSETS									
Liabilities									
Current liabilities									
Accounts payable	-	-	-	-	-	-	-	-	2,257,156
Accrued expenses	-	-	-	-	-	-	-	-	7,170,201
Due to affiliate	-	-	-	-	-	-	-	-	-
Deposits, prospective residents	-	-	-	-	-	-	-	-	370,245
Bonds payable	-	-	-	-	-	-	-	-	2,160,000
Other liabilities	-	-	-	-	-	-	-	-	1,388,040
Total current liabilities	-	-	-	-	-	-	-	-	13,345,642
Deposits, future list	-	-	-	-	-	-	-	-	599,000
Bonds payable, net of OID of \$2,889,347 and BIC of \$3,185,223	-	-	-	-	-	-	-	-	104,219,383
Deferred revenue, entrance fees	-	-	-	-	-	-	-	-	77,024,021
Refundable fees	-	-	-	-	-	-	-	-	3,005,913
Other liabilities	-	-	-	-	-	-	-	-	370,371
Total liabilities	-	-	-	-	-	-	-	-	198,564,330
NET ASSETS									
Without donor restrictions									
Undesignated	-	-	-	-	-	-	-	-	24,291,039
With board designations	-	-	-	-	-	-	-	-	5,162,876
With donor restrictions									
Purpose restricted	-	-	-	-	-	-	-	-	3,155,939
Perpetual in nature	-	-	-	-	-	-	-	-	22,713,691
Total net assets	-	-	-	-	-	-	-	-	55,323,545
Total liabilities and net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,887,875

PINNACLE LIVING
SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES
COMBINING BALANCE SHEET BY COMMUNITY MAY 31, 2022 (CONTINUED)

	WindsorMeade	HCRC	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 16,262,930	\$ 389,598	\$ -	\$ 26,724,446
Cash and cash equivalents, restricted	169,291	-	-	431,233
Total cash and cash equivalents	16,432,221	389,598	-	27,155,679
Accounts receivable, residents, less allowance for uncollectible accounts \$1,494,811	105,568	-	-	299,047
Accounts receivable, other	967,090	-	-	1,688,933
Due from affiliate	-	-	(738,482)	-
Accrued income receivable	-	-	-	117,576
Prepaid expenses	50,112	-	-	283,545
Other assets	-	-	-	396,350
Assets whose use is limited	703,055	-	-	8,472,287
Total current assets	18,258,046	389,598	(738,482)	38,413,417
Beneficial interest in trusts, with donor restrictions	-	-	-	19,739,753
Investments	-	15,847,481	-	63,308,306
Investments, with donor restrictions	-	-	-	5,867,935
Investment in Senior Living Partners of Virginia	-	236,137	-	236,137
Assets whose use is limited	5,704,555	-	-	29,129,221
Other assets	1,755,900	-	-	2,103,533
Property and equipment, net	88,202,877	145,692	-	224,891,377
Total assets	113,921,378	16,618,908	(738,482)	383,689,679
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	346,768	-	-	2,603,924
Accrued expenses	2,109,317	-	-	9,279,518
Due to affiliate	738,482	-	(738,482)	-
Deposits, prospective residents	77,637	-	-	447,882
Bonds payable	1,570,000	-	-	3,730,000
Other liabilities	-	-	-	1,388,040
Total current liabilities	4,842,204	-	(738,482)	17,449,364
Deposits, future list	165,000	-	-	764,000
Bonds payable, net of OID of \$2,889,347 and BIC of \$3,185,223	56,977,561	-	-	161,196,944
Deferred revenue, entrance fees	24,069,963	-	-	101,093,984
Refundable fees	54,052,783	-	-	57,058,696
Other liabilities	55,110	-	-	425,481
Total liabilities	140,162,621	-	(738,482)	337,988,469
NET ASSETS				
Without donor restrictions				
Undesignated	(26,410,534)	16,618,908	-	14,499,413
With board designations	-	-	-	5,162,876
With donor restrictions				
Purpose restricted	169,291	-	-	3,325,230
Perpetual in nature	-	-	-	22,713,691
Total net assets	(26,241,243)	16,618,908	-	45,701,210
Total liabilities and net assets	\$ 113,921,378	\$ 16,618,908	\$ (738,482)	\$ 383,689,679

PINNACLE LIVING
SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES
COMBINING STATEMENT OF ACTIVITIES BY COMMUNITY YEAR ENDED MAY 31, 2023

	Corporate	Hermitage Northern Virginia	Hermitage Richmond	Hermitage Roanoke	Cedarfield	Pinnacle Advantage	Pinnacle Living Eliminations	Pinnacle Living Obligated Group
Operating revenues and support								
Residents' / membership fees	\$ -	\$ 1,609,202	\$ 12,607,717	\$ 4,383,438	\$ 28,957,801	\$ 146,161	\$ -	\$ 47,704,319
Benevolent care	-	-	(214,365)	(61,014)	(41,036)	-	-	(316,415)
Amortization of deferred revenue from entrance fees	-	-	-	-	10,185,392	147,199	-	10,332,591
Ancillary service revenue, net	-	1,126	1,248	(18,303)	5,717	-	-	(10,212)
Other operating revenue	17,536,507	(981)	309,300	165,445	1,431,744	7,261	(5,339,991)	14,109,285
Total operating revenue	17,536,507	1,609,347	12,703,900	4,469,566	40,539,618	300,621	(5,339,991)	71,819,568
Operating expenses								
Administrative	7,097,680	350,558	2,035,966	939,865	5,973,851	40,886	(5,339,991)	11,098,815
Marketing	86,584	94,843	628,111	521,274	635,147	102,269	-	2,068,228
General overhead	222,217	37,449	259,915	105,399	578,229	-	-	1,203,209
Depreciation	531,635	177,994	720,010	212,895	5,778,828	-	-	7,421,362
Dining	-	340,249	1,851,361	1,021,917	5,423,073	-	-	8,636,600
Resident services	-	60,847	561,209	268,632	1,430,188	-	-	2,320,876
Donor restricted funds spent	-	1,150	1,015	3,376	162,273	-	-	167,814
Building and grounds	142,901	295,992	1,404,963	1,015,969	5,322,956	-	-	8,182,781
Housekeeping	-	114,026	922,782	186,007	1,591,741	-	-	2,814,556
Nursing / Neighborhoods	-	473,802	5,988,207	2,123,657	9,625,061	-	-	18,210,727
Total operating expenses	8,081,017	1,946,910	14,373,539	6,398,991	36,521,347	143,155	(5,339,991)	62,124,968
Excess (deficiency) from operations¹	9,455,490	(337,563)	(1,669,639)	(1,929,425)	4,018,271	157,466	-	9,694,600
Other non-operating charges								
Bequests	158,149	-	2,149	141	-	-	-	160,439
Trusts and legacies	151,658	-	29,440	857,738	-	-	-	1,038,836
Present value of trusts	(688,283)	-	(184,189)	(3,733,168)	(10,618)	-	-	(4,616,258)
Gain (loss) on disposal of property and equipment	(12,062)	17,469,422	-	1,430	-	-	-	17,458,790
Gain (loss) on disposal of property and equipment - Restricted	-	(268,478)	-	-	-	-	-	(268,478)
Contributions - Unrestricted	52	-	-	-	513	-	-	565
Contributions - Restricted	70,186	1,000	50,894	25,662	373,820	-	-	521,562
Investment income	2,494,272	-	20,884	-	666,267	-	-	3,181,423
Investment income - Restricted	82,555	-	6,435	-	47,371	-	-	136,361
Realized gain (loss) on investments	(375,691)	-	(24,195)	-	-	-	-	(399,886)
Realized gain (loss) on investments - Restricted	(53,728)	-	(1,043)	-	(34,091)	-	-	(88,862)
Unrealized gain (loss) on investments	(2,328,970)	-	(49,424)	-	-	-	-	(2,378,394)
Unrealized gain (loss) on investments - Restricted	(101,176)	-	7,172	-	(48,325)	-	-	(142,329)
Interest expense	(5,360)	-	-	-	(4,982,190)	-	-	(4,987,550)
Capitalized interest	-	-	-	-	393,731	-	-	393,731
Original issue premium	-	-	-	-	710,176	-	-	710,176
Bond issuance costs	-	-	-	-	(120,888)	-	-	(120,888)
Loss on defeasance of debt	-	-	-	-	-	-	-	-
Transfer (to) from affiliate	(13,602,900)	-	-	-	-	-	-	(13,602,900)
Other	26,127	-	(1,958)	(982)	(109,939)	(504)	-	(87,256)
Total non-operating charges	(14,185,171)	17,201,944	(143,835)	(2,849,179)	(3,114,173)	(504)	-	(3,090,918)
Excess (deficiency)²	\$ (4,729,681)	\$ 16,864,381	\$ (1,813,474)	\$ (4,778,604)	\$ 904,098	\$ 156,962	\$ -	\$ 6,603,682

¹This line item corresponds to the *Change in net assets from operations* line item on the Combining Statement of Activities.

²This line item corresponds to the *Change in net assets* line item on the Combining Statement of Activities.

PINNACLE LIVING
SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES
COMBINING STATEMENT OF ACTIVITIES BY COMMUNITY YEAR ENDED MAY 31, 2023 (CONTINUED)

	WindsorMeade	HCRC	Eliminations	Total
Operating revenues and support				
Residents' / membership fees	\$ 18,100,242	\$ -	\$ -	\$ 65,804,561
Benevolent care	-	-	-	(316,415)
Amortization of deferred revenue from entrance fees	2,320,370	-	-	12,652,961
Ancillary service revenue, net	431,045	-	-	420,833
Other operating revenue	716,745	-	(1,942,610)	12,883,420
Total operating revenue	21,568,402	-	(1,942,610)	91,445,360
Operating expenses				
Administrative	3,825,393	-	(1,942,610)	12,981,598
Marketing	601,422	-	-	2,669,650
General overhead	1,029,872	-	-	2,233,081
Depreciation	3,975,448	-	-	11,396,810
Dining	2,548,737	-	-	11,185,337
Resident services	713,171	-	-	3,034,047
Donor restricted funds spent	9,714	-	-	177,528
Building and grounds	3,115,442	-	-	11,298,223
Housekeeping	750,178	-	-	3,564,734
Nursing / Neighborhoods	5,304,332	-	-	23,515,059
Total operating expenses	21,873,709	-	(1,942,610)	82,056,067
Excess (deficiency) from operations ¹	(305,307)	-	-	9,389,293
Other non-operating charges				
Bequests	-	-	-	160,439
Trusts and legacies	-	-	-	1,038,836
Present value of trusts	-	-	-	(4,616,258)
Gain (loss) on disposal of property and equipment	-	-	-	17,458,790
Gain (loss) on disposal of property and equipment - Restricted	-	-	-	(268,478)
Contributions - Unrestricted	-	-	-	565
Contributions - Restricted	48,051	-	-	569,613
Investment income	452,399	723,061	-	4,356,883
Investment income - Restricted	1,687	-	-	138,048
Realized gain (loss) on investments	-	(533,797)	-	(933,683)
Realized gain (loss) on investments - Restricted	-	-	-	(88,862)
Unrealized gain (loss) on investments	743,791	(719,510)	-	(2,354,113)
Unrealized gain (loss) on investments - Restricted	-	-	-	(142,329)
Interest expense	(2,324,338)	-	-	(7,311,888)
Capitalized interest	-	-	-	393,731
Original issue premium	419,736	-	-	1,129,912
Bond issuance costs	(53,412)	-	-	(174,300)
Loss on defeasance of debt	-	-	-	-
Transfer (to) from affiliate	-	13,602,900	-	-
Other	(38,771)	(1,860)	-	(127,887)
Total non-operating charges	(750,857)	13,070,794	-	9,229,019
Excess (deficiency) ²	\$ (1,056,164)	\$ 13,070,794	\$ -	\$ 18,618,312

¹This line item corresponds to the *Change in net assets from operations* line item on the Combining Statement of Activities.

²This line item corresponds to the *Change in net assets* line item on the Combining Statement of Activities.

PINNACLE LIVING
SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES
COMBINING STATEMENT OF ACTIVITIES BY COMMUNITY YEAR ENDED MAY 31, 2022

	Corporate	Hermitage Northern Virginia	Hermitage Richmond	Hermitage Roanoke	Lydia Roper Home	Cedarfield	Pinnacle Advantage	Pinnacle Living Eliminations	Pinnacle Living Obligated Group
Operating revenues and support									
Residents' / membership fees	\$ -	\$ 8,073,699	\$ 12,710,095	\$ 3,826,758	\$ -	\$ 26,352,068	\$ 96,388	\$ -	\$ 51,059,008
Benevolent care	-	-	(297,601)	(98,638)	-	58,103	-	-	(338,136)
Amortization of deferred revenue from entrance fees	-	-	-	6,122	-	10,062,737	66,367	-	10,135,226
Ancillary service revenue, net	-	3,778	(9,678)	(9,494)	-	39,887	-	-	24,493
Other operating revenue	5,928,575	212,515	324,713	174,607	-	1,333,371	1,609	(3,566,711)	4,408,679
Total operating revenue	5,928,575	8,289,992	12,727,529	3,899,355	-	37,846,166	164,364	(3,566,711)	65,289,270
Operating expenses									
Administrative	5,839,734	1,412,256	1,679,993	811,708	-	3,773,043	38,626	(3,566,711)	9,988,649
Marketing	37,616	528,410	599,555	455,468	-	770,721	113,549	-	2,505,319
General overhead	2,190	208,214	277,691	100,070	5,934	563,381	-	-	1,157,480
Depreciation	298,282	1,229,582	768,270	231,042	21,960	4,804,877	-	-	7,354,013
Dining	-	1,824,783	1,765,086	921,162	-	5,205,371	-	-	9,716,402
Resident services	-	369,433	504,563	235,358	-	1,402,588	-	-	2,511,942
Donor restricted funds spent	-	-	3,476	5,740	-	70,305	-	-	79,521
Building and grounds	70,926	1,254,396	1,470,051	926,254	7,832	4,689,645	83	-	8,419,187
Housekeeping	-	648,061	875,412	158,687	-	1,481,682	-	-	3,163,842
Nursing / Neighborhoods	-	2,675,347	6,306,519	1,929,271	-	8,233,505	-	-	19,144,642
Total operating expenses	6,248,748	10,150,482	14,250,616	5,774,760	35,726	30,995,118	152,258	(3,566,711)	64,040,997
Excess (deficiency) from operations¹	(320,173)	(1,860,490)	(1,523,087)	(1,875,405)	(35,726)	6,851,048	12,106	-	1,248,273
Other non-operating charges									
Bequests	-	4,611	5,696	2,719	-	14,104	-	-	27,130
Trusts and legacies	-	20,470	49,524	673,573	-	59,279	-	-	802,846
Present value of trusts	-	(93,260)	(274,613)	(2,990,558)	-	(306,154)	-	-	(3,664,585)
Gain (loss) on disposal of property and equipment	-	(1,457)	(1,416)	(644)	(52,137)	1,222	-	-	(54,432)
Gain (loss) on disposal of property and equipment - Restricted	-	-	-	-	-	-	-	-	-
Contributions - Unrestricted	-	16,053	66	31	-	(2,757)	-	-	13,393
Contributions - Restricted	88,143	2,656	29,919	40,940	-	322,626	-	-	484,284
Investment income	-	-	-	-	-	2,451,164	-	-	2,451,164
Investment income - Restricted	64,107	7,571	42,771	-	-	31,286	-	-	145,735
Realized gain (loss) on investments	-	-	-	-	-	812,975	-	-	812,975
Realized gain (loss) on investments - Restricted	(28,348)	(20,237)	(18,641)	-	-	(8,441)	-	-	(75,667)
Unrealized gain (loss) on investments	122,786	-	-	-	-	(5,906,541)	-	-	(5,783,755)
Unrealized gain (loss) on investments - Restricted	73,485	(26,715)	(529,177)	-	-	26,455	-	-	(455,952)
Interest expense	-	(471)	(605)	(289)	-	(5,156,001)	-	-	(5,157,366)
Capitalized interest	-	-	-	-	-	1,111,835	-	-	1,111,835
Original issue premium	-	-	-	-	-	828,571	-	-	828,571
Bond issuance costs	-	-	-	-	-	(120,885)	-	-	(120,885)
Loss on defeasance of debt	-	-	-	-	-	-	-	-	-
Transfer (to) from affiliate	-	48,519	340,213	103,219	-	679,564	-	-	1,171,515
Other	-	(8,133)	(13,171)	(6,144)	-	(118,196)	(540)	-	(146,184)
Total non-operating charges	320,173	(50,393)	(369,434)	(2,177,153)	(52,137)	(5,279,894)	(540)	-	(7,609,378)
Excess (deficiency)²	\$ -	\$ (1,910,883)	\$ (1,892,521)	\$ (4,052,558)	\$ (87,863)	\$ 1,571,154	\$ 11,566	\$ -	\$ (6,361,105)

¹This line item corresponds to the *Change in net assets from operations* line item on the Combining Statement of Activities.

²This line item corresponds to the *Change in net assets* line item on the Combining Statement of Activities.

PINNACLE LIVING
SUPPLEMENTAL INFORMATION AND OTHER REQUIRED DISCLOSURES
COMBINING STATEMENT OF ACTIVITIES BY COMMUNITY YEAR ENDED MAY 31, 2022 (CONTINUED)

	WindsorMeade	HCRC	Eliminations	Total
Operating revenues and support				
Residents' / membership fees	\$ 16,470,630	\$ -	\$ -	\$ 67,529,638
Benevolent care	-	-	-	(338,136)
Amortization of deferred revenue from entrance fees	2,927,680	-	-	13,062,906
Ancillary service revenue, net	401,108	-	-	425,601
Other operating revenue	424,924	-	(1,484,216)	3,349,387
Total operating revenue	20,224,342	-	(1,484,216)	84,029,396
Operating expenses				
Administrative	3,163,394	-	(1,484,216)	11,667,827
Marketing	612,137	-	-	3,117,456
General overhead	953,321	-	-	2,110,801
Depreciation	3,836,196	-	-	11,190,209
Dining	2,127,267	-	-	11,843,669
Resident services	714,717	-	-	3,226,659
Donor restricted funds spent	3,120	-	-	82,641
Building and grounds	2,805,180	-	-	11,224,367
Housekeeping	635,868	-	-	3,799,710
Nursing / Neighborhoods	4,571,359	-	-	23,716,001
Total operating expenses	19,422,559	-	(1,484,216)	81,979,340
Excess (deficiency) from operations ¹	801,783	-	-	2,050,056
Other non-operating charges				
Bequests	-	-	-	27,130
Trusts and legacies	-	-	-	802,846
Present value of trusts	-	-	-	(3,664,585)
Gain (loss) on disposal of property and equipment	-	-	-	(54,432)
Gain (loss) on disposal of property and equipment - Restricted	-	-	-	-
Contributions - Unrestricted	2,000	-	-	15,393
Contributions - Restricted	77,885	-	-	562,169
Investment income	533	398,977	(333,075)	2,517,599
Investment income - Restricted	-	-	-	145,735
Realized gain (loss) on investments	-	(267,307)	-	545,668
Realized gain (loss) on investments - Restricted	-	-	-	(75,667)
Unrealized gain (loss) on investments	950,781	(1,100,447)	-	(5,933,421)
Unrealized gain (loss) on investments - Restricted	-	-	-	(455,952)
Interest expense	(1,968,958)	-	333,075	(6,793,249)
Capitalized interest	-	-	-	1,111,835
Original issue premium	190,863	-	123,939	1,143,373
Bond issuance costs	(42,153)	-	2,094	(160,944)
Loss on defeasance of debt	(12,766,498)	-	324,677	(12,441,821)
Transfer (to) from affiliate	288,251	(1,459,766)	-	-
Other	17,173	(1,027)	-	(130,038)
Total non-operating charges	(13,250,123)	(2,429,570)	450,710	(22,838,361)
Excess (deficiency) ²	\$ (12,448,340)	\$ (2,429,570)	\$ 450,710	\$ (20,788,305)

¹This line item corresponds to the *Change in net assets from operations* line item on the Combining Statement of Activities.

²This line item corresponds to the *Change in net assets* line item on the Combining Statement of Activities.

SUMMARY OF FINANCIAL INFORMATION
HERMITAGE NORTHERN VIRGINIA
AS OF MAY 31, 2023 AND 2022

	Current Year	Prior Year
Balance Sheet Summary:		
Total assets	\$ --	\$ --
Total liabilities	\$ --	\$ --
Total net assets	\$ --	\$ --
Statement of Activities Summary:		
Total operating revenues	\$ 1,609,347	\$ 8,289,992
Total operating expenses	\$ 1,946,910	\$ 10,150,482
Deficiency from operations	\$ (337,563)	\$ (1,860,490)
Total non-operating charges and fees	\$ 17,201,944	\$ (50,393)
Excess (deficiency)	\$ 16,864,381	\$ (1,910,883)

Narrative on Financial Condition FY 2023:

As of August 1, 2022. Pinnacle Living has sold Hermitage Northern Virginia to Goodwin Living.

Summary of Occupancy Information:

	Capacity of Residences ²	Average Occupancy	Percentage Occupancy
Independent Living / Assisted Living ¹	N/A	N/A	N/A
Health Care	N/A	N/A	N/A

SUMMARY OF FINANCIAL INFORMATION
HERMITAGE RICHMOND
AS OF MAY 31, 2023 AND 2022

	Current Year	Prior Year
Balance Sheet Summary:		
Total assets	\$ --	\$ --
Total liabilities	\$ --	\$ --
Total net assets	\$ --	\$ --
Statement of Activities Summary:		
Total operating revenues	\$ 12,703,900	\$ 12,727,529
Total operating expenses	\$ 14,373,539	\$ 14,250,616
Excess from operations	\$ (1,669,639)	\$ (1,523,087)
Total non-operating charges and fees	\$ (143,835)	\$ (369,434)
Deficiency	\$ (1,813,474)	\$ (1,892,521)

Narrative on Financial Condition FY 2023:

Hermitage Richmond (“Richmond”) change in net assets from operations is lower year-over-year. Revenues were flat year-over-year even though average census was a little higher. This was based on payor mix. Expenses were higher primarily caused by inflation. To offset higher expenses, Richmond was able to reduce employee count through attrition.

Summary of Occupancy Information:

	Capacity of Residences ²	Average Occupancy	Percentage Occupancy
Independent Living / Assisted Living ¹	119	88	74%
Health Care	70	44	63%

¹Hermitage Richmond’s residence configuration allows a resident to remain in their residence in either independent living or assisted living. Therefore, independent living and assisted living are combined.

²Capacity of residences does not include any residences that are offline due to either renovation or other purposes. The health care capacity equals the number of beds that are active and would not include any bed offline for residence renovations or due to a resident paying for a private vs. semi-private room.

SUMMARY OF FINANCIAL INFORMATION
HERMITAGE ROANOKE
AS OF MAY 31, 2023 AND 2022

	Current Year	Prior Year
Balance Sheet Summary:		
Total assets	\$ --	\$ --
Total liabilities	\$ --	\$ --
Total net assets	\$ --	\$ --
Statement of Activities Summary:		
Total operating revenues	\$ 4,469,566	\$ 3,899,355
Total operating expenses	\$ 6,398,991	\$ 5,774,760
Deficiency from operations	\$ (1,929,425)	\$ (1,875,405)
Total non-operating charges and fees	\$ (2,849,179)	\$ (2,177,153)
Deficiency	\$ (4,778,604)	\$ (4,052,558)

Narrative on Financial Condition FY 2023:

Hermitage Roanoke (“Roanoke”) change in net assets from operations is lower year-over-year. Average census was higher in fiscal 2023. However, this was offset by inflationary factors that influenced maintenance, utilities and, most notably, salaries. Roanoke is aided by a few dedicated perpetual trusts that amounted to receiving an additional \$858,000.

Summary of Occupancy Information:

	Capacity of Residences ¹	Average Occupancy	Percentage Occupancy
Independent Living	22	21	95%
Assisted Living	50	42	84%
Health Care	14	12	86%

¹Capacity of residences does not include any residences that are offline due to either renovation or other purposes. The health care capacity equals the number of beds that are active and would not include any bed offline for residence renovations or due to a resident paying for a private room vs. semi-private room.

SUMMARY OF FINANCIAL INFORMATION
 LYDIA ROPER HOME
 AS OF MAY 31, 2023 AND 2022

	Current Year	Prior Year
Balance Sheet Summary:		
Total assets	\$ --	\$ --
Total liabilities	\$ --	\$ --
Total net assets	\$ --	\$ --
Statement of Activities Summary:		
Total operating revenues	\$ --	\$ --
Total operating expenses	\$ --	\$ 35,726
Deficiency from operations	\$ --	\$ (35,726)
Total non-operating charges and fees	\$ --	\$ 52,137
Deficiency	\$ --	\$ (87,863)

Narrative on Financial Condition FY 2023:

Lydia Roper Home closed effective January 31, 2019 and was sold in this fiscal year for \$799,675.

Summary of Occupancy Information:

	Capacity of Residences	Average Occupancy	Percentage Occupancy
Independent Living / Assisted Living	N/A	N/A	N/A

SUMMARY OF FINANCIAL INFORMATION
CEDARFIELD
AS OF MAY 31, 2023 AND 2022

	Current Year	Prior Year
Balance Sheet Summary:		
Total assets	\$ --	\$ --
Total liabilities	\$ --	\$ --
Total net assets	\$ --	\$ --
Statement of Activities Summary:		
Total operating revenues	\$ 40,539,618	\$ 37,846,166
Total operating expenses	\$ 36,521,347	\$ 30,995,118
Excess from operations	\$ 4,018,271	\$ 6,851,048
Total non-operating charges and fees	\$ (3,114,173)	\$ (5,279,894)
Excess	\$ 904,098	\$ 1,571,154

Narrative on Financial Condition FY 2023:

Cedarfield change in net assets from operations is lower year-over-year. Resident fees were higher due to an increase in census. However, this was offset by inflationary factors affecting maintenance, food costs and, most notably, salaries. Rising interest rates aided Cedarfield’s investments as it’s funds with the Trustee provided an additional \$666,000 in funds for capital projects.

Summary of Occupancy Information:

	Capacity of Residences ¹	Average Occupancy	Percentage Occupancy
Independent Living	341	319	94%
Assisted Living	65	60	92%
Health Care	60	57	95%

¹Capacity of residences does not include any residences that are offline due to either renovation or other purposes. The health care capacity equals the number of beds that are active and would not include any bed offline for residence renovations or due to a resident paying for a private room vs. semi-private room.

SUMMARY OF FINANCIAL INFORMATION
WINDSORMEADE
AS OF MAY 31, 2023 AND 2022

	Current Year	Prior Year
Balance Sheet Summary:		
Total assets	\$ 113,797,402	\$ 113,921,378
Total liabilities	\$ 141,094,809	\$ 140,162,621
Total net assets	\$ (27,297,407)	\$ (26,241,243)
Statement of Activities Summary:		
Total operating revenues	\$ 21,568,402	\$ 20,224,342
Total operating expenses	\$ 21,873,709	\$ 19,422,559
Excess (deficiency) from operations	\$ (305,307)	\$ 801,783
Total non-operating charges and fees	\$ (750,857)	\$ (13,250,123)
Deficiency	\$ (1,056,164)	\$ (12,448,340)

Narrative on Financial Condition FY 2023:

WindsorMeade produced a change in net assets from operations lower than budget by \$1.1M. While revenues were higher due to higher occupancy and a one-time payment from FEMA in the amount of \$374K, it was not enough to offset increases in expenses primarily due to salaries. The increase in salaries, however, has very much limited any agency usage since the beginning of January, providing better continuity of services to the WindsorMeade residents. Non-operating items are performing better than the budget due to investment income and the increase in the cap due to rising interest rates. (The cap value is factored out of all bond covenants.) This has caused the total change in net assets to be lower than the budget by \$250K.

Summary of Occupancy Information:

	Capacity of Residences ¹	Average Occupancy	Percentage Occupancy
Independent Living	181	177	98%
Assisted Living	32	30	94%
Health Care	22	19	86%

¹Capacity of residences does not include any residences that are offline due to either renovation or other purposes. The health care capacity equals the number of beds that are active and would not include any bed offline for residence renovations or due to a resident paying for a private room vs. semi-private room.

Exhibit B

WindsorMeade Williamsburg
 Pro Forma Statements of Activities
 Years Ended May 31, 2024 – May 31, 2028

	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028
Operating revenues and support					
Residents' / membership fees	\$ 19,207,992	\$ 19,784,232	\$ 20,377,759	\$ 20,989,092	\$ 21,618,765
Benevolent care	(61,464)	(63,308)	(65,207)	(67,163)	(69,178)
Amortization of deferred revenue from entrance fees	2,500,000	2,575,000	2,652,250	2,731,818	2,813,773
Ancillary service revenue, net	10,943	11,271	11,609	11,957	12,316
Ancillary service revenue, Medicare	480,182	494,587	509,425	524,708	540,449
Other operating revenue	268,647	276,706	285,007	293,557	302,364
Total operating revenue	22,406,300	23,078,488	23,770,843	24,483,969	25,218,489
Operating expenses					
Administrative	1,881,954	1,938,413	1,996,565	2,056,462	2,118,156
Marketing	705,294	726,453	748,247	770,694	793,815
General overhead	1,017,071	1,047,583	1,079,010	1,111,380	1,144,721
Depreciation	3,935,718	4,053,790	4,175,404	4,300,666	4,429,686
Dining	2,759,942	2,842,740	2,928,022	3,015,863	3,106,339
Resident services	793,907	817,724	842,256	867,524	893,550
Building and grounds	3,153,529	3,248,135	3,345,579	3,445,946	3,549,324
Housekeeping	781,426	804,869	829,015	853,885	879,502
Nursing / Neighborhoods	5,152,321	5,306,891	5,466,098	5,630,081	5,798,983
Administrative services agreement	1,792,504	1,846,279	1,901,667	1,958,718	2,017,479
Total operating expenses	21,973,666	22,632,877	23,311,863	24,011,219	24,731,555
Change in net assets from operations	432,634	445,611	458,980	472,750	486,934
Other non-operating charges					
Investment income	480,000	457,160	421,501	437,501	452,254
Investment income - Restricted	2,509	2,596	2,687	2,781	2,879
Interest expense	(1,899,508)	(1,858,174)	(1,810,714)	(1,761,918)	-
Original issue premium	419,736	419,736	419,736	104,921	104,921
Bond issuance costs	(53,412)	(53,412)	(53,412)	(53,412)	(53,412)
Other	(57,500)	(59,225)	(61,002)	(62,832)	(64,717)
Total non-operating charges	(1,108,175)	(1,091,319)	(1,081,204)	(1,332,959)	441,925
Change in net assets	\$ (675,541)	\$ (645,708)	\$ (622,224)	\$ (860,209)	\$ 928,859

Exhibit B

WindsorMeade Williamsburg
 Pro Forma Balance Sheets
 May 31, 2024 – May 31, 2028

	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 3,511,075	\$ 2,881,555	\$ 1,738,708	\$ 822,252	\$ 2,187,933
Accounts receivable, net	137,766	137,766	137,766	137,766	137,766
Prepaid expenses	49,000	49,000	49,000	49,000	49,000
Assets whose use is limited	595,400	599,150	597,850	606,550	606,550
Total current assets	4,293,241	3,667,471	2,523,324	1,615,568	2,981,249
Investments	13,135,909	12,119,652	12,579,499	13,003,781	13,444,161
Assets whose use is limited	2,941,489	2,941,489	2,941,489	2,941,489	2,941,489
Cap premium	1,700,781	1,700,781	1,700,781	1,700,781	1,700,781
Other assets	17,295	-	-	-	-
Property and equipment, net	86,579,945	87,294,836	87,119,432	86,818,766	86,389,080
Total assets	\$ 108,668,660	\$ 107,724,229	\$ 106,864,525	\$ 106,080,385	\$ 107,456,760
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 392,315	\$ 404,085	\$ 416,207	\$ 428,693	\$ 441,554
Accrued expenses	2,386,371	2,457,962	2,531,701	2,607,652	2,685,881
Due to affiliate	784,221	807,747	831,980	856,939	882,647
Bonds payable	1,585,000	1,630,000	1,675,000	1,730,000	1,775,000
Total current liabilities	5,147,907	5,299,794	5,454,888	5,623,284	5,785,082
Deposits, futures	486,914	486,914	486,914	486,914	486,914
Bonds payable	53,035,000	51,405,000	49,730,000	48,000,000	46,225,000
Original issue premium, net	944,393	524,657	104,921	-	(104,921)
Bond issuance costs, net	(814,480)	(761,068)	(707,656)	(654,244)	(600,832)
Deferred revenue and refundable fees, entrance	79,083,002	80,646,002	82,294,752	83,983,934	86,096,161
Other liabilities	17,286	-	-	-	-
Total liabilities	\$ 137,900,022	\$ 137,601,299	\$ 137,363,819	\$ 137,439,888	\$ 137,887,404
Net Assets	\$ (29,231,362)	\$ (29,877,070)	\$ (30,499,294)	\$ (31,359,503)	\$ (30,430,644)
Total liabilities and net assets	\$ 108,668,660	\$ 107,724,229	\$ 106,864,525	\$ 106,080,385	\$ 107,456,760

Exhibit B

WindsorMeade Williamsburg
 Pro Forma Statement of Cash Flows
 Years Ended May 31, 2024 – May 31, 2028

	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028
Operating Activities					
Change in net assets	\$ (675,541)	\$ (645,708)	\$ (622,224)	\$ (860,209)	\$ 928,859
Adjustments to operating activities					
Amortization of deferred revenue from entrance fees	(2,500,000)	(2,575,000)	(2,652,250)	(2,731,818)	(2,813,773)
Depreciation	3,935,718	4,053,790	4,175,404	4,300,666	4,429,686
Amortization of OIP & BIC	(366,324)	(366,324)	(366,324)	(51,509)	(51,509)
Entrance fees	7,769,000	8,679,000	9,049,000	9,397,000	9,922,000
Refunds of entrance fees	(4,369,000)	(4,541,000)	(4,748,000)	(4,976,000)	(4,996,000)
Change in operating assets and liabilities	81,805	106,896	110,094	113,396	116,798
Net cash provided by (used in) operating activities	3,875,658	4,711,654	4,945,700	5,191,526	7,536,061
Investing Activities					
Change in investments and assets whose use is limited	1,159,238	1,012,507	(458,547)	(432,982)	(440,380)
Purchase of property & equipment	(4,000,000)	(4,768,681)	(4,000,000)	(4,000,000)	(4,000,000)
Net cash provided by (used in) investing activities	(2,840,762)	(3,756,174)	(4,458,547)	(4,432,982)	(4,440,380)
Financing Activities					
Payment of debt	(1,495,000)	(1,585,000)	(1,630,000)	(1,675,000)	(1,730,000)
Net cash provided by (used in) financing activities	(1,495,000)	(1,585,000)	(1,630,000)	(1,675,000)	(1,730,000)
Net increase (decrease) in cash and cash equivalents	(460,104)	(629,520)	(1,142,847)	(916,456)	1,365,681
Cash and cash equivalents, beginning	3,971,179	3,511,075	2,881,555	1,738,708	822,252
Cash and cash equivalents, ending	\$ 3,511,075	\$ 2,881,555	\$ 1,738,708	\$ 822,252	\$ 2,187,933

Exhibit B

WindsorMeade Williamsburg
Pro Forma Footnotes
Years Ended May 31, 2024 – May 31, 2028

Footnote 1: DISCLOSURE PRINCIPLE DEPARTURES AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS ISSUED BY THE U.S. FINANCIAL ACCOUNTING STANDARDS BOARD

These pro forma statements are not intended to replace disclosures that are a part of audited GAAP financial statements. To gain a better understanding of the Organization, see the most recent audited financial statements. These financial statements may be found on the Electronic Municipal Market Access (“EMMA”) site located at <http://emma.msrb.org/Home>. Search for Virginia United Methodist Homes, Inc. dba Pinnacle Living or Virginia United Methodist Homes of Williamsburg, Inc. dba WindsorMeade Williamsburg.

Footnote 2: MEASUREMENT PRINCIPLE DEPARTURES FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS ISSUED BY THE U.S. FINANCIAL ACCOUNTING STANDARDS BOARD

A. Amortization of deferred revenue from entrance fees

Deferred revenue and refundable fees

The pro-forma statements include assumptions for move-ins, move-outs and transfers between levels of care. These statements use a five-year historical moving average, with reasonable adjustments made by the accounting team in lieu of actuarially determined estimates. These assumptions may affect the estimated deferred revenue and refundable fee amount.

B. Depreciation

Depreciation amounts for assets placed in service, as well as future capital projects, are based on an average estimated life. Actual approved capital projects for the years 2024-2028 may be different than budgeted capital projects.

C. Interest Expense, Original Issuance Premium and Bond Issuance Costs

Normally these line items are combined for Generally Accepted Accounting Principles, however for these statements, these have been separated out.

D. Deferred revenue and refundable fees

These pro forma statements combine deferred revenue and refundable fees together.

E. Net Assets

Net Assets are not broken out to show Without Donor Restrictions and With Donor Restrictions. To gain a better understanding of Pinnacle Living’s Net Assets, refer to the audited financial statements.

F. Statement of Cash Flows

- i. These pro-forma statements summarize the Changes in operating assets and liabilities.
- ii. These pro forma statements summarize the proceeds from sale of investment securities, purchase of investments and withdrawal from investments into one line item called Change in AWUL (Assets whose use is limited) and investments.
- iii. These pro forma statements summarize all principal payments on the senior bonds.

Exhibit C

Pinnacle Living
 Pro Forma Statements of Activities
 Years Ended May 31, 2024 – May 31, 2028

	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028
Operating revenues and support					
Residents' / membership fees	\$ 51,044,102	\$ 52,575,425	\$ 54,152,688	\$ 55,777,269	\$ 57,450,588
Benevolent care	(469,684)	(483,775)	(498,288)	(513,237)	(528,634)
Amortization of deferred revenue from entrance fees	10,500,000	10,815,000	11,139,450	11,473,634	11,817,843
Ancillary service revenue, net	57,388	59,110	60,884	62,711	64,593
Ancillary service revenue, Medicare	915,031	942,482	970,756	999,879	1,029,875
Other operating revenue	1,033,677	1,064,687	1,096,628	1,129,528	1,163,413
Administrative services agreement WindsorMeade	1,792,504	1,846,279	1,901,667	1,958,718	2,203,557
Total operating revenue	64,873,018	66,819,208	68,823,785	70,888,502	73,201,235
Operating expenses					
Administrative	9,837,829	10,132,964	10,436,953	10,750,061	11,072,563
Marketing	2,529,925	2,605,823	2,683,997	2,764,516	2,847,452
General overhead	998,248	1,028,195	1,059,041	1,090,812	1,123,536
Depreciation	7,000,042	7,210,043	7,426,344	7,649,134	7,878,609
Dining	8,591,960	8,849,719	9,115,211	9,388,667	9,670,326
Resident services	1,961,080	2,019,912	2,080,510	2,142,926	2,207,213
Social services	466,157	480,141	494,546	509,383	524,664
Donor restricted funds spent	-	-	-	-	-
Building and grounds	7,749,268	7,981,746	8,221,198	8,467,834	8,721,869
Housekeeping	3,165,169	3,260,124	3,357,928	3,458,665	3,562,425
Nursing / Neighborhoods	19,408,534	23,017,778	23,708,312	24,419,562	25,152,149
Total operating expenses	61,708,212	66,586,445	68,584,040	70,641,560	72,760,806
Change in net assets from operations	3,164,806	232,763	239,745	246,942	440,429
Other non-operating charges					
Trusts and legacies	809,321	810,048	810,797	811,568	812,363
Contributions - Restricted	175,000	180,250	185,658	191,228	196,965
Investment income	2,496,288	1,657,135	1,590,599	1,518,317	1,563,866
Investment income - Restricted	174,855	247,320	246,123	244,998	243,948
Interest expense	(4,927,456)	(5,075,280)	(5,227,538)	(5,384,364)	(5,545,895)
Original issue premium	197,958	197,340	-	-	-
Bond issuance costs	(120,884)	(120,884)	(120,884)	(120,884)	(120,884)
Transfer (to) from affiliate	(7,100,000)	(3,875,000)	(4,000,000)	-	-
Other	(163,075)	(167,967)	(173,005)	(178,195)	(183,542)
Total non-operating charges	(8,457,993)	(6,147,038)	(6,688,250)	(2,917,332)	(3,033,179)
Change in net assets	\$ (5,293,187)	\$ (5,914,275)	\$ (6,448,505)	\$ (2,670,390)	\$ (2,592,750)

See accompanying footnotes

Exhibit C

Pinnacle Living
 Pro Forma Balance Sheets
 May 31, 2024 – May 31, 2028

	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 15,656,125	\$ 15,653,508	\$ 16,196,747	\$ 17,318,549	\$ 18,806,548
Accounts receivable, net	292,958	301,747	310,800	320,124	329,727
Due from affiliate	784,221	807,747	831,980	856,939	856,939
Accrued income	117,576	117,576	117,576	117,576	117,576
Prepaid expenses	49,000	49,000	49,000	49,000	49,000
Other assets	450,000	450,000	450,000	450,000	450,000
Assets whose use is limited	4,932,190	5,036,190	4,889,190	4,941,190	4,941,190
Total current assets	22,282,070	22,415,768	22,845,293	24,053,378	25,550,980
Beneficial interest in trusts, with donor restrictions	19,739,753	19,739,753	19,739,753	19,739,753	19,739,753
Investments	60,783,059	58,444,310	55,914,025	57,311,458	58,754,440
Assets whose use is limited	7,814,081	7,706,081	7,598,081	7,490,081	7,382,081
Other assets	309,809	309,809	309,809	309,809	309,809
Property and equipment, net	141,658,351	139,704,575	136,932,696	133,597,363	130,032,555
Total assets	\$ 252,587,123	\$ 248,320,296	\$ 243,339,657	\$ 242,501,842	\$ 241,769,618
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 2,078,867	\$ 2,243,208	\$ 2,310,504	\$ 2,379,819	\$ 2,451,214
Due to affiliate					
Deposits	150,000	150,000	150,000	150,000	150,000
Bonds payable	2,385,000	2,500,000	2,410,000	2,515,000	2,515,000
Other liabilities	44,695	44,695	44,695	44,695	44,695
Total current liabilities	11,736,868	12,575,772	12,782,204	13,192,529	13,507,014
Deposits, futures	616,000	616,000	616,000	616,000	616,000
Bonds payable	96,135,000	93,635,000	91,225,000	88,710,000	86,195,000
Original issue premium, net	197,340	-	-	-	-
Bond issuance costs, net	(2,022,151)	(1,901,267)	(1,780,383)	(1,659,499)	(1,538,615)
Deferred revenue and refundable fees, entrance fees	85,911,041	89,404,041	93,062,591	96,878,957	100,819,114
Other liabilities	243,459	135,459	27,459	27,459	27,459
Total liabilities	\$ 192,817,557	\$ 194,465,005	\$ 195,932,871	\$ 197,765,446	\$ 199,625,972
Net Assets	\$ 59,769,566	\$ 53,855,291	\$ 47,406,786	\$ 44,736,396	\$ 42,143,646
Total liabilities and net assets	\$ 252,587,123	\$ 248,320,296	\$ 243,339,657	\$ 242,501,842	\$ 241,769,618

See accompanying footnotes

Exhibit C

Pinnacle Living
 Pro Forma Statement of Cash Flows
 Years Ended May 31, 2024 – May 31, 2028

	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028
Operating Activities					
Change in net assets	\$ (5,293,187)	\$ (5,914,275)	\$ (6,448,505)	\$ (2,670,390)	\$ (2,592,750)
Adjustments to operating activities					
Amortization of deferred revenue from entrance fees	(10,500,000)	(10,815,000)	(11,139,450)	(11,473,634)	(11,817,843)
Depreciation	7,000,042	7,210,043	7,426,344	7,649,134	7,878,609
Amortization of OIP & BIC	(77,074)	(76,456)	120,884	120,884	120,884
Entrance fees	14,535,000	14,971,000	15,420,000	15,883,000	16,359,000
Refunds of entrance fees	(802,000)	(663,000)	(622,000)	(593,000)	(601,000)
Change in operating assets and liabilities	(204,976)	583,589	155,146	271,042	304,882
Net cash provided by (used in) operating activities	4,657,805	5,295,901	4,912,419	9,187,036	9,651,782
Investing Activities					
Change in investments and assets whose use is limited	13,825,606	2,342,749	2,785,285	(1,341,433)	(1,334,982)
Purchase of property & equipment	(17,078,165)	(5,256,267)	(4,654,465)	(4,313,801)	(4,313,801)
Net cash provided by (used in) investing activities	(3,252,559)	(2,913,518)	(1,869,180)	(5,655,234)	(5,648,783)
Financing Activities					
Payment of debt	(2,270,000)	(2,385,000)	(2,500,000)	(2,410,000)	(2,515,000)
Net cash provided by (used in) financing activities	(2,270,000)	(2,385,000)	(2,500,000)	(2,410,000)	(2,515,000)
Net increase (decrease) in cash and cash equivalents	(864,754)	(2,617)	543,239	1,121,802	1,487,999
Cash and cash equivalents, beginning	16,520,879	15,656,125	15,653,508	16,196,747	17,318,549
Cash and cash equivalents, ending	\$ 15,656,125	\$ 15,653,508	\$ 16,196,747	\$ 17,318,549	\$ 18,806,548

See accompanying footnotes

Exhibit C

Pinnacle Living
Pro Forma Footnotes
Years Ended May 31, 2024 – May 31, 2028

Footnote 1: DISCLOSURE PRINCIPLE DEPARTURES AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS ISSUED BY THE U.S. FINANCIAL ACCOUNTING STANDARDS BOARD

These pro forma statements are not intended to replace disclosures that are a part of audited GAAP financial statements. To gain a better understanding of the Organization, see the most recent audited financial statements. These financial statements may be found on the Electronic Municipal Market Access (“EMMA”) site located at <http://emma.msrb.org/Home>. Search for Virginia United Methodist Homes, Inc. dba Pinnacle Living.

Footnote 2: MEASUREMENT PRINCIPLE DEPARTURES FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS ISSUED BY THE U.S. FINANCIAL ACCOUNTING STANDARDS BOARD

A. Cash, cash equivalents and investments

Cash, cash equivalents and investments are separated out between those with or without donor restrictions. To gain a better understanding of Pinnacle Living’s cash, cash equivalents and investments, refer to the audited financial statements.

B. Amortization of deferred revenue from entrance fees

Deferred revenue and refundable fees

The pro-forma statements include assumptions for move-ins, move-outs and transfers between levels of care. These statements use a five-year historical moving average, with reasonable adjustments made by the accounting team in lieu of actuarially determined estimates. These assumptions may affect the estimated deferred revenue and refundable fee amount.

C. Depreciation

Depreciation amounts for assets placed in service, as well as future capital projects, are based on an average estimated life. Actual approved capital projects for the years 2024-2028 may be different than budgeted capital projects.

D. Deferred revenue and refundable fees

These pro forma statements combine deferred revenue and refundable fees together.

E. Net Assets

Net Assets are not broken out to show Without Donor Restrictions and With Donor Restrictions. To gain a better understanding of Pinnacle Living’s Net Assets, refer to the audited financial statements.

F. Statement of Cash Flows

- i. These pro-forma statements summarize the Changes in operating assets and liabilities.
- ii. These pro forma statements show entrance fees net of refunds.
- iii. These pro forma statements summarize the proceeds from sale of investment securities, purchase of investments and withdrawal from investments into one line item called Change in AWUL (Assets whose use is limited) and investments.
- iv. These pro forma statements summarize all principal payments on the senior bonds.