

*Ashby Ponds*

*Disclosure Statement*

21170 Ashby Ponds Boulevard  
Ashburn, Virginia 20147

The filing of a Disclosure Statement with the State Corporation Commission does not constitute approval, recommendation or endorsement by the Commission of Ashby Ponds

This Disclosure Statement is not a contract and the Providers reserve all rights to amend, revise, update, and otherwise change the Disclosure Statement at any time, in accordance with applicable laws.

June 2024

## **ASHBY PONDS DISCLOSURE STATEMENT**

**1. Continuing Care Providers.** The names of the Providers for Ashby Ponds Retirement Community are (1) Ashby Ponds, Inc. (referred to as “Ashby Ponds”), (2) Erickson Senior Living, LLC (formerly known as Erickson Living Management, LLC) (referred to as “Erickson Senior Living”), and (3) Redwood-ERC Ashburn, LLC (sometimes referred to as “Landowner”). All of the providers are organized under the laws of the State of Maryland. The corporate address for all Providers is: 701 Maiden Choice Lane, Baltimore, Maryland 21228. The address of the community is 21170 Ashby Ponds Boulevard, Ashburn, Virginia, 20147.

Redwood-ERC Ashburn is the owner of the site. The Landowner has entered into a Master Lease and Use Agreement with Ashby Ponds to operate the retirement community. The Landowner has also entered into a Working Capital Agreement to provide capital to Ashby Ponds and a Community Loan Agreement with Ashby Ponds whereby initial entrance deposits paid to Ashby Ponds are loaned to the Landowner.

Residents will enter into the Residence and Care Agreement (Exhibit 1) with Ashby Ponds which provides services to residents and receives the entrance deposits and Monthly Service Packages. Ashby Ponds has also entered into a Management and Marketing Agreement with Erickson Senior Living to provide certain services for the retirement community. Redwood-ERC Ashburn, LLC, the Landowner, will not be responsible for providing services to residents.

**2. Officers, Directors, Trustees, Managing and General Partners, and Certain Persons who Hold Equity or Beneficial Interests.** The Providers are owned as follows: Ashby Ponds, Inc. is a non-stock corporation. As such, the corporation has no stockholders. National Senior Communities, Inc. (formerly known as National Senior Campuses, Inc.), a nonprofit corporation (“NSC”), is the sole member of Ashby Ponds, Inc. Erickson Senior Living is a limited liability company owned directly by the following entity acting as a member: Erickson Living Holdings, LLC (100% interest). Redwood-ERC Ashburn, LLC, the Landowner, is wholly owned by Erickson Living Properties, LLC. Erickson Living Properties, LLC, is wholly owned by Erickson Living Holdings, LLC which is itself wholly owned by Redwood Capital Investments, LLC, a Maryland limited liability company.

A list of and biographies for the directors and officers of Ashby Ponds, Inc. and the officers of Erickson Senior Living is attached to this Disclosure Statement in Exhibit 2. The business address for all of the directors and officers of Ashby Ponds and Erickson Senior Living is 701 Maiden Choice Lane, Baltimore, Maryland 21228.

**3. Business Experience of, Acquisition of Goods and Services from, and Criminal, Civil, or Regulatory Proceedings against Providers, its Officers, Directors, Trustees, Managing**

***and General Partners, Certain Persons who Hold Equity or Beneficial Interests, and the Management.***

***3.1 Business Experience in the Operation or Management of Similar Facilities.***

The Providers Ashby Ponds and Landowner are entities formed for the purpose of operating and owning this community. The Board of Directors of Ashby Ponds has experience in similar communities since many of its members are also members of the Board of Directors for Greenspring Village in Springfield, Virginia and of other communities affiliated with NSC. NSC, the sole member of Ashby Ponds, is a nonprofit supporting organization which supports other retirement communities.

Provider Erickson Senior Living was formed in 2009 and has managed the community since May 2010. Erickson Senior Living's management team has experience in managing and developing retirement communities including the current network of communities that combine a maintenance-free active lifestyle with a host of amenities, social activities, and wellness and medical centers.

Erickson Senior Living currently manages the Charlestown Retirement Community in Catonsville, Maryland, Oak Crest Village in Parkville, Maryland, Greenspring Village in Springfield, Virginia, Seabrook Village in Tinton Falls, New Jersey, Riderwood Village in Silver Spring, Maryland, Brooksby Village in Peabody, Massachusetts, Cedar Crest Village in Pompton Plains, New Jersey, Ann's Choice in Warminster, Pennsylvania, Fox Run Village in Novi, Michigan, Linden Ponds in Hingham, Massachusetts, Eagle's Trace in Houston, Texas, Highland Springs in Dallas, Texas, Maris Grove in Concordville, Pennsylvania, Wind Crest in Denver, Colorado, Tallgrass Creek in Overland Park, Kansas, Ashby Ponds in Ashburn, Virginia, Lantern Hill in New Providence, New Jersey, Devonshire in West Palm Beach, Florida, Windsor Run in Matthews, North Carolina, Siena Lakes in Naples, Florida, Avery Point in Richmond, Virginia, Woodleigh Chase in Fairfax, Virginia, and The Grandview, in Bethesda, Maryland.

Executive biographies for the directors of Ashby Ponds, Inc. and the officers of Erickson Senior Living are included in Exhibit 2. A diagram of the community structure is attached as Exhibit 3 to this Disclosure Statement.

***3.2 Acquisition of Goods and Services From.*** Except as discussed herein, the Providers do not have any interest in any other professional service firm, association, foundation, trust, partnership, or corporation or any business or legal entity which presently intends or may provide goods or services to the Providers at a value of \$500 or more within any year. As indicated in Section 1 of this Disclosure Statement, the Providers have entered into various documents with each other for the leasing and operation of the community. Ashby Ponds will pay rent to Landowner for community and residential buildings as buildings are completed. The base rent is calculated based upon the debt service for the loan of entrance deposits to Landowner. Please refer to the Ashby Ponds pro forma information on expenses in Exhibit 8. Ashby Ponds will also pay a base

management fee to Erickson Senior Living currently calculated at 4.5% of occupancy fees for all living units. The primary terms of these agreements were negotiated during the auction of the former management company and determined to be favorable compared with other bids.

If and when future development is planned, Ashby Ponds will engage development services through Erickson Living Development, LLC for the completion of the community. Erickson Living Development, LLC is also a wholly owned subsidiary of Erickson Living Holdings, LLC, which is the sole member of Erickson Senior Living. The cost of future construction will be competitively bid as new buildings are planned.

**3.3 Criminal, Civil, or Regulatory Proceedings Against.** The Providers, their officers, directors, trustees, managing and general partners and persons holding equity or beneficial interests: a) have not been convicted of a felony or pleaded nolo contendere to a felony charge and have not been held liable or enjoined in a civil action by final judgment in any felony or civil charge involving fraud, embezzlement, fraudulent conversion, or misappropriation of property or moral turpitude; b) are not subject to an injunctive or restrictive order of a court, or within the past five years have not had a 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 healthcare, including without limitation, actions affecting a license to operate a nursing home, retirement home, home for the aged or facility registered under this chapter or similar laws in another state; and c) are not currently the subject of any state or federal prosecution or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

**4. Ownership of Real Property.** The property on which Ashby Ponds is located is currently owned by Redwood-ERC Ashburn, LLC. A mortgage in favor of Ashby Ponds has been placed on the property as security for the loan of entrance deposits to Ashburn Campus.

**5. Location and Description of Real Property.** The site of Ashby Ponds is located on approximately 123 acres in Ashburn, Virginia located on Loudoun Parkway, near the intersection with Beaumeade Circle. Construction of the community began as of the summer of 2007 and the community opened in the fall of 2008.

Erickson Senior Living communities are designed to emulate a college campus atmosphere for senior citizens. The community is comprised of small clusters of buildings of various sizes and shapes. Currently all of the buildings are interconnected with enclosed air conditioned and heated bridges and walkways but future buildings may not be interconnected.

The independent living component of the community is built according to demand and may include up to 1592 independent living apartments, in a variety of styles, attached to club houses. Each club house contains dining options which include a restaurant and may include a cafe, classrooms, activity spaces, and other common areas. Certain community centers will include beauty



salons, banks, convenience or gift stores, a pharmacy, a pool serving the whole community, and an auditorium. The community also will feature an on-site medical center with services provided by both primary care practitioners and sub-specialists.

The community includes Continuing Care at Ashby Ponds, the healthcare neighborhood for the campus. The facility includes approximately 201 assisted living apartments with varied service packages or special programming for residents who need additional assistance with the activities of daily living, including memory care. The facility also includes 44 nursing units, many of which are private rooms. Additional assisted living units or nursing rooms may be planned. Continuing Care at Ashby Ponds includes dining rooms, resident lounges, an activity room, a bathing core, space for on-site therapy and a beauty salon.

As the community is built, Ashby Ponds is responsible for maintaining the open spaces and travel ways within the community. The approximate construction schedule for Ashby Ponds is attached to this Disclosure Statement as Exhibit 4. Construction may be delayed depending upon finalization of plan approvals and permits and due to unforeseen weather-related delays. As of 2020, the Community prohibits smoking for new residents who must abide by the Community's rules restricting smoking (See Residence and Care Agreement, Exhibit 1.)

The Landowner, Redwood-ERC Ashburn, LLC, is a subsidiary of Erickson Living Properties, LLC ("ELP"). ELP is a subsidiary of Erickson Living Holdings, LLC (ELH) and ELH is also developing several other communities concurrently. ELH is using its available liquidity, operating cash flow, equity capital sources and proceeds of a \$1,176,000,000 credit facility, with Truist Securities as lead lender, to fund continued development of existing communities including new development at the Ashby Ponds campus. This new credit facility matures on June 30, 2026.

Ashby Ponds and Erickson Senior Living are also providing full disclosure to prospective residents that portions of the Ashby Ponds project are within or within one mile of certain zones that are considered airport impact districts. Please refer to Exhibit 4 for further details.

## **6. *Affiliation with Religious, Charitable, or other Nonprofit Organization, Tax Status of Provider.***

**6.1 *Affiliation with Religious, Charitable, or other Nonprofit Organization.*** Ashby Ponds, Inc. is a nonprofit corporation which is exempt from taxation as a 501(c)(3) organization. The sole member of Ashby Ponds is NSC. Erickson Senior Living and Redwood-ERC Ashburn are not nor have ever been affiliated with a religious, charitable, or other nonprofit organization.

**6.2 *Tax Status of Provider.*** Ashby Ponds, Inc. is a not-for-profit corporation and is exempt from taxation as a 501(c)(3) organization. Erickson Senior Living and Redwood-ERC Ashburn, LLC are for-profit entities under the Internal Revenue Code.

7. ***Services provided under Continuing Care Contracts.*** The Residence and Care Agreement, attached as Exhibit 1 to this Disclosure Statement, provides full detail on the services included as part of the continuing care contract between Ashby Ponds and the resident. The following sections are brief descriptions of the services included in the Monthly Service Package for each level of care in the community and a brief description of the ancillary services which would be available for an additional fee.

### ***7.1 Included Services for Monthly Service Package***

***7.1.1 Independent Living.*** In addition to use of the designated apartment, residents in Independent Living receive the following services: Monthly Meal plan; 24 hour security system with security officers and emergency alert system; all utilities in the living unit including basic cable television service (premium channels additional charge), local, long-distance, and international landline phone service, and wireless internet service; on-site Fitness Center basic membership; general Maintenance of buildings, grounds and fixtures; insurance of buildings and grounds including insurance for the Living Unit, including the structures and fixtures in such unit, except items owned by Resident (See Section 9.5); campus shuttle transportation and scheduled local transportation; sewage, trash and snow removal from common areas; use of all public rooms and common areas of the facility. (See Section 4.1 of Residence and Care Agreement (Exhibit 1)).

***7.1.2 Assisted Living.*** In addition to use of the designated apartment, residents in Assisted Living receive the following services: three meals per day; supervision, verbal cuing, and physical assistance, as appropriate, with the activities of daily living; medicine administration; light housekeeping care; planned activities; social worker services; 24 hour security system with security officers and emergency alert system; all utilities in the living unit (except for personal telephone); basic cable television service; pre-wiring for telephone; campus shuttle transportation and scheduled local transportation (if medically appropriate); general Maintenance of buildings, grounds and fixtures; insurance of buildings and grounds including insurance for the Living Unit, including the structures and fixtures in such unit, except items owned by Resident (See Section 9.5); sewage, trash and snow removal from common areas; use of all public rooms and common areas of the facility. (See Section 4.2 of the Residence and Care Agreement (Exhibit 1)).

***7.1.3 Nursing Care.*** In addition to use of the designated Nursing Unit, residents in nursing care receive the following services: three meals a day; tray service, nursing care, medicine administration; individual care plans; housekeeping care; laundry services for linens and towels owned by the Providers; planned activities; social worker services; 24 hour security system with security officers and emergency alert system; all living unit utilities (except for personal telephone); basic cable television service; pre-wiring for telephone; general Maintenance of buildings, grounds and fixtures; insurance of buildings and grounds including insurance for the Living Unit, including the structures and fixtures in such unit, except items owned by Resident (See Section 9.5); sewage,

trash and snow removal from common areas; and use of all public rooms and common areas of the facility. (See Section 4.3 of the Residence and Care Agreement (Exhibit 1)).

**7.2 Ancillary Services.** Ashby Ponds makes the following services available to Residents for an additional fee: tray service to residents in Independent Living or Assisted Living; housekeeping and laundry service for residents in Independent Living or Assisted Living; on-site Fitness Center premium services or classes; physical, speech and occupational therapy; extra meals for residents in an Independent Living Unit; guest meals; lodging in guest rooms on a temporary and space available basis; personal storage space; catered living services, and reserved parking space. Services such as guest meals, personal storage space, and housekeeping and laundry are immediately available as residential buildings are opened. Other services, such as reserved parking and guest rooms, will be phased in as the community is developed. (See Section 5.1 of the Residence and Care Agreement (Exhibit 1)).

Ashby Ponds also contracts with outside providers to provide the following services at the community: medical services provided through the on-site Medical Center; laboratory services; medical supplies; prescription drugs; home health services in an Independent Living Unit and home health services in an Assisted Living Room for one-on-one care by a nursing aide. These services will be provided at an additional fee and will be billed separately by the outside provider. (See Section 5.2 of the Residence and Care Agreement (Exhibit 1)).

**7.3 Services Not Available at Facility.** Except for those listed healthcare services included in the Monthly Service Package for residents in Continuing Care or the ancillary services listed in Section 7.2, Ashby Ponds does not provide advanced medical care such as acute care or psychiatric care. Ashby Ponds is not responsible for making funeral arrangements for residents or for other personal debts of residents.

**8. Fees Required of Residents.** The following fees are required for prospective residents or residents of Ashby Ponds.

**8.1 Processing Fee.** Prospective residents will pay a one-time processing fee to Ashby Ponds. This fee is used to offset the costs of performing financial and health screenings and other paperwork requirements for the prospective resident. Upon submitting an application for residency in Ashby Ponds, each prospective resident must pay a processing fee of \$150.00. Processing fees collected from applicants will not be escrowed by Ashby Ponds.

The processing fee is refundable only if: 1) the resident rescinds the Residence and Care Agreement (Exhibit 1) within seven days of making an initial deposit or executing the Agreement; or 2) the resident dies before occupying the unit or is precluded from occupying the unit through illness, injury, or incapacity.

**8.2 Customized Improvements Charge.** Prospective residents who desire to make customized improvements to a unit prior to moving in will pay a charge to Ashby Ponds for such improvements. This fee is used to offset the cost of material and labor for installing the specified improvement to the unit. The cost of any customized improvement to a unit will depend upon the improvement desired, including labor charges, and will be payable at the time of signing an agreement to install such improvements with Ashby Ponds. Fees paid for improvements to a unit will not be escrowed and will not be refunded.

**8.3 Entrance Deposit.** Prospective residents will pay a one-time Entrance Deposit to Ashby Ponds. After release from escrow, the Entrance Deposits are loaned by Ashby Ponds to the Landowner to pay down the financing and, in the aggregate, act as the permanent loan for the community but may be used for any mission related purpose. Ten percent (10%) of the Entrance Fee is designated as the non-refundable Community Fee. The Entrance Deposit to be paid by residents depends upon the size, features, and level of care provided in the living unit selected. A list of the current Entrance Deposits for the basic unit types is attached to this Disclosure Statement as Exhibit 5. Prospective residents will pay the Entrance Deposit in a series of deposits as follows: 1) A \$1000.00 Priority Deposit will be due when the prospective resident first submits an application for an actual living unit or to join the waiting list for a living unit at Ashby Ponds; 2) An additional \$5000.00 Reservation Deposit will be due when the prospective resident reserves a unit type in a particular residential building which deposit may be paid in two installments; 3) A Signing Deposit of up to 10% of the total Entrance Deposit is due when resident signs the Residence and Care Agreement (Exhibit 1); and 4) A Final Deposit, which is the remainder of the Entrance Deposit after the prior deposits are paid, is due when the resident takes possession of the living unit.

Prior to occupancy, all Entrance Deposits, in excess of the \$1000.00 Priority Deposit, paid by a resident to Ashby Ponds will be placed in an escrow account with a bank or other escrow agent. Funds held in escrow are the property of prospective residents until released to Ashby Ponds. Any interest earned on funds in the escrow account will be for the benefit of Ashby Ponds. On the date that the resident either occupies the unit or the unit is available for immediate occupancy by the resident, the escrow agent may release the Entrance Deposit for that unit from the escrow account to Ashby Ponds. The Providers normally use the Entrance Deposits for financing, operational costs, or future refunds for the Community. Appreciation in new Entrance Deposits is normally used generally for capital repairs, improvements to benefit the Community, and for any reserve funds, but the Providers may use the Entrance Deposits for any other mission related purpose.

Prior to occupancy, Deposits in escrow and the \$1000.00 Priority Deposit, will be returned by the escrow agent to the prospective resident in the following circumstances: i) the funds have not been released within 3 years after placement in escrow or within 3 years after 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 State Corporation Commission in writing; ii) if the prospective resident dies before occupying a unit; iii) if the construction of the community, not yet operating, is stopped indefinitely before the

facility is completed; or iv) upon rescission of the Residence and Care Agreement (Exhibit 1) pursuant to the terms of the Agreement.

If the resident rescinds the Care Agreement within the 7 day period, Ashby Ponds will refund 100% of the Entrance Deposit to the resident. If the resident or Ashby Ponds terminate the Care Agreement after the 7 day rescission period and prior to occupancy, the Entrance Deposit is still 100% refundable. After occupancy and the expiration of the right of rescission, the resident will receive the 90% Refund Amount as provided in Section 7.5 and 7.6 of the Residence and Care Agreement (Exhibit 1).

The Entrance Deposit paid by a resident will normally not increase or decrease during residency unless the resident moves to a living unit with a higher Entrance Deposit than the unit previously occupied by the resident. If the resident requests a permanent transfer from one Living Unit to another Living Unit with a higher Entrance Deposit and Ashby Ponds approves the transfer, the resident will pay an additional deposit for the new Living Unit. The amount of the additional deposit will vary, depending on market conditions for the resident's current Living Unit and for the desired new Living Unit at the time of the transfer and may be a full second entrance deposit. Ashby Ponds will advise the resident of the additional deposit/ entrance deposit prior to the transfer and the resident may then decide whether or not to proceed with the transfer. Ten percent (10%) of the additional deposit/ entrance deposit paid will be added to the Community Fee and will be non-refundable. See Section 7.3 of the Residence and Care Agreement for discussion of any additional deposit in the event that a resident marries after coming to the community and Section 7.3.3 for discussion of a partial refund in certain circumstances.

**8.4 Monthly Service Packages.** Residents pay a Monthly Service Package during the term of their residency. Monthly Service Packages are used by Ashby Ponds to cover operating expenses of the community but may be used for any mission related purpose. The amount of the Monthly Service Package depends upon the size, features, and level of care provided within the living unit selected. If two or more joint residents occupy a unit together, the joint residents will pay only one (1) Monthly Service Package and one (1) double occupancy fee for each additional joint resident. Joint residents who occupy separate units must each pay the full Monthly Service Package for their respective units. Joint residents include residents who move to the community together as well as residents who marry after moving to the community. If a resident transfers to a different unit within the community, the resident will pay the Monthly Service Packages as described in Sections 8.4 and 8.5 of the Residence and Care Agreement (Exhibit 1). If a resident leaves the community, the resident will pay the Monthly Service Packages as described in Section 8.6 of the Residence and Care Agreement. If the resident permanently resides in Continuing Care at Ashby Ponds at the time of termination of the Care Agreement for any reason, please consult the applicable Continuing Care Addendum for any applicable fees.

A schedule of proposed Monthly Service Packages and double occupancy fees is attached to this Disclosure Statement as Exhibit 5. The Monthly Service Package is due in advance

for the month within five days of receiving the monthly statement. Each resident will receive a monthly statement from Ashby Ponds showing the Monthly Service Package charges and charges for any ancillary services. The Monthly Service Packages may be adjusted by Ashby Ponds upon 30 days written notice for Independent Living residents and upon 60 days written notice for Continuing Care residents. A schedule of the changes in periodic charges for the last five years of operations is included in Exhibit 6.

Monthly Service Packages are not escrowed by Ashby Ponds. In general, the Monthly Service Packages are not refundable. However, if the resident transfers from the living unit to another unit or leaves the community during a month, the resident will receive a non-occupancy, as applicable, credit towards the Monthly Service Package for the days in which the living unit was not occupied.

**8.5 Ancillary Fees.** The resident may be charged fees by Ashby Ponds for ancillary services (see Section 7.2 of this Disclosure Statement). Ancillary fees are used by Ashby Ponds to offset the cost of performing the ancillary services but may be used for any mission related purpose. The amount of the ancillary fee depends upon the additional services selected. A schedule of proposed ancillary services and fees is attached to this Disclosure Statement in Exhibit 5. Payment for ancillary services is generally due in arrears the month after services are rendered.

Ancillary fees are not escrowed by Ashby Ponds. Fees for ancillary services which are actually rendered are not refundable. The ancillary fees may be adjusted by Ashby Ponds upon 30 days written notice to the residents.

**8.6 Refurbishing Charges.** Each time that a resident permanently vacates an Independent Living Unit or Assisted Living or memory care Unit, irrespective of the length of time of occupancy, Ashby Ponds will perform work to clean, refurbish, and restore that Living Unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in the sole discretion of Ashby Ponds, to bring the Living Unit back to a like-new condition. The reasonable costs and expenses of this work (the “Refurbishing Charges”) are charged to and paid by the resident but in some situations, Ashby Ponds will cover some or all of the Refurbishing Charges for the Living Unit. Please refer to Section 9.4 of the Residence and Care Agreement (Exhibit 1) for the explanation of when the resident is responsible for Refurbishing Charges and what portions are covered by Ashby Ponds. For residents with an older version of the Care Agreement, the resident is responsible for all costs of refurbishing the Living Unit. The amount of the refurbishing fee will vary depending on the type of extraordinary damage incurred. Refurbishing Fees are not escrowed and are not refunded by Ashby Ponds and may be adjusted by Ashby Ponds upon written notice to the residents.

**8.7 Miscellaneous Costs.** According to the Residence and Care Agreement (Exhibit 1), residents are also responsible for procuring and maintaining Medicare insurance.

Residents are also responsible for their own funeral arrangements. Ashby Ponds does not assist with such arrangements. Residents must also purchase renter's insurance to cover their personal property within their designated living unit, including liability insurance.

**9. Reserve Funding.** Ashby Ponds has a working capital loan with Landowner, effective 2010, to cover operating expenses to the extent of shortfalls in revenue. Additionally, Ashby Ponds will use Monthly Service Packages received from residents to cover operating expenses. Ashby Ponds conducts fund-raising among the community's residents, contractors and vendors for the community's benevolent care fund which will provide assistance to residents with financial difficulties. The benevolent care fund will be used to help residents who have exhausted their financial resources.

**10. Financial Statements.** The most recent audited financial statements for the Providers are included in Exhibit 7 of this Disclosure Statement.

**11. Pro Forma Income Statements.** Pro forma income statements for the Providers are attached to this Disclosure Statement as Exhibit 8. A summary of the community's financial condition is included in Exhibit 9.

**12. Admission of New Residents.** In order to become a resident, an applicant must be 62 years of age or older. From a financial standpoint, Ashby Ponds generally requires that a prospective resident have a net asset value sufficient to pay 35 months of a blended rate based on projected fees in the continuing care units and monthly income of 1.4 times the Monthly Service Package for the resident's living unit. Ashby Ponds will also conduct a pre-residency meeting with the prospective resident. Pre-Residency meetings are meant to assist Ashby Ponds in determining the appropriate care level and services for the prospective resident, whether independent living, assisted living, or nursing care. If Ashby Ponds does not have the appropriate level of care for the applicant, it will so inform the applicant and will refund any portions of the Entrance Deposit paid.

**13. Access to Facility by Non-Residents.** Residents are welcome to have family and friends visit their new home. Guests of residents may take meals at the community for an additional fee. The community includes several guest rooms. All visitors are subject to Ashby Ponds' reasonable rules and regulations for use of the community. Residents may not assign the right to occupy the living unit to any other person and may not have other persons live in the unit on a permanent basis. Ashby Ponds may also make certain meeting rooms and the planned conference center available for public meetings.

**14. Procedure for Residents to File a Complaint or Disclose a Concern.** In general, a resident should first present his or her complaint to the Director of the department which is concerned in the complaint. If the resident is not satisfied with the handling of a complaint or concern by a department Director, the resident may then discuss the concern with the Executive Director for the community. In most cases, the decision of the Executive Director shall be final.

Residents may also air concerns with the Residents Council which will be formed by the residents. Residents who need information about community or area services may discuss their questions with any of the Resident Service Coordinators or the Director of Resident Life for the community.

**15. Other Material Information.** Ashby Ponds is an equal housing opportunity provider and is intended as housing for older persons.



## **TABLE OF EXHIBITS**

Exhibit 1:	Residence and Care Agreement
Exhibit 2:	Executive Biographies
Exhibit 3:	Diagram of Community Structure
Exhibit 4:	Current Construction Schedule for Ashby Ponds and Airport Overlay District Disclosure
Exhibit 5:	Schedule of Entrance Deposits, Monthly Service Packages, and Ancillary Fees
Exhibit 6:	Changes in Periodic Charges
Exhibit 7:	Financial Statements
Exhibit 8:	Pro Forma Income Statements
Exhibit 9:	Summary Financial Condition

**EXHIBIT 1**  
**RESIDENCE AND CARE AGREEMENT**

Summary:

Exhibit One, the Residence and Care Agreement, is the most pertinent document in this Disclosure Statement for the prospective resident. The Residence and Care Agreement details the services the resident will receive, the facilities the resident will use, the rights and responsibilities the resident will accept, and the costs associated with living at the community. Ashby Ponds has detailed its policies on a full range of issues, including common every day issues such as meal policies, health care, and the procedure for the return of the resident's 90% Refund Amount of the Entrance Deposit.

In addition to the Residence and Care Agreement, there are various sample forms such as refund forms, note, etc. These are samples only and every form does not necessarily apply to every resident.

***ASHBY PONDS  
RESIDENCE AND CARE AGREEMENT***

June 2024

**THIS MATTER INVOLVES A SUBSTANTIAL FINANCIAL INVESTMENT AND A LEGALLY BINDING CONTRACT. IN EVALUATING THE DISCLOSURE STATEMENT AND THE CONTRACT PRIOR TO ANY COMMITMENT, IT IS RECOMMENDED THAT YOU CONSULT WITH AN ATTORNEY AND FINANCIAL ADVISOR OF YOUR CHOICE, IF YOU SO ELECT, WHO CAN REVIEW THESE DOCUMENTS WITH YOU.**

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**ASHBY PONDS**  
**RESIDENCE AND CARE AGREEMENT**

This Residence and Care Agreement (the “Agreement”) is made and entered into the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between ASHBY PONDS, INC. (referred to in this Agreement as “We”, “us” or “Ashby Ponds”) and \_\_\_\_\_ (referred to in this Agreement as “You” or the “Resident(s)”).

**RECITALS**

R.1 Ashby Ponds (the “Community”) is a continuing care retirement community located in Ashburn, Virginia developed in phases to offer various living accommodations and services to seniors, as described herein.

R.2 Ashby Ponds is the operator of the Community and is a registered continuing care provider under the laws of the Commonwealth of Virginia. Ashby Ponds desires to provide certain services listed in this Agreement to Resident and Resident desires to receive such services.

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**Section 1. DESCRIPTION OF COMMUNITY**

We plan to develop this Community in phases, subject to obtaining all necessary or required governmental approvals and licenses. Our Community consists of Independent Living Units, Assisted Living Units and Nursing Units. As of 2020, the Community is a smoke-free campus for new residents and you hereby agree to abide by our rules restricting smoking (please see Section 13.8).

**1.1 Independent Living Units.** The Community is planned to have approximately 1585 Independent Living Units within 3 residential neighborhoods with community buildings. The community buildings include a dining room, classrooms, cardrooms, lounges, and other common areas. The Community is planned to include banks, beauty salons, convenience stores, guest rooms, an auditorium, a conference center, a full-service outpatient Medical Center, and a pool. Each residential neighborhood is planned to include at least one unique facility, such as the Medical Center, the swimming pool, health club, or the like.

**1.2 Continuing Care at Ashby Ponds.** Continuing Care at Ashby Ponds refers to our on-site health care neighborhood. Continuing Care at Ashby Ponds houses both the Assisted Living Units and the Nursing Units. Each floor of Continuing Care at Ashby Ponds includes a dining room, a resident lounge, activity rooms and a bathing core. Continuing Care at Ashby

Ponds will be built in several phases. All opening dates are approximate and may change according to changing weather conditions, market demands, etc.

**1.2.1 Assisted Living Units.** Continuing Care at Ashby Ponds currently includes approximately 90 Assisted Living Units with varied service packages or special programming for residents who need additional assistance with the activities of daily living, including memory care, to be completed in phases. We anticipate that the aggregate number of Assisted Living Units planned for the Community will adequately serve the needs of Community residents. However, in the unusual circumstances that the Assisted Living Units are fully occupied, our Medical Director, or his or her designee, first will arrange for Ancillary Services to be offered in your Independent Living Unit and second, if necessary, will assist in arranging for a transfer to an Off-Site Facility in the immediate area. See Section 8.4 for fees payable by you in the event of such a transfer

**1.2.2 Nursing Units.** Continuing Care at Ashby Ponds currently includes approximately 44 Nursing Units, many of which will be private rooms, to be completed in phases. We anticipate that the aggregate number of Nursing Units will adequately serve the needs of Community residents. However, in the unusual circumstance that the Nursing Units are fully occupied, our Medical Director, or his or her designee, will assist in arranging for a transfer to an Off-Site Facility in the immediate area. See Section 8.4 for fees payable by you in the event of such a transfer.

## **Section 2. TERM**

The Term of this Agreement shall commence on the date on which this Agreement is executed by both parties and shall continue for your lifetime unless the Agreement is terminated earlier per Section 12 of this Agreement.

## **Section 3. LIVING ACCOMMODATIONS**

**3.1 Your Right to Occupy.** You have the right to occupy and to use the following Living Unit: \_\_\_\_\_, as-is, from the Occupancy Date to the Departure Date, subject to provisions for a change in accommodations as provided in Section 11 of this Agreement. You may not assign or sublet the right to occupy a Living Unit to any other person. We will provide the Living Unit, in good condition, with neutral painted walls, and with standard carpeting and floors.

**3.2 Joint Residents.** When two (2) or more residents reside together in a selected Living Unit, they are considered to be Joint Residents. Each Joint Resident is required to meet our financial requirements for entrance into the Community, as well as our health qualifications for occupancy of a selected Living Unit, whether the prospective Joint Residents move to the Community together or on different dates.

**3.3 Rights of New Spouse.** If during the term of residency you marry a person who is not a resident of the Community, your new spouse will be required to meet our financial and health-related qualifications for entrance into the Community. The financial qualifications are

meant to serve as a financial protection for our larger community of residents. We reserve the right to determine the appropriate level of care within the Community for the spouse or to determine that there is not an appropriate level of care within the Community for the spouse. If your spouse is not accepted, you may terminate this Agreement per Section 12.2 hereof. If your spouse is accepted for residency, the fee structure described in Sections 7.3.2 and 8.2 for Joint Residents will apply.

**3.4 Resident's Obligation to Furnish and Maintain Unit.** You are responsible for furnishing the Independent Living Unit and the Assisted Living Unit and for procuring insurance for personal possessions and furnishings. We will provide furnishings and equipment, as required by law, for Nursing Units. You are also responsible to maintain any Living Unit in which you reside in a reasonably clean and habitable condition.

**3.5 Customized Improvements.** You may decorate the Living Unit to your personal taste with pictures, window treatments, and the like, so long as such decorations are not permanent fixtures to the Unit or can be easily removed without damaging the structural integrity of the Living Unit. All other customized improvements to any Independent Living Unit or Assisted Living Unit that you want to undertake either before or after the Occupancy Date must be approved in writing by the Executive Director. If you contract with an outside contractor, the selection of your contractor and the proposed plans or work must be approved by the Executive Director. If you contract with us to do the work, we will sign a contract to agree upon the extent of work and the charges related to the work to be done. For charges related to the removal of any improvements, please see Section 9.4. We cannot permit structural changes or customized improvements to a Nursing Unit.

## **Section 4. SERVICES TO RESIDENTS**

We will make the following services available to you, as applicable, for the appropriate Monthly Service Package, during your residency here, unless the Agreement is terminated earlier per Section 12. We may change your Monthly Service Package or scope of services or care only after we provide you with thirty (30) days advance notice of the change, except for changes required by State or Federal assistance programs.

**4.1 Independent Living Services.** We provide the following Covered Services included in the Monthly Service Package for Independent Living:

- Monthly Meal Plan (see Section 15);
- 24 hour security system with security officer(s) and emergency alert system;
- All utilities in the living unit including:
  - Basic Cable television service (premium channels additional charge);
  - Local and Long Distance and International landline phone service;
  - Wireless internet service;
- General maintenance of buildings, grounds and fixtures;
- Insurance of buildings and grounds including insurance for the Living Unit, including the structures and fixtures in such unit, except items owned by Resident (See Section 9.5);



On-campus shuttle transportation;  
Scheduled off-campus transportation to local shopping and metro, as determined by us;  
Sewage, trash and general common area snow removal from common areas; and  
Use of all public rooms and common areas of the Community.

**4.2 Assisted Living Services.** We provide several packages for Assisted Living residents to serve different care needs. The services listed below are included in most care packages but some services may not be available for certain care packages. Further details on the services available at each level of Assisted Living and additional rights and obligations in Assisted Living will be set forth in the Assisted Living Addendum to the Residence and Care Agreement:

Provision of supervision, verbal cuing and physical assistance, as appropriate for the Resident's designated care package, in the performance of activities of daily living ("ADLs"), including ambulation, personal hygiene, dressing, toileting and eating;  
Medication administration;  
Service plan designed by a care team;  
At least three meals per day;  
Regularly scheduled Registered Nurse review and assessment;  
Linens and personal laundry service;  
Light housekeeping care on a weekly basis;  
Medical appointment scheduling, as needed;  
Social/recreational activities;  
Emergency communications system;  
24 hour security system with security officer(s) and emergency alert system;  
All utilities in the living unit including:  
    Basic Cable television service (premium channels additional charge);  
    Pre-wiring for telephone (telephone service excluded);  
    Wireless internet service;  
General maintenance of buildings, grounds and fixtures;  
Insurance of buildings and grounds including insurance for the Living Unit, including the structures and fixtures in such unit, except items owned by Resident (See Section 9.5);  
On-campus shuttle transportation;  
Scheduled off-campus transportation to local shopping and metro, as determined by us (if medically appropriate);  
Sewage, trash and general snow removal from common areas; and  
Use of all public rooms and common areas of the Community.

**4.3 Nursing Services.** We provide the following Covered Services included in the Monthly Service Package for Nursing Units. Further details on the services and additional rights and obligations in the Nursing Unit will be set forth in the Nursing Contract Addendum to the Residence and Care Agreement.

Nursing care; highest level of care;  
Medication administration;  
Service plan designed by a care team;

- At least three meals per day;
- Regularly scheduled Registered Nurse review and assessment;
- Linens and personal laundry service;
- Daily Housekeeping services;
- Planned recreation;
- 24 hour security system with security officer(s) and emergency alert system;
- Mental Health Services, as needed;
- Incontinence care;
- More frequent involvement of licensed medical personnel to manage chronic conditions;
- All Living Unit utilities (except personal telephone);
- All utilities in the living unit including:
  - Basic Cable television service (premium channels additional charge);
  - Pre-wiring for telephone (telephone service excluded);
  - Wireless internet service;
- General maintenance of buildings, grounds and fixtures;
- Insurance of buildings and grounds including insurance for the Living Unit, including the structures and fixtures in such unit, except items owned by Resident (See Section 9.5)/;;
- Campus shuttle transportation;
- Sewage, trash and general snow removal from common areas; and
- Use of all public rooms and common areas of the Community.

## **Section 5. ANCILLARY SERVICES**

**5.1 Services Available through Ashby Ponds.** In addition to the Covered Services described earlier in Sections 4.1, 4.2, and 4.3, we also make the following services available to you for an additional fee. These Ancillary Services will be phased in as the Community is developed. Other services that are not currently listed may also be available.

- Tray service to Residents in Independent Living or Assisted Living;
- Housekeeping and laundry service for residents in Independent Living or Assisted Living;
- Extra meals for Residents in an Independent Living Unit (unless covered by Monthly Meal Plan as defined);
- Guest meals (unless covered by Monthly Meal Plan as defined);
- On-site Fitness Center premium services or classes;
- Physical, Speech and Occupational Therapy;
- Lodging in guest rooms on a temporary and space available basis;
- Personal storage space;
- Catered living services (See Section 15); and
- Reserved parking space

**5.2 Services Available through Outside Providers.** We contract with outside providers to provide the following services to you at the Community: medical services through the on-site Medical Center; laboratory services; medical supplies; prescription drugs; home health services in an Independent Living Unit; and home health services in an Assisted Living Room for one-on-one care by nursing aide assigned to Resident. Such services may be covered

by Medicare or by Resident's other medical insurance. We do not charge you any additional fee for access to these outside providers. These services will be provided at an additional fee and will be billed separately by the outside provider.

**5.3 Services Not Provided.** We do not provide hospice care, acute hospital care, or any institutional care other than care that is appropriate in an Assisted Living Unit and comprehensive care in a Nursing Unit or otherwise covered under the terms of this Agreement. We will assist with any necessary transfers to such facilities; however, you will be responsible for the cost of such care.

## **Section 6. OTHER RESIDENT RIGHTS**

**6.1 Residents' Association.** You have the right to participate fully in a Residents' Association, or other organization of residents by whatever name designated and to meet privately to conduct business.

**6.2 Resident Guests.** You have the right to receive guests and visitors at the Community and to allow such guests and visitors to stay in an Independent Living Unit on a temporary basis, subject to our reasonable policies and procedures for use of the Community. Guest meals (unless covered by the Monthly Meal Plan as defined), guest cots, or rental of one of the Community's guest rooms will be treated as an Ancillary Service, the costs of which are chargeable to you.

**6.3 Physicians and Other Professionals.** You have the right to select attending physicians and other health care professionals, provided such physicians or other health care professionals shall agree to follow our reasonable policies and procedures and applicable federal and state laws, rules and regulations. You are not required to use the on-site Medical Center or the physicians practicing there.

## **Section 7. ENTRANCE DEPOSIT**

**7.1 Payment of Entrance Deposit.** You will pay or have paid to us a total Entrance Deposit as shown in Schedule I. The payment of the Entrance Deposit may be made in a series of deposits on or before taking occupancy of your Living Unit at the Community. In the case of Joint Residents, the Entrance Deposit shall be deemed to be a joint asset of the Joint Residents with a right of survivorship and may be used for the care of either Joint Resident. We do not require an additional Joint Resident Entrance Deposit if Joint Residents occupy the same Living Unit. Ten percent (10%) of your Entrance Deposit is designated as the non-refundable Community Fee.

**7.2 Escrow and Release from Escrow.** The deposits made by you towards the total Entrance Deposit, in excess of the \$1000 Priority Deposit, will be held in escrow in a banking institution, acting as an escrow agent, until you either occupy the Living Unit or the Living Unit is available for your immediate occupancy. Entrance Deposits shall be released when you occupy the selected Living Unit or when such Living Unit is ready for your occupancy, whichever first

occurs, and when your right of rescission as described in Section 12.1 of this Agreement has expired.

When the Entrance Deposit is released in full, we can fully use the Entrance Deposit including the Community Fee. We normally use the Entrance Deposits for financing, operational costs, or future refunds for the Community. Appreciation in new Entrance Deposits is normally used by us generally for capital repairs, improvements to benefit the Community, and for any reserve funds, but we may use the Entrance Deposits for any other mission related purpose. However, you will retain the right to the 90% Refund Amount as discussed in this Section 7. In the case of Joint Residents, the Entrance Deposit shall be deemed to be a joint asset of the Joint Residents with the right of survivorship and may be used for the care of either Joint Resident. No interest shall be accrued or paid to you on your Entrance Deposit.

Prior to occupancy, deposits in escrow will be returned to a prospective resident only in the following circumstances: i) the funds have not been released within 3 years after placement in escrow or within 3 years after 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 State Corporation Commission in writing; ii) if the prospective resident dies before occupying a unit; iii) if the construction of the facility, not yet operating, is stopped indefinitely before the Community is completed; or iv) upon rescission of the Residence and Care Agreement pursuant to the terms of this Agreement.

**7.3 Adjustments to Entrance Deposit.** You will not be required to pay an additional or increased Entrance Deposit as long as you reside in your original Living Unit. You retain the right to the 90% Refund Amount, upon the termination of this Agreement, as discussed in Sections 7.4, 7.5, and 7.6 of this Agreement. Your Entrance Deposit, minus the Community Fee, is also available for your maintenance and support as provided in Section 10.

**7.3.1** If you request a permanent transfer from one Living Unit to another Living Unit with a higher Entrance Deposit and we approve the transfer, you must pay to us an additional deposit for the new Living Unit to which you are transferring. The amount of the additional deposit will vary, depending on market conditions for your current Living Unit and for the desired new Living Unit at the time of the transfer and may be a full second entrance deposit. We will advise you of the additional deposit/ entrance deposit prior to the transfer and you may then decide whether or not to proceed with the transfer. Ten percent (10%) of the additional deposit/ entrance deposit paid will be added to the Community Fee and will be non-refundable.

**7.3.2** If your new spouse is accepted as a resident in the Community and is placed in a Living Unit other than your current Living Unit (see Section 3.2 of this Agreement), you and your new spouse must pay us an additional Entrance Deposit for the spouse's Living Unit and the new spouse must sign a separate Residence and Care Agreement for the new Living Unit.

**7.3.3** You will normally not be entitled to a refund or decrease of the Entrance Deposit due to any temporary or permanent transfer, for whatever reason, during the Term of this

Agreement. However, we may make a partial refund of the Entrance Deposit, minus the Community Fee, to you in the following circumstances: 1) You transfer to a smaller Independent Living Unit than the Independent Living Unit which you currently occupy; and 2) the Entrance Deposit for the smaller Independent Living Unit is currently lower than the Entrance Deposit that you originally paid for an Independent Living Unit. In these specific circumstances, we may elect to refund the difference between the current Entrance Deposit for your new Independent Living Unit and the original Entrance Deposit paid by you but minus the Community Fee.

**7.4 Refund Within Rescission Period or Prior to Occupancy.** We shall pay a refund of the Entrance Deposit to you or your representative, as appropriate, if the Agreement is terminated within the rescission period as described in Section 12.1 hereof or if the Agreement is terminated after the rescission right expires but prior to the Occupancy Date as described in Section 12.1. We will refund the Entrance Deposit within thirty (30) days following the rescission or termination, as the case may be, pre-occupancy. If one Joint Resident dies prior to occupancy, the remaining resident may, but is not required to, rescind this Agreement. The surviving resident may request a different Living Unit and we will refund or charge any difference in the Entrance Deposit between the Living Units; provided, however, that this election is made in writing at least thirty (30) days prior to occupancy.

**7.5 Refund after Occupancy.** After occupancy of the Living Unit and subject to the terms and conditions of this Agreement, we shall pay the 90% Refund Amount as provided in this Section 7.5 and Section 7.6. Your refund will be equal to ninety percent (90%) of the total Entrance Deposit unless: (i) the Entrance Deposit, minus the Community Fee, has been partially or fully spent down for your care and maintenance per Section 10 of this Agreement, or (ii) you or your representative, as the case may be, elect to deduct any outstanding fees and charges from the 90% Refund Amount for your convenience.

**7.5.1 Termination By Resident During Lifetime.** If you terminate the Agreement at any time after the Occupancy Date and the expiration of the right of rescission, we will pay the 90% Refund Amount within sixty (60) days of the date that you become eligible for refund from the Refund Account per Section 7.6. We will pay the 90% Refund Amount to the duly designated beneficiaries named in your Refund Form or, if there is no Refund Form, then to you as the Resident.

**7.5.2 Termination Due To Death of Resident.** If you die after the Occupancy Date and the expiration of the right of rescission, we will pay the 90% Refund Amount within sixty (60) days of the date that you become eligible for refund from the Refund Account per Section 7.6. We will pay the 90% Refund Amount to the duly designated beneficiaries named in a Refund Form or, if there is no Refund Form, then to your Estate. If one Joint Resident dies, there will be no refund of any portion of the 90% Refund Amount; instead, so long as a surviving resident continues to reside at the Community, the Entrance Deposit (minus the Community Fee) shall be deemed to have been paid entirely on behalf of the surviving resident to be used for the survivor's care if necessary, and the 90% Refund Amount will eventually be paid to the survivor, to the beneficiaries named in the survivor's Refund Form, or to the survivor's estate.

**7.5.3 Termination by Ashby Ponds.** If we terminate the Agreement for good cause (see subsection 12.3 of this Agreement), we shall pay the 90% Refund Amount within sixty (60) days of the date that you become eligible for refund from the Refund Account per Section 7.6. We will pay the 90% Refund Amount to the duly designated beneficiaries named in your Refund Form or, if there is no Refund Form, then to you as the Resident.

**7.6 Refund Account & Refund Eligibility.** These provisions describe how we pay the 90% Refund Amount to you, your representative, or beneficiaries, as the case may be:

**7.6.1** We have established a Refund Account for paying the 90% Refund Amount per the terms of this Agreement. The Refund Account is funded by the receipt of all or a portion of new Entrance Deposits from new residents who subscribe Participating Independent Living Units. Please see the definition of “Refund Account” in Section 15 for explanation on funding the Refund Account and Participating Independent Living Units. When the Agreement terminates during your lifetime for any reason or if the Agreement terminates due to your death, you or your representative must promptly vacate and remove all possessions from the Living Unit, turn in the keys, sign a Unit Release for the Living Unit, and pre-approve the final bill. If you occupied any other Living Units at the Community, all previous units also must be vacated and released. When the foregoing steps are completed, we then assign you a Refund Number for the Refund Account.

**7.6.2** We pay the 90% Refund Amount based on assigned Refund Numbers generally proceeding in sequential order. If you have the next assigned Refund Number in sequence, you are eligible for your 90% Refund Amount when: (i) you or your representative pay your final bill, and (ii) the funds in the Refund Account are sufficient to fully pay the 90% Refund Amount to you.

## **Section 8. MONTHLY SERVICE PACKAGES**

**8.1 Monthly Service Package.** During the term of this Agreement, you must pay the applicable Monthly Service Package for the Living Unit. As of the date of this Agreement, the applicable Monthly Service Package for Resident’s current Living Unit is shown in Schedule I. The Monthly Service Package is due and payable each month, in advance, within five (5) days of the monthly statement; provided, however, that the Monthly Service Package for the month during which you first take occupancy of the Living Unit shall be payable in arrears on a pro-rated basis with the payment of the Monthly Service Package for the first full calendar month occurring during the term of this Agreement. Our acceptance of partial payment of the Monthly Service Package does not constitute a waiver of such outstanding fees and charges unless we agree to a waiver in writing. We may charge interest at a rate of one and one-half percent (1.5%) per month on any overdue amounts.

**8.2 Monthly Service Package for Joint Residents.** Joint Residents occupying the same Living Unit shall pay the appropriate Monthly Service Package for double occupancy of the Living Unit. If Joint Residents occupy different Living Units, both Residents shall each pay the full Monthly Service Package for their respective Living Unit. This fee structure applies to

Joint Residents who move to the Community together and to a Resident and a non-resident who are accepted to the Community on different dates.

**8.3 Adjustments to the Monthly Service Package.** The Monthly Service Package may be revised from time to time. We normally use the Monthly Service Package to cover the expenses of providing covered services to Residents but we may use the Monthly Service Package for any other mission related purpose. We generally adjust fees on an annual basis after having evaluated those factors that we perceive to be relevant to the costs associated with operating the Community and other financial requirements. Normally such changes will be made to become effective on January 1 of the next following calendar year. However, except for changes required by State or Federal assistance programs, we reserve the right, at any time, upon thirty (30) days' notice to you, to adjust the independent living Monthly Service Packages and upon sixty (60) days' notice to adjust the Monthly Service Package or daily rates in Continuing Care to reflect any additional cost or liability for which there is no adequate, budgeted reserve, including, but not limited to, tax liability for real estate taxes relating to the Community, increased operating expenses and inflation.

**8.4 Monthly Service Package in the Event of a Temporary Transfer.** In the event that you temporarily transfer to another Living Unit in the Community or to an Off-Site Facility, you must pay the Monthly Service Package for your permanent Living Unit in addition to the Monthly Service Package for the temporary Living Unit or the Off-Site Facility, as the case may be. Payment of the Monthly Service Package for your permanent Living Unit assures that such permanent Living Unit will remain available to you during the time of the temporary transfer. The Monthly Service Package for a temporary Living Unit at the Community shall be prorated on a daily basis for the period of the temporary transfer.

During the period of the temporary transfer, your Monthly Service Package for the permanent Living Unit shall be adjusted as follows: (1) if a single Resident or one Joint Resident transfers, the Monthly Service Package will be reduced by a single Non-Occupancy Credit as applicable, (2) if both Joint Residents transfer from a double occupancy Unit, the Monthly Service Package will be reduced by the two-person Non-Occupancy Credit as applicable, or (3) if both Joint Residents transfer, one from a Living Unit and one from another Living Unit, each Resident's Monthly Service Package shall be reduced by the respective Non-Occupancy Credit as applicable.

Upon your return to the permanent Living Unit, you must continue to pay the current Monthly Service Package associated with such Living Unit.

**8.5 Monthly Service Package in the Event of a Permanent Transfer to a Different Living Unit.** If you permanently transfer from one Living Unit to another Living Unit at the Community, you are responsible for payment of the Monthly Service Package, pro-rated and less the Non-Occupancy Credit as applicable, for the vacated Living Unit until you completely vacate, remove all possessions from the vacated Living Unit, and return the keys for the vacated Living Unit to us.

**8.6 Monthly Service Package in the Event of a Termination of Agreement.** If you terminate this Agreement, or if we terminate this Agreement for good cause in accordance with Section 12.3, or if this Agreement should terminate by reason of your death, then you or your estate, as the case may be, shall be responsible for the payment of the Monthly Service Package for the vacated Living Unit, less the Non-Occupancy Credit as applicable, until and including ninety (90) days from the date that both of these conditions are fulfilled: (i) you vacate the Living Unit and remove all possessions, and (ii) you sign a Unit Release Form for the Living Unit and return your keys. If your vacated Living Unit is re-subscribed by another new resident in less than 90 days, then the Monthly Service Package will end on the Occupancy Date for that new resident. If you are a permanent resident of our Continuing Care at Ashby Ponds at the time that residency is terminated for any reason, please refer to the applicable Continuing Care service addendum for the applicable policy. We do not automatically deduct the remaining Monthly Service Packages, Ancillary Fees, or other fees from the 90% Refund Amount unless you or your representative so direct.

## **Section 9. OTHER FEES, PERIODIC CHARGES, AND COSTS**

**9.1 Processing Fee.** You shall pay or have paid us a Processing Fee, as indicated in Schedule I, in connection with your application for residence at the Community. Such Processing Fee is refundable only if (1) you rescind the Residence and Care Agreement within seven (7) days of making an initial deposit toward the Entrance Deposit or executing the Agreement, or (2) you pass away before occupying the Living Unit or are precluded from occupying the Living Unit because of illness, injury or incapacity.

**9.2 Ancillary Services.** During the term of this Agreement, you must pay us the periodic charges for any Ancillary Services (as described in Section 5) which we provide to you. The current periodic charges for Ancillary Services are attached in Schedule I. The charges for Ancillary Services are normally used by us to cover the expense of providing such Ancillary Services but we may use the Ancillary Services charges for any other mission related purpose. We may revise the periodic charges for Ancillary Services that we provide from time to time, and such change shall take effect upon our giving you thirty (30) days' notice of such increase in accordance with the rules and regulations of the Department. The charges which are based on published rates for State or Federal assistance programs (for example, Medicare rates) shall be revised upon the effectiveness of changes to such rates. All Ancillary Services which we provide to you shall be billed on your monthly statement, and payment is due within five (5) days of your receipt of the monthly statement. Our acceptance of partial payment of the charges shall not constitute a waiver of the outstanding charges unless we agree to a waiver in writing. We may charge interest at a rate of one and one-half percent (1.5%) per month on any overdue amounts.

**9.3 Other Services.** Ancillary Services not provided by us and any other services that you arrange independently shall be billed directly to you, and we are not responsible for payment of or collecting payment for such services.

**9.4 Refurbishing a Vacated Living Unit and Repairing Extraordinary Damage.** Each time that you permanently vacate an Independent Living Unit or Assisted Living or memory care Unit, irrespective of the length of time of occupancy, we will perform work to



clean, refurbish, and restore that Living Unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in our sole discretion, to bring the Living Unit back to a like-new condition. The reasonable costs and expenses of this work (the “Refurbishing Charges”) are charged as follows:

**9.4.1** If you first entered the Community in an Independent Living Unit and you then permanently transfer from that Independent Living Unit to an Assisted Living Unit, memory care unit, or a Nursing Unit, we will cover any portion of the Refurbishing Charges for work that is due to ordinary wear and tear. You will only be responsible to pay the portion of the Refurbishing Charges for work needed to repair any extraordinary damage to the Living Unit. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those improvements for re-subscription to a new resident.

**9.4.2** If you first entered the Community in an Independent Living Unit and you then permanently leave the Community from an Independent Living Unit, we will cover the Refurbishing Charges for work that is due to ordinary wear and tear. You will only be responsible to pay the portion of the Refurbishing Charges for work needed to repair any extraordinary damage to the Living Unit. By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit, or removing customized improvements. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those improvements for re-subscription to a new resident.

**9.4.3** If your last residence at the Community is a Nursing Unit and you either permanently leave the Community from that unit or you pass away, we will cover the full Refurbishing Charges for the Nursing Unit.

**9.4.4** If you transfer from one Independent Living Unit to another Independent Living Unit, or if you transfer from an Assisted Living Unit or memory care unit to any other Living Unit, or if you permanently leave the Community from an Assisted Living Unit, or memory care unit, you are responsible to pay the full Refurbishing Charges.

**9.5 Medical and Other Insurance.** You must procure and maintain in force at your own cost the following coverages:

**9.5.1** You shall maintain, at your expense, one of the following coverages for health insurance: (a) the maximum coverage available to you under Medicare, Parts A, B & D and including a supplemental Medigap insurance policy; (b) a Medicare Part C/ Medicare

Advantage Plan (including a Part D plan), or (c) Documented equivalent coverage, if submitted and accepted by us, if you are not eligible for Medicare or are insured under other adequate programs. Supplemental insurance is not provided by us.

**9.5.2** You must also procure and maintain, at your own expense, insurance coverage against damage of, loss to, or theft of your personal property (contents) maintained at the Community, including general liability coverage for personal liability and medical payments should a claim be made or suit brought against you for damages because of a bodily injury, including death, or property damage caused by you. Such insurance shall include liability coverage for damage caused to the Living Unit or other living units or common areas which arise out of your negligent or intentional acts or omissions. We shall be responsible for insuring the building structures, common areas and building components, the Living Unit and fixtures in the Living Unit provided by us but not including any of your personal property. You are not included nor considered as an additional insured or co-insured under our policies. We reserve all rights of recovery or subrogation for damages caused to our property.

**9.6 Funeral Arrangements and Burial Expenses.** Funeral arrangements and burial expenses are your responsibility. We will not make such arrangements or provide such services.

**9.7 Non-Solicitation of Employees.** We expend significant resources on the hiring, training and development of employees. Recognizing this expenditure, during the Term of the Agreement, you agree not to employ any person currently employed by us, either directly or indirectly, by hiring the services of any such person through a third party. You also agree not to employ any person formerly employed by us, either directly or indirectly by hiring the services of any such person through a third party, until two years have elapsed from the employee's last date of employment with us. You further agree not to solicit any person employed by us to terminate his or her employment in order to work for you directly or indirectly through a third party.

## **Section 10. FINANCIAL INABILITY TO PAY**

It is our policy not to terminate a resident's occupancy for the resident's financial inability to pay provided that the resident is otherwise in compliance with the terms of such resident's Residence and Care Agreement. To the extent that it is financially feasible, we will assist residents who are unable to pay full Monthly Service Packages by providing financial assistance as described in this Section 10.

To insure that our charitable intentions are equitably allocated for the benefit of as many residents as possible, we require that, in the event that you claim to be unable to make full monthly payment by reason of financial inability, you must take any or all of the following actions, as directed by the Executive Director. We have the right, but not the obligation, to initiate financial assistance if we independently determine that you need financial assistance.

**10.1** If your sources of funds, including expenditures of principal and the guaranty, if any, are inadequate for you to make the payments required under this Agreement, you must file with the Executive Director, on appropriate forms provided by the Executive Director, a

Statement of Financial Inability to Pay. As part of the Statement of Financial Inability, you must disclose your remaining available assets and income. The Executive Director will review your financial position to determine the existence of any outside assets, including any guaranty agreements, which may first be spent for your care.

**10.2** If you have outside assets other than the Entrance Deposit, the Executive Director will establish a Spending Plan for you to spend the outside assets and to obtain assistance from other available means. If you can qualify, you will take the necessary steps to obtain county, state, and federal aid or assistance including Medicare, public assistance and any other public benefit program. You agree to execute any and all documents necessary to make and perfect such claims or rights. If you fail to cooperate with the Spending Plan for the outside assets, such failure may constitute good cause for termination of the Agreement due to non-payment of fees in accordance with Section 12.3 of this Agreement.

**10.3** After you complete the Spending Plan or if you have no available assets other than the Entrance Deposit, we will spend-down an amount up to the Entrance Deposit minus the Community Fee. After depletion of outside assets, the Entrance Deposit (less the Community Fee) is considered available to you for your maintenance and support. You may access these amounts, without moving from the Community, to pay any and all fees at the Community including any Monthly Service Packages or to pay another provider for support and maintenance if your income and other resources are insufficient to pay for support and maintenance. The Executive Director will notify you when spend-down is available and will give the effective date. You will receive periodic statements reflecting the remaining balance of the Entrance Deposit (less the Community Fee).

**10.4** Upon completion of the spend-down, you may qualify for assistance from the resident benevolent care fund established by us to the extent that it is financially feasible. If you are approved for such assistance, the Executive Director shall inform you of the amount which the resident benevolent care fund will contribute to the monthly fees and the amount which you must contribute to the Monthly Service Package.

**10.5** If requested by us, you will transfer to an alternate Living Unit at the Community if and when available.

**10.6** You will provide periodic statements of financial condition and copies of income tax returns as the same may be requested from time to time by us. You will notify us of any and all assets acquired by you through any means thereafter, and you will assign or pay such property received to us in an amount equivalent to the total outstanding charges and fees owed by you.

**10.7** When notified by the Executive Director before the projected depletion of your remaining Entrance Deposit (less the Community Fee), you agree to immediately apply for Medicaid if applicable. You also agree to execute any and all documents necessary to make and perfect such claims or rights.

## **Section 11. TRANSFERS**

**11.1 Temporary and Permanent Transfers.** For purposes of this Agreement, a temporary transfer is a transfer of an anticipated finite duration. During a temporary transfer, your permanent Living Unit shall remain available to you as long as you continue to pay the Monthly Service Package in accordance with Section 8.4. A permanent transfer is a transfer of indeterminate duration. During a permanent transfer, you will be requested to release the Living Unit. After a permanent transfer, if you are able to qualify to return to your previous Living Unit or to a different, medically appropriate Living Unit at the Community, you will have the right to occupy the Living Unit subject to our approval and to the availability of such Living Unit.

**11.2 Transfer at the Election of Resident.** You may elect to transfer, on a temporary or permanent basis, to an alternate Independent Living Unit, an Assisted Living Unit, Nursing Unit or an Off-Site Facility by giving notice to us. All transfers within the Community shall be subject to the availability of the elected alternate Living Unit and subject to our approval.

**11.3 Transfer at the Election of Ashby Ponds - Non-Emergency.** All decisions regarding a transfer of any resident, except for emergency transfers, shall be made by a committee consisting of the Executive Director (or his or her designee) and the Medical Director (or his or her designee) (collectively referred to as the “Committee”). The Committee will consult with you or your legal representative. If you have a Guarantor or ombudsman, such person also will be consulted if you so request. We attempt to interact with you or your representative with the goal of achieving a consensus on the need for a transfer although a consensus is not always achieved.

You will not be transferred, temporarily or permanently, to a different Living Unit unless (1) in the opinion of the Committee, such transfer is deemed appropriate for the protection of your health and/or safety or the general and/or economic welfare of other residents, (2) in the opinion of the Committee, the transfer is deemed necessary due to financial inability to pay the Monthly Service Package, or (3) in the case of a permanent transfer to an Off-Site Facility that provides treatment for mental disorders, the need for such transfer is certified by two physicians or one physician and one psychologist. If you are transferring due to event (1) or (3) listed above and the Living Unit is occupied by a Joint Resident, the remaining Joint Resident may continue to occupy the Living Unit.

The Committee shall give you thirty (30) days advance written notice of the proposed transfer. You or your representative shall notify us of any objection to the permanent transfer within ten (10) days of receipt of the notice. If you or your representative do not consent to the transfer, the Committee may, in its discretion and in lieu of a transfer, require Ancillary Services be provided to you if a higher level of care is deemed appropriate in the opinion of the Committee for the protection of your health and safety or the welfare of other residents. If you or your representative do not consent to either the transfer or the provision of Ancillary Services, we may consider such refusal to constitute good cause to terminate the Agreement in accordance with Section 12.3 hereof.

**11.4 Transfer at the Election of Ashby Ponds - Emergency.** If your health and safety or the health and safety of other residents require immediate action, the Executive Director with the approval, if reasonably obtainable, of the Medical Director, may transfer you from your

current Living Unit to a different Living Unit or an Off-Site Facility, on a temporary or permanent basis. Emergency circumstances arise when there is a danger of immediate, irreparable harm to your health and safety or to the health and safety of other people at the Community. In the event that you are required to be transferred to Continuing Care at Ashby Ponds during a period that you are suffering from legal incompetency, you agree to be bound by the terms of the Agreement in effect at the time of such transfer.

**11.5 Use of Living Unit.** In the event of a temporary transfer, whether at your election or at our election, your prior Living Unit will remain available to you as long as you continue to pay the Monthly Service Package for the permanent Living Unit in accordance with Section 8.4 hereof.

In the event of a permanent transfer, whether at your election or our election, you or your representative shall sign a Living Unit Release Transfer form unless you are one of Joint Residents and the other Joint Resident remains in the Living Unit. After receipt of notice of permanent transfer, you shall take all reasonable steps to vacate the Living Unit before the date set for the transfer. You or your representative shall then be responsible for vacating the Living Unit and removing all personal possessions from the Living Unit. We shall have the right to show the Living Unit to interested applicants as of the Departure Date indicated in the Unit Release Form.

If you fail to vacate the Living Unit by the indicated Departure Date or, in the event of a transfer by us, within sixty (60) days from the notice of transfer, we shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

## **Section 12. TERMINATION**

**12.1 Termination Within Rescission Period or Prior to Occupancy.** Either party may terminate the Agreement in the following circumstances:

12.1.1 You may rescind this Agreement within seven (7) days of making an initial deposit or executing the Agreement. You are not required to move into the Living Unit until the expiration of this seven (7) day period. However, should you elect to occupy the Living Unit prior to the expiration of the seven (7) day rescission period, such occupancy shall not be considered a waiver of the rescission period;

12.1.2 You die before occupying the Living Unit or are precluded from occupying the Living Unit as a result of illness, injury or incapacity; or

12.1.3 We elect to terminate the Agreement if it is determined that you are ineligible for entrance into the Community.

If the Agreement is terminated as provided in this Section 12.1, you shall receive a refund of the Entrance Deposit, as described in Section 7.4 and a refund of the processing fee as

described in Section 9.1. You will not receive a refund of the costs of any custom improvements or other expenses specifically incurred at your request as set forth in a separate written addendum, signed by both parties.

**12.2 Termination by Resident.** After the Occupancy Date and after the expiration of the rescission period described in Section 12.1, you may terminate this Agreement at any time and for any reason by giving thirty (30) days' notice to us of your intention to terminate.

**12.3 Termination by Ashby Ponds.** A decision by Ashby Ponds to terminate this Agreement shall be made by the Executive Director of the Community. We may not terminate this Agreement without good cause. "Good cause" is defined as: (i) non-payment of Fees including non-payment of the Entrance Deposit; (ii) a good faith determination in writing, signed by the Executive Director and Medical Director of the Community, that you are a danger to yourself or others while remaining in the Community; (iii) repeated conduct by you that interferes with other residents' quiet enjoyment of the Community; (iv) persistent refusal to comply with reasonable written rules and regulations of the Community; (v) a material misrepresentation made intentionally or recklessly by you in your application for residency, or related materials, regarding information which, if accurately provided, would have resulted in either your failure to qualify for residency or a material increase in the cost of providing care and service to you under the Agreement; or (vi) your material breach of the terms and conditions of this Agreement.

Except for termination due to non-payment of fees, we will give you thirty (30) days written notice of the termination and the reason for termination. In the event of non-payment of fees, we will give you written notice that you are in default under this Agreement for non-payment of fees. We may charge you interest on the overdue amount of one and one-half percent (1 ½%) per month. If you fail to make full payment of all outstanding fees and charges within thirty (30) days of receipt of the notice, we may, at our election, either terminate the Agreement upon an additional thirty (30) days' notice or may require a spend-down of the Entrance Deposit (less the Community Fee), in accordance with our spend-down procedures as generally set forth in Section 10 of this Agreement, to offset the overdue fees and charges. Our acceptance of partial payment of the fees does not constitute a waiver of the outstanding fees and charges unless we agree to a waiver in writing.

**12.4 Vacating the Living Unit.** Upon termination of the Agreement either at your election, our election, or due to your death, you or your representative shall sign and give to us a Unit Release Form advising of your Departure Date. You or your representative shall then be responsible to vacate the Living Unit and to remove all personal possessions from the Living Unit. We shall have the right to show the Living Unit to interested applicants as of the date indicated in the Unit Release Form.

If you fail to vacate the Living Unit by the indicated Departure Date or, in the event of a termination by us within the required time for the notice of termination as provided in Section 12.3, we shall have the right to store your possessions in a general storage area at the Community or to arrange for storage in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

## **Section 13. RIGHTS OF ASHBY PONDS**

**13.1 Community Rules and Regulations.** We shall have the right to promulgate reasonable rules and regulations governing the conduct of the residents and to thereafter revise such rules and regulations. You agree and acknowledge that you have received such rules and regulations including those in our current Resident Handbook (as they may be further amended). You will enjoy the fullest measure of independence consistent with the accommodation in which you live, subject, however, to the limitations of our reasonable rules and regulations now or hereafter adopted for the conduct and care of all residents. You hereby agree to abide by all such rules and regulations (as in effect from time to time), and generally to conduct yourself in such a manner as to promote the peace and harmony of the Community.

**13.2 Access to Living Units at the Community.** You acknowledge and accept our ability and authority to enter the Living Unit in order to carry out the purpose and intent of this Agreement and you hereby authorize such entry. Such entry includes (1) performance of authorized housekeeping duties; (2) response to medical emergencies; (3) responses to fire protection systems; (4) entry by authorized personnel in the event that you are reported missing or have not responded to a call; (5) scheduled maintenance activities; (6) to fix, repair, maintain, or update building elements in common which would include plumbing, drywall, electrical system, HVAC, or similar; and (7) enforcement of the Community's rules and regulations. We acknowledge and respect your right to privacy and agree to limit uninvited entry into the Living Unit at the Community to the situations set forth in this paragraph.

**13.3 Property Rights.** You acknowledge that, except as expressly set forth in this Agreement, the rights and privileges granted by this Agreement do not include any right, title, lease, or any other interest in any part of the personal property or real property - including land, buildings and improvements - owned, leased or administered by us. Your rights are limited to the rights provided in this Agreement for services and the occupancy of the Living Units. Except for your right to occupy the Living Unit, any rights, privileges or benefits under this Agreement shall be subordinate to any mortgage or deed of trust or leasehold interest on any of the premises or interest in our real and personal property, to all amendments, modifications, replacement or refunding, of any such mortgage or deed of trust or leasehold interest, and to such reasonable rules and regulations governing the use of the property as shall from time to time be imposed by us. You hereby agree, upon our request, to execute and deliver any document which is required to this effect by us, or by the holder of such mortgage or deed of trust or leasehold interest to effect such subordination or to evidence the same, and appoint Ashby Ponds as your attorney-in-fact to accomplish that purpose.

**13.4 Limitation of Liability.** You agree that we, along with our sole member/owner, any subsidiaries, our management company, and all of their members, directors, officers, and employees, are not responsible for the loss of any of your personal property due to theft or any other cause. Liability for damage to or loss of your personal property shall be limited to damage or loss caused by negligent acts or omissions of Ashby Ponds' employees acting within the scope of their employment.

**13.5 Unauthorized Transfers of Property.** The financial information which you submitted is a material aspect upon which we reasonably relied in determining your qualifications for becoming a resident of the Community. Being able to meet the financial criteria to become a resident helps assure the financial stability of this Community. Furthermore, we are committed to take every reasonable step to assist residents who have depleted those assets through normal living expenditures so that he or she may continue to remain as a resident of the Community. However, in order to protect us from a situation wherein a resident divests him/herself of those assets for the purpose of qualifying for assistance or reduction of Monthly Service Packages, you hereby agree not to divest yourself of, to sell, or transfer any assets or property interests (excluding expenditures for your normal living expenses) that reduces the assets that you or your representative disclosed as available assets for you on admission, without having first obtained our written consent.

**13.6 Religious Affiliation and Sponsorship.** The sole member of Ashby Ponds, Inc. is National Senior Communities, Inc. (formerly National Senior Campuses, Inc.), a nonprofit organization. There is no religious organization which maintains financial control over Ashby Ponds.

**13.7 Airport Impact Overlay District.** Ashby Ponds is also providing full disclosure to Resident that portions of the Ashby Ponds project are within or within one mile of certain zones that are considered airport impact districts. Please refer to Schedule II for further details.

**13.8 Non-Smoking Policy.** You agree to abide by our prohibition against smoking, e-smoking or vaping in the Living Unit and in all common areas. You and your guests, or contractors, are also prohibited from smoking, e-smoking or vaping in the Living Unit or in the common areas of the Community. You understand that certain prior residents will be permitted to continue smoking in their living units. You further understand that we may consider your failure to abide by the non-smoking policy as cause to terminate the Residence and Care Agreement.

## **Section 14. MISCELLANEOUS PROVISIONS**

**14.1 Documents Incorporated by Reference.** This Agreement includes the Priority List Application for residence, the Financial Information Form, the Resident History/Information Form, including Resident's medical records, if any, the Key Receipt Form, and the Refund Form. This Agreement may include a Promissory Note, a Guaranty Agreement, a Catered Living Addendum, a Power of Attorney for property disposition, an Advance Directive, Appointment of Health Care Agent, or Living Will, and your medical insurance documentation, all of which documents are incorporated by reference and made a part of this Agreement (see Schedule III attached hereto). You acknowledge that we will rely on your statements in these documents and you warrant that all statements are true and complete to the best of your knowledge and information.

**14.2 Rules of Construction.** In this Agreement, the masculine, feminine and neuter genders shall be construed to be interchangeable and shall include one another to the extent that such context is necessary to provide a logical or meaningful construction of the text. Similarly,



the singular and plural shall be interchangeable and shall include one another to the extent that such context is necessary to provide a logical or meaningful construction of the text. Section captions are for ease of reference only.

**14.3 Non-waiver.** The failure of any party in any one or more instances to insist on the strict performance, observance or compliance by the other party with any of the terms or provisions of this Agreement shall not be a continuing waiver thereof nor construed to be a waiver or relinquishment by a party of its rights to insist upon strict compliance by the other party with all of the terms and provisions of this Agreement.

**14.4 Entire Agreement.** This Agreement and the documents referenced in Section 14.1 represent the entire Agreement between us, you and Guarantor, if any, and supersedes all prior Agreements and negotiations. Except as contained herein or in any contemporaneous written agreements, there are no promises or agreements between the parties.

**14.5 Amendment.** This Agreement shall be amended only in writing, signed by all parties.

**14.6 Disclosure Statement.** You hereby acknowledge that you received the latest disclosure statement of the Community at least three (3) days before signing this Agreement or before transferring any money to us, whichever is earlier, and have reviewed such statement.

**14.7 Severability.** The invalidity or unenforceability of any provision of this Agreement or the application of any such provision shall not affect or impair any other provisions or the validity or enforceability of the remainder of this Agreement, or any application of any other provision of the remainder of this Agreement; however, the Resident, to the extent provided by law, retains the right to rescind this Agreement if any provision is in violation of the laws of the Commonwealth of Virginia, as amended from time to time.

**14.8 Paragraph Headings.** Paragraph headings are added solely to aid in the review of this Agreement and are not to be construed to affect the interpretation of this Agreement.

**14.9 Venue.** All parties to this Agreement, including any permitted assignees or guarantor(s), if any, agree that venue for any action for the enforcement, construction, rescission, termination of, or any action arising out of this Agreement shall be in Loudoun County, Virginia. All parties agree that the filing of any action may include a request for an expedited hearing.

**14.10. Assignment.** In the event that we or any of our successors or assigns shall give you notice that any or all of the rights, duties and obligations of Ashby Ponds have been assigned to a new person or entity registered as a continuing care provider under the laws of the Commonwealth of Virginia to provide services at the Community, you agree to recognize such new person or entity as the provider under this Agreement, to the extent of such assignment.

**14.11 Electronic Signatures & Counter-Parts.** Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Agreement shall have the same legal validity and enforceability as an original, manual

signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

## **Section 15. DEFINITIONS**

Whenever the following words or phrases appear in this Agreement beginning with a capital letter, these definitions shall apply:

**Agreement:** This document, including all exhibits, supplements, amendments or addenda, as signed by us, you, and Guarantor, if any.

**Ancillary Services:** Those services specified in Section 5 of this Agreement which either we provide or are provided by approved outside providers, the cost of which is not included in the Monthly Service Package. Periodic charges for Ancillary Services may be changed from time to time by us as specified in Section 9.2 or by the outside providers.

**Ashby Ponds (We/ Us):** Ashby Ponds, Inc.

**Assisted Living Unit:** Accommodations for residents who need a higher level of care and more daily assistance than is available in an Independent Living Unit, but who need a lesser degree of medical care, Assisted Living and service than is provided in the Nursing Units.

**Catered Living:** Catered Living services are offered only to those residents who occupy designated Independent Living Units and sign a Catered Living Addendum which will include further detail on services. In general, Catered Living offers residents supportive services including supervision, cuing and limited assistance with the activities of daily living, medication reminders; resident Services Coordinator services, light housekeeping care, planned group activities and a meal plan. Catered living services will be offered on a temporary basis.

**Community:** The physical site and structures which we operate as a retirement community in Ashburn, Virginia.

**Community Fee:** The Community Fee is defined as ten percent (10%) of the original Entrance Deposit paid by you at admission. If you later transfer to a Living Unit with a larger Entrance Deposit and paid an additional sum towards the larger Entrance Deposit, then the Community Fee is defined as ten percent (10%) of your original Entrance Deposit paid at admission plus ten percent (10%) of the incremental Entrance Deposit paid by you on transfer to the Living Unit with the larger Entrance Deposit. The Community Fee does not decrease if you move to a Living Unit with a lower Entrance Deposit.

**Continuing Care at Ashby Ponds:** The Community building in which the Assisted Living Units and the Nursing Units are situated. The Continuing Care facility is licensed for assisted living, memory care, skilled and intermediate nursing care but will not be licensed to

provide chronic or acute hospital care or other institutional care. Such services, if required by you, are not services covered under the scope of this Agreement.

**Covered Services:** Those services specified in Section 4 of this Agreement which we make available for the applicable Monthly Service Package.

**Departure Date:** The date on which you or, in the event of your death, your personal representative or family, vacates the Living Unit after providing us with a signed Unit Release Form, removing all possessions from such Living Unit, and turning in the Living Unit keys. If you or your personal representative or family do not timely provide us with a signed Unit Release Form, remove the possessions, or turn in the keys, the Departure Date shall be the date on which we remove all possessions from the Living Unit and place them in a general storage area at the Community or in a commercial storage facility, all at your expense, until disposition thereof can be made. We assume no responsibility for your stored possessions.

**Entrance Deposit:** The Entrance Deposit required to be paid to us on or before the Occupancy Date as set forth in Section 7.1 of this Agreement, as may be modified, which Entrance Deposit is generally paid in a series of deposits. The 10% Community Fee is deducted from the Entrance Deposit.

**Executive Director:** The chief administrative officer of the Community appointed as such by Ashby Ponds.

**Guarantor:** Any person or persons who guarantee your obligations to pay the Monthly Service Package or any other fees or periodic charges payable by you under the terms of this Agreement.

**Independent Living Unit:** Living accommodations at the Community for a resident who is able to live independently within our guidelines.

**Joint Residents:** Two or more residents who reside together in a particular Living Unit.

**Living Unit:** An Independent Living Unit, Assisted Living Unit or Nursing Unit.

**Medical Director:** A licensed physician whom we officially designate as the person responsible for the direction and control of medical services offered at the Community.

**Monthly Meal Plan:** The standard meal plan for residents in Independent Living Units. Residents will have a plan offering either: (i) a fixed number of standard meals per month, equal to the number of days in the calendar month; or (ii) a fixed meal credit per month which allows purchase of one standard meal per day in the calendar month with a declining monetary balance as the credit is used. We will advise residents at least 60 days in advance if the Community phases from one plan to another. You may use the Monthly Meal Plan on a daily basis or as otherwise desired through the calendar month until either the number of meal allowance or the meal credit balance is exhausted for that calendar month. The Monthly Meal Plan may also be used by you for guest meals during the calendar month (some restrictions may apply for

designated holiday or special cuisine meals). At the beginning of each calendar month, you receive a new set of meals or meal credits for that new month. The monthly meal plan may not be used for the purchase of alcoholic beverages. If you do not use the all of the meal allowance or meal credit within the calendar month, any unused portion is forfeited, does not carry over to the next month, and no credit will be due to you.

**Monthly Service Package:** The fee payable with respect to a particular Living Unit as specified in Section 8.1 hereof, which fee includes the Covered Services specified in Section 4 hereof. Monthly Service Packages may be adjusted as provided in Section 8.3 hereof.

**(Ninety Percent) 90% Refund Amount:** The refund payable to you or your beneficiaries, as the case may be, upon termination of this Agreement. Your refund will be equal to ninety percent (90%) of the total Entrance Deposit unless: (i) the Entrance Deposit, minus the Community Fee, has been partially or fully spent down for your care per Section 10 of this Agreement, or (ii) you or your representative, as the case may be, elect to deduct the outstanding fees and charges from the 90% Refund Amount for your convenience.

**Non-Occupancy Credit:** You may receive a Non-Occupancy Credit to reduce your Monthly Service Package when you are, or if one of Joint Residents, then the Joint Residents are, transferred temporarily to a different Living Unit. You may receive a Non-Occupancy Credit upon request in other circumstances in the sole discretion of the Executive Director. The current Non-Occupancy Credit is provided on Schedule I, Fee Schedule. Adjustments to and policies concerning the Non-Occupancy Credit are made by us in our sole discretion. Credit is given based on the required consecutive days of absence.

**Notice:** For the purposes of this Agreement, notice shall be deemed to have been given to you when deposited in your community mailbox or personally delivered to you, and given to Ashby Ponds when either personally delivered or delivered with return receipt to the office of the Executive Director at the Community and to General Counsel at the corporate office situated at 701 Maiden Choice Lane, Baltimore, Maryland 21228. If you have not yet taken possession of the Living Unit, then notice to you shall be given by first-class mail, postage pre-paid, to your last known address and such notice shall be deemed to be effective on the third day following such mailing. If you have been transferred to an Off-Site Facility, notice shall be given by first-class mail, postage pre-paid, to you at such Off-Site Facility and shall be deemed to be effective on the third day following such mailing.

**Nursing Unit:** Accommodations for residents who are unable to perform those functions necessary to live in an Independent Living Unit or an Assisted Living Unit and who need the degree of medical care, Assisted Living and service that is provided in the Nursing Center.

**Occupancy Date:** The date on which you are authorized by Ashby Ponds to take possession of a Living Unit. On this date, you are allowed access to move belongings or to personally inhabit the Living Unit pursuant to this Agreement. Delivery of keys to you shall be deemed authorization to take possession.

**Off-Site Facility:** Any housing or health care facility not located within the Community and which is neither owned nor operated by Ashby Ponds.

**Participating Independent Living Unit:** A Participating Independent Living Unit is an Independent Living Unit whose prior resident had either: (i) a Residence and Care Agreement with a 90% or 80% Refund Amount obligation, as applicable, or (ii) a Residence and Care Agreement with a refund obligation of less than 80%, as applicable. We fund the Refund Account with all or a portion of such Entrance Deposits. A Living Unit that has not been previously occupied with an initial Entrance Deposit is not a participating unit.

**Processing Fee:** The fee payable when you submit an application for residency at the Community or for a position on the futures or standby list.

**Refund Account:** The balance(s) which we establish to fund the contracted Refund Amount to eligible residents upon termination of the Agreement. The Refund Account is a ledger which is credited/ funded when we receive all or a portion of new Entrance Deposits from new residents who sign a Residence and Care Agreement for Participating Independent Living Units. The new resident's right of rescission must also be expired for the Refund Account to receive all or a portion of the Entrance Deposit. We make continued refunds from the Refund Account as new available funds are received into the Refund Account. We have the right to temporarily suspend refunds if the Refund Account has insufficient funds to pay the next sequential refund that is due. We pay the 90% Refund Amount based on assigned Refund Numbers generally proceeding in sequential order.

**Refund Form:** An agreement signed by you, when accepted by us, designating to whom the 90% Refund Amount shall be made upon termination of this Agreement.

**Refund Number:** The number assigned per Section 7.6 which determines eligibility for a refund of the 90% Refund Amount.

**Refurbishing Charges:** The reasonable costs and expenses of work performed to clean, refurbish, and restore that Living Unit after a resident permanently vacates the unit. This work will generally include, but is not limited to, cleaning or replacement of carpeting and flooring, spackling and/or painting of walls, removing any customized improvements, replacement of fixtures, or any other appropriate repairs repairing any extraordinary damage, in our sole discretion, to bring the Living Unit back to a like-new condition. It is intended that the Living Unit shall be restored to the condition that it was in before it was occupied by the recent resident. The determination as to the extent of refurbishment shall be established by the Executive Director.

**Repairing Extraordinary Damage:** By way of example, such extraordinary damage may include, but is not limited to, material damage to the walls, structures, or fixtures, material damage caused by pets, or material odors, stains, or damage due to smoking in the Living Unit. You must also pay the reasonable costs and expenses of removing any customized improvements that you made to the Living Unit unless we specifically agree in writing to accept those

improvements for re-subscription to a new resident. The extent of refurbishing is determined by Ashby Ponds, in our sole discretion to put the Living Unit into like-new condition.

**Resident/You:** Each person designated by name in the first paragraph of this Agreement, who is a party to this Agreement.

**Spending Plan:** A plan set forth by the Executive Director of the Community in the event that you are financially unable to pay your Monthly Service Packages.

**SIGNATURES**

IN WITNESS WHEREOF the parties have hereunto set their hands on the date appearing next to their respective signatures.

**ASHBY PONDS, INC.**

_____ Witness	By: _____	_____ Date
------------------	-----------	---------------

_____ Witness	_____ Resident	_____ Date
------------------	-------------------	---------------

_____ Witness	_____ Resident	_____ Date
------------------	-------------------	---------------

If applicable: Guarantors: I (We) \_\_\_\_\_ have read and understand the provisions of this Agreement and by signing my (our) name(s) below, agree to guaranty Resident's obligations incurred under this Agreement in accordance with the Guaranty Agreement.

_____ Witness	_____ Guarantor	_____ Date
------------------	--------------------	---------------

_____ Witness	_____ Guarantor	_____ Date
------------------	--------------------	---------------

Schedule I  
Schedule of Fees

Total Entrance Deposit for Unit:     \$ \_\_\_\_\_ consisting of:

Priority List Deposit	\$1,000
Reservation Deposit:	\$ _____
The Signing Deposit:	\$ _____ (bringing total to 10% of Entrance Deposit including previous deposits);
The Final Deposit:	\$ _____ (remaining portion of Entrance Deposit)
<i>Minus the 10% Community Fee:</i>	\$ _____ (non-refundable)

Current Monthly Service Package for Unit: \$ \_\_\_\_\_ per month

Current Processing Fee:                 \$ \_\_\_\_\_ per applicant

Current Ancillary Fee Schedule:     See next page



## ANCILLARY FEE SCHEDULE

<u><b>Department</b></u>	<u><b>Ancillary Service</b></u>	<u><b>2024 Fee</b></u>
<u><b>Administration</b></u>		
Non-Occupancy Credit	<b>Non-Occupancy Credit</b> (Independent Living) Credit for Absences per day (credit starts on the 11 <sup>th</sup> consecutive night or more):	\$14.00 per night (1 <sup>st</sup> occupant) \$21.00 per night (second occupant)
Non-Occupancy Credit	<b>Non-Occupancy Credit (Assisted Living / Memory Care)</b>	No Service / Care Package Fee will be charged starting 1 <sup>st</sup> day of absence for duration of consecutive absence. Room base fee still applies in full.  Note: if resident is already at lowest care package for Asst. Living or for Memory Care, no credit is applied.
<u><b>Information Technology</b></u>		
Computer Technical Services	First half hour (minimum charge)  Charge for each additional increment of 1 to 15 minutes. Thus, net charge for one hour is \$79.00	\$47.00  \$16.00
<u><b>Catered Living</b></u>		
	Catered Living Care Fee	\$8,286.00
	Non-Care Second Person Fee	\$524.00
<u><b>Dining Services</b></u>		
	Guest Meal (Mon-Sat)	\$25.00
	Guest Meal (Buffet & Holiday)	\$25.00
	Child Buffet & Holiday Meal (age 11 and under)	\$12.00
	Child Guest Meal (age 11 and under)	\$12.00
	Delivery of meal	\$7.00
	Flex Meal Plan Credit (20 meals)	\$68.00
	Specialty Menu Items	Additional Fees

<b><u>Department</u></b>	<b><u>Ancillary Service</u></b>	<b><u>2024 Fee</u></b>
		Apply
<b><u>General Services</u></b>		
Grounds	Grounds Services per hour, plus materials	\$50.00
Guest Room	Roll Away bed per night in Resident Apartment	\$30.00
Housekeeping	Housekeeping per hour (1 hour min.)	\$50.00
	Laundry per load	\$19.75
Keys	Additional Apartment Key	\$13.00
	Additional Exterior Door Key	\$50.00
	Additional Mailbox Key	\$13.00
Maintenance	Maintenance Service per hour, plus materials (1/2 hour min.)*	\$50.00
Storage Bin	Padlock for Storage Bin	\$20.00
	Storage Bin per month (Independent Living only)	\$15.00
Transportation	Taxi Service*	\$6.00/mile
	Custom Interior Work	Additional Fees Apply
Parking	Reserved Parking Spot for First Vehicle	Included
	Reserved Parking Spot for Second Vehicle	\$55.00
<b><u>Resident Life</u></b>		
	Health Club – Monthly Membership	Included
	Specialty Classes	Additional Fees Apply
	Personal Training Session Rate (30 minutes)	\$36.50
	Virtual Fitness Programs (digital)	Included
	Unlimited Group Fitness Classes per month	\$41.25

<sup>1</sup> Materials are extra; specific fees are charged for certain jobs (e.g. TV hookup, picture hanging, etc.)

<sup>2</sup> Percent of local taxi fares.

Ancillary fees in continuing care are available on request.

SCHEDULE II  
Airport Overlay District Disclosure

Portions of the Ashby Ponds project are within the Ldn 60-65 or within one mile of the Ldn 60 contour Airport Impact (“A-1”) Overlay District as defined in the Revised 1993 Loudoun County Zoning Ordinance. These areas will be impacted by aircraft overflights and aircraft noise.

### Schedule III

#### Documents Incorporated

- A. Priority List Application
- B. Financial Information Form
- C. Resident History Profile
- D. Refund Form
- E. Key Receipt Form
- F. Unit Release and Unit Release-Transfer Forms
- G. Guaranty Agreement (if any)
- H. Power of Attorney for property disposition (if any)
- I. Advance Directive, Appointment of Health Care Agent, or Living Will (if any)
- J. Resident's medical insurance documentation (if any)
- K. Promissory Note (if any)
- L. Allonge to Promissory Note

# Ashby Ponds PRIORITY LIST APPLICATION

I hereby make application for a secured position on the **Ashby Ponds Priority List.**

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

*(To be completed by sales counselor. Priority date is determined by the date this application is received at the Sales and Information Office.)*

As you join the Priority List, we ask that you further designate whether you wish to be on the "Standby" or "Futures" part of the Priority List. Both designations maintain your same, all-important priority date. If you would like to review available apartment homes when selections are available for reservation, please designate "Standby Priority." Our sales counselor will call you as soon as the type of apartment home you specify is available. If you are not sure when you would like to move, please designate "Futures Priority."

☐ **RESERVATION**

I am reserving the following apartment home:

Apartment # \_\_\_\_\_

☐ **STANDBY PRIORITY**

I would like to move to the next available apartment home that meets my preferences.

☐ **FUTURES PRIORITY**

I wish to establish my priority status with the intent of moving at a later date.

**My living accommodation preference:**

☐ ONE BEDROOM

☐ ONE BEDROOM & DEN

☐ TWO BEDROOM

☐ OTHER \_\_\_\_\_

NAME \_\_\_\_\_ DATE OF BIRTH \_\_\_\_\_

MARITAL STATUS \_\_\_\_\_

NAME \_\_\_\_\_ DATE OF BIRTH \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

PHONE \_\_\_\_\_ EMAIL \_\_\_\_\_

WERE YOU REFERRED BY ANYONE? \_\_\_\_\_

**Please sign this application and return it with your check to Ashby Ponds.  
A copy will be returned to you for your records.**

APPLICANT(S) \_\_\_\_\_ DATE \_\_\_\_\_

APPLICANT(S) \_\_\_\_\_ DATE \_\_\_\_\_

ASHBY PONDS \_\_\_\_\_ DATE \_\_\_\_\_

Please enclose one check for:

**(1)** The fully refundable \$1,000 deposit. **(2)** A \$150-per-person application fee.

**Make your check payable to:** Ashby Ponds

**Mail to:** Ashby Ponds Sales and Information Office, 21170 Ashby Ponds Boulevard, Ashburn, VA 20147

# Ashby Ponds PRIORITY LIST APPLICATION

## Conditions of the Priority List Agreement

- 1) Your status on the Priority List is determined by your priority date with earlier dates having higher priority. Paying the refundable Priority List deposit and the application fee will ensure that you are placed on the list based on the day the Sales and Information Office receives your application.
- 2) If you wish to move from the Priority List to an apartment home reservation, you will not need to complete another application or pay another Priority List deposit or application fee. You will need to pay an additional reservation deposit, which is always refundable as per the Residence and Care Agreement.
- 3) Prior to moving to Ashby Ponds, applicants must complete the admissions process, which includes financial and health/service screenings. Ashby Ponds reserves the right to determine if the community offers appropriate care and services for the applicant. Ashby Ponds may offer conditional approval or may offer a different residence than the applicant's preference.
- 4) Joining the Priority List does not ensure that the amount of the Entrance Deposit will not change before the applicant enters the community. Reserving an apartment does ensure that the Entrance Deposit for that specific apartment will not change if the applicant enters the community within the requisite time frame.
- 5) Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this application/agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based

on the Uniform Electronic Transactions Act. This agreement may be signed in counterparts, all of which together constitute one agreement.

## Entrance Deposit Agreement

- 1) Your \$1,000 Priority List deposit and any additional deposits will be applied in full toward your Entrance Deposit as you begin your move to Ashby Ponds.
- 2) All deposits will be returned to you before you sign the Residence and Care Agreement: (a) within 30 days of a written request; (b) if you are not able to move to the community due to illness, incapacity, or death; or (c) if you are determined to be ineligible for entrance into the community.
- 3) As you complete your move to Ashby Ponds, all of your deposits toward the Entrance Deposit will remain in escrow until either (a) the deposit is returned to you as described in Section 2 above; (b) the escrow agent releases the Entrance Deposit to Ashby Ponds as permitted by state law and/or the escrow agreement; (c) the construction of the community, not yet operating, is stopped indefinitely before completion; or (d) if the funds have not been released to Ashby Ponds within 3 years of placement in escrow, within 3 years of the start of construction, or within a longer period as deemed appropriate by the State Corporation Commission.
- 4) The Entrance Deposit is also returned to you if you rescind the Residence and Care Agreement within 7 days of making an initial deposit or executing the Agreement, whichever is later and regardless of occupancy.
- 5) Any interest earned on deposits in escrow will be used for the benefit of Ashby Ponds.
- 6) Your \$150-per-person application fee is a one-time, nonrefundable fee. The application fee is refundable only if you exercise the right of rescission described in Section 4 above.



**Ashby Ponds**  
BY ERICKSON SENIOR LIVING®

21170 Ashby Ponds Boulevard  
Ashburn, VA 20147  
AshbyPonds.com

FINANCIAL INFORMATION FORM  
CONFIDENTIAL

Note: The following questions will be discussed at the financial appointment. If you would like to answer below, please feel free to do so.	
Additional Questions	Detailed Answer (Name, Amount, Valuation Date, Etc.)
1. Please provide details for joint account holders/joint asset holders (such as children, POA, other family members) for assets listed in "Assets" section.	
2. Other than personal liabilities listed above, have you cosigned/guaranteed anyone else's debts?	
3. In the last 5 years, have you transferred any of your assets worth more than \$20,000 to others? If so, please describe the circumstances and the value received by others. Also, what is the value, if any, you received back?	
4. Do you regularly make monetary gifts or provide regular monetary support to family members, friends, favorite charities, or other programs?	
5. Do you plan on making significant future monetary gifts in addition to the above?	
6. In the last 10 years, have you filed for protection from creditors or been judged bankrupt?	
7. In the last 5 years, have you loaned money to family/friends and have money owed back to you as the lender?	

Resident Name: \_\_\_\_\_ Current Date: \_\_\_\_\_



Financial  
Information Form



FINANCIAL INFORMATION FORM  
CONFIDENTIAL

Name:\_\_\_\_\_

Date of Birth: \_\_\_\_\_

Marital Status: \_\_\_\_\_

Name:\_\_\_\_\_

Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Note: Please ensure that below amounts are as current as possible and please bring support for stated amounts to financial appointment.

Assets	Name <small>(Bank, Location, Description)</small>		Value as of Date	Amount
A) Checking Account	_____		___ / ___ / ___	\$ _____
B) Savings Account	_____		___ / ___ / ___	\$ _____
C) Savings Account	_____		___ / ___ / ___	\$ _____
D) Certificate of Deposit	_____		___ / ___ / ___	\$ _____
E) Certificate of Deposit	_____		___ / ___ / ___	\$ _____
F) Mutual Funds	_____		___ / ___ / ___	\$ _____
G) Stocks and Bonds	_____		___ / ___ / ___	\$ _____
H) Stocks and Bonds	_____		___ / ___ / ___	\$ _____
I) Real Estate—Plan to Sell	_____		___ / ___ / ___	\$ _____
J) Real Estate—Plan to Hold	_____		___ / ___ / ___	\$ _____
K) Other Financial Assets <small>(e.g., Trusts available for resident use, life insurance, long-term care insurance)</small>	_____ _____ _____		___ / ___ / ___ ___ / ___ / ___ ___ / ___ / ___	\$ _____ \$ _____ \$ _____
			Total Assets	\$ _____
Liabilities				
A) Home Mortgage	_____		___ / ___ / ___	\$ _____
B) Loan on Autos	_____		___ / ___ / ___	\$ _____
C) Credit Cards	_____		___ / ___ / ___	\$ _____
D) Other Debts/Liabilities	_____		___ / ___ / ___	\$ _____
E) Other Debts/Liabilities	_____		___ / ___ / ___	\$ _____
			Total Liabilities	\$ _____
			(Assets minus Liabilities) Total Net Worth	\$ _____

FINANCIAL INFORMATION FORM  
CONFIDENTIAL

Sources of Monthly Income:	Resident Name		Term of Income <small>(# of months, whole life, etc.)</small>	Survivor Benefits <small>(Yes or No)</small>	Amount
A) Social Security	_____		_____	_____	\$ _____
B) Social Security	_____		_____	_____	\$ _____
C) Pension	_____		_____	_____	\$ _____
D) Pension	_____		_____	_____	\$ _____
E) Annuity	_____		_____	_____	\$ _____
F) Annuity	_____		_____	_____	\$ _____
G) IRA	_____		_____	_____	\$ _____
H) IRA	_____		_____	_____	\$ _____
I) Investment Income	_____		_____	_____	\$ _____
Source:	_____		_____	_____	\$ _____
J) Other Income	_____		_____	_____	\$ _____
K) Other Income	_____		_____	_____	\$ _____
	_____		_____	_____	\$ _____
					Total Monthly Income \$ _____

If we have additional financial questions, whom should we contact?

☐ You    ☐ Your Financial Advisor

Financial advisor's information (if applicable):

Name \_\_\_\_\_

Street \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Phone \_\_\_\_\_

Email \_\_\_\_\_

Who will be responsible for your bills?

☐ You    ☐ Other

If Other, please give information (if applicable):

Name \_\_\_\_\_

Street \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Phone \_\_\_\_\_

Email \_\_\_\_\_

I hereby certify that the information supplied herein is complete and accurate to the best of my knowledge, and I agree to provide whatever information Ashby Ponds deems necessary to verify my financial position. I also understand that my approval for residency is predicated upon the accuracy of this information and said approval may be revoked at any time should any of the information prove to be substantially false.

Signature: \_\_\_\_\_

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

Signature: \_\_\_\_\_

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

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, sexual orientation, or national origin.



Thank you for completing this form.

We are looking forward to getting to know you when you come to Ashby Ponds for your pre-residency meeting. Please bring the following to your appointment:

- ☐ This completed form
- ☐ The Financial Information Form and related documents
- ☐ All health insurance cards
- ☐ Power of attorney for finances
- ☐ Advance directives for health care to include your power of attorney for health care and/or living will
- ☐ Document indicating the executor of estate
- ☐ Long-term care insurance

My signature confirms that I understand the information I provide on the Resident Profile and at the pre-residency meeting will be treated with confidentiality and that it is accurate as signed and dated. The information will be used only by authorized employees or agents of the community. The information may also be subject to disclosure as provided by applicable laws.

(Applicant's Signature)

(Date)

If this form was completed by someone other than the applicant, please have that person state the reason and sign below.

Form completed by \_\_\_\_\_

Reason \_\_\_\_\_

Relationship to applicant \_\_\_\_\_

(Applicant's Signature)

(Date)

# Resident Profile

We are excited you have chosen Ashby Ponds, managed by Erickson Senior Living®, as your next home! As you proceed with your planning, one of your next steps is to come in for a pre-residency meeting. During this session, you will meet with an Ashby Ponds staff member and begin to understand how the community can help support a successful transition to your new home, while also learning more about the amenities that are available to you. This dedicated time is an opportunity for us to learn more about you and for you to continue to develop relationships with the rest of the Ashby Ponds team.

In preparation for your pre-residency meeting, we ask that you please complete the pages that follow this letter; this information will be used to start your unique Resident Profile. During this meeting, we will be happy to answer any questions you have and to provide you with any additional amenity information you may desire.

We look forward to partnering with you as you begin this new chapter of your life; we view this pre-residency meeting as the beginning of a lasting relationship.

Best regards,

The Ashby Ponds Team

# RESIDENT PROFILE

## PERSONAL & DEMOGRAPHIC INFORMATION

First Name \_\_\_\_\_ MI \_\_\_\_\_ Last Name \_\_\_\_\_ Title \_\_\_\_\_

Maiden Name \_\_\_\_\_ Preferred Name \_\_\_\_\_

Sex: ☐ Male ☐ Female

Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Email \_\_\_\_\_

Date of Birth \_\_\_\_\_ Place of Birth \_\_\_\_\_  
(City, State, Country)

## WORK INFORMATION

If retired, what was your main occupation? \_\_\_\_\_

Are you currently working? ☐ Yes ☐ No

If Yes: ☐ Full-Time ☐ Part-Time

Company \_\_\_\_\_ Occupation \_\_\_\_\_

Military Service: ☐ Veteran ☐ Nonveteran

## RELIGIOUS PREFERENCE (Optional)

Please Specify (Example: Buddhist, Catholic, Jewish, Muslim, Protestant):  
\_\_\_\_\_

## ADDITIONAL DEMOGRAPHICS

Primary Language \_\_\_\_\_

Marital Status: ☐ Single ☐ Married ☐ Widowed ☐ Separated  
☐ Divorced ☐ Domestic Partner ☐ Other \_\_\_\_\_

## WILL YOU BE BRINGING A DOG OR CAT TO CAMPUS? ☐ Yes ☐ No

Dog Breed? \_\_\_\_\_ Cat Breed? \_\_\_\_\_

Who would take care of your pet if you could not?  
Name \_\_\_\_\_ Phone \_\_\_\_\_  
(Home or Mobile)

## WILL YOU BE BRINGING A MOTOR VEHICLE TO CAMPUS? ☐ Yes ☐ No

We will help you to register your vehicle.

## NOTIFY IN CASE OF EMERGENCY (List three contacts, if possible.)

1. Name \_\_\_\_\_ Relationship \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_  
Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Work \_\_\_\_\_

2. Name \_\_\_\_\_ Relationship \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_  
Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Work \_\_\_\_\_

3. Name \_\_\_\_\_ Relationship \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_  
Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Work \_\_\_\_\_

## ADVANCE DIRECTIVES

Have you completed an advance directive for health care or a living will? ☐ Yes ☐ No

Have you completed a financial power of attorney? ☐ Yes ☐ No

## END-OF-LIFE-PROVISIONS (Optional)

Funeral Home \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_

## EXECUTOR OF ESTATE

Name \_\_\_\_\_ Relationship \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

Phone \_\_\_\_\_ Mobile \_\_\_\_\_ Work \_\_\_\_\_

## INSURANCE INFORMATION (Please bring all of your health insurance cards to the pre-residency meeting.)

1. Primary \_\_\_\_\_ Policy # \_\_\_\_\_  
Secondary \_\_\_\_\_ Policy # \_\_\_\_\_

2. Do you have long-term care insurance? ☐ Yes ☐ No  
Insurance Company Name \_\_\_\_\_  
Policy # \_\_\_\_\_

ASHBY PONDS  
REFUND FORM

Name of Resident(s): \_\_\_\_\_  
Living Unit: \_\_\_\_\_  
Date of Receipt by  
ASHBY PONDS: \_\_\_\_\_

**Preliminary Statements and Directions**

1. Pursuant to the Residence and Care Agreement (the "Care Agreement") with ASHBY PONDS, Resident is entitled to a full refund or a 90% refund, as the case may be, of the Entrance Deposit paid to ASHBY PONDS under certain specified conditions during Resident's lifetime or upon Resident's death based upon termination of the applicable Care Agreement (referred to as the "Refund"). Resident's right to the Refund, whether full or 90% as applicable, is set forth in the Care Agreement. This Refund Form is only for the purpose of designating the beneficiaries and does not change the terms and conditions for the Refund. Resident and Resident's beneficiaries are subject to all terms and conditions for the Refund and should review the same carefully. For the purpose of these Refund Forms, the term "Resident" includes the plural.

2. Resident understands that the purpose and effect of this Refund Form is to designate the beneficiary(ies) of the right to the Refund. By signing this Refund Form, Resident is hereby revoking any previously executed Refund Forms.

3. If the Entrance Deposit is being paid on behalf of two (or more) Joint Residents, both Joint Residents understand that the Entrance Deposit of the first Joint Resident to pass on will be treated as though it has been paid by the survivor, to be used for the survivor's care if necessary (minus the Community Fee if applicable), and that the Refund will eventually be paid to the survivor or the survivor's beneficiary(ies).

4. **Resident understands that it is Resident's responsibility to review the terms of this Refund Form to make sure that its terms are coordinated with Resident's current will or other trusts and estate plan. ASHBY PONDS strongly recommends that Resident review this Refund Form with an attorney or other estate planning professional prior to execution to ensure such coordination and to review potential tax liability in making these designations or in the eventual payment of the refund.** ASHBY PONDS reserves the right to review and approve the forms so that the right to the refund is clearly delineated for ASHBY PONDS's staff.

5. ASHBY PONDS will make the Refund only as specified in the most recent duly executed and approved Refund Form. Resident may revise the right to the Refund by duly executing a new Refund Form.

6. Please sign one of the following forms designating the right to the Refund. Be sure to read all of the forms before making a selection. If you do not understand the forms, please consult with your estate

planning professional. If you do not understand the directions, please consult with the Sales and Admissions Staff. **You may select and sign only one form.**

7. If Resident is designating the Refund to more than 1 beneficiary, percentages must add up to 100%. Please do not fill in cash amounts. ASHBY PONDS can only refund based upon percentages of the Refund, due to the possibility of a spend-down or partial spend-down of the Entrance Deposit.

8. It is the responsibility of Resident or Resident's representative, if applicable, to give ASHBY PONDS the most recent addresses for all listed beneficiaries.

9. There are no third-party beneficiaries to this agreement between ASHBY PONDS and Resident. ASHBY PONDS is not responsible for notifying or advising any beneficiaries of changes in the designation of the Refund.

10. If Resident desires to assist Ashby Ponds to support other residents who have exhausted their financial resources, Resident may choose to designate the Ashby Ponds Benevolent Care Fund as a beneficiary by using Refund Form # 1. Such a designation is **completely optional** on Resident's part.

11. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Refund Form shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Refund Form may sign separately in several counter-parts, all of which together shall constitute one and the same Refund Form.

**12. Resident hereby acknowledges that he or she has read the preliminary statements and instructions, reviewed the attached options for a Refund, and understands the purpose and consequences of this Refund Form.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

If signed by a representative, indicate name of representative and nature of authority (i.e. power of attorney, guardian, etc.): \_\_\_\_\_

Received by ASHBY PONDS:

By: \_\_\_\_\_  
ASHBY PONDS Representative

\_\_\_\_\_  
Date

## REFUND FORM 1

1. Refund during Lifetime - In the event that a Refund becomes payable during Resident's lifetime under the terms of the Care Agreement, Resident hereby designates that the Refund be paid to: **(please check one option)**

Resident \_\_\_\_\_ Beneficiaries as designated below \_\_\_\_\_

2. Refund Upon Death - In the event that a Refund becomes payable upon Resident's death under the terms of the Care Agreement, Resident hereby designates that the Refund be paid directly for convenience to the beneficiaries listed below, *per stirpes*, in the percentages indicated.

Percentage Interest, Name & Address of Beneficiary

1. _____ % _____ _____ _____	2. _____ % _____ _____ _____
3. _____ % _____ _____ _____	4. _____ % _____ _____ _____
5. _____ % _____ _____ _____	6. _____ % _____ _____ _____

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

If signed by a representative, indicate name of representative and nature of authority (i.e. power of attorney, guardian, etc.): \_\_\_\_\_

This Refund Form was signed by the above-named Resident(s) in our presence and in the presence of each other and the above-named Resident(s) has acknowledged this Refund of Form as Resident's own act.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
\_\_\_\_\_  
Address

\_\_\_\_\_  
Witness

\_\_\_\_\_  
\_\_\_\_\_  
Address

Received by ASHBY PONDS:

By: \_\_\_\_\_  
ASHBY PONDS Representative

\_\_\_\_\_  
Date

Note 1 - Per stirpes generally means that if a named person is not living at the time the Refund is to be distributed, his or her children will share that person's share of the Refund equally. A pattern of children substituting for and sharing equally in their deceased parent's share continues through succeeding generations existing as of the date of the Resident's passing or, in the case of Joint Residents, the last Resident's passing.

## REFUND FORM 2

1. Refund During Lifetime or Upon Death - If a Refund becomes due during Resident's Lifetime or upon Resident's death under the Residence and Care Agreement, Resident hereby designates that the Refund be made payable to the Resident's Trust designated below. In the event that the Trust is revoked, Resident understands and agrees that he/ she must provide to ASHBY PONDS proof of the revocation of the trust and a new, duly executed Refund Form disposing of the right to a Refund. If a new Refund Form is not executed, the Refund will be paid by ASHBY PONDS to the Resident or to the Resident's Estate. (See Form 3 for requirements to confirm due qualification.)

<u>          </u> %	The <u>  </u> Trust dated Mail to Trustee or qualified Successor Trustee
---------------------	---

<u>          %          </u>	<u>The Trust dated</u>
	<u>Mail to Trustee or qualified Successor Trustee</u>

(Note: The person representing to be the Trustee or Successor Trustee must provide a Certificate of Trust confirming the authority. The Trustee or Successor Trustee should consult with legal counsel/estate planner to understand the requirements.)

Resident \_\_\_\_\_ Date \_\_\_\_\_

Resident	Date
----------	------

If signed by a representative, indicate name of representative and nature of authority (i.e. power of attorney, guardian, etc.):

This Refund Form was signed by the above-named Resident(s) in our presence and in the presence of each other and the above-named Resident(s) has acknowledged this Refund Form as Resident's own act.

Witness	Address
---------	---------

Witness	Address
---------	---------

Received by ASHBY PONDS:

By: \_\_\_\_\_  
ASHBY PONDS Representative

\_\_\_\_\_  
Date

### **REFUND FORM 3**

1. Refund during Lifetime - In the event that a Refund becomes payable during Resident's lifetime under the terms of the Care Agreement, Resident hereby designates that the Refund be paid to the Resident. If the Entrance Deposit was paid on behalf of Joint Residents, the Refund will be paid to both joint residents.

2. Refund Upon Death - In the event that a Refund becomes payable upon Resident's death under the terms of the Care Agreement, Resident hereby designates that the Refund be made payable to the Estate of Resident. In the case of Joint Residents, the Refund will be made payable to the Estate of the final surviving Joint Resident. The check payable to the Estate of Resident or the Estate of the surviving Joint Resident should be mailed to the duly qualified personal representative, Executor, or Executrix, as the case may be, of the Estate. (Note: The person representing to be the "duly qualified" executor/representative of the Estate must present official letters of administration/appointment from the probate office, probate court, or other appropriate legal forum. A will or copy of a will is not qualification. Resident should consult with resident's legal counsel/estate planner to understand the requirements.)

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

If signed by a representative, indicate name of representative and nature of authority (i.e. power of attorney, guardian, etc.): \_\_\_\_\_

This Refund Form was signed by the above-named Resident(s) in our presence and in the presence of each other and the above-named Resident(s) has acknowledged this Refund Form as Resident's own act.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Address

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Address

Received by ASHBY PONDS:

By: \_\_\_\_\_  
ASHBY PONDS Representative

\_\_\_\_\_  
Date



**ASHBY PONDS  
KEY RECEIPT FORM**

Resident Name(s): \_\_\_\_\_

Apartment/ Unit #: \_\_\_\_\_

I/We have received the following items on the date shown next to signature(s):

#\_\_\_\_\_ Apartment Keys

#\_\_\_\_\_ Resident Key Badges [if applicable]

#\_\_\_\_\_ Exterior Door Keys [if applicable]

#\_\_\_\_\_ Mailbox Keys [if applicable]

#\_\_\_\_\_ Storage Keys [if applicable]

For purposes of the Residence & Care Agreement, if applicable, taking apartment keys is considered the Occupancy Date and the Monthly Service Package fees start as of the take keys date.

Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this form shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this form may sign separately in several counterparts, all of which together shall constitute one and the same form.

\_\_\_\_\_  
Resident/Representative Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident/Representative Signature

\_\_\_\_\_  
Date

If signed by a Representative, indicate name of Representative and nature of authority (i.e. power of attorney, guardian, etc.) \_\_\_\_\_

\_\_\_\_\_  
Community Representative Signature

\_\_\_\_\_  
Date

**ASHBY PONDS**  
**UNIT RELEASE ADDENDUM**

Resident(s): \_\_\_\_\_ Unit: \_\_\_\_\_  
Storage bin: \_\_\_\_\_ Parking Space/ Covered Parking: \_\_\_\_\_  
Departure Date: \_\_\_\_\_

This form is used to release the current Living Unit in the event of a termination of the Residence and Care Agreement. The term "Community" refers to Ashby Ponds, Inc.

1. I/ We hereby release the referenced Unit for resettlement. I/We will vacate the Unit no later than indicated Departure Date and will also relinquish the keys to the Community. I/We also relinquish the referenced storage bin and parking space as of the same Departure Date.

2. To expedite receipt of the next Entrance Deposit, the Community has my/our permission to show this Unit as of \_\_\_\_\_. If I/We are still living in the Unit, the Community will show the Unit only on mutually agreeable dates and times.

3. I/We will be responsible for the monthly service fee, minus the non-occupancy credit as applicable, for the period defined in Section 8.6 of the Care Agreement or the Refund Section of the Continuing Care Addendum to the Care Agreement, as applicable.

4. Per Section 9.4 of the Residence and Care Agreement, I/We will be responsible for (check applicable option depending on Resident's specific Care Agreement):

\_\_\_\_\_ *(100% Refundable Care Agreement)* All refurbishing fees, as defined in Section 9.4 The estimated cost for refurbishing is \$ \_\_\_\_\_. The cost for removing any customized or structural changes or any specialized refurbishing beyond normal wear and tear for will be evaluated post-occupancy, or

\_\_\_\_\_ *(90% Refundable Care Agreement)* The Refurbishing Charges as defined in Section 9.4 to be evaluated post-occupancy. The estimated Refurbishing Charges are \$ \_\_\_\_\_. Depending on the circumstances of release or transfer, all or a portion of the Refurbishing Charges may be covered by the Community (see Section 9.4 for details). This release is for (check one option):

\_\_\_\_\_ ILU Release      \_\_\_\_\_ ALF/Memory Care Release      \_\_\_\_\_ Nursing Unit Release

5. The Community will provide the Refund per the terms and conditions of Section 7 of the Residence and Care Agreement. Depending on the terms of Resident's Care Agreement, the refund may be a full refund or a 90% refund (both referred to as the "Refund" for purposes of this form). After the conditions are met, the Community will generate the Refund within the 60 day period. The full 60

day period may be needed to generate the Refund. The Community also offers these options (*please initial one*):

- \_\_\_\_\_ a. To expedite the Refund, I/ We direct the Community to deduct the amount of the final bill from the Refund and to send a copy of the final bill with the Refund check(s) depending on the designation of beneficiaries per the Refund Form. I/We will still have a reasonable opportunity to review the final bill and discuss charges deducted from the Refund. The Community will refund charges that were deducted in error. **For residents with a 90% Refundable Care Agreement, initialing this option constitutes pre-approval of the final bill per the terms of Section 7.6.**
- \_\_\_\_\_ b. I/ We direct the Community to send the final bill for approval before any Refund. I/We understand that this may extend the processing for the Refund to the full 60 day period. **For residents with a 90% Refundable Care Agreement, initialing this option does not constitute pre-approval of the final bill and thus the resident does not receive the Refund Number.**

6. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Addendum shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this form may sign separately in several counter-parts, all of which together shall constitute one and the same Addendum.

This Addendum is incorporated into the Residence and Care Agreement. All other provisions of the Residence and Care Agreement remain in full force and effect, except as specifically modified in this Addendum and any inconsistency between this Addendum and the Residence and Care Agreement shall be governed by the terms of the Residence and Care Agreement.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Resident or Resident's Representative

If signed by a Representative, Name, Address and Phone #  
of Representative:

\_\_\_\_\_  
\_\_\_\_\_

Staff Member: \_\_\_\_\_

**ASHBY PONDS**  
**UNIT RELEASE - TRANSFER ADDENDUM**

Resident(s): \_\_\_\_\_ Unit: \_\_\_\_\_  
Storage bin: \_\_\_\_\_ Parking Space/ Covered Parking: \_\_\_\_\_  
Departure Date: \_\_\_\_\_

This form is used to release the current Living Unit in the event of a transfer and to modify the Residence and Care Agreement for changes in the Resident's new Living Unit, monthly service package, and Entrance Deposit, if any. The term "Community" refers to Ashby Ponds.

1. I/We hereby release the referenced Unit for resettlement. I/We will vacate the Unit no later than indicated Departure Date and will also relinquish the keys to the Community. I/We also relinquish the referenced storage bin and parking space as of the same Departure Date.

2. To expedite receipt of the next Entrance Deposit, the Community has my/our permission to show this Unit as of \_\_\_\_\_. If I/We are still living in the Unit, the Community will show the Unit only on mutually agreeable dates and times.

3. Per Section 8.5 of the Residence and Care Agreement, I am responsible for payment of the Monthly Service Package, pro-rated and less the Non-Occupancy Credit as applicable, for the vacated Living Unit until I completely vacate, remove all possessions from the vacated Living Unit, and return the keys for the vacated Living Unit to Ashby Ponds.

4. Per Section 9.4 of the Residence and Care Agreement, I/We will be responsible for (check applicable option depending on Resident's specific Care Agreement):

\_\_\_\_\_ *(100% Refundable Care Agreement)* All refurbishing fees, as defined in Section 9.4. The estimated cost for refurbishing is \$ \_\_\_\_\_. The cost for removing any customized or structural changes or any specialized refurbishing beyond normal wear and tear for will be evaluated post-occupancy, or

\_\_\_\_\_ *(90% Refundable Care Agreement)* The Refurbishing Charges as defined in Section 9.4 to be evaluated post-occupancy. The estimated Refurbishing Charges are \$ \_\_\_\_\_. Depending on the circumstances of release or transfer, all or a portion of the Refurbishing Charges may be covered by the Community (see Section 9.4 for details). This release is for (check one option):

- \_\_\_\_\_ ILU to ILU
- \_\_\_\_\_ ILU to ALF/Memory Care/Nursing
- \_\_\_\_\_ ALF/Memory Care to any unit
- \_\_\_\_\_ Nursing Unit to any unit
- \_\_\_\_\_ Any unit to another Erickson campus

5. I/We are making the following transfer:

\_\_\_\_\_ a. I am/We are moving to Unit \_\_\_\_\_ at the Community. The new monthly fee shall be \$ \_\_\_\_\_ and the Entrance Deposit (*circle one*): remains the same/ is changed to \$ \_\_\_\_\_. I/We have the right to occupy the new Unit from the Occupancy Date for such new Unit to the Departure Date for such new Unit.

\_\_\_\_\_ b. I am/We are moving to \_\_\_\_\_, an Erickson managed community. The Community will provide the Refund per the terms and conditions of Section 7 of the Residence and Care Agreement. Depending on the terms of Resident's Care Agreement, the refund may be a full refund or a 90% refund (both referred to as the "Refund" for purposes of this form). I/We direct the Community to send the Refund to \_\_\_\_\_ after the final bill at this Community is settled.

i. I/We direct the Community to automatically deduct the final bill at this Community from the Refund. **For residents with a 90% Refundable Care Agreement, initialing this option constitutes pre-approval of the final bill per the terms of Section 7.6**

ii. I/We do not want the final bill automatically deducted. I/We understand that the final bill must be paid separately before the Refund is made to the new community and that this may extend the time for move-in to the new community. **For residents with a 90% Refundable Care Agreement, initialing this option does not constitute pre-approval of the final bill and thus the resident does not receive the Refund Number.**

6. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Addendum shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this form may sign separately in several counter-parts, all of which together shall constitute one and the same Addendum.

This Addendum is incorporated into the Residence and Care Agreement. All other provisions of the Residence and Care Agreement remain in full force and effect, except as specifically modified in this Addendum, and any other inconsistency between this Addendum and the Residence and Care Agreement shall be governed by the terms of the Residence and Care Agreement.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Resident or Resident's Representative  
If signed by a Representative, Name, Address and Phone #  
of Representative:

\_\_\_\_\_  
\_\_\_\_\_  
( ) \_\_\_\_\_

Staff Member: \_\_\_\_\_

ASHBY PONDS  
GUARANTY AGREEMENT

This Guaranty Agreement is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ between Ashby Ponds, Inc. ("Ashby Ponds") and \_\_\_\_\_ (herein collectively referred to as "Guarantor").

WHEREAS, \_\_\_\_\_ ("Beneficiary") desires to become a resident at the Ashby Ponds Retirement Community and has entered or will enter into a Residence and Care Agreement with Ashby Ponds;

WHEREAS, Beneficiary's current financial status does not meet Ashby Ponds' standard qualifications, and Ashby Ponds cannot allow Beneficiary to become a resident without additional assurances;

WHEREAS, Guarantor desires to give Ashby Ponds additional assurances in order to induce Ashby Ponds to accept the Beneficiary as a resident;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereby agree as follows:

1. Guarantor agrees to voluntarily and unconditionally guarantee payment (the "Guaranty") of Beneficiary's obligations which are due or may become due to Ashby Ponds incurred relative to Beneficiary's residence at Ashby Ponds pursuant to the terms of the Residence and Care Agreement. This Guaranty shall continue in effect from the date of this Agreement until the Guarantor is released by Ashby Ponds pursuant to Section 8 of this Agreement. The Guaranty is unlimited as to amount.

2. Guarantor understands that this is an unconditional Guaranty of payment, not collection. If Ashby Ponds believes, in its sole discretion, that an attempt to collect from the Beneficiary may be detrimental to the Beneficiary's health or would not be reasonable considering Beneficiary's economic condition, Ashby Ponds will not attempt to collect from the Beneficiary first.

3. Ashby Ponds will use its sole discretion in determining whether or not to proceed to collect amounts from Guarantor or other sources. In exercising that discretion, as a matter of policy but not obligation, generally Ashby Ponds will first determine if Beneficiary has any readily available source of funds to pay his/her obligations and if Beneficiary does, seek to obtain the funds from such source; second, seek to obtain payment from Guarantor; third, from spending down the Entrance Deposit paid to Ashby Ponds; fourth, seek to obtain payment from medical assistance if Ashby Ponds believes medical assistance is available to Beneficiary; fifth, seek to obtain funds from the Community's Benevolent Care Fund; and finally, seek to obtain funds from any remaining source of available funds.

4. Subject to verification of Beneficiary's financial qualifications and health-related status, Ashby Ponds agrees to accept Beneficiary as a resident pursuant to the terms of the Residence and Care Agreement.

5. Guarantor hereby waives its rights to the following: presentment, demand, dishonor, protest, notice of nonpayment, and notice of dishonor. Guarantor further agrees that all arrangements concerning Beneficiary's financial obligations to Ashby Ponds shall be made and decided solely between Ashby Ponds and the Beneficiary. However, Guarantor shall be entitled, upon request, to receive a copy of Beneficiary's monthly statement.

6. Guarantor will be deemed to have defaulted under this Guaranty Agreement in the event that Guarantor fails to pay to Ashby Ponds all amounts due and payable pursuant to the Guaranty within forty-five (45) days of demand by Ashby Ponds for payment pursuant to the Guaranty.

7. In the event of a Default, in addition to any amounts due pursuant to the Guaranty, Guarantor shall also be responsible for any court costs, including reasonable attorneys' fees, that might be incurred by Ashby Ponds in enforcing the Agreement. The parties agree that this agreement shall be interpreted under the laws of the State of Virginia and that venue for any claim arising out of this Guaranty Agreement shall be in Loudoun County, Virginia.

8. In the event that Beneficiary terminates the Residence and Care Agreement during his/ her lifetime or dies during residence at Ashby Ponds, Ashby Ponds agrees that Guarantor shall be released from its obligations under this Guaranty Agreement upon satisfaction of all of Beneficiary's outstanding charges.

9. This Guaranty is incorporated into the Residence and Care Agreement. The Residence and Care Agreement remains in full force and effect, and, if there is any inconsistency between this Guaranty and the Residence and Care Agreement, the Residence and Care Agreement shall govern.

10. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Guaranty Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Guaranty Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.



IN WITNESS WHEREOF, the parties have executed this Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

Ashby Ponds, Inc.

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

ASHBY PONDS  
LIMITED GUARANTY AGREEMENT

This Guaranty Agreement is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ between ASHBY PONDS, INC. (herein referred to as "Ashby Ponds") and \_\_\_\_\_ (herein collectively referred to as "Guarantors").

WHEREAS, \_\_\_\_\_ ("Beneficiary") desires to become a resident of Ashby Ponds Retirement Community (the "Community"), operated by Ashby Ponds and has entered or will enter into a Residence and Care Agreement with Ashby Ponds;

WHEREAS, Beneficiary's current financial status does not meet Ashby Ponds' standard qualifications, and Ashby Ponds cannot allow Beneficiary to become a resident without additional assurances;

WHEREAS, Guarantors desire to give Ashby Ponds additional assurances in order to induce Ashby Ponds to accept the Beneficiary as a resident;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereby agree as follows:

1. Guarantors agrees to voluntarily and unconditionally guarantee payment (the "Guaranty") of Beneficiary's obligations which are due or may become due to Ashby Ponds incurred relative to Beneficiary's residence at the Facility pursuant to the terms of the Residence and Care Agreement. This Guaranty shall continue in effect from the date of this Agreement until the Guarantor is released by Ashby Ponds pursuant to Section 8 of this Agreement. The Guaranty is limited in the amount of \_\_\_\_\_. All of the Guarantors are jointly and severally liable for this obligation.

2. Guarantors understand that this is an unconditional Guaranty of payment, not collection.

3. Ashby Ponds will use its sole discretion in determining whether or not to proceed to collect amounts from Guarantors or other sources. In exercising that discretion, as a matter of policy but not obligation, generally Ashby Ponds will first determine if Beneficiary has any readily available source of funds to pay his/her obligations and if Beneficiary does, seek to obtain the funds from such source; second, seek to obtain payment from Guarantors; third, from spending down the Entrance Deposit paid to Ashby Ponds; fourth, seek to obtain funds from Ashby Ponds' Resident/ Benevolent Care Fund; and finally, seek to obtain funds from any remaining source of available funds.

4. Subject to verification of Beneficiary's financial qualifications and health-related status, Ashby Ponds agrees to accept Beneficiary as a resident pursuant to the terms of the Residence and Care Agreement.

5. Guarantors hereby waive their rights to the following: presentment, demand, dishonor, protest, notice of nonpayment, and notice of dishonor. Guarantors further agree that all arrangements concerning Beneficiary's financial obligations to Ashby Ponds shall be made and decided solely between Ashby Ponds and the Beneficiary. However, Guarantors shall be entitled, upon request, to receive a copy of Beneficiary's monthly statement.

6 Guarantors will be deemed to have defaulted under this Guaranty Agreement in the event that any Guarantor fails to pay to Ashby Ponds all amounts due and payable pursuant to the Guaranty within forty-five (45) days of demand by Ashby Ponds for payment pursuant to the Guaranty.

7. In the event of a Default, in addition to any amounts due pursuant to the Guaranty, Guarantors shall also be jointly and severally responsible for any court costs, including reasonable attorneys' fees, that might be incurred by Ashby Ponds in enforcing the Agreement. The parties agree that this Agreement shall be interpreted under the laws of the Commonwealth of Virginia, and venue for any claim arising out of this Guaranty Agreement shall be in Loudoun County, Virginia.

8. In the event that Beneficiary terminates the Residence and Care Agreement during his/ her lifetime, dies during residence at the Community, or Beneficiary becomes a permanent resident of the nursing facility to be located at Ashby Ponds, Ashby Ponds agrees that Guarantors shall be released from their obligations under this Guaranty Agreement upon satisfaction of all of Guarantors' obligations pursuant to this Guaranty Agreement.

9. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Guaranty Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Guaranty Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

ASHBY PONDS, INC.

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

ASHBY PONDS  
LIMITED GUARANTY/ MONTHLY CONTRIBUTION AGREEMENT

This Guaranty Agreement is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ between ASHBY PONDS, INC. (herein referred to as "Ashby Ponds") and \_\_\_\_\_ (herein collectively referred to as "Guarantor").

WHEREAS, \_\_\_\_\_ ("Beneficiary") desires to become a resident of Ashby Ponds Retirement Community (the "Community"), operated by Ashby Ponds and has entered or will enter into a Residence and Care Agreement with Ashby Ponds;

WHEREAS, Beneficiary's current financial status does not meet Ashby Ponds' standard qualifications, and Ashby Ponds cannot allow Beneficiary to become a resident without additional assurances;

WHEREAS, Guarantor desires to give Ashby Ponds additional assurances in order to induce Ashby Ponds to accept the Beneficiary as a resident;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereby agree as follows:

1. Guarantor agrees to voluntarily and unconditionally guarantee payment (the "Guaranty") of a portion of Beneficiary's obligations which are due or may become due to Ashby Ponds incurred relative to Beneficiary's residence at the Community pursuant to the terms of the Residence and Care Agreement. Specifically, Guarantor agrees to voluntarily and unconditionally pay to the order of Ashby Ponds, Inc. \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month towards Beneficiary's Monthly Service Package which will assist Beneficiary to continue payment of the remaining monthly balance without depleting Beneficiary's stated assets verified during the admission process. This Guaranty shall continue in effect from the date of this Agreement until the Guarantor is released by Ashby Ponds pursuant to Section 8 of this Agreement.

2. Guarantor understands that this is an unconditional Guaranty of payment, not collection.

3. Until the total limit of the guaranty is reached, Guarantor will remit monthly payment by the 15<sup>th</sup> day of each month to Ashby Ponds at the following address: \_\_\_\_\_. Payments are due in advance for each month.

4. Subject to verification of Beneficiary's financial qualifications and health-related status, Ashby Ponds agrees to accept Beneficiary as a resident pursuant to the terms of the Residence and Care Agreement.

5. Guarantor hereby waives its rights to the following: presentment, demand, dishonor, protest, notice of nonpayment, and notice of dishonor. Guarantor further agrees that all arrangements concerning

Beneficiary's financial obligations to Ashby Ponds shall be made and decided solely between Ashby Ponds and the Beneficiary. However, Guarantor shall be entitled, upon request, to receive a copy of Beneficiary's monthly statement.

6 Guarantor will be deemed to have defaulted under this Guaranty Agreement in the event that Guarantor fails to pay to Ashby Ponds all amounts due and payable pursuant to the Guaranty within forty-five (45) days of demand by Ashby Ponds for payment pursuant to the Guaranty.

7. In the event of a Default, in addition to any amounts due pursuant to the Guaranty, Guarantor shall also be responsible for any court costs, including reasonable attorneys' fees, that might be incurred by Ashby Ponds in enforcing the Agreement. The parties agree that this Agreement shall be interpreted under the laws of the State of Virginia, and venue for any claim arising out of this Guaranty Agreement shall be in Loudoun County, Virginia.

8. In the event that Beneficiary terminates the Residence and Care Agreement during his/ her lifetime, dies during residence at the Community, or Beneficiary becomes a permanent resident of the nursing facility to be located at Ashby Ponds, Ashby Ponds agrees that Guarantor shall be released from its obligations under this Guaranty Agreement upon satisfaction of all of Guarantor's obligations pursuant to this Guaranty Agreement. In addition, Ashby Ponds agrees that Guarantor shall be released from its obligations when and if Guarantor has paid the total limit of the guaranty as stated in Section 1 hereof.

9. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Guaranty Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Guaranty Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

ASHBY PONDS, INC.

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

ASHBY PONDS  
LIMITED GUARANTY AGREEMENT (JOINT ASSETS)

This Guaranty Agreement is made as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between Ashby Ponds, Inc. ("Ashby Ponds") and \_\_\_\_\_ (herein collectively referred to as "Guarantor").

Recitals

R.1 \_\_\_\_\_ ("Beneficiary") desires to become a resident at the Ashby Ponds Retirement Community and will enter into a Residence and Care Agreement with Ashby Ponds;

R.2 Beneficiary and Guarantor own jointly the assets (the "Joint Assets") set forth in Exhibit A, attached to and incorporated in this Agreement which Joint Assets have the value set forth in Exhibit A as of the date of this Agreement;

R.3 Due to the ownership of the Joint Assets, Beneficiary's individual financial status does not meet Ashby Ponds' standard qualifications for residency;

R.4 Guarantor desires to give Ashby Ponds additional assurances as to the Joint Assets in order to induce Ashby Ponds to accept the Beneficiary as a resident;

Agreement

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereby agree as follows:

1. Subject to the limitations set forth in Section 2 hereof, Guarantor agrees to voluntarily and unconditionally guarantee payment (the "Guaranty") of Beneficiary's obligations which are due or may become due to Ashby Ponds incurred relative to Beneficiary's residence at Ashby Ponds pursuant to the terms of the Residence and Care Agreement. This Guaranty shall continue in effect from the date of this Agreement until the Guarantor is released by Ashby Ponds pursuant to Section 9 of this Agreement.

2. Unless Guarantor has committed a Default under this Guaranty as defined in Section 5 hereof, the Guaranty is limited to payment from the Joint Assets as set forth in Exhibit A. Guarantor understands that this is an unconditional Guaranty of payment, not collection.

3. Subject to Ashby Ponds' verification of Beneficiary's financial qualifications other than the Joint Assets and to Ashby Ponds' determination of the appropriate level of care for Beneficiary, Ashby Ponds agrees to accept Beneficiary as a resident pursuant to the terms of the Residence and Care Agreement.

4. In the event that Beneficiary is unable to meet his/her obligations under the Residence and Care Agreement without use of the Joint Assets, Ashby Ponds will use its sole discretion in determining whether or not to proceed to collect amounts from the Beneficiary, the Joint Assets, the Guarantor, or other sources. In exercising that discretion, as a matter of policy but not obligation, generally Ashby Ponds will take the following steps:

- 4.1. Upon Beneficiary's or Beneficiary's duly authorized representative's request for assistance pursuant to the Residence and Care Agreement, Ashby Ponds shall review the Beneficiary's then-current financial status, including but not limited to the balance of the Joint Assets. Ashby Ponds may request further documentation to show that any changes in the value of the Joint Assets, as shown in Exhibit A, were either expenditures made for the direct benefit of the Beneficiary or market fluctuations in the value of the Joint Assets.
- 4.2. If Ashby Ponds believes in its sole discretion that any expenditures from the Joint Assets were spent for the benefit of Beneficiary and that Beneficiary is not otherwise in breach of the Residence and Care Agreement, Ashby Ponds may then initiate a spend-down plan with the Beneficiary or the duly authorized representative for Beneficiary's assets, including the Joint Assets, other than the entrance deposit. Ashby Ponds may require that Resident seek to obtain funds from outside sources such as medical assistance. If Ashby Ponds believes in its sole discretion that any expenditures from the Joint Assets were due to a Default by Guarantor, Ashby Ponds shall proceed as provided in Section 5 hereof.
- 4.3. After spend-down of Beneficiary's assets, including the Joint Assets, Ashby Ponds shall release the Guaranty and shall initiate a spend-down of the entrance deposit.
- 4.4. After expenditure of the entrance deposit, Beneficiary or Beneficiary's duly authorized representative may apply for assistance from the Benevolent Care Fund, if available.

5. Guarantor will be in Default under this Guaranty Agreement in the event that Guarantor withdraws, spends, distributes, pledges, assigns, or otherwise uses the Joint Assets for any purpose other than for the direct benefit of the Beneficiary. In the event of a Default, as a matter of policy but not obligation, Ashby Ponds shall normally proceed as follows:

- 5.1. Prior to initiating a spend-down plan as described in Section 4.2, Ashby Ponds shall first enforce the Guaranty. Ashby Ponds shall have the right to enforce payment of the Guaranty against any and all of Guarantor's personal assets in any form whatsoever and shall not be limited to payment from the Joint Assets. The Guaranty shall be limited to the amount of the Joint Assets withdrawn, spent, distributed, pledged, assigned, or otherwise used by the



Guarantor other than for the direct benefit of the Beneficiary, which amount shall be determined by Ashby Ponds in its sole discretion.

- 5.2. In the event that Ashby Ponds is required to hire a collection agency or to initiate legal proceedings to enforce the Guaranty, in addition to any amounts due pursuant to the Guaranty, Guarantor shall also be responsible for any and all interest, collection costs, and court costs, including reasonable attorneys' fees, that might be incurred by Ashby Ponds in enforcing the Guaranty.
- 5.3. After payment to Ashby Ponds of all sums due pursuant to the Guaranty and any interest, collection costs, court costs, including reasonable attorney's fees, which may be due pursuant to Section 5.2, Ashby Ponds will work with the Beneficiary or the Beneficiary's duly authorized representative to initiate the steps listed in Section 4.2, 4.3 and 4.4 hereof with regard to the spend-down program and application to the Benevolent Care Fund.

6. The parties agree that venue for any claim, conflict, enforcement, or other action arising out of this Guaranty Agreement shall be in Loudoun County, Virginia.

7. Guarantor hereby waives its rights to the following: presentment, demand, dishonor, protest, notice of nonpayment, and notice of dishonor. Guarantor further agrees that all arrangements concerning Beneficiary's financial obligations to Ashby Ponds shall be made and decided solely between Ashby Ponds and the Beneficiary. However, Guarantor shall be entitled, upon request, to receive a copy of Beneficiary's monthly statement.

8. In addition to all rights available to Ashby Ponds under this Agreement, Ashby Ponds shall also have all of the rights and remedies enumerated in the Residence and Care Agreement, up to and including termination of residency, for non-payment of fees.

9. Ashby Ponds agrees that it will release Guarantor from the obligations under this Guaranty Agreement upon the sooner of:

- a. The termination of the Residence and Care Agreement either during his/ her lifetime or due to Beneficiary's death, upon satisfaction of all Guarantor's obligation under this Guaranty Agreement and ninety (90) days following Beneficiary's Departure Date or resale of the Continuing Care Unit, whichever event shall occur first;
- b. The completion of the steps listed in Sections 4.1, 4.2 and 4.3 hereof; or
- c. The payment of all sums due to Ashby Ponds, as enumerated in Section 5.3, in the event of a Default.

10. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Guaranty Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Guaranty Agreement may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Guaranty Agreement.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Guarantor

Ashby Ponds, Inc.

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

EXHIBIT A

Joint Assets

Value as of Date of Agreement

\$ \_\_\_\_\_  
Ashburn, Virginia

Date of Note: \_\_\_\_\_, 20\_\_

**ASHBY PONDS**  
**PROMISSORY NOTE**

Now, therefore, the undersigned, \_\_\_\_\_, (the "Maker"), hereby promises to pay to the order of Ashby Ponds, Inc. at its offices located at 21170 Ashby Ponds Boulevard, Ashburn, Virginia 20147 or at such other place as the holder (the person or entity who is holder of this promissory note (the "Note") from time to time will be referred to as the "Holder") of this Note may, from time to time designate, the principal sum of: \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), plus all accrued interest (unless waived under Section 1 hereof), payable on or before the Maturity Date as defined in Section 2 hereof.

1. Interest Rate. Interest on the unpaid principal balance shall begin accruing on the DATE OF THIS NOTE which appears in the upper right hand corner of this Note, at the rate of nine percent (9%) per annum (360 days per year). In the event that the Maker of this Note pays the entire principal balance due on or before the Maturity Date, the interest for that period shall be **waived**. In the event that the **entire** principal balance is not paid on or before the Maturity Date, **accrued interest will be charged every month from the Date of this Note on the unpaid principal balance until satisfaction and termination of this Note**.

2. Maturity Date. The Maturity Date of this Note shall be: the earlier of (i) \_\_\_\_\_, 20\_\_ or (ii) five business days from the sale and settlement of the Maker's property located at \_\_\_\_\_.

3. Repayment. The entire principal balance shall be due and payable on or before the Maturity Date. In addition to payment of the principal balance, Maker agrees to pay any assessed interest as provided in Section 1.

4. Application of Payments. All payments made hereunder shall be applied first to accrued interest, before being applied to principal, unless the interest is waived under Section 1.

5. Prepayment. The undersigned may prepay this Note in whole or in part at any time before the Maturity Date without any penalty.

6. Default. Upon a default in the payment of any installment of principal or interest due hereunder which has continued for a period of thirty (30) days after written notice of default, the Holder may, in addition to any other remedy provided by law, recover attorneys fees and costs, and in its sole discretion and without further notice or demand, declare that the Residence and Care Agreement of the Maker/ Resident is terminated for non-payment.

7. Assignment. The Holder of this Note may assign or transfer this Note for value to a subsequent Holder who may be a holder in due course. If assigned, the Maker/Resident agrees to recognize the new Holder of the Note to the extent of such assignment.

8. Waiver. Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers of this Note. This Note shall be the joint and several obligation of all makers, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

9. Notice. Any notice provided for in the Note shall be in writing and shall be given and be deemed to have been given and received (i) when personally delivered against a signed receipt or (ii) three (3) days after being mailed by both registered or certified mail, return receipt requested and also by first-class mail, addressed to the maker or Holder at the appropriate address first above set forth or to such other address as may be hereinafter specified by written notice by the Maker or Holder.

10. Miscellaneous. This Note shall be construed and governed according to the laws of the Commonwealth of Virginia. Venue for any action arising out of the making of this Note shall be in Loudoun County, Virginia.

11. Electronic Signature. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Note shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Note may sign separately in several counter-parts, all of which together shall constitute one and the same Note.

IN WITNESS WHEREOF, the Maker has caused this Note to be executed and sealed the day and year first above written.

WITNESS(ES):

\_\_\_\_\_  
\_\_\_\_\_

MAKER:

\_\_\_\_\_  
\_\_\_\_\_

Unit: \_\_\_\_\_

## ALLONGE TO PROMISSORY NOTE

**THIS ALLONGE TO PROMISSORY NOTE** (the "Allonge") is effective as of \_\_\_\_\_, 20\_\_ by and between Ashby Ponds, Inc. ("Holder"), and \_\_\_\_\_ ("Maker").

### Recitals

R.1. Maker executed that certain Promissory Note in favor of Holder in the principal sum of \$ \_\_\_\_\_, dated as of \_\_\_\_\_ (the "Note").

R.2 Maker and Holder have agreed to amend the Note per the terms and conditions stated herein.

### Agreement

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Maker and Holder hereby agree as follows:

1. **Amendment.** The Note is hereby amended as follows (**initial only one as applicable**):

\_\_\_\_\_ a. Each reference in the Note to the Maturity Date is hereby amended to mean and refer to \_\_\_\_\_, 20\_\_ (the "Revised Maturity Date"). Maker agrees to pay an additional \$ \_\_\_\_\_ (the "10% Deposit") in principal on the date of this Allonge and agrees to continue paying equal 10% Deposit payments every thirty (30) days from the date of this Allonge until the Revised Maturity Date. On the Revised Maturity Date, Maker agrees to pay all outstanding principal to Holder.

If Maker pays each required 10% Deposit payment when due and also pays the outstanding principal by the Revised Maturity Date, then Holder will waive interest on the principal. However, if Maker fails to make any of the required 10% Deposit payments on each due date or if Maker fails to pay the outstanding principal by the Revised Maturity Date, then Maker agrees and acknowledges that Holder will assess interest at the rate provided in the Note from the date of default of payment until full payment of the principal and accrued interest.

OR

\_\_\_\_\_ b. Maker acknowledges that payment was not made by the Maturity Date and that Maker cannot make additional principal payments. Holder agrees to permit Maker to extend payment of the principal until \_\_\_\_\_, 20\_\_ (the "Extension Date").

However, Maker will be assessed and must pay interest of 9% *per annum* on the unpaid principal until the Extension Date when all outstanding principal and interest are due and payable.

2. **Affirmation.** The representations of Maker contained in the Note are true and correct as of this date and Maker represents to Holder the accuracy of each representation as if they have been made on this date. This Allonge (a) is being physically attached to the Note simultaneously with the entry into this Allonge by the parties hereto, to evidence the modification of the provisions of the Note effected hereby, and (b) shall upon such attachment be deemed to be a part of the Note, as fully and completely as if its provisions were set forth in the body of the Note.

3. **Definition.** The term “this Note” as used in the Note, shall mean the Note as modified herein unless the context clearly indicates or dictates a contrary meaning. Other defined terms in this Allonge were previously defined in the Note and have the same meaning as defined in the Note.

4. **Default.** In the event of a default in the payment of any installment of interest or principal due hereunder, Holder may, in addition to any other remedy provided by law, recover attorneys’ fees and costs, and in its sole discretion and without further notice or demand, declare that the Residence and Care Agreement of the Maker/ Resident is terminated for non-payment.

5. **Liability and Obligations; No Novation.** Maker ratifies and confirms all of its liabilities and obligations under the Note and agrees that, except as expressly modified in this Allonge, the Note continues in full force and effect as if set forth specifically herein. Maker and Holder agree that this Allonge shall not be construed as an agreement to extinguish the original obligations under the Note and shall not constitute a novation as to the obligations of Maker under the Note.

6. **Electronic Signature.** Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Allonge shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Allonge may sign separately in several counter-parts, all of which together shall constitute one and the same Allonge.

7. **Prior Consent.** This Allonge may not be amended, changed, modified, altered, or terminated without in each instance the prior written consent of Holder.

**Maker(s):**  
  
\_\_\_\_\_  
  
\_\_\_\_\_

**Holder: Ashby Ponds, Inc.**  
  
By: \_\_\_\_\_  
  
Title: \_\_\_\_\_

Living Unit: \_\_\_\_\_

## CUSTOM INTERIORS AGREEMENT

THIS CUSTOM INTERIORS AGREEMENT (the “**Agreement**”) is made as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Ashby Ponds, Inc., having an address of 21170 Ashby Ponds Boulevard, Ashburn, Virginia, 20147 (herein referred to as “**Ashby Ponds**”) and \_\_\_\_\_ (“**Resident**”).

### RECITALS

R.1 Resident has entered or shall enter into a Residence and Care Agreement (the “**Care Agreement**”) with Ashby Ponds to occupy the following residential unit at the Community: \_\_\_\_\_ (the “**Living Unit**”).

R.2 Resident desires to purchase certain upgrades or make certain changes to the current condition of the Living Unit to customize the Living Unit for Resident. Ashby Ponds is willing to make the changes desired by Resident only upon the following terms and conditions.

R.3 Terms that are not defined in this Agreement have the same meaning as in the Resident’s Care Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Improvements. Resident and Ashby Ponds agree that Resident’s Living Unit will be customized with the upgrades and improvements (the “**Improvements**”) which are listed in the Statement of Work/Price Quote in Exhibit A, attached to and incorporated into this Agreement.

2. Cost of the Improvements. Resident agrees to pay to Ashby Ponds the contract fee (“**Contract Fee**”) for the Improvements as listed in Exhibit A. The Contract Fee is due and payable in full upon signature of this Agreement, prior to ordering any custom materials or starting the work. Once Ashby Ponds has commenced the work by engaging contractors and/or ordering materials, the Contract Fee is then non-refundable. If Resident withdraws his or her application, rescinds the Care Agreement, or fails to occupy the Living Unit for any reason after commencement of the work, Resident understands and agrees that Resident shall **not** be entitled to any reduction or refund of the Contract Fee except as provided in Section 3 hereof.

3. Refurbishing Charges:

a. Pre-Occupancy. If Resident does not occupy the Living Unit for any of the reasons described in Section 2 hereof, Ashby Ponds may, in its sole discretion, elect to refurbishing the Living Unit to its previous condition or to market the Living Unit with the Improvements to a new resident. If Ashby Ponds elects to restore the Living Unit, Resident is responsible for any Refurbishing Charges as provided in Section 9.4 of the Residence and Care Agreement (see Section 9.4).

b. Post-Occupancy. After the Occupancy Date by Resident, if the Residence and Care Agreement is terminated by either party for any reason or terminates due to the death of



Resident, or if Resident is permanently transferred to a different Living Unit, Ashby Ponds may, in its sole discretion, elect to refurbishing the Living Unit to its pre-upgrade condition or to market the Living Unit with the Improvements to a new resident. When Ashby Ponds elects to restore the Living Unit, Resident is responsible for any Refurbishing Charges as provided in Section 9.4 of the Residence and Care Agreement.

4. Entire Agreement. This Agreement and the Care Agreement constitute the entire agreement between the parties in respect of customizing and restoring the Living Unit, and there are no oral agreements between the parties in connection herewith. This Agreement is incorporated into the Care Agreement. The Care Agreement remains in full force and effect, and, if there is any inconsistency between this Agreement and the Care Agreement, the Care Agreement shall govern. This Agreement may be amended only in writing executed by all parties.

5. Governing Law; Venue. This Agreement shall be governed by the law of the Commonwealth of Virginia. The parties agree that venue for any claim or action arising out of this Agreement shall be in Loudoun County, Virginia.

6. Severability. In the event that any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remainder of the Agreement which shall remain in full force and effect and shall be construed as though they had not contained the invalid or unenforceable provision.

7. Notices. Any notice, invoice, or payment under this Agreement to be given to a party may be either personally delivered or sent by first-class mail, postage prepaid, to the addresses of the parties herein given, unless another address shall have been substituted for such address by notice in writing.

8. Electronic Signatures. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Agreement shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this form may sign separately in several counter-parts, all of which together shall constitute one and the same Agreement.

INTENDING TO BE LEGALLY BOUND, the parties have set forth their signatures below.

RESIDENT

\_\_\_\_\_  
\_\_\_\_\_

ASHBY PONDS, INC.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT A – STATEMENT OF WORK/PRICE QUOTE**

1. The work to be performed by Ashby Ponds is described in the attached Price Quote. Ashby Ponds has the right to sub-contract or assign portions of the work to its subcontractors, vendors or suppliers. If Resident requests additional work to the Living Unit, such requests must be made in writing. No work can be commenced in the unit until Resident has taken keys for the Living Unit. Ashby Ponds shall advise Resident of any changes to the Contract Fee due to the additional requested work.

2. Limitation of Liability. Ashby Ponds will perform the work in a timely manner and in workmanlike fashion. **ASHBY PONDS'S LIABILITY TO RESIDENT FOR ANY CLAIMS OF DEFECTS IN MATERIALS OR WORKMANSHIP OR ANY OTHER CLAIMS ARISING FROM THE WORK SHALL NOT, IN ANY CIRCUMSTANCE, EXCEED THE AMOUNT OF THE CONTRACT FEE PAID BY RESIDENT TO ASHBY PONDS.**

**CATERED LIVING AT ASHBY PONDS  
ADDENDUM TO RESIDENCE AND CARE AGREEMENT**

This Catered Living Addendum to the Residence and Care Agreement (this “**Addendum**”) is an addendum to the Residence and Care Agreement (the “**Care Agreement**”), between Ashby Ponds, Inc., a non-profit corporation (“**We or Ashby Ponds**”) and \_\_\_\_\_ (“**You or Resident**”).

**Recitals**

R.1. Resident has entered into or will simultaneously enter into a Care Agreement with Community.

R.2. Resident desires to engage and Ashby Ponds agrees to provide a Catered Living service package as outlined in this Addendum.

R.2. Unless otherwise defined, all capitalized terms not defined in this Addendum shall have the meanings as defined in the Care Agreement.

**Agreement**

In consideration of the promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Catered Living Services. “Catered Living” is defined as services offered to a Resident in an Independent Living Unit who needs additional assistance with the activities of daily living such as eating, bathing, dressing, feeding, toileting or the like as provided in Exhibit 1. A description of the Catered Living Services and the Monthly Service Package fee is attached as Exhibit 1. If joint residents have executed this Addendum, each Resident will pay the Monthly Service Package listed in Section 3.

2. Living Unit. You are assigned to Living Unit \_\_\_\_\_. If you are a new resident, your Entrance Deposit is \$ \_\_\_\_\_. If you are a current resident, transferring from another Living Unit to the current Living Unit, your Entrance Deposit remains the same per Section 7.4 of the Care Agreement.

3. Fees. The current Monthly Service Package is \$ \_\_\_\_\_ and the current Catered Living Monthly Fee is \$ \_\_\_\_\_. You are also responsible for any fees for ancillary services as described in Section 9 of the Care Agreement, including the non-care fee for a joint resident who does not have a Catered Living service package, if applicable. Except for increases in fees necessitated by a change in the Resident’s medical condition, we shall give you thirty (30) days’ notice of any increase in fees. We do not accept Medicaid or Medicare reimbursement for Catered Living Monthly Service Packages.

4. Transfer. Our policies on transfer of Residents are included in Section 11 of the Care Agreement.

5. Termination or Discharge. Our policies for termination of the Agreement and discharge of Resident are included in Section 12 of the Care Agreement.

6. Refund Policy. The provisions for any refund of the Entrance Deposit are set forth in Section 7 of the Care Agreement.

7. Resident Conduct Policies. You or you representative hereby acknowledges that you have reviewed the Resident Handbook. You also have the rights listed in Exhibit 2, Resident Rights. The policies and procedures may be amended or revised from time to time by us and you will be provided with any amendments and revisions.

8. Subcontracts/ Assignment. We may subcontract the provision of services under this Addendum to an agency that is appropriately licensed to provide Catered Living services. You will pay the Monthly Service Package to us and we will be responsible for making payment to the agency for the covered services. At such time that we are licensed to provide such services, you agree that services will be provided by Ashby Ponds as the provider under this Addendum, to the extent of such assignment.

9. Reconciliation With Agreement. This Addendum contains terms and conditions that are additional to those contained in the Agreement. To the extent that the provisions of this Addendum conflict with the Agreement, the provisions of this Addendum shall supersede the Agreement. The Addendum will apply for so long as you continue to live in the assigned Living Unit and receive a Catered Living service package.

10. Electronic Signature & Counter- Parts. Any electronic signature (including any electronic symbol or process used by a signatory with the intent to sign or authenticate) of this Addendum shall have the same legal validity and enforceability as an original, manual signature to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state law based on the Uniform Electronic Transactions Act. The parties to this Addendum may sign separately in several counter-parts, all of which together shall constitute one and the same Addendum.

**[SIGNATURES ON FOLLOWING PAGE]**

**INTENDING TO BE LEGALLY BOUND**, the parties have duly executed this Addendum on the day and year first above written.

**ASHBY PONDS, INC.**

By: \_\_\_\_\_

Name:

Title:

**RESIDENT**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

If signed by Resident's representative, please print name, address, and authority to sign for Resident (power of attorney, guardian, healthcare agent, etc.). Also, Resident's representative must review and sign Exhibit 4, Resident Representative's Responsibilities.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **EXHIBIT 1**

### **FEE SCHEDULE & SERVICE LEVEL DESCRIPTION**

The services included for each level of care at the regular monthly fee are described below:

**Catered Living.** In addition to use of the designated apartment, residents in Catered Living receive the following services:

- Three meals per day;
- Supervision, verbal cuing, with the activities of daily living and limited direct assistance as appropriate;
- Medication reminders;
- Resident Services Coordinator services;
- Light daily housekeeping care – emptying trash, bed-making – and weekly light housekeeping;
- Daily opportunities to participate in planned group activities;
- Option to participate in resident groups and clubs within independent living amenity spaces;
- 24 hour security system with security officers and emergency alert system;
- All utilities (except for personal telephone); basic cable television service; pre-wiring for telephone;
- Maintenance of the buildings, grounds and equipment;
- Campus shuttle transportation and scheduled local transportation (if medically appropriate);
- Insurance on the buildings, grounds and equipment;
- Insurance of the Living Unit and all items in the unit, except items owned by the resident;
- Sewage, trash and snow removal from common areas;
- Use of all public rooms and common areas of the facility.

EXHIBIT 2 – RESIDENT RIGHTS  
CATERED LIVING/ HOME CARE

Residents have the rights and responsibilities enumerated in this Exhibit. Each resident has the right to be:

1. Treated with courtesy, consideration and respect and is assured the right of privacy;
2. Assured confidential treatment of his or her medical and financial records as provided by law;
3. Free from mental and physical abuse, neglect and property exploitation;
4. Assured the right to participate in the planning of their home care, including the right to refuse services;
5. Served by individuals who are properly trained and competent to perform their duties;
6. Assured the right to voice grievances and complaints related to organizational services without fear of reprisal;
7. Advised, before care is initiated, of the extent to which payment for the services may be expected from federal or state programs, or the extent to which payment may be required from the resident;
8. Advised, orally and in writing, of any fee changes for services that are residents' responsibilities; and
9. Provided with advance directive information prior to the start of services.

**EXHIBIT 2**  
**OWNERSHIP & EXECUTIVE BIOGRAPHIES**

Exhibit Two lists the directors and officers of Ashby Ponds, NSC, and the officers of Erickson Senior Living along with short executive biographies.



**EXHIBIT 2**  
**OWNERSHIP & EXECUTIVE BIOGRAPHIES**

**Board of Directors of Ashby Ponds, Inc.**

Monty Leonard, Chair  
Eileen Erstad  
Mary Colins  
Stephanie Reel  
Barbara Bisgaier  
Rev. Zina Jacque  
Michael Roskiewicz  
Patricia Brown  
Pamela Paulk  
Ian Brown  
Russell Sharp  
Katherine Klupper  
Mary Moscato

**Officers of Ashby Ponds, Inc.**

Monty Leonard:	President
Eileen Erstad:	Vice Chair and Vice President
Mary Colins:	Secretary
Eileen Erstad:	Treasurer
John Hall:	Assistant Treasurer
Pamela Stiner:	Assistant Treasurer
Neal Gantert:	Assistant Treasurer
Mark Embley:	Assistant Treasurer
Scott Sawicki:	Assistant Secretary

**Executive Director:** Tom Channon

**Directors of National Senior Communities, Inc.**

Ian Brown  
Russell Sharp  
Zina Jacque  
Katherine Clupper  
Mary Moscato

### **Officers of National Senior Communities, Inc.**

Zina Jacque, Chair and President  
Stephanie Reel, Vice Chair and Vice President  
Mary Colins, Secretary  
Eileen Erstad, Treasurer  
Scott Sawicki, Assistant Secretary

### **Selected Officers of Erickson Senior Living**

Jim Davis:	Chairman
Alan Butler:	Chief Executive Officer
Gregg Colon:	Chief Operating Officer j
Matthew Narrett:	Chief Medical Officer
Christian Sweetser:	Chief Financial Officer

### **BIOGRAPHIES:**

#### **Ashby Ponds Board of Directors:**

##### **Monty Leonard, Chair**

Mr. Leonard was appointed to the Board of Directors in 2022. He is a member of both the Audit, Investment, and Treasury (AIT) and Budget and Finance (BFC) Advisory Committees.

Mr. Leonard currently serves as senior vice president and development controller for the Howard Hughes Corporation, overseeing the financial and accounting matters for all of Howard Hughes' strategic development projects. Mr. Leonard was previously the vice president and controller of land development at The Rouse Company, where he helped oversee the acquisition valuation process for several land assets.

Mr. Leonard also served on several community boards, ranging from serving as president of a local little league, vice president of Tri-Churches Housing in Baltimore City, board member of the Howard County Chamber of Commerce, and board of trustee at his church.

Mr. Leonard is a Certified Public Accountant (CPA) and holds a Master of Business Administration and a Bachelor of Arts in Accounting from The University of Akron in Ohio.

##### **Barbara Bisgaier**

Ms. Bisgaier was appointed to the NSC Board of Director in 2016. She currently serves as chair of the Audit, Investment, and Treasury (AIT) Committee and is a member of the Budget and Finance Committee (BFC) Advisory Committee.

Ms. Bisgaier retired from her position as managing director of Public Financial Management, Inc. with more than 40 years of experience in local government and public finance.

Ms. Bisgaier is the vice chair of the Board of Directors of WHYY, Philadelphia's public radio and television stations, where she is a member of the Executive Committee, chair of the Citizen Advisory Board, and a member of the Finance Committee.

Ms. Bisgaier completed undergraduate studies at Mount Holyoke College and received a Master of City and Regional Planning degree from Rutgers University.

### **Ian Brown**

Mr. Brown was appointed to the NSC Board of Directors in 2023. He currently serves as a member of both the Governance & Internal Affairs (GIA) and Strategic Planning (SPC) Advisory Committees.

Mr. Brown is the Vice President and Chief Diversity and Belonging Officer at Duke University Health System. Prior to this role, Mr. Brown served in various senior-level roles in national healthcare, senior living (including Erickson Senior Living as both a Community Executive Director and at Erickson Corporate) and educational organization.

Mr. Brown has served as a board member for numerous charitable organizations whose missions have included higher education, advocacy for the older adult population, including LGBTQ+ elders, youth, healthcare, affordable housing, and hunger.

Mr. Brown completed undergraduate studies at Brooklyn College in New York City. He earned a Master of Arts in Liberal Studies at Chicago's Lake Forest College and both a Master of Science in Applied Behavioral Science/Organizational Development and Graduate Certificate in Senior Housing and Healthcare from the Johns Hopkins University Carey Business School in Baltimore.

### **Patricia Brown**

Ms. Brown was appointed to the NSC Board of Directors in 2022. She serves on the Governance and Internal Affairs (GIA), Operation and Risk Management (ORM) Committee, and Strategic Planning Advisory Committees.

Retired after 25 years, Ms. Brown served as the senior vice president of managed care and population health for Johns Hopkins Medicine, president of Johns Hopkins HealthCare LLC, and Senior Counsel for the Johns Hopkins Health System. Prior to joining Johns Hopkins in 1994, Ms. Brown was an assistant attorney general with the Maryland Office of the Attorney General for the Department of Health and Mental Hygiene.

Ms. Brown is actively involved in community activities. She has served on numerous community boards, including the United Way of Central Maryland, which she chaired from 2013 through 2015, the Chesapeake Regional Information System for Our Patients, which she chaired

from 2009 to 2019, and Maryvale Preparatory School, her alma mater, which she currently chairs. Ms. Brown also currently serves as president, oncology, for Medically Home Group, an organization transforming health care by bringing acute hospital services to the home.

Ms. Brown holds a Juris Doctor (JD) from the University of Baltimore School of Law and a Bachelor of Arts in Political Science and Government from the University of Richmond.

### **Mary Colins**

Judge Colins was appointed to the NSC Board of Directors in 2018. Judge Colins serves as the secretary of the NSC Board. Additionally, she serves as chair of the Governance and Internal Affairs (GIA) Advisory Committee and is a member for both the Operations and Risk Management (ORM) and the Strategic Planning (SPC) Advisory Committees.

Judge Colins served as a senior trial judge in Philadelphia, Pennsylvania. Judge Colins also served as the chairperson and was a founding member of the Pennsylvania Gaming Control Board. In October of 2010, Judge Colins became a member of the Pennsylvania and New Jersey Regional Boards of Directors, which by 2016 included five Supported Organizations.

Judge Colins taught trial advocacy and gaming and casino law at numerous law schools and universities. She lectured and taught at American Bar Association and International Association of Gaming Attorneys and Regulators conferences throughout the country, as well as continuing legal education programs.

Judge Colins holds a Bachelor of Arts in English Literature from The University of Pennsylvania, Juris Doctor (JD) from Villanova University, a Master of Arts in Labor Law from Temple University Beasley School of Law, and a mediation certification from Pepperdine University School of Law.

### **Eileen Erstad**

Ms. Erstad was appointed to the NSC Board in 2014. She currently serves as treasurer of NSC, chair of the Budget and Finance Committee, and is a member of both the Audit, Investment, and Treasury (AIT) and the Strategic Planning (SPC) Advisory Committees.

Ms. Erstad is a senior executive consultant and has been the chief financial officer for organizations in the health care, hospitality, and financial services industries. Ms. Erstad developed and implemented strategic plans, growth, and reorganization strategies, and participated in new product development. Ms. Erstad's most recent position was chief operating officer for ResortQuest. Prior to this, Ms. Erstad was the chief financial officer and senior vice president of Symphony Health Services, LLC; and director of financial planning and analysis at PHH Corporation.

Ms. Erstad graduated from Loyola College in Maryland and is a licensed Certified Public Accountant (CPA).

### **Zina Jacque**

Reverend Jacque was the NSC Board of Directors in 2017 and was appointed as chair of the NSC Board in 2022. Additionally, Reverend Jacque served as a regional director of NSC's west region, from 2009 to 2017.

Reverend Jacque comes to the work of senior living and wellness from a community engagement background. Reverend Jacque is a minister at the Alfred Street Baptist Church in Alexandria, Virginia. Previously, Reverend Jacque has served on the staffs of multicultural, urban, and suburban churches and performed extensive work in the areas of higher education, counseling, and faith-based not-for-profits.

Reverend Jacque sits on the Board of Directors of the American Baptist Churches USA, JourneyCare Palliative Care and Hospice Center, and the Samaritan Counseling Center of the Northwest Suburbs.

Reverend Jacque holds a Doctor of Theology and a Master of Divinity degree summa cum laude from Boston University, a master's from Columbia University, and a Bachelor of Arts from Northwestern University.

### **Pamela Paulk**

Ms. Paulk was appointed to the Board of Directors in 2022. She is a member of both the Operations and Risk Management (ORM) and Governance and Internal Affairs (GIA) Advisory Committees.

Ms. Paulk spent her career in health care administration and recently retired after 20 years from Johns Hopkins Medicine. She served as president of Johns Hopkins Medicine International (JHMI) and previously the senior vice president for human resources for Johns Hopkins Medicine and the Johns Hopkins Health System. She also taught graduate-level courses at the Johns Hopkins Bloomberg School of Public Health.

Ms. Paulk served on numerous boards, most notably as president and co-founder of the Baltimore Alliance for Careers in Healthcare and a trustee for the Baltimore City Community College. In 2014, Ms. Paulk was honored at the White House as a Champion of Change for her leadership and work bringing people with barriers to employment such as criminal backgrounds into the Johns Hopkins workforce.

Ms. Paulk received her master's in social work from Florida State University and Master of Business Administration from Johns Hopkins University.

### **Stephanie Reel**

Ms. Reel was appointed to the NSC Board of Directors in 2017. She serves as chair of the Operations and Risk Management (ORM) Advisory Committee and is a member of the Budget and Finance Committee (BFC) Advisory Committee.

Ms. Reel was the chief information officer for all divisions of the Johns Hopkins University and Health System for 30 years. Prior to this she served as the senior vice president for information services for Johns Hopkins Medicine, a post she held since 1994. She was appointed vice provost for information technology and CIO for Johns Hopkins University in 1998. Ms. Reel retired from Johns Hopkins in November 2020.

In 2023 she served as the interim vice chancellor for information technology for Washington University in St. Louis, Missouri, while a search is conducted. In 2019, Ms. Reel was appointed to the board of the NIH Clinical Center.

Ms. Reel graduated from the University of Maryland Baltimore County with a degree in information systems management and holds a Master of Business Administration from Loyola College in Maryland.

### **Michael Roskiewicz**

Mr. Roskiewicz was appointed to the NSC Board of Directors in 2019. He served as a regional board member before the current system structure since 2007. Mr. Roskiewicz currently serves as Chair of the Strategic Planning (SPC) Advisory Committee and is a member of both the Governance and Internal Affairs (GIA) and Operations and Risk Management (ORM) Advisory Committees.

Mr. Roskiewicz is a lawyer by training with experience in corporate finance and mergers and acquisitions. Mr. Roskiewicz is a founding member of WestCongress Insurance Services, where he serves as Executive Vice President and General Counsel with responsibility for Human Resources, Claims, Regulatory Compliance, Mergers and Acquisitions, Corporate Governance, Litigation Management, and Contracts. Mr. Roskiewicz was previously the General Counsel of First Mercury Financial Corporation (NYSE: FMR) and a partner in the Michigan law firm of Dickinson Wright.

Mr. Roskiewicz received his Bachelor of Arts in Psychology from the University of Michigan and his Juris Doctor (JD) from Washington University School of Law in St. Louis.

### **Russell Sharp**

Mr. Sharp was appointed to the NSC Board of Directors in 2023. He currently serves as a member of both the Budget and Finance (BFC) and the Governance & Internal Affairs (GIA) Advisory Committees.

Mr. Sharp retired in late 2023 as the Chief of Staff to the CIO for Washington University in St. Louis, where he led IT Finance and Administration, and IT Governance, Portfolio and Project Management, and Service Management. Prior to this, he was a CIO leader at Yale University and had an 11-year career with Pfizer's IT.

His background science has highlighted the importance of listening and introspecting as a leader, taking an approach of empathy where he listens to understand, rather than respond.

Mr. Sharp completed his undergraduate studies at the University of Kent with a degree in Microbiology.

### **Katherine Clupper**

Ms. Clupper was appointed to the NSC Board of Directors in 2024 and serves on both the Audit, Investment & Treasury (AIT) and the Budget & Finance (BFC) Advisory Committees.

With over 35 years of experience in public finance, she has brought hundreds of public and private financial transactions to market on behalf of clients over three decades for investment banks and financial advisory firms, including almost 20 years as a business leader and partner at Public Financial Management. She assisted governments and non-profit organizations in managing their debt portfolio, analyzing and developing credit and developing long-term asset/liability strategies.

She currently serves on the Board of Directors and Finance Committee Chair for the Urban Affairs Coalition. Her past board experiences include contributions to organizations such as the Ogontz Avenue Revitalization Corporation, Committee of Seventy and Center in the Park Community Center.

Ms. Clupper has a Bachelor of Social Work from Shippensburg University and a Master of Business Administration from Temple University in Philadelphia. She has been recognized for her contributions with awards such as the Women of Distinction by the Philadelphia Business Journal.

### **Mary Moscato**

Ms. Moscato was appointed to the NSC Board of Director in 2024 and serves on both the Audit, Investment & Treasury (AIT) and the Operations & Risk Management (ORM) Advisory Committees.

Ms. Moscato is the former President of Hebrew SeniorLife, where she oversaw a comprehensive and integrated network of post-acute care services and senior living. She has over 30 years of C-level, progressive experience in post-acute care delivery systems and management of multi-site clinical operations. Prior to joining Hebrew SeniorLife, she held the position of Northeast Regional President for the nation's largest provider of inpatient rehabilitation hospitals.

Ms. Moscato is a Fellow in the American College of Healthcare Executives, serves on numerous state and national boards, including the MA DPH Public Health Council, and has been recognized by the Boston Globe and Commonwealth Institute as a Top Women-Led Business.

Ms. Moscato holds a Master of Business Administration and Master of Public Health from Boston University, and a Bachelor of Science from Northeastern University.

## **Erickson Senior Living**

### **James Davis, Chairman**

In 1983, Jim Davis co-founded a specialized staffing company that has grown into Allegis Group, the country's largest private staffing firm.

More than a decade ago, Jim Davis met John Erickson, founder of Erickson Retirement Communities, a leader in developing and managing full-service retirement communities. They came to realize they shared a passion for service, particularly to seniors; an insistence on mission-driven company cultures; and a strong sense of giving back to the community. When an opportunity to take a leadership role in the company presented itself, Jim visited every Erickson campus to see for himself, and hear from the residents, what the Erickson Senior Living lifestyle meant.

Today, the company, now known as Erickson Senior Living, matches its delivery of outstanding service and resident satisfaction with a strong financial position. The company is the strongest capitalized company in the industry and has built a solid platform for growth and innovation.

Mr. Davis, a native of suburban Philadelphia, graduated from Villanova University. He lives outside Baltimore with his wife and children.

### **R. Alan Butler, Chief Executive Officer**

Mr. Butler joined Erickson Senior Living in 2010 as Chief Operating Officer and assumed his current position in 2011. As CEO, he focuses on the company's strategic growth. He spent 14 years as Treasurer of Allegis Group, Inc., the largest provider of staffing in the United States with 8,000 employees and 2009 revenue of \$6 billion. Mr. Butler was responsible for all debt placement and syndicated credit facilities, cash management activities, and advised on all mergers and acquisitions. He is currently CEO of Erickson Senior Living and President of Redwood Capital Investments, LLC, a private investment company.

Prior to joining Allegis Group and Redwood, Mr. Butler held various credit and lending positions at Bank of America and its predecessor banks from 1986 to 1996.

Mr. Butler currently serves on the Board of Redwood portfolio companies and on the Executive Board of the Boy Scouts of America. He graduated magna cum laude from the University of Maryland, College Park with a bachelor's degree in finance and received his master's degree in business administration from Loyola College in Maryland.

### **Gregg Colon, Chief Operating Officer**

Gregg serves as Chief Operating Officer and oversees all of Erickson Senior Living's community operations programs including healthcare operations at all managed communities.



Mr. Colon previously served as the Senior Vice President of Health Services for Erickson Senior Living and was responsible for healthcare operations, resident life programs, and ancillary health care lines of business.

Prior to joining Erickson Senior Living, Gregg was senior vice president of resident care and services for Sunrise Senior Living, where he was responsible for care-related programming and standards for more than 300 senior living communities in the United States, Canada and the United Kingdom. He is a certified public accountant and holds a bachelor of science degree in accounting from Georgetown University.

#### **Dr. Matt Narrett, Chief Medical Officer**

Dr. Narrett is the Chief Medical Officer for Erickson Senior Living. He is responsible for directing the provision of medical care and Erickson Senior Living's unique Health Plan, Erickson Advantage, at all Erickson Senior Living communities nationwide. The Medical Centers that Dr. Narrett directs are recognized as being among America's leading geriatric health care facilities.

Prior to his current position over the course of his 17 years at Erickson Senior Living, Dr. Narrett has served as Vice President and Regional Medical Director and Medical Director for Charlestown Community. Before joining Erickson Senior Living, he was in private practice in Derry, N.H., where he also served as director of medical quality assurance at Parkland Medical Center. He has extensive experience in adult and geriatric medicine having seen and treated thousands of seniors throughout his twenty-five year career.

Dr. Narrett graduated summa cum laude from Yale University with a B.S. degree in molecular biochemistry and biophysics. He received his medical degree from Harvard Medical School's Harvard-M.I.T. Division of Health Sciences and Technology. He completed his internship and residency at Beth Israel Hospital in Boston. He is board-certified in internal medicine and holds a certificate of added qualifications in geriatric medicine.

Dr. Narrett currently serves on the Clinical Practice and Models of Care Committee for the American Geriatric Society and the Advisory Board of the Practice Change Fellows Program supported by the Atlantic Philanthropies and the John A. Hartford Foundation. He is also a member of the American College of Physicians and the American Geriatrics Society.

He has spoken frequently on issues affecting seniors in a number of settings including conferences, media events, health leadership summits and congressional forums.

#### **Christian Sweetser, Chief Financial Officer**

Christian Sweetser plans, develops, implements, and directs Erickson Senior Living's fiscal function and performance. He participates in the development of the company's strategic plans and programs, evaluates and advises on long-range plans, and provides financial and trending analysis.

Previously, Christian was chief financial officer at Silverado Senior Living in Irvine, California. Under his leadership, Silverado enjoyed its most profitable financial performance in consolidated company history. Before joining Silverado, Christian was a vice president at Welltower, the world's largest health care real estate investment trust.

Mr. Sweetser holds a bachelor of science degree in economics from Cornell University and an MBA from the University of Chicago. He is also a chartered financial analyst and a member of the CFA Institute.

**Tom Channon, Executive Director, Ashby Ponds**

Tom joined the Ashby Ponds team as Director of General Services in 2008, and in 2017 became the Associate Executive Director. In 2023 Tom was promoted to Executive Director. Prior to coming to Ashby Ponds, Mr. Channon spent ten years at Greenspring Village as the Senior Facilities Manager. Prior to Erickson Living, Mr. Channon worked for seven years with Wachovia Bank as a district project manager, regional maintenance manager and construction project manager. Tom earned his bachelor's degree from Virginia Polytechnic Institute and holds numerous industry licensures and certifications.

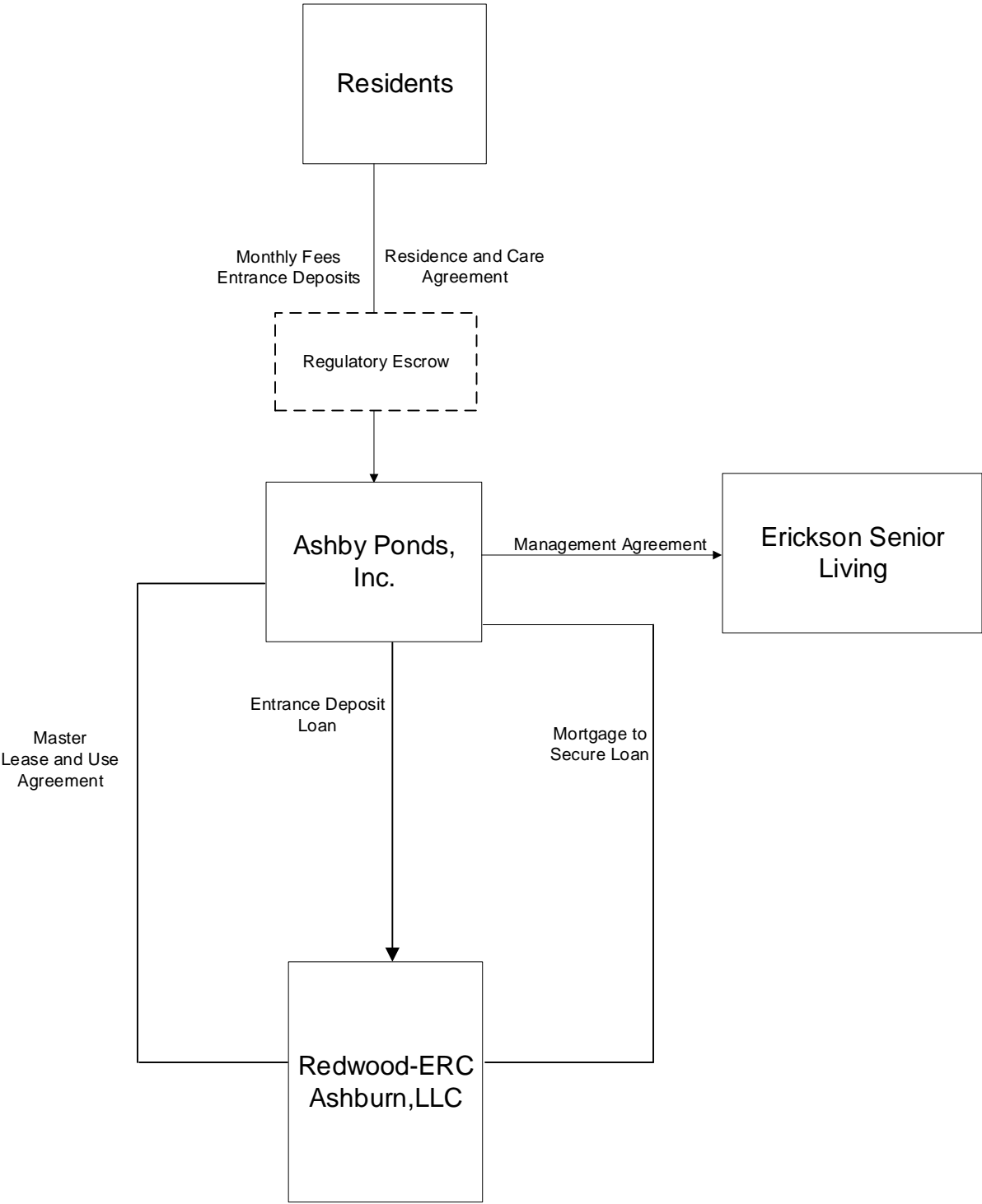
### **EXHIBIT 3**

#### **DIAGRAM OF COMMUNITY OPERATING STRUCTURE**

Summary:

Exhibit Three visually represents the contractual relationship between the business entities associated with the operation of the community.

Ashby Ponds Community Structure



## **EXHIBIT 4**

### **ANTICIPATED PROJECT SCHEDULE AND AIRPORT OVERLAY DISTRICT DISCLOSURE**

#### Summary:

Exhibit Four presents the anticipated construction schedule of the community, reflecting the program of adding amenities such as the three major clubhouse style community buildings, the Continuing Care neighborhood, and the worship center/chapel, in order to match the community's increase in resident population. Although this is a projected schedule, construction will progress in response to market demand. Exhibit Four also includes information for prospective residents about the Airport Overlay District.

## **ANTICIPATED PROJECT SCHEDULE**

Ashby Ponds will be built in response to market demand. As a prudent business, Erickson Senior Living does not build speculatively. As a result, the construction scheduled will be tailored to meet the needs of the residents of Ashby Ponds. As of the date of this Disclosure Statement, the first and second independent living neighborhoods are complete as well as the first phase of Continuing Care at Ashby Ponds. The third independent living neighborhood is partially completed. Ashby Ponds has plans for future construction which may include the following buildings & improvements. Construction & completion will depend on demand and market conditions and are yet to be determined.

<b>Project Name</b>
Continuing Care Phase 2
Residential Building 3.5

### **Airport Overlay District Disclosure Statement**

Portions of the Ashby Ponds project are within the Ldn 60-65 or within one mile of the Ldn 60 contour Airport Impact (“A-1”) Overlay District as defined in the Revised 1993 Loudoun County Zoning Ordinance. These areas will be impacted by aircraft overflights and aircraft noise.

## **EXHIBIT 5**

### **CURRENT ENTRANCE DEPOSIT SCHEDULE, MONTHLY SERVICE PACKAGES AND PERIODIC CHARGES FOR ANCILLARY SERVICES**

**Summary:**

Exhibit Five records the current Entrance Deposits and the Monthly Service Packages which include the services listed in Section 4 of the Residence and Care Agreement (Exhibit 1). Also included in this Exhibit is the current list of periodic charges for ancillary services for residents.

## **EXHIBIT 5**

### **CURRENT ENTRANCE DEPOSIT SCHEDULE, MONTHLY SERVICE PACKAGES, AND PERIODIC CHARGES FOR ANCILLARY SERVICES**

#### **Independent Living**

Living Unit Description	Entrance Deposit*	2024 Monthly Service Package*
One Bedroom	\$255,000 - \$648,000	\$2,860 - \$3,944
Two Bedroom	\$340,000 - \$1,318,000	\$3,200 - \$4,789
Double Occupancy		\$1,268

\* Pricing may vary if a special marketing promotion applies. Please refer to the Residence and Care Agreement.

#### **Assisted Living**

\*\*Additional fees for views and location may apply. Care level packages, shown below, are added to the base monthly service package for the full Assisted Living monthly fee. Care levels are determined as a result of initial and periodic resident assessments.

Living Unit Description	2024 Monthly Base Fee
Studio Suites	From \$7,567
One Bedroom	From \$8,973
Two Bedroom	From \$11,626
Double Occupancy	\$2,371



Assisted Living Package Description	2024 Monthly Rate
ALF Enhanced	\$ 1,083
ALF Premium	\$ 2,164
ALF Deluxe	\$ 3,248
Asst Lvg Custom Pkg A	\$ 3,788
Asst Lvg Custom Pkg B	\$ 4,328
Asst Lvg Custom Pkg C	\$ 4,868
Asst Lvg Custom Pkg D	\$ 5,410
Asst Lvg Custom Pkg E	\$ 5,951
Asst Lvg Custom Pkg F	\$ 6,491
Asst Lvg Custom Pkg G	\$ 7,031
Asst Lvg Custom Pkg H	\$ 7,572
Asst Lvg Custom Pkg I	\$ 8,112
Asst Lvg Custom Pkg J	\$ 8,652
Asst Lvg Custom Pkg K	\$ 9,192
Asst Lvg Custom Pkg L	\$ 9,732
Asst Lvg Custom Pkg M	\$ 10,272
Asst Lvg Custom Pkg N	\$ 10,813

### Memory Care

\*\*Additional fees for views and location may apply. Care level packages, shown below, are added to the base monthly service package for the full Assisted Living monthly fee. Care levels are determined as a result of initial and periodic resident assessments.

Living Unit Description	2024 Monthly Base Fee
Companion Suite with Private Bedroom	From \$8,439
Studio Suite	From \$10,740

Memory Care Package Description	2024 Monthly Rate
Mem Care Premium	Included in Base Rate
Mem Care Deluxe Pkg	\$ 1,075
Mem Care Custom Pkg A	\$ 1,614
Mem Care Custom Pkg B	\$ 2,151
Mem Care Custom Pkg C	\$ 2,688
Mem Care Custom Pkg D	\$ 3,227
Mem Care Custom Pkg E	\$ 3,764
Mem Care Custom Pkg F	\$ 4,302
Mem Care Custom Pkg G	\$ 4,840
Mem Care Custom Pkg H	\$ 5,377
Mem Care Custom Pkg I	\$ 5,915
Mem Care Custom Pkg J	\$ 6,453
Mem Care Custom Pkg K	\$ 6,991
Mem Care Custom Pkg L	\$ 7,529
Mem Care Custom Pkg M	\$ 8,067
Mem Care Custom Pkg N	\$ 8,605

#### Skilled Nursing

Living Unit Description	2024 Daily Fee
Daily Rate Semi-Private	\$482
Daily Rate Private	\$544

#### Assisted Living, Memory Care, Skilled Nursing – External Admission

Non-Refundable Community Fee	\$3,000
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### **ANCILLARY FEE SCHEDULE**

<u><b>Department</b></u>	<u><b>Ancillary Service</b></u>	<u><b>2024 Fee</b></u>
<u><b>Administration</b></u>		
Non-Occupancy Credit	<b>Non-Occupancy Credit</b> (Independent Living) Credit for Absences per day (credit starts on the 11 <sup>th</sup> consecutive night or more):	\$14.00 per night (1 <sup>st</sup> occupant) \$21.00 per night (second occupant)
Non-Occupancy Credit	<b>Non-Occupancy Credit (Assisted Living / Memory Care)</b>	No Service / Care Package Fee will be charged starting 1 <sup>st</sup> day of absence for duration of consecutive absence. Room base fee still applies in full.  Note: if resident is already at lowest care package for Asst. Living or for Memory Care, no credit is applied.
<u><b>Information Technology</b></u>		
Computer Technical Services	First half hour (minimum charge)  Charge for each additional increment of 1 to 15 minutes. Thus, net charge for one hour is \$79.00	\$47.00  \$16.00
<u><b>Catered Living</b></u>		
	Catered Living Care Fee	\$8,286.00
	Non-Care Second Person Fee	\$524.00
<u><b>Dining Services</b></u>		
	Guest Meal (Mon-Sat)	\$25.00
	Guest Meal (Buffet & Holiday)	\$25.00
	Child Buffet & Holiday Meal (age 11 and under)	\$12.00
	Child Guest Meal (age 11 and under)	\$12.00

<b><u>Department</u></b>	<b><u>Ancillary Service</u></b>	<b><u>2024 Fee</u></b>
	Delivery of meal	\$7.00
	Flex Meal Plan Credit (20 meals)	\$68.00
	Specialty Menu Items	Additional Fees Apply
<b><u>General Services</u></b>		
Grounds	Grounds Services per hour, plus materials	\$50.00
Guest Room	Roll Away bed per night in Resident Apartment	\$30.00
Housekeeping	Housekeeping per hour (1 hour min.)	\$50.00
	Laundry per load	\$19.75
Keys	Additional Apartment Key	\$13.00
	Additional Exterior Door Key	\$50.00
	Additional Mailbox Key	\$13.00
Maintenance	Maintenance Service per hour, plus materials (1/2 hour min.)*	\$50.00
Storage Bin	Padlock for Storage Bin	\$20.00
	Storage Bin per month (Independent Living only)	\$15.00
Transportation	Taxi Service*	\$6.00/mile
	Custom Interior Work	Additional Fees Apply
Parking	Reserved Parking Spot for First Vehicle	Included
	Reserved Parking Spot for Second Vehicle	\$55.00
<b><u>Resident Life</u></b>		
	Health Club – Monthly Membership	Included
	Specialty Classes	Additional Fees Apply
	Personal Training Session Rate (30 minutes)	\$36.50
	Virtual Fitness Programs (digital)	Included
	Unlimited Group Fitness Classes per month	\$41.25

<sup>1</sup> Materials are extra; specific fees are charged for certain jobs (e.g. TV hookup, picture hanging, etc.)

<sup>2</sup> Percent of local taxi fares.

Ancillary fees in continuing care are available on request.

**EXHIBIT 6**  
**CHANGES IN PERIODIC CHARGES**

Summary:

As required by Virginia law, Exhibit Six reflects the changes in Monthly Fees for the last five years of operation.

**EXHIBIT 6**  
**CHANGES IN PERIODIC CHARGES**

Independent Living Unit Description	2019	2020	2021	2022	2023	2024	Dollar Amount of Change for last year
One Bedroom	\$2,207 - \$3,056	\$2,295 - \$3,178	\$2,381 - \$3,297	\$2,500 - \$3,462	\$2,687 - \$3,721	\$2,860 - \$3,944	\$173 - \$223
Two Bedroom	\$2,474 - \$3,718	\$2,573 - \$3,867	\$2,668 - \$4,011	\$2,801 - \$4,211	\$3,011 - \$4,526	\$3,200 - \$4,789	\$189 - \$263
Double Occupancy	\$995	\$1035	\$1073	\$1,125	\$1,209	\$1,268	\$59

Health Care Units Fee Schedule  
Health Care Units Fee Schedule

Living Unit & Service Level Description	Dollar Amount Change from 2019-2020	Dollar Amount Change from 2020-2021	Dollar Amount Change from 2021-2022	Dollar Amount Change from 2022-2023	Dollar Amount Change from 2023-2024
Assisted Living Studio Base Fee	\$179	\$245	\$239	\$595	\$352
Assisted Living One Bedroom Base Fee	\$212	\$291	\$283	\$706	\$418
Assisted Living Two Bedroom Base Fee	\$274	\$377	\$367	\$915	\$542
Assisted Living Second Person Fee	No Change	No Change	\$75	\$186	\$110
Assisted Living Enhanced Service Package	\$30	\$35	\$34	\$85	\$50
Assisted Living Premium Service Package	\$59	\$70	\$68	\$170	\$100
Assisted Living Deluxe Service Package	\$90	\$105	\$102	\$255	\$151
Assisted Living Custom Service Package*	\$104	\$123	\$119	\$298	\$176
Memory Care Companion Suite Base Fee	\$199	\$257	\$266	\$664	\$393
Memory Care Studio Suite Base Fee	\$254	\$327	\$339	\$845	\$500
Memory Care Deluxe Service Package	\$30	\$33	\$34	\$84	\$50
Memory Care Custom Service Package*	\$45	\$49	\$51	\$127	\$75
Skilled Nursing Daily Rate Semi-Private	\$15	\$15	\$15	\$41	\$22
Skilled Nursing Daily Rate Private	\$17	\$16	\$17	\$47	\$25
Non-Refundable Community Fee	No Change	No Change	No Change	No Change	No Change

\*Prices reflect starting point of range fees

**EXHIBIT 7**  
**FINANCIAL STATEMENTS OF PROVIDERS**

Summary:

As a form of consumer protection for prospective residents, the Virginia State Corporation Commission has required the Providers to include an audit from an independent accounting firm, expressing that firm's opinion on the Providers' financial statements.



# **Ashby Ponds, Inc.**

**Financial Statements and  
Supplemental Information**

**December 31, 2023 and 2022**



## **Report of Independent Auditors**

To the Board of Directors of  
Ashby Ponds, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Ashby Ponds, Inc. (the "Community" or "APL"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, of changes in net assets (deficit), and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community 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.

### ***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the Community has restated its 2022 financial statements to correct the accounting for certain lease-related arrangements. Our opinion is not modified with respect to this matter.

### ***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 the Community's ability to continue as a going concern for one year after the date the financial statements are available to be issued.



### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with US GAAS, we:

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

### ***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Supplemental Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*PricewaterhouseCoopers LLP*

Baltimore, Maryland  
June 5, 2024

**Ashby Ponds, Inc.**  
**Balance Sheets**  
**December 31, 2023 and 2022**

	2023	2022 (as restated)
<b>ASSETS</b>		
Current assets		
Cash	\$ 16,718,624	\$ 20,120,403
Short term investments	19,649,422	12,571,748
Accounts receivable	2,047,136	1,337,471
Prepaid expenses and other current assets	865,818	387,486
Promissory notes receivable	3,849,700	10,187,100
Restricted cash and cash equivalents	101,349	184,527
Total current assets	<u>43,232,049</u>	<u>44,788,735</u>
Non-current assets		
Resident capital cash and cash equivalents	1,743,180	12,105,541
Certificates of deposit	100,678	100,668
Capital expenditure reserve	—	351,702
Capital repositioning reserve	1,040,013	1,684,459
Funds with donor restrictions	8,039,358	6,871,999
Funds held for residents	70,885	64,467
Property and equipment, net	18,121,368	14,027,019
Finance lease right of use assets, net	541,250,815	499,870,547
Total non-current assets	<u>570,366,297</u>	<u>535,076,402</u>
Total assets	<u>\$ 613,598,346</u>	<u>\$ 579,865,137</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 12,046,554	\$ 9,803,453
Claims reserve (insurance related)	904,977	946,331
Resident refunds payable	14,076,281	15,611,283
Other current liabilities	296,562	290,025
Total current liabilities	<u>27,324,374</u>	<u>26,651,092</u>
Non-current liabilities		
Funds held for residents (payable)	70,885	64,467
Advance deposits	1,716,049	6,770,648
Resident entrance fees, net of accumulated amortization of \$39,129,991 and \$34,778,270 for 2023 and 2022, respectively	672,528,547	624,020,583
Total non-current liabilities	<u>674,315,481</u>	<u>630,855,698</u>
Total liabilities	<u>701,639,855</u>	<u>657,506,790</u>
Net assets (deficit)		
Without donor restrictions	(96,080,867)	(84,513,652)
With donor restrictions	8,039,358	6,871,999
Total net assets (deficit)	<u>(88,041,509)</u>	<u>(77,641,653)</u>
Total liabilities and net assets (deficit)	<u>\$ 613,598,346</u>	<u>\$ 579,865,137</u>

The accompanying notes are an integral part of these financial statements

**Ashby Ponds, Inc.**  
**Statements of Operations**  
**December 31, 2023 and 2022**

	2023	2022 (as restated)
Operating revenue and other support		
Resident occupancy revenue	\$ 85,152,683	\$ 74,498,634
Ancillary fee revenue	6,923,718	5,785,364
Amortization of non-refundable resident entrance fees	7,230,021	6,702,762
Other revenue	1,417,659	810,830
Net assets released from restriction used for operations	862,785	511,805
Total operating revenue and other support	<u>101,586,866</u>	<u>88,309,395</u>
Operating expenses		
Salaries, wages and benefits	37,631,522	34,493,457
Professional and contracted services	13,583,062	12,061,173
Supplies	7,404,285	6,422,970
General and administrative	6,556,861	5,644,782
Management fees	3,897,516	3,766,804
Interest	23,562,532	21,142,897
Real estate taxes	3,311,972	3,018,601
Depreciation and amortization	17,261,851	20,720,038
Expenses incurred related to net assets with donor restrictions	862,785	511,805
Total operating expenses	<u>114,072,386</u>	<u>107,782,527</u>
Operating loss	(12,485,520)	(19,473,132)
Non-operating income		
Investment return, net	918,305	159,022
Total non-operating income	<u>918,305</u>	<u>159,022</u>
Excess of expenses over revenue	<u>\$ (11,567,215)</u>	<u>\$ (19,314,110)</u>

The accompanying notes are an integral part of these financial statements

**Ashby Ponds, Inc.**  
**Statements of Changes in Net Assets (Deficit)**  
**December 31, 2023 and 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets (deficit) January 1, 2022, as previously reported	\$ (71,932,006)	\$ 5,810,143	\$ (66,121,863)
Restatement (Note 13)	6,718,315	—	6,718,315
Net assets (deficit) January 1, 2022, as restated	<u>\$ (65,213,691)</u>	<u>\$ 5,810,143</u>	<u>\$ (59,403,548)</u>
Restricted contributions and net investment return	—	1,573,661	1,573,661
Net assets released from restriction used for operations	—	(511,805)	(511,805)
Excess of expenses over revenue	(19,314,110)	—	(19,314,110)
Reversal of capital contribution to related organization	14,149	—	14,149
Change in net assets (deficit), as restated	<u>(19,299,961)</u>	<u>1,061,856</u>	<u>(18,238,105)</u>
Net assets (deficit) December 31, 2022, as restated	<u>\$ (84,513,652)</u>	<u>\$ 6,871,999</u>	<u>\$ (77,641,653)</u>
Restricted contributions and net investment return	—	2,030,144	2,030,144
Net assets released from restriction used for operations	—	(862,785)	(862,785)
Excess of expenses over revenue	(11,567,215)	—	(11,567,215)
Change in net assets (deficit)	<u>(11,567,215)</u>	<u>1,167,359</u>	<u>(10,399,856)</u>
Net assets (deficit) December 31, 2023	<u>\$ (96,080,867)</u>	<u>\$ 8,039,358</u>	<u>\$ (88,041,509)</u>

The accompanying notes are an integral part of these financial statements

**Ashby Ponds, Inc.**  
**Statements of Cash Flows**  
**for the years ended December 31, 2023 and 2022**

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	2023	2022 (as restated)
Cash flows from operating activities		
Change in net assets (deficit)	\$ (10,399,856)	\$ (18,238,105)
Adjustments to reconcile change in net assets (deficit) to net cash and restricted cash and cash equivalents provided by operating activities		
Depreciation and amortization	17,261,851	20,720,038
Amortization of non-refundable resident entrance fees	(7,230,021)	(6,702,762)
Gain on disposals of fixed assets	(9,026)	—
Change in unrealized (gain)/loss on investments	(148,157)	17,796
Proceeds from non-refundable entrance fees	9,348,745	8,615,100
Spend down	(2,851,151)	(2,207,509)
Increase in accounts receivable	(709,665)	(437,587)
(Increase)/decrease in prepaid expenses and other current assets	(478,333)	54,982
Increase in accounts payable and accrued expenses	2,515,779	2,745,008
(Decrease)/increase in claims reserve (insurance related)	(41,354)	244,449
Increase/(decrease) in other current liabilities	6,537	(27,195)
Net cash provided by operating activities	<u>7,265,349</u>	<u>4,784,215</u>
Cash flows from investing activities		
Increase in short-term investments	(6,929,517)	(7,144,505)
Increase in limited use cash, cash equivalents and investments	(1,449,861)	(367,210)
Purchases of property and equipment	(7,750,652)	(5,853,568)
Proceeds from sale of property and equipment	9,026	—
Net cash used in investing activities	<u>(16,121,004)</u>	<u>(13,365,283)</u>
Cash flows from financing activities		
Proceeds from refundable entrance fees	97,451,706	78,941,900
Refunds of refundable entrance fees	(48,463,516)	(38,255,442)
Payment of finance lease obligation	(55,258,494)	(27,521,901)
Net cash (used in)/provided by financing activities	<u>(6,270,304)</u>	<u>13,164,557</u>
(Decrease)/increase in cash and restricted cash and cash equivalents	(15,125,959)	4,583,489
Cash and restricted cash and cash equivalents, beginning of year	<u>35,775,847</u>	<u>31,192,358</u>
Cash and restricted cash and cash equivalents, end of year	<u>\$ 20,649,889</u>	<u>\$ 35,775,847</u>
Supplemental cash flow disclosure:		
Change in funds held for residents	\$ 6,418	\$ 16,891
Purchases of property and equipment in accounts payable and accrued expenses	26,040	298,719

The accompanying notes are an integral part of these financial statements

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**1. Organization**

Ashby Ponds, Inc. (the “Community” or “APL”) was established on September 19, 2006 as a Maryland non-stock corporation to operate a not-for-profit continuing care retirement community (“CCRC”) located in Loudoun County, Virginia. The Community's available and occupied units were as follows as of December 31:

	2023	2022
Available units		
Independent living units	1,392	1,390
Assisted living units	55	55
Skilled nursing units	44	44
Memory care units	36	36
Total available units	1,527	1,525
Occupied units		
Independent living units	1,366	1,299
Assisted living units	54	54
Skilled nursing units	42	43
Memory care units	34	36
Total occupied units	1,496	1,432
Occupancy percentage		
Independent living units	98.1 %	93.5 %
Assisted living units	98.2 %	98.2 %
Skilled nursing units	95.5 %	97.7 %
Memory care units	94.4 %	100.0 %
Total occupancy percentage	98.0 %	93.9 %

National Senior Communities, Inc. (“NSC”), a not-for-profit organization, was organized to support the Community and 17 other not-for-profit organizations that operate retirement communities. NSC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the applicable state income tax regulations. NSC is the sole member of the Community and appoints all directors of the Community's Board.

The Community contracts with Erickson Senior Living, LLC (“ESL”) to provide management services as described in footnote 5. The Community leases its real property from Redwood-ERC Ashburn, LLC (“REA”). There are various agreements associated with the management of the Community whereby ESL and REA are considered related parties.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Cash**

APL utilizes a controlled disbursement account that funds checks as they are presented for payment which may result in a book overdraft due to timing. There was no book overdraft as of December 31, 2023 and 2022.

**Insurance**

APL participates in insurance plans which cover claims for employee health, professional and general liability, workers' compensation and property insurance.



**Claims Reserve (insurance related)**

Claims reserves are estimated accrued insurance liabilities for the employee health plan, professional and general liability, workers' compensation insurance plans, and property claims. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided. Claims incurred but not reported represent amounts accrued for the current year which were actuarially determined to be the amount of potential claim payments for events occurring prior to year-end, including excess amounts covered by reinsurance. The Community does not discount this liability.

**Employee Health Plan**

APL participates in a self-funded employee health plan with other NSC communities that are managed by ESL. A specific stop loss policy has been purchased to reduce a portion of the plan risk. The specific stop loss reimbursement policy covers medical and prescription drug claims totaling more than \$600,000 for each of the years ended December 31, 2023 and 2022, respectively, per member per calendar year. Symetra Life Insurance Company provides the excess coverage and reimburses the plan for amounts over the specific stop loss deductible. NSC participants in the plan share in the payment of claims within the deductible based on their percentage of participation in the plan.

For the years ended December 31, 2023 and 2022, expenses related to the employee health plan were \$2,562,060 and \$1,985,304, respectively, and are included in salaries, wages and benefits on the Statements of Operations. The liability for future health claims was \$269,010 and \$221,523 as of December 31, 2023 and 2022, respectively, and is included in claims reserve (insurance related) on the Balance Sheets.

**Professional and General Liability Insurance**

APL participates in a high retention professional and general liability insurance plan with ESL and other communities managed by ESL. The program has a \$5,000,000 per claim retention and \$5,000,000 professional and general liability retention aggregate. Bowhead Specialty Underwriters ("BSU") provides the lead excess coverage. To the extent a participant incurs a loss, all participants will share in paying for that loss, subject to the retention and the aggregate limits.

For the years ended December 31, 2023 and 2022, expenses related to the professional and general liability plans were \$148,765 and \$405,288, respectively, and are included in general and administrative expense on the Statements of Operations. APL follows the accounting policy of establishing reserves for all losses unpaid at the end of the year, including the excess amounts covered by BSU. These reserves have been established by management through consultation with actuaries and are recorded at the expected value to be paid. The liability for the anticipated payment for future professional and general liability claims was \$395,351 and \$540,566 as of December 31, 2023 and 2022, respectively, and is included in claims reserve (insurance related) on the Balance Sheets.

**Workers' Compensation**

APL is covered by a commercial workers' compensation policy from the Arch Insurance Company. Deductible amounts per the policy are covered by a separate policy that limits the Community's exposure to their monthly premiums. For the years ended December 31, 2023 and 2022, expenses related to the workers' compensation plan were \$611,552 and \$538,754, respectively, and are included in salaries, wages and benefits on the Statements of Operations.

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Property Insurance**

APL participates in a high deductible property insurance plan with ESL and other communities managed by ESL. Beginning in 2022, the plan has a \$10,000,000 retention per occurrence, and American International Group provides the lead excess coverage. To the extent a participant incurs a loss, all participants will share in paying for that loss, subject to the deductible.

For the years ended December 31, 2023 and 2022, expenses related to the property insurance plan were \$1,046,604 and \$710,953, respectively, and are included in general and administrative expense on the Statements of Operations. The liability for future property insurance claims was \$240,616 and \$184,242 as of December 31, 2023 and 2022, respectively, and is included in claims reserve (insurance related) on the Balance Sheets.

**Concentration of Credit Risk**

Financial instruments, which subject APL to concentrations of credit risk, consist primarily of cash, cash equivalents and certificates of deposit. Cash and cash equivalents include overnight investment arrangements with banks and investments. Total deposits maintained at these institutions at times exceed the amount insured by federal agencies and therefore, bear a risk of loss. APL has not experienced any losses on these funds.

**Promissory Notes Receivable**

Promissory notes receivable consist of short-term receivables from residents related to payment of the final installment of their entrance fee. Often, there is a timing difference between when the sale of a prospective resident's home will be finalized and the due date of the final installment on their resident entrance fee. In these cases, a short-term promissory note is issued by the resident. If the resident pays the note on or before the agreed upon due date, no interest is charged. If the resident does not pay the note by the agreed upon due date, interest may be charged from the day the note was issued through the date of payment. The promissory notes receivable balance was \$3,849,700 and \$10,187,100 as of December 31, 2023 and 2022, respectively.

**Resident Capital Cash and Cash Equivalents, Advance Deposits and Resident Entrance Fees**

Residents are required to remit entrance fees, which vary in amount depending upon the unit to be occupied. Prospective residents are required to make certain installment payments prior to the final settlement of the given unit. These amounts are included in resident capital cash and cash equivalents and advance deposits on the Balance Sheets. Timing differences may cause resident capital cash and cash equivalents to not be equal to advance deposits.

Entrance fees on settled units are shown as resident entrance fees on the Balance Sheets and are reported net of amortization and spend down. In general, for each Residence and Care Agreement ("RCA") issued prior to the introduction of the 90% contracts discussed below, entrance fees are fully refundable when the unit has been vacated and released, all outstanding obligations of the resident have been paid, and the unit has been resettled and paid for by a new resident with a fee amount greater than or equal to the previous entrance fee amount.

The currently offered RCAs provide for a refundable amount of 90% of the total entrance fee and a 10% non-refundable portion ("90% contracts"). Eligibility for a refund under the 90% contracts is established when the RCA has terminated, the unit has been vacated and released, all outstanding obligations have been paid and funds are available in the refund account, which is the balance established to fund eligible resident refunds. The refund account is funded from new residents who have settled an independent living unit with a new 90% contract. The refunds are made in sequential order, based on when a former resident has met eligibility for a refund and funds are available in the refund account. The refund on these units is not tied to the resettlement of the former resident's specific unit. For the 90% contracts, when the unit is released, the amount of the fully refundable portion of the resident entrance fee is reclassified from resident entrance fees, a non-current liability,

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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to resident refunds payable, a current liability on the Balance Sheets. For all entrance fee refunds due under the previous RCA, the fee is reclassified when the former resident's unit is resettled.

The 10% non-refundable portion is treated as deferred revenue and amortized into revenue on a straight-line basis over an 8.5 year period, which approximates the estimated average length of time a resident resides at the Community based on Community and industry data, or over a shorter period if the RCA is terminated sooner. The amount of amortization related to the 10% non-refundable portion of the deposit was \$7,230,021 and \$6,702,762 for the years ended December 31, 2023 and 2022, respectively, and is included in amortization of non-refundable resident entrance fees on the Statements of Operations.

Entrance fees may be used to satisfy monthly fees if insufficient resident funds are available, resulting in a spend down of the resident's entrance fees. The amounts charged to spend down are subsequently recovered by the Community through a reduction of the amounts refunded to the resident when they leave the Community and any required refund is made. Residents' final bills are also charged to spend down which reduces the amount of their refundable entrance fee under the terms of the RCA. For the years ended December 31, 2023 and 2022, spend down activity to offset monthly charges was \$2,851,151 and \$2,207,509, respectively.

The composition of resident entrance fees, net, was as follows as of December 31:

	2023	2022
Fully refundable contracts		
Resident entrance fees	\$ 69,974,700	\$ 77,634,000
Less: Accumulated amortization	(3,436,446)	(4,244,346)
90% Contracts		
Resident entrance fees		
90% refundable portion	579,055,438	524,325,393
10% non-refundable portion	65,842,622	59,419,577
Less: Accumulated amortization	(35,693,545)	(30,533,924)
Less: Spend down	(3,214,222)	(2,580,117)
Resident entrance fees, net	<u>\$ 672,528,547</u>	<u>\$ 624,020,583</u>

**Limited Use Cash, Cash Equivalents and Investments**

APL has restricted cash and cash equivalents, resident capital cash and cash equivalents, certificates of deposit, capital expenditure reserve, capital repositioning reserve, funds with donor restrictions, and funds held for residents that are comprised of cash, cash equivalents and investments, stated at fair market value. Income related to limited use cash, cash equivalents and investments is included in investment return, net, on the Statements of Operations.

The following table provides a reconciliation of cash and restricted cash and cash equivalents reported within the Balance Sheets that sum to the total of the same amounts shown in the Statements of Cash Flows as of December 31:

	2023	2022
Cash	\$ 16,718,624	\$ 20,120,403
Restricted cash and cash equivalents	101,349	184,527
Resident capital cash and cash equivalents	1,743,180	12,105,541
Capital expenditure reserve	—	351,702
Capital repositioning reserve	1,040,013	1,684,459
Funds with donor restrictions	975,838	1,264,748
Funds held for residents	70,885	64,467
Cash and restricted cash and cash equivalents	<u>\$ 20,649,889</u>	<u>\$ 35,775,847</u>

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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Amounts included in restricted cash and cash equivalents represent amounts required to be set aside by a contractual agreement with an insurer for the payment of general and professional liability claims. Restricted cash included in resident capital cash and cash equivalents represents amounts required to be set aside until the unit settles. Amounts included in capital expenditure reserve and capital repositioning reserve include cash reserves maintained per Master Lease and Use Agreement ("MLUA") requirements as discussed below. Amounts included in funds with donor restrictions and funds held for residents include cash that has been contributed to funds but not yet invested.

The MLUA with REA provides for the annual calculation and funding of certain internal reserves, the Capital Expenditure Reserve and the Capital Repositioning Reserve, related to the ongoing capital expenditures at the Community. The reserves are calculated as part of the determination of annual rent, as further defined in footnote 3. The reserves are determined as follows:

**Capital Expenditure Reserve** - the reserve is based on a rolling five year projection, mutually agreed upon by REA and the Community, for ongoing capital maintenance expenditures anticipated on a per unit basis taking into consideration average industry standards for similar CCRC's and the manager's previous experience. Annually, in conjunction with reconciliation of annual rent, the calculated amount is compared to actual capital maintenance expenditures for the year and any shortfall is deposited into the reserve account, or if applicable, any excess of actual expenditures over the reserve is released. In the Amended and Restated MLUA (see footnote 3), which had been agreed to on October 28, 2022, and became effective as of January 1, 2023, the Capital Expenditure Reserve requirement was eliminated at this time and any remaining balance after the final reconciliation of annual rent was released to operating cash.

**Capital Repositioning Reserve** - This reserve is established for major improvements to or modernization of Community facilities to meet continuing shifts in new resident expectations and competitive market conditions. Annually, immediately following reconciliation of annual rent, the Community shall deposit 2% of the Community's EBITDAR (see footnote 3) into this reserve. This reserve shall be available for use on capital repositioning expenditures as reasonably deemed necessary by REA. To the extent REA determines a capital repositioning expenditure is required and there are insufficient funds in the Capital Repositioning Reserve to fund these expenses, REA has agreed to pay any shortfall, with right of future pay back from the Community for such deficiency. The right of pay back is determined if/when there are excess reserve funds made available by the Community, never to exceed the 2% of Community's EBITDAR calculation (see footnote 3) that has not yet been withdrawn.

Due to the long-term nature of these reserves, they are considered non-current assets on the Balance Sheets.

**Property and Equipment, Net**

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of 3 to 15 years. Improvements to property and equipment that substantially extend the useful life of the asset are capitalized. Repair and maintenance costs are expensed as incurred. Gains or losses on the disposition of property and equipment are recorded at the time of the disposition.

The useful lives of property and equipment are as follows:

	Useful Life
Land and building improvements	15
Furniture and fixtures	7
Equipment and vehicles	3 - 5

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Investments**

APL records investment gains and losses in non-operating income (expense) in the statements of operations, along with the offsetting amount related to the increase or decrease in the short-term investments to reflect its exposure to changes in the fair value of money market funds, fixed income securities, equity securities, and U.S. agency securities (as disclosed in footnote 7). For the years ended December 31, 2023 and 2022, APL recorded \$918,305 and \$159,022 of net gains, respectively, on investments held in these securities.

**Valuation of Long-Lived Assets**

The Community accounts for the valuation of long-lived assets in accordance with ASC 360-10-15: *Accounting for the Impairment or Disposal of Long-Lived Assets*. This guidance requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Management has reviewed the valuation of long-lived assets and has determined that no impairment occurred for the years ended December 31, 2023 and 2022.

**Lease Accounting**

The Community evaluates whether a contract is or contains a lease at the inception of the contract. Upon lease commencement, the date on which a lessor makes the underlying asset available to the Community for use, the Community classifies the lease as either an operating or finance lease.

The Community, as lessee, recognizes a finance lease right of use ("ROU") asset and lease liability on the Community's Balance Sheets for its operating and finance leases as of the lease commencement date. A ROU asset represents the Community's right to use an underlying asset for the lease term while the lease liability represents an obligation to make lease payments measured on a discounted basis. Options to extend a lease are factored into the measurement of the lease liability when it is reasonably certain that the Community will exercise the option. For the Community's leases where the rate implicit in the lease is not readily available, the Community utilizes its estimated incremental borrowing rate in determining the present value of lease payments based on information available at commencement of the lease, which reflects the fixed rate at which the Community could borrow a similar amount for the same term on a collateralized basis. ROU assets are measured at an amount equal to the initial lease liability, plus any prepaid lease payments (less any incentives received, such as reimbursement for leasehold improvements) and initial direct costs, at the lease commencement date. Leases with an initial term of 12 months or less are not recorded on the Community's Balance Sheet and instead are recognized as lease expense as incurred. The Community has lease agreements with lease and non-lease components, and as a practical expedient, has elected to account for lease and non-lease components together as a single combined lease component for real estate and equipment leases, from both a lessee and lessor perspective.

For operating leases, lease expense is recognized on a straight-line basis over the lease term and is included in total expenses on the Statements of Operations. The ROU asset is generally reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the effective interest method. For finance leases, the Community recognizes interest expense on the lease liability utilizing the effective interest method. Additionally, the ROU asset is generally amortized to depreciation and amortization expense, depending on the classification of the lease, on a straight-line basis over the lease term, unless the lease contains an option to purchase the underlying asset that the Community is reasonably certain to exercise, in which case the asset is depreciated over the useful life of the underlying asset.

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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For leases qualifying for the short-term lease exemption, the Community recognizes lease payments on a straight-line basis over the lease term and variable lease payments are expensed as incurred. These expenses are included as components of total expenses on the Statements of Operations.

Refer to the Community's revenue recognition policy for discussion of the accounting policy for residency agreements, which include the lease of an asset.

The Community is also a lessor of space leased to third parties, and recognizes sublease income on a straight-line basis over the lease term in other revenue on the Statements of Operations.

Refer to footnote 13 for additional details on the restatement of the Community's previously issued 2022 financial statements as of and for the year ended December 31, 2022 to correct an error in the accounting for leases.

**Compensated Absences**

APL records a liability for amounts due to employees for future absences that are attributable to services performed in the current and prior periods, which is included in accounts payable and accrued expenses on the Balance Sheets. The expenses related to these absences are included in salaries, wages and benefits on the Statements of Operations.

**Net Assets (Deficit)**

To account for donor-imposed restrictions placed on the use of resources, net assets (deficit) are classified as follows:

**Without Donor Restrictions**

Net assets (deficit) without donor restrictions represent resources that are not restricted by donor-imposed stipulations. They are available for the support of all Community operations and services. Net assets (deficit) without donor restrictions are free of donor imposed restrictions and include all revenue, expenses, gains and losses that are not changes in net assets (deficit) with donor restrictions.

**With Donor Restrictions**

Net assets with donor restrictions represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations. These restrictions may or may not expire by the passage of time or by the fulfillment of certain actions pursuant to those stipulations.

**Excess of Expenses Over Revenue**

The Statements of Operations include excess of expenses over revenue, which includes all revenue and expenses that are an integral part of the Community's activities.

**Revenue Recognition**

*Resident occupancy revenue*

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

Under the Community's RCAs, which are generally for the resident's lifetime, but can be terminated at any time by the resident with 60 days' notice, the Community provides continuing care services to residents for a stated daily or monthly fee. The Community recognizes revenue for continuing care services under the RCA for independent living in accordance with the provisions of ASC 842, *Leases*

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("ASC 842"). The Community recognizes revenue for assisted living services, skilled nursing residency and care, memory care residency and therapy services in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The Community has determined that the continuing care services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time.

The independent living portion of resident occupancy revenue that qualified under the provisions of the lease guidance was \$64,174,352 and \$55,339,779 for the years ended December 31, 2023 and 2022, respectively.

The Community determines the transaction price based on standard charges for continuing care services provided, reduced by contractual adjustments (explicit price concessions) provided to third-party payers where applicable. The Community estimates contractual adjustments and discounts based on contractual agreements and historical experiences. The Community evaluates a resident's ability to pay for provided services through an assessment of their available assets, future sources of revenue and the security of their entrance fee at the time of entrance to the Community. Through this evaluation, the Community has determined that it does not offer implicit price concessions. The lack of implicit price concessions is considered in estimating the transaction price billed to residents and the amounts the Community expects to collect based on its collection history with those residents. Residents who meet the Community's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

Agreements with third-party payers typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers follows:

Medicare: Certain nursing care services are paid at prospectively determined rates based on clinical, diagnostic and other factors. Other services are paid based on cost-reimbursement methodologies subject to certain limits.

Medicaid: Reimbursements for Medicaid services are generally paid at prospectively determined rates per occasion of service, or per covered member.

Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates.

Generally, residents who are covered by third-party payers are responsible for related deductibles and coinsurance which vary in amount. Management estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments. Subsequent changes to the estimate of the transaction prices are generally recorded as adjustments to resident occupancy revenue or ancillary fees in the period of the change. These changes to estimates that were recorded in the subsequent period were insignificant for the years ended December 31, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in a payer's ability to pay are recorded as a reduction to revenue and were not significant for the years ended December 31, 2023 and 2022.

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*Ancillary fees*

Ancillary fees, which include nursing and aide services, pharmacy charges, housekeeping, dining room sales and other services provided to the residents of the Community, are reported at the amount that reflects the consideration to which the Community expects to be entitled in exchange for providing these services. The Community recognizes revenue for these ancillary services in accordance with the provisions of ASC 606. Each service provided under the contract is capable of being distinct, therefore, the services are considered individual and separate performance obligations, which are satisfied as services are provided, and revenue is recognized as services are provided.

**Disaggregation of Revenue**

The Community disaggregates its revenue from contracts with customers by payer source as well as the main lines of business, as the Community believes it best depicts how the nature, amount, timing, and uncertainty of its revenue and cash flows are affected by economic factors. See details in the tables below.

The composition of resident occupancy revenue by payer and level of care was as follows for the years ended December 31:

	2023				
	Independent living	Assisted living	Skilled nursing and other	Memory care	Total
Private pay	\$ 64,174,352	\$ 7,511,273	\$ 6,755,152	\$ 5,108,436	\$ 83,549,213
Medicare and Medicaid	—	—	1,333,272	—	1,333,272
Third party	—	—	270,198	—	270,198
Total resident occupancy revenue	<u>\$ 64,174,352</u>	<u>\$ 7,511,273</u>	<u>\$ 8,358,622</u>	<u>\$ 5,108,436</u>	<u>\$ 85,152,683</u>

	2022				
	Independent living	Assisted living	Skilled nursing and other	Memory care	Total
Private pay	\$ 55,339,779	\$ 6,883,279	\$ 5,627,047	\$ 4,808,854	\$ 72,658,959
Medicare and Medicaid	—	—	1,583,209	—	1,583,209
Third party	—	—	256,466	—	256,466
Total resident occupancy revenue	<u>\$ 55,339,779</u>	<u>\$ 6,883,279</u>	<u>\$ 7,466,722</u>	<u>\$ 4,808,854</u>	<u>\$ 74,498,634</u>

The composition of ancillary fees by payer and level of care was as follows for the years ended December 31:

	2023				
	Independent living	Assisted living	Skilled nursing and other	Memory care	Total
Private pay	\$ 4,495,886	\$ 72,816	\$ 41,511	\$ 36,978	\$ 4,647,191
Medicare and Medicaid	—	—	1,051,346	—	1,051,346
Third party	635,580	—	589,601	—	1,225,181
Total ancillary fees	<u>\$ 5,131,466</u>	<u>\$ 72,816</u>	<u>\$ 1,682,458</u>	<u>\$ 36,978</u>	<u>\$ 6,923,718</u>



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	2022				
	Independent living	Assisted living	Skilled nursing and other	Memory care	Total
Private pay	\$ 3,622,641	\$ 81,848	\$ 73,263	\$ 21,297	\$ 3,799,049
Medicare and Medicaid	—	—	982,115	—	982,115
Third party	98,640	—	905,560	—	1,004,200
Total ancillary fees	\$ 3,721,281	\$ 81,848	\$ 1,960,938	\$ 21,297	\$ 5,785,364

**Other Revenue**

Other revenue includes revenue from government grants, lease income, and contribution revenue. Grant revenue is recognized when the applicable terms and conditions of the grant have been met. The Community has determined that there is not an exchange back to the granting authority and accounts for these grants under the contribution model (ASC 958-605), which is outside the scope of ASC 606.

The Community has leased space to various vendors who provide services to the residents as an amenity. These agreements typically range from 1 to 5 years, most for a fixed monthly rate. Revenue from these agreements is recognized ratably over the lease term on a straight-line basis. However, some agreements do include a variable component in the final monthly price.

The Community receives contributions from residents for use limited to a specified purpose. Contribution revenue is recognized when the donor-imposed stipulation is fulfilled and funds are expensed in accordance with ASC 958-605.

**Coronavirus Disease 2019 Funding Programs**

The Community participates in certain government programs that provide funding related to the Coronavirus Disease 2019 ("COVID-19") pandemic. These funds have reduced the overall net impact of COVID-19 on the Community's financial performance.

Through its Public Assistance program, the Federal Emergency Management Agency ("FEMA") provides assistance to not-for-profit organizations responding to major disasters or emergencies. Under the program's "Emergency Protective Measures" category, healthcare providers may be eligible for reimbursement of costs associated with providing facilities for medical care or expanding existing medical care capacity during the COVID-19 public health emergency. Generally, FEMA provides such awards on the basis of actual costs incurred. For the years ended December 31, 2023 and 2022, the Community recognized \$539,236 and \$0, respectively, in other revenue from this FEMA program.

The Coronavirus Aid, Relief and Economic Security Act of 2020 ("CARES Act") provides refundable employee retention credits, which can be used to offset payroll tax liabilities. For the years ended December 31, 2023 and 2022, the Community recognized a benefit of \$16,642 and \$87,000, respectively, which is included in salaries, wages and benefits on the Statements of Operations.

**Income Taxes**

APL is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the applicable state income tax regulations. Management has evaluated APL's tax positions and has concluded that APL has taken no uncertain tax positions that would require recognition or disclosure in the financial statements.

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**Management Estimates**

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

**Recently Issued Accounting Pronouncements**

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments. The current standard delays the recognition of a credit loss on a financial asset until the loss is probable to occur. The new standard removes the requirement that a credit loss be probable of occurring for it to be recognized, and requires entities to use historical experience, current conditions, and reasonable and supportable forecasts to estimate their future expected credit losses. The Community adopted this standard effective January 1, 2023. Management evaluated the impact of this update on the financial statements and there were no material impacts.

**3. Leases**

The Community leases land and buildings, located in Loudoun County, Virginia, under the Amended and Restated MLUA from REA effective January 1, 2023, which was subsequently modified on April 5, 2024. The buildings and land leased under the MLUA are recognized as finance leases on the Community's financial statements. The MLUA includes an initial lease term of twenty years with the option to extend the lease term for seven additional ten year renewal terms. Management has determined that it is reasonably certain to exercise two of the seven renewal options and those options are reflected in the lease term and in the recognition of ROU assets. The MLUA contemplates development of the Community over time, such that each new building constructed on the campus is considered a new leased asset. The Community can exercise an option to purchase the property at 90% of the then fair market value, plus certain other amounts as set forth in the MLUA. This option may only be exercised during certain specified exercise periods, contingent upon the completion of construction as provided in the Amended and Restated MLUA, the earliest of which begins on January 1, 2035 and the latest of which ends on December 31, 2050.

On April 30, 2010, APL entered into the Community Loan Agreement ("CLA") with REA whereby APL agreed to lend REA all initial entrance deposits ("IEDs") paid by residents. Management determined that because the CLA and MLUA have the same commercial objectives and the amount of consideration to be paid as base rent pursuant to the MLUA depends on the CLA, these contracts should be combined and considered a single transaction. Base rent under the MLUA is equal to the amount of principal and interest payable by REA to the Community under the CLA. Payment of base rent by APL is completely offset by the amounts due to APL from REA pursuant to terms of the CLA. As the IEDs are transferred beginning at lease commencement and there are no additional fixed payments in the lease contract, a lease liability is not recognized for this lease arrangement.

As residents move in, the IEDs received by the Community are transferred timely to REA, thus increasing the finance lease ROU asset. For the year ended December 31, 2023 APL transferred IEDs related to four of its finance leases, resulting in an increase to the finance lease ROU assets on the Balance Sheet of \$55,258,494. For the year ended December 31, 2022, APL transferred IEDs related to five of its finance leases, resulting in an increase to the finance lease ROU asset on the Balance Sheet of \$27,521,900.

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As of December 31, 2023 and 2022, assets under finance leases, primarily land and buildings, are included in finance lease ROU assets, at a cost of \$671,017,026 and \$615,758,531, respectively, less accumulated amortization of \$129,766,211 and \$115,887,985, respectively. Amortization expense for assets under finance leases is included in depreciation and amortization expense on the Statements of Operations.

The following table summarizes the remaining unamortized finance lease ROU asset, representing IEDs transferred, less accumulated amortization, for each of the Community buildings:

	2023	2022 (as restated)
Building 1.1	\$ 18,102,706	\$ 18,566,877
Building 1.2	17,055,988	17,493,321
Building 1.3	33,288,240	34,141,784
Building 1.4	17,822,491	18,279,478
Building 1.5	17,298,068	17,741,608
Building 1.6	20,365,217	20,887,402
Building 2.1	36,549,116	37,486,273
Building 2.2	25,064,462	25,707,141
Building 2.3	31,288,334	32,090,599
Building 2.4	46,338,542	47,526,710
Building 2.5	37,668,491	38,031,785
Building 2.6	38,508,807	39,496,212
Building 3.1	51,567,914	1,781,018
Building 3.2	77,855,515	77,567,811
Building 3.3	61,976,197	62,302,551
Building EC 1.0	10,500,727	10,769,977
Finance lease right of use assets, net	<u>\$ 541,250,815</u>	<u>\$ 499,870,547</u>

The MULA also includes contingent rent payments calculated on an annual basis, referred to as annual rent. As these payments are contingent, there is not a lease liability recognized for future payments of annual rent. Annual rent is calculated as EBITDAR divided by 1.2. (EBITDAR is defined as annual operating income, plus net resale margin, plus release of any capital expenditure reserve from the previous year, minus debt service reserves, minus capital expenditures to the extent not funded from the reserves, minus the amount necessary to fund furniture, fixtures, and equipment for new buildings developed by the landlord in the year they are placed in service, minus all sums owed under any working capital loan agreement between APL and REA). The total amount of annual rent payable to REA for each calendar year shall be adjusted based on the results of the annual audit and verification of the actual EBITDAR for the entire calendar year. Annual rent expense was \$23,562,532 and \$21,142,897 for the years ended December 31, 2023 and 2022, respectively, and is included in interest expense on the Statements of Operations.

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The Community's total lease cost associated with its leases was as follows for the year ended December 31:

	2023	2022 (as restated)
Finance lease cost		
Amortization of right of use assets	\$ 13,878,226	\$ 17,716,830
Variable cost - annual rent	23,562,532	21,142,897
Total lease cost	<u>\$ 37,440,758</u>	<u>\$ 38,859,727</u>

No discount rate is applied to the lease population as there are no lease liabilities. The weighted-average remaining lease term of the Community's leases was 39 years and 27 years as of December 31, 2023 and 2022, respectively.

In addition, the Community has leased space to various vendors who provide services to the residents as an accommodation. These agreements have terms from 1 to 5 years and most are for a fixed monthly rate; however, some do include a variable component in the final monthly price.

The future payments to be received under current operating lease agreements where the Community is the lessor (including resident contracts for independent living units) as of December 31, 2023 were approximately \$64,400,000 in each of the next five years.

#### **4. Property and Equipment, Net**

Property and equipment, net, consisted of the following as of December 31:

	2023	2022 (as restated)
Land and land improvements	236,540	63,499
Building and building improvements	17,827,068	15,345,920
Furniture and fixtures	5,165,480	5,442,096
Equipment and vehicles	7,333,698	7,248,609
	<u>30,562,786</u>	<u>28,100,124</u>
Less: Accumulated depreciation	<u>(16,422,659)</u>	<u>(15,628,954)</u>
	14,140,127	12,471,170
Open projects	3,981,241	1,555,849
Total property and equipment, net	<u>\$ 18,121,368</u>	<u>\$ 14,027,019</u>

Depreciation expense was \$3,383,625 and \$3,003,208 for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, APL disposed of fully depreciated assets totaling \$2,589,918 and \$164,365, respectively. There were \$9,026 and \$0 gains related to these disposals for the years ended December 31, 2023 and 2022.

#### **5. Management and Marketing Agreement**

On April 30, 2010, APL and ESL entered into a Management and Marketing Agreement. ESL will provide management and marketing services to APL during the term of this agreement in exchange for a management fee and allocation of certain costs to the Community as discussed below. The agreement has been amended various times since inception, most recently on January 1, 2023. The agreement expires on December 31, 2050. Under the 2023 agreement, the monthly fee is calculated as 4.5% of the total resident fees for such month, including continuing care occupancy. Under the prior agreement that was effective for 2022, the monthly fee was 5.0%. Management fees for the years ended December 31, 2023 and 2022 were \$3,897,516 and \$3,766,804, respectively. Beginning

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January 1 in the year following the year in which APL achieves "Stabilization" (as defined in the 2023 agreement and which can occur no later than December 31, 2030), the monthly fee will be the sum of the base fee and incentive fee defined as follows:

The base fee will be calculated as 90% of the applicable percentage of occupancy fees based on the projected occupancy rate on which the budget is based as of January 1 of the year following the year APL achieves Stabilization and is then reset every three years thereafter. In years between base fee resets, the base fee will increase by the increase in the Consumer Price Index for the Baltimore-Towson Metropolitan Statistical Area for the previous year.

An incentive fee, not to exceed 25% of the applicable base fee, will be an amount equal to the excess, if any, of the amount of the applicable percentage of the total actual resident fees over the applicable base fee.

The direct and shared costs allocated to APL by ESL for the years ended December 31, 2023 and 2022 were \$8,194,250 and \$7,379,451, respectively, and are included in professional and contracted services and salaries, wages and benefits on the Statements of Operations. Direct and shared costs include salaries and benefits for management personnel and the use of services such as finance, legal, human resources, information systems, and operations.

**6. Defined Contribution Plan**

APL maintains a defined contribution plan for APL employees meeting certain eligibility requirements. Eligible employees may contribute up to 100% of their salary subject to the maximum allowed by the Internal Revenue Code on a pretax basis. APL may make discretionary contributions to the plan equal to a percentage of the participant's elective deferrals. Total expense recognized by APL was \$535,642 and \$439,324 for the years ended December 31, 2023 and 2022, respectively, and is included in salaries, wages and benefits on the Statements of Operations.

**7. Fair Value of Financial Instruments**

The fair value measurement standard establishes measurement criteria and a hierarchy for ranking the quality and reliability of the information used to determine fair values. Fair value is a market-based measurement that defines the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The standard requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

As of December 31, 2023 and 2022, APL had no assets or liabilities carried at fair value that required Level 3 classification.

ASC 820: Fair Value Measurements and Disclosures ("ASC 820"), clarifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

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The following table summarizes the valuation of APL's financial instruments by the above pricing levels as of:

	December 31, 2023		
	Unadjusted Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
<b>Current assets</b>			
Short term investments			
Money market funds	\$ 558,097	\$ —	\$ 558,097
Fixed income securities	—	11,337,277	11,337,277
U.S. agency securities	—	5,111,628	5,111,628
Equity securities	2,642,420	—	2,642,420
Restricted cash and cash equivalents			
Money market funds	101,349	—	101,349
	<u>\$ 3,301,866</u>	<u>\$ 16,448,905</u>	<u>\$ 19,750,771</u>
<b>Non-current assets</b>			
Resident capital cash and cash equivalents			
Cash	\$ 68,604	\$ —	\$ 68,604
Money market funds	1,674,576	—	1,674,576
Certificates of deposit			
Certificates of deposit	—	100,678	100,678
Capital repositioning reserve			
Cash	1,040,013	—	1,040,013
Funds with donor restrictions			
Cash	975,838	—	975,838
Fixed income securities	4,224,046	—	4,224,046
Equity securities	2,839,474	—	2,839,474
Funds held for residents			
Cash	70,885	—	70,885
	<u>\$ 10,893,436</u>	<u>\$ 100,678</u>	<u>\$ 10,994,114</u>

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	December 31, 2022		
	Unadjusted Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
<b>Current assets</b>			
Short term investments			
Money market funds	\$ 207,214	\$ —	\$ 207,214
Fixed income securities	—	11,405,691	11,405,691
U.S. agency securities	—	958,843	958,843
Restricted cash and cash equivalents			
Money market funds	184,527	—	184,527
	<u>\$ 391,741</u>	<u>\$ 12,364,534</u>	<u>\$ 12,756,275</u>
<b>Non-current assets</b>			
Resident capital cash and cash equivalents			
Cash	\$ 11,648,285	\$ —	\$ 11,648,285
Money market funds	457,256	—	457,256
Certificates of deposit			
Certificates of deposit	—	100,668	100,668
Capital expenditure reserve			
Cash	351,702	—	351,702
Capital repositioning reserve			
Cash	1,684,459	—	1,684,459
Funds with donor restrictions			
Cash	1,264,748	—	1,264,748
Fixed income securities	3,287,233	—	3,287,233
Equity securities	2,320,018	—	2,320,018
Funds held for residents			
Cash	64,467	—	64,467
	<u>\$ 21,078,168</u>	<u>\$ 100,668</u>	<u>\$ 21,178,836</u>

**Cash and Money Market Funds**

These investments are carried at amortized cost which approximates fair value. These investments are considered Level 1 investments because they use unadjusted quoted market prices in active markets for identical assets or liabilities.

**Certificates of Deposit**

Certificates of deposit have original maturities of more than three months and are considered short-term investments. These investments are carried at amortized cost which approximates fair value. Computed prices and frequent evaluation versus market value render the certificates of deposit a Level 2 investment.

**Fixed Income Securities and Equity Securities (Level 1)**

These investments are actively traded on a primary exchange and are valued at the last sale price on the security's primary exchange, which renders them a Level 1 investment. The fair market value of these securities fluctuates with the underlying stock price. Significant changes in the stock price of the underlying equity are analyzed and any other-than-temporary impairments are recorded upon determination.

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**Fixed Income Securities (Level 2)**

These investments are not actively traded on a primary exchange which renders them a Level 2 investment. These investments fluctuate in value based upon changes in the interest rates. Significant changes in the credit quality of the underlying entity are analyzed and any other-than-temporary impairments are recorded upon determination.

**U.S. Agency Securities**

For investments in U.S. agency securities, fair value is based on the average of the last reported bid or ask prices which renders them a Level 2 investment. These investments fluctuate in value based upon changes in interest rates.

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

**8. Net Assets With Donor Restrictions**

Net assets with donor restrictions were designated for the following purposes as of December 31:

	2023	2022
Resident care	\$ 5,864,838	\$ 4,889,927
Scholarship	2,161,901	1,975,897
Staff appreciation	12,619	6,175
Total funds with donor restrictions	<u>\$ 8,039,358</u>	<u>\$ 6,871,999</u>

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes for the years ended December 31:

	2023	2022
Resident care	\$ 530,057	\$ 298,686
Scholarship	332,727	213,119
Total net assets released from restriction	<u>\$ 862,785</u>	<u>\$ 511,805</u>

Staff appreciation funds totaling \$488,448 and \$438,062 were expended during the years ended December 31, 2023 and 2022, respectively. These amounts are included in both other revenue and salaries, wages and benefits on the Statements of Operations.



**Ashby Ponds, Inc.**  
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**9. Liquidity and Availability**

Financial assets available for general expenditure within one year of the balance sheet date consisted of the following as of December 31:

	2023	2022
Cash	\$ 16,718,624	\$ 20,120,403
Short-term investments	19,649,422	12,571,748
Accounts receivable	2,047,136	1,337,471
Promissory notes receivable	3,849,700	10,187,100
	<u>\$ 42,264,882</u>	<u>\$ 44,216,722</u>

As part of the Community's liquidity management plan, a comprehensive analysis of cash requirements is completed for the following year and a comparison is made to existing resources plus the capacity under the existing working capital loan. Cash in excess of daily requirements is invested in short-term investments.

**10. Functional Expenses**

APL provides program services to residents within the Community. Operating expenses by nature and function related to providing these services were as follows for the years ended December 31:

	2023				
	Program Services			Support Services	
	Independent Living	Continuing Care	Ancillary Health	General and Administration	Total
Expenses					
Salaries, wages and benefits	\$ 19,157,430	\$ 11,112,368	\$ 928,392	\$ 6,433,332	\$ 37,631,522
Professional and contracted services	5,776,689	829,592	119,933	6,856,848	13,583,062
Supplies	6,022,285	1,062,968	23,659	295,373	7,404,285
General and administrative	5,254,966	577,256	11	724,628	6,556,861
Management fees	2,950,347	947,169	—	—	3,897,516
Interest	23,562,532	—	—	—	23,562,532
Real estate taxes	3,146,378	165,594	—	—	3,311,972
Depreciation and amortization	17,226,165	26,567	9,119	—	17,261,851
Expenses incurred related to net assets with donor restrictions	862,785	—	—	—	862,785
Total expenses	<u>\$ 83,959,577</u>	<u>\$ 14,721,514</u>	<u>\$ 1,081,114</u>	<u>\$ 14,310,181</u>	<u>\$ 114,072,386</u>

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

	2022 (as restated)				
	Program Services			Support Services	
	Independent Living	Continuing Care	Ancillary Health	General and Administration	Total
Expenses					
Salaries, wages and benefits	\$ 16,958,964	\$ 10,288,681	\$ 787,786	\$ 6,458,026	\$ 34,493,457
Professional and contracted services	5,018,542	891,358	93,373	6,057,900	12,061,173
Supplies	4,945,888	1,093,822	106,492	276,768	6,422,970
General and administrative	4,443,404	516,670	—	684,708	5,644,782
Management fees	2,814,099	952,705	—	—	3,766,804
Interest	21,142,897	—	—	—	21,142,897
Real estate taxes	2,852,129	166,472	—	—	3,018,601
Depreciation and amortization	20,691,305	20,261	8,472	—	20,720,038
Expenses incurred related to net assets with donor restrictions	511,805	—	—	—	511,805
Total expenses	<u>\$ 79,379,033</u>	<u>\$ 13,929,969</u>	<u>\$ 996,123</u>	<u>\$ 13,477,402</u>	<u>\$ 107,782,527</u>

Natural expenses attributable to more than one functional expense category are allocated using various cost allocation techniques such as building use and time and effort.

#### 11. Commitments and Contingencies

APL is subject to legal proceedings and claims which arise from the normal course of business. In the opinion of management, the amount of ultimate liability with respect to these proceedings and claims will not materially affect the financial position, cash flow or results of operations of APL.

#### 12. Subsequent Event

Subsequent events have been evaluated by management through June 5, 2024, which is the date the financial statements were available to be issued.

#### 13. Restatement of Financial Statements

The Community has restated its previously issued 2022 financial statements as of and for the year ended December 31, 2022 to correct an error in the accounting for the MLUA and CLA with REA.

The Community entered into the CLA and MLUA with REA in April 2010. The MLUA has been amended and restated multiple times since 2010, most recently as of January 1, 2023, with a subsequent modification on April 5, 2024. Refer to footnote 3 for further details on the Community's Amended and Restated MLUA and CLA.

During 2023, the Community evaluated the impact of the January 1, 2023 modification to the terms of the MLUA and determined that the CLA and MLUA were accounted for as separate contracts rather than as a combined contract under generally accepted accounting principles. Under the CLA and MLUA, as a combined contract, the initial entrance deposits transferred to REA ("fixed payments") should be accounted for as prepaid rent and those payments should be capitalized to the ROU asset as the CLA and MLUA allow for the fixed rent payments to be offset with the repayment of the community loan receivable ("CLR"). The fixed payments occur at lease inception; therefore no associated lease liability should have been recorded. To correct the error, the CLR and mortgage interest income associated with the CLA is required to be derecognized, in addition to the lease liability and interest expense associated with the lease liability. The Community's ROU asset and

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

associated amortization expense were required to be corrected to align to the undiscounted amount of initial entrance deposits transferred to REA.

Information presented related to 2022 has been restated to correct the error. The following financial statement line items were affected by the corresponding amounts to correct the identified error:

	As of and for the year ended December 31, 2022		
	As previously reported	Adjustment	As restated
<b>Balance Sheet</b>			
Community loan receivable - current	\$ 13,095,498	\$ (13,095,498)	\$ —
Total current assets	57,884,233	(13,095,498)	44,788,735
Property and equipment, net	508,042,850	(494,015,831)	14,027,019
Finance lease right of use assets, net	—	499,870,547	499,870,547
Community loan receivable - non-current	536,364,131	(536,364,131)	—
Total non-current assets	1,065,585,817	(530,509,415)	535,076,402
Total assets	1,123,470,050	(543,604,913)	579,865,137
Finance lease obligation - current	12,762,368	(12,762,368)	—
Total current liabilities	39,413,460	(12,762,368)	26,651,092
Finance lease obligation - non-current	534,692,413	(534,692,413)	—
Total non-current liabilities	1,165,548,111	(534,692,413)	630,855,698
Total liabilities	1,204,961,571	(547,454,781)	657,506,790
Net assets without donor restrictions	(88,363,520)	3,849,868	(84,513,652)
Total net assets (deficit)	(81,491,521)	3,849,868	(77,641,653)
Total liabilities and net assets (deficit)	\$ 1,123,470,050	\$ (543,604,913)	\$ 579,865,137
<b>Statement of Operations</b>			
Mortgage interest income	\$ 27,270,152	\$ (27,270,152)	\$ —
Total operating revenue and other support	115,579,547	(27,270,152)	88,309,395
Interest	47,314,876	(26,171,979)	21,142,897
Depreciation and amortization	18,949,764	1,770,274	20,720,038
Total operating expenses	132,184,232	(24,401,705)	107,782,527
Operating loss	(16,604,685)	(2,868,447)	(19,473,132)
Excess of expenses over revenue	\$ (16,445,663)	\$ (2,868,447)	\$ (19,314,110)
<b>Statement of Cash Flows</b>			
Change in net assets (deficit)	\$ (15,369,658)	\$ (2,868,447)	\$ (18,238,105)
Depreciation and amortization	18,949,764	1,770,274	20,720,038
Net cash provided by operating activities	5,882,388	(1,098,173)	4,784,215
Increase in community loan receivable	(16,467,003)	16,467,003	—
Net cash used in investing activities	(29,832,286)	16,467,003	(13,365,283)
Payment of finance lease obligation	(12,153,071)	(15,368,830)	(27,521,901)
Net cash provided by/(used in) financing activities	\$ 28,533,387	\$ (15,368,830)	\$ 13,164,557
<b>Supplemental cash flow disclosure:</b>			
Change in assets and liabilities under finance lease	\$ 7,617,525	\$ (7,617,525)	\$ —

**Ashby Ponds, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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The following table sets forth the effects of the error on net assets (deficit) as of January 1, 2022.

	As previously reported	Adjustment	As restated
Statement of Changes in Net Assets (Deficit)			
Net assets (deficit) January 1, 2022	\$ (66,121,863)	\$ 6,718,315	\$ (59,403,548)

As a result of the error discussed above, the Community has restated footnotes 3, 4, and 10.

## **Supplemental Information**

**Ashby Ponds, Inc.**  
**Supplemental Schedule**  
**for the years ended December 31, 2023 and 2022**

(Unaudited)	2023	2022
Cash and investments		
Cash	\$ 16,718,624	\$ 20,120,403
Short-term investments	19,649,422	12,571,748
Total cash and investments	<u>36,368,046</u>	<u>32,692,151</u>
Change in cash and investments		
Cash	(3,401,779)	600,844
Short term investments	7,077,674	7,126,709
Change in cash and investments	<u>3,675,895</u>	<u>7,727,553</u>
Cash provided by business operations:		
Total operating revenue and other support	101,586,866	88,309,395
Less: Amortization of non-refundable resident entrance fees	(7,230,021)	(6,702,762)
Add: Net cash flows related to entrance fees	65,848,144	41,009,131
Cash provided by business operations	<u>160,204,989</u>	<u>122,615,764</u>
Total operating expenses	(114,072,386)	(107,782,527)
Less: Depreciation and amortization	17,261,851	20,720,038
Less: Gain on disposal of fixed assets	(9,026)	—
Less: Interest expense	23,562,532	21,142,897
Cash used for operating expenses	<u>(73,257,029)</u>	<u>(65,919,592)</u>
Purchases of property and equipment (on-going)	(5,169,149)	(5,853,568)
Cash used in business operations	<u>(78,426,178)</u>	<u>(71,773,160)</u>
Net cash provided by business operations	<u>81,778,811</u>	<u>50,842,604</u>
Other sources and uses of cash:		
Net investment income	918,305	159,022
Reversal of capital contribution/(capital contribution) to related org	—	14,149
Purchases of property and equipment (repositioning)	(2,572,477)	—
Increase in working capital	1,204,923	4,314,720
Variable cost - annual rent	(23,562,532)	(21,142,897)
Restricted contributions, net	1,167,359	1,061,856
Payment of finance lease obligation	(55,258,494)	(27,521,901)
Net cash used in non-operating activities	<u>(78,102,916)</u>	<u>(43,115,051)</u>
Total change in cash and investments	<u>\$ 3,675,895</u>	<u>\$ 7,727,553</u>

**Ashby Ponds, Inc.**  
**Note to Supplemental Schedule**  
**for the years ended December 31, 2023 and 2022**

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**1. Basis of Presentation and Accounting**

The Supplemental Schedule presented on page 29 is derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information is presented for the purpose of providing additional analysis of the financial statements, rather than to present the financial positions and changes in net assets (deficit) of APL, and are not a required part of the financial statements. The information is intended to expand on the sources and uses of cash generated by the operations of the Community which are monitored by management to determine the overall health and performance of the Community as a whole.

# **Erickson Senior Living, LLC**

## **Financial Statements**

**For the Years Ended December 31, 2023 and 2022**





## Independent Auditor's Report

RSM US LLP

Member  
Erickson Senior Living, LLC

### Opinion

We have audited the financial statements of Erickson Senior Living, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of operations and changes in member's equity and cash flows for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

*RSM US LLP*

Baltimore, Maryland  
May 1, 2024

**Erickson Senior Living, LLC**  
**Balance Sheets**  
**December 31, 2023 and 2022**

(in thousands of dollars)

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,165	\$ 8,697
Accounts receivable	5,780	3,452
Prepaid expenses and other current assets	20,184	13,707
Restricted cash - current	238	308
Total current assets	<u>35,367</u>	<u>26,164</u>
Non-current assets		
Restricted cash - non-current	466	466
Property and equipment, net	22,570	13,994
Intangible assets	1,500	1,500
Right-of-use assets	6,113	7,404
Total non-current assets	<u>30,649</u>	<u>23,364</u>
Total assets	<u>\$ 66,016</u>	<u>\$ 49,528</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 38,609	\$ 18,939
Deferred compensation plans - current	2,438	2,115
Claims reserve (insurance related)	1,304	1,192
Operating lease obligation - current	1,280	1,231
Total current liabilities	<u>43,631</u>	<u>23,477</u>
Non-current liabilities		
Deferred compensation plans - non-current	1,801	3,340
Operating lease obligation - non-current	4,984	6,264
Total non-current liabilities	<u>6,785</u>	<u>9,604</u>
Total liabilities	<u>50,416</u>	<u>33,081</u>
Member's equity	<u>15,600</u>	<u>16,447</u>
Total liabilities and member's equity	<u>\$ 66,016</u>	<u>\$ 49,528</u>

The accompanying notes are an integral part of these financial statements.

**Erickson Senior Living, LLC**  
**Statements of Operations and Changes in Member's Equity**  
**for the years ended December 31, 2023 and 2022**

(in thousands of dollars)

	<u>2023</u>	<u>2022</u>
Operating revenue:		
Management fee revenue	\$ 58,523	\$ 55,200
Central services revenue	108,118	99,961
Commercial rent revenue	189	195
Other revenue	9,716	5,486
Total operating revenue	<u>176,546</u>	<u>160,842</u>
Operating expenses:		
Salaries, wages and benefits	89,255	82,989
Professional and contracted services	7,499	6,146
Supplies	1,051	956
General and administrative	21,870	20,986
Real estate taxes	109	105
Depreciation	2,498	2,459
Total operating expenses	<u>122,282</u>	<u>113,641</u>
Net income	54,264	47,201
Member's equity, beginning	16,447	13,728
Contributions from member	133,803	135,612
Distributions to member	<u>(188,914)</u>	<u>(180,094)</u>
Member's equity, ending	<u>\$ 15,600</u>	<u>\$ 16,447</u>

The accompanying notes are an integral part of these financial statements.

**Erickson Senior Living, LLC**  
**Statements of Cash Flows**  
**for the years ended December 31, 2023 and 2022**

(in thousands of dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income	\$ 54,264	\$ 47,201
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	2,498	2,459
Lease expense	1,292	1,274
Decrease in deferred compensation plans	(1,216)	(1,485)
(Increase) decrease in accounts receivable	(2,328)	929
Increase in prepaid expenses and other current assets	(6,477)	(6,001)
Increase in accounts payable and accrued expenses	10,030	1,800
Increase in claims reserve (insurance related)	112	198
Decrease in operating lease obligation	(1,232)	(1,183)
Net cash provided by operating activities	<u>56,943</u>	<u>45,192</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,434)	(2,320)
Net cash used in investing activities	<u>(1,434)</u>	<u>(2,320)</u>
Cash flows from financing activities:		
Contributions from member	133,803	135,612
Distributions to member	(188,914)	(180,094)
Net cash used in financing activities	<u>(55,111)</u>	<u>(44,482)</u>
Increase (decrease) in cash and cash equivalents	398	(1,610)
Cash, cash equivalents and restricted cash, beginning of year	<u>\$ 9,471</u>	<u>\$ 11,081</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 9,869</u>	<u>\$ 9,471</u>
Supplemental disclosures of cash flow information and non-cash financing activities:		
Acquisitions of property and equipment financed through accounts payable and accrued expenses	\$ 10,401	\$ 761
Supplemental disclosures of cash flow information related to leases:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments for operating leases	\$ 1,292	\$ 1,274
Right of use assets obtained in exchange for existing lease obligations:		
Operating leases	\$ —	\$ 8,678

The accompanying notes are an integral part of these financial statements.

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

## **1. Organization**

Erickson Senior Living, LLC (the “Company”) is a Maryland limited liability company, formed in October 2009, to provide management services to large scale continuing care retirement communities (“CCRCs”) throughout the United States. The Company is a wholly owned subsidiary of Erickson Living Holdings, LLC (“ELH”), whose purpose is to develop, manage and lease or operate CCRCs.

ELH also owns other entities that have economic relationships with the Company:

- Erickson Living Properties, LLC (“ELP”), whose purpose is to develop and lease or operate CCRCs.
- Erickson Living Properties, II, LLC (“ELP II”), whose purpose is to develop and lease or operate CCRCs.
- EA Campus Care, LLC (“EA”), whose purpose is to manage Health Care delivery systems that support CCRCs managed by ESL and provide physician practice management services and medical management services to those CCRCs.
- Erickson Living Development, LLC (“ELD”), whose purpose is to provide land and construction development services and construction management oversight to large scale CCRCs throughout the United States.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of short term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

### **Concentration of Credit Risk**

Financial instruments that subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company maintains its cash and cash equivalents in financial institutions that are federally insured under the Federal Deposit Insurance Corporation (“FDIC”). Total deposits at these institutions at times exceed the FDIC insurance limits and therefore, bear the risk of loss. The Company has not experienced any losses to date, and believes it is not exposed to any significant credit risk related to cash.

### **Cash, Cash Equivalents and Restricted Cash**

Restricted cash and investments consist of cash equivalents and investments held to collateralize letters of credit as required by the letter of credit provider.

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 9,165	\$ 8,697
Restricted cash - current	238	308
Restricted cash - non-current	466	466
	<u>\$ 9,869</u>	<u>\$ 9,471</u>

**Accounts Receivable**

Accounts receivable represent balances for management fees recognized for services provided under management agreements with CCRCs. Management reviews accounts receivable to determine if any receivables will potentially be uncollectible and, after all attempts to collect the receivable have failed, the receivable is written off.

**Property and Equipment**

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the individual items, as shown below:

Buildings	40 years
Land improvements	15 years
Furniture, fixtures and equipment	3 to 7 years

Gains or losses on the disposition of property, plant and equipment are reported at the time of the disposition.

**Valuation of Long-Lived Assets**

The Company accounts for the valuation of long-lived assets under the Accounting Standards Codification ("ASC") guidance for *Accounting for the Impairment or Disposal of Long-Lived Assets*. This guidance requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

**Intangible Assets**

Intangible assets are comprised of trade names, with an indefinite life. Costs incurred to renew or extend the term of recognized intangible assets are capitalized and amortized over the useful life of the asset. The Company's trade name was recorded at fair value of \$1.5 million. The Company tests indefinite-lived intangibles for impairment annually as of

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

December 31. The Company performed its testing as of December 31, 2023 and 2022, and did not identify an impairment.

**Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets include amounts due from related parties (see Note 7).

**Accounts Payable and Accrued Expenses**

In addition to payables due to unrelated parties and other accrued expenses, accounts payable and accrued expenses include accrued payroll and compensated absences which represent a liability for amounts due to employees for future absences that are attributable to services performed in the current period, and payables due to related parties (see Note 7).

**Employee Health Plan**

The Company participates in a self-funded employee health plan with other affiliated entities of ELH and CCRC entities for which the Company provides management services. A specific stop loss policy has been purchased to reduce a portion of the plan risk. The specific stop loss reimbursement policy covers medical and prescription drug claims totaling more than \$0.6 million for each of the years ended December 31, 2023 and 2022, respectively, per member per calendar year. Symetra Life Insurance Company provides the excess coverage and reimburses the plan for amounts over the specific stop loss deductible/retention. Participants in the plan share in the payment of claims within the deductible based on their percentage of participation in the plan.

For the years ended December 31, 2023 and 2022, expenses related to the employee health plan were \$4.2 million, and are included in salaries, wages and benefits on the statements of operations. The liability for health claims was \$1.0 million and \$0.9 million at December 31, 2023 and 2022, respectively, and is included in claims reserve (insurance related) on the balance sheets. The Company also has a self-funded employee dental plan, and the liability for future claims was \$0.1 million at December 31, 2023 and 2022, and is also included in claims reserve (insurance related) on the balance sheets.

**Professional and General Liability Insurance**

The Company participates in a high deductible/retention professional and general liability insurance plan with other affiliated entities of ELH and CCRC entities for which the Company provides management services. The program has a \$5.0 million per claim retention and a \$5.0 million professional and general liability retention aggregate. Bowhead Specialty Underwriters ("BSU") provides the lead excess coverage. To the extent a participant incurs a loss, all participants will share in paying for that loss, subject to the retention and aggregate limits.

For the years ended December 31, 2023 and 2022, expenses related to the professional and general liability plans were \$0.2 million and \$0.4 million, respectively, and are included in general and administrative expense on the statements of operations. The Company follows the accounting policy of establishing reserves for all losses unpaid at the end of the year, including the excess amounts covered by BSU. These reserves have been established by management through consultation with actuaries and are recorded at the expected value to be paid. The liability for the anticipated payment for future professional and general



**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

liability claims was \$0.2 million and \$0.1 million at December 31, 2023 and 2022, respectively, and is included in claims reserve (insurance related) on the balance sheets.

**Workers' Compensation**

The Company is covered by a commercial workers' compensation policy from the Arch Insurance Company. Deductible amounts per the policy are covered by a separate policy that limits the Company's exposure to its monthly premiums. For the years ended December 31, 2023 and 2022, expenses related to the workers' compensation plan were \$0.2 million and \$0.3 million, respectively, and are included in salaries, wages and benefits on the statements of operations.

The Company follows the accounting policy of establishing reserves for all unpaid losses. These reserves have been established by management through consultation with actuaries and are recorded at the expected value to be paid. The liability for workers' compensation liability claims is included in claims reserve (insurance related) on the balance sheets.

**Property Insurance**

The Company participates in a high deductible property insurance plan with other affiliated entities of ELH and CCRC entities for which the Company provides management services. Beginning in 2022, the plan has a \$10 million retention per occurrence, and American International Group provides the lead excess coverage.

For the years ended December 31, 2023 and 2022, expenses related to the property insurance plans were \$0.1 million, and are included in general and administrative expense on the statements of operations. The liability for future property insurance claims was \$0.1 million and less than \$0.1 million at December 31, 2023 and 2022, respectively, and is included in claims reserve (insurance related) on the balance sheets.

**Income Taxes**

The Company is a single member limited liability company and has elected to be disregarded for all federal and state income tax purposes and generally is not subject to federal and state income taxes. Accordingly, income taxes are not provided for in the accompanying financial statements, since taxable income is reported by the member. Management has evaluated the Company's tax positions and has concluded that the Company has taken no uncertain tax positions that would require recognition or disclosure.

**Financial Instruments**

The Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, restricted cash, accounts payable and accrued expenses, are carried at cost, which approximates their fair value because of the short-term nature of these instruments.

**Management Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**Revenue Recognition – Management Fees, Medical Practice Management Fees and Central Service Fees**

Management fees are recognized as revenue at a point in time. Management fees are calculated based on the revenue and occupancy of the related community as defined in the related management agreements.

Central services revenue is recognized as revenue at a point in time. Central services revenue is the reimbursement of costs incurred by the Company for the performance of management and marketing services under management agreements between the Company and the CCRCs and the reimbursement of costs from related parties under informal shared services agreements.

Medical practice management fees are recognized as revenue at a point in time. The Company is entitled to a fee from the medical centers at the CCRCs that the Company manages, contingent on the centers' profitability. The fee is the lesser of the net income of the medical centers, or a percentage of their revenues. Medical practice management fee revenue was \$4.5 million and \$0.8 million for the years ended December 31, 2023 and 2022, respectively, and is included in other revenue on the statements of operations and changes in member's equity.

Realty service revenue is recognized as revenue at a point in time. Realty service revenue is generated through a program offered to prospective residents of the communities the Company manages, to assist them in selling their homes and provide assistance in downsizing and moving, whereby the Company receives a commission from the firms they utilize for these services. Realty services revenue was \$3.3 million and \$3.0 million for the years ended December 31, 2023 and 2022, respectively, and is included in other revenue on the statements of operations and changes in member's equity.

**Recently Adopted Accounting Pronouncement**

ASU 2016-02 amends the existing accounting principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires a lessee to recognize a right-of-use ("ROU") asset and a lease liability on the balance sheets for most leases. Additionally, ASU 2016-02 makes targeted changes to lessor accounting, including changes to align certain aspects with the revenue recognition model, and requires enhanced disclosure of lease arrangements. The Company adopted ASU 2016-02 as of January 1, 2022 and utilized the modified retrospective transition method with no adjustments to comparative periods presented. The Company elected the package of practical expedients available under the transition and discount provisions of the new lease standard, including (i) not reassessing whether expired or existing contracts contain leases, (ii) carrying forward lease classification under legacy guidance, (iii) not revaluing initial direct costs for existing leases, and (iv) using a risk-free discount rate for the leases. The Company did not elect the use-of hindsight practical expedient and, therefore, measured the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Company determines if an arrangement is/or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is/is or contains a lease when (i) explicitly or

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date, and are reduced by any lease incentives. To determine the present value of lease payments, the Company utilized a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (Topic 326). The current standard delays the recognition of a credit loss on a financial asset until the loss is probable to occur. The new standard removes the requirement that a credit loss be probable of occurring for it to be recognized, and requires entities to use historical experience, current conditions, and reasonable and supportable forecasts to estimate their future expected credit losses. The Company adopted this standard effective January 1, 2023. Management evaluated the impact of this update on the financial statements and determined there were no material impacts.

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

### **3. Property and Equipment**

As of December 31, property and equipment consist of the following (in thousands):

	2023	2022
Land and land improvements	\$ 2,387	\$ 2,387
Buildings	13,924	13,788
Furniture, fixtures and equipment	42,468	34,758
	<u>58,779</u>	<u>50,933</u>
Accumulated depreciation	(36,209)	(36,939)
Property and equipment, net	<u>\$ 22,570</u>	<u>\$ 13,994</u>

Depreciation expense of \$2.5 million was recorded for the years ended December 31, 2023 and 2022.

For the year ended December 31, 2023, the Company disposed of fully-depreciated assets totaling \$3.2 million. There were no gains or losses related to these disposals. There were no disposals of assets in 2022.

### **4. Real Estate Leases**

The Company leases real estate under operating lease agreements that have initial terms ranging from 10 to 15 years. Certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor or both parties. The Company does not consider any renewal periods to be reasonably certain of being exercised, as comparable office space is available in the same general area for comparable lease rates. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

The Company leases office and data center space from a related party. The lease term is through April 30, 2025. The Company subleases part of this space to an affiliated entity of the member. The sublease was renewed effective February 9, 2023, to extend the lease term to April 30, 2024. Sublease revenue received from the affiliated entities for the years ended December 31, 2023 and 2022, was less than \$0.1 million.

The Company leases office space from an unrelated party. The lease terms are through December 31, 2030.

Operating lease cost is recognized on a straight-line basis over the lease term.

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

The components of the lease expense are as follows for the years ended December 31 (in thousands):

	2023	2022
Components of lease expense:		
Operating lease cost	\$ 1,400	\$ 1,400
Variable lease cost	1,063	830
Total lease cost	<u>\$ 2,463</u>	<u>\$ 2,230</u>

The weighted average interest rate associated with these operating leases as of December 31, 2023, was 1.60% and the remaining weighted average lease term was 6.31 years.

The following is a schedule of future undiscounted cash flows for each of the next five years and thereafter, and a reconciliation to lease liabilities recognized on the balance sheet are as follows as of December 31, 2023 (in thousands):

2024	\$ 1,370
2025	988
2026	806
2027	826
2028	847
Thereafter	<u>1,757</u>
Total lease payments	6,594
Less imputed interest	<u>(330)</u>
Total present value of operating lease obligation	<u>\$ 6,264</u>

## **5. Commitments**

The Company manages and participates in pooled certificates of deposit ("CD") and a pooled cash account with the CCRCs. The CDs totaled \$0.5 million as of December 31, 2023 and 2022. The CDs are used to collateralize letters of credit with certain health, general liability and workers' compensation insurance programs. The total letters of credit totaled \$0.2 million and \$— as of December 31, 2023 and 2022, respectively. The pooled cash account totaled \$2.0 million and \$5.2 million as of December 31, 2023 and 2022, respectively, and was used to pay claims under these insurance programs. The CDs and pooled cash account are in the Company's name acting as an agent for the CCRCs. The Company's allocable portion of these accounts is included in restricted cash on the balance sheets.

The Company has multiple management contracts which obligate the Company to perform management and marketing services for the CCRCs. The terms of the agreements, which were amended effective January 1, 2023, expire at various dates through 2050.

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

The Company is subject to legal proceedings and claims which arise from the normal course of business. In the opinion of management, the amount of ultimate liability with respect to these proceedings and claims will not materially affect the financial position, cash flow, or results of operations of the Company.

The Company is a guarantor on a credit facility that ELH entered into with a syndicate of financial institutions led by Truist Bank in June 2021. This arrangement includes a \$400.0 million term loan and a revolving line of credit. In December 2023, ELH exercised its option under the facility to increase the revolving line of credit from its original capacity of \$600.0 million to \$776.0 million. Interest on the credit arrangement was LIBOR plus a varying spread (based on outstanding loan to EBITDA). In connection with the phase out of LIBOR, the interest on the credit arrangement was amended to SOFR plus a varying spread (based on outstanding loan to EBITDA) in December 2023 as part of the amendment that was exercised to increase the capacity on the facility. Repayment of the term loan is quarterly based on a 25-year amortization schedule and matures on June 30, 2026. The revolving credit facility has no repayment terms other than it must be paid in full on June 30, 2026. As of December 31, 2023, borrowings under the term loan were \$377.1 million and borrowings under the revolving line of credit were \$275.0 million. As of December 31, 2022, borrowings under the term loan were \$386.6 million and there was \$119.0 million under the revolving line of credit.

The credit facility contains certain restrictive and financial covenants on ELH that are customary for similar credit arrangements. For example, there are covenants that limit ELH's ability to incur additional debt, make certain investments, merge, or sell all or substantially all of ELH's assets, as well as various financial covenant ratios that ELH had satisfied during the years ended and as of December 31, 2023 and 2022.

## **6. Deferred Compensation Plans**

### **Defined Contribution Plan**

The Company's employees, meeting certain requirements, are eligible to participate in a defined contribution plan maintained by a company related through common ownership. The Company matches a maximum of 3% of the participating employee's eligible earnings. The Company incurred expenses of \$1.8 million and \$1.6 million related to the plan for the years ended December 31, 2023 and 2022, respectively, which are included in wages and benefits on the statements of operations and changes in member's equity. As of December 31, 2023 and 2022, the Company had accrued \$1.8 million and \$1.5 million, respectively, for Company matching contributions under accounts payable and accrued expenses on the balance sheets.

### **Deferred Compensation Plan**

In 2016, the Company adopted the 2016 Value Appreciation Plan ("2016 VAP"), for key employees of the Company. Each participant is allocated plan units which were valued based on the performance of the Company as determined by the Board of Directors. All units in this plan matured on December 31, 2021 and the share price was frozen. Periodic payments on the 2016 VAP commence within 90 days following the maturity date of the 2016 VAP. Upon the termination, retirement or death of a participant, the vested portion of the participants account will be paid within 90 days of such event. In addition to the units,

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

there is a cash component of this plan which may be paid out yearly at the Company's discretion. The accrued liability related to the 2016 VAP was \$4.2 million and \$5.4 million as of December 31, 2023 and 2022, respectively, and is included in deferred compensation plans on the balance sheets. The expense related to the plan was \$1.1 million and \$1.0 million as of December 31, 2023 and 2022, respectively.

## **7. Related Party Transactions**

The Company has central services agreements with affiliated subsidiaries of ELH. The central services agreements allow for allocation of general and administrative expenses for all companies under common ownership, and CCRC entities for which the Company provides management services. The Company recognizes central services, management fee, and other revenue for services provided to these entities.

The following is a schedule of the amounts recorded for the years ended December 31 for services provided to entities related to the Company by common ownership (in thousands):

	2023	2022
Central services	\$ 14,920	\$ 13,325
Management fees	3,449	2,573
Other revenue	406	424
	<u>\$ 18,775</u>	<u>\$ 16,322</u>

During the years ended December 31, 2023 and 2022, the Company was reimbursed \$14.2 million and \$13.0 million, respectively, as part of the central services agreements with parties related through common ownership.

The Company uses services of affiliated entities of ELH for recruiting and information technology related services. Expenses incurred during each year ended December 31, 2023 and 2022, for the use of those services was \$1.7 million and \$1.6 million, respectively.

As a result of ELH's joint venture agreements entered into in January 2021 with the National Senior Campuses, Inc. ("NSC"), NSC and all of its affiliates became related parties that are not under common control or common ownership. As such, all activities disclosed in the notes to these financial statements with respect to these entities qualify as related party activities. The Company recognizes central services, management fee, and other revenue for services provided to these entities.

**Erickson Senior Living, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

The following is a schedule of the amounts recorded for the years ended December 31 for services provided to the NSC communities (in thousands):

	2023	2022
Central services	\$ 86,609	\$ 80,444
Management fees	51,080	49,250
Other revenue	8,457	4,298
	<u>\$ 146,146</u>	<u>\$ 133,992</u>

Included on the Company's balance sheets in accounts receivable as of December 31, 2023 and 2022, is \$2.5 million for management fees charged to NSC communities. Included in prepaid expenses and other current assets are receivables from NSC Communities totaling \$1.5 million and \$4.3 million as of December 31, 2023 and 2022, respectively. Included in accounts payable and other accrued expenses are payables to NSC Communities totaling \$2.9 million and less than \$0.1 million as of December 31, 2023 and 2022, respectively. Additionally, during each of the years ended December 31, 2023 and 2022, the Company made charitable contributions of \$1.4 million and \$1.8 million, respectively, to NSC communities, and made charitable contributions of less than \$0.1 million to parties related through common ownership.

Total receivables due from parties related by common ownership included in prepaid expenses and other assets are \$12.2 million and \$4.2 million, as of December 31, 2023 and 2022, respectively. Included in accounts payable and other accrued expenses are \$15.3 million and \$— in total payables due to parties related by common ownership. Balances due from parties related by common ownership for management fees was \$0.1 million and \$0.2 million as of December 31, 2023 and 2022, respectively, and was included in accounts receivable as of December 31, 2023 and in prepaid expenses and other current assets as of December 31, 2022.

## **8. Subsequent Events**

The Company has evaluated subsequent events through May 1, 2024, the date which the financial statements were available to be issued. There were no subsequent events noted.



# **Redwood-ERC Ashburn, LLC**

## **Financial Statements**

**For the Years Ended December 31, 2023 and 2022**

## Independent Auditor's Report

RSM US LLP

Member  
Redwood-ERC Ashburn, LLC

### Opinion

We have audited the financial statements of Redwood-ERC Ashburn, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of operations and changes in member's deficit and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Emphasis of Matter

As discussed in Note 9 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

*RSM US LLP*

Baltimore, Maryland  
May 31, 2024

**Redwood-ERC Ashburn, LLC**  
**Balance Sheets**  
**December 31, 2023 and 2022**

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	<u>2023</u>	<u>2022</u> (as restated)
ASSETS		
Current assets		
Cash	\$ 163,697	\$ —
Accounts receivable	285,342	285,342
Prepaid expenses and other current assets	7,048,290	4,716,891
Total current assets	<u>7,497,329</u>	<u>5,002,233</u>
Non-current assets		
Property and equipment, net	461,782,130	402,714,010
Total non-current assets	<u>461,782,130</u>	<u>402,714,010</u>
Total assets	<u>\$ 469,279,459</u>	<u>\$ 407,716,243</u>
LIABILITIES AND MEMBER'S DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 15,878,621	\$ 6,154,768
Deferred rent revenue - current	13,888,391	18,296,703
Total current liabilities	<u>29,767,012</u>	<u>24,451,471</u>
Non-current liabilities		
Deferred rent revenue - non-current	527,758,851	481,649,666
Total non-current liabilities	<u>527,758,851</u>	<u>481,649,666</u>
Total liabilities	<u>557,525,863</u>	<u>506,101,137</u>
Commitments (Note 8)		
Member's deficit	<u>(88,246,404)</u>	<u>(98,384,894)</u>
Total liabilities and member's deficit	<u>\$ 469,279,459</u>	<u>\$ 407,716,243</u>

The accompanying notes are an integral part of these financial statements.

**Redwood-ERC Ashburn, LLC****Statements of Operations and Changes in Member's Deficit  
for the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u> (as restated)
Operating revenue:		
Amortization of deferred rent revenue	\$ 13,557,621	\$ 17,788,182
Annual rent revenue	23,562,532	21,142,897
Other revenue	<u>79,387</u>	<u>—</u>
Total operating revenue	<u>37,199,540</u>	<u>38,931,079</u>
Operating expenses:		
Professional and contracted services	1,222,971	1,174,174
General and administrative	215,199	281,664
Real estate taxes	58,512	89,272
Depreciation	<u>13,921,286</u>	<u>12,367,168</u>
Total operating expenses	<u>15,417,968</u>	<u>13,912,278</u>
Operating income	21,781,572	25,018,801
Non-operating income:		
Investment return, net	<u>76</u>	<u>730</u>
Non-operating income	<u>76</u>	<u>730</u>
Net income	21,781,648	25,019,531
Member's deficit beginning	(98,384,894)	(118,085,566)
Contributions from member	52,709,528	25,675,000
Distributions to member	<u>(64,352,686)</u>	<u>(30,993,859)</u>
Member's deficit ending	<u>\$ (88,246,404)</u>	<u>\$ (98,384,894)</u>

The accompanying notes are an integral part of these financial statements.

**Redwood-ERC Ashburn, LLC**  
**Statements of Cash Flows**  
**for the years ended December 31, 2023 and 2022**

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	<u>2023</u>	<u>2022</u> (as restated)
Cash flows from operating activities:		
Net income	\$ 21,781,648	\$ 25,019,531
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	13,921,286	12,367,168
Amortization of deferred rent revenue	(13,557,621)	(17,788,182)
Deferred rent payments received	55,258,494	27,521,900
Increase in prepaid expenses and other current assets	(2,331,399)	(2,042,623)
Increase in accounts payable and accrued expenses	1,636,610	705,931
Net cash provided by operating activities	<u>76,709,018</u>	<u>45,783,725</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(64,902,163)</u>	<u>(40,995,721)</u>
Net cash used in investing activities	<u>(64,902,163)</u>	<u>(40,995,721)</u>
Cash flows from financing activities:		
Contributions from member	52,709,528	25,675,000
Distributions to member	<u>(64,352,686)</u>	<u>(30,993,859)</u>
Net cash used in financing activities	<u>(11,643,158)</u>	<u>(5,318,859)</u>
Increase (decrease) in cash	163,697	(530,855)
Cash, beginning of year	<u>\$ —</u>	<u>\$ 530,855</u>
Cash, end of year	<u>\$ 163,697</u>	<u>\$ —</u>
Supplemental disclosures of cash flow information and non-cash investing and financing activities:		
Acquisitions of property and equipment financed through accounts payable and accrued expenses	<u>\$ 12,881,830</u>	<u>\$ 4,794,587</u>

The accompanying notes are an integral part of these financial statements.

## **1. Organization**

Redwood-ERC Ashburn, LLC (the “Company”), is a Maryland limited liability company, formed on February 12, 2010, to own, acquire and develop real property in Ashburn, Virginia. The Company is a wholly owned subsidiary of Erickson Living Properties, LLC (“ELP”), whose purpose is to develop and lease continuing care retirement communities (“CCRCs”). ELP is a wholly owned subsidiary of Erickson Living Holdings, LLC (“ELH”), whose purpose is to develop, manage and lease or operate CCRCs.

ELH also wholly owns other entities that have economic relationships with the Company:

- Erickson Living Properties, II, LLC (“ELP II”), whose purpose is to develop and lease or operate CCRCs.
- Erickson Senior Living, LLC (“ESL”), whose purpose is to provide management services to large scale CCRCs throughout the United States.
- Erickson Living Development, LLC (“ELD”), whose purpose is to provide land and construction development services and construction management oversight to large scale CCRCs throughout the United States.

Ashby Ponds, Inc. (“APL”), a Maryland non-stock Corporation located in Ashburn, Virginia, operates the continuing care retirement community being developed by the Company. APL rents the facility from and lends the residents’ initial entrance deposits to the Company. As of December 31, 2023 and 2022, there were 1,392 and 1,390 total independent living units, respectively. As of December 31, 2023 and 2022, there were 55 assisted living units, 44 skilled nursing units and 36 memory care units total.

These financial statements present the operations of the Company for the years ended December 31, 2023 and 2022.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### **Pooled Accounts**

The Company participates in a pooled cash account with ELP and ELP II. Cash receipts and cash disbursements of the Company, along with other ELP and ELP II related parties’ cash receipts and cash disbursements, are deposited and disbursed through one bank account. During 2023 and 2022, the Company’s allocable portion of the pooled cash account fluctuated daily based on the Company’s respective daily activity within the account. As of December 31, 2023 and 2022, the Company’s allocable share of the pooled cash account was \$169,897 and \$0, respectively. Additionally, the Company began participating in a controlled disbursement account owned by ESL with other related parties and CCRC’s that ESL manages, in June 2022. The account funds checks as they are presented for payment and may result in a book overdraft due to timing. The book overdraft as of December 31,

**Redwood-ERC Ashburn, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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2023 and 2022, was \$— and \$360,645, respectively, and is included in accounts payable and accrued expenses on the balance sheets.

**Concentration of Credit Risk**

Financial instruments that subject the Company to concentrations of credit risk consist of cash. The Company maintains its cash in financial institutions that are federally insured under the Federal Deposit Insurance Corporation (“FDIC”). Total deposits at these institutions at times exceed the FDIC insurance limits and, therefore, bear the risk of loss. The Company has not experienced any losses to date, and believes it is not exposed to any significant credit risk related to cash.

**Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets include amounts due from APL. These amounts are offset partially by amounts charged for reimbursement of marketing expenses incurred by APL on behalf of the Company. These amounts also include amounts for annual rent payable to the Company as described in Note 5. The amounts due from APL as of December 31, 2023 and 2022, were \$7,027,585 and \$4,691,022, respectively.

**Property and Equipment**

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the individual items, as shown below:

Buildings and leasehold improvements	7 to 40 years
Land improvements	15 years
Furniture, fixtures and equipment	3 to 15 years

Construction in progress includes the direct and indirect costs associated with the acquisition, development and construction of specific real estate development projects.

Gains or losses on the disposition of property and equipment are reported at the time of the disposition.

**Accounts Payable and Accrued Expenses**

In addition to payables due to third parties, accounts payable and accrued expenses includes amounts due to ESL, due to ELD, and deferred revenue (see Note 7). In 2021, the Company elected to begin a repositioning project on certain spaces which had been turned over to APL in 2006. In accordance with the lease (see Note 5), the Company will be reimbursed by APL for portions of the cost of these projects from APL's Capital Repositioning Reserve, subject to the availability of funds in the reserve. The deferred revenue balance was \$1,839,105 and \$424,703 as of December 31, 2023 and 2022, respectively.

**Valuation of Long-Lived Assets**

The Company accounts for the valuation of long-lived assets under the Accounting Standards Codification guidance for the *Impairment or Disposal of Long-Lived Assets*. This



**Redwood-ERC Ashburn, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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guidance requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Management has reviewed and no events of impairment occurred during the years ended December 31, 2023 and 2022.

**Income Taxes**

The Company is a single member limited liability company and has elected to be disregarded for all federal and state income tax purposes and generally is not subject to federal and state income taxes. Accordingly, income taxes are not provided for in the accompanying financial statements, since taxable income is reported by the individual member. Management has evaluated the Company's tax positions and has concluded that the Company has taken no uncertain tax positions that would require disclosure.

**Financial Instruments**

The Company's financial instruments, including cash, accounts receivable, prepaid expenses and other current assets, accounts payable and accrued expenses are carried at cost, which approximates their fair value because of the short-term nature of these instruments.

**Management Estimates**

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

**Revenue Recognition**

Amortization of deferred rent revenue is recognized monthly on a straight-line basis over the lease term. The annual rent is a variable lease payment and is recognized into income as those payments are earned (see Note 5).

**Advertising**

Advertising costs were charged to operations when incurred. The Company pays a fee to APL to cover its portion of marketing costs. Advertising expense for the years ended December 31, 2023 and 2022, was \$966,487 and \$942,388, respectively.

### **3. Note Receivable from APL**

The Company has entered into a Working Capital Loan Agreement with APL that allows APL to borrow up to \$3,000,000 at an annual rate of prime minus 0.25%, which expires on

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April 30, 2025. Interest is payable to the Company monthly, provided that APL's cash on hand meets certain minimum thresholds. There were no outstanding borrowings or accrued interest as of December 31, 2023 and 2022, nor interest income for the years then ended.

## **4. Property and Equipment**

As of December 31, property and equipment consist of the following:

	2023	2022
Land and land improvements	\$ 48,272,265	\$ 46,844,880
Building and building improvements	432,637,282	387,485,459
Furniture, fixtures, and equipment	19,400,117	18,339,962
Construction in progress	55,715,893	30,365,850
	<u>556,025,557</u>	<u>483,036,151</u>
Accumulated depreciation	(94,243,427)	(80,322,141)
Property and equipment, net	<u>\$ 461,782,130</u>	<u>\$ 402,714,010</u>

Depreciation expense of \$13,921,286 and \$12,367,168 was recorded for the years ended December 31, 2023 and 2022, respectively.

There were no disposals of fixed assets for the years ended December 31, 2023 and 2022.

## **5. Master Lease and Use Agreement**

The Company leases land and buildings to APL under the Master Lease and Use Agreement (the "Lease"). The Company also enters into a Community Loan Agreement ("Loan") at the same time the leases are entered into. The Lease and Loan have been combined for accounting purposes as they are entered into at the same time and for the same commercial objectives. The Lease has been amended from time to time, and was recently amended effective January 1, 2023 and April 5, 2024. The Lease has an initial term of 10 years which expires April 30, 2030, with the option to extend the lease for seven additional 10 year renewal terms. Management has determined that it is reasonably certain that APL will exercise three of the seven renewal options and those options are reflected in the estimated lease term of 40 years. The terms of the Lease include provisions for deferred rent payments and annual rent payments.

Deferred rent revenue consists of initial entrance deposits ("IEDs") transferred from APL to the Company upon the first resident's move into APL's buildings. Amortization of deferred rent revenue is recognized as service obligations are fulfilled, on a straight-line basis over the remaining term of an expected 40 year lease.

Annual rent revenue shall be APL's EBITDAR divided by 1.2. (EBITDAR is defined as operating income, plus net resale margin, plus release of any capital expenditure reserve to

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cover capital maintenance expenditures incurred in a previous year, minus debt service reserves, minus capital expenditures to the extent not funded from the reserves, minus the amount necessary to fund furniture, fixtures and equipment for new buildings developed by the Company and placed in service in the current year, minus all sums owing under any working capital loan agreement between APL and the Company). The total amount of annual rent payable to the Company for each calendar year shall be adjusted based on the results of the annual audit and verification of actual EBITDAR for the entire calendar year.

All amounts of annual rent due at the end of the year are included in prepaid expenses and other current assets in the balance sheets.

APL also has an option to purchase the land and buildings at 90% of the fair market value, plus certain other amounts as set forth in the Lease, at the time of exercise. This option may only be exercised during certain specified periods as provided in the Lease, the earliest of which begins on January 1, 2035 and the latest of which ends on December 31, 2050.

As of December 31, unamortized deferred rent revenue consists of the following:

	2023	2022
Building 1.1	\$ 17,916,031	\$ 18,375,417
Building 1.2	16,878,225	17,311,000
Building 1.3	33,378,330	34,234,184
Building 1.4	17,873,917	18,332,223
Building 1.5	17,334,199	17,778,666
Building 1.6	20,319,796	20,840,816
Building 2.1	36,662,815	37,602,887
Building 2.2	24,926,262	25,565,397
Building 2.3	31,391,832	32,196,750
Building 2.4	46,494,027	47,686,181
Building 2.5	37,538,715	37,890,749
Building 2.6	38,445,376	39,431,155
Building 3.1	51,884,019	1,811,402
Building 3.2	78,020,195	77,719,953
Building 3.3	62,019,770	62,334,991
Building EC 1.0	10,563,733	10,834,598
Total deferred rent revenue	541,647,242	499,946,369
Less current portion of deferred rent revenue	(13,888,391)	(18,296,703)
Long-term portion of deferred rent revenue	\$ 527,758,851	\$ 481,649,666

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The deferred rent revenue to be earned is as follows for the years ending December 31:

2024	\$ 13,888,391
2025	13,888,391
2026	13,888,391
2027	13,888,391
2028	13,888,391
Thereafter	472,205,287
	<u>\$ 541,647,242</u>

## **6. Credit Agreement**

The Company is a guarantor of a credit facility that ELH entered into with a syndicate of financial institutions led by Truist Bank in June 2021.

This arrangement includes a \$400 million term loan and a revolving line of credit. In December 2023, ELH exercised its option under the facility to increase the revolving line of credit from its original capacity of \$600 million to \$776 million. Interest on the credit arrangement was LIBOR plus a varying spread (based on outstanding loan to EBITDA). In connection with the phase out of LIBOR, the interest on the credit arrangement was amended to SOFR plus a varying spread (based on outstanding loan to EBITDA) in June 2023 as part of the amendment that was exercised to increase the capacity on the facility. Repayment of the term loan is quarterly based on a 25-year amortization schedule with a balloon payment due June 30, 2026. The revolving credit facility has no repayment terms other than it must be paid in full on June 30, 2026. As of December 31, 2023, borrowings under the term loan were \$377 million and borrowings under the revolving line of credit were \$275 million. As of December 31, 2022, borrowings under the term loan were \$387 million and borrowings under the revolving line of credit were \$119 million.

The credit facility contains certain restrictive and financial covenants on ELH that are customary for similar credit arrangements. For example, there are covenants that limit ELH's ability to incur additional debt, make certain investments, merge, or sell all or substantially all of ELH's assets, as well as various financial covenants and ratios that ELH had satisfied during the years ended and as of December 31, 2023 and 2022.

## **7. Related Party Transactions**

The Company has an informal central services agreement with ESL. The central services agreement allows for allocation of general and administrative expenses for all companies under common ownership, and CCRC entities for which ESL provides management services. During the years ended December 31, 2023 and 2022, the Company incurred expenses of \$239,757 and \$246,874, respectively, related to the central services agreement. During the years ended December 31, 2023 and 2022, the Company also made payments of \$260,232 and \$257,687 respectively, related to the central services agreement.

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The Company has a development services agreement with ELD to pay for certain development services provided by employees of ELD. This agreement requires the Company to pay ELD a 5% development fee on hard and soft construction costs incurred by the Company. The development fee totaled \$3,463,514 and \$2,027,622 for the years ended December 31, 2023 and 2022, respectively, and is capitalized as part of ongoing construction costs. During the years ended December 31, 2023 and 2022, the Company made payments of \$3,501,587 and \$1,693,585, respectively, related to the development fee agreement.

The amounts due to/from ESL and ELD and included in accounts payable and accrued expenses on the accompanying balance sheets are comprised of the following items as of December 31:

	<b>2023</b>	<b>2022</b>
(Receivable from) payable to ESL and ELD:		
General reimbursement	\$ 633,569	\$ (17,525)
Central services	(14,321)	6,154
Total (receivable from) payable to ESL	<u>\$ 619,248</u>	<u>\$ (11,371)</u>
General reimbursement	\$ —	\$ 38,562
Development fees	505,487	543,560
Total payable to ELD	<u>\$ 505,487</u>	<u>\$ 582,122</u>

As a result of ELH's joint venture agreements entered into in January 2021 with the National Senior Campuses, Inc. ("NSC"), NSC and all of its affiliates, including APL, became related parties that are not under common control or common ownership. As such, all activities disclosed in the notes to these financial statements with respect to APL qualify as related party activities. There were no other transactions between the Company and NSC, or its affiliates that require disclosure.

## **8. Commitments**

As of December 31, 2023, the Company is committed under several construction related contracts. Commitments for the portions of the contracts not completed as of December 31, 2023, totaled \$32,699,729.

## **9. Restatement**

The Company has restated its previously issued financial statements as of and for the year ended December 31, 2022 to correct an error in the accounting for the Lease and Loan with APL. Refer to Note 5 for further details on the amended and restated Lease and Loan. During 2023, the Company evaluated the impact of the January 1, 2023 modification of the Lease and determined that the Lease and Loan were historically accounted for as separate

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contracts rather than as a combined contract under U.S. GAAP. "Base Rent" as defined in the Lease is the amount of principal and interest payable by the Company to APL pursuant to the Loan for such month. The Company has not historically made cash payments to APL in satisfaction of the Loan. Rather, the parties have exercised the rights included in both the Loan and Lease to offset sums due to and from each other. Further, the intent of both the Company and APL is that the payment between the Loan and base rent offset, and it was not intended that the Company make any payments under the loan arrangement. Therefore, management has determined the Lease and Loan should be accounted for as a combined contract under U.S. GAAP.

Under the Lease and Loan, as a combined contract, the IEDs received by the Company should be accounted for as deferred rent revenue and amortized over the lease term on a straight line basis. There was also a discount associated with the Loan that was previously being amortized over the life of the Loan. As the Loan is being derecognized at its gross amount, the discount is also being derecognized. The difference between the net amount of the Loan liability derecognized and the deferred revenue liability recognized was recorded as an adjustment to members' deficit as of January 1, 2022. The IEDs have been determined to represent lease payments rather than a loan. Deferred rent revenue is amortized as service obligations are fulfilled, on a straight-line basis over the remaining term of an expected 40 year lease (See Note 5).

A deferred rent revenue liability has been recognized for IEDs transferred to the Company that have not yet been recognized as revenue. Amortization of deferred rent revenue previously referred to as "Base Rent" has been restated and recalculated to reflect amortization of the deferred rent revenue liability. Information presented related to 2022 has been restated to correct the error.

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The following financial statement line items were affected by the corresponding amounts to correct the identified error:

	As of and for the year ended December 31, 2022		
	As previously reported	Adjustment	As restated
<b>Balance sheet</b>			
Community loans payable - current	\$ 13,095,498	\$ (13,095,498)	\$ —
Deferred rent revenue - current	—	18,296,703	18,296,703
Total current liabilities	19,250,266	5,201,205	24,451,471
Community loans payable - non-current	513,920,039	(513,920,039)	—
Deferred rent revenue - non-current		481,649,666	481,649,666
Total non-current liabilities	513,920,039	(32,270,373)	481,649,666
Total liabilities	533,170,305	(27,069,168)	506,101,137
Member's deficit	\$ (125,454,062)	\$ 27,069,168	\$ (98,384,894)
<b>Statement of operations</b>			
Amortization of deferred rent revenue	\$ 38,325,050	\$ (20,536,868)	\$ 17,788,182
Total operating revenue	59,467,947	(20,536,868)	38,931,079
Interest	28,815,210	(28,815,210)	—
Total operating expenses	42,727,488	(28,815,210)	13,912,278
Operating income	16,740,459	8,278,342	25,018,801
Net income	\$ 16,741,189	\$ 8,278,342	\$ 25,019,531
<b>Statement of cash flows</b>			
Cash flows from operating activities:			
Net income	\$ 16,741,189	\$ 8,278,342	\$ 25,019,531
Adjustments to reconcile net income to net cash provided by operating activities			
Amortization of discount on community loan payable	1,545,057	(1,545,057)	—
Amortization of deferred rent revenue	—	(17,788,182)	(17,788,182)
Deferred rent payments received		27,521,900	27,521,900
Net cash provided by operating activities	29,316,722	16,467,003	45,783,725
Cash flows from financing activities:			
Proceeds of borrowings on community loans payable	27,521,900	(27,521,900)	—
Principal payments on community loans payable	(11,054,897)	11,054,897	—
Net cash provided by financing activities	\$ 11,148,144	\$ (16,467,003)	\$ (5,318,859)

The following table sets forth the effects of the error on member's deficit as of January 1, 2022:

	As previously reported	Adjustment	As restated
Member's deficit as of January 1, 2022	\$ (136,876,392)	\$ 18,790,826	\$ (118,085,566)

## 10. Subsequent Events

The Company has evaluated subsequent events through May 31 2024, the date which the financial statements were available to be issued. On April 5, 2024, the Company executed an amendment to the Lease which clarified the terms under which APL's purchase option is

**Redwood-ERC Ashburn, LLC**  
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exercisable. The amendment was not a remeasurement event for the Lease. There were no other subsequent events noted.



**EXHIBIT 8**  
**PRO FORMA INCOME STATEMENTS OF PROVIDERS**

Summary:

Exhibit Eight provides a detailed description for the Virginia Department of Insurance showing the projected income statements, including assumptions, for the Providers. This exhibit also includes an explanation of any variance between the forecasted income statement from the prior fiscal year and the financial statements.

## **PRO FORMA INCOME STATEMENTS**

### **Ashby Ponds Pro Forma Assumptions**

#### **INFLATION**

##### **Income**

Fee increases are based upon projected increases in operating expenses. A 4.89% (2024) increase in fees was used for the Independent Living, Assisted Living, Memory Care and Skilled Nursing projections. Part of the fee increase is to cover the expense associated with the Connect Program (phone and internet).

##### **Expenses**

Expenses were inflated at a rate ranging from 4.0% - 5.0% throughout the projection period, reflecting historical information available from existing communities.

Below are the assumptions used in forecasting the community operations for Ashby Ponds.

#### **INCOME**

##### **Net Occupancy Fees - Independent**

	<b>Fee (2024)</b>
Average ILU Monthly Fee: (single occupancy)	\$3,342
ILU Monthly Fee: (double occupancy)	\$1,268

- Opening date: Sept 2008
- Total Independent Living units: 1,592 (1,407 units available in 2023 and 1,517 units in 2024)
- Occupancy Rate after build out: 97% (96.2% for 2023 & 87.7% for 2024)
- Double Occupancy percentage: 37.6% (34.0% for 2023 & 37.6% for 2024)
- Net Occupancy billed: 90%

**Net Occupancy Fees - Assisted Living**

	Fee
ALF Monthly Fee Level One: (single occupancy) (year 2024 \$'s)	\$ 10,056

- Opening Date: March 2014
- Total Assisted Living units after build out: 141 (56 units available in 2024)
- Occupancy Rate after build out: 90%
- Annual inflation rate on monthly fee: 5.0%
- Absorption rate: average of 5 units per month as determined by Erickson Senior Living Marketing

**Net Occupancy Fees – Memory Care**

	Fee
MEM Monthly Fee Level One: (single occupancy) (year 2024 \$'s)	\$ 10,740

- Opening Date: May 2014
- Total Memory Care units after build out: 60 (36 units available in 2023)
- Occupancy Rate after build out: 90%
- Annual inflation rate on monthly fee: 5.0%
- Absorption rate: average of 4 units per month as determined by Erickson Senior Living Marketing

## Net Occupancy Fees - Nursing

	Fee
Daily Rate for Fully Deposited Residents, (year 2024 \$'s)	\$ 544

- Opening Date Continuing Care Phase 1 (units 44): April 2014
- Opening Date Continuing Care 2: TBD
- Total nursing units: 44
- Occupancy Rate after build out: 97%
- Annual inflation rate on daily rate: 5.0%
- Absorption rate: average of 5 units per month as determined by Erickson Senior Living Marketing

## Facility Rent

- The 2024 budget includes one bank, one optometrist, one podiatrist, one audiologist, one CVS, and three beauty salons/spas with total lease payments of about \$14,826 per month.

## Department Income

### Administration

Administration comprises the following departments: Administration, Philanthropy, Human Resources, Accounting/Finance, Marketing, and Information Technology.

- Income is derived from the following: Marketing processing fees and resident computer services.

### Dining Services

For this projection, Dining Services assumed four major dining areas with different service levels: Dining Room with Bistro, Dining Room with Deli, Stand-alone Dining Rooms, Pub, and Stand-alone Bistro.

- Income is generated by the employee meals, guest meals, delivery or tray service, beverage stations, and dining room rentals.

### General Services

- Income from General Services fees are from the following areas: storage, maintenance, supplies, carpet, painting, re-occupancy, custom improvements, copier/fax, parking, grounds maintenance, housekeeping, laundry, security, and transportation.

### Health Services

- Health Services income is derived from the Medical Center lease.

**Resident Life**

- Resident Life Income is derived from Wellness Center fees.

**Escrow Interest Income and Operating Interest Income**

- The forecast utilized information from historic trends from other Erickson Senior Living managed communities at a rate of 1%.

**EXPENSES****Property Taxes**

- Assessed value of the property: 100% of Fair Market Value
- Fair Market Value is defined as the construction costs of the project.
- Total tax - \$2,173 per unit in 2024 \$'s

**General Insurance**

- Property insurance rate: \$683 per unit for ILU, ALF, MEM and SNF unit
- Liability insurance is \$228 per ILU, ALF, MEM and SNF unit
- Worker Comp Rate are assumed to be 2% of payroll
- Other insurance expenses include: cars and other transportation, crime, inland marine, accounts receivables, and other contents.

**Department Expenses - Administration, Dining Services, General Services, Health Services**

Actual operating information was used for projecting operating departmental expenses.

- Payroll Inflation rate: 3% - 5% depending on work area
- Location Adjustment on wages for Northern Virginia: 8%
- All other expenses inflation rate: 4% - 5%
- Yearly inflation rate after 2024: 4% - 5%

**Building Rent**

- As of May 2010, Base Rent for the community will be equal to debt service on the community Loan for Independent.
- Additional Rent will be equal to 83.3% of the community's cash margin (Net Operating Income plus Resales less Capital Expenditures) after Working Capital Loan payments.
- Lease Term for all buildings (new and existing) is 20 years

**Interest Expense/Income**

- Interest rate for mortgage: 5%
- Interest rate for working capital expense: Prime less 0.25%
- Interest rate on accumulated cash: 1%

**Management Fee**

- For 2023 and 2024, the management fee is calculated at 4.5% of total occupancy fees.

**Capital Expenditures**

- The initial purchase and replacements of furniture and equipment is based on capital expenditure schedule provided by the management company.

## Ashby Ponds Projected Income Statements

	<b>2024</b>
	<b><u>Projected</u></b>
<b>Operating Revenue</b>	
Independent	75,038,953
General & Administrative	481,576
Assisted Living	7,396,197
Memory Care	5,182,637
Skilled Nursing	7,932,183
Outpatient Rehabilitation	1,539,571
<b>Total Operating Revenue</b>	<b>97,571,117</b>
<b>Operating Expenses</b>	
Independent	46,283,305
General & Administrative	13,420,901
Assisted Living	5,594,570
Memory Care	4,024,948
Skilled Nursing	6,908,319
Outpatient Rehabilitation	1,329,791
<b>Total Operating Expenses</b>	<b>77,561,833</b>
<b>Operating Income</b>	
Independent	28,755,648
General & Administrative	(12,939,325)
Assisted Living	1,801,627
Memory Care	1,157,689
Skilled Nursing	1,023,863
Outpatient Rehabilitation	209,780
<b>Total Operating Income</b>	<b>20,009,283</b>
<b>Non-Operating Income</b>	
Investment Income	152,486
Amortization Income	8,694,341
Mortgage Interest Income	34,313,411
Depreciation Expenses	(19,437,700)
Interest Expense	(57,799,201)
<b>Total Non-Operating Income</b>	<b>(34,076,663)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (14,067,380)</b>

## Occupancy Projections 2024

	<b>FY24 <u>Projected</u></b>
<b><i>Independent Living</i></b>	
Available Units	1,517
Billed Units	1,390
Occupancy %	91.6%
<b><i>Assisted Living</i></b>	
Available Units	56
Billed Units	53
Occupancy %	94.6%
<b><i>Memory Care</i></b>	
Available Units	36
Billed Units	34
Occupancy %	94.4%
<b><i>Skilled Nursing</i></b>	
Available Units	44
Billed Units	40
Occupancy %	90.9%



**Ashby Ponds Comparison of Actual to Projected Income Statement for 2023**

	<b>2023</b>	<b>2023</b>	
<b>Operating Revenue</b>	<b><u>Projected</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
Independent	69,398,478	70,037,980	639,502
General & Administrative	463,760	604,447	140,687
Assisted Living	6,994,162	7,635,809	641,647
Memory Care	4,943,275	5,168,923	225,648
Skilled Nursing	7,322,563	8,643,118	1,320,555
Outpatient Rehabilitation	1,238,400	1,336,869	98,469
Medical Center	16,510	16,510	0
<b>Total Operating Revenue</b>	<b>90,377,148</b>	<b>93,443,656</b>	<b>3,066,507</b>
<b>Operating Expenses</b>			
Independent	41,633,183	42,705,032	(1,071,849)
General & Administrative	12,232,384	12,987,777	(755,393)
Assisted Living	5,179,863	5,556,016	(376,153)
Memory Care	3,806,838	3,768,981	37,857
Skilled Nursing	6,715,715	6,383,263	332,451
Outpatient Rehabilitation	1,157,791	1,183,992	(26,201)
Medical Center	18,490	118,080	(99,591)
<b>Total Operating Expenses</b>	<b>70,744,262</b>	<b>72,703,142</b>	<b>(1,958,879)</b>
<b>Operating Income</b>			
Independent	27,765,295	27,332,948	(434,347)
General & Administrative	(11,768,624)	(12,383,330)	(614,706)
Assisted Living	1,814,299	2,079,793	265,494
Memory Care	1,136,437	1,399,942	263,505
Skilled Nursing	606,848	2,259,855	1,653,006
Outpatient Rehabilitation	80,609	152,877	72,268
Medical Center	(1,980)	(101,570)	(99,591)
<b>Total Operating Income</b>	<b>19,632,886</b>	<b>20,740,514</b>	<b>1,107,628</b>
<b>Non-Operating Income</b>			
Investment Income	752,907	918,305	165,397
Amortization Income	6,000,000	7,230,021	1,230,021
Contribution Revenue		139,494	139,494
Interest Income	29,559,445	29,365,279	(194,166)
Depreciation Expenses	(19,051,937)	(17,981,836)	1,070,102
Interest Expense	(43,830,987)	(52,789,951)	(8,958,964)
<b>Total Non-Operating Income</b>	<b>(26,570,572)</b>	<b>(33,118,688)</b>	<b>(6,548,116)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (6,937,686)</b>	<b>(12,378,174)</b>	<b>(5,440,488)</b>

## Variance Explanations

<b>a</b>	Independent Living occupancy was 1.2% higher than projected.
<b>b</b>	Assisted Living census ended 2023 at 58, 2 above the projection of 56.
<b>c</b>	Memory Care census ended 2023 at 35.4, 1.4 above the projection of 34.
<b>d</b>	Skilled Nursing census ended 2023 at 43.1, 3.4 above the projection of 40.
<b>e</b>	Wages and benefits were \$0.7M favorable to business plan.
<b>f</b>	Other operating expenses exceeded budget by \$3M largely due to higher than anticipated community repairs and maintenance costs and an increase in contract labor expense.
<b>g</b>	Continuing Care expenses were higher than projected largely due to costs associated with higher than anticipated census and inflation.
<b>h</b>	Tax expenses (real estate and personal property) and utilities (telephone, water, electric and gas) were 17% higher than projected for year 2023.
<b>i</b>	Amortization Income was favorable due to the realizing income from the 10% non-refundable portion of the entrance deposits.
<b>j</b>	Depreciation was lower than expected due to timing of when assets were purchased versus initial projections.

## **Redwood – ERC Ashburn, LLC**

### **Assumptions for 2024 Pro Forma Income Statement**

#### **Rent**

The annual rent is the sum of the community loan debt service and a percentage of the lessor's positive cash flow.

#### **Departmental Expenses**

Development departmental costs are capitalized while construction is in progress.

Redwood-ERC Ashburn, LLC 2024 Projected Income Statement

**Redwood-ERC Ashburn, LLC**  
**January 1 - December 31, 2024**  
**Budget**  
**(Whole dollars)**

<b>Operating revenues</b>	
Annual Rent	25,957,131
Total Operating Revenue	<u>25,957,131</u>
<b>Operating Expenses:</b>	
Other Operating Expenses	2,521,121
Operating Expenses	<u>2,521,121</u>
Central Services	231,126
Capitalized Costs	(2,327,710)
Initial Settlement Costs	<u>1,099,362</u>
Reimbursed Costs	<u>(997,222)</u>
Net Operating Expenses	<u>1,523,899</u>
Operating Income (Loss)	<u>24,433,232</u>
<b>Non-Operating Revenues</b>	
Base Rent	48,204,450
Working Capital Loan Interest	-
Other Income	-
Non-Operating Revenues	<u>48,204,450</u>
<b>Non-Operating Expenses</b>	
Amortization Expense	
Depreciation Expense	14,800,256
Financing Costs	-
Community Loan Interest Expense	34,313,411
Interest Expense	1,576,762
Capitalized interest	-
Non-Operating Expenses	<u>50,690,429</u>
Non-Operating Income	<u>(2,485,978)</u>
<b>Net income (loss)</b>	<u><u>21,947,253</u></u>

## Redwood-ERC Ashburn, LLC Comparison to 2023 actual performance

### Redwood-ERC Ashburn, LLC Comparison to 2023 Actual Performance

Redwood-ERC Ashburn, LLC

January 1 - December 31, 2023

Budget vs. Actual

	Budget	Actual	Variance Explanation
<b>Operating revenues:</b>			
Annual Rent	16,856,807	23,562,531	Community results higher than expected
Total Operating Revenue	16,856,807	23,562,531	
<b>Operating Expenses:</b>			
Other Operating Expenses	3,878,961	3,782,516	CC2 Construction start later than original budget
Operating Expenses	3,878,961	3,782,516	
Central Services	269,024	239,757	See above - construction dev fees are primary driver
Capitalized Costs	(3,613,766)	(3,492,079)	
Initial Settlement Costs	1,040,732	966,487	
Reimbursed Costs	(2,304,010)	(2,285,835)	
Net Operating Expenses	1,574,951	1,496,681	
Operating Income	15,281,856	22,065,850	
<b>Non-Operating Revenues:</b>			
Base Rent	42,009,647	42,266,208	
Working Capital Loan Interest	-	-	
Other Income	-	79,463	
Non-Operating Revenues	42,009,647	42,345,671	
<b>Non-Operating Expenses:</b>			
Amortization Expense	-	-	
Depreciation Expense	13,190,642	13,921,286	
Financing Costs	-	-	
Community Loan Interest Expense	29,559,445	29,365,279	
Interest Expense	1,563,214	1,563,214	
Capitalized interest	-	-	
Non-Operating Expenses	44,313,301	44,849,779	
Non-Operating Income	(2,303,654)	(2,504,108)	
<b>Net income</b>	<b>12,978,203</b>	<b>19,561,742</b>	

**ERICKSON SENIOR LIVING, LLC**  
**PROFIT & LOSS GENERAL ASSUMPTIONS**  
**JANUARY 1 – DECEMBER 31, 2024**

**Revenue**

**Management Fees:**

Management Fees are calculated based on resident fees collected by the communities. Erickson Senior Living charges the developing communities 4.5% of the total resident fees collected on a monthly basis. The mature communities management fee rate varies based on occupancy level. The management fees expected in 2024 for Ashby Ponds are \$4,062,218. The projected management fees from all other communities are \$58,186,669.

**Central Service Revenue:**

Central service is the reimbursement of costs from managed communities and related parties. These costs are incurred in direct support of these entities and are allocated based on time spent and utilization of services.

**Expenses**

**General and Administrative Expenses:**

General and Administrative Expenses consists of all centralized costs of managing CCRC's as well as managing the development of new CCRC's. All of the costs of operations and management services are reimbursed per the management contract by managed or other related entities.

**Depreciation:**

Depreciation is estimated based on the useful life of the related asset.

**ERICKSON SENIOR LIVING, LLC**  
**PROJECTED JANUARY 1 – DECEMBER 31, 2024**

ELM - Projected January 1 - December 31, 2024

	FY24 Budget
<b>Operating Revenues</b>	
Management fees	\$ 62,248,887
Central Services	118,800,913
Other Revenue	5,094,559
Total Operating Revenue	<u>186,144,359</u>
<b>Expenses</b>	
General & Administrative	130,443,168
Depreciation	1,959,686
Total Operating Expenses	<u>132,402,854</u>
<b>Non-Operating Revenue (Expenses)</b>	
Amortization	-
Interest Income	-
Total Non-Operating	<u>-</u>
<b>Net Income (Loss)</b>	<u><u>\$ 53,741,505</u></u>

## **ERICKSON SENIOR LIVING, LLC**

### **JANUARY 1 – DECEMBER 31, 2023**

Erickson Senior Living, LLC Comparison to 2023 Actual Performance

Erickson Senior Living, LLC

January 1 - December 31, 2023

Budget vs. Actual

	<u>FY23</u> <u>Budget</u>	<u>FY23</u> <u>Actual</u>	<u>Variance Explanation</u>
<b>Operating Revenues</b>			
Management fees	\$ 58,209,511	\$ 58,523,141	
Central Services	109,602,962	108,118,408	
Other Revenue	<u>5,394,032</u>	<u>9,905,344</u>	\$4.5M Management Fee - Physicians not budgeted in 2023
Total Operating Revenue	<u>173,206,505</u>	<u>176,546,893</u>	
<b>Expenses</b>			
General & Administrative	121,731,507	119,783,992	
Depreciation	<u>1,610,000</u>	<u>2,498,381</u>	
Total Operating Expenses	<u>123,341,507</u>	<u>122,282,373</u>	
<b>Non-Operating Revenue (Expenses)</b>			
Interest Income	<u>-</u>	<u>-</u>	
Total Non-Operating	<u>-</u>	<u>-</u>	
<b>Net Income (Loss)</b>	<u>\$ 49,864,999</u>	<u>\$ 54,264,520</u>	



## **EXHIBIT 9**

### **SUMMARY FINANCIAL CONDITION**

Summary:

Exhibit Nine includes a summary of the community's financial condition, as required by the Virginia State Corporation Commission.

**Ashby Ponds Summary of Financial Information  
As of 12/31/23**

	Current Year	Prior Year
<b>Total Assets</b>	<b>\$ 613,598,346</b>	<b>\$ 579,865,137</b>
<b>Total Liabilities</b>	<b>\$ 701,639,855</b>	<b>\$ 657,506,790</b>
<b>Total Net Assets (Deficit)</b>	<b>\$ (88,041,509)</b>	<b>\$ (77,641,653)</b>
<b>Total Revenue</b>	<b>\$ 101,586,866</b>	<b>\$ 88,309,395</b>
<b>Total Expenses</b>	<b>\$ 114,072,386</b>	<b>\$ 107,782,527</b>
<b>Operating Income (Loss)</b>	<b>\$ (12,485,520)</b>	<b>\$ (19,473,132)</b>
<b>Net Income (Loss)</b>	<b>\$ (11,567,215)</b>	<b>\$ (19,314,110)</b>

**Narrative on Financial condition:** During 2023, Ashby Ponds continued construction on two additional IL residential buildings projected to open Q1 2024 and Q1 2025. Construction of one additional CC residential building is projected to open Q2 2025. Ashby Ponds had stabilized occupancy in the Continuing Care operations (Assisted Living, Memory Care, and Nursing) throughout the year. The demand for independent living homes remained strong for the year in both current and future buildings.

<b>Occupancy information</b>	<b>Capacity of units</b>	<b>Average Occupancy</b>	<b>Percentage Occupancy</b>
<b>Independent Living</b>	<b>1,407</b>	<b>1,370</b>	<b>97.4%</b>
<b>Assisted Living</b>	<b>56</b>	<b>58</b>	<b>100.0%</b>
<b>Memory Care</b>	<b>36</b>	<b>35</b>	<b>97.2%</b>
<b>Nursing</b>	<b>44</b>	<b>43</b>	<b>97.7%</b>