FILED
Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
July 22, 2022
Commissioner of Insurance
BY:

PARK VILLAGE, INC.

CONTINUING CARE PROVIDER DISCLOSURE STATEMENT

July 19, 2022

NOTICE

This Disclosure Statement has been prepared, and is being provided, in accordance with Virginia's “Continuing Care Provider Registration and Disclosure Act,” Title 38.2, Chapter 49 of the Code of Virginia. The filing of this Disclosure Statement with the State Corporation Commission does not constitute approval, recommendation or endorsement of Park Village, Inc. by the State Corporation Commission.

Continuing Care Provider

Park Village, Inc. ("PVI") is a nonstock corporation organized under the laws of the Commonwealth of Virginia and exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code. PVI provides housing and related services, as more fully described herein, to residents through the operation of an independent living retirement facility containing 266 apartments.

PVI is managed by Virginia Mennonite Retirement Community, Inc. ("VMRC") pursuant to the terms of a Management Contract. According to the Articles of Incorporation of PVI, VMRC also has the power to appoint the directors of PVI. VMRC is a Virginia nonstock corporation and is also exempt from federal taxation under Section 501(c)(3).

In addition to PVI, VMRC also manages and has the power to appoint the directors of three other corporate entities: 1) Virginia Mennonite Home, Inc. ("VMH"), (2) Virginia Mennonite Foundation, Inc. (the "Foundation") and (3) Heritage Haven, Inc. ("HHI"). All of these entities are nonstock corporations incorporated in the Commonwealth of Virginia and exempt from federal taxation under Section 501(c) (3) of the Internal Revenue Code. PVI, VMRC, VMH, the Foundation and HHI own and operate a multi-facility retirement community (the "Campus") located at 1501 Virginia Avenue in the City of Harrisonburg, in the Shenandoah Valley of Virginia.

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

Current Officers of PVI and Members of the Board of Directors of PVI are as follows:

Daryl Bert, Chair
1230 Alpine Drive
Harrisonburg, VA 22802

Nelly Moreno Shenk, Vice Chair
958 Smith Avenue
Harrisonburg, VA 22802

Kay Nussbaum, Secretary/Treasurer
1501 Virginia Avenue
Harrisonburg, VA 22802

VMRC is governed by a Board of Directors totalling not more than 14 persons. The Board of Directors elects replacement members and corporate officers.

Current Officers of the Board of Directors of VMRC are as follows:

Jacqueline R. Hartman
Chair
4702 Spring Creek Road

Teresa Boshart Yoder
Vice Chair
1066 Smith Avenue

Bridgewater, VA 22812

Harrisonburg, VA 22802

Dave Smucker
Secretary
1411 Hilcrest Drive
Harrisonburg, VA 22802

Kevin D. Humphries
Treasurer
801 Confederacy Drive
Penn Laird, VA 22846

Current Members of the Board of Directors of VMRC are as follows:

Myron Blosser
1501 Virginia Avenue
Harrisonburg,VA 22802

Cherelle Johnson
86 Middlebrook Street
Harrisonburg, VA 22801

Daryl Bert
1230 Alpine Drive
Harrisonburg, VA 22802

Kelly Blosser
3561 Traveler Road
Rockingham, VA 22801

Teresa Boshart Yoder
1066 Smith Avenue
Harrisonburg, VA 22802

Deb King
1321 Lincolnshire Drive
Harrisonburg, VA 22802

Kevin D. Humphries
801 Confederacy Drive
Penn Laird, VA 22846

Dave Smucker
1411 Hillcrest Drive
Harrisonburg, VA 22802

Jacqueline R. Hartman
4702 Spring Creek Road
Bridgewater, VA 22812

Kay Nussbaum
1501 Virginia Avenue
Harrisonburg, VA 22802

Randy Seitz
330 Dixie Avenue
Harrisonburg, VA 22801

Hunter R. Hollar
218 Grayrock Drive
Crozet, VA 22932

Nelly Moreno Shenk
958 Smith Avenue
Harrisonburg, VA 22802

Current Officers of VMRC and their business adresses are as follows (the titles of each officer are set forth in the next section of this disclosure statement and are explained in greater detail therein):

Troy A. Snyder
1501 Virginia Avenue
Harrisonburg, VA 22802

Michael J. Piper
1501 Virginia Avenue
Harrisonburg, VA 22802

Betsy Thorpe
1501 Virginia Avenue
Harrisonburg, VA 22802

Maureen Pearson
1501 Virginia Avenue
Harrisonburg, VA 22802

Betsy N. Hay
1501 Virginia Avenue
Harrisonburg, VA 22802

Scott Kleist
1501 Virginia Avenue
Harrisonburg, VA 22802

Scott Richardson
1501 Virginia Avenue
Harrisonburg, VA 22802

Charlene Keith
1501 Virginia Avenue
Harrisonburg, VA 22802

Leslie Helmuth
1501 Virginia Avenue
Harrisonburg, VA 22802

Directors, Managing and General Partners, and Certain Persons who hold equity or beneficial interests are as follows:

None

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

Section A – Business Experience of Persons Who Are Responsible for Managing PVI on a Day-To-Day Basis

Troy A. Snyder. Mr. Snyder, of Strasburg, VA, is President and CEO of VMRC. He has held this position since March, 2022. Snyder holds a a Bachelor of Science in Health Policy Administration from Penn State University in University Park, Pennsylvania. Prior to VMRC, Snyder has more than 30 years experience in senior living in Pennsylvania and Ohio. Most recently, he served as President and CEO of Brethren Care Village in Ashland Ohio for nine year. He is active with LeadingAge and Rotary.

Michael J. Piper. Mr. Piper, of Broadway, VA, has been Chief Financial Officer of VMRC since 2013. He has a Bachelor of Science degree in Accounting from Eastern Mennonite University in Harrisonburg, Virginia, and a Master of Business Administration degree from the University of Kentucky in Lexington, Kentucky. He is a Certified Public Accountant (CPA), a Chartered Global Management Accountant (CGMA), and a Certified Management Accountant (CMA). He is also a member of the American Institute of CPAs (AICPA) and the Institute of Management Accountants (IMA).

Mr. Piper served as Controller/Director of Financial Services at VMRC for 11 years prior to serving as CFO. He serves as Treasurer of the VMRC Foundation, Board member of the Board of First Choice Home Health LLC.

Maureen B. Pearson. Ms. Pearson is Vice President of Marketing & Communications. Maureen came to VMRC in 2007 as Director of Communications and later became Director of Public Relations & Outreach. She began her current role in September 2020 in which she provides strategic leadership, planning and oversight for marketing, communications and public relations. An Ohio native, Maureen earned an undergraduate degree from Bowling Green State University. She has spent most of her career in nonprofit communications, marketing and public relations. Maureen is active in the Public Relations Society of America, served as a professional advisor to the student chapter at James Madison University and has been active in LeadingAge Virginia as cochair of the Marketing Network and currently serves on the Education Task Force. She represents VMRC on the Aging in Place Roundtable with the Harrisonburg/Rockingham Chamber of Commerce.

Betsy Hay. Ms. Hay is VMRC's Vice President of Wellness and Community Based Services. She has a Bachelor of Arts degree from St. Andrews Presbyterian College and a Masters in Social Work degree from Virginia Commonwealth University. She has 25+ years of experience in healthcare delivery and non-profit management including serving as the Executive Director of United Way of Harrisonburg and Rockingham County and Executive Director of Generations Crossing, an intergenerational day care center. At VMRC, Ms. Hay oversees the campus wellness center, outpatient rehab services, volunteer services, pastoral care services, life enrichment, arts & education programming and the development of community based services.

Scott Richardson. Mr. Richardson, Vice President of Residential Living, rejoined the VMRC team in September of 2020. Scott began his career in senior services at VMRC back in 2000 joining the team to run the just opened Wellness Center. Since then, Scott has served in a variety of roles at communities located in Williamsburg VA, Pittsboro NC and Charlotte NC. He holds the Certified Aging Services Professional credential along with certification from the National Council of Certified Dementia Practitioners. His current responsibilities include providing leadership and quality assurance for the four Residential Living facilities and the Dining Services team. Scott holds a Bachelor of Arts degree in Sports Management from Sir Sandford Fleming College in Ontario, Canada.

Betsy Thorpe. Ms. Thorpe is VMRC's Vice President of Supportive Living. She initially joined VMRC as the lead guide and Assistant Administrator for Woodland Park in 2016 and moved to her current position in 2018. She has a bachelor's degree from Eastern Mennonite University in Harrisonburg, VA, and has been a licensed nursing home administrator in Virginia since 2016.

Charlene Keith. Ms. Keith, a native of Raleigh, NC joined VMRC as the Vice President of Human Resources in December of 2020. Her current responsibilities include directing, managing, and providing leadership in all facets of Human Resources

Management. Charlene earned a Bachelor of Science degree in Human Resources from Baker College and a Master of Business Administration degree from Baker College Center for Graduate Studies. She is certified as a Professional in Human Resources (PHR) and a Certified Facilitator; Leadership and Development Training Programs. Charlene has over 16 years of Human Resources Management experience, and 8 years of senior living experience.

Scott Kleist. Mr. Kleist is Vice President of Technology and Facilities, he relocated to Harrisonburg, VA from Augusta, GA in 2013 to join the team at VMRC. He earned his Microsoft Systems Engineering certification in 1998. He then founded and severed as President and CEO of PRONET Information Technology serving a variety of industries to include healthcare facilities, municipal governments and professional businesses with their technology challenges. He sold his company in 2012. Prior to 1998, Mr. Kleist was a master troubleshooter for the RICOH Corporation as their Southeast Regional System Engineer. He also has many years of experience in Project Management, Change Management and Systems Integration. He served two years as President of the Augusta Chapter of Business Networking International.

Leslie N. Helmuth. Mr. Helmuth, Harrisonburg, VA, joined VMRC in 2006 as Executive Director, VMRC Foundation. He has a Bachelor of Arts degree from Eastern Mennonite University and has earned the Certified Fund Raising Executive designation (CFRE). His responsibilities at include giving leadership to all the VMRC Foundation Board of Directors in all matters related to fund raising for compassion care – annual giving, special projects, capital campaigns and endowment. He brings to VMRC over 33 years of experience in gift planning for education, the arts, social service, and health care. In addition, he has served as a consultant to non-profit organizations for development planning, board education and strategic planning. He currently serves on the board of NewBridges Immigrant Resource Center and the Virginia Caucus for the Virginia Fundraising Institute, an fundraising educational endeavor of the Virginia Association of Fundraising Professionals. He is a former board member of the Association of Fundraising Professionals (DC), Highland Retreat Camp and the Harrisonburg Rotary Club.

Section B – Acquisition of Goods and Services

No officer or director of PVI or VMRC owns a 10% or greater direct or indirect interest in any professional service, firm, association, foundation, trust, partnership or corporation or any other business or legal entity in which it is presently intended will or may provide goods, leases or services to such entities of a value of $500 or more within any year.

Section C – Criminal, Civil and Regulatory Proceedings

Neither VMRC or PVI, and no Officer or Director of such entities:

1. Has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property; or

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

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

Ownership, Location and Description of Real Property

PVI owns three facilities located on the Virginia Mennonite Retirement Community campus, whose location is at 1301 through 1501 Virginia Avenue, in the City of Harrisonburg, Virginia.

Park Village. Park Village consists of 90 one, two and three-bedroom independent living garden townhouses ranging in size from 820 to 2,397 square feet. The facility is owned by PVI.

Park Place. PVI owns Park Place, which consists of 88 one and two-bedroom independent living apartments ranging in size from 672 to 997 square feet.

Park Gables. Park Gables is owned by PVI. It consists of 88 independent living one and two bedroom apartments ranging in size from 700 to 1370 square feet.

In addition, to these facilities, the other entities managed by VMRC also own facilities located on the VMRC campus. These facilities are:

Crestwood Assisted Living. Crestwood, built in 1998 as the physical and functional replacement for the Woodland Home for Adults, is an 86-room assisted living facility owned by VMH.

VMRC Complete Living Care. Oak Lea Nursing Home and Woodland Park are a 120-bed licensed intermediate care and skilled care nursing facility owned by VMH. There are 85 private rooms in Woodland Park and 35 private rooms in Oak Lea.

Heritage Haven. Heritage Haven is a 150-unit rental assistance apartment building owned by HHI. Heritage Haven operates under Section 202 of the Federal Housing Act of 1959 and is regulated by the U.S. Department of Housing and Urban Development ("HUD").

Wellness Center. The VMRC Wellness Center includes a large indoor therapy pool, activities room, exercise equipment room, offices, shower/locker rooms, and space leased for physical and occupational therapy. It is designed to accommodate persons 50 years of age and older**.** The Wellness Center is owned by VMH.

Affiliation with Religious, Charitable or Other Nonprofit Organizations (Section A); Tax Status of Provider (Section B)

Section A – Affiliation

PVI and VMRC has a historical relationship with the Virginia Mennonite Conference of the Mennonite Church, USA. **The Virginia Mennonite Conference of the Mennonite Church, USA, however, has no legal responsibility for any financial or contractual obligations entered into by PVI and/or VMRC.**

PVI and VMRC maintain membership in certain state and national trade associations, including LeadingAge Virginia and LeadingAge.

Section B – Tax Status

VMRC and PVI are nonstock corporations incorporated in the Commonwealth of Virginia and exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Services Provided Under Continuing Care Contracts

The Park Programs Residency Agreement, a copy of which is attached as Attachment A, describes the facilities and services provided to residential housing residents of PVI. A list of these services and facilities provided for no additional fee can be found in Section 1.1 and Exhibit A of the attached Residency Agreement. In addition, services that are not included in the Residency Agreement but are available for additional fees are:

> Cable TV service
> Telephone service
> Car port
> Storage unit
> Transportation
> Personal work orders
> Apartment upgrades
> Apartment transfers
> Electricity, water, and sewer (Park Village only)
> Personal property ("renters') insurance

PVI does not provide nursing or medical care to its residents. Rather, residents in need of such services receive priority status, but not guaranteed admission, to other VMRC-managed facilities which do provide medical and nursing care.

Fees Required of Residents

An Entrance Fee is required upon entry to PVI for Cottage (Park Village) and Apartment (Park Gables and Park Place) living units, which entitles the resident(s) to a right to occupy said unit, pursuant to the residency requirements in the Residency Agreement. Ten percent of the fee is payable upon execution of the Residency Agreement in accordance with Section 4.3 of the Residency Agreement. In addition, a monthly Maintenance/Service Fee is charged for each unit. These fees are reviewed annually by the VMRC Board of Directors and may be increased or decreased by an amount deemed financially prudent. A 30-day notice of such changes in these fees will be provided. Residents who are transferred to Crestwood Assisted Living or Oak Lea Nursing Home will pay the per diem rate for transfers from Park Place, Park Gables, and Park Village in effect for these levels of care at the time of occupancy.

Schedules of current Entrance and Monthly fees are attached to this disclosure statement as Attachment B.

Entrance Fees are payable at the execution of the Residency Agreement, according to the terms located in Section 4.3 of the Residency Agreement. Full refund prior to occupancy will be granted should the resident(s), within seven (7) days of signing the Residency Agreement, decide not to enter PVI. However, any resident(s) terminating his/her Residency Agreement more than seven days following execution of the Residency Agreement, but prior to residency, for reasons other than death, illness, injury or incapacity will forfeit 4% of the Residency Fee according to the terms located in Section 4.4 of the Residency Agreement.

In accordance with Virginia law, payments on Entrance Fees received prior to the living unit being made available to the resident are escrowed with a banking institution and are held separately from all other PVI accounts. These funds remain the property of the prospective resident until released to PVI or its related entity. The funds in escrow shall not be subject to any liens, judgments, garnishments or creditors' claims against PVI.

Entrance Fees released may be used for facility construction costs, debt repayment, corporate investment, held in board-designated reserves, and/or for other services or costs related to the resident as determined by management.

All funds deposited in escrow shall be released to PVI when PVI presents to the escrow agent evidence that a unit has been occupied by the resident or a unit of the type reserved is available for immediate occupancy by the resident or prospective resident on whose behalf the fee was received.

All funds deposited in escrow pursuant to this section shall be released according to the terms of the escrow agreement to the prospective resident from whom it was received

(i) if such funds have not been released within three years after placement in escrow or within three years after any applicable construction has started, whichever is later (but in any event within six years after placement in escrow unless specifically approved by the Commission), or within such longer period as determined appropriate by the Commission in writing, (ii) if the prospective resident dies before occupying a unit, (iii) if any applicable construction is stopped indefinitely before the facility is completed or (iv) upon rescission of the Residency Agreement pursuant to provisions in that agreement. However, funds released to PVI as described above may be held in escrow for an additional period at the mutual consent of PVI and the prospective resident; however, the prospective resident may consent to such additional period only after his/her deposit has been held in escrow for at least two years.

Charges by the escrow agent shall be deducted from the earnings on escrowed amounts. Interest accrued will become the property of PVI.

All funds in the escrow account shall be invested in instruments authorized for the investment of public funds as set forth in Chapter 45 (§ 2.2-4500 et seq.) of Title 2.2 and not in default as to principal or interest.

The following tables show the frequency and average dollar amount of increase in monthly fees for each facility owned by PVI:

Year	**Park Gables**	**Park Place**	**Park Village**
2022	$ 106	$ 77	$ 40
2021	$ 78	$ 56	$ 29
2020	$ 67	$ 55	$ 41
2019	$ 85	$ 60	$ 27
2018	$ 69	$ 49	$ 26
2017	$ 68	$ 48	$ 24
2016	$ 66	$ 47	$ 24
2015	$ 62	$ 43	$ 21
2014	$ 61	$ 42	$ 27
2013	$ 57	$ 48	$ 31
2012	$ 66	$ 50	$ 23

The following is a list of additional fees and payments required of a Resident if a Resident elects to have any of the following optional services:

- Cable TV service
- Telephone service
- Car port
- Storage unit
- Transportation
- Personal work orders
- Apartment upgrades
- Apartment transfers
- Electricity, water, and sewer (Park Village only)
- Personal property (“renters’) insurance

Reserve Funding

PVI maintains its accounting records in accordance with generally accepted accounting principles. Within this method, the non refundable portions of Entrance Fees are recorded as deferred revenue when received and amortized into revenue on an actuarial basis (see Note A in the Financial Statements at Attachment C).

VMRC has established endowment funds, which receive contributions that are solicited by VMRC's various fundraising programs. The interest and dividends earned by this fund are used to assist residents who may have financial difficulty as well as for other obligations of the Home, as authorized by the Board of Directors. These funds are under the control of the VMRC Board of Directors. The Board has appointed a professional investment management firms to manage these funds, which is Everence Trust Company. The qualifications of these managers are as follows:

Everence Trust Company: **Chad M. Horning** is co-portfolio manager of Everence Praxis Core Stock Fund and all other Everence equity portfolios. He began his career at the Everence in 1999. Prior to that, he had experience in international economics analysis and development consulting experience with the US Agency for International Development (USAID). He is a Chartered Financial Analyst, and holds an M.A. in Economics from the University of Maryland, and a B. A. from Goshen College.

The performance of the manager is reviewed and evaluated quarterly by the VMRC Finance Committee. The Finance Committee has the authority to approve or disapprove of the investment portfolio selected by the above mentioned managers. The current value of VMRC's Endowment fund is approximately $13,700,000.

VMRC does not generally hold Entrance Fees in reserve for the purpose of future refund payments. Entrance Fee refunds are paid from the general operating budget of Park Village, Inc. (PVI), usually from the Entrance Fee paid by the new resident of the vacated residence for which an Entrance Fee refund is due.

Certified Financial Statements

See Attachment C.

Proforma Income Statement

See Attachment D.

Admission of New Residents

Admission to PVI is considered based upon criteria described in the Residency Agreement (Attachment A to this Disclosure Statement). Applicants are expected to have the financial ability to pay the required Entrance Fee and to have sufficient income to cover the existing monthly Maintenance/Service Fee.

Access to Facility by Nonresidents

PVI does not offer access to nonresidents except pursuant to its guest policy set forth in section 6.4 of the Residency Agreement attached hereto. VMRC provides access to its assisted and nursing care services to non-residents through (i) direct admission on a space-available basis in order to maintain a financially adequate level of operation in said facility, (ii) for meals and overnight lodging on a fee for service basis to guests of residents or prospective residents, based upon published policies within the Residency Agreement, and (iii) Wellness Center memberships available to persons in the community who are of age 50 or greater.

Anticipated Source and Application of Purchase or Construction Funds

Not Applicable.

Procedure for Resident to File a Complaint or Disclose Concern

PVI has an active Residents' Association, which encourages resident participation in all facilities which make up its campus. This body and the individual facilities' Resident Councils act as a conduit for residents' concerns and suggestions to administration. In addition, PVI maintains an open door policy, which allows residents to meet privately with the President/CEO and staff of VMRC, which manages the day-to-day operations of PVI, to discuss concerns and problems.

Residents of PVI may file a complaint or disclose any concern orally and/or in writing, at any time, to their facility administration. The facility administration will use its best efforts to respond, orally and/or in writing, to such complaint in a timely manner. If the resident is unsatisfied with the response of the facility administration, the resident may appeal the matter to the Department Director and/or the Divisional Vice President. If the resident is still unsatisfied with these responses, the resident may appeal the matter to the VMRC President/CEO. The President/CEO, likewise, will use his/her best efforts to respond, orally and/or in writing, to such appeal in a timely manner. If the resident is unsatisfied with the response of the President/CEO, the resident may appeal the matter to the Executive Committee of the VMRC Board of Directors.

Attachments Follow Beginning On Next Page

Attachment A

Current Residency Agreement

PARK PROGRAMS
RESIDENCY AGREEMENT

THIS RESIDENCY AGREEMENT ("AGREEMENT"), is made and executed this __ day of____, 2021, between PARK VILLAGE, INC., a nonprofit corporation organized and existing under the laws of the Commonwealth of Virginia and affiliated with Virginia Mennonite Retirement Community, with principal offices at 1501 Virginia Avenue, Harrisonburg, Virginia hereinafter referred to as "VILLAGE" and _________________hereinafter referred to as "RESIDENT" regardless of the number of persons who are signatories to this AGREEMENT.

W I T N E S S E T H :

WHEREAS, VILLAGE is operating a residential housing facility for persons of retirement age desiring independence with security; and

WHEREAS, VILLAGE is an affiliate of Virginia Mennonite Retirement Community ("VMRC"), which provides a continuum of care for persons requiring varying levels of assistance with their activities of daily living and as necessary, skilled nursing care; and

WHEREAS, RESIDENT is not guaranteed residency in any other type of facility operated by VMRC, but if openings are available and RESIDENT otherwise qualifies, RESIDENT may be granted admission to such other types of facilities as are operated by VMRC; and

WHEREAS, RESIDENT has made application to live in the housing unit located at #______ in Park __; and

WHEREAS, VILLAGE, upon the execution of this AGREEMENT, accepts RESIDENT's application based upon the representations contained therein;

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, and intending to be legally bound, RESIDENT is granted the right to reside in the housing unit identified above, subject to the terms and conditions herein:

SERVICES PROVIDED BY VILLAGE

1.1 In addition to the right to reside in the unit, VILLAGE will provide the following:

(a) Major appliances including heating and cooling equipment, range, refrigerator, microwave, washer and dryer (or common laundry facilities), and garbage disposal.

(b) Maintenance of the above appliances, general apartment maintenance, and maintenance of all public spaces in and surrounding the building, including lawns, shrubbery, streets, and parking lots.

(c) Insurance on all property, equipment, and appliances owned by VILLAGE including general liability insurance. (RESIDENT is responsible for insurance on their property as set out in paragraph 2.4.)

(d) Payment of all real estate taxes associated with the unit.

(e) Access to programs, activities, and services provided by VILLAGE.

(f) An emergency call system that will summon assistance.

(g) VMRC Wellness Center membership.

In addition to the services provided above, RESIDENT will receive those services set forth in greater detail on Exhibit A, attached hereto. VILLAGE, in its sole discretion, reserves the right to change the services provided to RESIDENT under this section 1.1 and Exhibit A, after thirty (30) days written notice of such change is provided to RESIDENT, except for changes required by state or federal assistance programs.

1.2 Units will be refurbished as needed as determined by management. Any improvements or alterations requested by RESIDENT in excess of normal maintenance must be agreed to in writing and paid for by the RESIDENT including any expenses associated with any reasonable accommodation agreed to by VILLAGE. All such improvements or alterations will become a part of said unit and will remain the property of VILLAGE. VILLAGE may require a deposit in an amount to restore the unit to its condition prior to making any improvement or alteration.

1.3 During extended absences, RESIDENT may request management to perform routine inspections of unit.

RESIDENT'S RESPONSIBILITIES

2.1 RESIDENT will assume all living expenses such as food, clothing, medical needs, transportation, home services, and personal care attendants as may be approved by VILLAGE.

2.2 RESIDENT will provide all desired furniture, dishes, accessories, and window treatments in unit.

2.3 RESIDENT who desires phone, cable television and internet service may arrange with VILLAGE for service and will pay fees as recorded on the monthly statement.

2.4 RESIDENT will obtain and maintain insurance coverage for all personal property, including household goods, furniture, clothing and vehicles located on the VILLAGE campus. RESIDENT will also obtain and maintain general liability insurance in a form acceptable to VILLAGE with VILLAGE named as an additional insured; RESIDENT will provide VILLAGE a copy of renter's insurance noting coverage for both personal property and general liability insurance. RESIDENT agrees to indemnify and hold VILLAGE harmless from any and all damages or liabilities including reasonable attorney's fees for any injury or damage to any person or property resulting from the negligent or intentional acts of, or violation of any applicable rules or policies by, RESIDENT, RESIDENT's agents and/or those acting on behalf of RESIDENT including, but not limited to, personal care attendants and RESIDENT's family members. VILLAGE and RESIDENT shall take whatever steps may be necessary to attempt to obtain mutual waivers of subrogation by the respective insurance carriers insuring the property described above.

2.5 RESIDENT agrees to provide pertinent information to management and to keep information current in order to facilitate emergency assistance including copies of any Power of Attorney, Advance Medical Directive and/or Durable Do Not Resuscitate Order. Said information will include such information as next of kin, name of Power of Attorney who can act on behalf of RESIDENT in case of an emergency, name of family physician, and similar data. RESIDENT also agrees to provide contact information for any person to be notified in the event that RESIDENT is unable to comply with the terms of this AGREEMENT.

2.6 Maintenance or repairs on appliances owned by VILLAGE or any part of the unit, whether inside or outside, made necessary because of abuse or neglect on the part of RESIDENT or RESIDENT's agents will be billed to RESIDENT to be paid with the next Monthly Service Fee.

2.7 If RESIDENT is to reside in the Park Village facility, RESIDENT will be responsible for all costs of utilities, including electricity and water and sewer.

OWNERSHIP

3.1 RESIDENT understands that said unit is the sole property of VILLAGE subject only to the RESIDENT's right to reside in the unit pursuant to the terms hereof.

3.2 If this AGREEMENT is executed by more than one individual, the surviving RESIDENT shall be subject to all eligibility requirements for PARK VILLAGE including the Exhibit B Criteria. If the surviving RESIDENT is eligible for residency, then all rights and obligations under this AGREEMENT will attach to the surviving RESIDENT to the same extent as if such surviving RESIDENT has been the sole and only RESIDENT under the terms of the AGREEMENT.

3.3 This AGREEMENT does not create any interest in the real estate, improvements, or fixtures owned by VILLAGE, and does not give rise to any claim against or lien on any real or personal property of the VILLAGE. RESIDENT's rights are primarily for a contractual privilege of residency as provided in paragraph 1.1 and RESIDENT'S rights of residency under this Agreement not assignable. Moreover, this residency privilege shall not inure to the use or benefit of the heirs, legatees, beneficiaries, personal representative, or attorney of RESIDENT, and upon the death or relocation of the last surviving RESIDENT, or breach of this AGREEMENT by RESIDENT, all privileges of residency under this AGREEMENT will terminate.

3.4 Nothing contained in this AGREEMENT shall be construed to create a lease or the relationship of landlord and tenant between VILLAGE and RESIDENT. The rights of RESIDENT hereunder are limited to the performance of VILLAGE's covenants and shall be subordinate and inferior at all times to the rights of any secured lender of VILLAGE and to the terms of any mortgage, security agreement, and deed of trust, or similar document, now or hereafter existing, with respect to property of VILLAGE. RESIDENT agrees to cooperate with VILLAGE to execute and deliver any document reasonably required by VILLAGE to evidence such subordination.

TERMS OF RESIDENCY

4.1 The residency rights outlined in this AGREEMENT are subject to RESIDENT's ability to meet the Criteria for Residential Living ("Criteria"). Evaluation will be made by staff in consultation with RESIDENT'S family or designated Agent and physician as deemed necessary by staff in order to determine the level of care and to plan for the care of RESIDENT as needed. RESIDENT may be requested to execute an Authorization for Release of Medical Information as needed in order for staff to communicate with RESIDENT's physician and other health care providers to update such Authorization from time to time as deemed necessary by staff in order to assist in its evaluations and to determine the level of care and to plan for the care of RESIDENT as needed. The current

Criteria are attached hereto as Exhibit B. The Criteria may be changed by VILLAGE in its sole discretion. A thirty (30) day written notice will precede any such change.

4.2 RESIDENT agrees to abide by the stipulations of this RESIDENCY AGREEMENT. RESIDENT further agrees to comply with VILLAGE policies, procedures, and guidelines, whether referred to in this AGREEMENT or not, as may be established or revised by VILLAGE. Revisions to policies, procedures, or guidelines will become effective upon thirty (30) days written notice to RESIDENT.

4.3 RESIDENT agrees to make the following payments to VILLAGE:

(a) A Residency Fee in the amount of $________.00 (___%) of the standard value of the unit) payable in the following manner:

(1) Ten percent upon execution of this RESIDENCY AGREEMENT, the payment of which is hereby acknowledged.

(2) Ninety percent on or before the date possession is taken of apartment or within sixty (60) days of the date this AGREEMENT is signed, whichever comes first.

(b) The full cost of any extra alterations and/or additional services requested by RESIDENT payable within thirty days of RESIDENT's request for such extras and/or alterations.

(c) The Monthly Service Fee is established and updated by VILLAGE from time to time. Payment is due on the first day of possession or within sixty (60) days of the date this AGREEMENT is signed, whichever comes first. The current Monthly Service Fee, as of the date of this AGREEMENT, is set forth on Exhibit C.

The Monthly Service Fee is due and payable on the first of each month and will be considered delinquent if not paid by the fifth day of the month in which due. The Monthly Service Fee is subject to adjustment annually. The Monthly Service Fee will also be adjusted in the event RESIDENT arranges to have a newly married spouse or other adult move into the unit as permitted and in accordance with the terms in Section 6.8 of this Agreement. A thirty (30) day written notice will precede any adjustment of the Monthly Service Fee except to the extent such adjustment is required by state or federal assistance programs.

4.4 Following execution of this Agreement but prior to residency, if RESIDENT should die or if illness, injury or incapacity precludes RESIDENT from becoming a resident under the terms of this AGREEMENT, VILLAGE will, within sixty (60) days, pay to RESIDENT, or to the designated beneficiary or personal representative of RESIDENT as may be directed in writing by the RESIDENT, all Residency Fee payments previously made less any specific costs incurred by VILLAGE for extras or alterations requested by RESIDENT. However, anyone terminating this AGREEMENT after seven (7) days following the signing of this AGREEMENT but prior to residency for reasons other than death, or being precluded from residency by reason of illness, injury or incapacity will forfeit 4% of the Residency Fee stipulated in 4.3(a) plus specific costs incurred by VILLAGE for extras or alterations requested by RESIDENT. All remaining Residency Fee payment or payments to date will be refunded. No interest will be earned by or paid upon Residency Fee or any partial payments thereof.

4.5 In the event VILLAGE reasonably determines that the unit occupied by RESIDENT is in need of extensive renovation or repair, or, alternatively, that VILLAGE is required to restructure, redesign or otherwise reconfigure the said unit, VILLAGE may transfer RESIDENT to another unit of size, quality, and condition comparable to that of the unit occupied by RESIDENT. VILLAGE will provide RESIDENT reasonable notice of transfer and will provide, at the expense of VILLAGE, for the moving of all personal property of RESIDENT to the new unit, while attempting to minimize the inconvenience to RESIDENT.

4.6 Persons applying for residency with VILLAGE are expected to have the financial ability to pay the required Residency Fee and to have sufficient income to pay the Monthly Service Fee as determined in the sole discretion of VILLAGE. Nonpayment of any fees required under the AGREEMENT is sufficient good cause to allow VILLAGE to terminate the AGREEMENT pursuant to Section 5.3 (b) below and to require RESIDENT to relinquish

RESIDENT'S occupancy in the unit. As a result, in order to remain in a unit, RESIDENT is expected to possess the financial resources necessary to pay all required fees under this AGREEMENT as such fees become due.

TERMINATION

5.1 RESIDENT may terminate this AGREEMENT for any reason by giving thirty (30) days written notice to VILLAGE of the intention to terminate.

5.2 Should death occur while this AGREEMENT is in effect, then this AGREEMENT will automatically terminate thirty (30) days following the death of RESIDENT, or in the case of more than one RESIDENT, the death of last RESIDENT named in this AGREEMENT. VILLAGE may remove and otherwise dispose of any personal property remaining in the unit after termination of this AGREEMENT.

5.3 VILLAGE may terminate this AGREEMENT for good cause. Good cause will be limited to one of the following occurrences:

(a) Proof that the RESIDENT is a danger to himself or others or the property of others as shown by RESIDENT's behavior and as determined by VILLAGE. In making such determination, VILLAGE may rely on the most current version of the Criteria for Residential Living. In the event there is disagreement between VILLAGE and RESIDENT, consultation with RESIDENT, RESIDENT's physician, RESIDENT's legal representative, and/or RESIDENT's family or designated agent may be requested. In any and all cases, VILLAGE reserves the right to make the final determination.

(b) Nonpayment by the RESIDENT of any monthly or periodic fees required by this AGREEMENT.

(c) Repeated conduct by RESIDENT that interferes with other residents' quiet enjoyment of the housing facility.

(d) Persistent refusal to comply with the written policies, procedures, and guidelines of VILLAGE.

(e) A material misrepresentation made intentionally or recklessly by RESIDENT in his/her application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either a failure of RESIDENT to qualify for residency or a material increase in the cost of providing to RESIDENT care and services provided under the AGREEMENT.

(f) A material breach by RESIDENT of any of the terms and conditions of this AGREEMENT.

5.4 Unless there is an imminent threat to the comfort, safety or well-being of the RESIDENT or others, or the property of others, the following steps will be taken prior to termination of this AGREEMENT if termination is initiated by VILLAGE because of a default or violation as set forth in section 5.3 above:

(a) Within five (5) days of default or violation, staff will make personal contact with RESIDENT to discuss concerns and an effort will be made to reach a satisfactory solution.

(b) If the default is not cured or violation is not corrected within five (5) days of the above consultation, a written notice will be delivered to RESIDENT clearly stating the reasons for the potential termination of this AGREEMENT. This written notice will also state that the AGREEMENT will terminate in thirty (30) days if RESIDENT does not correct the default or violation.

(c) Unless the default or violation is remedied within thirty (30) days of the written notice, the VILLAGE will have the right to terminate the AGREEMENT.

(d) Upon any termination of this AGREEMENT, RESIDENT will be allowed fifteen (15) days from the date of termination to remove all personal property from the unit. At the end of such time, VILLAGE will have the right to reenter and repossess the apartment without liability to RESIDENT for any damage. VILLAGE shall have no liability for any loss or damage that results to RESIDENT'S personal property during such period or thereafter.

5.5 Upon receiving notice of termination of this AGREEMENT from RESIDENT, VILLAGE will proceed, as soon as possible, to negotiate a new RESIDENCY AGREEMENT with a successor RESIDENT ("successor RESIDENCY AGREEMENT").

(a) In the event RESIDENT, upon termination of this AGREEMENT, relocates to any other facility operated by Virginia Mennonite Retirement Community, Inc. ("VMRC"), no refund of any residency fee shall be due and payable at such time.

(b) If RESIDENT, upon termination of this AGREEMENT, leaves and is no longer a RESIDENT of any VMRC operated facility, a refund by VILLAGE will be payable to RESIDENT (or to the personal representative of RESIDENT) within thirty (30) days following receipt by VILLAGE of a fully-executed successor RESIDENCY AGREEMENT.

(c) RESIDENT is not entitled to interest on the amount of any residency fee to which RESIDENT may be entitled nor shall RESIDENT be entitled to credit from the residency fee towards any other fees associated with any other VMRC facilities except those fees associated with the assisted living and complete living care facilities and then only after RESIDENT has exhausted all other assets.

5.6 RESIDENT's refund will be a percentage of the Residency Fee stipulated in Section 4.3, less any costs or expenses incurred for the repair of any damage which exceeds the usual wear and tear for the length of residency and any other outstanding fees and expenses owed to VILLAGE.

5.7 The percentage of the Residency Fee stipulated in Section 4.3 which will constitute RESIDENT's refund, will be based on the length of residency as set forth on Exhibit D attached hereto.

MISCELLANEOUS UNDERSTANDINGS

6.1 Admission to other facilities operated by VMRC is not guaranteed but priority for admission will be given, subject to any existing terms and conditions for such admission.

*Init*__________
Init __________

6.2 Accommodations provided in VMRC facilities (e.g., barber/beauty salon, Main Street Store, overnight guest rooms, therapy) are available to RESIDENT at current rates.

6.3 RESIDENT agrees to permit management staff and/or authorized service personnel into the unit for inspection and service upon reasonable notice; however, in emergency situations, staff members may enter unit without prior notice.

6.4 RESIDENT may accommodate overnight guests for short visits. Prior arrangements are required for guests desiring to stay longer than two weeks. "Permanent guests" are not permitted.

6.5 Recognizing that smoking is a real hazard to health and property, smoking by RESIDENT is not permitted anywhere on the premises of the VILLAGE or Virginia Mennonite Retirement Community. Use of alcoholic beverages is not permitted on VILLAGE premises outside of units. Repeated behavior problems associated with the use of alcohol, drug or other intoxicant regardless of place of consumption, shall constitute grounds for terminating this AGREEMENT. Illegal use of a drug or any drug-related criminal activity engaged on premise shall be cause for termination of AGREEMENT.

6.6 RESIDENT agrees to abide by the firearms policy in place at VILLAGE, and any amendments thereto.

6.7 RESIDENT may keep pets in or on the premise if approved per the applicable pet ownership policy. Animals needed as a reasonable accommodation, seeing-eye or hearing-ear dogs, are exempt from the pet policy.

6.8 If RESIDENT arranges to have a newly married spouse or another adult move into the unit, RESIDENT must inform VILLAGE. RESIDENT may request that a new AGREEMENT be executed to include another adult. This AGREEMENT must be signed by the new adult and will be amended to include the new adult as being subject to all terms of the AGREEMENT, including the Exhibit B Residential Criteria and the current Monthly Service Fee for the new adult will be assessed pursuant to VILLAGE policies, procedures, and guidelines. However, RESIDENT may alternatively elect to execute a Memo of Understanding Regarding Unique Condition of Residency ("Memo"), attached hereto as Exhibit E. The Memo authorizes the new adult to reside in the unit as an Associate Resident, but the new adult will have no rights to or under the existing AGREEMENT. Any such new resident must meet all requirements for residential living and comply with all policies, procedures, and guidelines. VILLAGE reserves the right to reasonably change this policy upon thirty (30) days written notice to RESIDENT.

6.9 Except as otherwise provided herein, this AGREEMENT shall extend to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the parties thereto.

6.10 The waiver by any party of any breach of any term, agreement, or condition contained in the AGREEMENT shall not constitute a waiver of such term, agreement, or condition for any subsequent breach of the same or any other term, agreement, or condition herein.

6.11

A. In the event a dispute arises between the parties, including but not limited to, any dispute involving alleged personal injury to the RESIDENT, or if there is a claim or controversy arising out of or relating to this Agreement, the parties shall have a duty to attempt to resolve the dispute by negotiations conducted in good faith. In the event the dispute cannot be resolved by good faith negotiation between the parties within ten (10) days, the parties agree to use the services of an independent, qualified mediator selected from the Fairfield Center located in Harrisonburg, Virginia, or such other qualified mediator as may be agreed to by the parties to attempt to resolve their differences. The mediation shall take place within thirty (30) days of either party's request for a mediator unless the parties agree otherwise. The parties shall share any mediation costs equally.

B. In the event the mediation does not achieve a resolution of the dispute within thirty (30) days of the initial request for mediation or such extended period as the parties may agree, the dispute shall be submitted to arbitration in the Commonwealth of Virginia by a single independent, qualified arbitrator with the selection of the arbitrator and arbitration procedure subject to such rules to which the parties may agree. If the parties are unable to agree, the arbitration shall be conducted by The McCammon Group (Bank of America Center Suite 1700, 1111 East Main Street Richmond, Virginia 23219, hereinafter "McCammon") under its rules governing arbitration then in use at the time the claim is initiated with McCammon. Either party may initiate the proceeding by written request to McCammon with a copy to other party. If the parties cannot agree on the appointment of the Arbitrator, he or she will be appointed pursuant to the rules governing arbitration then in use by McCammon. The location of any arbitration will be in Harrisonburg, Virginia or Rockingham County, Virginia.

C. The parties to this Agreement agree to be bound by any further rules and procedure established by the Arbitrator and shall make adequate arrangements for the payment of the Arbitrator and/or McCammon to the satisfaction of the same. In the absence of any agreement otherwise, the parties shall share the initial filing fee and/or any retainer or advances or other costs of arbitration equally, subject to the Arbitrator's discretion as set out below. The Arbitrator shall conduct any hearing and render a decision within ninety (90) days of appointment. The decision shall be binding on the parties and not appealable. Any arbitration award may be enforced in any court having jurisdiction over a party against whom enforcement is sought. The Arbitrator shall have discretion to award fees and disbursements against an unsuccessful party, including the Arbitrator's fees, or to apportion all of said fees and costs among all parties equitably if the result of the arbitration is mixed success among the parties to the dispute.

D. Pursuant to the provisions of Va. Code § 8.01-581.12, to the extent that a claim is alleged to involve medical malpractice, RESIDENT, or his guardian, conservator, committee or personal representative shall be allowed to withdraw any medical malpractice claim from application of the arbitration provisions set out in (B) and (C) above within sixty (60) days after the termination of any health care or, if the RESIDENT is under disability because of age or is incapacitated at the time of the termination and is without a guardian or conservator who could take such action for RESIDENT as the case may be, or if the termination is by reason of death of the RESIDENT or if death occurs within sixty (60) days after termination, then within a period of at least sixty (60) days after the appointment and qualification of the guardian, conservator or committee or personal representative.

6.12 This Agreement and the additional documents incorporated herein contain the entire agreement and understanding among the parties with respect to the subject matter hereof and supersede all other agreements, understandings and undertakings among the parties with respect to such subject matter.

6.13 In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

6.14 This Agreement shall be interpreted in accordance with the substantive laws of the Commonwealth of Virginia applicable to contracts made and to be performed wholly within said State.

6.15 The parties to this AGREEMENT understand and agree that this RESIDENCY AGREEMENT may be rescinded and made null and void within seven (7) days after signing the instrument without penalty.

6.16 Except as otherwise provided herein, this AGREEMENT may be amended by mutual consent between the parties provided said amendment or amendments are made in writing and attached to the AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this RESIDENCY AGREEMENT the day and year first above mentioned.

RESIDENT(S)

____

____

PARK VILLAGE, INC.

____

49750-1
08005731

PARK PROGRAMS RESIDENCY AGREEMENT

Exhibit A

ADDITIONAL SERVICES PROVIDED BY VILLAGE AT PARK GABLES FACILITY

1.1

(a) Major appliances include a dishwasher.

(b) Utilities including electricity, gas, water, sewer and trash removal.

(c) Per RESIDENT monthly dining allocation of $320 with flexible meal options.

(d) Washing windows as scheduled by staff.

(e) One (1) on-site storage unit

(f) Three (3) hours monthly housekeeping services provided by staff

(g) Season pass, for your first year, to Lyceum events

(h) Two (2) complimentary weeknight stays in a VMRC guest room per calendar year

ADDITIONAL SERVICES PROVIDED BY VILLAGE AT PARK PLACE FACILITY

(a) Utilities including electricity, gas, water, sewer and trash removal.

(b) Per RESIDENT monthly dining allocation of $240 with flexible meal options.

(c) Washing windows as scheduled by staff.

ADDITIONAL SERVICES PROVIDED BY VILLAGE AT PARK VILLAGE FACILITY

(a) Major appliances include a dishwasher.

(b) Trash removal and washing the outside of windows as scheduled by staff.

PARK PROGRAMS RESIDENCY AGREEMENT

Exhibit B

CRITERIA FOR RESIDENTIAL LIVING

Park Village, Inc. ("VILLAGE") is a continuing care retirement community with organized services and various living options. To ensure that the needs of residents are aligned with the services provided in each facility, the following criteria are used to determine appropriate facilities for residency in Park Gables, Park Place, and Park Village. Each resident is expected to be capable of meeting the terms of the RESIDENCY AGREEMENT and policies as may be established by VMRC from time to time, including those set out in the Resident Handbook, be able to manage all activities of daily living and live compatibly with other residents and staff, either individually or with such reasonable accommodations as approved by the VILLAGE.

This document represents the current Criteria for Residential Living ("Criteria") in effect on the date that the RESIDENCY AGREEMENT was executed by RESIDENT. VILLAGE reserves the right to change the Criteria, in its sole discretion, upon thirty (30) days written notice to RESIDENT. During the term of this RESIDENCY AGREEMENT, RESIDENT will comply with the Criteria, as may be revised from time to time as determined by VILLAGE.

CRITERIA

1. A resident must be 55 years of age.

2. Resident can handle or make provisions for the proper handling of business affairs as they relate to RESIDENT's ability to satisfy RESIDENT's financial obligations to VILLAGE.

3. Resident can make provisions for transportation and be able, physically and mentally, to keep appointments inside and outside of the facility.

4. Resident can safely negotiate building and grounds, including getting to and from the dining room for meals and Resident is able to use all necessary mobility devices, such as canes, walkers, wheelchairs, and electric mobility units safely and without threat to others.

5. Resident can attend to or make provisions for housekeeping, laundry, keeping refrigerator contents current, emptying the trash, and using major appliances safely.

6. Resident can demonstrate appropriate mental, emotional and physical behaviors for community living within the VILLAGE.

7. Resident is mentally and physically capable of complying with rules and regulations regarding safety, security and those rules set forth in the RESIDENCY AGREEMENT.

8. Resident can maintain personal hygiene, including management of incontinence, at a socially acceptable and healthy level.

Init______
Init ______

9. Resident can arrange for health care and communicate health care needs to a physician or appropriate medical staff.

10. Resident can manage and administer medications safely as prescribed.

11. Resident can appropriately manage pet care, if applicable, in accordance with VILLAGE'S pet policy.

PARK PROGRAMS RESIDENCY AGREEMENT

Exhibit C

MONTHLY SERVICE FEE

The Fiscal Year Ending 2022 (April 1, 2021 – March 31, 2022) Monthly Service Fee for a unit located at___________________________, Harrisonburg, Virginia, will be $______.00 per month. Payment of the Monthly Service Fee and any revision to such fee will be in accordance with Section 4.3 of the RESIDENCY AGREEMENT.

The Monthly Service Fee will pay for all real estate taxes on said unit, all of the services listed in the RESIDENCY AGREEMENT to which this exhibit is attached and made a part thereof, and any future services that VILLAGE decides in its sole discretion to include in the Monthly Service Fee. Any requests for services not included in the RESIDENCY AGREEMENT must be made in writing. Such requests will be honored only if VILLAGE has qualified personnel to perform the service being requested. Charges for such extra service will be based on the usual and customary fees for such work.

Init______
Init ______

PARK PROGRAMS RESIDENCY AGREEMENT

Exhibit D

RESIDENT REFUND SCHEDULE

Pursuant to the terms of the Residency Agreement, RESIDENT may receive a refund of the Residency Fee upon termination of the Residency Agreement based on the length of such residency and the Residency Fee paid by the RESIDENT. By signing below a particular refund option, RESIDENT and VILLAGE acknowledge and agree that such refund will be available to RESIDENT upon termination in accordance with the terms and conditions of this Residency Agreement.

OPTION 1

(Available to RESIDENT paying 190% of unit's standard value as Residency Fee)

0 month through 12th month	93%
13th month through 24th month	94%
25th month through 36th month	96%
37th month through 48th month	98%
After 48 months	100%

RESIDENT(s)

____

____

PARK VILLAGE

____

Init______
Init ______

OPTION 2

(Available to RESIDENT paying 160% of unit's standard value as Residency Fee)

0 month through 12th month	93%
13th month through 24th month	92%
25th month through 36th month	91%
After 36 months	90%

RESIDENT(s)

____

____

PARK VILLAGE

____

Init______
Init ______

OPTION 3

(Available to RESIDENT paying 100% of unit's standard value as Residency Fee)

0 month through 12th month	80%
13th month through 24th month	75%
25th month through 36th month	70%
37th month through 48th month	65%
After 48 months	60%

RESIDENT(s)

____

____

PARK VILLAGE

____

OPTION 4

(Available to RESIDENT paying 75% of unit's standard value as Residency Fee)

0 month through 12th month	80%
13th month through 18th month	70%
19th month through 24th month	60%
25th month through 30th month	50%
31st month through 36th month	40%
37th month through 42nd month	30%
43rd month through 48th month	20%
49th month through 54th month	10%
After 55th month	0%

RESIDENT(s)

____

____

PARK VILLAGE

____

PARK PROGRAMS RESIDENCY AGREEMENT

EXHIBIT E

PARK PROGRAMS MEMO OF UNDERSTANDING

Regarding Unique Condition of Residency

In light of the unique conditions associated with my/our VILLAGE RESIDENCY AGREEMENT whereby ________________________, is being allowed to reside with ___________________ at ______________________________ as an Associate Resident even though ________________________ has not contributed financially nor entered into the RESIDENCY AGREEMENT with me/us or VILLAGE.

I/We hereby acknowledge and agree that the privileges and rights that are conveyed with said RESIDENCY AGREEMENT between ___________________________ and VILLAGE dated ______________________are for the sole benefit of ___________________________only and should ________________________ be residing with me/us at the time said RESIDENCY AGREEMENT is terminated as an Associate Resident, for whatever reason, ____________________agrees to vacate said unit within thirty (30) days or to enter into a new RESIDENCY AGREEMENT with VILLAGE subject to and under the same financial arrangements, criteria, and conditions applicable to any other person desiring to reside in VILLAGE.

I further acknowledge and agree that an additional occupancy Monthly Service Fee shall be assessed said occupant.

If a transfer to a VMRC Supportive Living facility is desired for _________________, subject to qualifying for the same, the stated entrance fee at the time of transfer will be paid in addition to the monthly fee schedule for non-Park program residents.

It is further understood that refunds due under the stipulations of said agreement are for the sole benefit of ________________________ or his/her estate and are to be distributed accordingly to VILLAGE.

Resident Signature/Date ____

Associate Resident Signature/Date ____________________________________

Park Village, Inc./Date ____

Init______
Init ______

Attachment B

Audited Financial Statements- March 31, 2022

VIRGINIA MENNONITE RETIREMENT COMMUNITY

Consolidated Financial Statements

March 31, 2022 and 2021

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.

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BeachyArehart
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Virginia Mennonite Retirement Community, Inc.
Harrisonburg, Virginia

Opinion

We have audited the accompanying consolidated financial statements of Virginia Mennonite Retirement Community, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Virginia Mennonite Retirement Community, Inc. as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Virginia Mennonite Retirement Community, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

540.433.2488
209 N. High Street, Harrisonburg, Virginia 22802
www.beachyarehart.com

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Virginia Mennonite Retirement Community'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 Virginia Mennonite Retirement Community'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 22-30 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Beachy Arehart PLLC

Harrisonburg, Virginia
July 20, 2022

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
March 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,523,530	$ 7,074,239
Accounts receivable, less allowance for doubtful accounts of $107,466 and $596,544 in 2022 and 2021, respectively	462,997	514,577
Other current assets	451,747	406,504
TOTAL CURRENT ASSETS	8,438,274	7,995,320
PROPERTY AND EQUIPMENT		
At cost, less accumulated depreciation	53,751,820	51,839,285
OTHER ASSETS		
Investments in marketable securities	35,045,031	33,867,080
Other investments	1,699,040	1,601,126
Restricted cash	360,423	545,543
Amounts due from split-interest agreements	192,449	181,049
	37,296,943	36,194,798
	$ 99,487,037	$ 96,029,403
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 1,294,491	$ 1,260,179
Accounts payable	854,557	690,413
Accrued wages and compensated absences	1,157,378	1,186,307
Resident refunds payable	4,454,680	3,175,686
Accrued interest	89,731	99,818
Other current liabilities	605,068	358,630
TOTAL CURRENT LIABILITIES	8,455,905	6,771,033
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	33,313,172	34,564,120
Refundable entrance fees	22,192,802	22,312,481
Deferred revenue from nonrefundable entrance fees	17,098,963	15,306,390
SBA Paycheck Protection Program loan	-	3,056,000
Fair value of interest rate swap contracts	504,823	2,105,511
	73,109,760	77,344,502
TOTAL LIABILITIES	81,565,665	84,115,535
NET ASSETS (DEFICIT)		
Without donor restrictions	4,809,482	(307,195)
With donor restrictions	13,111,890	12,221,063
	17,921,372	11,913,868
	$ 99,487,037	$ 96,029,403

See accompanying notes to consolidated financial statements.

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended March 31, 2022 and 2021

	2022	2021
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUE, GAINS AND SUPPORT		
Service fees	$ 25,526,609	$ 25,734,949
SBA Paycheck Protection Program loan forgiveness	3,056,000	-
Amortization of entrance fees	2,115,413	2,350,702
Other operating revenue	1,885,011	1,906,859
Investment income	556,386	467,426
Contributions	389,733	447,894
Federal grant revenue	310,244	1,285,081
Net assets released from restrictions	317,376	275,139
TOTAL OPERATING REVENUE, GAINS AND SUPPORT	34,156,772	32,468,050
OPERATING EXPENSES		
Salaries and wages	12,949,483	13,521,423
Depreciation and amortization	4,270,233	4,312,538
Contracted services	3,377,150	2,809,671
Benefits and payroll taxes	3,013,194	2,673,653
Utilities	1,458,649	1,292,072
Food	1,253,329	1,111,348
Supplies	1,245,988	1,583,282
Interest	1,171,461	1,217,272
Other	1,102,201	1,046,178
Repairs and maintenance	653,519	537,661
Real estate taxes	358,038	337,511
TOTAL OPERATING EXPENSES	30,853,245	30,442,609
INCOME FROM OPERATING ACTIVITIES	3,303,527	2,025,441
NON-OPERATING ACTIVITIES		
Realized gain on investments	1,341,012	1,115,423
Unrealized gain (loss) on investments	(1,128,550)	4,276,372
Change in fair value of interest rate swap contracts	1,600,688	2,236,592
	1,813,150	7,628,387
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 5,116,677	$ 9,653,828

See accompanying notes to consolidated financial statements.

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended March 31, 2022 and 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total operating revenue, gains and support	$ 34,156,772	$ 32,468,050
Total operating expenses	(30,853,245)	(30,442,609)
Non-operating activities	1,813,150	7,628,387
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	5,116,677	9,653,828
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	781,603	437,143
Investment income	299,547	246,974
Realized gain on investments	729,975	600,629
Unrealized gain (loss) on investments	(614,322)	2,302,726
Change in value of split interest agreements	11,400	9,571
Net assets released from restrictions	(317,376)	(275,139)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	890,827	3,321,904
INCREASE IN NET ASSETS	6,007,504	12,975,732
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	11,913,868	(1,061,864)
NET ASSETS AT END OF YEAR	$ 17,921,372	$ 11,913,868

See accompanying notes to consolidated financial statements.

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended March 31, 2022 and 2021

Year Ended March 31, 2022	Program Activities: Nursing Care	Assisted Living	Independent Living	Wellness Center	Federal Assisted Housing	Programs Subtotal	Supporting Activities: General and Administrative	Fundraising	Supporting Subtotal	Total Expenses
Salaries and wages	$ 5,669,939	$ 2,067,277	$ 1,300,141	$ 612,028	$ 169,100	$ 9,818,485	$ 2,965,601	$ 165,397	$ 3,130,998	$ 12,949,483
Depreciation and amortization	1,149,199	387,570	2,079,169	122,257	297,298	4,035,493	234,740	-	234,740	4,270,233
Contracted services	1,403,725	228,088	597,058	290,761	67,607	2,587,239	789,911	-	789,911	3,377,150
Benefits and payroll taxes	1,181,891	553,986	336,389	170,168	57,396	2,299,830	667,874	45,490	713,364	3,013,194
Utilities	368,685	84,671	429,610	71,463	181,142	1,135,571	323,078	-	323,078	1,458,649
Food	242,247	314,909	676,605	-	-	1,233,761	19,568	-	19,568	1,253,329
Supplies	573,651	95,125	298,065	55,972	8,589	1,031,402	214,308	278	214,586	1,245,988
Interest	373,478	185,165	-	83,250	163,448	805,341	366,120	-	366,120	1,171,461
Other	287,538	42,675	95,056	23,079	6,815	455,163	597,628	49,410	647,038	1,102,201
Repairs and maintenance	121,169	112,458	305,461	20,456	84,843	644,387	9,132	-	9,132	653,519
Real estate taxes	-	-	336,729	-	-	336,729	21,309	-	21,309	358,038
	$ 11,371,522	$ 4,071,924	$ 6,454,283	$ 1,449,434	$ 1,036,238	$ 24,383,401	$ 6,209,269	$ 260,575	$ 6,469,844	$ 30,853,245

Year Ended March 31, 2021	Program Activities: Nursing Care	Assisted Living	Independent Living	Wellness Center	Federal Assisted Housing	Programs Subtotal	Supporting Activities: General and Administrative	Fundraising	Supporting Subtotal	Total
Salaries and wages	$ 6,231,608	$ 1,991,215	$ 1,295,218	$ 594,799	$ 176,503	$ 10,289,343	$ 3,069,676	$ 162,404	$ 3,232,080	$ 13,521,423
Depreciation and amortization	1,129,562	398,621	2,055,370	123,338	377,477	4,084,368	228,170	-	228,170	4,312,538
Contracted services	1,298,225	242,688	535,510	81,186	51,037	2,208,646	601,025	-	601,025	2,809,671
Benefits and payroll taxes	1,026,905	493,507	293,469	145,365	50,745	2,009,991	622,683	40,979	663,662	2,673,653
Utilities	318,964	65,524	369,936	52,962	159,889	967,275	324,797	-	324,797	1,292,072
Food	279,044	267,746	552,689	-	-	1,099,479	11,869	-	11,869	1,111,348
Supplies	940,875	95,349	286,004	31,386	9,532	1,363,146	220,171	(35)	220,136	1,583,282
Interest	404,805	200,696	-	90,232	166,228	861,961	355,311	-	355,311	1,217,272
Other	356,862	46,276	81,713	28,019	3,930	516,800	490,719	38,659	529,378	1,046,178
Repairs and maintenance	100,985	97,653	218,182	15,982	64,029	496,831	40,830	-	40,830	537,661
Real estate taxes	-	-	316,506	-	-	316,506	21,005	-	21,005	337,511
	$ 12,087,835	$ 3,899,275	$ 6,004,597	$ 1,163,269	$ 1,059,370	$ 24,214,346	$ 5,986,256	$ 242,007	$ 6,228,263	$ 30,442,609

See accompanying notes to consolidated financial statements.

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended March 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,007,504	$ 12,975,732
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,313,776	4,356,081
Amortization of norefundable entrance fees	(2,115,413)	(2,350,702)
Contributions restricted for long-term purposes	(657,653)	(355,686)
Change in fair value of interest rate swap contracts	(1,600,688)	(2,236,592)
SBA Paycheck Program loan forgiveness	(3,056,000)	-
Gain on sale of investments	(2,070,987)	(1,716,052)
Unrealized (gain) loss on investments	1,742,871	(6,579,099)
Gain on investment in limited liability companies	(546,746)	(767,360)
(Increase) decrease in:		
Accounts receivable	51,580	657,514
Amounts due from split-interest agreements	(11,400)	(9,571)
Other current assets	(45,243)	(44,120)
Increase (decrease) in:		
Accounts payable and other current liabilities	410,582	(214,022)
Accrued wages and compensated absences	(28,929)	46,413
Accrued interest	(10,087)	(1,394)
	(3,624,337)	(9,214,590)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,383,167	3,761,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,182,768)	(3,076,100)
Proceeds from sale of investments	15,319,593	25,121,902
Purchase of investments	(16,169,428)	(25,840,334)
Distributions from limited liability companies	448,832	-
NET CASH USED BY INVESTING ACTIVITIES	(6,583,771)	(3,794,532)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from entrance fees	7,657,995	3,884,799
Refunds of entrance fees and deposits	(2,590,694)	(2,710,682)
Proceeds from contributions restricted for investment in permanent endowment	657,653	355,686
Proceeds from Paycheck Protection Program loan	-	3,056,000
Repayment of long-term debt	(1,260,179)	(1,228,648)
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,464,775	3,357,155
NET INCREASE IN CASH	264,171	3,323,765
CASH AT BEGINNING OF YEAR	7,619,782	4,296,017
CASH AT END OF YEAR	$ 7,883,953	$ 7,619,782
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ 1,143,982	$ 1,181,100

See accompanying notes to consolidated financial statements.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Virginia Mennonite Retirement Community ("VMRC") is a senior living community of more than 700 residents. Located in Virginia's Shenandoah Valley, VMRC offers residential living in apartments, townhomes and cottage homes, and provides assisted living, memory care, short-term rehab and complete living care. Its unique campus design features interconnected climate-controlled buildings focused on a Main Street interior featuring an art gallery, wellness center, grocery store and other amenities. With a working 3.5 acre farm called The Farm at Willow Run, it grows 70 percent of its produce served in season.

Principles of Consolidation

The consolidated financial statements include the accounts of Virginia Mennonite Retirement Community, Inc., and its related organizations, which are all under common control: Virginia Mennonite Home, Inc., Park Village, Inc., VMRC Foundation, Inc., and Heritage Haven, Inc. All material interorganizational transactions have been eliminated.

Business Activity

Virginia Mennonite Retirement Community, Inc. is the "umbrella" organization which provides guidance and management services to the four other related organizations: Virginia Mennonite Home, Inc., Park Village, Inc., VMRC Foundation, Inc., and Heritage Haven, Inc. The terms of the agreements are outlined in management plans between the organizations.

Virginia Mennonite Home, Inc. operates a 120-bed skilled care facility, an 86-unit assisted living facility, and a wellness center. Credit is granted to residents based on common industry practice, some of whom are eligible recipients of Medicare, Medicaid, or state social programs.

Park Village, Inc. provides housing and related services to residents through the operation of an independent living retirement facility containing 264 apartments. Credit is granted to residents for lease and monthly service fees.

Heritage Haven, Inc. operates an apartment complex of 150 units under Section 202 of the Housing Act of 1959. Such projects are regulated by the U.S. Department of Housing and Urban Development (HUD) as to rent charges and operating methods. The Project also is subject to Section 8 Housing Assistance Payments agreements with HUD.

VMRC Foundation, Inc. is the fundraising organization for Virginia Mennonite Retirement Community, Inc. and its related organizations. The majority of the Organization's contributors are located in the Shenandoah Valley of Virginia.

All of the organizations are located on a central campus in Harrisonburg, Virginia. A summary of the Organization's accounting policies follows.

Basis of Presentation

Income from operating activities in the statement of operations is intended to illustrate a measure of changes in resources available for current operations. Current operations reflect all transactions that increase or decrease net assets without donor restrictions except realized and unrealized gains and losses on investments and change in fair value of swap agreements.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated, along with the allocation methodology, are as follows:

Expense	Methodology
Salaries and wages	Estimates of time and effort
Benefits and payroll taxes	Estimates of time and effort
Interest	Intercompany loan balances
Food	Estimates of time and effort
Repairs and maintenance	Square footage

Cash and Cash Equivalents

The Organization considers all unrestricted short-term investments with an original maturity of three months or less to be cash equivalents. The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total in the statements of cash flows as of March 31:

	2022	2021
Cash	$ 7,523,530	$ 7,074,239
Restricted cash	360,423	545,543
	$ 7,883,953	$ 7,619,782

Accounts Receivable

Resident accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of operations.

Derivative Financial Instruments

The Organization uses derivative financial instruments to minimize exposure to interest rate volatility under its financing strategy. The Organization enters into derivative contracts, known as interest rate swaps, which act as a cash flow hedge to effectively change the interest rate of its borrowings. The fair value of these derivatives is reported as an asset or liability based on anticipated cash flow streams.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Operations as net assets released from restrictions. Contributions with restrictions that are received and expended in the same year are classified as contributions without donor restrictions.

Property and Equipment

Property and equipment are recorded at cost. Additions and betterments having a useful life of one year or more and a cost of $1,000 or more are capitalized, and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Donations of property and equipment are recorded as support at their estimated fair value. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets. Depreciation expense totaled $4,270,233 and $4,312,538 for the years ended March 31, 2022 and 2021, respectively.

Property and equipment are summarized by major classifications as follows:

	2022	2021
Land and land improvements	$ 7,119,940	$ 6,354,889
Buildings	99,208,534	95,242,239
Equipment and furnishings	14,361,346	14,258,958
Vehicles	540,157	548,390
Construction in progress	1,204,560	1,536,651
	122,434,537	117,941,127
Accumulated depreciation	(68,682,717)	(66,101,842)
	$ 53,751,820	$ 51,839,285

Federal Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Compensated Absences

The Organization accrues a liability for vested vacations to which employees are entitled.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Organization expenses advertising costs as they are incurred. For years ended March 31, 2022 and 2021 advertising costs totaled approximately $85,000 and $67,000, respectively.

Resident Service Fees

Resident service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. For the years ended March 31, 2022 and 2021, charity care provided totaled $427,368 and $594,675, respectively. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Deferred Revenue from Nonrefundable Entrance Fees

Fees paid by residents upon entering Park Village, net of the portion that is refundable to the residents, are recorded as deferred revenue and are amortized to revenue using the straight-line method over the estimated remaining life expectancies of the residents. When a resident terminates their Park Village contract, the remaining unamortized non-refundable fees are recognized as revenue in the current year.

Refundable Entrance Fees

The refundable portion of entrance fees are held as a long-term liability and are not amortized to revenue. When a resident terminates their Park Village contract, these fees are transferred to a current liability and are refundable to the resident based on the terms of the contract, as follows:

> For contracts dated prior to July 2001 – the fees are refunded to the resident upon receipt of a successor contract.
>
> For contracts dated after June 2001 – If the resident remains on the VMRC campus, the Organization continues to hold the fees until such time as a) the resident leaves the VMRC campus; or b) the resident needs the fees to cover fees associated with other VMRC facilities.

Subsequent Events

Subsequent events were evaluated through July 20, 2022, which is the date the financial statements were available to be issued.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2022	2021
Cash and cash equivalents	$ 7,523,530	$ 7,074,239
Accounts receivable	462,997	514,577
	$ 7,986,527	$ 7,588,816

The Organization's endowment funds consist of donor-restricted endowments and quasi-endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The spending rate for the quasi-endowment funds is as described in Note L. Approximately $57,000 of appropriations from the quasi-endowments will be available within the next twelve months.

As part of VMRC'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 a money market fund. The Organization also has a $2 million line of credit with a bank that can be drawn upon as needed to manage cash flow. In the event of an unanticipated liquidity need, VMRC could also draw upon its unrestricted investments or its quasi-endowment funds.

NOTE C – INVESTMENTS IN MARKETABLE SECURITIES

Investments are presented in the financial statements at fair value. Cost and fair values at March 31, 2022 and 2021 are summarized as follows:

	March 31, 2022		March 31, 2021	
	Cost	Fair Value	Cost	Fair Value
Mutual funds - fixed income	$ 8,404,165	$ 8,002,129	$ 10,691,669	$ 10,714,721
U.S. equities	9,335,791	11,439,873	9,034,409	11,405,053
Mutual funds - equity	9,453,756	10,603,598	7,179,131	9,489,988
Other assets - tactical	2,537,821	2,634,260	1,098,799	1,230,270
Other assets - real estate	1,994,924	2,317,039	807,060	984,352
Other	19,988	48,132	21,247	42,696
	$ 31,746,445	$ 35,045,031	$ 28,832,315	$ 33,867,080

Investments are classified as follows:

	March 31, 2022		March 31, 2021	
	Cost	Fair Value	Cost	Fair Value
Without donor restrictions	$ 20,232,009	$ 22,333,347	$ 18,668,924	$ 21,929,722
Endowment funds with donor restrictions	11,514,436	12,711,684	10,163,391	11,937,358
	$ 31,746,445	$ 35,045,031	$ 28,832,315	$ 33,867,080

Investment income includes interest and dividend income from marketable securities, savings accounts and other cash equivalents, and is reported net of investment management fees. For the years ended March 31, 2022 and 2021 investment management fees totaled approximately $99,000 and $95,000, respectively.

NOTE D – OTHER INVESTMENTS

The Organization holds partial ownership interest in two limited liability companies. Both investments are valued using the equity method of accounting. As of March 31, 2022 and 2021, the details of each investment are as follows:

	2022	2021
33% ownership interest in First Choice Healthcare Services, LLC. The entity provides home health care services to individuals in Harrisonburg and Rockingham County.	$ 1,077,275	$ 1,031,371
9% ownership interest in Virginia Senior Care Group, LLC. The entity is organized to maximize premium volume for negotiating commercial insurance for a group of Virginia-based retirement communities.	621,765	569,755
	$ 1,699,040	$ 1,601,126

NOTE E – RESTRICTED CASH

The Organization maintains various restricted cash balances as dictated by loan agreements and the Department of Housing and Urban Development (HUD). As of March 31, 2022 and 2021, the balances in the various funds are as follows:

	2022	2021
HUD restricted reserves	$ 284,586	$ 470,906
Other funds	75,837	74,637
	$ 360,423	$ 545,543

NOTE F – SPLIT-INTEREST AGREEMENTS

Under the terms of a gift annuity, the donor receives fixed annual payments during his/her lifetime. Upon the death of the donor, the remaining assets are available for the Organization's use. The Organization is the beneficiary of various charitable gift annuities. The assets are held by The Mennonite Foundation, Inc. located in Goshen, Indiana. The portion of the annuities attributable to the present value of the future benefits to be received by the Organization is recorded in the statement of operations as a contribution with donor restrictions in the period the gift annuity is established. There were no such contributions for the years ended March 31, 2022 and 2021. On an annual basis, the Organization revalues the assets in the annuities and adjusts the amount receivable. The present value of the estimated future benefits expected to be received by the Organization is calculated based on the payout rates of the annuities and applicable mortality tables. The amounts receivable under the gift annuities totaled $192,449 and $181,049 as of March 31, 2022 and 2021, respectively.

NOTE G – FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

The fair value accounting standards establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure fair value.

Investments in debt and equity securities are recorded at fair value on a recurring basis. Quoted market prices are observable for all such investments that the Organization currently holds. Fair values for the charitable gift annuities are as described in Note F.

The fair values of other financial instruments included in the financial statements, namely receivables, payables, certain investments and debt obligations, approximate their carrying values due to the variability of interest rates, short term duration of those instruments or similar factors. Management believes that the valuations used in its financial statements are reasonable and are appropriately classified in the fair value hierarchy.

Fair values of assets and liabilities measured on a recurring basis at March 31, 2022 are as follows:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
Investments:				
Mutual funds - fixed income	$ 8,002,129	$ 8,002,129	$ -	$ -
U.S. equities	11,439,873	11,439,873	-	-
Mutual funds - US equity:	3,635,406	3,635,406	-	-
Mutual funds - International equity	6,968,192	6,968,192	-	-
Other assets - real estate	2,317,039	2,317,039	-	-
Other assets - tactical	2,634,260	2,634,260	-	-
Other	48,132	48,132		
Charitable gift annuities	192,449	-	192,449	-
	$ 35,237,480	$ 35,045,031	$ 192,449	$ -
Interest rate swap contracts	$ (504,823)	$ -	$ (504,823)	$ -

NOTE G – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets and liabilities measured on a recurring basis at March 31, 2021 are as follows:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
Investments:				
Mutual funds - fixed income	$ 10,714,721	$ 10,714,721	$ -	$ -
U.S. equities	11,405,053	11,405,053	-	-
Mutual funds - US equity	2,895,160	2,895,160	-	-
Mutual funds - International equity	6,594,828	6,594,828	-	-
Other assets - real estate	984,352	984,352	-	-
Other assets - tactical	1,230,270	1,230,270	-	-
Other	42,696	42,696		
Charitable gift annuities	181,049	-	181,049	-
	$ 34,048,129	$ 33,867,080	$ 181,049	$ -
Interest rate swap contracts	$ (2,105,511)	$ -	$ (2,105,511)	$ -

NOTE H – LONG-TERM DEBT

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

	2022	2021
Series 2015 Industrial Development Authority Revenue Bonds bearing interest at a variable rate (1.22% at March 31, 2022), due in monthly principal and interest payments commencing November 2015 and continuing thereafter until April 2045, secured by substantially all assets of the Organization.	$ 30,569,497	$ 31,747,587
Mortgage note to Ziegler Financing Corporation with interest at 3.44%, due in installments totaling $19,983 monthly, including interest, until November 2052, secured by real estate of Heritage Haven, Inc.	4,539,781	4,621,870
	35,109,278	36,369,457
Less current portion of long-term debt	(1,294,491)	(1,260,179)
Less unamortized debt issuance costs	(501,615)	(545,158)
	$ 33,313,172	$ 34,564,120

Amortization of debt issuance costs is reported as interest expense in the consolidated statement of operations.

NOTE H – LONG-TERM DEBT (Continued)

Maturities of long-term debt are as follows:

Year ended March 31,	
2023	$ 1,294,491
2024	1,328,511
2025	1,365,793
2026	1,403,097
2027	1,441,313
Thereafter	28,276,073
	$ 35,109,278

NOTE I – LINE OF CREDIT

The Organization has a line of credit with a bank with an available borrowing limit of $2 million that expires on October 1, 2023. The line carries interest at the Secured Overnight Financing Rate (SOFR) plus 1.3%. There were no outstanding balances on the line of credit as of March 31, 2022 and 2021.

NOTE J – INTEREST RATE SWAP

To manage interest rate exposures, the Organization entered into an interest rate swap agreement related to its variable rate revenue bonds. The difference to be paid or received on the swap agreement is recognized as an adjustment to interest expense over the life of the swap.

As of March 31, 2022 and 2021, the following swap was outstanding:

	Notional Amount	Expiration date	Interest Rate	Fair Value
March 31, 2022	$ 30,569,497	October 1, 2030	Fixed 2.07%	$ (504,823)

	Notional Amount	Expiration date	Interest Rate	Fair Value
March 31, 2021	$ 31,747,587	October 1, 2030	Fixed 2.07%	$ (2,105,511)

The fair value of the interest rate swap resulted in liabilities of $504,823 and $2,105,511 as of March 31, 2022 and 2021, respectively. The change in the value is recognized as a corresponding increase or decrease in net assets without donor restrictions.

NOTE K – RETIREMENT PLAN

The Organization sponsors a retirement plan qualified under Section 403(b) of the Internal Revenue Code. Under the plan, employees become eligible after one year of service. The Organization makes a discretionary contribution to the plan each year. In addition, the Organization matches participant's contributions to the plan up to 5% of the individual participant's compensation. Contributions made by the Organization totaled approximately $298,000 and $289,000 for the years ended March 31, 2022 and 2021, respectively.

NOTE L – ENDOWMENT FUNDS

The Organization's endowment consists of approximately eleven individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions a) the original value of gifts donated to the perpetual endowment, b) the original value of subsequent gifts to the perpetual endowment, and c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the various funds, 2) the purposes of the donor-restricted endowment funds, 3) general economic conditions, 4) the possible effect of inflation and deflation, 5) the expected total return from income and the appreciation of investments, 6) other resources of the Organization, and 7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average annual minimum rate of return equal to the Consumer Price Index plus 4%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year a weighted average of a) a target spending rate of 1.32% of the average market value of the endowment funds for the previous 5 years, plus b) 69% of the previous year's endowment appropriation. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Organization expects this formula to avoid large fluctuations in spending and allow the endowment corpus and revenue stream to increase over time to keep pace with inflation.

NOTE L – ENDOWMENT FUNDS (Continued)

Endowment net asset composition by type of fund as of March 31, 2022 and 2021 is as follows:

	2022	2021
Endowment funds with donor restrictions	$ 12,711,684	$ 11,937,357
Board designated endowment funds without donor restrictions	1,858,690	1,841,914
	$ 14,570,374	$ 13,779,271

Changes in endowment net assets for the year ended March 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 1,841,914	$ 11,937,357	$ 13,779,271
Contributions	-	657,653	657,653
Investment income	158,854	1,029,522	1,188,376
Net appreciation (depreciation)	(94,789)	(614,322)	(709,111)
Amounts appropriated for expenditure	(47,289)	(298,526)	(345,815)
End of year	$ 1,858,690	$ 12,711,684	$ 14,570,374

Changes in endowment net assets for the year ended March 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 1,384,235	$ 8,698,882	$ 10,083,117
Contributions	-	355,686	355,686
Investment income	134,843	847,603	982,446
Net appreciation (depreciation)	366,428	2,302,726	2,669,154
Amounts appropriated for expenditure	(43,592)	(267,540)	(311,132)
End of year	$ 1,841,914	$ 11,937,357	$ 13,779,271

NOTE M – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to Passage of Time or Expenditure for Specified Purpose:		
General suppoprt for future periods	$ 192,449	$ 181,049
Other projects	207,757	102,657
	400,206	283,706
Endowment Funds:		
Compassion care	8,944,158	8,263,738
Memory care	2,139,640	2,062,662
Medical nutrition	683,087	679,513
Rehab equipment	534,853	532,007
Other	409,946	399,437
	12,711,684	11,937,357
Total Net Assets With Donor Restrictions	$ 13,111,890	$ 12,221,063

Net assets were released from restrictions by incurring expenses or the passage of time, as follows:

	2022	2021
Expenditure for Specified Purpose:		
Training	$ 12,500	$ -
Other	6,348	7,600
Endowment Funds:		
Compassion care	201,535	175,679
Memory care	57,497	54,190
Medical nutrition	20,060	19,470
Rehab equipment	15,658	15,135
Other	3,778	3,065
	$ 317,376	$ 275,139

NOTE N – DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTIONS

It is the policy of the Board of Directors of the Organization to review its plans from time to time and to designate appropriate sums of net assets without donor restrictions for various purposes. Current designations of net assets without donor restrictions are as follows:

	2022	2021
Compassion care	$ 1,348,004	$ 1,340,954
Staff training	510,686	500,960
	$ 1,858,690	$ 1,841,914

NOTE O – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash accounts at various banks and other financial institutions. Cash accounts at banks are insured by the FDIC up to $250,000. As of March 31, 2022 and 2021, amounts in excess of insured limits totaled approximately $7,400,000 and $7,100,000, respectively.

NOTE P – MAJOR SOURCE OF REVENUE

For the years ended March 31, 2022 and 2021, the Organization received approximately $4,980,000 and $4,800,000, respectively, of its service fee revenue from the Medicaid and Medicare programs. Any changes in the Medicaid or Medicare programs could have a substantial impact on the Organization’s operations.

NOTE Q – RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation. Such reclassifications had no impact on net assets or the change in net assets.

NOTE R – IMPACT OF COVID-19

The COVID-19 virus was declared a global pandemic and it continues to spread. Adverse impacts and business interruptions have occurred across a broad range of industries, including senior living communities. No adjustments have been made to these financial statements as a result of this uncertainty. The extent to which the pandemic may impact future operations and financial position remains uncertain.

NOTE S – PAYCHECK PROTECTION PROGRAM LOAN AND LOAN FORGIVENESS

On April 16, 2020, the Organization received loan proceeds in the amount of $3,056,000 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying organizations in amounts up to 2.5 times the organization’s average monthly payroll expenses. PPP loans and accrued interest are forgivable if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, employee benefits, rent, and utilities.

On June 10, 2021, the Organization was notified by Truist Bank that the U.S. Small Business Administration approved its loan forgiveness application, and the Organization was legally released from the loan obligation. Loan forgiveness income has been recorded in the amount of $3,056,000.

NOTE T – FEDERAL GRANT REVENUE

As part of the CARES Act, the Organization received federal grant revenue in the amount of $310,244 and $1,285,081 for the years ended March 31, 2022 and 2021, respectively. These funds were used by VMRC to assist with covering COVID-19 related expenses as well as lost revenue.

SUPPLEMENTARY INFORMATION

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
OF THE OBLIGATED GROUP
March 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,523,126	$ 7,073,833
Accounts receivable, less allowance for doubtful accounts of $107,466 and $596,544 in 2022 and 2021, respectively	461,531	510,550
Other current assets	445,152	399,788
TOTAL CURRENT ASSETS	8,429,809	7,984,171
PROPERTY AND EQUIPMENT		
At cost, less accumulated depreciation	52,165,262	50,247,523
OTHER ASSETS		
Investments in marketable securities	35,045,031	33,867,080
Other investments	1,699,040	1,601,126
Amounts due from split-interest agreements	192,449	181,049
	36,936,520	35,649,255
	$ 97,531,591	$ 93,880,949
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 1,209,533	$ 1,178,090
Accounts payable	812,067	683,239
Accrued wages and compensated absences	1,123,421	1,158,596
Resident refunds payable	4,399,099	3,123,963
Accrued interest	75,062	84,680
Due to related organization - Heritage Haven, Inc.	49,971	37,240
Other current liabilities	603,056	358,630
TOTAL CURRENT LIABILITIES	8,272,209	6,624,438
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	29,040,655	30,212,622
Refundable entrance fees	22,192,802	22,312,481
Deferred revenue from nonrefundable entrance fees	17,098,963	15,306,390
SBA Paycheck Protection Program loan	-	3,056,000
Fair value of interest rate swap contracts	504,823	2,105,511
	68,837,243	72,993,004
TOTAL LIABILITIES	77,109,452	79,617,442
NET ASSETS		
Without donor restrictions	6,963,668	1,695,863
With donor restrictions	13,458,471	12,567,644
	20,422,139	14,263,507
	$ 97,531,591	$ 93,880,949

See accompanying notes to combined financial statements.

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
COMBINED STATEMENTS OF OPERATIONS
OF THE OBLIGATED GROUP
Years Ended March 31, 2022 and 2021

	2022	2021
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUE, GAINS AND SUPPORT		
Service fees	$ 24,105,254	$ 24,334,356
SBA Paycheck Protection Program loan forgiveness	3,056,000	-
Amortization of entrance fees	2,115,413	2,350,702
Other operating revenue	2,068,025	2,068,476
Investment income	555,877	466,604
Contributions	389,733	447,894
Federal grant revenue	310,244	1,285,081
Net assets released from restrictions	317,376	275,139
TOTAL OPERATING REVENUE, GAINS AND SUPPORT	32,917,922	31,228,252
OPERATING EXPENSES		
Salaries and wages	12,707,425	13,294,168
Depreciation and amortization	3,972,935	3,935,061
Contracted services	3,325,608	2,771,463
Benefits and payroll taxes	2,964,459	2,632,972
Utilities	1,254,016	1,105,404
Food	1,253,329	1,111,348
Supplies	1,242,915	1,579,946
Interest	1,008,013	1,051,044
Other	1,038,625	993,054
Real estate taxes	358,038	337,511
Repairs and maintenance	337,904	231,401
TOTAL OPERATING EXPENSES	29,463,267	29,043,372
INCOME FROM OPERATING ACTIVITIES	3,454,655	2,184,880
NON-OPERATING ACTIVITIES		
Realized gain on investments	1,341,012	1,115,423
Unrealized gain (loss) on investments	(1,128,550)	4,276,372
Change in fair value of swap contracts	1,600,688	2,236,592
	1,813,150	7,628,387
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 5,267,805	$ 9,813,267

See accompanying notes to combined financial statements.

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
COMBINED STATEMENTS OF CHANGES IN NET ASSETS
OF THE OBLIGATED GROUP
Years Ended March 31, 2022 and 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total operating revenue, gains and support	$ 32,917,922	$ 31,228,252
Total operating expenses	(29,463,267)	(29,043,372)
Non-operating activities	1,813,150	7,628,387
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	5,267,805	9,813,267
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	781,603	437,143
Investment income	299,547	246,974
Realized gain on investments	729,975	600,629
Unrealized gain (loss) on investments	(614,322)	2,302,726
Change in value of split interest agreements	11,400	9,571
Net assets released from restrictions	(317,376)	(275,139)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	890,827	3,321,904
INCREASE IN NET ASSETS	6,158,632	13,135,171
NET ASSETS AT BEGINNING OF YEAR	14,263,507	1,128,336
NET ASSETS AT END OF YEAR	$ 20,422,139	$ 14,263,507

See accompanying notes to combined financial statements.

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
COMBINED STATEMENTS OF CASH FLOWS
OF THE OBLIGATED GROUP
Years Ended March 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,158,632	$ 13,135,171
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,010,501	3,972,627
Amortization of nonrefundable entrance fees	(2,115,413)	(2,350,702)
Contributions restricted for long-term purposes	(657,653)	(355,686)
Change in fair value of interest rate swap contracts	(1,600,688)	(2,236,592)
SBA Paycheck Program loan forgiveness	(3,056,000)	-
Gain on sale of investments	(2,070,987)	(1,716,052)
Unrealized (gain) loss on investments	1,742,871	(6,579,099)
Gain on investment in limited liability companies	(546,746)	(767,360)
(Increase) decrease in:		
Accounts receivable	49,019	660,816
Amounts due from split-interest agreements	(11,400)	(9,571)
Other current assets	(45,364)	(44,235)
Increase (decrease) in:		
Accounts payable and other current liabilities	373,254	(196,682)
Accrued wages and compensated absences	(35,175)	47,444
Accrued interest	(9,618)	(3,055)
	(3,973,399)	(9,578,147)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,185,233	3,557,024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,890,674)	(2,902,246)
Proceeds from sale of investments	15,319,593	25,121,902
Purchase of investments	(16,169,428)	(25,840,334)
Distributions from limited liability companies	448,832	-
Loans (to) from related organization	12,731	86,542
NET CASH USED BY INVESTING ACTIVITIES	(6,278,946)	(3,534,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from entrance fees	7,657,995	3,884,799
Refunds of entrance fees and deposits	(2,594,552)	(2,708,168)
Proceeds from contributions restricted for investment in permanent endowment	657,653	355,686
Proceeds from Paycheck Protection Program loan	-	3,056,000
Repayment of long-term debt	(1,178,090)	(1,149,332)
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,543,006	3,438,985
NET INCREASE IN CASH	449,293	3,461,873
CASH AT BEGINNING OF YEAR	7,073,833	3,611,960
CASH AT END OF YEAR	$ 7,523,126	$ 7,073,833
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ 980,065	$ 1,016,533

See accompanying notes to combined financial statements.

NOTE A – COMBINATION

The Combined Financial Statements of the Obligated Group include the accounts of Virginia Mennonite Retirement Community, Inc., Virginia Mennonite Home, Inc., Park Village, Inc., and VMRC Foundation, Inc. These four corporations are parties to the Trust Agreement of the Series 2015 Revenue Bonds that were issued in October 2015. All significant intercompany balances and transactions have been eliminated. Another related organization, Heritage Haven, Inc., is not included in the combination. In these financial statements, "Virginia Mennonite Retirement Community" or "the Organization" refers to the four combined organizations as a whole.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

	2022	2021
Land and land improvements	$ 6,985,520	$ 6,220,468
Buildings	91,134,747	87,405,745
Equipment and furnishings	13,510,453	13,525,964
Vehicles	555,825	540,157
Construction in progress	1,185,488	1,478,382
	113,372,033	109,170,716
Accumulated depreciation	(61,206,771)	(58,923,193)
	$ 52,165,262	$ 50,247,523

NOTE C – LONG-TERM DEBT

Long-term debt consists of the following:

	2022	2021
Series 2015 Industrial Development Authority Revenue Bonds bearing interest at a variable rate (1.22% at March 31, 2022), due in monthly principal and interest payments commencing November 2015 and continuing thereafter until April 2045, secured by substantially all assets of the Obligated Group.	$ 30,569,497	$ 31,747,587
Less current portion of long-term debt	(1,209,533)	(1,178,090)
Less unamortized debt issuance costs	(319,309)	(356,875)
	$ 29,040,655	$ 30,212,622

NOTE C – LONG-TERM DEBT (Continued)

Maturities of long-term debt are as follows:

Year ended March 31,	
2023	$ 1,209,533
2024	1,240,584
2025	1,274,793
2026	1,308,917
2027	1,343,842
Thereafter	24,191,828
	$ 30,569,497

NOTE D – RELATED PARTY TRANSACTIONS

During the years ended March 31, 2022 and 2021, the Organization had the following transactions with Heritage Haven, Inc.:

	2022	2021
Management fees received from Heritage Haven, Inc.	$ 105,297	$ 103,940

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
FINANCIAL RATIOS OF THE OBLIGATED GROUP
March 31, 2022

In accordance with the terms of the Series 2015 Industrial Development Authority Revenue Bonds, the Obligated Group calculates the following financial ratios:

DEBT TO CAPITALIZATION RATIO	
Long-term debt, net of current portion (numerator)	$ 29,040,655
Long-term debt, net of current portion	29,040,655
Net assets without donor restrictions	6,963,668
Deferred revenue from nonrefundable advance fees	17,098,963
Denominator	$ 53,103,286
Debt to capitalization ratio	54.69%
DAYS OF CASH ON HAND	
Cash and cash equivalents	$ 7,523,126
Unrestricted investments	22,333,347
Total cash and investments (numerator)	$ 29,856,473
Total operating expenses	$ 29,463,267
Less depreciation and amortization	(4,010,501)
	25,452,766
Divided by 365	365
Operating expenses per day (denominator)	$ 69,734
Days cash on hand	428
LONG-TERM DEBT SERVICE COVERAGE RATIO	
Increase in net assets without donor restrictions	$ 5,267,805
Amortization of entrance fees	(2,115,413)
Depreciation and amortization	4,010,501
Interest expense	1,008,013
Entrance fee receipts, net of refunds	5,063,443
Change in fair value of swap contracts	(1,600,688)
Unrealized gain on investments	1,128,550
Income available for debt service (numerator)	$ 12,762,211
Maximum annual debt service (denominator)	$ 1,990,201
Long-Term Debt Service Coverage Ratio	6.41
NET OPERATING MARGIN	
Total resident revenue	$ 28,288,692
Less amortization of entrance fees	(2,115,413)
Resident revenue (denominator)	26,173,279
Total operating expenses	29,463,267
Less depreciation and amortization	(4,010,501)
Less interest expense	(1,008,013)
Resident expense	24,444,753
Net operating margin (numerator)	$ 1,728,526
Net operating margin ratio	6.60%

VIRGINIA MENNONITE RETIREMENT COMMUNITY, INC.
CONSOLIDATING SCHEDULE OF REVENUES AND EXPENSES
Year Ended March 31, 2022

	VMRC	Virginia Mennonite Home Inc.	Park Village Inc.	Heritage Haven Inc.	VMRC Foundation Inc.	Subtotal	Eliminations	Consolidated Total
OPERATING REVENUE, GAINS AND SUPPORT								
Service fees	$ 76,081	$ 19,309,614	$ 5,500,955	$ 1,421,355	$ -	$ 26,308,005	$ (781,396)	25,526,609
Amortization of entrance fees	-	-	2,115,413	-	-	2,115,413	-	2,115,413
Other operating revenue	7,836,782	1,022,818	389,298	24,797	-	9,273,695	(4,332,684)	4,941,011
Grants received	14,709	295,535	-	-	-	310,244	-	310,244
Investment income	5,533	58	-	509	550,286	556,386	-	556,386
Contributions	7,637	356,683	59,320	-	346,585	770,225	(380,492)	389,733
Net assets released from restrictions	-	-	-	-	317,376	317,376	-	317,376
TOTAL OPERATING REVENUE, GAINS AND SUPPORT	7,940,742	20,984,708	8,064,986	1,446,661	1,214,247	39,651,344	(5,494,572)	34,156,772
OPERATING EXPENSES								
Salaries and wages	2,828,962	8,516,805	1,178,852	242,058	182,806	12,949,483	-	12,949,483
Depreciation	234,740	1,659,026	2,079,169	297,298	-	4,270,233	-	4,270,233
Contracted services	1,062,224	1,876,818	421,864	9,244	7,000	3,377,150	-	3,377,150
Benefits and payroll taxes	780,231	1,889,579	247,759	48,735	46,890	3,013,194	-	3,013,194
Utilities	331,104	520,182	422,490	184,873	-	1,458,649	-	1,458,649
Food	-	557,156	696,173	-	-	1,253,329	-	1,253,329
Supplies	399,939	706,837	138,722	3,074	2,588	1,251,160	(5,172)	1,245,988
Interest	1,008,013	-	-	163,448	-	1,171,461	-	1,171,461
Other	(236,833)	3,371,743	2,545,836	271,386	639,469	6,591,601	(5,489,400)	1,102,201
Repairs and maintenance	(2,062,761)	1,192,928	1,145,679	377,673	-	653,519	-	653,519
Real estate taxes	21,309	-	336,729	-	-	358,038	-	358,038
TOTAL OPERATING EXPENSES	4,366,928	20,291,074	9,213,273	1,597,789	878,753	36,347,817	(5,494,572)	30,853,245
INCOME (LOSS) FROM OPERATING ACTIVITIES	3,573,814	693,634	(1,148,287)	(151,128)	335,494	3,303,527	-	3,303,527
NON-OPERATING ACTIVITIES								
Realized gain on investments	-	-	-	-	1,341,012	1,341,012	-	1,341,012
Unrealized gain (loss) on investments	-	-	-	-	(1,128,550)	(1,128,550)	-	(1,128,550)
Change in fair value of swap contracts	1,600,688	-	-	-	-	1,600,688	-	1,600,688
	1,600,688	-	-	-	212,462	1,813,150	-	1,813,150
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	5,174,502	693,634	(1,148,287)	(151,128)	547,956	5,116,677	-	5,116,677
NET ASSETS WITH DONOR RESTRCTIONS								
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	890,827	890,827	-	890,827
CHANGE IN NET ASSETS	$ 5,174,502	$ 693,634	$ (1,148,287)	$ (151,128)	$ 1,438,783	$ 6,007,504	$ -	$ 6,007,504

PARK VILLAGE, INC.
SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS
March 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 700	700
Other current assets	35,424	33,410
Due from related organization - VMRC Foundation, Inc.	6,907,341	6,989,585
Property and equipment - cost	54,550,690	51,118,224
Property and equipment - accumulated depreciation	(34,008,041)	(32,802,202)
	$ 27,486,114	$ 25,339,717
LIABILITIES		
Accounts payable	$ 508,858	$ 410,469
Accrued wages and vacation	103,534	95,796
Resident refunds payable	4,221,948	2,941,741
Other current liabilities	651,384	415,927
Refundable entrance fees	22,192,802	22,312,481
Deferred revenue from nonrefundable entrance fees	17,098,963	15,306,390
	44,777,489	41,482,804
NET ASSETS (DEFICIT)		
Without donor restrictions	(17,291,375)	(16,143,087)
	$ 27,486,114	$ 25,339,717

Attachment C

Current Fee Schedules

FEE SCHEDULES (all rates are subject to change)

Park Gables

Fee Schedule (effective April 1, 2022)

Floor Plan	Description	Sq. Ft.	Initial Residency Fee (Option 1)	(Option 2)	(Option 3)	(Option 4)	Monthly Service Fee* (1 person)	(2 persons)
A	1 Bedroom/ 1 Bath	678	$388,841	$327,445	$204,653	$153,490	$1,963	$2,686
A1	1 Bedroom/ 1 Bath/ Den	884	$482,986	$406,725	$254,203	$190,652	$2,313	$3,036
B	1 Bedroom/ 1 Bath	731	$414,236	$348,830	$218,019	$163,514	$2,127	$2,850
B1	1 Bedroom/ 1 Bath	743	$425,216	$358,077	$223,798	$167,849	$2,127	$2,850
C	2 Bedroom/ 1 Bath	837	$483,324	$407,010	$254,381	$190,786	$2,313	$3,036
D	2 Bedroom/ 1 Bath	926	$526,956	$443,752	$277,345	$208,009	$2,423	$3,146
D1	2 Bedroom/ 1 1/2 Bath	926	$534,964	$450,496	$281,560	$211,170	$2,423	$3,146
E	2 Bedroom/ 2 Bath	1,009	$636,766	$536,224	$335,140	$251,355	$2,619	$3,342
F	2 Bedroom/ 2 Bath	1,082	$669,125	$563,474	$352,171	$264,128	$2,772	$3,495
G	2 Bedroom/ 2 Bath/ Den	1,193	$726,305	$611,626	$382,266	$286,700	$2,906	$3,629
H	2 Bedroom/ 2 Bath/ Den	1,167	$718,989	$605,464	$378,415	$283,811	$2,851	$3,573
J	2 Bedroom/ 2 Bath/ Den	1,312	$791,268	$666,331	$416,457	$312,343	$3,171	$3,894

**Enhanced service package available for a nominal monthly fee*

Refund options included in residency fees:

OPTION 1	
Months	%
0-12	93
13-24	94
25-36	96
37-48	98
49+	100

OPTION 2	
Months	%
0-12	93
13-24	92
25-36	91
37+	90

OPTION 3	
Months	%
0-12	80
13-24	75
25-36	70
37-48	65
49+	60

OPTION 4	
Months	%
0-12	80
13-18	70
19-24	60
25-30	50
31-42	30
43-48	20
49-54	10
55+	0

Service & Residency Fees

Residency Fee Includes:

- Purchase of lifetime right to Park Gables apartment in accordance with criteria
- Refund based on residency fee paid
- Wellness Center membership
- Access to game room
- Access to billiard room
- Access to woodworking shop
- Contemporary kitchens with upscale features
- Reserved parking
- Manicured 40+ acre campus
- Urban woods

Monthly Service Fee Includes:

Housekeeping and Maintenance

- Lawn and shrubbery care
- Snow removal
- Trash removal
- Annual window washing
- Twice a month housecleaning
- Full building maintenance
- Service, maintenance and replacement of appliances owned by VMRC

Utility, Taxes and Insurance

- Cost of utilities, including heating, air-conditioning, lights, sewer, water, telephone, cable TV and high-speed internet
- General property and liability insurance (VMRC requires renter's insurance for resident's personal property)
- Paid real estate taxes

Convenience Features:

- Indoor and outdoor campus shuttle service
- Flexible dining dollars to use in various dining venues and bakery
- Chef-prepared meals
- On-site climate controlled storage unit
- Weekly trips to local supermarkets
- Two free overnight stays per year in VMRC guest rooms
- Security cameras on premises

Lifelong Learning/Culture:

- Libraries with expansive book selection, newspapers and periodicals
- Lectures, concerts and special events
- Regularly scheduled social and cultural events
- Lifetime Pass to Lyceum programs

Wellness Services:

- Indoor and outdoor walking trail
- Non-medical 24-hour emergency call system monitored by VMRC staff or after-hours security guard
- Priority access to assisted living and complete living care at a discounted rate
- Spiritual Life services
- Pastoral Care support
- Onsite/on call Resident Services Manager

Services Available for an Additional Fee:

- Carports when available
- VMRC Home Services
  - Cleaning, laundry, errands, pet care, companion services, etc.
- Medical Clinic
- Massage Therapy
- VMRC physical and occupational therapy services
- City bus service, including Paratransit
- Hair salon
- Banking services
- Smart Home technology options

VMRC
Virginia Mennonite Retirement Community
Age well, live fully

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FEE SCHEDULES (all rates are subject to change)

Park Place

Fee Schedule (effective April 1, 2022)

Floor Plan	Description	Sq. Ft.	Initial Residency Fee (Option 1)	(Option 2)	(Option 3)	(Option 4)	Monthly Service Fee* (1 person)	(2 persons)
A	1 Bedroom/ 1 Bath	672	$279,302	$235,202	$147,001	$110,251	$1,488	$2,048
B	1 Bedroom/ 1 Bath	728	$300,141	$252,750	$157,969	$118,477	$1,552	$2,112
C	2 Bedroom/ 1 Bath	833	$348,067	$293,109	$183,193	$137,395	$1,805	$2,365
D	2 Bedroom/ 1 Bath	896	$376,236	$316,830	$198,019	$148,514	$1,954	$2,514
E	1 Bedroom/ 1 Bath	894	$350,769	$295,384	$184,615	$138,461	$1,954	$2,514
F	2 Bedroom/ 2 Bath	952	$419,872	$353,576	$220,985	$165,739	$2,129	$2,688
G	2 Bedroom/ 2 Bath	997	$434,399	$365,810	$228,631	$171,473	$2,129	$2,688

**Enhanced service package available for a nominal monthly fee*

Refund options included in residency fees:

OPTION 1	
Months	%
0-12	93
13-24	94
25-36	96
37-48	98
49+	100

OPTION 2	
Months	%
0-12	93
13-24	92
25-36	91
37+	90

OPTION 3	
Months	%
0-12	80
13-24	75
25-36	70
37-48	65
49+	60

OPTION 4	
Months	%
0-12	80
13-18	70
19-24	60
25-30	50
31-42	30
43-48	20
49-54	10
55+	0

Service & Residency Fees

Residency Fee Includes:

- Purchase of lifetime right to Park Place apartment in accordance with criteria
- Refund based on residency fee paid
- Wellness Center membership
- Access to game room
- Access to billiard room
- Access to woodworking shop
- Private movie space
- Reserved parking
- Urban woods
- Manicured 40+ acre campus

Monthly Service Fee Includes:

Housekeeping and Maintenance

- Lawn and shrubbery care
- Snow removal
- Trash removal
- Annual window washing
- Full building maintenance
- Service, maintenance and replacement of appliances owned by VMRC

Utility, Taxes and Insurance

- Cost of utilities, including heating, air-conditioning and lights, sewer and water (does not include telephone, cable TV or high-speed internet)
- General property and liability insurance (VMRC requires renter's insurance for resident's personal property)
- Paid real estate taxes

Convenience Features:

- Indoor and outdoor campus shuttle service
- Flexible dining dollars to use in various dining venues and bakery
- Chef-prepared meals
- Weekly trips to local supermarkets
- Security cameras on premises

Lifelong Learning/Culture:

- On-campus libraries with books, newspapers and periodicals
- Lectures, concerts and special events
- Regularly scheduled social and cultural events

Wellness Features

- Indoor and outdoor walking trails
- Non-medical 24-hour emergency call system monitored by VMRC staff or after-hours security guard
- Priority access to assisted living and complete living care at a discounted rate
- Spiritual Life services
- Pastoral Care support
- Onsite/on call Resident Services Manager

Services Available for an Additional Fee:

- Cable television
- Telephone, including long distance in the U.S.
- High-speed internet access
- VMRC Home Services
  Cleaning, laundry, errands, pet care, companion services, etc.
- VMRC physical and occupational therapy services
- Health Screenings
- Massage Therapy
- On-site storage space
- City bus service, including Paratransit
- VMRC guest rooms and suites by reservation
- Hair salon
- Banking services
- Smart Home technology options
- Medical clinic

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EQUAL HOUSING OPPORTUNITY

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FEE SCHEDULES & REFUND OPTIONS

Park Village

Fee Schedule (effective April 1, 2022)

Each cottage varies in size with floor plans ranging from 800-2,500 square feet. Most cottages include a garage. Some cottages offer a full walk-out basement.

Description	*Approximate Range* Initial Residency Fee (Option 1)	(Option 2)	(Option 3)	(Option 4)
1 Bedroom/1 Bath	$296,446 - $380,663	$249,638 - $320,558	$156,024 - $200,349	$117,018 - $150,262
2 Bedroom/1 Bath	$399,418 - $524,400	$336,352 - $441,600	$210,220 - $276,000	$157,662 - $207,000
2 Bedroom/1 1/2 Bath	$404,225 - $951,349	$340,400 - $801,136	$212,750 - $500,710	$159,562 - $375,533
2 Bedroom/2 Bath	$452,158 - $979,009	$380,765 - $824,429	$237,978 - $515,268	$178,484 - $386,451
2 Bedroom/2 1/2 Bath	$676,237 - $758,043	$569,462 - $638,352	$355,914 - $398,970	$266,936 - $299,228
2 Bedroom/2 Bath/Den	$402,192 - $825,797	$338,688 - $695,408	$211,680 - $434,630	$158,760 - $325,973
3 Bedroom/3 Bath/ Basement	$1,085,081	$913,752	$571,095	$428,321
3 Bedroom/3 Bath/Loft	$791,350 - $901,208	$666,400 - $758,912	$416,500 - $474,320	$312,375 - $355,740
3 Bedroom/ 3 Bath	$821,228	$691,560	$432,225	$324,169
3 Bedroom/3 Bath/Loft	$1,015,028	$854,760	$534,225	$400,669
Townhomes	$732,564 - $1,030,617	$616,896 - $867,888	$385,560 - $542,430	$289,170 - $406,823
Duplexes	$1,053,360 - $1,275,204	$887,040 - $1,073,856	$554,400 - $671,160	$415,800 - $503,370
Solar Homes	$465,272 - $1,140,000	$391,808 - $960,000	$244,880 - $600,000	$183,660 - $450,000

Monthly Service Fee Ranges*: 1 Person $891 - $1,077 | 2 Persons $1,085 - $1,272

**Enhanced service package available for a nominal monthly fee*

Refund options included in residency fees:

OPTION 1

Months	%
0-12	93
13-24	94
25-36	96
37-48	98
49+	100

OPTION 2

Months	%
0-12	93
13-24	92
25-36	91
37+	90

OPTION 3

Months	%
0-12	80
13-24	75
25-36	70
37-48	65
49+	60

OPTION 4

Months	%
0-12	80
13-18	70
19-24	60
25-30	50
31-42	30
43-48	20
49-54	10
55+	0

Service & Residency Fees

Residency Fee Includes:

- Purchase of lifetime right to Park Village in accordance with criteria
- Refund based on residency fee paid
- Wellness Center membership
- Access to game room
- Access to billiard room
- Access to woodworking shop
- Garage (with most cottages)

Monthly Service Fee Includes:

Housekeeping and Maintenance

- Lawn and shrubbery care
- Snow removal
- Trash removal
- Annual window washing
- Maintenance of buildings and parking lots
- Service, maintenance and replacement of appliances owned by VMRC

Utility, Taxes and Insurance

- General property and liability insurance (VMRC requires renter's insurance for resident's personal property)
- Paid real estate taxes

Convenience Features:

- Indoor and outdoor campus shuttle service
- Weekly trips to local supermarkets
- After-hours security patrol
- Direct-to-cottage mail service
- Use of VMRC auditoriums and meeting spaces

Lifelong Learning/Culture:

- Libraries with expansive book selection, newspapers and periodicals
- Lectures, concerts and special events
- Regularly scheduled social and cultural events

Wellness Features

- Indoor and outdoor walking trails
- Priority access to assisted living and complete living care at a discounted rate
- 24-hour emergency call system monitored by Harrisonburg 9-1-1
- Spiritual Life services
- Pastoral Care support
- On-call Resident Services Manager

Services Available for an Additional Fee:

- Cable television, telephone and high-speed internet access
- VMRC Home Services
  Cleaning, laundry, errands, pet care, companion services, etc.
- VMRC physical and occupational therapy services
- Massage Therapy
- Medical Clinic
- City bus service, including Paratransit
- VMRC guest rooms and suites
- Dining in Park Place or Park Gables dining venues
- Hair salon
- Banking services
- CSA (Consumer Supported Agriculture) program
- Smart Home technology options
- Solar panel installation

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EQUAL HOUSING OPPORTUNITY

Attachment D

- Park Village, Inc. Summary of Financial Information
- Park Village, Inc. Income Statement Actual vs. Budget March 31, 2022
- Narrative of Material Differences to Budget March 31, 2022
- Park Village, Inc. Income Statement Actual vs. Budget Pro Forma through June 30, 2022
- Narrative of Material Differences to Budget Pro Forma June 30, 2022
- Proforma Park Village, Inc. Income Statement for March 31, 2023 projected budget

Summary of Financial Information
Park Village, Inc
As of March 31, 2022

	Current Year 3/31/2022	Prior Year 3/31/2021
Total Assets	25,339,717	27,486,114
Total Liabilities	41,482,804	44,777,489
Total Net Assets (Deficit)	(16,143,087)	(17,291,375)
Total Revenues	8,217,002	8,064,986
Total Expenses	8,764,791	9,213,273
Operating Income	(547,789)	(1,148,287)
Net Income	(547,789)	(1,148,287)

Narrative of financial condition:
Park Village Inc. and Virginia Mennonite Retirement Community Continue to have positive operating results. Key financial ratios include Long-term Debt Service Coverage of 6.41x, Days Cash on Hand of 428, and a Net Operating Margin of 6.60%.

Occupancy Information:	Capacity of Units	Average Occupancy	Percentage Occupancy
Independent Living	266	243.1	91.4%
Assisted Living	74	73.0	98.6%
Nursing	100	89.2	89.2%

Park Village, Inc.
Schedule of Revenues and Expenses
Year Ended March 31, 2022

	Actual	Budget	Variance	Percentage Variance
OPERATING REVENUE, GAINS AND SUPPORT				
Service Fees	5,500,955	5,399,154	101,801	1.9%
Amortization of entrance fees	2,115,413	2,405,000	(289,587)	-12.0%
Contributions	21,060	20,060	1,000	5.0%
Other operating revenue	427,558	269,840	157,718	58.4%
TOTAL OPERATING REVENUE, GAINS AND SUPPORT	8,064,986	8,094,054	(29,068)	-0.4%
EXPENSES				
Salaries and wages	2,272,996	2,426,211	153,215	6.3%
Benefits and payroll taxes	247,759	292,645	44,886	15.3%
Contrcated services	421,864	403,700	(18,164)	-4.5%
Utilities	422,490	413,160	(9,330)	-2.3%
Food	788,067	682,000	(106,067)	-15.6%
Supplies	206,808	148,250	(58,558)	-39.5%
Repairs and maintenance	57,086	37,400	(19,686)	-52.6%
Real estate taxes	336,729	328,200	(8,529)	-2.6%
Depreciation	2,079,169	2,010,107	(69,062)	-3.4%
Other	2,380,306	2,292,427	(87,879)	-3.8%
TOTAL OPERATING EXPENSES	9,213,274	9,034,100	(179,174)	-2.0%
CHANGE IN NET ASSETS	(1,148,288)	(940,046)	(208,242)	22.2%

Narrative of Material (+ or - 10%) Differences Between Budgeted Revenues and Expenses and Actual Performance for the Fiscal Year Ended March 31, 2022

1. Amortization of entrance fees (-12.0%)
This negative variance is the result of less turnover than budgeted.

2. Other operating revenue (+58.4%)
This positive variance is the result of additional sales in dining and renovation income.

3. Benefits (+15.3%)
This positive variance is the result of lower than predicted health insurance costs.

4. Food (-15.6%)
This negative variance is the result of additoinal sales and inflation in food prices.

5. Supplies (-39.5%)
This negative variance is the result of increased supply costs.

Park Village, Inc.
Schedule of Revenues and Expenses
Fiscal Year to Date June 30, 2022

	Actual	Budget	Variance	Percentage Variance
OPERATING REVENUE, GAINS AND SUPPORT				
Service Fees	1,439,648	1,440,045	(397)	0.0%
Amortization of entrance fees	470,485	612,501	(142,016)	-23.2%
Contributions	5,233	5,232	1	0.0%
Other operating revenue	135,655	107,922	27,733	25.7%
TOTAL OPERATING REVENUE, GAINS AND SUPPORT	2,051,021	2,165,700	(114,679)	-5.3%
EXPENSES				
Salaries and wages	636,706	604,135	(32,571)	-5.4%
Benefits and payroll taxes	72,692	61,735	(10,957)	-17.7%
Contrcated services	90,039	104,286	14,247	13.7%
Utilities	123,786	106,091	(17,695)	-16.7%
Food	228,573	194,589	(33,984)	-17.5%
Supplies	65,056	44,030	(21,026)	-47.8%
Repairs and maintenance	11,124	10,599	(525)	-5.0%
Real estate taxes	83,096	83,499	403	0.5%
Depreciation	553,181	513,612	(39,569)	-7.7%
Other	710,331	704,880	(5,451)	-0.8%
TOTAL OPERATING EXPENSES	2,574,584	2,427,456	(147,128)	-6.1%
CHANGE IN NET ASSETS	(523,564)	(261,756)	(261,808)	100.0%

Narrative of Material (+ or - 10%) Differences Between Budgeted Revenues and Expenses and Actual Performance for the Fiscal Fiscal Year to Date June 30, 2022

1. Amortization of entrance fees (-23.2%)
This negative variance is the result of less turnover than budgeted.

2. Other operating revenue (+25.7%)
This positive variance is the result of additional sales in dining and renovation income.

3. Benefits and payroll taxes (-17.7%)
This negative variance is the result of higher than budgeted health insurance costs.

4. Contracted Services (13.7%)
This positive variance is the result of reduced contracted servcies.

5. Supplies (-47.8%)
This negative variance is the result of timing on supply expenses.

Park Village, Inc.
Proforma Income Statement for
Projected Budget

	FY2022 Actual	FY2022 Budget	FY2023 Budget	Percentage Change
OPERATING REVENUE, GAINS AND SUPPORT				
Service Fees	5,500,955	5,399,154	5,760,176	4.7%
Amortization of entrance fees	2,115,413	2,405,000	2,450,000	15.8%
Contributions	21,060	20,060	20,932	-0.6%
Other operating revenue	427,558	269,840	431,690	1.0%
TOTAL OPERATING REVENUE, GAINS AND SUPPORT	8,064,986	8,094,054	8,662,798	7.4%
EXPENSES				
Salaries and wages	2,272,996	2,426,211	2,436,670	7.2%
Benefits and payroll taxes	247,759	292,645	248,449	0.3%
Contrcated services	421,864	403,700	380,239	-9.9%
Utilities	422,490	413,160	431,368	2.1%
Food	788,067	682,000	778,363	-1.2%
Supplies	206,808	148,250	168,324	-18.6%
Repairs and maintenance	57,086	37,400	42,400	-25.7%
Real estate taxes	336,729	328,200	344,000	2.2%
Depreciation	2,079,169	2,010,107	2,054,448	-1.2%
Other	2,380,306	2,292,427	2,819,525	18.5%
TOTAL OPERATING EXPENSES	9,213,274	9,034,100	9,703,786	5.3%
CHANGE IN NET ASSETS	(1,148,288)	(940,046)	(1,040,988)	-9.3%

Continuing Care Provider Disclosure Statement

LAST PAGE