

**FOCUS SH I HOLDINGS II LLC**

**T/A THE VIRGINIAN**

**9229 Arlington Boulevard**

**Fairfax, Virginia 22031**

**DISCLOSURE  
STATEMENT**

**THIS DISCLOSURE STATEMENT, FILED WITH THE STATE CORPORATION COMMISSION, BUREAU OF INSURANCE, DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT OF THE FACILITY BY THE STATE CORPORATION COMMISSION.**

## INDEX TO DISCLOSURE STATEMENT

SECTION	Page Number
1. Continuing Care Provider	1
2. Officers, Directors, Trustees, Managing and General Partners and Certain Persons Who Hold Equity or Beneficial Interest	2
3. Business Experience of: Acquisition of Goods and Services from; 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 Management	3
4. Ownership of Real Property	5
5. Location and Description of Real Property	5
6. Affiliation with Religious, Charitable or Other Nonprofit Organizations; Tax Status of Provider	6
7. Services Provided Under Continuing Care Contracts	6
8. Fees Required of Residents	6
9. Reserve Funding	7
10. Certified Financial Statements	7
11. Pro Forma Income Statement for Current Year	8
12. Admission of New Residents	8
13. Access to Facility by Nonresidents	8
14. Anticipated Source and Application of Purchase or Construction Funds	9
15. Procedure for Resident to File a Complaint or Disclose Concern	9
16. Commonwealth of Virginia Agencies for Resident Concerns	10

## INDEX TO DISCLOSURE STATEMENT, CONTINUED

### EXHIBITS

- B-1. Independent and Assisted Living Additional Charges Pricing (Effective 12/26/2020)**
- B-2. Partners in Care Pricing (Effective 12/26/2020)**
- B-3. Health Care Center- Additional Service Rates (Effective 12/26/2020)**
- C-1. Plant Operations Additional Services (Effective 12/26/2020)**
- C-2. Housekeeping Service Rates (Effective 12/26/2020)**
- D. Salon Beauty Shop Service Fees (Effective 12/26/2020))**
- E-1. Dining Services Additional Services (Effective 12/26/2020)**
- F. Transportation Service (Effective 12/26/2020)**
- G. Independent Living, Assisted Living, and Memory Care Rental Rates (Effective 1/1/2021)**
- G-2. Health Care Center Private Pay Rates (Effective 12/26/2020)**
- I. Policies and Procedures for Admission to the Independent Living and Assisted Living Centers in the Home for Adults**
- J. The Virginian Working Forecast Through December 31, 2021**
- K. Certified Financial Statements for December 31, 2020 and 2019**
- L. Pro Forma Income Statement for the Year Ending December 31, 2021**

## DISCLOSURE STATEMENT

### 1. CONTINUING CARE PROVIDER

**Focus SH I Holdings II LLC**

**Trading as:**

**The Virginian**

**9229 Arlington Boulevard**

**Fairfax, Virginia 22031**

**Telephone: (703) 385-0555**

**Focus SH I Holdings II LLC (Focus) is a for profit, private limited liability company registered to do business in the Commonwealth of Virginia on September 18, 2019. Focus' subsidiaries, FFI Virginian SNF Tenant LLC and FFI Virginian Tenant, LLC, are the operators responsible for care at The Virginian in Fairfax, Virginia. The Virginian is a full continuum of care senior living community with a health care center.**

### 2. OFFICERS, DIRECTORS, TRUSTEES, MANAGING AND GENERAL PARTNERS, AND CERTAIN PERSONS WHO HOLD EQUITY OR BENEFICIAL INTEREST

#### A. Focus Managers:

**Paul Froning**

**200 W Madison St, Suite 2650**

**Chicago, IL 60606**

**Title: Managing Member**

**Mr. Froning is co-founder and Principal of Focus Healthcare Partners LLC.**

**Mr. Froning has more than 26 years of involvement in healthcare and senior housing as an investor, operator, advisor, and investment banker. Prior to founding Focus, Mr. Froning was a Managing Director of Fortress Investment Group until October 2009, with senior responsibility over healthcare private equity investments by Fortress including the day-to-day oversight of the**

**operation and restructuring of Holiday Retirement, the second largest Senior Housing owner and operator in the United States with more than 35,000 units. Prior to Fortress, Mr. Froning was an Executive Vice President and Chief Investment Officer of Brookdale Senior Living and was directly responsible for all of Brookdale's external growth. Under his guidance, Brookdale grew from less than 15,000 units to more than 50,000 units and became the largest owner and operator in senior housing. Prior to Brookdale, Mr. Froning was a senior investment officer at healthcare and real estate investment fund managers JER Partners, Lazard Frères and Security Capital. Mr. Froning earned a B.A. from the University of Notre Dame.**

**Curt Schaller**

**200 W Madison St, Suite 2650**

**Chicago, IL 60606**

**Title: Managing Member**

**Mr. Schaller is co-founder and Principal of Focus Healthcare Partners LLC. Mr. Schaller has been involved in the healthcare real estate sector for over 25 years and prior to co-founding Focus served in senior leadership positions with two of the leading lenders in healthcare, General Electric and Merrill Lynch Capital. Mr. Schaller has sourced and closed over 200 senior housing and healthcare transactions with an investment value exceeding \$4.5 billion. Mr. Schaller most recently was the Senior Managing Director for GE Healthcare Financial Services' \$8 billion real estate investment group. Mr. Schaller joined GE as part of its purchase of Merrill Lynch Capital in early 2008. Mr. Schaller joined Merrill Lynch Capital as Director of Originations in 2003 and was recruited to develop its fledgling healthcare group. Under his guidance, Merrill's real estate portfolio grew from less than \$300 million to over \$3 billion in under five years. Prior to Merrill Lynch, Mr. Schaller held a**

variety of other positions in the healthcare real estate industry at GE and Heller Healthcare Finance. Mr. Schaller is a respected leader in the healthcare industry having served on the executive boards of both the American Seniors Housing Association and the National Investment Center for the Seniors Housing & Care Industry (NIC). Mr. Schaller earned a B.A, from the University of Wisconsin – Madison.

- B. There are no individual persons that own ten percent or greater equity or beneficial interest in the provider.
- C. All forms of direct or indirect ownership of a provider, including ownership through another legal entity:
  - i. FFI Virginian Owner LLC is 100% owned by Focus SH1 Holdings II LLC.
- D. Ownership or control of any voting class of securities issued by the provider:
  - i. The securities are not issued by provider.
- E. Any contract, including a lease or management contract, with a provider where the amount of consideration under the contract is tied to the financial performance of the provider.
  - i. There is a management agreement with Life Care Services LLC wherein management fees are tied to operating revenue.

**3. BUSINESS EXPERIENCE OF; ACQUISITION OF GOODS AND SERVICES FROM; 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 MANAGEMENT**

- A. Description of Business Experience in the Operation or Management of Similar Facilities:
  - i. The provider does not operate any other facilities.

**B. Entities in which Officers or Directors Hold Ten Percent (10%) or Greater Interest and Provide Goods, Leases, or Services to Provider of a Value of \$500 or More Within Any Year:**

- i. No current Officer or Director of the provider has a ten percent (10%) or greater equity interest in any professional service firm, association, foundation, trust, partnership, corporation, or any other business entity which is presently providing or intending to provide goods, leases or services to the provider of a value of \$500 or more within any year.**

**C. Description of Legal Matters Regarding Provider and Management of Provider:**

**Neither the provider nor the management company:**

- i. Has been convicted of a felony or pleaded nolo contendere to a criminal charge, or been held liable or enjoined in a civil action by final judgment if the crime or civil action involved fraud**
- ii. Is subject to an injunctive or restrictive order of a court of record. 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 activities or providing health care services within the past five (5) years. Had any state or federal license or permit suspended or revoked as a result of actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under this chapter or similar laws in another state; or**
- iii. Is currently the subject of any state or federal prosecution or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, misappropriation of property or moral turpitude.**

**4. OWNERSHIP OF REAL PROPERTY**

The owner of the property is FFI VIRGINIAN OWNER LLC, with a mailing address of 200 W Madison St Suite 2650 C/O Focus Healthcare Partners LLC Chicago IL 60606. The facility has a seven (7) story building operating as a rental full continuum senior living community.

**5. LOCATION AND DESCRIPTION OF REAL PROPERTY**

**A. Location of Property:**

The Virginian  
9229 Arlington Boulevard  
Fairfax, Virginia 22031

**B. Description of Property:**

The property consists of thirty-two and seven tenth (32.7) landscaped and wooded acres with a seven-floor (7) full continuum of care rental senior living community. The community contains approximately one hundred and thirty-six (136) one (1) and two (2) bedroom apartments for independent living, one hundred sixteen (116) studio one (1) and two (2) bedroom apartment units for assisted living, and a ninety (90) bed Health Care Center that is licensed for one hundred (100) Health Care Center beds and can be configured for the use of the maximum number of beds on an as needed basis. Also included are a medical clinic, a physical therapy room, a beauty shop, library, arts and crafts room and game rooms. The community has an assembly room seating two hundred sixty-nine (269) people, a large dining room seating three hundred fifty (350) people and a kitchen equipped to serve upward to four hundred fifty (450) people. Additional space is set aside for a laundry room, chapel, business offices, maintenance offices, workshop, and storage areas for resident use. Each residential floor is equipped with a large lounge or party room and two (2) resident laundry rooms. The community has been in operation since December 15, 1980.



**6. AFFILIATIONS WITH RELIGIOUS, CHARITABLE OR OTHER NON-PROFIT**

**ORGANIZATION: TAX STATUS OF PROVIDER**

- A. The provider is an independent for-profit organization that is not affiliated with another religious or charitable organization.**
- B. The provider is a subject to taxation under the Internal Revenue Code.**

**7. SERVICES PROVIDED UNDER CONTINUING CARE CONTRACTS**

The following attachments (Exhibits B through F) address the many services made available at extra cost to the residents:

**Exhibit B-1 – Independent and Assisted Living Additional Charges**

**Pricing**

**Exhibit B-2 – Partners in Care Pricing**

**Exhibit B-3 – Health Care Center- Additional Service Rates**

**Exhibit C-1 – Plant Operations Additional Services**

**Exhibit C-2 – Housekeeping Service Rates**

**Exhibit D – Salon Beauty Shop Service Fees**

**Exhibit E – Dining Services Additional Fees**

**Exhibit F – Transportation Fees**

The fees in Exhibits B through F are basically cost to the provider, plus a small percentage. Hence, they may vary up or down depending on the cost to Focus.

**8. FEES REQUIRED OF RESIDENTS**

Individuals applying for admission to the community operated by the Focus submit an application and pay a non-refundable fee of \$250 per individual (\$500 per couple).

- A. For a description of all fees required of residents, see Exhibits G, J-1, and Exhibits B through F.**

**Proposed use of funds prior to resident's occupancy of the community:**

**Upon approval of an Applicant, a \$1,000 apartment holding deposit is required for a specific unit. These funds are placed in a deposit**

account until the resident moves into the facility. If a prospective resident does not move into the community, the deposit is refunded in full. Any earnings on such deposits inure to the benefit of the Focus.

**B. There is no applicable entrance fee as the community is not offering continuing care contracts.**

**C. Manner by which the provider may adjust periodic charges or other recurring fees and any limitations on such adjustments:**

The provider, in its sole and absolute discretion, may with 30 days notice to the residents, increase the amount of the monthly fees once each year and increase the amount of Special Charges from time to time as it deems necessary. It is the policy of the provider to establish the above fees consistent with providing the best possible care and housing for its residents consistent with sound fiscal policy. If a resident or residents wish to transfer from one type of apartment unit to another and such transfer is approved, the Monthly Fee is adjusted to the published rate then in effect for that residence unit.

**D. For a table showing frequency and average dollar amount of each increase for the previous five (5) years by the provider at the community see Exhibit J-1.**

## **9. RESERVE FUNDING**

The community is a rental community and has never offered continuing care contracts since acquisition in April of 2019. Liability for current residents' entrance fees are held in a cash bank account with the restriction that the provider cannot distribute cash unless cash is in excess of \$2 million.

## **10. CERTIFIED FINANCIAL STATEMENTS**

Certified financial statements for the Focus for the two (2) most recent fiscal years are attached as Exhibit K.

**11. PRO FORMA INCOME STATEMENT**

Pro forma income statement for the twelve-month (12) fiscal period ending December 31, 2021, is attached as Exhibit L.

**12. ADMISSION OF NEW RESIDENTS**

Focus is committed to the service of individuals 65 years or older who:

- A. Wish to preserve their independence and personal dignity as long as possible.
- B. Desire to have health care available to them at a reasonable cost, if needed.
- C. Wish to live in a safe and secure atmosphere with opportunities for active relationships with their peers on a daily basis. New residents must meet criteria appropriate to their identified level of service or care, including Independent Living, Assisted Living, or Memory Care, as determined by the community. In addition, applicants for residency must demonstrate that he/she has sufficient financial resources to provide the funds for meeting the costs of, monthly maintenance fees, special charges, and personal expenses for his/her life expectancy.

Attached are copies of the community's "Policies and Procedures for Admission to the Independent Living and Assisted Living Centers in the Home for Adults" (see Exhibit I).

**13. ACCESS TO THE FACILITY BY NON-RESIDENTS**

**General Access:**

Currently, the community accepts qualified residents on a space available basis into the adult apartment home or assisted living units under various monthly care contract plans at its community. The monthly care plan does not entitle the individual to health care services. An individual is charged a monthly occupancy fee that varies depending on the type of apartment accommodation chosen. For a table of the rates charged for each type of plan and accommodation, see

**Exhibits G, and J-1. Services and accommodations provided under the monthly plan may be terminated by the resident at any time upon giving thirty (30) days written notice to Focus. Focus may terminate the monthly care agreement at any time with cause or upon giving thirty (30) days written notice to the Resident.**

**Guest apartments may be provided in the home for the benefit of residents who wish to receive overnight guests on a one- (1) or two (2) day visiting basis. They are assigned on a first come, first serve basis. Residents may also entertain guests for meals in the main dining room of the home. Adequate space is available to accommodate this privilege. Exhibit E enumerates the various fees charged for services provided to non-residents. Residents may entertain guests in their apartment overnight or for a visit.**

**Health Care Center:**

**The community accepts a limited number of outside patients in the Health Care Center. Outside patients are charged the monthly health care rates. The number admitted is strictly controlled and is based on the availability of rooms with residents receiving priority on space for their care in the Health Care Center. A reserve of vacant rooms is always left open for resident care.**

**14. SOURCE AND APPLICATION OF FUNDS FOR UNOPENED FACILITY**

**The facilities owned or leased by Focus are currently in operation; therefore, this section is not applicable.**

**15. PROCEDURE FOR RESIDENT TO FILE A COMPLAINT OR DISCLOSE CONCERN**

**Community administration and staff are dedicated to making the residents at its facility, The Virginian, comfortable, secure, and satisfied in the community. Occasionally, something may occur that may cause a resident some distress. The community encourages residents, their families, and other interested parties to make concerns known so those problems can be effectively resolved. The following is a brief grievance procedure to assist a resident in voicing his or her concern.**

- A. A complaint regarding housekeeping or maintenance needs may be first communicated to the Director of Housekeeping Services or Director of Maintenance Services.
- B. A complaint regarding the Health Care Center or any medical needs may be communicated to the Director of Nursing Services.
- C. A concern of social or personal nature may be communicated to the Director of Social Services.
- D. A question or concern regarding the monthly fee invoices may be communicated to the Business Office.
- E. A question or concern regarding any of the activities or programs may be directed to the Director of Activities.
- F. A concern regarding any aspect of food services may be directed to the Director of Food Services.

The community encourages open lines of communication with Department Directors, so that complaints may be quickly and satisfactorily resolved.

For any grievance, including those listed above, you are always invited and welcome to share your concerns with the Administration. Administration will make every effort to investigate the problem and offer a solution.

**16. OTHER MATERIAL INFORMATION**

**NOT APPLICABLE**

**17. COMMONWEALTH OF VIRGINIA AGENCIES FOR RESIDENT CONCERNS**

The Department of Social Services licenses the Home for Adults and the Department of Health licenses the Health Care Center facilities operated by Focus at The Virginian.

The following agencies are available for questions or unresolved issues:

Fairfax Area Agency on Aging  
12011 Government Center Parkway  
Fairfax, Virginia 22035-1104  
(703) 324-7948

**Department of Social Services  
320 Hospital Drive  
Warrenton, Virginia 22186  
(540) 422-8400**

**Department of Health  
109 Governor Street  
Richmond, Virginia 23219  
(804) 367-2100**

## EXHIBITS



### Exhibit B-1 Independent and Assisted Living Additional Charges Pricing

<b>Medication Administration</b>			<b># Days</b>	<b>Total Cost</b>
<b>Description</b>	<b>IL Rate</b>	<b>AL/MC Rate</b>		
<b>Medication Administration</b> Excludes diabetes management. Includes injections, eye drops, nebulizer, and medicated ointments, creams, patches.	\$20 per visit \$50 per day	\$20 per day* <i>*does not apply for MC and EAL</i>		
<b>Diabetes Management</b> Includes all diabetic medications, finger sticks, and injections	\$2,205 per month	\$2,100 per month		
<b>Other Administrative Services</b>			<b># Days</b>	<b>Total Cost</b>
<b>Description</b>	<b>IL Rate</b>	<b>AL/MC Rate</b>		
Long-Term Care Insurance Forms – Initial	\$125	\$125		
Long-Term Care Insurance Forms – Subsequent	\$75	\$75		
<b>Other Nursing Services</b>			<b># Days</b>	<b>Total Cost</b>
<b>Description</b>	<b>IL Rate</b>	<b>AL/MC Rate</b>		
<b>Oxygen equipment maintenance</b> Weekly and as needed. Excludes supplies (i.e. tubing, humidification, etc.)	\$20 per visit	\$17 per visit		
<b>BiPAP/CPAP Care</b>	\$35 per day	\$32 per day		
<b>Ostomy Care</b>	\$35 per day	\$32 per day		
<b>Foley Catheter Care</b>	\$700 per month	\$680 per month		
<b>Wound Care</b> Includes Stage II up to healing Stage III	\$35 per treatment	\$32 per treatment		
<b>Minor Treatments</b> Includes skin tears, rashes, and Stage I wounds)	\$25 per treatment	\$22 per treatment		
<b>Specialized Services</b> Includes application and removal of splints and braces	\$25 per visit	\$22 per visit		
<b>Pacemaker Check</b>	\$50 per check	\$45 per check		
<b>Bladder Scan</b>	\$95 per scan	\$90 per scan		
<b>Isolation</b>	\$100 per day	\$100 per day		

<b>Infection Control Fee</b> (gloves, sanitizer, etc.)	\$35 per month	\$35 per month		
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IL/AL Additional Services as of 12/26/2020 (rates subject to change with 30 day notice)  
9229 Arlington Boulevard, Fairfax, Virginia | 703-385-0555





**Exhibit B-2  
Partners in Care Pricing**

<b>Partners in Care (PIC)</b> CNA/Companion, vital signs, weights, bathing, dressing, walking, escort, pet care, TEDS/compression hose application or removal, mail retrieval (billed per hour/1 hour minimum)				
<b>Description</b>	<b>IL Hourly Rate</b>	<b>AL/MC Hourly Rate</b>	<b># Bours</b>	<b>Total Cost</b>
Less than 48 hours per month	\$40	\$38		
48-243 hours per month	\$37	\$35		
244 hour or more per month	\$32	\$30		
Holiday Rate	\$60	\$57		
Hospital Rate	\$40	\$40		

IL/AL Partners in Care as of 12/26/2020 (rates subject to change with 30 day notice)  
9229 Arlington Boulevard, Fairfax, Virginia | 703-385-0555



## Exhibit B-3

# Health Care Center - Additional Services Rates

Name of Resident \_\_\_\_\_ Apt/Room # \_\_\_\_\_

Signature of Resident/POA Authorizing Start of Service (required) \_\_\_\_\_

Stall Member Signature \_\_\_\_\_ Start Date \_\_\_\_\_ End Date \_\_\_\_\_

SERVICE	RATE	# OF DAYS	TOTAL COST
<b>Certified Nursing Assistant Services</b>			
Feeding Assistance	\$15 per day/\$9 partial day (If family assists with 1-2 meals)		
Incontinency Care (not including supplies)	\$16 per day/\$9 partial day		
Baths/Shower beyond 2 per week	\$40 per extra shower		
<b>Nursing Services</b>			
Blood Sugars (finger sticks & injections)	1X day/monthly charge \$527		
Blood Sugars	2X day/monthly charge \$1054		
Blood Sugars	3X day/monthly charge \$1358		
Blood Sugars	4X day/monthly charge \$1544		
Injection Charge (non blood sugars)	\$12 per injection		
Isolation Charge	\$80 per day		
IV Start	\$55 per start		
IV daily fee	\$35 per day		
Lab Service-Glucose Test (includes supplies)	\$6 per finger stick		
Nebulizer treatments	\$30 per day for 2 or more treatments. One/day: \$10		
Bladder Scan	\$90		
H Tank - Oxygen	\$35 per tank		
O2 Concentrator Rental Fee	\$50		
O2 Set Up	\$75 per set up		
O2 Services (Includes supplies, O2 from Roberts, use of concentrators, assistance, occasional e-tank for appointments, trips, etc.)	\$15 per day		
Suction	\$50 Base rate/month (plus \$20 per day of use)		
Wound/Ostomy Care (II, III or IV)	\$30 per treatment		
Lab Draw-Routine (performed by our staff)	\$45 per draw		
Lab Draw-STAT (performed by our staff)	\$100 per draw		
Pacemaker check	\$40 per check		
PT/INR "Coumadin" finger sticks (non-Medicare)	\$30 per finger stick		
Wound VAC	\$16 per day		

Infection Control Fee (gloves, sanitizer, etc.)	\$35 per month		
LTC Insurance Forms	\$75 per form		

**This list does not include all charges for Medical Supplies - please see Front Desk for complete list**  
HCC Additional Services Rates as of 12/26/2020 (rates subject to change with 30 day notice)  
9229 Arlington Boulevard, Fairfax, Virginia | 703-385-0555



## Exhibit C-1

### Plant Operations Additional Services

SERVICE	RATE
Standard labor rate for miscellaneous request - per man, per hour plus materials	\$50.00
Additional closet shelves-per 8' or any part of	\$60.00
Hang flat screen TV on wall (resident provides mount and TV)	\$120.00 run outlet and cable behind TV \$50.00 w/out moving/adding outlet/cable
Installation of an additional outlet or light switch	\$50.00 - each
Installation of resident purchased light fixture	\$50.00 without adding power
Universal remote control w/batteries, programmed	\$25.00
Phone (black trimline set)	\$15.00
Replacement mailbox locks, includes two keys	\$50.00
Apartment door cards, each	\$6.00
Mailbox keys, each	\$6.00
Unlocking Apartment Service (every 3 <sup>rd</sup> time)	\$35.00
Wireless doorbell	\$50.00
Light Bulbs, each	
3 Way	\$5.00
60W equivalent LED (A19)	\$3.00
Nightlight with sensor	\$12.00
Surge suppressor 6' or 8"	\$25.00; (\$75.00 Health Care Center)
Additional or replacement/damaged pull station with BB, each	\$150.00
<b>Kitchen</b>	
Fluorescent light under cabinet - each	\$70.00
<b>Bath</b>	
Grab bars - each installed	24" - \$70.00; 36" - \$100.00
Toilet rails	\$50.00

Plant Operations Services as of 12/26/2020 (rates subject to change with 30 day notice)  
9229 Arlington Boulevard, Fairfax, Virginian | 703-385-0555



## Exhibit C-2 Housekeeping Service Rates

Housekeeping Services	Rate
Special and Additional Cleaning	\$40 per person/per hour or any part

Laundry Service	
Independent and Assisted Living	Rate
Laundry - single load up to 15 pounds	\$25 per load includes labeling, sorting whites/darks, washing, drying, ironing, hanging
Health Care Center – required twice weekly	
Laundry - single load up to 7 pounds	\$20/per load includes labeling, sorting whites/darks, washing, drying, ironing, hanging

Housekeeping & Miscellaneous Service Rates as of 12/26/2020 (rates subject to change with 30 day notice)

9229 Arlington Boulevard, Fairfax, Virginian | 703-385-0555



## Exhibit D Salon Beauty Shop Service Fees

Hair Care	Rate
Shampoo & Set	\$37
Shampoo & Blow Dry	\$28
Comb Out	\$13
Women's Hair Cut with Shampoo & Cut Only	\$23
Women's Hair Cut with Shampoo & Blow Dry	\$37
Women's Hair Cut with Shampoo & Set	\$42
Men's Haircut with Shampoo	\$21
Men's Shampoo and Blow Dry	\$11
Facial Hair Trim	\$11
Permanent Wave with Shampoo, Cut & Style	\$105
Color or Highlights with Shampoo & Style	\$84
Color Rinse	\$8
Scalp Hot Oil Treatment	\$15

Nail Care	
Manicure	\$21

**Gratuities are NOT Permitted - No Cash Transactions**

Salon Services as of 12/26/2020 (rates subject to change with 30 day notice)  
9229 Arlington Boulevard, Fairfax, Virginia | 703-385-0555



## Exhibit E Dining Services Additional Services

Service	Rate
Tray Service to IL/AL/EAL Apartment	\$15.00/per meal
<b>Guest Meals in Main Dining Room</b>	
Breakfast	\$8.00 (\$5.00 for children under 12)
Lunch	Items are priced individually.
Dinner	\$20.00 (\$9.00 for children under 12)
Holiday & Virginian Special Event Dinners	\$40.00
<b>Guest Meals in Assisted Living Dining Rooms (Space Permitting)</b>	
Breakfast 8:00 a.m. - 9:00 a.m.	\$7.50 (\$4.75 for children under 12)
Lunch 12:00 p.m. – 1:00 p.m.	Use Main Dining Room
Dinner 4:30 p.m. – 5:30 p.m. Mon-Sat 12:00 p.m. – 1:00 p.m. Sun	\$17.50 (\$9.00 for children under 12)
Holiday & Virginian Special Event Dinners	\$40.00

The C-Store sells assorted food and sundry items as priced.

Dining Services Additional Services as of 12/26/2020 (rates subject to change with 30 day notice)  
9229 Arlington Boulevard, Fairfax, Virginian | 703-385-0555



## Exhibit F Transportation Services

<b>Sedan Service :</b>	<b>Round Trip</b>	<b>One Way</b>
Up to 3 miles	N/A	\$12
3.1 to 6 miles	\$20	\$14
6.1 - 10 miles	\$24	\$16
10.1 – 15 miles	\$26	\$18
15.1 – 20 miles	\$28	\$20
Beyond 20 miles	\$3 additional price per mile	
<b>Wheelchair Service</b>		
One Way - up to 6 miles	N/A	\$60
Roundtrip - up to 12 miles	\$90	
Beyond 12 miles	\$3 additional price per mile	

<b>Additional Services*</b>	
Reservation made with less than 48-hour notice	\$25
Driver Escort or Partner in Care Charge Per Hour	\$32
Driver Wait Time charge after the first hour (first hour free)	\$35 per hour charged in half hour increments
Errands (preordered groceries, prescriptions) up to 6 miles	\$12

- \* 1. Any parking fees or tolls incurred will be charged to the Resident.
- 2. Driver Escort or Partner Care charges begin once a Resident is picked-up until they are returned to the facility.
- 3. Wait time for limousine or wheelchair transportation services in excess of 12 miles roundtrip, will be allocated one (1) hour of driver time at no cost for each ride. Driver time in excess of one hour will be charged at a rate of \$35 per hour in half hour increments.

Transportation Rates as of 12/26/2020 (rates subject to change with 30 day notice)  
9229 Arlington Boulevard, Fairfax, Virginian | 703-385-0555





## Exhibit G

### Independent Living, Assisted Living, and Memory Care Rental Rates

Base Monthly Fees: IL/AL/MC			
Unit Type	Model	Square Feet	Monthly Rate*+
One Bedroom	Fairfax	600	\$4,530 - \$5,530
One Bedroom/Balcony	Fairfax	600	\$4,580 - \$5,580
Two Bedroom/1 Bath	Arlington	804	\$5,360 - \$6,360
Two Bedroom/2 Bath	Leesburg/Vienna	925	\$5,460 - \$6,460
Two Bedroom/2 Bath/Laundry	Alexandria	1200	\$6,500 - \$7,980
Second Person Fee	All Models	All Sizes	\$1,400

\*Monthly Rates May Vary Depending on Location, View, or Additional Features

+Application fee: \$250 per person

+Deposit of \$1,000 credited to first billing cycle

+ One time community fee: \$10,000

For Additional Care Services:

\*Assisted Living + \$3,500 monthly/per person

\*Memory Care + \$5,600 monthly

\*Medication Management

## Exhibit G-2

### Health Care Center Private Pay Rates

Room Charges

Bed Type	Level of Care	Base Price
<b>Private Pay</b>	<b>LTC Nursing</b>	<b>473.00</b>
	<b>Skilled Nursing</b>	<b>473.00</b>
<b>Private Large</b>	<b>LTC Nursing</b>	<b>479.00</b>
	<b>Skilled Nursing</b>	<b>479.00</b>
<b>Semi-Private Bed</b>	<b>LTC Nursing</b>	<b>395.00</b>
	<b>Skilled Nursing</b>	<b>395.00</b>

Private Pay Rates as of 12/26/2020 (rates subject to change with 30 day notice)  
 9229 Arlington Boulevard, Fairfax, Virginia | 703-385-0555

# **Exhibit I**

## **Policies and Procedures for Admission to the Independent Living and Assisted Living Centers in the Home for Adults**

### **INDEPENDENT LIVING TERMS OF RESIDENCY**

#### **I. Eligibility and Capacity for Independent Living.**

To be accepted for residency, you must meet our residency criteria as set forth in our current Residency Policy.

The portion of the Community in which you reside (“Independent Living”) consists of residential apartments with convenience services designed for persons who are capable of providing for their own health care and personal care needs. This portion of the Community does not offer assistance with medications, bathing, dressing, mobility needs, or other personal care needs.

You represent to us that you are capable of providing for your own health care and personal care needs and will provide for all such needs so long as you reside in the Independent Living portion of the Community.

If at any time you become incapable of providing or fail to provide for your health care or personal care needs, or if you develop a physical or mental condition that creates a danger to others, you agree to promptly move out of your Residence and into either a higher level of care at the Community or an appropriate outside accommodation of your choice. Any determination that you are required to move for reasons set forth in this paragraph shall be made in the sole judgment of the Community, in consultation with you and a physician.

In the event that Resident’s required level of care changes, the Resident must reapply for admission to a new level of care. If accepted, a new Residence Agreement, appropriate for the new level of care will be executed between the Community and the Resident as a condition to the Resident’s continued residence at the Community in the new level of care. A Resident’s admission to a new level of care is contingent on space being available at the Community in the required new level of care.

#### **II. Independence.**

You understand that this is an independent living community in which you will be allowed complete independence in your activities of daily living, personal decision making, and privacy. As you live independently, there may be times when you are injured attempting to perform your activities of daily living, such as walking, dressing, bathing, transferring from your bed to bathroom, chair to bed, etc. You hereby agree that injuries, including those from falls, which occur while you are performing activities of daily independent living, cannot be reasonably prevented.

#### **III. Community Rules and Regulations.**

The Community has established guidelines to maintain a highly desirable living environment for all residents. You agree to comply with, and will have your guests comply with, the guidelines and policies outlined in the Resident Guide, as they now exist or as they may be amended from time to

time. The Resident Guide has been provided to you. We may amend the Resident Guide from time to time without your consent to meet changing operational needs. Changes to the Resident Guide will become effective following thirty (30) days' advance written notice to you.

**IV. Right of Entry.**

We have the right to enter your Residence for any reasonable purpose, including, but not limited to, making any changes necessary to protect your health or safety or the general welfare of the other residents of the Community, provided we have given you reasonable notice, made reasonable efforts to respect your privacy and enter only at reasonable times. Prior to making any changes, we will advise you of the nature of the changes, the reason for the changes, and whether such changes will require that you vacate your Residence.

When responding to an emergency, you agree to allow us entry into your Residence at any time.

**V. Falls and Accidents.**

Because our Community and staff do not provide one-on-one care, nor are residents monitored continuously 24-hours a day, residents are at risk of suffering bodily injury resulting from falls and accidents. Whether you have sustained a previous fall prior to moving in to the Community or not, you understand that residents can and do fall in any setting. We make no representation or guarantees that our employees can prevent falls. Falls can occur anywhere. Bones weakened by osteoporosis can break without warning. As a result, you and your Responsible Party understand that the Community cannot

guarantee that you will not experience a fall, an accident, or injuries resulting therefrom, at the Community. You understand that falls can happen in spite of every possible precaution and intervention. Following a pre-residency assessment and during any time period prior to any annual follow up assessment provided by the community moving forward, the Community requires you to inform it of any fall risk you are concerned about. Additionally, the Community needs: (1) You to update it on all medical conditions due to the possible impact on your risk of falling; and (2) You to support the Community's recommendations to reduce the risk of falls or injuries, which may include the use of assistive devices or physical or occupational therapy, or a transfer to a different apartment location.

# ASSISTED LIVING TERMS OF RESIDENCY

## **I. Eligibility.**

To be accepted for residency, you must meet our residency criteria that include age, financial, and health guidelines.

## **II. Residency Requirements.**

Prior to residency, there will be a thorough evaluation of your health and medical information. Within thirty (30) days prior to admission, an independent physician will complete a physical examination (including screening for tuberculosis). The report of such examination, signed by the examining physician, shall be provided to us and contain the following: date of physical examination; height, weight and blood pressure; significant medical history; general physical condition, including a systems review as is medically indicated; any diagnosis or significant problems; any allergies; any recommendations for care including medication, diet and therapy; the type or types of tests for tuberculosis used and the results; a statement that resident does not have any conditions or care needs that Assisted Living Facilities are prohibited to admit under Virginia law; and a statement that specifies whether resident is considered to be ambulatory or non-ambulatory. The Virginian will consider your: (a) physical and mental status, (b) need for personal assistance, (c) need for assistance with activities of daily living and instrumental activities of daily living, and (d) ability to evacuate in the event of an emergency.

## **III. Resident Assessment.**

A Uniform Assessment Instrument (hereafter: "UAI") will be completed, which is an instrument used to assess your needs. It is required by law to be completed within ninety (90) days prior to the date of admission, when there is a change in your condition that may change your level of care, and at least annually. Upon receiving the UAI prior to admission of a resident, the Executive Director or designee shall provide written assurance to the resident that the Community has the appropriate license to meet his care needs at the time of admission. Copies of the written assurance shall be given to the legal representative and case manager, if any, and a copy signed by the resident, or his legal representative shall be kept in the resident's record.

At our request or at the request of your personal representative, your physician, the Department of Social Services, or the local Department of Social Services, an independent assessment may be completed to determine whether your needs are being met. If the independent assessment confirms your placement is appropriate, the entity requesting the independent assessment is responsible for payment of the assessment, if applicable.

## **IV. Individualized Service Plan (ISP).**

Your individualized service plan is a written plan which includes a description of your identified needs, a written description of the services we will provide to you and which staff member will provide them, when and where we will provide the services, and the expected outcome. The service plan to address your immediate needs shall be completed within 72 hours of admission. Within thirty (30) calendar days after residency, a comprehensive ISP will be completed. The ISP will be reviewed per state regulation and shall be reevaluated as needed on an ongoing basis to determine its continued appropriateness and to identify when your condition or preferences have changed. Changes to the ISP may be made at any time as necessary. If the Community determines that there has been a change of condition, it may reassess you and revise your pricing more frequently.

# Exhibit J-1

## The Virginian Working Forecast FY2021

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected
	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	FY2021
<b>Operating Revenue</b>													
Total Apartment Revenue	321,680	332,971	302,994	330,563	315,832	306,213	321,247	318,786	318,786	318,786	318,786	318,786	3,825,428
Total Health Center Revenue	599,165	732,629	685,737	719,337	736,934	798,447	799,294	857,787	837,361	916,491	927,851	964,970	9,576,002
Total Assisted Living Revenue	653,140	694,216	678,712	727,525	728,825	764,483	804,750	771,407	773,603	777,032	778,779	782,138	8,934,610
Total Assisted Living - Dementia Revenue	74,700	83,565	95,730	93,023	94,177	96,245	81,850	88,470	88,470	113,130	137,790	147,196	1,194,345
Total Other Operating Revenue	4,146	4,146	3,978	4,146	4,146	3,978	4,146	4,090	4,090	4,090	4,090	4,090	49,132
<b>Total Operating Revenue</b>	<b>1,652,830</b>	<b>1,847,527</b>	<b>1,767,151</b>	<b>1,874,594</b>	<b>1,879,913</b>	<b>1,969,365</b>	<b>2,011,286</b>	<b>2,040,540</b>	<b>2,022,309</b>	<b>2,129,528</b>	<b>2,167,296</b>	<b>2,217,180</b>	<b>23,579,518</b>
Check													
<b>Operating Expenses</b>													
GA Overhead	331,550	366,930	387,362	392,621	389,420	366,649	358,284	370,883	373,659	378,999	395,320	390,772	4,502,449
Plant Overhead	139,781	133,498	128,844	134,803	147,835	141,554	142,031	150,644	148,854	151,091	146,691	157,433	1,723,059
Environmental Services Overhead	103,244	92,676	106,466	107,097	109,032	107,169	110,902	112,114	109,978	112,606	109,757	114,813	1,295,853
Foodservice Overhead	220,653	199,829	244,144	257,204	211,377	260,633	247,773	249,936	251,088	251,270	248,424	267,188	2,909,519
Resident Services Overhead	50,914	48,575	55,366	51,158	54,702	42,647	49,028	50,279	49,068	50,283	49,063	50,981	602,063
Assisted Living	293,218	266,724	291,858	280,938	312,742	304,169	315,488	303,854	292,537	294,606	283,555	290,181	3,529,870
Assisted Living-Dementia	42,920	38,634	38,311	41,746	42,410	40,040	43,316	56,503	58,808	67,375	71,722	82,467	624,252
Skilled Nursing	495,262	491,473	485,217	454,616	469,380	534,483	520,949	524,730	514,207	531,609	521,784	548,622	6,092,331
<b>Total Operating Expense</b>	<b>1,677,541</b>	<b>1,638,338</b>	<b>1,737,567</b>	<b>1,720,183</b>	<b>1,736,898</b>	<b>1,797,343</b>	<b>1,787,773</b>	<b>1,818,943</b>	<b>1,798,200</b>	<b>1,837,840</b>	<b>1,826,316</b>	<b>1,902,457</b>	<b>21,279,397</b>
Check													
<b>Net Operating Income</b>	<b>(24,711)</b>	<b>209,189</b>	<b>29,584</b>	<b>154,410</b>	<b>143,015</b>	<b>172,022</b>	<b>223,514</b>	<b>221,597</b>	<b>224,109</b>	<b>291,689</b>	<b>340,980</b>	<b>314,723</b>	<b>2,300,121</b>
Depreciation / Amortization Expense	128,052	128,118	128,075	128,082	128,650	128,902	128,902	128,902	128,902	128,902	128,902	128,902	1,543,291
Interest Expense	91,496	91,496	101,299	104,567	91,970	85,506	91,473	94,385	94,385	94,385	94,385	94,385	1,129,733
Other Non-Operating Expense	50,391	27,456	68,036	2,283	11,415	18,926	42,682	10,875	10,875	10,875	10,875	10,875	275,562
<b>Net Income</b>	<b>(294,650)</b>	<b>(37,881)</b>	<b>(267,826)</b>	<b>(80,522)</b>	<b>(89,020)</b>	<b>(61,312)</b>	<b>(39,543)</b>	<b>(12,565)</b>	<b>(10,053)</b>	<b>57,527</b>	<b>106,818</b>	<b>80,561</b>	<b>(648,465)</b>



**Exhibit K**  
**Certified Financial Statements for**  
**December 31, 2020 and 2019**

**FOCUS SH I HOLDINGS II LLC**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**FOCUS SH I HOLDINGS II LLC**

**TABLE OF CONTENTS**

Page

**INDEPENDENT AUDITOR’S REPORT**

**CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Balance Sheets..... 1

Consolidated Statements of Operations..... 2

Consolidated Statements of Changes in Members’ Capital ..... 3

Consolidated Statements of Cash Flows ..... 4

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ..... 5 - 10**





## INDEPENDENT AUDITOR'S REPORT

To the Management of  
Focus SH I Holdings II LLC  
Chicago, Illinois

We have audited the accompanying consolidated balance sheets of Focus SH I Holdings II LLC as of December 31, 2020 and 2019, and the related consolidated statements of operations, consolidated statements of changes in members' capital and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

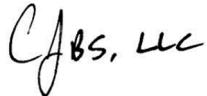
### **CJBS, LLC**

2100 Sanders Road, Suite 200, Northbrook, Illinois 60062-6141 • p. 847-945-2888 • f. 847-945-9512

[www.cjbs.com](http://www.cjbs.com)

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Focus SH I Holdings II LLC as of December 31, 2020 and 2019, and the results of its operations and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "CJBS, LLC". The letters are cursive and somewhat stylized.

CJBS, LLC  
Northbrook, IL

April 28, 2021

**FOCUS SH I HOLDINGS II LLC**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,048,735	\$ 2,517,619
Restricted Cash	162,968	-
Accounts receivable (net of allowance of \$24,235 and \$25,335)	734,129	1,252,357
Inventory	28,421	17,712
Prepaid expenses and other assets	634,383	692,971
Total current assets	<u>3,608,636</u>	<u>4,480,659</u>
Property and equipment		
Land	11,507,080	11,507,080
Buildings	30,979,311	30,749,706
Intangibles	11,199,259	11,199,259
Construction in progress	7,979,945	1,617,007
Furniture, fixtures, and equipment	3,364,990	3,248,960
	<u>65,030,585</u>	<u>58,322,012</u>
Accumulated depreciation and amortization	<u>( 2,273,846)</u>	<u>( 912,508)</u>
Total property and equipment, net	<u>62,756,739</u>	<u>57,409,504</u>
Total assets	<u>\$ 66,365,375</u>	<u>\$ 61,890,163</u>
<b>Liabilities and Members' Capital</b>		
Accounts payable and accrued expenses	\$ 4,521,129	\$ 2,520,521
Resident security deposits	416,494	757,335
Total current liabilities	<u>4,937,623</u>	<u>3,277,856</u>
Mortgage payable (net of unamortized debt issuance costs of \$541,278 and \$707,825)	<u>36,308,722</u>	<u>36,142,175</u>
Total liabilities	41,246,345	39,420,031
Members' capital	<u>25,119,030</u>	<u>22,470,132</u>
Total liabilities and members' capital	<u>\$ 66,365,375</u>	<u>\$ 61,890,163</u>

See independent accountant's compilation report.

**FOCUS SH I HOLDINGS II LLC**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Rental revenue	\$ 21,276,256	\$ 16,265,839
Net resident services	3,567,102	2,929,727
	<u>24,843,358</u>	<u>19,195,566</u>
<b>Expenses</b>		
Salaries and related payroll costs	14,878,432	10,883,588
Property-operating	3,482,227	2,737,189
Repairs and maintenance	292,349	144,723
Administrative and general	1,666,727	1,338,907
Utilities	540,982	398,294
Real estate taxes	521,505	400,167
Management fees	1,009,650	814,735
Interest	1,329,703	1,245,413
Depreciation	1,361,338	912,508
Amortization	166,547	124,910
	<u>25,249,460</u>	<u>19,000,434</u>
Net (loss) income	<u>(\$ 406,102)</u>	<u>\$ 195,132</u>

See independent accountant's compilation report.

**FOCUS SH I HOLDINGS II LLC**

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' CAPITAL**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b><u>Focus SH I Holdings II LLC</u></b>
<b>Contributions at inception</b>	\$ 22,275,000
2019 Net income	<u>195,132</u>
<b>Balance, December 31, 2019</b>	22,470,132
2020 Contributions	3,055,000
2020 Net loss	<u>( 406,102)</u>
<b>Balance, December 31, 2020</b>	<b><u>\$ 25,119,030</u></b>

See independent accountant's compilation report.

**FOCUS SH I HOLDINGS II LLC**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Net loss	(\$ 406,102)	\$ 195,132
Change in Allowance for Doubtful Accounts	( 1,100)	-
Depreciation and amortization	1,527,885	1,037,418
Changes in:		
Prepaid expenses and other assets	58,588	( 692,971)
Inventory	( 10,709)	( 17,712)
Accounts receivable	519,328	( 1,252,357)
Accounts payable and accrued expenses	2,000,608	2,520,521
Resident security deposits	( 340,841)	757,335
<b>Net cash provided by operating activities</b>	<u>3,347,657</u>	<u>2,547,366</u>
<b>Cash Flows from Investing Activities:</b>		
Construction in progress	( 6,362,938)	( 1,617,007)
Additions to investment properties	( 345,635)	( 19,855,005)
<b>Net cash used in investing activities</b>	<u>( 6,708,573)</u>	<u>( 21,472,012)</u>
<b>Cash Flows from Financing Activities:</b>		
Loan issuance costs paid	-	( 832,735)
Contributions	3,055,000	22,275,000
<b>Net cash provided by financing activities</b>	<u>3,055,000</u>	<u>21,442,265</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>( 305,916)</u>	<u>2,517,619</u>
<b>Cash and cash equivalents, beginning of the year</b>	<u>2,517,619</u>	<u>-</u>
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 2,211,703</u>	<u>\$ 2,517,619</u>
<b>Supplemental Disclosures</b>		
<b>Cash paid for interest</b>	<u>\$ 1,357,697</u>	<u>\$ 1,106,317</u>
<b>Non cash financing - building purchase</b>	<u>\$ -</u>	<u>\$ 36,850,000</u>

See independent accountant's compilation report.

## **FOCUS SH I HOLDINGS II LLC**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

#### **NOTE A – ORGANIZATION**

Focus SH I Holdings II LLC (the "Company"), a Delaware Limited Liability Company, was formed on December 27, 2018 to acquire, purchase, own, hold, manage, develop, renovate, redevelop, reposition, enhance, operate, improve, rent, lease, fund, finance, encumber, sell, transfer, exchange, dispose of, invest in or otherwise deal with any senior housing and/or senior care facilities through one or more direct or indirect subsidiaries.

On April 25, 2019, Focus SH I Holdings II LLC acquired 100% ownership of The Virginian, a licensed senior housing care facility in Fairfax, Virginia.

The consolidated financial statements include Focus SH I Holdings II LLC and its wholly owned subsidiaries as follows:

- Focus SH I TRS II LLC
- FFI Virginian Owner LLC
- FFI Virginian Tenant LLC
- FFI Virginian SNF Tenant LLC
- FFI Virginian Land Owner LLC;

Collectively these entities are (the "Subsidiaries").

The Company shall exist in perpetuity, unless dissolved sooner in accordance with provisions of the LLC Agreement.

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the GAAP basis of accounting.

##### **Principles of Consolidation**

The consolidated financial statements include Focus SH I Holdings II LLC and its wholly owned subsidiaries:

- Focus SH I TRS II LLC
- FFI Virginian Owner LLC
- FFI Virginian Tenant LLC
- FFI Virginian SNF Tenant LLC
- FFI Virginian Land Owner LLC;

The Subsidiaries are related through common ownership and management. All intercompany balances and transactions have been eliminated.

**FOCUS SH I HOLDINGS II LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash consists of money contributed by a former resident to be used to assist less fortunate residents.

**Estimates**

Management uses estimates and assumptions in preparing these consolidated financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Tenant receivables and bad debts**

Tenant receivables are reported net of an allowance for doubtful accounts. Accounts are written off and charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Management's estimate of the allowance is based on historical collection experience and a review of the current status of receivables. It is reasonable that management's estimate of the allowance may change.

**Real estate held for investment**

Real estate consisting of land, buildings, improvements and furniture and fixtures is recorded at cost. Costs related to acquisition, development, construction and improvements are capitalized. Expenditures for repairs and maintenance are charged to expense when incurred.

**Deferred loan costs**

The Company incurred costs in obtaining the mortgage financing that are deferred and amortized over the life of the note payable secured by real estate using the straight-line method. Amortization expense for the years ended December 31, 2020 and 2019 was \$166,547 and \$124,910 and is included in amortization in the consolidated statement of operations.

Estimated amortization expense for each of the next five years and thereafter is as follows:

December 31, 2021	166,547
December 31, 2022	166,547
December 31, 2023	166,547
December 31, 2024	41,637

**Inventory**

Inventory consists of raw food that is used in the operations of the senior housing care facility. It is recorded at cost.



## **FOCUS SH I HOLDINGS II LLC**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Property and Equipment**

Acquisitions of property and equipment are recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reported in the statement of income. Depreciation is provided over the estimated useful lives ranging from 3 to 39 years for each class of depreciable assets and is computed using the straight-line method.

Equipment and improvements are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. There were no impairment charges for the years ended December 31, 2020 and 2019.

##### **Income Tax Status**

A subsidiary has elected to be taxed as a C Corp and electing to pay taxes at both the federal and state jurisdictions. Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

As of December 31, 2020, the Company did not have any uncertain tax positions that it is obligated to disclose in accordance with FASB Accounting Standards Codification 740, *Income Taxes*. This is based on management's policy of regularly researching and consulting with third-party professionals to understand, evaluate, and properly reflect in its financials the ramifications of decisions regarding matters of taxation and any related uncertainty.

Any uncertain tax positions are recorded in accordance with ASC 740 on the basis of a two-step process in which (1) it is determined whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

##### **Revenue Recognition**

The Company recognizes revenue from contracts with customers in accordance with ASC Topic 606 using the practical expedient in paragraph 606-10-10-4 that allows for the use of a portfolio approach, because it has determined that the effect of applying the guidance to our portfolios of contracts within the scope of ASC Topic 606 on our consolidated financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or our performance obligations within that portfolio. The five step model defined by ASC Topic 606 requires us to: (1) identify our contracts with customers; (2) identify our performance obligations under those contracts; (3) determine the transaction prices of those contracts; (4) allocate the transaction prices to our performance obligations in those contracts; and (5) recognize revenue when each performance obligation under those contracts is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

**FOCUS SH I HOLDINGS II LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition (continued)**

A substantial portion of revenue at the senior housing community relates to contracts with residents for housing services that are generally short term in nature and initially is subject to ASC Topic 842. We have concluded that the non-lease components of these agreements are the predominant components of the contracts; therefore, we recognize revenue for these agreements under ASC Topic 606. Our contracts with residents and other customers that are within the scope of ASC Topic 606 are generally short term in nature. We have determined that services performed under those contracts are considered one performance obligation in accordance with ASC Topic 606 as such services are regarded as a series of distinct events with the same timing and pattern of transfer to the resident or customer. Revenue is recognized for those contracts when our performance obligation is satisfied by transferring control of the service provided to the resident or customer, which is generally when the services are provided over time.

*Senior Living Revenue:* Resident fees in the independent living, assisted living and memory care units consist of regular monthly charges for basic housing and support services and fees for additional requested services, such as assisted living services, personalized health services and ancillary services. Fees are specified in our agreements with residents, which are generally short term (30 days to one year), with regular monthly charges billed in advance. Funds received from residents in advance of services being provided are not material to our consolidated financial statements. Revenue recorded in connection with community fees is not material to our consolidated financial statements. Revenue for basic housing and support services and additional requested services is recognized in accordance with ASC Topic 606 and measured based on the consideration specified in the resident agreement and is recorded when the services are provided.

In the skilled nursing units, the Company is paid fixed and variable daily rates from governmental and contracted third party payers and charge a predetermined fixed daily rate for private pay residents. These daily rates and certain other fees are billed monthly in arrears. Although there are complex regulatory compliance rules governing fixed daily rates, there is no episodic payments or capitation arrangements. The Company currently uses the “most likely amount” technique to estimate revenue in accordance with ASC Topic 606, although rates are generally known prior to services being performed, whether included in the resident agreement or contracted with governmental or third-party payers. Rate adjustments from Medicare or Medicaid are recorded when known (without regard to when the assessment is paid or withheld), and subsequent adjustments to these amounts are recorded in revenues when known. Billings under certain of these programs are subject to audit and possible retroactive adjustment, and related revenue is recorded at the amount we ultimately expect to receive, which is inclusive of the estimated retroactive adjustments or refunds, if any, under reimbursement programs. Retroactive adjustments are recorded on an estimated basis in the period the related services are rendered and adjusted in future periods or as final settlements are determined. Revenue is recognized when performance obligations are satisfied by transferring control of the service provided to the resident, which is generally when services are provided over the duration of care. We derived approximately 15% and 16.0% of our senior living revenues for the year ended December 31, 2020 and 2019, respectively, from payments under Medicare and Medicaid programs.

**FOCUS SH I HOLDINGS II LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition (continued)**

The following table presents revenue disaggregated by type of contract and payer:

	<b><u>2020</u></b>	<b><u>2019</u></b>
Basic housing and support services	\$ 15,777,878	\$ 9,666,519
Medicare and Medicaid programs	3,624,142	3,070,278
Additional requested services, and private pay and other SNF services	<u>5,441,338</u>	<u>6,458,769</u>
Total revenues	<u>\$ 24,843,358</u>	<u>\$ 19,195,566</u>

**Intangibles**

Intangibles consist of goodwill created in the course of the asset purchase of The Virginian on April 25, 2019. The purchase price and acquisition costs greater than the specific value of the assets acquired was classified as goodwill. Goodwill is reviewed annually for impairment. During 2020, there was no impairment to the stated amount of goodwill.

**NOTE C- CONCENTRATION**

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2020, the Company had \$1,528,487 in excess of the FDIC insured limit.

The Company's investment in real estate is concentrated in one region, which exposes it to potential losses and unforeseen economic conditions which could have an adverse effect on operations.

**NOTE D- NOTES PAYABLE**

On April 25, 2019, the Company took out a mortgage in the amount of \$36,850,000. This loan has a variable interest rate based on LIBOR plus an applicable margin and is due on April 25, 2024. Only interest payments are being made monthly with the principal balance due on the date of maturity. The interest rate as of December 31, 2020 and 2019 3.47% was 4.19%, respectively.

**FOCUS SH I HOLDINGS II LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**NOTE E – REAL ESTATE HELD FOR INVESTMENT**

Real estate investments are stated at cost and consist of the following at December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Land	11,507,080	11,507,080
Buildings	30,979,311	30,749,706
Furniture & Fixtures	3,364,990	3,248,960
Accumulated Depreciation	(2,273,846)	(912,508)
Total	43,577,535	44,593,238

Depreciation expense was 1,361,338 and 912,508 for the years ended December 31, 2020 and 2019, respectively.

**NOTE F – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the consolidated balance sheet date through April 28, 2020, the date which the consolidated financial statements were available to be issued. It has concluded that there are no effects that provide additional evidence about conditions that existed at the consolidated balance sheet date that would require recognition in the consolidated financial statement or related note disclosures in accordance with FASB ASC 855 *Subsequent Events*.

# Exhibit L

## The Virginian Working Forecast FY2021

### Pro Forma Income Statement

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected
	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	FY2021
<b>Operating Revenue</b>													
Total Apartment Revenue	321,680	332,971	302,994	330,563	315,832	306,213	321,247	318,786	318,786	318,786	318,786	318,786	3,825,428
Total Health Center Revenue	599,165	732,629	685,737	719,337	736,934	798,447	799,294	857,787	837,361	916,491	927,851	964,970	9,576,002
Total Assisted Living Revenue	653,140	694,216	678,712	727,525	728,825	764,483	804,750	771,407	773,603	777,032	778,779	782,138	8,934,610
Total Assisted Living - Dementia Revenue	74,700	83,565	95,730	93,023	94,177	96,245	81,850	88,470	88,470	113,130	137,790	147,196	1,194,345
Total Other Operating Revenue	4,146	4,146	3,978	4,146	4,146	3,978	4,146	4,090	4,090	4,090	4,090	4,090	49,132
<b>Total Operating Revenue</b>	<b>1,652,830</b>	<b>1,847,527</b>	<b>1,767,151</b>	<b>1,874,594</b>	<b>1,879,913</b>	<b>1,969,365</b>	<b>2,011,286</b>	<b>2,040,540</b>	<b>2,022,309</b>	<b>2,129,528</b>	<b>2,167,296</b>	<b>2,217,180</b>	<b>23,579,518</b>
Check													
<b>Operating Expenses</b>													
GA Overhead	331,550	366,930	387,362	392,621	389,420	366,649	358,284	370,883	373,659	378,999	395,320	390,772	4,502,449
Plant Overhead	139,781	133,498	128,844	134,803	147,835	141,554	142,031	150,644	148,854	151,091	146,691	157,433	1,723,059
Environmental Services Overhead	103,244	92,676	106,466	107,097	109,032	107,169	110,902	112,114	109,978	112,606	109,757	114,813	1,295,853
Foodservice Overhead	220,653	199,829	244,144	257,204	211,377	260,633	247,773	249,936	251,088	251,270	248,424	267,188	2,909,519
Resident Services Overhead	50,914	48,575	55,366	51,158	54,702	42,647	49,028	50,279	49,068	50,283	49,063	50,981	602,063
Assisted Living	293,218	266,724	291,858	280,938	312,742	304,169	315,488	303,854	292,537	294,606	283,555	290,181	3,529,870
Assisted Living-Dementia	42,920	38,634	38,311	41,746	42,410	40,040	43,316	56,503	58,808	67,375	71,722	82,467	624,252
Skilled Nursing	495,262	491,473	485,217	454,616	469,380	534,483	520,949	524,730	514,207	531,609	521,784	548,622	6,092,331
<b>Total Operating Expense</b>	<b>1,677,541</b>	<b>1,638,338</b>	<b>1,737,567</b>	<b>1,720,183</b>	<b>1,736,898</b>	<b>1,797,343</b>	<b>1,787,773</b>	<b>1,818,943</b>	<b>1,798,200</b>	<b>1,837,840</b>	<b>1,826,316</b>	<b>1,902,457</b>	<b>21,279,397</b>
Check													
<b>Net Operating Income</b>	<b>(24,711)</b>	<b>209,189</b>	<b>29,584</b>	<b>154,410</b>	<b>143,015</b>	<b>172,022</b>	<b>223,514</b>	<b>221,597</b>	<b>224,109</b>	<b>291,689</b>	<b>340,980</b>	<b>314,723</b>	<b>2,300,121</b>
Depreciation / Amortization Expense	128,052	128,118	128,075	128,082	128,650	128,902	128,902	128,902	128,902	128,902	128,902	128,902	1,543,291
Interest Expense	91,496	91,496	101,299	104,567	91,970	85,506	91,473	94,385	94,385	94,385	94,385	94,385	1,129,733
Other Non-Operating Expense	50,391	27,456	68,036	2,283	11,415	18,926	42,682	10,875	10,875	10,875	10,875	10,875	275,562
<b>Net Income</b>	<b>(294,650)</b>	<b>(37,881)</b>	<b>(267,826)</b>	<b>(80,522)</b>	<b>(89,020)</b>	<b>(61,312)</b>	<b>(39,543)</b>	<b>(12,565)</b>	<b>(10,053)</b>	<b>57,527</b>	<b>106,818</b>	<b>80,561</b>	<b>(648,465)</b>