WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

WESTMINSTER PRESBYTERIAN
RETIREMENT COMMUNITY, INCORPORATED

2023 DISCLOSURE STATEMENT

FOR

WESTMINSTER AT LAKE RIDGE CONTINUING CARE
RETIREMENT COMMUNITY
LAKE RIDGE, VIRGINIA

Filed April 30, 2024

The filing of this 2022 Disclosure Statement with the State Corporation Commission

does not constitute approval, recommendation or endorsement of the facility

by the State Corporation Commission.

12191 Clipper Drive, Lake Ridge, Virginia 22192 · (703) 496-3400

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Commonwealth of Virginia
tate Corporation Commissio
Bureau of Insurance
April 30, 2024
Commissioner of Insurance
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WESTMINSTER AT LAKE RIDGE ENGAGED LIVING

Contents

I. CONTINUING CARE PROVIDER

The Provider (the "Provider" or the “Corporation”) is Westminster Presbyterian Retirement Community, Incorporated (“WLR” or the "Community”), a Virginia nonprofit, nonstock corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The Provider's principal business address is 12191 Clipper Drive, Lake Ridge, Virginia 22192. The Roman Numerals on this Statement correspond to Va. Code Section 38.2-4902 in terms of information provided. Section X of this Statement also includes information pursuant to Va. Code Section 38.2-4904.B.

II. OWNERSHIP OF REAL PROPERTY AND BUILDINGS

The Provider owns the site of its residential and health care facility (the "Facility"), subject to a mortgage and security interest securing the Series 2016 Bonds and 2015 Term Loan, as outlined below.

In October 2016, the Industrial Development Authority of the County of Prince William, Virginia (the Authority) issued, on behalf of the Organization, $46,510,000 of tax-exempt Mortgage Revenue Bonds in six series (the 2016 Bonds) with an original issue premium, net of original and underwriter discounts, of $2,975,596. The proceeds from the 2016 Bonds were primarily used to refund previous debt issues and pay for various capital improvements.

In October 2015, the Organization entered a variable rate, interest only drawdown taxable term loan under which proceeds were advanced within five years for up to $10,000,000 with Truist Bank. The proceeds were primarily used for certain construction improvements for core infrastructure.

All improvements to the land are property of the Provider subject to the mortgages. Other than the mortgage, the owner is not aware of any existing material liens on the property.

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III. PROVIDER AFFILIATION WITH RELIGIOUS, CHARITABLE NONPROFIT ORGANIZATIONS AND TAX STATUS

The Provider was organized in July 1989, as a Virginia nonprofit, non-stock corporation in cooperation with Ingleside at Rock Creek ("IRC"). IRC has a historical connection with the National Capital Presbytery (the "Presbytery"). The Presbytery, however, has no control over the business and affairs of IRC, and neither IRC, the Presbytery, nor any other religious or similar organization will be responsible for any financial and other contractual obligations of the Provider.

The Provider is an organization exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code.

In 2005, IRC and WLR assisted in the creation of a Maryland non-stock corporation, King Farm Presbyterian Retirement Community, Inc. ("King Farm" or "IKF") d/b/a Ingleside at King Farm. King Farm owns and operates a Life Plan Community (Continuing Care Retirement Community or "CCRC") in Rockville, Maryland, which was financed with the proceeds of bonds issued for its benefit by the Maryland Health and Higher Educational Facilities.

King Farm's CCRC opened in March 2009. The Provider has no obligation to support King Farm or make payments on its bonds, and King Farm similarly has no obligation to support or make payments on the indebtedness of the Provider.

In February of 1999, Westminster Ingleside Presbyterian Foundation (the "Foundation") was formed. The Foundation is organized exclusively to promote the health and well-being of older adults by supporting the charitable and religious activities of the Provider, IRC and IKF. The Foundation is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. In 2015, the Provider transferred approximately $1.1 million to the Foundation representing board-designated funds of $700,000 and resident assistance funds of $419,000 restricted for resident assistance. The Provider retains variance power over the funds and can request them at any time. As of December 31, 2020, there was $1,516 left of the funds restricted for resident assistance. These funds were fully depleted in January 2021.

In 2014, Westminster Ingleside Group, LLC ("WING") began operations and provides development services, including planning, development, financing, construction, and project management activities to the Provider. The Provider has no obligation to support WING and WING has no obligation to support or make payments on the indebtedness of the Provider. Although WING's LLC is active, WING as a business was shuttered due to the pandemic.

In 2015, Ingleside at Home ("IAH") was formed to provide home care services. The Provider has no obligations to support IAH, and IAH has no obligation to support or make payments on the indebtedness of the Provider.

WLR is the provider with a mailing address of 12191 Clipper Drive, Lake Ridge, VA 22192.

In 2011 a 501 (c) 3 supporting organization was created: Westminster Ingleside King Farm Presbyterian Retirement Communities, Inc. dba Ingleside. Lynn O'Connor is the Ingleside President and Chief Executive Officer. Mrs. O'Connor is responsible for three continuing care retirement communities (Ingleside at Rock Creek, Westminster at Lake Ridge, and Ingleside at King Farm), the Westminster Ingleside Foundation, IAH, and the parent corporation Ingleside. In accordance with WLR's Bylaws, Ingleside retains certain rights or reserved powers. These reserved powers include: The right to remove WLR directors and officers in accordance with WLR's Bylaws, and the right to establish certain policies and procedures. WLR's Board shall seek and obtain approval from Ingleside with respect to certain actions (i.e., amending the Articles of Incorporation and the Bylaws of WLR; incurring of indebtedness over a specified amount; selling real or personal property valued over a specified amount; creating any subsidiary or affiliate entities, or the participation of WLR in any joint venture, partnership, limited liability company or similar arrangement; making significant changes to the scope of facilities or services provided by or offered by WLR; and modifying the Mission Statement and Strategic Plan of WLR). In addition, Ingleside: (i) selects WLR's directors, independent auditor and insurance; (ii) establishes and monitors certain investment activities, governance activities, ethical standards, self-assessment programs and budgetary guidelines; and (iii) approves and monitors financial, human resources and compliance policies and quality of care standards.

IV. OFFICERS, DIRECTORS AND OTHER PERSONS WITH 10% OR GREATER INTEREST

The Provider is governed by a board of directors (the "Board"). The current directors and officers of the Provider and their business addresses are as follows:

CLARK, Mr. Dale (WLR, Ingleside, WIF)
12194 Cathedral Drive
Lake Ridge, VA 22192

HAUGE, Ms. Jennifer Chandler, Secretary (WLR, IRC, IKF, IAH, and Ingleside) *
2275 Research Boulevard, Suite 450
Rockville, Maryland 20850

KREUTZER, Mr. John (WLR, IRC, IKF IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

KUHN, Ms. Nancy, Chair (WLR, IRC, IKF, IAH and Ingleside)*
2275 Research Boulevard, Suite 450
Rockville, MD 20850

VON KAEPPLER, Mr. Denis (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

O'CONNOR, Mrs. Lynn, Ingleside President & CEO (WLR, IRC, IKF, IAH, WIF and Ingleside)*
2275 Research Boulevard, Suite 450
Rockville, MD 20850

Phillip Magidson, MD
2275 Research Boulevard, Suite 450
Rockville, MD 20850

BARTELS, Mr. Bruce, Immediate Past Chair (WLR, IRC, IKF, IAH and Ingleside)*
2275 Research Boulevard, Suite 450
Rockville, MD 20850

COX, Ms. Sally (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

WAGNER, Mr. Steve, Vice Chair (WLR, IRC, IKF, IAH and Ingleside) *
2275 Research Boulevard, Suite 450
Rockville, MD 20850

JOHNSON, Mr. Gregg (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

NEWTON-SMALL, Ms. Jay (WLR, IRC, IKF, IAH and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

KELLEY, Ms. Janet (WLR, IRC, IKF, IAH, WIF and Ingleside)
2275 Research Boulevard, Suite 450
Rockville, MD 20850

Directors are elected by the Board for three-year terms in three classes, created to permit staggered terms. Board members are able to serve three three-year terms.

Because the Provider is a non-stock corporation, there are no parties owning 10% or greater equity or beneficial interest in the Provider.

The officers are indicated above by an asterisk.

V. 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

1. The Provider.

The Provider's sole business is the ownership and operation of the Facility.

2. Officers, Directors and Interested Persons.

The directors and officers of the Provider listed in Section IV have experience in the operation or management of similar facilities as follows:

a. Many of the directors and officers of the Provider also serve on the board of directors of IRC, IKF, IAH and Ingleside (see Section IV). Ms. Nancy Khun serves as the current Chair of the Provider, IRC, IKF, IAH and Ingleside.

b. Mrs. Lynn O'Connor currently serves as the Ingleside President and Chief Executive Officer of the Provider, IRC IKF, IAH, Ingleside, and WIF. For a discussion of the relationship of the entities, see III.

c. Mr. Jamie Spencer currently serves as the Chief Financial Officer of the Provider, IRC, IKF, IAH, Ingleside, and the Westminster Ingleside Foundation.

3. Management Provided by the Provider.

The Provider manages the Facility. Ingleside provides support services in the areas of governance, finance, information technology, human resources, fundraising, operations, sales, and marketing. Beginning January 1, 2019 Ingleside charges the Provider a 5.25% of revenue management fee.

Lynn O'Connor commenced as President and CEO for the Provider, IRC, IKF, and WIF on August 2, 2010. Mrs. O'Connor has professionally worked in aging services since 1980 serving as President and CEO for Frasier Meadows Retirement Community, Boulder, CO; President and CEO of The Washington Home and Community Hospices, VA, DC, and MD; and Executive Director for Asbury Methodist Village, MD. Mrs. O'Connor has a Master of Science in Healthcare Administration, a B.S. in Health Management, is a licensed nursing home administrator in MD, is a Certified Aging Services Professional (CASP), and is a Certified

Montessori Dementia Care Professional (CMDCP). Mrs. O'Connor currently serves as the Chair of the LeadingAge DC Board and the Chair of the Presbyterian Association of Homes and Services for the Aging Board of Directors. Mrs. O'Connor is a past member of Leading Age's (formerly AAHSA) House of Delegates; past Vice Chair and board member for the Colorado Association of Homes and Services for the Aging; past board member for the American Health Care Association, Mid-Atlantic Lifespan, and the New Jersey Association of Non Profit Homes for the Aging.

Kera Wooten has over 20 years of experience in serving seniors. She grew her career working for Erickson Living, at both of its Virginia properties. At the end of her tenure at Erickson, she was managing four dining venues and over 150 employees, with direct oversight of a $12 million budget. Prior to that, she was employed by Marriott International Senior Living Services in Delaware and Virginia. Wooten joins us from Sunrise Senior Living in Fort Belvoir, Virginia, where she was the associate executive director. She managed the independent living operational departments and various community committees. Wooten received a Bachelor of Arts degree from Delaware State University and is a graduate of Erickson Culinary College, holding a National Food Managers Certification. She has also received Train the Trainer, Foundations of Leadership, Tactical Leadership and Alzheimer's certifications. Wooten served as the chair of family and consumer services for Fairfax County Public Schools and as a board member for the Ronald McDonald House of Northern Virginia. She enjoys Muay Thai, reading, hiking and spending time with her daughter, Regan.

Jamie Spencer joined the organization as Interim Chief Financial Officer in October 2021 and in March 2022 became the full-time Chief Financial Officer for the Provider, IRC, IKF, IAH, WIF, and Ingleside. Jamie has over 15 years of finance and accounting experience. He is a forward thinker in the realm of aging services and has provided analysis and support to senior housing developers and senior care providers. He is the Founder and President of SilverBloom Consulting, LLC, an aging services advisory firm specializing in ad-hoc financial projection, financial modeling, interim CFO/Controller services, and distressed asset management. Jamie graduated from Northern Arizona University with a Bachelor's in Finance, and received his Master's in Business Administration from Northeastern University. He is a Certified Public Accountant, licensed in Pennsylvania.

Amanda Massetti joined the organization in October 2015 and has served as Ingleside's Controller since 2020. Prior to Ingleside, Amanda worked for 5 years at a top-20 public accounting firm in Baltimore, Maryland where she specialized in low-income housing audits (Section 8, Section 42, and the Department of Housing and Urban Development (HUD)). Amanda graduated summa cum laude from King's College in Wilkes-Barre, Pennsylvania, with a Bachelor of Science degree in Accounting. Amanda is LEAN Bronze Certified by the Maryland World Class Consortia and has been a member of the Finance & Investment Committee at Lifespan Network since 2019.

The Community employs approximately 260 full- and part-time employees.

4. **Management Services Company.**

The Provider does not expect to enter into any agreement with a management company.

5. **Licensing, Ownership and Management of the Nursing Center.**

Westminster at Lake Ridge was the majority shareholder (90% ownership) of Manchester Fellowship Associates, Inc. ("MFA"), an inactive not-for-profit corporation. Fellowship Square Foundation, Inc. ("FSF") owned the remaining 10% of MFA. During 2013, the Corporation exercised its right to purchase the remaining 10% interest from FSF $150,000, payable over three years, thus making Westminster at Lake Ridge the 100% owner of its certificate of need. The final payment of $50,000 was paid in 2015. MFA has subsequently been dissolved.

B. Officers and Directors Interested Party Information

To the best of the knowledge of the Provider, neither the Provider nor any officer or director of the Provider has or will have a 10% or greater interest in any entity that is currently intended to provide goods, leases or services to the Provider of the value of $500 or more within any year.

C. Criminal, Civil, Regulatory Proceedings

To the best of the knowledge of the Provider, neither the Provider, any officer or director of the Provider, has been convicted of a felony, pleaded nolo contendere, has been held liable, has been the subject of an injunctive or restrictive order, had any license or permit suspended or is currently the subject of any state or federal injunction or prosecution of investigation of any type as described in Va. Code Section 38.2-4902.A.4c.

VI. LOCATION AND DESCRIPTION OF REAL PROPERTY, CONSTRUCTION START AND COMPLETION DATE

A. General

The Community is located on approximately 62 acres in Lake Ridge, Virginia. The site is located on the Occoquan River in Prince William County, approximately two miles from the intersection of Interstate 95 and Route 123 and approximately 20 miles south of Washington, D.C.

The Community consists of 235 Independent Living accommodations, a Health Center consisting of a licensed Assisted Living neighborhood with a capacity of 46, a 60-suite Nursing Center, a Wellness Center, and a Community Center, all are more fully described below. Originally, the Community had a max capacity of 40 in the Assisted Living neighborhood. In 1995, the Provider applied for and received licensure for six (6) additional assisted living accommodations. The additional six accommodations were part of the existing Community, in that six assisted living suites were designed as double rooms, but had originally been licensed as single rooms.

The 235 Independent Living accommodations consist of cottages and apartments. There are 95 cottages configured as single-story semi-detached homes built in clusters of two to seven, in a variety of one and two-bedroom configurations, all with full kitchens and emergency call systems, totaling approximately 123,000 square feet. The 140 apartments are in a six-level building of approximately 291,600 square feet. The apartments include a variety of one and two-bedroom floor plans with full kitchens and emergency call systems. The Provider is providing resident parking outside the apartment building of approximately 120 carports in addition to other parking spaces.

A 2-story building of approximately 64,000 square feet contains (1) the Assisted Living neighborhood, consisting of 46 assisted living accommodations in 34 private studio apartments and 6 semi-private rooms (2 per room) with emergency call systems, (2) the Nursing Center, consisting of 60 intermediate and skilled nursing suites in 48 private and six semiprivate rooms equipped with emergency call systems, and (3) the Wellness Center, which includes occupational, speech and physical therapy and a place for examinations and consultations between doctors and residents.

The Community Center comprises a portion of two floors of the apartment building and includes lobby, reception, mail room, bistro with lounge bar, beauty/barber shop, gift shop, dining room, private dining, library, reading room, living room and other ancillary spaces.

The Provider also has made available to residents an indoor swimming pool and a fitness center constructed on the 62-acre site.

B. Construction of Existing Community.

Construction of the Community commenced on January 30, 1992. The Health Center was completed and received a certificate of occupancy in December 1992. The entire Community was completed during 1993, with the exception of an indoor swimming pool and the apartment carports, which the Provider completed by mid-1994.

In January 1997, the construction of an addition to the Community began, which was completed in February 1998. The addition of approximately 68,000 square feet comprises 43 independent living apartments located in a six-story building attached to the north end of the existing apartment building. The addition also includes 43 covered parking spaces, a greenhouse, an exercise room, resident storage facilities, maintenance offices, a television equipment room, a glass enclosed vestibule leading to the swimming pool and a Jacuzzi in the swimming pool building. In addition, the existing dining room was expanded to accommodate 60 additional residents, and the existing multi-purpose room was expanded by approximately 1,550 square feet. The construction was completed ahead of schedule. Occupancy began on January 31, 1998, and the addition was fully occupied during 1998.

In 2009, Westminster completed significant renovations of the Assisted Living neighborhood and upgraded the interior decorating and design of certain apartment building common spaces. In addition, the apartments and cottages are being upgraded when they are being vacated.

As a part of the continued sustainability, Westminster at Lake Ridge completed multiple capital improvements to all building structures in our community. These capital improvements were completed with the focus on high-efficient, eco-friendly equipment to reduce our environmental footprint.

In January 2016, WLR completed the electrical torquing of all electrical panels, switch gears and transformer in the Independent Living section of the building.

In March 2016, the independent living/residential hallways were renovated. The project included the replacement of domestic plumbing water lines, water boiler and water storage tanks. Also, during this renovation, all carpet, lights, ceiling and paint were replaced.

In April 2016, WLR removed and replaced the shingled roofs on the Independent Living Building, Health Center, cottages and carports.

In August 2016, WLR replaced the cooling tower, make up air HVAC unit, cooling tower and pumps.

In 2017, boilers, pumps, and water source heat pumps were replaced in all of the independent living apartments. In addition, windows and sliding glass doors were replaced in all of the IL apartments and in the public areas of the building. Lastly, the building EIFS was repaired and balconies painted.

In January of 2019, WLR began construction and enhancing of the IL community spaces (approximately 30,000 square feet), based on feedback provided by residents, waitlist members, neighbors, and staff. The project includes a redesigned and relocated entrance, lobby, and living room lead gracefully to new dining venues: An all-day bistro with al fresco seating and lounge bar; an elevated dining room with distinct destinations; and a wine bar plus two private dining rooms. It also includes a relocated and redesigned library and reading room, as well as an updated salon/barber shop, clinic, gift shop, and chapel. A new fitness center was added to the Community, as were new locker rooms, a newly resurfaced indoor saltwater pool and hot tub, a greenhouse for indoor gardening, in addition to a multifunctional studio for art, fitness, and education, and a new technology learning center.

Office spaces were also updated as part of this construction project.

The completion date was scheduled for August 2020; however, construction halted with the COVID pandemic. The project was substantially completed in December 2021, with completion happening in Spring 2021.

VII. SERVICES PROVIDED UNDER CONTINUING CARE CONTRACTS

The Provider currently offers one type of resident contract: (1) Resident Fee-For-Service (under which there are three options). Per Diem Residency is also available in Assisted Living and Nursing. The Provider offered Life Care contracts (under which there were three options) until September 2010, when the decision was made to no longer offer the Life Care contracts. Residents who have entered into Life Care contracts will continue to have all provisions apply. The primary difference in services provided under the Life Care and Resident Fee-For-Service contracts is the degree to which residents are charged additionally for inpatient care in the Assisted Living neighborhood and the Nursing Center. The current Fee-For-Service contract is included in Section XVII as Exhibit A-1. The Provider may also enter into individual contract addendum to reflect special circumstances. The Provider revised the Life Care contracts in 1998. The Provider revised the Resident Fee-For-Service contract in 2005 to reflect certain of the changes previously made in the Life Care Contracts and to provide for a new refund option. Material differences between the old contracts (which will continue to apply with respect to the residents who have entered into them) and the new contracts are indicated below.

While the Independent Living apartments were licensed as adult care residences between 1999 and 2006, such apartments are no longer licensed.

In year 2000, the Provider revised its policy regarding financial assistance to residents. Residents were asked to execute a supplement to their resident contracts reflecting the revised policy, a copy of which is included in Section XVII under Exhibit A-1. Sections 101, 609 and 610 of the Resident Fee-For-Service Contract (included in Section XVII under Exhibit A-1) executed by new residents reflect the revised policy regarding financial assistance.

All residents in the Independent Living accommodations receive the same non-health care and wellness services while in Independent Living. The non-health care and wellness services are listed in Subsection B below. All residents in Independent Living have access to additional independent living services on a fee-for-service basis as listed in Subsection C below. All residents in Independent Living have priority access to the Assisted Living apartments and Nursing suites and receive the inpatient services listed in Subsection D below. The fee structure for inpatient health care services, however, will depend on the type of resident contract. The Life Care, Resident Fee-For-Service and Per Diem Residency contracts are summarized below.

A. Contract Summaries

1. Residence and Care Agreement (Resident Fee-For-Service)

Resident Fee-For-Service contract holders are provided all services available to residents in the Independent Living accommodations and have access to the Assisted Living apartments and the Nursing suites but pay the per diem rate in effect for the specific accommodation occupied in the Health Center (Assisted Living or Nursing). When residents with Resident Fee-For-Service contracts meet specified transfer criteria for care in the Health Center, they receive five days of temporary care during which they are not responsible for the per diem rate. Thereafter, until the resident's Independent Living accommodation is released, he or she is responsible for payment of the per diem rate for nursing or assisted care and the monthly residential rate.

Depending on the type of contract, Resident Fee-For-Service entrance fees are generally 0%, 50%, 90%, or 100% refundable upon death or withdrawal. A general discussion of refund policies is set forth in Section VIII. The Provider discontinued offering the 100% refundable Fee-For-Service contract.

2. Residence and Care Agreement (Life Care)

In addition to the services available to all residents in Independent Living, Life Care contract holders are provided inpatient care in the Assisted Living neighborhood or the Nursing Center on a temporary or permanent basis to the extent they meet specified transfer criteria. Life Care residents transferring on a permanent basis are not, at the time of such transfer, entitled to any refund of entrance fees. Depending on the type of contract, Life Care residents are generally entitled to a 0%, 50%, or 90% refund upon death or withdrawal. In 2009, the Provider discontinued the 10% refund contract and added a zero percent (0%) refund contract. The Provider discontinued offering Life Care contracts in September 2010.

Under Life Care contracts upon permanently transferring to either an Assisted Living apartment or Nursing suite residents will pay Independent Living monthly fees. The Independent Living rate will either be the current rate or the smallest Independent Living accommodation rate depending upon the specific language in the resident's Life Care contract.

The Provider has entered into agreements with residents living in the same unit under which one resident signs a Life Care contract and the second resident enters into a modified agreement.

B. Independent Living Facilities and Services Included in Monthly Fees with No Extra Charge.

The Provider provides the following facilities and services at no additional charge to all residents living in the Independent Living accommodations:

- One meal per day; Meal plan
- Meal delivery service;
- Special diet accommodations are available (but Provider may charge additional fees for any extraordinary dietary requests or supplement);

- Maintenance of buildings and grounds including lawn service;
- Twenty-four-hour security service;
- Utilities (with the exception of phone and internet service);
- Repair and replacement of property and equipment and appliances owned by the Provider (e.g., refrigerators, stoves, etc.);
- Scheduled transportation for activities such as shopping, medical and religious services;
- Light housekeeping services weekly and heavy housekeeping annually;
- Social and recreational activities;
- Access to WIFI in many Common areas;
- Emergency call systems in each living accommodation;
- Trash disposal in designated areas;
- One covered parking space;
- Standard kitchen appliances;
- Automatic washer and dryer;
- Basic cable TV;
- Individual storage space for apartments;
- Gardening areas;
- Indoor swimming pool, Jacuzzi and exercise facilities;
- Limited health care services such as health screening, educational sessions, and temporary, limited assistance for residents in their Independent Living accommodations;
- Access to additional health care services made available on campus through independent contractors for medical office calls, dental care, pharmacy services, physical, occupational and speech therapy, and podiatric care (fees to be paid by residents or third-party reimbursements);
- Property taxes.

C. Independent Living Services Available for Additional Charges

The following services are available to all residents on a fee-for-service basis regardless of contract type either from the Provider or third-party vendors:

- Personal transportation;
- Salon/barber shop services;
- Daily delivery of local newspapers;
- Laundry/dry cleaning pick-up and delivery;
- Instructional classes;
- Additional meals;
- Catering for private parties (percentage of catering fees can be deducted from meal plan/dining dollars);
- Physician services;
- Dental care;
- Pharmacy services;
- Physical Therapy;
- Occupational Therapy;
- Speech Therapy;
- Podiatric Care;
- Companion and home care services.

D. Inpatient Health Care Services

The following services are available to residents in the Assisted Living apartments and the Nursing suites (the nature of payment depends upon the contract type):

- Three meals per day in the Health Care Dining Rooms;
- Nursing care services;

- Maintenance of medical records;
- Assistance with claims processing;
- Assistance with activities of daily living;
- Emergency call systems in each apartment;
- Support of social and recreational activities;
- Basic Cable TV;
- Access to WIFI in many Common areas;
- Local phone service;
- Special diet menu when ordered by a Provider physician;
- Twenty-four-hour security service;
- Daily light housekeeping, Monday – Friday (Assisted Living only);
- Daily cleaning (Nursing Center only);
- Memory Care Services.

VIII. DESCRIPTION OF FEES, USE OF FUNDS PRIOR TO RESIDENTS' OCCUPANCY, PROVISIONS FOR ESCROWING AND REFUND OF ENTRANCE FEES, AND METHOD OF ADJUSTING FEES

The Provider offers residents one type of continuing care contract: (1) Resident Fee-For-Service (three options). The Provider offered Life Care contracts until September 2010. These contracts are summarized in Section VII. See Exhibit A-1 for copies of the current contract.

This section describes entrance fees and monthly fees for each contract type and provisions for escrowing, using or refunding entrance fees or entrance fee deposits from residents or potential residents. Exhibit C-1 describes entrance fees and monthly fees including second person charges.

Residents from the greater community will be admitted directly into Assisted Living or the Nursing Center without payment of entrance fees. Individuals admitted directly to Assisted Living or the Nursing Center will pay a per diem charge to the Provider for personal care or nursing care pursuant to a Per Diem Residency contract.

A. Entrance Fees and Refunds

All Independent Living accommodations and contract types involve an entrance fee. The size of the entrance fee is based on the size of the accommodation, the characteristics of the accommodation (i.e., view, location, if it has a balcony or addition), and the refund provisions. In the case of double occupancy, a second person entrance fee is required. Entrance fees associated with all types of contracts are amortized according to specific schedules depending upon the type of contract.

1. Entrance fees for the 90% refundable Resident Fee-For-Service contract holders are amortized at 2% for five months; always providing at least a 90% refund.

2. Entrance fees for the 50% refundable contracts are amortized at 2% a month for 25 months, always providing for at least a 50% refund.

3. Entrance fees for the 0% refundable contracts are amortized 100% on the date of occupancy, always providing for a 0% refund.

Refunds of unamortized entrance fees under Life Care contracts and Resident Fee-For-Service contracts are payable upon receiving a new entrance fee for the independent unit being vacated. The nature of refunds associated with the unamortized portion of an entrance fee will vary depending upon the event precipitating the refund, e.g., death, voluntary withdrawal from the Community, permanent transfer to an Assisted Living apartment or the Nursing Center, change in marital or living status, and whether initial entrance fees included a double occupancy charge.

As of September 2023 a revision was made to the contracts in regards to refunds.

1. **Refund of Entrance Fee upon Voluntary Termination by Resident (prior to September 2023).**

    a. In the event of a voluntary termination by resident within seven days of making the entrance fee deposit or execution of a Residence and Care Agreement, the Provider will refund the entire amount of the entrance fee paid.

    b. Under the New Life Care and Resident Fee-For-Service contracts only - in the event of termination by the resident after the time period described in (a) above, but prior to the Occupancy Date, or following signing of a Reservation Agreement and making total deposits of at least $5,000, the Provider will refund the entire amount of the entrance fee paid, less an administrative fee of $300.

    c. In the event of voluntary termination by the resident after the Occupancy Date, the Provider will refund the entrance fee paid less the amortized amount (if any) determined as described above.

Refund of Entrance Fee upon Voluntary Termination by Resident (after September 2023)

Prior to Occupancy.

(a) Termination by Resident. Prior to occupancy, Resident may rescind this Agreement at any time upon written notice to Westminster.

(b) Automatic Cancellation. This Agreement is automatically cancelled if, before the Occupancy Date, any of the following occurs:

(i) Westminster determines that Resident is ineligible for entrance into the Community;

(ii) Resident elects to terminate this Agreement for any reason; or

(iii) Resident dies prior to the Occupancy Date; provided, however, that if two Residents have signed this Agreement and are going to occupy the same Residence, this Agreement shall terminate only at the option of the survivor.

After Occupancy.

Resident has the right at any time after the Occupancy Date to terminate this Agreement by delivering to Westminster prior written notice of intent to do so. Such notice shall specify an effective date not less than sixty

(60) days after the date of such notice, unless a shorter period is approved by the Executive Director. On or before the effective date, Resident shall move from the Community and release the Residence to Westminster. Resident's obligation to continue to pay the Monthly Fee shall cease on the effective date provided Resident has moved and released the Residence to Westminster.

If two Residents have signed this Agreement, then either Resident may terminate it as to him/herself and this shall not effect a termination with respect to the other Resident. If this Agreement is continued by one of the Residents, the Entrance Fee shall be treated as having been paid on behalf of the remaining Resident, and no Entrance Fee refund will be paid to the Resident who is leaving.

In the event of termination by Resident after the Occupancy Date, Westminster shall refund to Resident the Entrance Fee paid by Resident, less an amount equal to two percent of the Entrance Fee for each of the first five (full or partial) months of occupancy (the period from the Occupancy Date to the date of termination).

2. **Refund of Entrance Fee upon Termination by the Provider.**

   a. In the event the Provider terminates the Residence and Care Agreement prior to resident's occupancy, the Provider will refund the entire amount of the entrance fee paid.

3. **In the event the Provider terminates the Residence and Care Agreement after occupancy, the Provider will refund the entrance fee paid less the amortized amount (if any) determined as described above.**

4. **Refund of Entrance Fee upon Termination by Reason of Death or When Resident is precluded from Entering the Community by Reason of Illness, Injury or Incapacity.**

   a. In the event that resident dies or is unable to enter the Community by reason of illness, injury or incapacity, prior to the occupancy date, the Residence and Care Agreement is rescinded, and the Provider will refund the entire entrance fee paid to resident or resident's estate less any costs incurred at the request of the resident in a written contract.

   b. In the event the Residence and Care Agreement is terminated as a result of resident's death after occupancy, the Provider will refund to the estate of the resident the entrance fee less the amortized amount (if any) determined as described above.

5. Death or Withdrawal of One of Two Residents (prior to September 2023).

If the entrance fee has been paid on behalf of two co-residents and one of the two co-residents dies or withdraws from the Community within 5 or 25 months (depending on type of contract), there will be no refund of the entrance fee except that the Provider will refund to the withdrawing resident or the deceased resident's estate the differential in the entrance fees between single and double occupancy, less a sum equal to 2% percent (depending on type of contract) of such differential for each month (or portion thereof), if applicable.

Death or Withdrawal of One of Two Residents. (after September 2023)

If the Entrance Fee has been paid on behalf of two co-residents and one of the two co-residents dies or withdraws from the Community, the Entrance Fee shall be deemed to have been paid on behalf of the surviving or remaining Resident and no refund of the Entrance Fee shall be made.

6. Refund upon Transfer to Nursing Center.

Residents with Life Care contracts and Resident Fee-For-Service contracts who transfer permanently to the Nursing Center will not receive a refund of entrance fee upon such transfer.

B. Monthly Fees

Monthly fees for the first person in the independent accommodations vary according to the apartment or cottage type and size. The fees for all accommodations for residents with Life Care or Fee-For-Service contracts are in Exhibit C-1.

C. Charges for Nursing and Assisted Living

The 2023 Fee-For-Service per diem charge for care in an Assisted Living neighborhood is $298-$402 for a private apartment (depending on the size and level of care). Fee-For-Service per diem charge for care in the Nursing Center in 2023 was $556 for a private room and $573 for a private suite room. The 2023 Fee-For Service per diem charge for the Memory Care Unit is $567 for a private room and $584 for a private suite room.

See Section VII.A for Assisted Living and Nursing for Fee-For-Service contracts charges.

D. Ancillary Charges

Ancillary Charges include charges for health services that are reimbursed by third-party insurers. These costs are not included in the per diem charges in the Health Center or in the monthly fees for the Independent Living accommodations. See Exhibit C-1.

E. Provision for Deposit of Entrance Fees

The Provider banks with Truist (formerly SunTrust Bank). All entrance fees or portions thereof in excess of $1,000 per person received prior to the date the resident is permitted to occupy a unit in the Community and deposited with Truist (formerly SunTrust Bank). The Provider maintains an entrance fee liability account specifically identifying each deposit by prospective resident (see also Section IX.A).

No interest is paid to residents for amounts deposited and recorded in the entrance fee liability account.

F. Changes in Monthly Fees

In the continuing care contracts, the Provider may raise monthly fees with 30 days' prior notice to residents. The Provider intends, to the extent possible and subject to unforeseen circumstances, to limit increases on the monthly fees to once a year.

Fees may be adjusted on an individual basis due to such events as a change in number of occupants, a change in living accommodations or prolonged absence from the Community. See Part II, Section 503 in Exhibit A-1.

G. Resident Supporting Fund

The Provider has established a Resident Supporting Fund that, to the extent funds are available, is available to subsidize residents who are unable to pay full fees. The Provider solicits donations for this Fund. The Provider may, however, at its election, reduce fees for residents whose assets may be limited or who are unable to pay. See Part II, Article VI.C in Exhibit A-1 for a full description of the Resident Supporting Fund.

H. Changes in Fees

Exhibit C-1 includes the current monthly fees for Independent Living as well as the current per diem rates for the Assisted Living and Nursing Center. It also includes a history of the rates for the past 5 years.

IX. RESERVE FUNDING OR SECURITY FOR PROVIDER'S PERFORMANCE

A. Funds Established by Bond Documents

In December 2016, the Provider was issued a tax-exempt mortgage revenue bond six series (the "Series 2016 Bonds") with the Industrial Development Authority of the County of Prince William (the "Authority") totaling $46,510,000. The bonds were established to (1) finance various capital improvements, (2) refund the Company's 2006 Series bonds (approximately $44,830,000), (3) fund a debt service reserve fund for the Series 2016 Bonds, and (4) pay a portion of expenses incurred in connection with the issuance of the Series 2016 Bonds.

Upon issuance of the Series 2016 Bonds, a debt service reserve fund securing payment of the Series 2016 Bonds was established and funded in the amount of $3,096,375. Such funding was provided from amounts in the debt service reserve fund securing the bonds refunded by the Series 2006 Bonds. In addition, a Construction fund in the amount of $20,000,000 was established to finance various capital improvements. As of December 2019, the Series 2016 Bond funds were fully utilized.

The DSR Fund is held by the Trustee, and is invested in government securities, repurchase agreements and other credit worthy investments of the type customarily permitted by bond documents. The investment is made at the direction of the Provider, subject to the list of qualifying investments in the bond documents providing for the issuance of the Series 2016 Bonds.

In addition, the bond documents require that (a) the Provider pay on the first day of the amount equal to one-sixth of the amount of interest due on the Series 2016 Bonds on the next interest payment date (January 1 and July 1) for deposit into a bond fund, and (b) an amount equal to one-twelfth of the amount of principal due on the Series 2016 Bonds on the following January 1. The amounts in the Bond Fund will be used by the Trustee to pay interest and principal on the Series 2016 Bonds as the same become due and payable.

B. Funds Established by Term Loan

The Provider entered into a $10 million variable rate, interest only, draw-down taxable term to be used to fund multiple renovation and capital improvement projects. Disbursements of the 2015 Term Loan cannot be requested by the Provider (a) more frequently than monthly, or (b) in an aggregate amount less than $100,000. The loan documents require that the Provider pay interest monthly on the drawn portion of the 2015 Term Loan for the first 60 months. Principal payments shall begin, based on a 25-year mortgage amortization schedule, at the conclusion of the draw down period in October 2020. The issuer of the 2015 Term Loan, Truist (formerly SunTrust Bank) (the "Lender"), has no obligation to pay the 2015 Term Loan except from payments made by the Provider.

In connection with the issuance of the 2015 Term Loan, the Provider entered into agreements that require it to maintain the same borrower’s covenants as those described in the Master Trust Indenture, the Bond Indenture, and Loan Agreement related to the Series 2006 Bonds.

As of December 2019, the Series 2015 Truist (formerly SunTrust Bank) Loan proceeds have been fully utilized.

WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

X. PROVIDER'S CERTIFIED FINANCIAL STATEMENTS

Attached hereto as Exhibit D-1 are the Audited Financial Statements for the year ended December 31, 2022. The auditor for the years ended 2022 and 2021 was Baker Tilly Virchow Krause, LLP (Lancaster, PA).

2022 Financial Statements. Set forth below are calculations for the financial covenant requirements under the Master Trust Indenture.

Summary Financial Information:

	Current Year (Unaudited)	Prior Year (Audited)
Total Assets	83,091,369	82,873,954
Total Liabilities	116,147,098	115,743,485
Total Net Assets	(33,055,729)	(32,869,532)
Total Revenues	28,656,212	26,118,209
Total Expenses	31,867,803	28,808,232
Operating Income (Loss)	(3,211,591)	(2,690,023)
Net Income (Loss)	(186,197)	(4,629,073)

Occupancy Summary as of December 31, 2022:

	Capacity of Units	Average Occupancy	Percentage Occupancy
Independent Living	235	227	96%
Assisted Living	40	38.3	96%
Nursing	44	40.6	75%

Narrative on Financial Condition:

Operating Revenues: Total operating revenues were unfavorable to budget by $391888. Average occupancy levels in Skilled Nursing were below budgeted expectations which decreased revenue in 2023.

Operating Expenses: Total operating expenses were underbudget by $253,016 as of December 31, 2023. The lower costs were attributable to lower Skilled Nursing occupancy than anticipated. Savings from Skilled Nursing expenses were offset by higher bad debt expense than anticipated in 2023.

Key Covenant Ratios: Westminster at Lake Ridge's key ratios by the end of 2024 were as follows: Net Operating Margin (NOM) was 6.64% as of 12/31/23, down from the 2022 NOM of (68.29%). Westminster at Lake Ridge maintained a strong cash position, with 192 Days Cash on Hand (DCOH) as of December 31, 2023, against a covenant of 150. The Debt Service Coverage Ratio (DSCR) was 1.99x against a covenant of 1.20x.

WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

XI. PRO FORMA INCOME STATEMENT

Attached as Exhibit B-1 are the Pro Forma Income Statement and the Cash Flow Statement for the fiscal year ending December 31, 2023. These statements conform to generally accepted accounting principles and are based on the Provider's current budget.

XII. FUNDING OF COMMUNITY

Because the Community is operational, no information is required pursuant to Va. Code Section 38.2-4902(12).

XIII. HEALTH AND FINANCIAL ADMISSIONS CRITERIA AND TRANSFER CRITERIA FOR INPATIENT ASSISTED LIVING AND NURSING CARE

Applicants for residency will be reviewed to determine their eligibility based on the following health and financial criteria. Two types of agreements are available: (1) Resident Fee-For-Service and (2) Per Diem Residency. The health and financial admissions criteria will vary depending on the type of agreement.

HEALTH AND FINANCIAL SCREENING AND TRANSFER CRITERIA

Health Screening and Transfer criteria and procedures have been developed. The health screening criteria place applicants into one of three categories: (1) those with conditions which make them ineligible for residency in any level of care, (2) those qualified or desiring entry into an Independent Living accommodation under the Resident Fee-For-Service option, and (3) those with conditions that qualify them for Assisted Living or Nursing Center. As of September 2010, the Provider no longer offers Life Care contracts.

A. Health and Financial Criteria

1. Non-eligibility

Individuals with conditions like severe dementia or total physical disability whose behavior or physical condition make it impractical for them to be cared for at the Community would not be eligible for residency in any level of care.

2. Residence and Care Agreement (Resident Fee-For-Service)

Individuals choosing the Resident Fee-For-Service option will not be subject to health screening for acceptance, except to the extent that a determination is required to establish the level of care appropriate to their needs. The Provider has no contractual liability for inpatient care in the Assisted Living or Nursing Center for individuals covered under the Resident Fee-For-Service option. However, in order to minimize the risk that individuals under the Resident Fee-For-Service contract would deplete all their assets upon transfer, financial screening includes an analysis of (1) net assets to entrance fee ratio, and (2) annual income to annualized monthly fee.

3. Per Diem Residency Agreement

Individuals without entrance fee contracts are accepted only for spaces in the Assisted Living or Nursing Center on a per diem basis.

B. Transfer Criteria

Transfer criteria are designed to: (1) prevent inappropriate over-utilization of assisted living or nursing care services that can result due to the availability of the services for little or no additional cost, and (2) provide guidelines for requiring the transfer of individuals whose medical or physical condition make them a risk to their own or others' safety and health. The Provider has developed transfer criteria for assisted living and nursing care. The same guidelines would be used to determine the appropriate placement level for individuals entering directly into the Nursing or Assisted Living neighborhoods or Independent Living accommodations.

1. To be eligible for assisted living care, an individual must:

a. require substantial assistance with at least two activities of daily living, e.g., eating, bathing, dressing, toileting, ambulating; but

b. be able to move independently to and from the dining area.

2. To be eligible for nursing care, an individual must:

a. require substantial or complete human assistance with three or more activities of daily living and be unable to move independently to and from the dining area or out of the building; or

b. require skilled nursing services or skilled physical therapy on a daily confined basis; or

c. be free of an active communicable disease; or

d. have advanced dementia.

C. Transfer Procedures

Individuals may be transferred from Independent Living upon recommendation of the Community's Medical Director or recommendation of their attending physician. All decisions involving permanent transfer are made by a Resident Review Team composed of the Director of Health Services, a social worker, a nurse as well as others as deemed appropriate by the Executive Director.

XIV. POLICY FOR ACCESS TO FACILITIES AND SERVICS FOR NON-RESIDENTS

Non-residents from the general community utilize the services in the Assisted Living and Nursing Center.

Guest meals are available for residents' visitors. Guest services may be charged to resident hosts or the guest can pay the check with cash or credit card.

Westminster at Lake Ridge is the majority shareholder (90% ownership) of Manchester Fellowship Associates, Inc. ("MFA"), an inactive not-for-profit corporation. Fellowship Square Foundation, Inc. ("FSF") owned the remaining 10% of MFA. During 2013, the Corporation exercised its right to purchase the remaining 10% interest from FSF $150,000, payable over three years, thus making Westminster at Lake Ridge the 100% owner of MFA. The remaining payment of $50,000 was paid in 2015.

XV. OTHER INFORMATION

The Community does not believe there is any additional information as contemplated by Va. Code Section 38.2-4903(15).

XVI. COMPLAINT PROCEDURES TO BE UTILIZED BY RESIDENTS OF THE COMMUNITY

The following is the complaint policy and procedure utilized at the Community:

Complaint Resolution Policy and Procedure

It shall be the policy of Westminster at Lake Ridge to encourage residents, families and interested or concerned individuals to openly express through appropriate channels any suggestion, criticism or complaint regarding Westminster at Lake Ridge's policies, procedures or operations. Westminster at Lake Ridge will respond, and as necessary, correct or improve the situation, as quickly as possible.

Questions, concerns, and complaints are best reported as soon as possible so a timely and appropriate response can be made.

A. Questions, concerns, and complaints should be reported at the time of the occurrence of the event causing the report to the supervisor or Department Director, as appropriate, for the area in which the concern was noted. This will provide the opportunity to immediately resolve the issue and provide ongoing feedback to the supervisor or Director on their area of responsibility.

B. If the matter remains unresolved or involves several staff or a broader area of concern, it should be reported to the Department Director orally or in writing, using the Statement of Concern Form that can be obtained at Resident Services or Administration in the Community. A response will be provided with three (3) business days from the Department Head.

C. If the issue is not resolved to the inquirer's satisfaction, it should be reported to the Executive Director orally or in writing. The Executive Director will provide a verbal and/or written response to the inquirer within 10 business days.

D. In the event that a resident of the Community is still greatly dissatisfied with the resolution offered by both the Department Head and Executive Director, the resident may request that their concern or grievance be reviewed by (in succession) the Chief Operating Officer, the Chief Executive Officer, and then the Board of Directors. The Executive Director or designee will support the resident in navigating their concern through the process at this level, ultimately to successful resolution for both the resident and the Community.

E. Beyond the scope of any Westminster or Ingleside Administrative resolution, a resident may pursue their concern further with the following regulatory or governing bodies:

1. Virginia Department of Health, State Licensure, Certification and Survey Agency, Department of Licensure and Certification at 9960 Maryland Drive, Suite 401, Richmond, Virginia 23233, telephone 804-367-2100.

2. Ombudsman, 12011 Government Center Parkway, Suite 708, Fairfax, Virginia 22035-1104, telephone 703-324-5861.

3. Department of Social Services, 5 County Complex Court, #240, Woodbridge, Virginia 22191, telephone 703-792-6400.

F. Suggestions and new ideas are welcome at any time via Westminster at Lake Ridge's "open door policy." These may also be provided in writing if preferred.

For detailed financial information, please visit the EMMA (Electronic Municipal Market Assess) website at http://www.emma.msrb.org/ and search for any of the following CUSIP numbers:

741756BG4, 741756BH2, 741756BJ8, 741756BK5, 741756BL3, 741756BM1, 741756BN9, 741756BP4 and 741756BQ2

XVII. EXHIBITS

A-1. Residence and Care Agreements (Resident Fee for Service)

B-1. Pro Forma Income Statement for Fiscal Year Ending December 31, 2020

C-1. Entrance Fees and Monthly Fees

D-1. Audited Financial Statements

EXHIBIT A-1

WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

EXHIBIT B-1

Projection VS. Actual

	Year 2023		
	Projections	**Actual**	**Variance (Actual - Projections)**
Total Revenue	29,048,337	28,656,212	(392,125)
Total Expenses	31,198,670	31,867,803	669,133
Operating Gain (Loss)	(2,150,333)	(3,211,591)	(1,061,258)

Narrative Analysis of Fiscal Year 2023 Pro Forma Income Statement (Operating Budget) Compared to Actual Results:

Total Revenue: Total revenue was unfavorable to projections by ($392,125). Average occupancy levels in Skilled Nursing were lower than expected in 2023 at 75.2% (40.6 beds) compared to our budget of 90.4% (48.8 beds). Additionally, Westminster at Lake Ridge launched a new revenue generating Social Day Program, Ingleside Engaged. The program was expected to launch in January, but the opening was delayed until March resulting in $143,056 of lost revenue.

Total Expenses: Total actual expenses were over projected expenses by $669,133. Westminster at Lake Ridge recorded $580,000 in bad debt reserves in 2023. The large majority of recorded bad debts are associated with Skilled Nursing accounts primarily under Medicaid-

Pending or direct admit Private Pay payers. All account balances in Independent Living and Assisted Living are commonly collectible in full. Westminster at Lake Ridge follows Generally Accepted Accounting Principles (GAAP) to calculate bad debt reserve estimates annually and reserve balances are subject to change if account recoveries are made**. Additionally, interest, depreciation, and amortization were also higher than projected for 2023 which added to the variance in expenses.** Westminster at Lake Ridge's Series 2015 term loan has a floating interest rate of one-month SOFR plus 1.85%. Interest expense was budgeted at 5%, but actual interest rates exceed 7.25%. Westminster at Lake Ridge invested $3.1M in capital expenditure projects in 2023 and added 99 new capital additions. As a result, total depreciation expense exceeded planned calculations.

Exhibit B-1

Westminster Presbyterian Retirement Community, Inc.
d/b/a Westminster at Lake Ridge

Budgeted/Projected Income Statement

For the Projected Year Ending December 31, 2024

	2024
Revenues	
Independent Living Room & Board	13,688,874
Assisted Living Room & Board	3,779,374
Skilled Nursing Revenue	8,411,754
Ancillary Revenue	309,889
Bad Debt	-
Entrance Fee Amortization	3,759,837
Contributions	1,253,148
Interest & Dividend Income	404,648
Total Revenues	31,607,524
Operating Expenses	
Health and Wellness	7,659,738
Dietary	4,292,997
Administrative and General	4,542,431
Environmental Services and Plant Operations	4,794,235
Marketing	838,961
Resident and Social Services	1,282,631
Bad Debt	150,000
Depreciation	5,328,367
Amortization	60,607
Interest Expense	2,442,712
Total Expenses	31,392,679
Net Operations:	
Net Operations	214,845
Other Income/(Expenses)	(120,440)
Change in NA	94,405
Cash Basis:	
Net Operations	1,843,982
Change in NA	1,708,023

Narrative Analysis of Fiscal Year 2024 Pro Forma Income Statement (Operating Budget) Assumptions:

Westminster at Lake Ridge prepares an operating budget annually. The 2024 budget assumes a 4.5% private pay monthly fee increase in Independent Living, Assisted Living, and Skilled Nursing. Management is also anticipating an estimated 5.4% increase in Medicare A reimbursements and 8.3% increase in Medicaid reimbursements. In addition, Skilled Nursing occupancy is expected to increase to 81%, a 6% increase from 2023. Occupancy in Independent Living and Assisted Living is expected to remain consistent at 95% and 94%, respectively. Contribution revenue, which includes resident paid upgrades and unrestricted contributions released from the Westminster Ingleside Foundation, is expected to increase 2.5% in 2024.

Management assumed a baseline 2.5% increase in all non-payroll operating expenses but adjusted, as necessary, using CPI indexes and existing contractual obligations. General liability and property liability insurance is estimated to increase 5% in 2024, with notable increases stemming from Cyber Security insurance enhancements. Management anticipates a 3% Cost of Living Adjustment is provided to all employees and 7 new positions were added to the 2024 budget, primarily in Dining Services.

Westminster at Lake Ridge plans to invest $3.95M in Property, Plant, and Equipment upgrades in 2024 including, but not limited to, unit turnover renovations, Electrical Vehicle (EV) charging stations, elevator upgrades, Skilled Nursing renovations, and solar powered carport lighting.

Management anticipates Net Entrance Fee cashflow of $2.8M which was calculated using historical turnover statistics, planned move-ins, and actuarial assumptions. The $2.8M in Net Entrance Fees will help drive an anticipated Debt Service Coverage ratio of 2.08x, which is 0.88x greater than bond covenant compliance. In addition, Management anticipates a Days Cash on Hand Ratio of 225 days, a Net Operating Ratio of 10%, and Operating Ratio of 99.29%.

WESTMINSTER AT LAKE RIDGE ENGAGED LIVING

Exhibit B (Cont.)

Westminster Presbyterian Retirement Community, Inc.
d/b/a Westminster at Lake Ridge

Forecasted Statement of Cash Flows

For the Projected Year Ending December 31, 2024

	2024
Cash Flow:	
Net Cash Generated from Operations	1,843,982
PP&E - Operating	(3,600,000)
PP&E - Contributed Capital	622,583
Net EF, Existing	2,800,000
IAH & IRC Debt Repayments	489,177
Debt Repayments	(1,460,000)
Net Cash Flow	695,742

Exhibit B (Cont.)

Westminster Presbyterian Retirement Community, Inc.
d/b/a Westminster at Lake Ridge
Schedule of Assembled Debt Service Coverage Ratios and Other Cash Ratios

For the Projected Year Ending December 31, 2024

Debt Service Coverage Ratio		**2024**
Change in Net Assets	$	94,405
Deduct:		
EF Amortization		(3,759,837)
Add:		
Depreciation		5,328,367
Amortization		60,607
Interest expense		2,442,712
Net Cash from Entrance Fees		2,800,000
Funds available for debt service	$	6,966,254
Maximum annual debt service	$	3,356,034
Maximum annual debt service coverage ratio		2.08 x

WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

EXHIBIT C-1

WESTMINSTER AT LAKE RIDGE

ENGAGED LIVING

INDEPENDENT LIVING FEE FOR SERVICE RATES - EXHIBIT C-1

Year	2019			2020			2021		
	Low Monthly Fee	Median Monthly Fee	High Monthly Fee	Low Monthly Fee	Median Monthly Fee	High Monthly Fee	Low Monthly Fee	Median Monthly Fee	High Monthly Fee
Percentage Increase - 1ST PERSON	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	4.50%	4.50%	4.50%
Percentage Increase - 2ND PERSON	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	4.50%	4.50%	4.50%
Apartments									
One Bedroom	1,430	2,158	2,886	1,818	2,571	3,324	1,899	2,686	3,473
One Bedroom Deluxe	1,737	2,592	3,448	2,135	3,020	3,907	2,231	3,155	4,082
One Bedroom Den	2,107	3,126	4,142	2,518	3,572	4,625	2,631	3,732	4,833
Two Bedroom	2,361	3,482	4,608	2,781	3,942	5,108	2,906	4,119	5,337
Two Bedroom Den	2,807	4,120	5,438	3,242	4,601	5,967	3,387	4,808	6,235
Cottages									
One Bedroom Den	2,369	3,498	4,625	2,789	3,957	5,124	2,914	4,135	5,354
Two Bedroom	2,723	4,004	5,285	3,155	4,481	5,807	3,296	4,682	6,068
Two Bedroom Den	3,076	4,504	5,938	3,521	5,000	6,484	3,679	5,224	6,775
Second Person	821	821	1,148	1,187	1,187	1,525	1,240	1,240	1,593

Year	2022			2023		
	Low Monthly Fee	Median Monthly Fee	High Monthly Fee	Low Monthly Fee	Median Monthly Fee	High Monthly Fee
Percentage Increase - 1ST PERSON	5.50%	5.50%	5.50%	9.00%	9.00%	9.00%
Percentage Increase - 2ND PERSON	5.50%	5.50%	5.50%	9.00%	9.00%	9.00%
Apartments						
One Bedroom	2,003	2,834	3,664	2,183	3,089	3,994
One Bedroom Deluxe	2,354	3,329	4,307	2,566	3,629	4,695
One Bedroom Den	2,776	3,937	5,099	3,026	4,291	5,558
Two Bedroom	3,066	4,346	5,631	3,342	4,737	6,138
Two Bedroom Den	3,573	5,072	6,578	3,895	5,528	7,170
Cottages						
One Bedroom Den	3,074	4,362	5,648	3,351	4,755	6,156
Two Bedroom	3,477	4,940	6,402	3,790	5,385	6,978
Two Bedroom Den	3,881	5,511	7,148	4,230	6,007	7,791
Second Person	1,308	1,308	1,681	1,426	1,426	1,832

WESTMINSTER AT LAKE RIDGE
ENGAGED LIVING

WESTMINSTER AT LAKE RIDGE
SCHEDULE OF FEES

LIFE CARE RATES - EXHIBIT C-1

Year	2019	2020	2021	2022	2023
Percentage Increase - 1ST PERSON	3.50%	3.50%	4.50%	5.50%	9.00%
Percentage Increase - 2ND PERSON	3.50%	3.50%	4.50%	5.50%	9.00%
Apartments					
One Bedroom	2,980	3,421	3,574	3,771	4,110
One Bedroom Deluxe	3,417	3,874	4,048	4,271	4,655
One Bedroom Den	3,968	4,444	4,643	4,898	5,339
Two Bedroom	4,506	5,001	5,226	5,513	6,009
Two Bedroom Den	5,323	5,846	6,109	6,445	7,025
Cottages					
One Bedroom Den	4,516	5,011	5,236	5,524	6,021
Two Bedroom	5,172	5,690	5,946	6,273	6,838
Two Bedroom Den	5,799	6,339	6,624	6,988	7,617
Second Person	1,617	2,011	2,101	2,217	2,417

***Life Care contracts were discontinued in September 2010.**

WESTMINSTER AT LAKE RIDGE
HEALTH CENTER RATES
EXHIBIT C-1

	2019	2020	2021	2022	2023
Nursing Center	3.50%	0.00%	3.50%	5.50%	9.11%
Per Diem Semi-Private*	$401	$401	N/A*	N/A*	N/A*
Per Diem Private	$467	$467	$483	$510	$556
Per Diem Private Suite	$477	$477	$497	$525	$573
Assisted Living	3.50%	0.00%	0.00%	4.60%	9.00%
Per Diem Studio**	$256	$256	$256	$268	$292
Per Diem Large Studio**	$263	$263	$263	$275	$300
Level II Additional Daily Fee	$15	$15	$15	$15	$17
Level III Additional Daily Fee	$29	$29	$29	$30	$33

* In 2021, semi-private rooms in Skilled Nursing were no longer offered as a result of the COVID-19 pandemic.
** Assisted Living per diem rates are calculated on a 31 day month.

WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

EXHIBIT D-1

Westminster Presbyterian Retirement Community, Incorporated

Report on Compliance With Financial Covenants

December 31, 2023

WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

Westminster Presbyterian Retirement Community, Incorporated

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December 31, 2023

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Independent Auditors' Report

To the Board of Directors of
Westminster Presbyterian Retirement Community, Incorporated

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Westminster Presbyterian Retirement Community, Incorporated (the Organization), which comprise the balance sheet as of December 31, 2023 and the related statements of operations, changes in net deficit and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated April 26, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the Organization failed to comply with the terms, covenants, provisions or conditions applicable to the Master Trust Indenture (Indenture) dated December 1, 2016, Sections 3.16 and 3.08 between the Organization, as borrower, and the Bank of New York Mellon Trust Company, N.A., as trustee, related to the issuance of Series 2016 Bonds issued through the Industrial Development Authority of the County of Prince William, Virginia, as lender, and the Credit Agreement (Agreement) dated October 1, 2015 between the Organization, as borrower, and SunTrust Bank, as lender, as indicated in the accompanying schedule of financial covenants, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Organization's noncompliance with the above-referenced terms, covenants, provisions or conditions of the Indenture and Agreement, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of the Organization, the trustee and the lender and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

New Castle, Pennsylvania
April 26, 2024

WESTMINSTER AT LAKE RIDGE

ENGAGED LIVING

Westminster Presbyterian Retirement Community, Incorporated

Schedule of Financial Covenants

Year Ended December 31, 2023

Debt Service Coverage Ratio	
Income Available for Debt Service	
Change in net deficit	$ (186,197)
Change in net assets with donor restrictions	(1,078,963)
Unrealized gains and losses, investments	(1,212,328)
Interest expense	2,586,377
Depreciation	5,915,417
Amortization of entrance fees	(3,844,316)
Proceeds from nonrefundable entrance fees	4,360,417
Proceeds from refundable entrance fees, net of priority deposits	3,072,200
Refunds of entrance fees	(3,258,302)
Income available for debt service	$ 6,354,305
Maximum Annual Debt Service	$ 3,356,034
Debt Service Coverage Ratio	1.89
Debt Service Coverage Ratio Required	1.20
Days Cash on Hand	
Cash and Investments	
Cash and cash equivalents	$ 3,603,004
Investments	9,611,545
Assets whose use is limited	5,354,366
Less assets held under trust indenture	(5,354,366)
Total cash and investments	$ 13,214,549
Cash Operating Expenses	
Total operating expenses	$ 31,867,803
Add:	
Amortization of bond premium, net of discounts	192,724
Less:	
Amortization of deferred financing costs	(59,129)
Depreciation	(5,915,417)
Net cash operating expenses	$ 26,085,981
Daily Cash Operating Expenses	$ 71,468
Days Cash on Hand	185
Days Cash on Hand Required	150

WESTMINSTER AT LAKE RIDGE
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Westminster Presbyterian Retirement Community, Incorporated

Financial Statements

December 31, 2023 and 2022

Westminster Presbyterian Retirement Community, Incorporated

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December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors of
Westminster Presbyterian Retirement Community, Incorporated

Opinion

We have audited the financial statements of Westminster Presbyterian Retirement Community, Incorporated (the Organization), which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of operations and changes in net deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and 2022, and the results of its operations, changes in its net deficit and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Baker Tilly US, LLP

New Castle, Pennsylvania
April 26, 2024

WESTMINSTER
AT LAKE RIDGE
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Westminster Presbyterian Retirement Community, Incorporated

Balance Sheets
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 3,603,004	$ 695,793
Current portion of assets whose use is limited	2,112,624	2,063,607
Resident accounts receivable, net	1,391,386	1,469,315
Prepaid expenses	713,364	707,774
Total current assets	7,820,378	4,936,489
Investments	9,611,545	9,997,786
Assets Whose Use is Limited, Net	3,241,742	3,112,602
Property and Equipment, Net	54,863,246	57,886,194
Interest Receivable From Affiliates	919,117	767,488
Loans Receivable From Affiliates	2,372,904	2,989,921
Interest in Net Assets of the Foundation	4,262,437	3,183,474
Total assets	$ 83,091,369	$ 82,873,954
Liabilities and Net Assets (Deficit)		
Current Liabilities		
Current maturities of long-term debt	$ 1,460,000	$ 1,405,000
Accounts payable:		
Trade	1,231,699	1,031,298
Construction	106,339	-
Refundable entrance fees	473,789	1,083,234
Accrued interest	1,018,063	1,043,188
Accrued expenses	729,304	647,204
Due to affiliates, net	549,678	484,364
Total current liabilities	5,568,872	5,694,288
Long-Term Debt, Net	49,556,611	51,150,206
Priority Deposits	547,082	650,653
Deferred Revenue From Entrance Fees	24,274,393	23,758,291
Refundable Advance	1,183,179	-
Refundable Entrance Fees	35,016,961	34,490,048
Total liabilities	116,147,098	115,743,486
Net Assets (Deficit)		
Without donor restrictions	(37,272,207)	(36,007,047)
With donor restrictions	4,216,478	3,137,515
Total net deficit	(33,055,729)	(32,869,532)
Total liabilities and net deficit	$ 83,091,369	$ 82,873,954

See notes to financial statements

WESTMINSTER AT LAKE RIDGE

ENGAGED LIVING

Westminster Presbyterian Retirement Community, Incorporated

Statements of Operations and Changes in Net Deficit

Years Ended December 31, 2023 and 2022

	2023	2022
Revenues Without Donor Restrictions		
Net resident service revenues	$ 28,616,217	$ 26,082,863
Other revenues	39,995	35,346
Total revenues without donor restrictions	28,656,212	26,118,209
Expenses		
Health care	7,474,688	6,877,836
Dining services	4,176,742	3,752,853
Plant operations	3,102,917	2,943,615
Housekeeping and laundry	1,282,093	1,115,669
Social services and activities	1,436,242	1,309,540
General and administrative	4,537,674	3,665,002
Marketing and advertising	775,653	677,025
Credit losses	580,000	248,334
Depreciation	5,915,417	5,928,888
Interest	2,586,377	2,288,264
Loss on disposal of property and equipment	-	1,206
Total expenses	31,867,803	28,808,232
Operating loss	(3,211,591)	(2,690,023)
Other Income (Expenses)		
Interest and dividends	1,091,408	811,468
Net realized losses, investments	(357,305)	(172,709)
Net unrealized gains and losses, investments	1,212,328	(1,659,672)
Revenues less than expenses and change in net deficit without donor restrictions	(1,265,160)	(3,710,936)
Net Assets With Donor Restrictions		
Change in interest in net assets of the Foundation	1,078,963	(918,137)
Change in net deficit	(186,197)	(4,629,073)
Net Deficit, Beginning	(32,869,532)	(28,240,459)
Net Deficit, Ending	$ (33,055,729)	$ (32,869,532)

See notes to financial statements

WESTMINSTER
AT LAKE RIDGE
ENGAGED LIVING

Westminster Presbyterian Retirement Community, Incorporated

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net deficit	$ (186,197)	$ (4,629,073)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Depreciation	5,915,417	5,928,888
Loss on disposal of property and equipment	-	1,206
Amortization of deferred financing costs	59,129	60,433
Amortization of bond premium, net of discounts	(192,724)	(207,194)
Change in allowance for credit losses	320,483	140,040
Net realized losses, investments	357,305	172,709
Net unrealized gains and losses, investments	(1,212,328)	1,659,672
Change in interest in net assets of the Foundation	(1,078,963)	918,137
Proceeds from nonrefundable entrance fees	4,360,417	4,529,619
Amortization of nonrefundable entrance fees	(3,844,316)	(3,666,865)
Proceeds from refundable advance	1,183,179	-
Changes in assets and liabilities:		
Account receivable, residents	(242,554)	(715,086)
Prepaid expenses	(5,590)	30,047
Due to affiliates, net	65,314	(68,505)
Accounts payable, trade	200,401	387,178
Accrued expenses	82,100	(317,426)
Net cash provided by operating activities	5,781,073	4,223,780
Cash Flows From Investing Activities		
Net sales (purchases) of investments and assets whose use is limited	1,168,611	(97,989)
Purchases of property and equipment	(2,786,130)	(3,682,723)
Net change in interest receivable from affiliates	(151,629)	(172,160)
Repayment from affiliates under loan agreements	617,017	614,853
Net cash used in investing activities	(1,152,131)	(3,338,019)
Cash Flows From Financing Activities		
Payment of long-term debt	(1,405,000)	(1,370,000)
Net change in accrued interest	(25,125)	(55,542)
Proceeds from refundable entrance fees, net of priority deposits	3,072,200	3,072,200
Refunds of entrance fees	(3,258,302)	(3,649,958)
Net cash used in financing activities	(1,616,227)	(2,003,300)
Net change in cash, cash equivalents and restricted cash and cash equivalents	3,012,715	(1,117,539)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	5,872,002	6,989,541
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 8,884,717	$ 5,872,002
Supplementary Disclosure of Cash Flow Information		
Interest paid	$ 2,745,097	$ 2,490,567
Supplementary Disclosure of Noncash Investing and Financing Activities		
Account payable, construction	$ 106,339	$ -

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Westminster Presbyterian Retirement Community, Incorporated (the Organization), doing business as "Westminster at Lake Ridge", operates a continuing care retirement community providing housing, health care and other related services to residents on a campus containing 235 independent living units, 40 assisted living units and a 44-bed skilled nursing facility. The Organization's continuing care retirement community is located in Lake Ridge, Virginia.

The Organization's sole member is Westminster Ingleside King Farm Presbyterian Retirement Communities, Inc., d/b/a Ingleside (Ingleside), a Virginia nonstock corporation.

Use of Estimates

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

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less. Cash, cash equivalents and restricted cash and cash equivalents reported in the statements of cash flows are comprised of the following items reported in the balance sheets at December 31:

	2023	2022
Cash and cash equivalents	$ 3,603,004	$ 695,793
Restricted cash and cash equivalents included in assets whose use is limited	5,281,713	5,176,209
Total cash, cash equivalents and restricted cash and cash equivalents	$ 8,884,717	$ 5,872,002

Amounts included in restricted cash and cash equivalents, included in assets whose use is limited on the accompanying balance sheets, represent amounts pledged as collateral and amounts held by the trustees as required under the Organization's trust indenture.

Accounts Receivable

The Organization assesses collectability on all resident accounts prior to providing services. Resident accounts receivable are reported net of an allowance for credit losses to present the Organization's estimate of expected losses as of the balance sheets date. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of receivables portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends and adjustments are made to the allowance as necessary. The allowance for credit losses was approximately $565,000 and $245,000 at December 31, 2023 and 2022, respectively.

Entrance fee receivables are evaluated for collectability prior to residents being admitted to the community based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed.

Investments, Investment Risk and Assets Whose Use is Limited

Assets whose use is limited include assets held by the trustees as required under trust indenture and assets limited for other purposes. Amounts available to meet current liabilities have been classified as current assets in the balance sheets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues less than expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

Investments are comprised of a variety of financial instruments. The fair values reported in the balance sheets are subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the balance sheets could change materially in the future.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. Property and equipment with a value over $1,500 is capitalized. Interest expense from borrowings to fund construction projects is capitalized.

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If the expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets.

Entrance Fees

Under entrance fee plans for independent living units, the Organization receives payments in advance. Residents may select either a 50% or 90% refundable plan or a nonrefundable (fully declining) plan. Under the nonrefundable plan, the entrance fee is initially refundable, but becomes nonrefundable over a 25-month period. Only fee-for-service contracts are offered to new residents. Prior to 2010, the Organization offered life care contracts which included 10%, 50%, 90% and 100% refundable options as well as a nonrefundable (fully declining) plan. Refunds of entrance fees under all options generally occur only after the residential living unit vacated has been reoccupied, the Organization has received a new entrance fee and the resident no longer lives in the community. The gross amount of contractual refund obligations under existing agreements as of December 31, 2023 and 2022 approximates $36,401,000 and $37,070,000, respectively.

Life care residents are entitled to assisted living or skilled nursing care, as needed, with minor increases in the current monthly service fee. Fee-for-service residents pay the current per diem rate for assisted living or skilled nursing care.

The refundable fee-for-service plans have a guaranteed refund component, which is 50% or 90% of the entrance fee paid. The nonrefundable portion is initially refundable, but becomes nonrefundable over a 25-month period for the 50% plans and over a five-month period for the 90% plans.

The refundable life care plans have a guaranteed refund component, which is 10%, 50%, 90% or 100% of the entrance fee paid depending on the chosen agreement. The nonrefundable portion of the fee is initially refundable, but generally becomes nonrefundable over a 25-month period for the 10% and 50% plans and over a five-month period for the 90% plans.

The refundable component of entrance fees received under the 10%, 50%, 90% and 100% refundable plans is not amortized to income. These fees are classified as refundable entrance fees in the balance sheets.

The Organization received deposits from prospective residents in the amount of $547,082 and $650,653 at December 31, 2023 and 2022, respectively.

Amounts refundable to residents who terminated their residency agreements were $473,789 and $1,083,234 at December 31, 2023 and 2022, respectively. These amounts are classified as accounts payable, refundable entrance fees in the balance sheets.

Obligation to Provide Future Services

The Organization calculates an obligation to provide future services and the use of facilities to current residents. The liability is the present value (discounted at 6%) of the net cost of providing future service and use of facilities, minus the balance of unamortized deferred revenue, plus depreciation of facilities to be charged related to the contracts, plus unamortized costs of acquiring the initial continuing care contracts, if applicable. There was no liability estimated at December 31, 2023 or 2022.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. These costs are reported in the balance sheets as a reduction of long-term debt and are being amortized over the life of the debt using the effective interest method.

Charity Care

The Organization extends charity care and other support to residents, who meet certain criteria under its benevolent care policy and are unable to pay for services, at all levels of care as needed and when appropriate without charge or at amounts less than its established rates.

Interest in Net Assets of the Foundation

The Organization follows accounting guidance regarding transfers of net assets to a not-for-profit organization or charitable trust that raises or holds contributions for others. This guidance requires the Organization to recognize in the balance sheets its beneficial interest in the net assets and investments held by Westminster Ingleside Foundation Inc. (the Foundation) on behalf of the Organization.

Net Assets (Deficit)

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

Net Deficit Without Donor Restrictions - Net deficit available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net deficit without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net deficit without donor restrictions. Donor-restricted gifts are solicited, received and recorded by the Foundation and reflected by the Organization as interest in net assets of the Foundation on the accompanying balance sheets.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of skilled nursing, assisted living, independent living and other resident service streams, which are primarily derived from providing housing, skilled nursing, personal care and other services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Organization has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Organization considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, assisted living, independent living and other resident services are recognized on a daily or month-to-month basis as services are rendered.

The Organization receives revenues for services under third-party payor programs, including Medicare, Medical Assistance and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends and retroactive adjustments are recognized in future periods as final settlements are determined.

Marketing and Advertising

The Organization expenses marketing and advertising costs as incurred. Marketing and advertising expense totaled approximately $775,700 and $677,000 for the years ended December 31, 2023 and 2022, respectively.

Income Taxes

The Organization is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes on related activities pursuant to Section 509(a) of the IRC.

The Organization follows the Financial Accounting Standard Board (FASB) accounting standard for *Accounting for Uncertainty in Income Taxes*. This standard clarifies the accounting for uncertainty in income taxes recognized in an Organization's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The standard also provides guidance on de-recognition, classification, interest and penalties and disclosure. Management has determined that this standard does not have a material impact on the financial statements.

Employee Retention Credits

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer.

The Organization averaged more than 100 full-time employees (FTEs), but less than 500 FTEs during 2019, therefore, it was considered a large employer during 2020 and a small employer during 2021. As a large employer in 2020, only wages paid to employees not providing services were eligible for the ERC, while as a small employer in 2021 all of the Organization's otherwise qualified wages were eligible. For 2020, the ERC equaled 50% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee.

The Organization accounts for this federal funding in accordance with FASB Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. While management believes that it qualifies for the ERC under the credit's partial suspension provisions, the Organization was unable to determine whether it substantially met the ERC eligibility barriers under FASB ASC 958-605. As the Organization was unable to determine whether it substantially met the ERC's eligibility barriers, it has not recorded the ERC funds received through December 31, 2023 as grant revenue, and instead has recorded the $1,183,179 as a refundable advance. The Organization will record the ERC funds received as grant revenue, if and when it is able to determine that the ERC eligibility barriers have been substantially met or the statute of limitations has expired.

Measure of Operations

The statements of operations and changes in net deficit include the determination of operating loss. Operating loss includes only those revenues and expenses that are an integral part of its program activities and that are used to support operations and excludes other income and expenses, if any.

Performance Indicator

The statements of operations and changes in net deficit include the determination of revenues less than expenses. Changes in net deficit without donor restrictions which are excluded from revenues less than expenses, consistent with industry practice, would include transfers from affiliates and contributions of long-lived assets (including assets acquired using contributions by which donor restrictions were to be used for the purposes of acquiring such assets).

Reclassifications

Certain reclassifications have been made to the 2022 financial statements in order to conform to the 2023 presentation.

Adoption New Accounting Standards

In June 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current generally accepted accounting principles (GAAP), which generally require that a loss be incurred before it is recognized. On January 1, 2023, the Organization adopted the ASU using the modified retrospective transition approach of the period of adoption. There was no adjustment to net assets upon adoption. Adoption of this guidance did not have a material impact on the financial statements.

During March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities could elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. During December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. These amendments defer the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. Adoption of this guidance did not have a material impact on the financial statements.

Subsequent Events

The Organization evaluated subsequent events for recognition or disclosure through April 26, 2024, the date the financial statements were issued.

2. Net Resident Service Revenues

The Organization disaggregates revenues from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors.

Net resident service revenues consist of the following for the years ended December 31, 2023 and 2022:

	2023				
	Skilled Nursing	Assisted Living	Independent Living	Other Resident Services	Total
Self-pay	$ 2,852,311	$ 3,679,487	$ 13,592,998	$ 142,565	$ 20,267,361
Medicare	3,293,114	-	-	-	3,293,114
Medical Assistance	1,211,426	-	-	-	1,211,426
Amortization of nonrefundable entrance fees	-	-	3,844,316	-	3,844,316
Total	$ 7,356,851	$ 3,679,487	$ 17,437,314	$ 142,565	$ 28,616,217

	2022				
	Skilled Nursing	Assisted Living	Independent Living	Other Resident Services	Total
Self-pay	$ 2,070,944	$ 3,108,126	$ 12,223,137	$ 37,695	$ 17,439,902
Medicare	3,663,400	-	-	-	3,663,400
Medical Assistance	1,312,696	-	-	-	1,312,696
Amortization of nonrefundable entrance fees	-	-	3,666,865	-	3,666,865
Total	$ 7,047,040	$ 3,108,126	$ 15,890,002	$ 37,695	$ 26,082,863

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue until the performance obligations are satisfied and are included in deferred revenue in the accompanying balance sheets. In 2023 and 2022, the Organization recognized approximately $3,620,000 and $3,457,000, respectively, of revenue that was included in the deferred revenue from entrance fees balance as of January 1, 2023 and 2022. The Organization applies the practical expedient in ASC 606, and therefore, does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

The Organization has agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medical Assistance:** Under the Virginia Department of Medical Assistance Services Program's case-mix reimbursement system, the determination of reimbursement rates for skilled nursing costs is based upon a recipient's dependency in Activities of Daily Living (ADLs) and need for and receipt of ancillary nursing services. Each recipient is assigned a reimbursement level depending on his or her degree of dependency in ADLs.

- **Medicare**: Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Organization's clinical assessment of its residents. The Organization is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare programs.

The Organization also has entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to the Organization under these agreements includes prospectively determined rates per day or discounts from established charges.

3. Fair Value Measurements, Investments and Assets Whose Use is Limited and Other Financial Instruments

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Organization for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs. The Organization did not hold any Level 3 investments for the years ended December 31, 2023 and 2022.

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The following tables present financial instruments reported at fair value at December 31, 2023 and 2022, by caption on the balance sheets:

	2023 Total	2023 Level 1	2023 Level 2
Assets:			
Investments and assets whose use is limited:			
Equity securities	$ 3,530,689	$ 3,530,689	$ -
Mutual funds:			
Fixed income	3,139,850	3,139,850	-
Equity	1,471,853	1,471,853	-
Total measured at fair value	8,142,392	$ 8,142,392	$ -
Cash and cash equivalents	6,823,519		
Total investments and assets whose use is limited	$ 14,965,911		
Interest in net assets of the Foundation	$ 4,262,437	$ -	$ 4,262,437

	2022 Total	2022 Level 1	2022 Level 2
Assets:			
Investments and assets whose use is limited:			
Equity securities	$ 3,239,929	$ 3,239,929	$ -
Mutual funds:			
Fixed income	4,138,369	4,138,369	-
Equity	2,181,152	2,181,152	-
Total measured at fair value	9,559,450	$ 9,559,450	$ -
Cash and cash equivalents	5,614,545		
Total investments and assets whose use is limited	$ 15,173,995		
Interest in net assets of the Foundation	$ 3,183,474	$ -	$ 3,183,474

Investments and assets whose use is limited are presented together in the tables above as there are various investment and cash accounts that are allocated between the investment and assets whose use is limited lines on the balance sheets.

	2023	2022
Current portion of assets whose use is limited	$ 2,112,624	$ 2,063,607
Investments	9,611,545	9,997,786
Assets whose use is limited, net	3,241,742	3,112,602
Total investments and assets whose use is limited	$ 14,965,911	$ 15,173,995

Valuation Methodologies

Equity securities and mutual funds are valued at closing price reported in active markets for the same or similar securities.

Interest in the net assets of the Foundation are valued using the Organization's proportional interest in the Foundation's underlying investments, which are valued at quoted market prices, and accordingly, approximates fair value.

Assets whose use is limited are classified as follows:

	2023	2022
Assets whose use is limited:		
Under trust indenture, held by trustee:		
Debt service reserve funds	$ 3,169,089	$ 3,112,602
Debt service funds	2,112,624	2,063,607
Unemployment services	72,653	-
Total assets whose use is limited	5,354,366	5,176,209
Less current portion	(2,112,624)	(2,063,607)
Assets whose use is limited, net	$ 3,241,742	$ 3,112,602

4. Liquidity and Availability of Resources

The following table reflects the Organization's financial assets available for general expenditures within one year of the December 31 balance sheets. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets whose use is limited and interest in donor-restricted net assets of the Foundation.

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 3,603,004	$ 695,793
Investments	9,611,545	9,997,786
Accounts receivable	1,391,386	1,469,315
Total financial assets	$ 14,605,935	$ 12,162,894

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments.

5. Property and Equipment

Property and equipment at December 31, 2023 and 2022 comprised of the following:

	2023	2022
Land	$ 7,282,832	$ 7,282,832
Buildings and improvements	98,371,130	96,723,669
Furniture and equipment	13,338,278	12,826,667
Construction in progress	3,884,095	4,174,616
	122,876,335	121,007,784
Less accumulated depreciation	(68,013,089)	(63,121,590)
Property and equipment, net	$ 54,863,246	$ 57,886,194

6. Long-Term Debt

2016 Bonds

In October 2016, the Industrial Development Authority of the County of Prince William, Virginia (the Authority) issued, on behalf of the Organization, $46,510,000 of tax-exempt Mortgage Revenue Bonds in six series (the 2016 Bonds) with an original issue premium, net of original and underwriter discounts, of $2,975,596. The proceeds from the 2016 Bonds were primarily used to refund previous debt issues and pay for various capital improvements.

Serial Bonds totaling $8,740,000 are due in varying annual installments through 2026, plus interest payable semi-annually at rates ranging from 1.75% to 5.00%. Term Bonds totaling $37,770,000 are due in varying annual installments from 2027 through 2046, plus interest payable semi-annually at rates ranging from 4.00% to 5.00%.

2015 Term Loan

In October 2015, the Organization entered a variable rate, interest only drawdown taxable term loan under which proceeds will be advanced within five years for up to $10,000,000 with Truist Bank. Interest is at a floating rate of one-month SOFR plus 1.85% (7.32% and 5.98% at December 31, 2023 and 2022, respectively). Principal amortizes monthly at $33,333 until maturity in October 2045. The term loan was used for capital improvements.

Security for the Long-Term Debt

The 2016 Bonds and 2015 Term Loan are secured by a first mortgage lien on and security interest in the Organization's property and equipment and a security interest in the Organization's gross revenues, as defined in the applicable agreements.

Long-Term Debt Summary

	2023	2022
2016 Bonds	$ 41,105,000	$ 42,110,000
2015 Term Loan	8,666,667	9,066,667
	49,771,667	51,176,667
Less current maturities	(1,460,000)	(1,405,000)
Long-term debt, excluding deferred financing costs and bond premium	48,311,667	49,771,667
Bond premium, net	2,041,319	2,234,043
Deferred financing costs, net of accumulated amortization	(796,375)	(855,504)
Long-term debt, net	$ 49,556,611	$ 51,150,206

Scheduled principal payments on long-term debt are as follows:

Years ending December 31:	
2024	$ 1,460,000
2025	1,510,000
2026	1,565,000
2027	1,625,000
2028	1,685,000
Thereafter	41,926,667
	$ 49,771,667

Interest expense totaled $2,586,377 and $2,288,264 during 2023 and 2022, respectively. Amortization of the bond premium during 2023 and 2022 of $192,724 and $207,194, respectively, is included as a component of interest expense on the statements of operations and changes in net deficit. Amortization of deferred financing costs is also included in interest expense and totaled $59,129 and $60,433 during 2023 and 2022, respectively.

The Organization is subject to financial covenants on debt, which include a debt service coverage ratio and days cash on hand ratio.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 consist of the following:

	2023	2022
Purpose restricted:		
Resident support	$ 2,118,743	$ 2,080,216
Operations and other	1,576,654	570,368
Restricted in perpetuity:		
Kreider Scholarship	521,081	486,931
	$ 4,216,478	$ 3,137,515

8. Retirement Plan

The Organization sponsors a defined contribution retirement plan. The Organization's contributions to the plan were $142,955 and $123,492 during 2023 and 2022, respectively.

9. Related-Party Transactions

The Organization's sole member is Ingleside. Ingleside is also the sole member of the following:

The Ingleside Presbyterian Retirement Community, Inc., doing business as "Ingleside at Rock Creek" (Rock Creek), operates a continuing care retirement community located in Washington, D.C.

King Farm Presbyterian Retirement Community, Inc., doing business as "Ingleside at King Farm" (King Farm), operates a continuing care retirement community located in Rockville, Maryland.

Ingleside at Home, Inc. (IAH) provides home care services.

Westminster Ingleside Presbyterian Foundation, Inc. (the Foundation) raises money through charitable giving for the Organization, Rock Creek and King Farm.

Ingleside provides management, governance, strategy, operations, finance, information technology, sales, marketing, human resources and other support services to the Organization and charges a management fee. Management fees incurred totaled $1,562,212 during 2023 and $1,322,812 during 2022, and are included in general and administrative expense on the accompanying statements of operations and changes in net deficit.

Amounts due from (to) affiliates, net, are at 0% interest with no stated repayment terms and are as follows at December 31, 2023 and 2022:

	2023	2022
IAH	$ 7,146	$ 6,153
Rock Creek	(2,162)	(3,554)
The Foundation	(3,794)	(403)
King Farm	(248,958)	(188,960)
Ingleside	(301,910)	(297,600)
Total	$ (549,678)	$ (484,364)

During 2015, the Organization executed a loan agreement with IAH, which allows for maximum advances to IAH of $500,000. The loan agreement with IAH was amended on January 1, 2021 to convert unpaid accrued interest to principal, accrue interest thereafter at a fixed rate of 5% per year and to extend the maturity date to December 31, 2031. Monthly principal and interest payments total approximately $5,700 per month. Any unpaid principal and accrued interest will be due upon maturity. As of December 31, 2023 and 2022, the total due on the note was $447,576 and $491,986, respectively, which is included in loan receivable from affiliates in the accompanying balance sheets.

During 2018, the Organization entered into a promissory note with Rock Creek in a principal amount of $3,500,000. The note bears interest at an annual rate of 5.01%. Principal and unpaid interest are repaid beginning July 1, 2021, in equal installments through maturity (October 24, 2028). As of December 31, 2023 and 2022, interest earned on the note and recorded as interest receivable from affiliate was $919,117 and $767,488, respectively. As of December 31, 2023 and 2022, the total due on the note was $1,925,328 and $2,497,935, respectively, which is included in loan receivable from affiliates in the accompanying balance sheets.

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10. Expenses by Nature and Function

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Costs of these categories were allocated on estimates of time and effort. The Organization believes substantially all utilities, depreciation and interest is applicable to program services. As such, these expenses were reported in the resident services columns below. The Organization's expenses for resident services (including health care, dining services, plant operations, housekeeping and laundry and social services and activities) and general and administrative (including general and administrative and marketing and advertising) are as follows for the years ended December 31:

	2023		
	Resident Services	General and Administrative	Total
Salaries and wages	$ 8,739,334	$ 1,196,898	$ 9,936,232
Employee benefits and payroll taxes	1,877,180	296,722	2,173,902
Supplies and other expenses	1,617,773	71,616	1,689,389
Food services	2,044,151	70,320	2,114,471
Repairs and maintenance	236,155	385,308	621,463
Utilities	1,020,747	-	1,020,747
Professional services	1,071,499	1,398,341	2,469,840
Other marketing and advertising	-	164,976	164,976
Insurance	166,964	166,934	333,898
Property taxes	698,879	-	698,879
Management fees	-	1,562,212	1,562,212
Depreciation	5,915,417	-	5,915,417
Interest	2,586,377	-	2,586,377
Bad debts	580,000	-	580,000
Total	$ 26,554,476	$ 5,313,327	$ 31,867,803

	2022		
	Resident Services	General and Administrative	Total
Salaries and wages	$ 7,918,037	$ 967,425	$ 8,885,462
Employee benefits and payroll taxes	1,755,284	(284,039)	1,471,245
Supplies and other expenses	1,448,874	89,396	1,538,270
Food services	1,736,512	4,898	1,741,410
Repairs and maintenance	291,162	434,167	725,329
Utilities	959,078	-	959,078
Professional services	966,156	1,295,087	2,261,243
Other marketing and advertising	-	138,182	138,182
Insurance	227,059	374,099	601,158
Property taxes	697,351	-	697,351
Management fees	-	1,322,812	1,322,812
Depreciation	5,928,888	-	5,928,888
Interest	2,288,264	-	2,288,264
Bad debts	248,334	-	248,334
Loss on disposal of property and equipment	1,206	-	1,206
Total	$ 24,466,205	$ 4,342,027	$ 28,808,232

The Organization provides in-kind support to the Foundation, which is responsible for the fundraising activities of the Organization.

11. Charity Care

The Organization extends charity care and other support to residents, who meet certain criteria under its benevolent care policy and are unable to pay for services, at all levels of care as needed and when appropriate without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to be benevolent care, they are not reported as resident service revenues.

The Organization maintains records to identify and monitor the level of charity care it provides. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the residents receiving charity care. The cost of charity care provided by the Organization amounted to approximately $127,000 and $178,000 in 2023 and 2022, respectively. The Organization also provides services to indigent residents under the Medicaid program which reimburses the Organization at less than established rates. The costs incurred to provide these services exceeded actual reimbursement by approximately $999,000 in 2023 and $904,000 in 2022. The Organization received approximately $155,000 and $181,000 in donor support restricted for benevolent care for the years ended December 31, 2023 and 2022, respectively.

12. Medical Malpractice Claims Coverage

The Organization maintains professional liability coverage on a claims-made basis through a commercial insurance carrier. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the Organization's insurance coverages or will have a material adverse effect on the financial statements.

13. Concentrations of Credit Risk

The Organization grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicare and various commercial insurance companies.

The Organization maintains cash, restricted cash and cash equivalents accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses from maintaining cash and cash equivalents accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash, restricted cash and cash equivalents accounts.

14. Contingencies

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Organization, if any, are not presently determinable.