

Avery Point

Disclosure Statement

1000 Avery Point Way
Richmond, Virginia 23233

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

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

AVERY POINT DISCLOSURE STATEMENT

1. Continuing Care Providers. The names of the Providers for Avery Point Retirement Community are (1) Avery Point, Inc. (referred to as “Avery Point” or “the Community”) (2) ELP Richmond, LLC (“Landowner”), and (3) Erickson Senior Living, LLC (referred to as “Erickson Senior Living”), formerly known as Erickson Living Management, LLC. 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 business address for the community will be 1000 Avery Point Way, Richmond, VA 23233.

Avery Point will operate the retirement community. Residents will enter into the Residence and Care Agreement (Exhibit 1) with Avery Point which will provide services to residents and receive the entrance deposits and Monthly Service Packages. Avery Point has also entered into a Management & Marketing Agreement with Erickson Senior Living to provide certain services for the retirement community. Landowner is the owner of the site and has entered into a Master Lease and Use Agreement with Avery Point to operate the retirement community. Landowner will not be responsible for providing services to residents. Exhibit 2 depicts the community structure and relationship of the providers.

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

A list of the Board of Directors and officers of Avery Point, Board of Directors and officers of NSC, and for selected officers of Erickson Senior Living is attached to this Disclosure Statement in Exhibit 3, including their biographies. The business address for all directors and officers of the providers 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 Avery Point and Landowner are single purpose entities formed solely for the purposes of respectively operating and owning this community. The Board of Directors of Avery Point has experience in similar communities since its members are also members of the Board of Directors for Greenspring Village in Springfield, Virginia, Ashby Ponds in Ashburn Virginia, and of other communities affiliated with NSC. NSC, the sole member of Avery Point, is a nonprofit supporting organization which supports other retirement communities. Landowner was also the initial operator of the community prior to formation of Avery Point, Inc. and formerly operated under the name Avery Point, LLC.

Provider Erickson Senior Living was formed in 2009 and has experience in managing and developing retirement communities through an innovative 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 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, Woodleigh Chase in Fairfax, Virginia, and The Grandview in Bethesda, Maryland.

3.2 Acquisition of Goods and Services. 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 or 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, Avery Point has entered into a management agreement with Erickson Senior Living and will pay a management fee to Erickson Senior Living currently calculated at 5% of occupancy fees for living units. Avery Point has entered into a lease and management agreement with Creekside Social Club, for liquor license/ food consumption at the campus. Residents become members of the club upon admission. Also as indicated in Section 1, Landowner has entered into a Master Lease and Use Agreement with Avery Point to operate the retirement community. Landowner will also sign a Working Capital Agreement to provide capital to Avery Point and a Community Loan Agreement with Avery Point whereby initial entrance deposits paid to Avery Point are loaned to the Landowner.

The Landowner 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 construction will be competitively bid as new buildings are planned. All of the referenced agreements were negotiated on the basis of the relationship between the companies and no other offers were received. These companies will not have equitable or beneficial interests in the Providers.

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 criminal 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.* Landowner owns the property on which the community is located and purchased the property in 2018.

5. *Location and Description of Real Property.* The site of Avery Point is located on approximately 90 acres in Richmond, Virginia located near the 1500 block of Wilkes Ridge Parkway, near the intersection with Broad Street Road. Construction of the community began in 2020.

Erickson Senior Living communities are designed to emulate a college campus atmosphere for senior citizens. The community will be comprised of small clusters of buildings of various sizes and shapes. The sloped roofs, varying building heights and architecture establish the “campus” feeling. Buildings may be interconnected or freestanding. Residential buildings may have balconies, awnings, and patios and are interspersed with clubhouse-style community centers that feature expansive windows and welcoming entrances.

The independent living component of the Community will be built according to demand and may include up to 1200 independent living apartments, in a variety of styles, attached to a community center. A community center house typically includes options for dining venues such as a restaurant or café and may include classrooms, activity spaces, and other common areas. Certain community centers may include a beauty salon and a pool serving the whole Community. The

Community also will feature an on-site medical center with services provided by both primary care practitioners and sub-specialists.

The community is also planned to include Continuing Care at Avery Point, the healthcare neighborhood for the campus. Continuing Care is initially planned to include up to 120 assisted living units for residents who need additional assistance with the activities of daily living, including memory care units, and approximately 60 private nursing rooms. Additional assisted living units or nursing rooms may be planned. Continuing Care is also planned to include dining rooms, resident lounges, an activity room, a bathing core, space for on-site therapy and a beauty salon. Continuing Care will not open until several years after Community opening.

The Community is a smoke-free campus and residents and their guests must abide by the Community's rules restricting smoking.

Until Continuing Care is opened, Avery Point will enter into priority transfer agreements with local facilities for residents who may need assisted living or nursing care in the interim.

As the Community is built, Avery Point will be responsible for maintaining the open spaces and travel ways within the Community. The approximate construction schedule for Avery Point is attached to this Disclosure Statement as Exhibit 4. Construction may be delayed depending upon finalization of plan approvals and permits, market demand, costs, and due to unforeseen weather-related delays. Avery Point will make reasonable efforts to minimize the impact of construction; however, the campus and certain views will change as construction is completed.

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

6.1 *Affiliation with Religious, Charitable, or other Nonprofit Organization.*

Avery Point is a nonprofit corporation which is intended to be exempt from taxation as a 501(c)(3) organization. The sole member of Avery Point is NSC, a non-profit organization. Erickson Senior Living and Landowner are not nor have ever been affiliated with a religious, charitable, or other nonprofit organization.

6.2 *Tax Status of Provider.* Avery Point is a nonprofit corporation which is intended to be exempt from taxation as a 501(c)(3) organization. Landowner and Erickson Senior Living 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 Avery Point 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 will receive the following services: Monthly meal credit plan; 24 hour on-site security staff 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; one reserved parking spot per unit for licensed car registered to resident; 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); Scheduled off-campus shuttle transportation; trash and general 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 will receive the following services: 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; 24 hour on-site care staff and emergency alert system; all utilities in the living unit including these cable/ telephone/ data services: basic Cable television service (premium channels additional charge); local and long distance 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); Trash and general snow removal from common areas; and use of all public rooms and common areas of the Community. Avery Point also intends to provide Memory Care within the assisted living facility. Residents within the memory care units will receive the above-listed assisted living services and also memory care programming at the appropriate service level (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 will receive the following services: Nursing 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 on-site care staff and emergency alert system; incontinence care; more frequent involvement of licensed medical personnel to manage chronic conditions; all utilities in the living

unit including these cable/ telephone/ data services: Basic Cable television service (premium channels additional charge); local and long distance 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); trash and general snow removal from common areas; and Use of all public rooms and common areas of the Community. (See Section 4.3 of the Residence and Care Agreement (Exhibit 1)).

7.2 *Ancillary Services.* Avery Point anticipates that the following services will be 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; 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; and catered living services. Services such as guest meals, personal storage space, housekeeping and laundry are intended to be immediately available as residential buildings are opened. Other services, such as reserved parking and guest rooms, will be phased as the community is developed and may not be immediately available when the community is opened. (See Section 5.1 of the Residence and Care Agreement (Exhibit 1)).

Avery Point also expects to contract 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 support and home health; physical, speech and occupational therapy. These services will be provided at an additional fee and will be billed separately by the outside provider. These services will be phased in as the community is developed and some services may not be immediately available when the community is opened. (See Section 5.2 of the Residence and Care Agreement (Exhibit1)).

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, Avery Point does not provide advanced medical care such as acute care or psychiatric care. Avery Point 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 Avery Point.

8.1 *Application Fee.* Prospective residents will pay a one-time application fee to Avery Point. 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 Avery Point, each prospective resident must pay an application fee of \$150.00. Application fees collected from applicants will not be escrowed by Avery Point.

The application 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 Residence and Care 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 Avery Point 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 Avery Point. 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 Avery Point. After release from escrow, the initial Entrance Deposits are used by the Providers to pay for the development and construction of the Community, and, in the aggregate, act as the permanent loan for the community. Subsequent entrance deposits for re-occupied units are used by Avery Point for refund purposes, for reserve funds or capital improvements, or for other mission related purposes. For the 80% refundable model agreement, twenty percent (20%) of the Entrance Fee is designated as the non-refundable Community Fee. For the fully declining balance refund model, Avery Point will earn the entrance deposit at a rate of 2% per month of occupancy plus a 4% processing 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 schedule of the Entrance Deposits is attached to this Disclosure Statement in 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 Avery Point; 2) An additional Reservation Deposit will be due when the prospective resident reserves a unit type in a particular residential building; 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 Avery Point 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 Avery Point. Any interest earned on funds in the escrow account will be for the benefit of Avery Point. 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 Avery Point.

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 Residence and Care Agreement within the 7 day period, Avery Point will refund 100% of the Entrance Deposit to the resident. If the resident or Avery Point terminate the 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 contracted Refund Amount as provided in Section 7.5 and 7.6 of the respective 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 Avery Point 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. Avery Point 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. For residents who select the 80% refundable contract model, twenty percent (20%) 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 Avery Point to cover operating expenses of the community. 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 for a period of up to 90 days after departure as described in Section 8.6 of the Residence and Care Agreement. If the resident was a permanent resident of Continuing Care at Avery Point at the time that residency is terminated for any reason, then the resident should refer to the applicable Continuing Care addendum for the applicable policy on any continuation of fees.

A schedule of the 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 receipt of the resident's monthly statement. Each resident will receive a monthly statement from Avery Point showing the Monthly Service Package charges and charges for any ancillary services. The Monthly Service Packages may be adjusted by Avery Point upon 30 days written notice to the residents in Independent Living Units and upon 60 days written notice to residents in Continuing Care (except for changes required by state or federal programs which may be effective immediately). 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 Avery Point. 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, the resident may receive a non-occupancy credit towards the Monthly Service Package for the days in which the living unit was not occupied during the calendar month.

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

Ancillary fees are not escrowed by Avery Point. Fees for ancillary services which are actually rendered are not refundable. The ancillary fees may be adjusted by Avery Point 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, Avery Point 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 work to repair any extraordinary damage, in the sole discretion of Avery Point, 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, Avery Point 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 Avery Point. 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 Avery Point and may be adjusted by Avery Point 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. Avery Point 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.* The start-up operating and capital expenses for Avery Point will be funded through a working capital loan with Landowner. Additionally, Avery Point will use Monthly Service Packages received from residents to cover operating expenses. ELH is the owner of ELP II and Erickson Senior Living. 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 provide funds to ELP II for new development, including new development at the Avery Point campus. This new credit facility matures on June 30, 2026. The initial construction financing for Avery Point was paid off as of January, 2024; however, Landowner may enter into construction loan financing at a future date and such financing may include a mortgage or other security agreements.

10. *Certified Financial Statements.* Certified financial statements for the Providers are included in Exhibit 7 of this Disclosure Statement. These statements reflect the start-up of the community.

11. *Pro Forma Income Statements.* A pro forma income statement for each of the Providers is attached to this Disclosure Statement as Exhibit 8. The projection for Avery Point is a 10 year projection of community operations. 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, Avery Point 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. Avery Point will also conduct a pre-residency meeting with the prospective resident. Pre-Residency meetings are meant to assist Avery Point in determining the appropriate care level and services for the prospective resident, whether independent living, assisted living, or nursing care. If Avery Point does not have an appropriate level of care for the individual, 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 is planned to have several guest rooms upon completion. All visitors are subject to Avery Point's 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. Avery Point 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: Diagram of Community Structure

Exhibit 3: Executive Biographies

Exhibit 4: Current Construction Schedule for Avery Point

Exhibit 5: Schedule of Entrance Deposits, Monthly Service Packages, and Ancillary Fees- Estimated

Exhibit 6: Changes in Periodic Charges

Exhibit 7: Certified Financial Statements

Exhibit 8: Pro Forma Income Statements of Providers

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. Avery Point has detailed its policies on a full range of issues, including common every day issues such as meal policies, health care, and available services. 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.

Avery Point offers two different refund models: the 80% Refund Agreement and the Fully Declining Refund Agreement. Both models are included in Exhibit 1, with one set of common attachments.

***EVERY POINT
RESIDENCE AND CARE AGREEMENT
80% REFUND PLAN***

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.

TABLE OF CONTENTS

Section 1.	<u>DESCRIPTION OF COMMUNITY</u>	3
1.1	Independent Living Units.....	3
1.2	Continuing Care at Avery Point.....	3
Section 2.	<u>TERM</u>	4
Section 3.	<u>LIVING ACCOMMODATIONS</u>	4
3.1	Resident's Right to Occupy.....	4
3.2	Joint Residents	4
3.3	Rights of New Spouse.....	4
3.4	Resident's Obligation to Furnish Unit	5
3.5	Customized Improvements	5
Section 4.	<u>SERVICES TO RESIDENTS</u>	5
4.1	Independent Living Services.....	5
4.2	Assisted Living Living Services	6
4.3	Nursing Services.....	6
Section 5.	<u>ANCILLARY SERVICES</u>	7
5.1	Services Available through Avery Point	7
5.2	Services Available through Outside Providers.....	7
5.3	Services Not Provided.....	8
Section 6.	<u>OTHER RESIDENT RIGHTS</u>	8
6.1	Residents' Association	8
6.2	Resident Guests	8
6.3	Physicians and Other Professionals	8
Section 7.	<u>ENTRANCE DEPOSIT</u>	8
7.1	Payment of Entrance Deposit	8
7.2	Escrow and Release from Escrow	8
7.3	Adjustments to Entrance Deposit.....	9
7.4	Refund Within Rescission Period or Prior to Occupancy.....	10
7.5	Refund after Occupancy.....	10
7.6	Refund Account & Refund Eligibility.....	11
Section 8.	<u>MONTHLY SERVICE PACKAGES</u>	11
8.1	Monthly Service Package	11
8.2	Monthly Service Package for Joint Residents	11
8.3	Adjustments to the Monthly Service Package.....	12
8.4	Monthly Service Package in the Event of a Temporary Transfer.....	12
8.5	Monthly Service Package in the Event of a Permanent Transfer to a Different Living Unit	12
8.6	Monthly Service Package in the Event of a Termination of Agreement	12
Section 9.	<u>OTHER FEES, PERIODIC CHARGES, AND COSTS</u>	13
9.1	Application Fee.....	13
9.2	Ancillary Services.....	13
9.3	Other Services	13
9.4	Refurbishing a Vacated Living Unit and Repairing Extraordinary Damage	13
9.5	Medical and Other Insurance	14
9.6	Funeral Arrangements and Burial Expenses	15

9.7	Non-Solicitation of Employees	15
Section 10.	<u>FINANCIAL INABILITY TO PAY</u>	15
Section 11.	<u>TRANSFERS</u>	17
11.1	Temporary and Permanent Transfers	17
11.2	Transfer at the Election of Resident.....	17
11.3	Transfer at the Election of Avery Point - Non-Emergency	17
11.4	Transfer at the Election of Avery Point - Emergency	18
11.5	Use of Living Unit	18
Section 12.	<u>TERMINATION</u>	18
12.1	Termination Within Rescission Period or Prior to Occupancy.....	18
12.2	Termination by Resident.....	19
12.3	Termination by Avery Point	19
12.4	Vacating the Living Unit	19
Section 13.	<u>RIGHTS OF Avery POINT</u>	20
13.1	Community Rules and Regulations.....	20
13.2	Access to Living Units at the Community.....	20
13.3	Property Rights	20
13.4	Limitation of Liability	21
13.5	Unauthorized Transfers of Property.....	21
13.6	Religious Affiliation and Sponsorship.....	21
13.7	Non-Smoking Policy.....	21
Section 14.	<u>MISCELLANEOUS PROVISIONS</u>	21
14.1	Documents Incorporated by Reference	21
14.2	Rules of Construction	22
14.3	Non-waiver.....	22
14.4	Entire Agreement.....	22
14.5	Amendment	22
14.6	Disclosure Statement	22
14.7	Severability	22
14.8	Paragraph Headings	22
14.9	Venue.....	22
14.10.	Assignment.....	22
14.11	Taxes.....	23
14.12	Electronic Signatures & Counter-Parts.....	23
Section 15.	<u>DEFINITIONS</u>	23

SCHEDULE I - SCHEDULE OF FEES
 SCHEDULE II - DOCUMENTS INCORPORATED

**AVERY POINT
RESIDENCE AND CARE AGREEMENT**

This Residence and Care Agreement (the “Agreement”) is made and entered into the _____ day of _____, _____ by and between Avery Point, INC. (referred to in this Agreement as “We”, “us” or “Avery Point”) and _____ (referred to in this Agreement as “You” or the “Resident(s)”).

RECITALS

R.1 Avery Point retirement community (the “Community”) is a continuing care retirement community located in Richmond, Virginia which will be developed in phases to offer various living accommodations and services to seniors, as described herein.

R.2 Avery Point is the operator of the Community and is a registered continuing care provider under the laws of the Commonwealth of Virginia. Avery Point 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 over a period of several years, subject to obtaining all necessary or required governmental approvals and licenses. Our Community will consist of Independent Living Units, Assisted Living Units (including Memory Care Units) and Nursing Units.

1.1 Independent Living Units. The Community is planned to have approximately 1200 Independent Living Units within one or more residential neighborhoods including community centers. The community centers typically include dining venues, meeting spaces, and other common areas. The Community is planned to include a pool, beauty salon(s), guest room(s), and an outpatient Medical Center. The Community is a non-smoking community and residents agree to abide by the restrictions in Section 13.7.

1.2 Continuing Care at Avery Point. Continuing Care at Avery Point refers to our on-site health care neighborhood. Continuing Care at Avery Point will house the Assisted Living Units, Memory Care Units, and the Nursing Units. Each floor of Continuing Care at Avery Point is planned to include a dining room, a resident lounge, activity rooms and a bathing core. Continuing Care at Avery Point will be built in several phases starting several years after Community opening. All opening dates are approximate and may change according to changing weather conditions, market demands, etc. Until Continuing Care at Avery Point is opened, we

will enter into transfer agreements with local facilities for residents who need assisted living or nursing care prior to our opening.

1.2.1 Assisted Living Units. Continuing Care at Avery Point is planned to include up to 120 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 Units, 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 Avery Point is planned to include up to 60 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 Credit Plan (see Section 15);
- 24 hour on-site security staff and emergency alert system;
- All Living Unit utilities including these cable/ telephone/ data services:
 - Basic Cable television service (premium channels additional charge);
 - Local, Long Distance and International landline phone service;
 - Wireless internet service;
- One reserved uncovered parking spot per unit for car registered to resident (2nd reserved uncovered spot for double occupancy unit if space is available);
- On-site Fitness Center basic membership;
- Scheduled off-campus shuttle transportation;

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);
Trash and general snow removal from common areas; and
Use of all public rooms and common areas of the Community.

4.2 Assisted Living Services. We will 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;
Memory care services in designated Memory Care Unit;
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;
24 hour on-site care staff and emergency alert system;
All Living Unit utilities including these cable/ telephone/ data services:
Basic Cable television service (premium channels additional charge);
Local and long Distance 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);
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 will 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;
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 on-site care staff and emergency alert system;
Incontinence care;
More frequent involvement of licensed medical personnel to manage chronic conditions;
All Living Unit utilities including these cable/ telephone/ data services:
Basic Cable television service (premium channels additional charge);
Local and long Distance 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);
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 Avery Point. 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;
Lodging in guest rooms on a temporary and space available basis;
Personal storage space;
Catered living services (See Section 15); and
Carport parking space or other additional reserved parking space for resident registered cars (if space is available)

5.2 Services Available through Outside Providers. We intend to 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; home health services; physical, speech and occupational therapy. 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. These services will be phased in as the Community is developed and some services may not be immediately available.

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, Memory Care 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 in order to take 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. Twenty percent (20%) 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, equity distributions, 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 80% 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 80% 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. Twenty percent (20%) of the additional 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 80% Refund Amount as provided in this Section 7.5 and Section 7.6. Your refund will be equal to eighty percent (80%) 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 80% 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 80% 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 80% 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 80% 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 80% 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 80% 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 80% 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 Avery Point. If we terminate the Agreement for good cause (see subsection 12.3 of this Agreement), we shall pay the 80% 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 80% 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 80% 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 80% 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 the definition of 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 80% 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 80% 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 80% 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 will 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 Monthly Service Packages in Independent Living 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. Changes to your Monthly Service Package that are required by State or Federal assistance programs are effective immediately.

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 Avery Point 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 80% Refund Amount unless you or your representative so direct.

Section 9. OTHER FEES, PERIODIC CHARGES, AND COSTS

9.1 Application Fee. You shall pay or have paid us an Application Fee, as indicated in Schedule I, in connection with your application for residence at the Community. Such Application 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 insurance coverages:

9.5.1

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 a resident benevolent care fund, when established and 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 At present, we are not authorized to accept Medicaid for payment of Monthly Service Packages for any Living Units. If in the future we are able to accept Medicaid as a payment source, then you agree to also apply for Medicaid if you can qualify. When you are notified by the Executive Director approximately three months before the projected depletion of your remaining Entrance Deposit (less the Community Fee), you agree to immediately apply for

Medicaid if available. 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 which may include a financial review.

11.3 Transfer at the Election of Avery Point - 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 Avery Point - 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 Avery Point 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 Application 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 Avery Point. A decision by Avery Point 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 AVERY POINT

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 Avery Point 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 Avery Point' 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 Avery Point is National Senior Communities, Inc. , a nonprofit organization. There is no religious organization which maintains financial control over Avery Point.

13.7 Non-Smoking Policy. You agree to abide by our prohibition against smoking, e-smoking or vaping in the Living Unit, including balconies or patios, and in common areas. 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 further understand that we may consider your failure to abide by the non-smoking policy as cause to terminate this 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, the Refund Form, and an Application for the Creekside Social Club. This Agreement may include a Promissory Note and Allonge, a Guaranty Agreement, a Catered Living Addendum, a Power of Attorney for property disposition, and, if applicable to you, 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 you, us, and Guarantor(s), if any, for themselves and on behalf of any of their successors, heirs, or beneficiaries, agree that venue for any action for the enforcement, construction, rescission, termination of, or any action arising out of this Agreement or care or services rendered or not rendered pursuant to this Agreement shall solely be in Goochland County, Virginia **or**, if federal diversity jurisdiction exists, then solely in the U.S. District Court for the Eastern District of 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 Avery Point 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 Taxes. If local, state or federal law imposes a sales, receipts or similar tax on amounts you pay under this Agreement, you are responsible for paying such taxes.

14.12 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.

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

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.

Avery Point (We/ Us): Avery Point, 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, nursing care 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 an optional additional 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 Richmond, Virginia.

Community Fee: The Community Fee is defined as twenty percent (20%) 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 twenty percent (20%) of your original Entrance Deposit paid at admission plus twenty percent (20%) of the additional 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 Avery Point: The Community building in which the Assisted Living Units and the Nursing Units will be situated. The Continuing Care facility is expected to be 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.

(Eighty Percent) 80% 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 eighty percent (80%) 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 80% Refund Amount for your convenience.

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 20% Community Fee is deducted from the Entrance Deposit.

Executive Director: The chief administrative officer of the Community appointed as such by Avery Point.

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.

Memory Care Unit: Accommodations for residents who need a higher level of care and memory care programming with potentially more daily assistance than is available in an Independent Living Unit, but who need a lesser degree of medical care, nursing care, and service than is provided in the Nursing Units.

Monthly Meal Credit Plan: The standard meal plan for residents in Independent Living Units. Residents will have a plan offering 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. In addition to offering certain premium meals, the community will also have a selection of meal offerings at the standard daily credit amount. You may use the Monthly Meal Plan on a daily basis or as otherwise desired through the calendar month until 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). The Monthly Meal Plan may not be used to purchase alcoholic beverages. At the beginning of each calendar month, you receive a new set of credits for that new month. If you do not use the all of the 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.

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 delivered to you in person, by first-class mail postage pre-paid, or by e-mail to the email address provided by you at admission (as may be amended by you from time to time), and to us when personally delivered to the office of the Executive Director at the Community and to General Counsel at the corporate office located at 701 Maiden Choice Lane, Baltimore, Maryland 21228. If you have not yet taken possession of the Living Unit, 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 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, nursing care and service that is provided in the Nursing Center.

Occupancy Date: The date on which you are authorized by Avery Point 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 Avery Point.

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 80% Refund Amount obligation or ii) a Residence and Care Agreement with a refund obligation of less than 80%. 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.

Refund Account: The balance(s) which we establish to fund the 80% 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 80% 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 80% 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 80% 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 Avery Point, 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.

avery point, inc.

Witness By: _____ 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 20% Community Fee:</i>	\$ _____ (non-refundable)

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

Current Application Fee: \$ _____ per applicant

Current Ancillary Fee Schedule: See next page

ANCILLARY FEE SCHEDULE

<u>Department</u>	<u>Ancillary Service</u>	<u>2024 Fee</u>
<u>Administration</u>		
Non-Occupancy Credit	Non-Occupancy Credit (Independent Living) Absences per person per day after 30 consecutive days (credit starts on the 31st consecutive day):	\$13.00 per night
<u>Information Technology</u>		
Computer Technical Services	First half hour (minimum charge)	\$47.00
	Charge for each additional increment of 1 to 15 minutes Thus, net charge for one hour is \$63.00	\$15.00
<u>Catered Living</u>		
	Catered Living Care Fee	\$7,900.00
	Non-Care Second Person Fee	\$500.00
<u>Dining Services</u>		
	Guest Meal	A la carte pricing
	Delivery of meal	\$7.00
	Specialty Menu Items	Additional Fees Apply
<u>Parking</u>	Resident 1st Car Designated Parking Space ¹	No add. fee
	Resident 2 nd Car Designated Parking Space ¹ (for double occ living unit and subject to availability)	No add. Fee
	Carport Upgrade (1 st Car Priority)	\$50/month
<u>General Services</u>		
Maintenance, Grounds, Housekeeping Service per hour	Services per hour, plus materials ²	\$47.00
Roll away bed	Roll Away bed per night in Resident Apartment	\$24.00
Guest Suite	Per Night fee	\$140.00
Apartment Badge	Additional Apartment Badge for electronic door lock.	\$21.00
Mailbox Key	Additional Mailbox Key	\$10.00
Press Alert	Install Device	\$100.00

<u>Department</u>	<u>Ancillary Service</u>	<u>2024 Fee</u>
	Pendant monthly charge	\$21.00
Snow Removal	Snow Removal from car after Normal Snowfall (3" or less)	\$15.00
Storage Bin	Additional Storage Bin per month (Independent Living only)	\$15.00
	Custom Interior Work	Additional Fees Apply
<u>Resident Life</u>		
	Fitness Center – Monthly Membership	Included
	Virtual Fitness Programs (digital)	Included
	Standard Group Fitness Classes	Included
	Specialty Group Fitness Classes per month	\$25.00
	Personal Training Session Rate (30 minutes)	\$32.00

¹ Car must be registered to and insured by resident with valid driver's license.

² Materials are extra; specific fees are charged for certain jobs (e.g. TV hookup, picture hanging, etc.)

Schedule III
Documents Incorporated

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

***EVERY POINT
RESIDENCE AND CARE AGREEMENT
FULLY DECLINING REFUND***

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.

TABLE OF CONTENTS

Section 1.	<u>DESCRIPTION OF COMMUNITY</u>	1
1.1	Independent Living Units.....	1
1.2	Continuing Care at Avery Point.....	1
Section 2.	<u>TERM</u>	2
Section 3.	<u>LIVING ACCOMMODATIONS</u>	2
3.1	Resident's Right to Occupy.....	2
3.2	Joint Residents	2
3.3	Rights of New Spouse.....	2
3.4	Resident's Obligation to Furnish Unit	3
3.5	Customized Improvements	3
Section 4.	<u>SERVICES TO RESIDENTS</u>	3
4.1	Independent Living Services.....	3
4.2	Assisted Living Living Services	4
4.3	Nursing Services.....	4
Section 5.	<u>ANCILLARY SERVICES</u>	5
5.1	Services Available through Avery Point	5
5.2	Services Available through Outside Providers.....	5
5.3	Services Not Provided.....	6
Section 6.	<u>OTHER RESIDENT RIGHTS</u>	6
6.1	Residents' Association	6
6.2	Resident Guests	6
6.3	Physicians and Other Professionals	6
Section 7.	<u>ENTRANCE DEPOSIT</u>	6
7.1	Payment of Entrance Deposit	6
7.2	Escrow and Release from Escrow	6
7.3	Adjustments to Entrance Deposit.....	7
7.4	Refund Within Rescission Period or Prior to Occupancy.....	8
7.5	Refund of Entrance Deposit After Expiration of Right of Rescission and Occupancy Date	8
7.6	Offset of Unpaid Fees from Entrance Deposit Refund.....	9
Section 8.	<u>MONTHLY SERVICE PACKAGES</u>	10
8.1	Monthly Service Package	10
8.2	Monthly Service Package for Joint Residents	10
8.3	Adjustments to the Monthly Service Package.....	10
8.4	Monthly Service Package in the Event of a Temporary Transfer.....	10
8.5	Monthly Service Package in the Event of a Permanent Transfer to a Different Living Unit	11
8.6	Monthly Service Package in the Event of a Termination of Agreement	11
Section 9.	<u>OTHER FEES, PERIODIC CHARGES, AND COSTS</u>	11
9.1	Application Fee.....	11
9.2	Ancillary Services.....	11
9.3	Other Services	12
9.4	Refurbishing a Vacated Living Unit and Repairing Extraordinary Damage	12
9.5	Medical and Other Insurance	13

9.6	Funeral Arrangements and Burial Expenses	13
9.7	Non-Solicitation of Employees	13
Section 10.	<u>FINANCIAL INABILITY TO PAY</u>	14
Section 11.	<u>TRANSFERS</u>	15
11.1	Temporary and Permanent Transfers	15
11.2	Transfer at the Election of Resident.....	15
11.3	Transfer at the Election of Avery Point - Non-Emergency	15
11.4	Transfer at the Election of Avery Point - Emergency	16
11.5	Use of Living Unit	16
Section 12.	<u>TERMINATION</u>	17
12.1	Termination Within Rescission Period or Prior to Occupancy.....	17
12.2	Termination by Resident.....	17
12.3	Termination by Avery Point	17
12.4	Vacating the Living Unit	18
Section 13.	<u>RIGHTS OF Avery POINT</u>	18
13.1	Community Rules and Regulations.....	18
13.2	Access to Living Units at the Community.....	18
13.3	Property Rights	18
13.4	Limitation of Liability	19
13.5	Unauthorized Transfers of Property.....	19
13.6	Religious Affiliation and Sponsorship.....	19
13.7	Non-Smoking Policy.....	19
Section 14.	<u>MISCELLANEOUS PROVISIONS</u>	19
14.1	Documents Incorporated by Reference	19
14.2	Rules of Construction	20
14.3	Non-waiver.....	20
14.4	Entire Agreement.....	20
14.5	Amendment	20
14.6	Disclosure Statement	20
14.7	Severability	20
14.8	Paragraph Headings	20
14.9	Venue.....	21
14.10.	Assignment.....	21
14.11	Taxes.....	21
14.12	Electronic Signatures & Counter-Parts.....	21
Section 15.	<u>DEFINITIONS</u>	21

SCHEDULE I - SCHEDULE OF FEES
 SCHEDULE II - DOCUMENTS INCORPORATED

**AVERY POINT
RESIDENCE AND CARE AGREEMENT**

This Residence and Care Agreement (the "Agreement") is made and entered into the _____ day of _____, _____ by and between Avery Point, INC. (referred to in this Agreement as "We", "us" or "Avery Point") and _____ (referred to in this Agreement as "You" or the "Resident(s)").

RECITALS

R.1 Avery Point retirement community (the "Community") is a continuing care retirement community located in Richmond, Virginia which will be developed in phases to offer various living accommodations and services to seniors, as described herein.

R.2 Avery Point is the operator of the Community and is a registered continuing care provider under the laws of the Commonwealth of Virginia. Avery Point 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 over a period of several years, subject to obtaining all necessary or required governmental approvals and licenses. Our Community will consist of Independent Living Units, Assisted Living Units (including Memory Care Units) and Nursing Units.

1.1 Independent Living Units. The Community is planned to have approximately 1200 Independent Living Units within one or more residential neighborhoods including community centers. The community centers typically include dining venues, meeting spaces, and other common areas. The Community is planned to include a pool, beauty salon(s), guest room(s), and an outpatient Medical Center. The Community is a non-smoking community and residents agree to abide by the restrictions in Section 13.7.

1.2 Continuing Care at Avery Point. Continuing Care at Avery Point refers to our on-site health care neighborhood. Continuing Care at Avery Point will house the Assisted Living Units, Memory Care Units, and the Nursing Units. Each floor of Continuing Care at Avery Point is planned to include a dining room, a resident lounge, activity rooms and a bathing core. Continuing Care at Avery Point will be built in several phases starting several years after Community opening. All opening dates are approximate and may change according to changing

weather conditions, market demands, etc. Until Continuing Care at Avery Point is opened, we will enter into transfer agreements with local facilities for residents who need assisted living or nursing care prior to our opening.

1.2.1 Assisted Living Units. Continuing Care at Avery Point is planned to include up to 120 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 Units, 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 Avery Point is planned to include up to 60 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 Credit Plan (see Section 15);
- 24 hour on-site security staff and emergency alert system;
- All Living Unit utilities including these cable/ telephone/ data services:
 - Basic Cable television service (premium channels additional charge);
 - Local, Long Distance and International landline phone service;
 - Wireless internet service;
- One reserved uncovered parking spot per unit for car registered to resident (2nd reserved uncovered spot for double occupancy if space is available);
- 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);
Trash and general snow removal from common areas; and
Use of all public rooms and common areas of the Community.

4.2 Assisted Living Services. We will 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;
Memory care services in designated Memory Care Unit;
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;
24 hour on-site care staff and emergency alert system;
All Living Unit utilities including these cable/ telephone/ data services:
Basic Cable television service (premium channels additional charge);
Local and long Distance 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);
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 will 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;
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 on-site care staff and emergency alert system;
Incontinence care;
More frequent involvement of licensed medical personnel to manage chronic conditions;
All Living Unit utilities including these cable/ telephone/ data services:
Basic Cable television service (premium channels additional charge);
Local and long distance 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);
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 Avery Point. 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;
Lodging in guest rooms on a temporary and space available basis;
Personal storage space;
Catered Living services (see Section 15); and
Carport parking space or other additional reserved parking space for resident registered cars (if space is available)

5.2 Services Available through Outside Providers. We intend to 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; home health services; physical, speech and occupational therapy. 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. These services will be phased in as the Community is developed and some services may not be immediately available.

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, Memory Care 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 in order to take 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. .

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. 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, equity distributions, 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 Unearned 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 Unearned Refund, if any, upon termination of this Agreement as discussed in Sections 7.4, 7.5, and 7.6 of this Agreement.

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. If you transfer and pay the new deposit, you agree that the new deposit is immediately subject to the original declining balance schedule consistent with the Occupancy Date of your original Living Unit for purposes of Section 7.5.

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 earned portion of the Entrance Deposit, 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 any portion of the Entrance Deposit that we have earned for each month of your residency pursuant to Section 7.5.

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 of Entrance Deposit After Expiration of Right to Rescission and Occupancy Date

7.5.1 Refund Amount – Termination Within First 48 Months. If this Agreement is terminated at the election of all Residents in the Living Unit during their lifetime following the rescission period described in Section 12.1.1 and within and including the first forty-eight (48) months from the original Occupancy Date, we will refund an Unearned Refund amount equal to the Entrance Deposit (i) minus a processing fee of 4% of the Entrance Deposit, and (ii) minus a fee equal to 2% of the Entrance Deposit per month for each month from the original Occupancy Date through the Departure Date (even if such final month is only a partial month). The payment of the refund is subject to the timing described in this Section 7.5 and the off-set described in Section 7.6.

7.5.2 Refund Amount – Death of Resident(s)s or Death of One Resident, and Subsequent Termination Within First 48 Months. If (a) either a single Resident or both Joint Residents pass away after the expiration of the rescission period described in Section 12.1.1 and within and including the first forty-eight (48) months from the Occupancy Date, or (b) One Joint Resident passes away and the surviving Joint Resident terminates this Agreement after the expiration of the thirty day period described in Section 12.1.1 and within and including the first forty-eight (48) months from the Occupancy Date, we refund an Unearned Refund amount equal to the Entrance Deposit (i) minus a processing fee of 4% of the Entrance Deposit, and (ii) minus a fee equal to 2% of the Entrance Deposit per month for each month following the Occupancy Date, including the final month of the term of this Agreement (even if such final month is only a partial month). The payment of the refund is subject to the timing described in this Section 7.5 and the off-set described in Section 7.6.

7.5.3 No Refund After First 48 Months. If this Agreement terminates after the first forty-eight (48) months from the Occupancy Date or later, whether due to your choice, our choice, or your death, you will not be entitled to any refund of the Entrance Deposit.

7.5.4 Timing of Unearned Refund Payment.

- a. If you are entitled to an Unearned Refund of a portion of your Entrance Deposit pursuant to Section 7.5.1 or 7.5.2 of this Agreement due to the termination of this Agreement following the Occupancy Date, other than a termination by us under Section 12.3, we will pay the refund within ninety (90) days after you turn in your keys and vacate any Living Unit(s), including parking or storage spaces, which you were occupying on the Departure Date.
- b. If we terminate this Agreement for just cause as set forth in Section 12.3 and if you are entitled to an Unearned Refund of a portion of your Entrance Deposit pursuant to Section 7.5.1 or 7.5.2 of this Agreement due to the termination of this Agreement following the Occupancy Date, we will pay the Unearned Refund within thirty (30) days after you turn in your keys and vacate any Living Unit(s), including parking or storage spaces, which you were occupying on the Departure Date. We may also offset fees as described in Section 7.6. Any funds that we retain and do not use for such purposes will be refunded to you within 45 days after you turn in your keys and vacate any Living Unit(s), including parking or storage spaces, which you were occupying on the Departure Date.

7.5.5 How Unearned Refund is Payable. If an Unearned Refund is due to you, we will pay the appropriate refund to the duly designated beneficiaries named in your refund form. If there is no refund form on file, then we will refund to you if you leave during your lifetime and to your estate if you pass away as a resident. If one joint resident dies, there will be no refund of any portion of the refund; instead, so long as a surviving joint Resident continues to reside at the community, the Entrance Deposit 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 refund will eventually be paid to the survivor, to the beneficiaries named in the survivor's refund form, or the survivor's estate.

7.6 Offset of Unpaid Fees from Entrance Deposit Refund. We may withhold from any Unearned Refund that is payable to you, your estate, or other duly designated beneficiaries such amounts as may be required to pay (a) any unpaid fees or charges for services provided to you at the Community, (b) the refurbishing charges as defined in Section 9.4, and (c) any other amounts to which we are entitled under this Agreement.

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 will 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 Monthly Service Packages in Independent Living 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. Changes to your Monthly Service Package that are required by State or Federal assistance programs are effective immediately.

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 Avery Point at the time that residency is terminated for any reason, please refer to the applicable Continuing Care service addendum for the applicable policy.

Section 9. OTHER FEES, PERIODIC CHARGES, AND COSTS

9.1 Application Fee. You shall pay or have paid us an Application Fee, as indicated in Schedule I, in connection with your application for residence at the Community. Such Application 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 insurance 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 We require, in the event you claim to be unable to make full monthly payments by reason of financial inability, you must take any or all of the following actions, as directed by the Executive Director. To qualify for assistance, a resident must otherwise be in compliance with the terms of such resident's Residence and Care Agreement. Our exercise of any rights or remedies under Section 10 due to your failure to pay will not constitute a waiver of any of our other rights or remedies, including our right to terminate this Agreement.

10.2 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.

10.3 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. As part of the Spending Plan, you shall assign to us any health-related insurance benefits and any benefits under any governmental insurance or assistance program (including Medicare) that you receive, until the amount we have received equals the aggregate charges for the care and services that you have received, based upon the Community's standard rates. If you fail to cooperate with the Spending Plan for the outside assets, such failure may constitute just cause for termination of the Agreement due to non-payment of fees in accordance with Section 12.3 of this Agreement.

10.4 Upon completion of the Spending Plan, and when we have fully earned the Entrance Deposit as described in Section 7.5 per each month of your occupancy, you may qualify for assistance from the resident care fund when established, and 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 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 At present, we are not authorized to accept Medicaid for payment of Monthly Service Packages for any Living Units. If in the future we are able to accept Medicaid as a payment source, then you agree to also apply for Medicaid if you can qualify. 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 which may include a financial review.

11.3 Transfer at the Election of Avery Point - 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 Avery Point - 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 Avery Point 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 Application 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 Avery Point. A decision by Avery Point 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 offset the overdue fees and charges against the Unearned Refund Amount, if any. 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 EVERY POINT

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 Avery Point 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 Avery Point' 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 Avery Point is National Senior Communities, Inc. (formerly National Senior Campuses, Inc.), a nonprofit organization. There is no religious organization which maintains financial control over Avery Point.

13.7 Non-Smoking Policy. You agree to abide by our prohibition against smoking, e-smoking or vaping in the Living Unit, including balconies or patios, and in common areas. 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 further understand that we may consider your failure to abide by the non-smoking policy as cause to terminate this 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/85592-1 Decln Rescare 8 June 2024

Information Form, including Resident's medical records, if any, the Key Receipt Form, the Refund Form, and an Application for the Creekside Social Club. This Agreement may include a Promissory Note and Allonge, a Guaranty Agreement, a Catered Living Addendum, a Power of Attorney for property disposition, and, if applicable to you, 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 you, us, and Guarantor(s), if any, for themselves and on behalf of any of their successors, heirs, or beneficiaries, agree that venue for any action for the enforcement, construction, rescission, termination of, or any action arising out of this Agreement or care or services rendered or not rendered pursuant to this Agreement shall solely be in Goochland County, Virginia **or**, if federal diversity jurisdiction exists, then solely in the U.S. District Court for the Eastern District of 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 Avery Point 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 Taxes. If local, state or federal law imposes a sales, receipts or similar tax on amounts you pay under this Agreement, you are responsible for paying such taxes.

14.12 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.

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

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.

Avery Point (We/ Us): Avery Point, 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, nursing care 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 an optional additional 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 Richmond Virginia.

Continuing Care at Avery Point: The Community building in which the Assisted Living Units and the Nursing Units will be situated. The Continuing Care facility is expected to be 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.

Executive Director: The chief administrative officer of the Community appointed as such by Avery Point.

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.

Memory Care Unit: Accommodations for residents who need a higher level of care and memory care programming with potentially more daily assistance than is available in an Independent Living Unit, but who need a lesser degree of medical care, nursing care, and service than is provided in the Nursing Units.

Monthly Meal Credit Plan: The standard meal plan for residents in Independent Living Units. Residents will have a plan offering 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. In addition to offering certain premium meals, the community will also have a selection of meal offerings at the standard daily credit amount. You may use the Monthly Meal Plan on a daily basis or as otherwise desired through the calendar month until 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). The monthly meal plan may not be used to purchase alcoholic beverages. At the beginning of each calendar month, you receive a new set of credits for that new month. If you do not use the all of the 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.

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 delivered to you in person, by first-class mail postage pre-paid, or by e-mail to the email address provided by you at admission (as may be amended by you from time to time), and to us when personally delivered to the office of the Executive Director at the Community and to General Counsel at the corporate office located at 701 Maiden Choice Lane, Baltimore, Maryland 21228. If you have not yet taken possession of the Living Unit, 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 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, nursing care and service that is provided in the Nursing Center.

Occupancy Date: The dates on which you are authorized by Avery Point 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 Avery Point.

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

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 Avery Point, 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.

Unearned Refund Amount: The difference between the total Entrance Deposit paid by you and the amount credited to/earned by Avery Point during your residency per Section 7.5 of this Agreement. For purposes of any Refund, the Unearned Refund Amount will be calculated as of the month of your Departure Date from the Community (even if such final month is only a partial month).

SIGNATURES

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

AVERY POINT, 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)

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

Current Application Fee: \$ _____ per applicant

Current Ancillary Fee Schedule: See next page

ANCILLARY FEE SCHEDULE

<u>Department</u>	<u>Ancillary Service</u>	<u>2024 Fee</u>
<u>Administration</u>		
Non-Occupancy Credit	Non-Occupancy Credit (Independent Living) Absences per person per day after 30 consecutive days (credit starts on the 31st consecutive day):	\$13.00 per night
<u>Information Technology</u>		
Computer Technical Services	First half hour (minimum charge)	\$47.00
	Charge for each additional increment of 1 to 15 minutes Thus, net charge for one hour is \$63.00	\$15.00
<u>Catered Living</u>		
	Catered Living Care Fee	\$7,900.00
	Non-Care Second Person Fee	\$500.00
<u>Dining Services</u>		
	Guest Meal	A la carte pricing
	Delivery of meal	\$7.00
	Specialty Menu Items	Additional Fees Apply
<u>Parking</u>	Resident 1st Car Designated Parking Space ¹	No add. fee
	Resident 2 nd Car Designated Parking Space ¹ (for double occ living unit and subject to availability)	No add. Fee
	Carport Upgrade (1 st Car Priority)	\$50/month
<u>General Services</u>		
Maintenance, Grounds, Housekeeping Service per hour	Services per hour, plus materials ²	\$47.00
Roll away bed	Roll Away bed per night in Resident Apartment	\$24.00
Guest Suite	Per Night fee	\$140.00
Apartment Badge	Additional Apartment Badge for electronic door lock.	\$21.00
Mailbox Key	Additional Mailbox Key	\$10.00

<u>Department</u>	<u>Ancillary Service</u>	<u>2024 Fee</u>
Press Alert	Install Device	\$100.00
	Pendant monthly charge	\$21.00
Snow Removal	Snow Removal from car after Normal Snowfall (3" or less)	\$15.00
Storage Bin	Additional Storage Bin per month (Independent Living only)	\$15.00
	Custom Interior Work	Additional Fees Apply
<u>Resident Life</u>		
	Fitness Center – Monthly Membership	Included
	Virtual Fitness Programs (digital)	Included
	Standard Group Fitness Classes	Included
	Specialty Group Fitness Classes per month	\$25.00
	Personal Training Session Rate (30 minutes)	\$32.00

¹ Car must be registered to and insured by resident with valid driver's license.

² Materials are extra; specific fees are charged for certain jobs (e.g. TV hookup, picture hanging, etc.)

Schedule III
Documents Incorporated

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

APPLICATION FOR CREEKSIDE SOCIAL CLUB

Unless Resident declines by providing written notice to Avery Point, execution of this Residence and Care Agreement also constitutes Resident's application to become a member of Creekside Social Club (the "Club"), a non-profit corporation. Payment of \$120.00 constitutes the Resident's lifetime membership dues for the Club.

The Club is a social club which holds a Private Club license permitting the service of food and alcoholic beverages to its members and their permitted guests for on-premises consumption at certain facilities in the Avery Point retirement community complex.

In accordance with the by-laws and requirements of the Virginia Alcoholic Beverage Control Authority, the application shall be considered by the Club's Membership Committee, which will inform Resident if he or she has been accepted for membership. Copies of the Club's Bylaws shall be provided to Resident upon his or her request.

Avery Point PRIORITY LIST APPLICATION

I hereby make application for a secured position on the **Avery Point 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 Avery Point.

A copy will be returned to you for your records.

APPLICANT(S) _____ DATE _____

APPLICANT(S) _____ DATE _____

AVERY POINT _____ DATE _____

Please enclose one check for:

(1) The \$1,000 Priority List Deposit. (2) A \$150-per-person application fee.

Make your check payable to: Avery Point

Mail to: Avery Point Sales Center, 12000 Avery Point Way, Richmond, VA 23233

Avery Point PRIORITY LIST APPLICATION

Conditions of the Priority List

- 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 Avery Point, applicants must complete the admissions process, which includes financial and health/service screenings. Avery Point reserves the right to determine if the community offers appropriate care and services for the applicant. Avery Point 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 Avery Point.
- 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 precluded from moving 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 Avery Point, 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; or (b) the escrow agent releases the Entrance Deposit to Avery Point 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 Avery Point 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 Avery Point.
- 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.



12000 Avery Point Way
Richmond, VA 23233
AveryPointCommunity.com



1380474

FINANCIAL INFORMATION FORM
CONFIDENTIAL

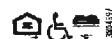
Note. The following questions will be discussed at the financial appointment. If you would like to answer below, please feel free to do so.

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: _____

Page 4 of 4

12000 Avery Point Way
Richmond, VA 23235
AveryPointCommunity.com



Financial Information Form


Avery Point
BY ERICKSON SENIOR LIVING™

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 minus Liabilities) **Total Net Worth \$** _____

Resident Name _____ **Current Date** _____

Page 2 of 4

FINANCIAL INFORMATION FORM
CONFIDENTIAL

Sources of Monthly Income:	Resident Name	Term of Income (# of months, whole life, etc.)	Survivor Benefits (Yes or No)	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?

Who will be responsible for your bills?

You Your Financial Advisor

You Other

Financial advisor's information (if applicable):

Name _____
Street _____
Address _____
City, State, _____
Zip Code _____

Name _____
Street _____
Address _____
City, State, _____
Zip Code _____

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 Avery Point 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.

Resident Name _____ **Current Date** _____

Current Date _____ Page 3 of 4

Thank you for completing this form.

We are looking forward to getting to know you when you come to Avery Point 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 Avery Point, 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 Avery Point 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 Avery Point 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.

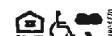
We look forward to partnering with you as you begin this new chapter of your life; we view this pre-residency meeting as the beginning of a lasting relationship.

Best regards,

The Avery Point Team


Avery Point
BY ERICKSON SENIOR LIVING®

1549 Wilkes Ridge Parkway
Richmond, VA 23233
AveryPointCommunity.com




Avery Point
BY ERICKSON SENIOR LIVING®

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 # _____

**AVERY POINT
REFUND FORM**

Name of Resident(s): _____

Living Unit: _____

Date of Receipt by _____

AVERY POINT: _____

Preliminary Statements and Directions

1. Pursuant to the Residence and Care Agreement (the "Care Agreement") with Avery Point, Resident is entitled to the contracted refund (if any) of the Entrance Deposit paid to Avery Point 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 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. Avery Point 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.** Avery Point reserves the right to review and approve the forms so that the right to the refund is clearly delineated for Avery Point's staff.

5. Avery Point 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. Avery Point 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 Avery Point the most recent addresses for all listed beneficiaries.

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

10. 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.

11. 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 Avery Point:

By: _____
Avery Point 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 **EVERY POINT**:

By: _____
EVERY POINT 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 AVERY POINT 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 AVERY POINT to the Resident or to the Resident's Estate. (See Form 3 for requirements to confirm due qualification.)

____ % The _____ Trust dated _____
Mail to Trustee or qualified Successor Trustee

____ % The _____ Trust dated _____
Mail to Trustee or qualified Successor Trustee

(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 AVERY POINT:

By: _____ Date _____
AVERY POINT Representative

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 **EVERY POINT**:

By: _____
EVERY POINT Representative

Date

AVERY POINT 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

**AVERY POINT
UNIT RELEASE ADDENDUM**

Resident(s): _____
Storage bin: _____
Departure Date: _____

Unit: _____
Parking Space/Covered Parking: _____

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 Avery Point.

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 package, 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 the Refurbishing Charges as defined in Section 9.4 to be evaluated post-occupancy; however, 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, if any, per the terms and conditions of Section 7 of the Residence and Care Agreement. 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. **Initializing 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. **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: _____

EVERY POINT
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 Avery Point.

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 Avery Point.

4. Per Section 9.4 of the Residence and Care Agreement, I/We will be responsible for the Refurbishing Charges as defined in Section 9.4 to be evaluated post-occupancy; however, 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, if any, per the terms and

conditions of Section 7 of the Residence and Care Agreement. 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. **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 any Refund is made to the new community and that this may extend the time for move-in to the new community. **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: _____

**EVERY POINT
GUARANTY AGREEMENT**

This Guaranty Agreement is made as of this _____ day of _____, 20____ between Avery Point, Inc. ("Avery Point") and _____ (herein collectively referred to as "Guarantor").

WHEREAS, _____ ("Beneficiary") desires to become a resident at the Avery Point Retirement Community and has entered or will enter into a Residence and Care Agreement with Avery Point;

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

WHEREAS, Guarantor desires to give Avery Point additional assurances in order to induce Avery Point 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 Avery Point incurred relative to Beneficiary's residence at Avery Point 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 Avery Point 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 Avery Point 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, Avery Point will not attempt to collect from the Beneficiary first.

3. Avery Point 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 Avery Point 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 Avery Point; 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, Avery Point 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 Avery Point shall be made and decided solely between Avery Point 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 Avery Point all amounts due and payable pursuant to the Guaranty within forty-five (45) days of demand by Avery Point 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 Avery Point 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 Goochland County, Virginia.

8. In the event that Beneficiary terminates the Residence and Care Agreement during his/ her lifetime or dies during residence at Avery Point, Avery Point 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

AVERY POINT, INC.

Witness

By: _____

**AVERY POINT
LIMITED GUARANTY AGREEMENT**

This Guaranty Agreement is made as of this _____ day of _____, 20____ between Avery Point, INC. (herein referred to as "Avery Point") and _____ (herein collectively referred to as "Guarantors").

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

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

WHEREAS, Guarantors desire to give Avery Point additional assurances in order to induce Avery Point 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 Avery Point 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 Avery Point 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. Avery Point 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 Avery Point 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 Avery Point; 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, Avery Point 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 Avery Point shall be made and decided solely between Avery Point 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 Avery Point all amounts due and payable pursuant to the Guaranty within forty-five (45) days of demand by Avery Point 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 Avery Point 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 Goochland 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 Avery Point, Avery Point 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

AVERY POINT, INC.

By: _____

Witness

AVERY POINT
LIMITED GUARANTY/MONTHLY CONTRIBUTION AGREEMENT

This Guaranty Agreement is made as of this _____ day of _____, 20____ between Avery Point, Inc. (herein referred to as "Avery Point") and _____ (herein collectively referred to as "Guarantor").

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

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

WHEREAS, Guarantor desires to give Avery Point additional assurances in order to induce Avery Point 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 Avery Point 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 Avery Point, 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 Avery Point 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 15th day of each month to Avery Point 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, Avery Point 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 Avery Point shall be made and decided solely between Avery Point 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 Avery Point all amounts due and payable pursuant to the Guaranty within forty-five (45) days of demand by Avery Point 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 Avery Point 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 Goochland 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 Avery Point, Avery Point 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, Avery Point 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

AVERY POINT, INC.

Witness

By: _____

EVERY POINT
LIMITED GUARANTY AGREEMENT (JOINT ASSETS)

This Guaranty Agreement is made as of this _____ day of _____, 20____ between Avery Point, Inc. ("Avery Point") and _____ (herein collectively referred to as "Guarantor").

Recitals

R.1 _____ ("Beneficiary") desires to become a resident at the Avery Point Retirement Community and will enter into a Residence and Care Agreement with Avery Point;

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 Avery Point's standard qualifications for residency;

R.4 Guarantor desires to give Avery Point additional assurances as to the Joint Assets in order to induce Avery Point 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 Avery Point incurred relative to Beneficiary's residence at Avery Point 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 Avery Point 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 Avery Point's verification of Beneficiary's financial qualifications other than the Joint Assets and to Avery Point's determination of the appropriate level of care for

Beneficiary, Avery Point 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, Avery Point 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 Avery Point 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, Avery Point shall review the Beneficiary's then-current financial status, including but not limited to the balance of the Joint Assets. Avery Point 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 Avery Point 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, Avery Point 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. Avery Point may require that Resident seek to obtain funds from outside sources such as medical assistance. If Avery Point believes in its sole discretion that any expenditures from the Joint Assets were due to a Default by Guarantor, Avery Point shall proceed as provided in Section 5 hereof.
- 4.3. After spend-down of Beneficiary's assets, including the Joint Assets, Avery Point shall release the Guaranty and shall initiate a spend-down of the entrance deposit.

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, Avery Point shall normally proceed as follows:

- 5.1. Prior to initiating a spend-down plan as described in Section 4.2, Avery Point shall first enforce the Guaranty. Avery Point 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 Avery Point in its sole discretion.

- 5.2. In the event that Avery Point 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 Avery Point in enforcing the Guaranty.
- 5.3. After payment to Avery Point 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, Avery Point will work with the Beneficiary or the Beneficiary's duly authorized representative to initiate the steps listed in Section 4.2 and 4.3 hereof with regard to the spend-down program.

6. The parties agree that venue for any claim, conflict, enforcement, or other action arising out of this Guaranty Agreement shall be in Goochland 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 Avery Point shall be made and decided solely between Avery Point 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 Avery Point under this Agreement, Avery Point 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. Avery Point 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 Avery Point, 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

AVERY POINT, INC.

Witness

By: _____

EXHIBIT A

Joint Assets

Value as of Date of Agreement

\$ _____
Richmond, Virginia

Date of Note: _____, 20 _____

AVERY POINT
PROMISSORY NOTE

Now, therefore, the undersigned, _____, (the "Maker"), hereby promises to pay to the order of Avery Point, Inc. at its offices located at 12000 Avery Point Way, Richmond, Virginia 23233, 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, 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 balance principal due on or before the Maturity Date, the interest for that period shall be **waived**. In the event that the **entire balance is not paid on or before the Maturity Date, accrued interest will be charged every month from the Maturity Date 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 Goochland 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 Avery Point, 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: Avery Point, Inc.

By: _____
Title: _____

Living Unit: _____

**CATERED LIVING AT AVERY POINT
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 Avery Point, Inc., a non-profit corporation (“**We or Avery Point**”) 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 Avery Point 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. 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 Avery Point 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 the Catered Living service.

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.

AVERY POINT, 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.).

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
DIAGRAM OF COMMUNITY STRUCTURE

Summary:

Exhibit Two visually represents the contractual relationship between the business entities associated with the operation of the Community.

Avery Point Community Structure

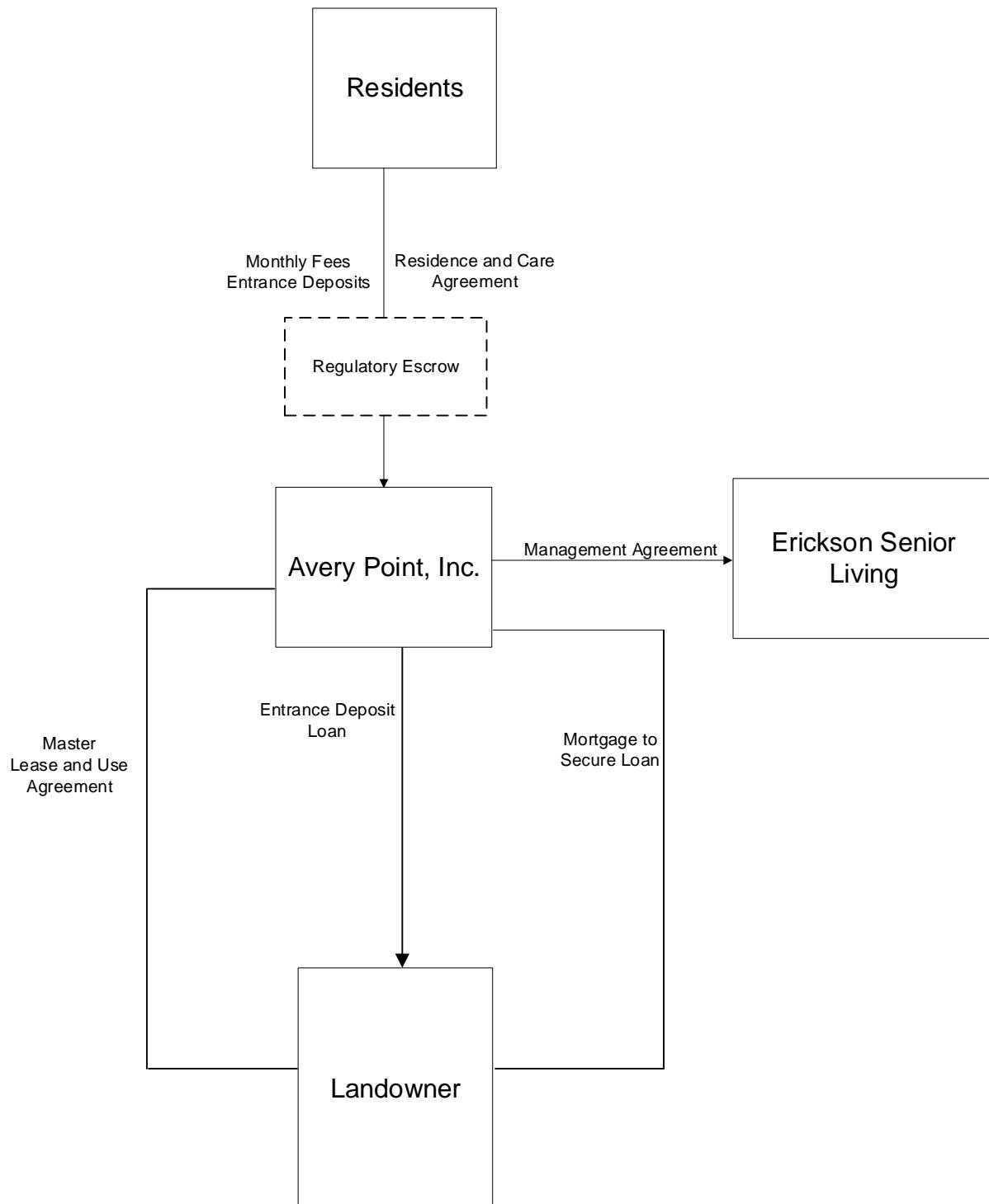


EXHIBIT 3
OWNERSHIP & EXECUTIVE BIOGRAPHIES

Summary:

Exhibit Three lists the directors and officers of Avery Point, the directors and officers of NSC, and the officers of Erickson Senior Living along with short executive biographies.

EXHIBIT 3
OWNERSHIP & EXECUTIVE BIOGRAPHIES

Directors of Avery Point, Inc.

Ian Brown, Chair

Barbara Bisgaier

Patricia Brown

Rev. Zina Jacque

Mary Colins

Eileen Erstad

Monty Leonard

Pamela Pault

Stephanie Reel

Michael Roskiewicz

Russell Sharp

Mary Moscato

Katherine Clupper

Officers of Avery Point, Inc.

Ian Brown: Chair and President

Zina Jacque: 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: Todd Delaney

Directors of National Senior Communities, Inc.

Rev. Zina Jacque

Ian Brown

Russell Sharp

Katherine Clupper

Mary Moscato

Officers of National Senior Communities, Inc.

Rev. 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 (effective 1/1/2024)
Christian Sweetser:	Chief Financial Officer
Susan Oliveri:	Secretary, General Counsel
John Hall:	Treasurer

BIOGRAPHIES:

Avery Point Board of Directors:

Ian Brown, Chair

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.

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.

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.

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.

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).

Monty Leonard

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.

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.

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.

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.

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 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

Mr. Colon serves as COO 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 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 Welttower, 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.

Susan Oliveri, General Counsel & Secretary

Ms. Oliveri is the corporate secretary and General Counsel at Erickson Senior Living. In this role, she is responsible for oversight of all legal functions, including acquisitions, construction, development, finance, information technology, health care, employment, and operations.

Ms. Oliveri has over twenty years of experience as a real estate, construction, development, and finance attorney. Prior to joining Erickson Senior Living, Susan was a corporate and real estate attorney at Miles & Stockbridge, a regional law firm in Maryland. She also served as a law clerk for the Honorable Lawrence Rodowsky at the Court of Appeals of Maryland.

Ms. Oliveri earned a J.D. from the University of Baltimore and a B.B.A. in finance and marketing from the University of Texas at Austin.

John Hall

Mr. Hall has worked for Erickson Senior Living since 2009 and currently serves as Treasurer and Vice-President of Finance.

Todd Delaney, Executive Director

Mr. DeLaney started with Erickson Living in 2005 and has held positions at five different communities in four different states, over the seventeen years spent with the company. Prior to joining the team at Avery Point, Mr. DeLaney served as the Executive Director for Cedar Crest in Pompton Plains and Seabrook Village in Tinton Falls, both communities in New Jersey. Other past positions ranged from associate executive director, director of continuing care to several leadership roles supporting independent living operations. Todd became a licensed nursing home administrator in July 2010 and is dually licensed in both Massachusetts and New Jersey. He completed a master of business administration degree with a focus in health care administration from Seton Hall University in 2009.

EXHIBIT 4
ANTICIPATED PROJECT SCHEDULE

Exhibit Four presents the anticipated construction schedule of the Community, reflecting the process of adding amenities over a period of time as the resident population increases. Avery Point will be built in response to market demand and may be delayed or revised depending on required approvals, costs, demand, and weather related delays or other business delays. The following schedule is estimated only:

Project	Start Date	Substantial Completion
Marketing Center	September 1, 2019	April 1, 2020
Community Building 1.0	January 1, 2021	June 1, 2022
Residential Building 1.1	January 1, 2021	September 1, 2022
Residential Building 1.2	January 1, 2021	February 1, 2023
Residential Building 1.3	October 1, 2021	June 1, 2023
Residential Building 1.4	March 1, 2022	December 1, 2023
Residential Building 1.5	June 1, 2022	May 1, 2024
Residential Building 1.6	June 1, 2023	July 1, 2025
Residential Building 1.7	January 1, 2024	December 1, 2025
Residential Building 2.1	August 1, 2024	May 1, 2026
Residential Building 2.2	November 1, 2024	November 1, 2026
Community Building 2.0	November 1, 2024	November 1, 2026
Residential Building 2.3	November 1, 2025	August 1, 2027
Residential Building 2.4	February 1, 2026	November 1, 2027
Continuing Care	October 1, 2026	September 1, 2028

EXHIBIT 5

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

Summary:

Exhibit Five records the current Entrance Deposits for the different contract models 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.

EXHIBIT 5
CURRENT ENTRANCE DEPOSIT SCHEDULE, MONTHLY
SERVICE PACKAGES, AND PERIODIC CHARGES FOR ANCILLARY SERVICES –

The Community offers various floor plans of one and two bedroom units. The units include either one bath, one and one-half baths, two baths or two and one-half baths. The community offers two entrance deposit options.

Type Apartment	Declining Balance Entrance Deposit* -2024	80% Refundable Entrance Deposit* -2024	Monthly Fees -2024
1Bedroom 1.5Bath	\$182,000 to \$243,000	\$260,000 to \$347,000	\$2,186 to \$2,450
1Bedroom with Den 1.5Bath	\$231,000 to \$259,000	\$329,000 to \$370,000	\$2,706
2Bedroom 2Bath	\$249,000 to \$446,000	\$355,000 to \$637,000	\$2,706 to \$3,890
2Bedroom 2Bath with Den	\$368,000 to \$434,000	\$525,000 to \$618,000	\$3,890 to \$4,159
2 Bedroom 2.5Bath with Den	\$492,000 to \$539,000	\$703,000 to \$769,000	\$4,958
Joint Resident Monthly Fee			\$983

*Additional fees for specific views or location may apply.

ANCILLARY FEE SCHEDULE

<u>Department</u>	<u>Ancillary Service</u>	<u>2024 Fee</u>
<u>Administration</u>		
Non-Occupancy Credit	Non-Occupancy Credit (Independent Living) Absences per person per day after 30 consecutive days (credit starts on the 31st consecutive day):	\$13.00 per night
<u>Information Technology</u>		
Computer Technical Services	First half hour (minimum charge)	\$47.00
	Charge for each additional increment of 1 to 15 minutes Thus, net charge for one hour is \$63.00	\$15.00
<u>Catered Living</u>		
	Catered Living Care Fee	\$7,900.00
	Non-Care Second Person Fee	\$500.00
<u>Dining Services</u>		
	Guest Meal	A la carte pricing
	Delivery of meal	\$7.00
	Specialty Menu Items	Additional Fees Apply
<u>Parking</u>	Resident 1st Car Designated Parking Space ¹	No add. fee
	Resident 2 nd Car Designated Parking Space ¹ (for double occ living unit and subject to availability)	No add. Fee
	Carport Upgrade (1 st Car Priority)	\$50/month
<u>General Services</u>		
Maintenance, Grounds, Housekeeping Service per hour	Services per hour, plus materials ²	\$47.00
Roll away bed	Roll Away bed per night in Resident Apartment	\$24.00

<u>Department</u>	<u>Ancillary Service</u>	<u>2024 Fee</u>
Guest Suite	Per Night fee	\$140.00
Apartment Badge	Additional Apartment Badge for electronic door lock.	\$21.00
Mailbox Key	Additional Mailbox Key	\$10.00
Press Alert	Install Device	\$100.00
	Pendant monthly charge	\$21.00
Snow Removal	Snow Removal from car after Normal Snowfall (3" or less)	\$15.00
Storage Bin	Additional Storage Bin per month (Independent Living only)	\$15.00
	Custom Interior Work	Additional Fees Apply
<u>Resident Life</u>		
	Fitness Center – Monthly Membership	Included
	Virtual Fitness Programs (digital)	Included
	Standard Group Fitness Classes	Included
	Specialty Group Fitness Classes per month	\$25.00
	Personal Training Session Rate (30 minutes)	\$32.00

¹ Car must be registered to and insured by resident with valid driver's license.

² Materials are extra; specific fees are charged for certain jobs (e.g. TV hookup, picture hanging, etc.)

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 Type	2022 Monthly Fees	2023 Monthly Fees	2024 Monthly Fees	Dollar Amount of Change for last year
1Bedroom 1.5Bath	\$1,970 to \$2,207	\$2,068 to \$2,317	\$2,186 to \$2,450	\$118 to \$133
1Bedroom with Den 1.5Bath	\$2,438	\$2,559	\$2,706	\$147
2Bedroom 2Bath	\$2,438 to \$3,504	\$2,559 to \$3,679	\$2,706 to \$3,890	\$147 to \$211
2Bedroom 2Bath with Den	\$3,504 to \$3,746	\$3,679 to \$3,933	\$3,890 to \$4,159	\$211 to \$226
2 Bedroom 2.5Bath with Den	\$4,466	\$4,689	\$4,958	\$269
Joint Resident fee	\$886	\$930	\$983	\$53

*Prices reflect starting point of range fees

EXHIBIT 7
CERTIFIED FINANCIAL STATEMENTS OF PROVIDERS

Summary:

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

Avery Point, Inc.

formerly known as Richmond NSC Retirement Community, Inc.

Financial Statements

December 31, 2023 and for the period from

July 28, 2022 (inception)

Through December 31, 2022



Report of Independent Auditors

To the Board of Directors of
Avery Point, Inc.

Opinion

We have audited the accompanying financial statements of Avery Point, Inc. (formerly known as Richmond NSC Retirement Community, Inc.), (the "Community" or "APR"), 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 year ended December 31, 2023 and the period from July 28, 2022 (inception) to December 31, 2022, 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 year ended December 31, 2023 and for the period from July 28, 2022 (inception) to December 31, 2022 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.

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.

PricewaterhouseCoopers LLP

Baltimore, Maryland
June 5, 2024

Avery Point, Inc.
Balance Sheet
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash	\$ 421,283	\$ —
Accounts receivable	52,469	—
Prepaid expenses and other current assets	11,443,049	—
Promissory notes receivable	1,459,200	—
Restricted cash and cash equivalents	45	—
Total current assets	<u>13,376,046</u>	<u>—</u>
Non-current assets		
Funds with donor restrictions	5,106	—
Property and equipment, net	4,197,424	—
Finance lease right of use assets, net	98,896,474	—
Goodwill, net	10,132,112	—
Total non-current assets	<u>113,231,116</u>	<u>—</u>
Total assets	<u><u>\$ 126,607,162</u></u>	<u><u>\$ —</u></u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,575,990	\$ 11,246
Claims reserve (insurance related)	92,377	—
Resident refunds payable	269,900	—
Other current liabilities	156,270	—
Total current liabilities	<u>4,094,537</u>	<u>11,246</u>
Non-current liabilities		
Advance deposits	7,887,550	—
Resident entrance fees, net of accumulated amortization of \$2,179,746 for 2023	98,147,014	—
Working capital loan	18,792,087	—
Total non-current liabilities	<u>124,826,651</u>	<u>—</u>
Total liabilities	<u>128,921,188</u>	<u>11,246</u>
Net assets (deficit)		
Without donor restrictions	(2,319,132)	(11,246)
With donor restrictions	5,106	—
Total net assets (deficit)	<u>(2,314,026)</u>	<u>(11,246)</u>
Total liabilities and net assets (deficit)	<u><u>\$ 126,607,162</u></u>	<u><u>\$ —</u></u>

The accompanying notes are an integral part of these financial statements

Avery Point, Inc.
Statement of Operations
For the year ended December 31, 2023 and the period July 28, 2022 (inception)
through December 31, 2022

	2023	2022
Operating revenue and other support		
Resident occupancy revenue	\$ 6,290,192	\$ —
Ancillary fee revenue	231,647	—
Amortization of non-refundable resident entrance fees	2,029,746	—
Other revenue	206,720	—
Total operating revenue and other support	<u>8,758,305</u>	<u>—</u>
Operating expenses		
Salaries, wages and benefits	3,890,918	—
Professional and contracted services	1,430,818	11,246
Supplies	778,980	—
General and administrative	1,101,065	—
Management fees	283,338	—
Interest	736,234	—
Real estate taxes	874,241	—
Depreciation and amortization	1,514,304	—
Amortization of intangible assets	533,269	—
Total operating expenses	<u>11,143,167</u>	<u>11,246</u>
Operating loss	(2,384,862)	(11,246)
Non-operating income		
Investment return, net	65,730	—
Total non-operating income	<u>65,730</u>	<u>—</u>
Excess of expenses over revenue	<u>\$ (2,319,132)</u>	<u>\$ (11,246)</u>

The accompanying notes are an integral part of these financial statements

Avery Point, Inc.**Statements of Changes in Net Assets (Deficit)****For the year ended December 31, 2023 and the period July 28, 2022 (inception)
through December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets (deficit) July 28, 2022	\$ —	\$ —	\$ —
Excess of expenses over revenue	(11,246)	—	(11,246)
Change in net assets (deficit)	(11,246)	—	(11,246)
Net assets (deficit) December 31, 2022	\$ (11,246)	\$ —	\$ (11,246)
Contribution from conversion transaction	11,246	—	11,246
Restricted contributions	—	5,106	5,106
Excess of expenses over revenue	(2,319,132)	—	(2,319,132)
Change in net assets (deficit)	(2,307,886)	5,106	(2,302,780)
Net assets (deficit) December 31, 2023	\$ (2,319,132)	\$ 5,106	\$ (2,314,026)

The accompanying notes are an integral part of these financial statements

Avery Point, Inc.
Statement of Cash Flows
for the year ended December 31, 2023 and the period July 28, 2022 (inception)
through December 31, 2022

	2023	2022
Cash flows from operating activities		
Change in net assets (deficit)	\$ (2,302,780)	\$ (11,246)
Adjustments to reconcile change in net assets (deficit) to net cash and restricted cash and cash equivalents provided by operating activities		
Depreciation and amortization	1,514,304	—
Amortization of intangible assets	533,269	—
Amortization of non-refundable resident entrance fees	(2,029,746)	—
Proceeds from non-refundable entrance fees	22,406,342	—
Decrease in accounts receivable	124,169	—
Increase in prepaid expenses and other current assets	(2,451,310)	—
Increase in accounts payable and accrued expenses	3,223,529	11,246
Increase in claims reserve (insurance related)	41,922	—
Increase in other current liabilities	146,731	—
Net cash provided by operating activities	<u>21,206,430</u>	<u>—</u>
Cash flows from investing activities		
Business acquisitions, net of cash acquired	7,483	—
Purchases of property and equipment	<u>(911,922)</u>	<u>—</u>
Net cash used in investing activities	<u>(904,439)</u>	<u>—</u>
Cash flows from financing activities		
Proceeds from refundable entrance fees	4,516,408	—
Refunds of refundable entrance fees	269,900	—
Payment of finance lease obligation	(27,595,700)	—
Proceeds from working capital loan	2,933,835	—
Net cash used in financing activities	<u>(19,875,557)</u>	<u>—</u>
Increase in cash and restricted cash and cash equivalents	426,434	—
Cash and restricted cash and cash equivalents, beginning of year	<u>—</u>	<u>—</u>
Cash and restricted cash and cash equivalents, end of year	<u>\$ 426,434</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

1. Organization

Avery Point, Inc. formerly known as Richmond NSC Retirement Community, Inc. (the "Community" or "APR") was established on July 28, 2022 as a Maryland non-stock corporation to operate a not-for-profit continuing care retirement community ("CCRC") located in Richmond, Virginia. The Company was renamed on June 16, 2023 from its former name, Richmond NSC Retirement Community, Inc. On July 1, 2023, APR acquired 100% membership interest of Avery Point, LLC ("Avery Point") from Erickson Living Holdings, LLC ("ELH"). Avery Point was engaged in providing continuing care and retirement community services in Richmond, Virginia, which APR will continue to provide. Prior to the July 1, 2023 transaction, APR incurred minimal expenses. Refer to footnote 5 for additional details on this transaction. The Community's available and occupied units were as follows as of December 31:

	2023
Available units	
Independent living units	323
Total available units	323
Occupied units	
Independent living units	321
Total occupied units	321
Occupancy percentage	
Independent living units	99.4 %
Total occupancy percentage	99.4 %

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 7. The Community leases its real property from Redwood-ERC Richmond, LLC ("RER"). There are various agreements associated with the management of the Community whereby ESL and RER 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

APR 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. NSC paid vendor invoices on behalf of the Community as of December 31, 2022.

Insurance

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

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

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

Effective July 1, 2023, APR began participating 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 the period ended December 31, 2023, 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 period ended December 31, 2023, expenses related to the employee health plan were \$182,620 and are included in salaries, wages and benefits on the Statements of Operations. The liability for future health claims was \$28,592 as of December 31, 2023 and is included in claims reserve (insurance related) on the Balance Sheet.

Professional and General Liability Insurance

Effective July 1, 2023, APR began participating 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 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 period ended December 31, 2023, expenses related to the professional and general liability plans were \$38,828 and are included in general and administrative expense on the Statements of Operations. APR 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 \$51,783 as of December 31, 2023 and is included in claims reserve (insurance related) on the Balance Sheet.

Workers' Compensation

Effective July 1, 2023, APR 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 period ended December 31, 2023, expenses related to the workers' compensation plan were \$28,354, and are included in salaries, wages and benefits on the Statements of Operations.

Property Insurance

Effective July 1, 2023, APR began participating in a high deductible property insurance plan with ESL and other communities managed by ESL. The plan has a \$10,000,000 retention per occurrence, and American International Group provides the lead excess coverage. To the

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

extent a participant incurs a loss, all participants will share in paying for that loss, subject to the deductible.

For the period ended December 31, 2023, expenses related to the property insurance plan were \$31,545, and are included in general and administrative expense on the Statements of Operations. The liability for future property insurance claims was \$12,002 as of December 31, 2023 and is included in claims reserve (insurance related) on the Balance Sheet.

Concentration of Credit Risk

Financial instruments, which subject APR to concentrations of credit risk, consist primarily of cash, and cash equivalents. 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. APR 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 \$1,459,200 as of December 31, 2023.

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. As of December 31, 2023, these funds have not been transferred from Avery Point and therefore these amounts are included in prepaid expenses and other current assets on the Balance Sheet.

Residence and Care Agreements ("RCA's) provide for a refundable amount of 80% of the total entrance fee and a 20% non-refundable portion ("80% contracts"), as well as a 0% non-refundable amount of the total entrance fee ("0% contracts"). Eligibility for a refund under the 80% 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 80% 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. Once these requirements have been met, the refund is due to the resident within 60 days. For the 80% 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, to resident refunds payable, a current liability on the Balance Sheet.

The 20% non-refundable portion of the 80% contract and 0% contract 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 20% non-refundable portion of the deposit and 0% contracts was \$2,029,746 for the

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

period ended December 31, 2023 and is included in amortization of non-refundable resident entrance fees on the Statements of Operations.

The 0% contracts require the Community to refund an entrance deposit less certain fees in the event the RCA is terminated within the first 48-months from occupancy date. In accordance with ASC 606-10-32-10, the Community recognizes an estimated refund liability on the portion of the entrance fee of 0% contracts that may be terminated within 48-months based on historical refunds issued on 0% contracts. As of December 31, 2023, the refund liability was \$600,000 and is included in Resident entrance fees, net of accumulated depreciation on the Balance Sheet.

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 period ended December 31, 2023, spend down activity to offset monthly charges was \$0.

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

	2023
80% Contracts	
Resident entrance fees	
80% refundable portion	\$ 62,598,800
20% non-refundable portion	14,991,518
Less: Accumulated amortization	(867,157)
0% contracts	
Resident entrance fees	
0% non-refundable portion	22,136,442
0% refund liability	600,000
Less: Accumulated amortization	(1,312,589)
Resident entrance fees, net	<u><u>\$ 98,147,014</u></u>

Limited Use Cash, Cash Equivalents and Investments

APR has restricted cash and cash equivalents, and funds with donor restrictions that are comprised of cash. 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 Sheet that sum to the total of the same amounts shown in the Statements of Cash Flows as of December 31:

	2023
Cash	\$ 421,283
Restricted cash and cash equivalents	45
Funds with donor restrictions	5,106
Cash and restricted cash and cash equivalents	<u><u>\$ 426,434</u></u>

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

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

claims. Amounts included in funds with donor restrictions include cash that has been contributed to funds but not yet invested.

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:

	<u>Useful Life</u>
Land improvements	15
Furniture and fixtures	7
Equipment and vehicles	3 - 5

Investments

APR records investment income or losses in non-operating income (expense) in the Statements of Operations. For the period ended December 31, 2023, APR recorded \$65,730 of net interest income.

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 events of impairment occurred for the period ended December 31, 2023.

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 Sheet 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

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

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.

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 Statement 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.

Goodwill

In accordance with ASC 958 – Not-for-profit Entities, if the fair value of liabilities assumed and consideration transferred exceeds the fair value of identifiable assets acquired, the acquirer would recognize goodwill or an immediate charge to income (in essence, like a contribution made). The choice is not voluntary but must be based on how the acquiree's operations are expected to be funded within the combined organization. Operations within the Community are funded through the services provided to residents; therefore goodwill is recorded when the fair value of liabilities assumed and consideration transferred exceeds the fair value of identifiable assets acquired.

The Community, in accordance with ASU 2021-03, Intangibles – Goodwill and Other (Topic 350): Accounting Alternative for Evaluation Triggering Events (ASU 2021-03), elected as of July 1, 2023, to forgo the evaluation of goodwill impairment triggering events occurring throughout a reporting period, and instead to evaluate goodwill impairment triggering events only as of the end of the reporting period, and to recognize and measure any resulting goodwill impairment as of that date, if necessary.

During the year ended December 31, 2023, the Community elected to test for goodwill impairment at the entity level versus the reporting unit level. For the year ended December 31, 2023, as part of its consideration of the existence of triggering events, the Community assessed a number of qualitative factors to determine whether it was more likely than not that the fair value of goodwill was less than its carrying value. The Community assessed economic and industry conditions, competitive factors and markets trends, as well as the recent financial performance of the Community. Based on the Community's analysis, the Community concluded there were no triggering events that may cause the Community's goodwill balance to be below its carrying value, and the qualitative factors that were considered indicated that the goodwill balance reported in the accompanying Balance Sheet as of December 31, 2023, and was not impaired.

The Community elected the accounting alternative to amortize goodwill on a straight-line basis over ten years in accordance with ASC 350-20-35-63.

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

The total net amount of Goodwill was \$10,665,381 and \$10,132,112 as of July 1, 2023 and December 31, 2023, respectively.

Business Combinations

The Community accounts for business combinations under the acquisition method of accounting in accordance with *ASC Topic 805, Business Combinations*, which requires the Community to recognize separately from goodwill, the assets acquired and the liabilities assumed at their acquisition date fair values. The amount by which the fair value of the identifiable assets acquired exceeds the fair value of liabilities assumed and consideration transferred, if any, is recorded as goodwill. The financial statements reflect the operations of an acquired business beginning as of the date of acquisition. While the Community uses its best estimate and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Community records adjustments to the identifiable assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Statements of Operations.

Compensated Absences

APR 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 Sheet. 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. Performance obligations are determined based on the nature of the services provided. Resident occupancy revenue is recognized as performance obligations are satisfied.

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

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.

Ancillary fees

Ancillary fees, which include 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.

Other Revenue

Other revenue includes revenue from lease income, and contribution revenue.

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.

Income Taxes

APR intends to file an application for recognition of exemption under Section 501(c)(3) of the Internal Revenue Code. Management believes that the organization meets the requirements for exemption under Section 501(c)(3).

The organization continues to operate as a nonprofit entity and has conducted its activities in accordance with the requirements for tax-exempt organizations under applicable state laws and regulations. Upon filing, Management will actively monitor the application's status and will communicate with the IRS regarding its progress.

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

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

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 Richmond, Virginia, under the Master Lease and Use Agreement ("MLUA") from RER effective July 1, 2023. 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 has an option to purchase the property as set forth in the MLUA in the event of a direct or indirect change in control of RER or if RER elects to sell any of the premises underlying the community (other than incidental sales of the premises as set forth in the MLUA).

On July 1, 2023, APR entered into the Community Loan Agreement ("CLA") with RER whereby APR agreed to lend RER 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 RER to the Community under the CLA. Payment of base rent by APR is completely offset by the amounts due to APR from RER 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 RER, thus increasing the finance lease ROU asset. For the period ended December 31, 2023, APR transferred IEDs related to four of its finance leases, resulting in an increase to the finance lease ROU assets on the Balance Sheet of \$72,382,450, of which \$27,595,700 were transferred after the acquisition.

As of December 31, 2023, assets under finance leases, primarily land and buildings, are included in finance lease ROU assets, at a cost of \$99,978,150 less accumulated amortization of \$1,081,676. Amortization expense for assets under finance leases is included in depreciation expense on the Statements of Operations.

The following table summarizes the remaining unamortized ROU asset, representing IEDs transferred, for each of the Community buildings:

	2023
Building 1.0	\$ 5,265,350
Building 1.1	31,374,850
Building 1.2	28,840,898
Building 1.3	33,415,376
Finance lease right of use assets, net	<u><u>\$ 98,896,474</u></u>

Annual rent is calculated as Net Resale Margin plus 85% of Net Operating Cash Flow, terms that are defined in the MLUA. In general, Net Resale Margin includes all entrance deposits received less all entrance deposit refunds paid, minus any amounts loaned under the CLA and any reoccupancy costs incurred during the year. The total amount of annual rent payable to RER for each calendar year shall be adjusted based on the results of the annual audit and verification of the actual Net Resale Margin

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

and Net Operating Cash Flow for the entire calendar year. Annual rent expense was \$0 for the period ended December 31, 2023 and is included in interest expense on the Statements of Operations.

The Community's total lease cost associated with its leases was as follows for the period ended December 31:

	2023
Finance lease cost	
Amortization of right of use assets	\$ 1,081,676
Total lease cost	<u><u>\$ 1,081,676</u></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 as of December 31, 2023.

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 \$6,300,000 in each of the next five years.

4. Goodwill

Goodwill consists of the following as of December 31, 2023:

	January 1, 2023	Additions	Amortization	December 31, 2023
Goodwill	\$ —	10,665,381	(533,269)	\$ 10,132,112

Additions during 2023 relate to the Goodwill resulting from the acquisition of Avery Point as described in footnote 5.

Annual amortization expense related to Goodwill for each of the five succeeding years will be \$1,066,538.

5. Business Combination

On July 1, 2023, the Community completed an acquisition of Avery Point in accordance with the Purchase Agreement with ELH. APR acquired the assets (excluding the land and buildings) and liabilities associated with Avery Point for \$10, including the existing residence and care agreements. Avery Point was engaged in providing continuing care and retirement community services in Richmond, Virginia which APR will continue to provide as a not-for-profit. At the same time as the Purchase Agreement was executed, APR entered into a MLUA related to the land and buildings on the property. Please see further details regarding this transaction in the footnote 3.

The following table summarizes the consideration paid for Avery Point and the assets and liabilities acquired as of the July 1, 2023 acquisition date:

Consideration			
Consideration transferred		\$ 10	
Net liabilities assumed			
Cash		\$ 7,483	

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

Accounts receivable	176,638
Prepaid expenses and other current assets	8,992,570
Promissory notes receivable	9,165,600
Right of use assets	72,382,450
Property and equipment, net	3,718,130
Total assets assumed	\$ 94,442,871
Accounts payable and accrued expenses	\$ 342,046
Claims reserve (insurance related)	50,455
Other current liabilities	9,539
Advance deposits	3,480,300
Resident entrance fees, net of accumulated amortization	85,367,660
Working capital loan	15,858,252
Total liabilities assumed	\$ 105,108,252
Net liabilities assumed	\$ 10,665,381

The Community recognized goodwill of \$10,665,381, representing the aggregate fair value of liabilities assumed in excess of the consideration transferred. The Community completed its final assessment of the purchase price allocation to estimate the fair value of the net liabilities assumed at the date of acquisition during fiscal year 2023. No adjustments were recorded subsequent to initial recognition of the opening balance sheet amounts identified above.

6. Property and Equipment, Net

Property and equipment, net, consisted of the following as of December 31:

	2023
Building and building improvements	\$ 11,903
Furniture and fixtures	1,078,330
Equipment and vehicles	3,277,440
	<hr/>
Less: Accumulated depreciation	(433,028)
	<hr/>
Open projects	3,934,645
	<hr/>
Total property and equipment, net	\$ 262,779
	<hr/>
	\$ 4,197,424

Depreciation expense was \$433,028 for the period ended December 31, 2023. For the period ended December 31, 2023, APR disposed of no assets.

7. Management and Marketing Agreement

On December 31, 2022, APR and ESL entered into a Management and Marketing Agreement effective July 1, 2023. ESL will provide management and marketing services to APR during the term of this agreement in exchange for a management fee and allocation of certain costs to the Community as discussed below. The monthly fee is calculated as 5% of the total resident fees for such month, including continuing care occupancy. Management fees for the period ended December 31, 2023 were \$283,338. Beginning January 1 in the year following the year in which APR achieves "Stabilization" (as defined in the 2022 agreement), the monthly fee will be the sum of the base fee and incentive fee defined as follows:

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

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 APR 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 APR by ESL for the year ended December 31, 2023 were \$1,277,809 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.

8. Defined Contribution Plan

APR maintains a defined contribution plan for APR 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. APR may make discretionary contributions to the plan equal to a percentage of the participant's elective deferrals. Total expense recognized by APR was \$25,764 for the period ended December 31, 2023, and is included in salaries, wages and benefits on the Statements of Operations.

9. 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 APR had no assets or liabilities carried at fair value that required Level 2 or 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).

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

The following table summarizes the valuation of APR's financial instruments by the above pricing levels as of:

	December 31, 2023	
	Unadjusted Quoted Market Prices (Level 1)	Total Fair Value
Current assets		
Restricted cash and cash equivalents		
Money market funds	\$ 45	\$ 45
	\$ 45	\$ 45
Non-current assets		
Funds with donor restrictions		
Cash	5,106	5,106
	\$ 5,106	\$ 5,106

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.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions were designated for the following purposes as of December 31:

	2023
Resident care	\$ 3,466
Staff appreciation	1,640
	\$ 5,106

Staff appreciation funds totaling \$119,477 were collected and expended during the period ended December 31, 2023. These amounts are included in both other revenue and salaries, wages and benefits on the Statements of Operations.

11. 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
Cash	\$ 421,283
Accounts receivable	52,469
Promissory notes receivable	1,459,200
	\$ 1,932,952

Additionally, the Community maintains a \$30,000,000 line of credit, as discussed in more detail in footnote 13. As of December 31, 2023, \$11,207,913 remained available on the Community's line of credit.

Avery Point, Inc.

Notes to Financial Statements

For the year ended December 31, 2023 and the period July 28, 2022 (inception) through December 31, 2022

12. Functional Expenses

APR provides program services to residents within the Community. Operating expenses by nature and function related to providing these services were as follows for the year ended December 31:

	2023			
	Program Services		Support Services	
	Independent Living	Ancillary Health	General and Administration	Total
Expenses				
Salaries, wages and benefits	\$ 2,731,901	\$ —	\$ 1,159,017	\$ 3,890,918
Professional and contracted services	78,462	50,196	1,302,160	1,430,818
Supplies	704,734	5,546	68,700	778,980
General and administrative	931,122	892	169,051	1,101,065
Management fees	283,338	—	—	283,338
Interest	736,234	—	—	736,234
Real estate taxes	874,241	—	—	874,241
Depreciation and amortization	1,510,060	4,244	—	1,514,304
Amortization of intangible assets	533,269	—	—	533,269
Total expenses	\$ 8,383,361	\$ 60,878	\$ 2,698,928	\$ 11,143,167

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.

For the period ended December 31, 2022, professional and contracted services of \$11,246 was categorized as general and administration functional expenses.

13. Working Capital Loan

On September 6, 2023, APR and RER entered into a Working Capital Loan ("WCL") agreement which allows APR to borrow from RER an aggregate principal amount. The agreement was amended May 29, 2024 and provides for a maximum amount of \$30,000,000. As security for the loan, APR has granted RER a security interest in all of its rights, titles and interest in and to all RCAs including all payments thereunder. The WCL is due September 6, 2033 currently; however, this date can be extended if necessary. The outstanding balance on the WCL was \$18,792,087 as of December 31, 2023. The rate for the WCL is the Wall Street Journal prime rate less 0.25%, which was 8.25% as of December 31, 2023. The accrued interest related to the WCL was \$132,564 as of December 31, 2023.

Each year as part of the annual budget process, APR, in conjunction with ESL completes a comprehensive analysis of the Community's operations, including occupancy percentages at all levels of care, rate structure, cost structure, operational efficiency, economic climate in the community's immediate area, and planned capital improvements. For those communities that are in a developmental stage, working capital may be required to sustain operating cash needs and it is for that reason the Community has established a working capital loan with RER. Through this process, a comprehensive analysis is completed of cash requirements for the following year and a comparison to existing resources plus the capacity under the existing working capital loan. If shortages are projected within the next year beyond the existing capacity under the working capital loan, the Community and NPC agree to revisit the working capital loan capacity available to meet these needs. From this analysis and considerations, the Community has determined there are sufficient resources to meet operational needs for a year beyond the date of the issuance of the financial statements.

Avery Point, Inc.**Notes to Financial Statements**

**For the year ended December 31, 2023 and the period July 28, 2022 (inception)
through December 31, 2022**

14. Commitments and Contingencies

APR 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 APR.

15. 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. On May 29, 2024, the Working Capital Loan agreement was amended effective January 1, 2024 (see footnote 13).

ELP Richmond, LLC

**Financial Statements
For the Years Ended December 31, 2023 and 2022**

Independent Auditor's Report

Member
ELP Richmond, LLC

Opinion

We have audited the financial statements of ELP Richmond, LLC (the Company) which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of operations and changes in members' equity 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 31, 2024

ELP Richmond, LLC
Balance Sheets
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash	\$ 3,205,776	\$ 594,740
Accounts receivable	—	37,217
Prepaid expenses and other current assets	9,914	226,807
Promissory notes receivable	—	2,794,901
Restricted cash - current	<u>25,908,537</u>	128
Total current assets	<u>29,124,227</u>	3,653,793
Non-current assets		
Resident capital cash	—	4,413,156
Property and equipment, net	231,610,394	171,588,678
Deferred financing costs, net	<u>1,413,468</u>	458,242
Total non-current assets	<u>233,023,862</u>	176,460,076
Total assets	<u><u>\$262,148,089</u></u>	<u><u>\$180,113,869</u></u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 14,143,801	\$ 19,829,957
Claims reserve (insurance related)	—	17,834
Credit facilities	—	2,680,204
Deferred rent revenue - current	2,503,092	—
Other current liabilities	—	14,184
Total current liabilities	<u>16,646,893</u>	22,542,179
Non-current liabilities		
Advance and parking deposits	—	3,812,500
Resident entrance fees, net of accumulated amortization	—	35,200,637
Deferred rent revenue - non-current	<u>96,358,768</u>	—
Working capital loan and accrued interest	—	8,953,099
Total non-current liabilities	<u>96,358,768</u>	47,966,236
Total liabilities	<u>113,005,661</u>	70,508,415
Commitments (Note 11)		
Members' equity	<u>149,142,428</u>	109,605,454
Total liabilities and members' equity	<u><u>\$262,148,089</u></u>	<u><u>\$180,113,869</u></u>

The accompanying notes are an integral part of these financial statements.

ELP Richmond, LLC

Statements of Operations and Changes in Members' Equity
for the years ended December 31, 2023 and 2022

	2023	2022
Operating revenue:		
Amortization of deferred rent revenue	\$ 1,116,290	\$ —
Resident occupancy revenue	3,811,440	577,597
Ancillary fee revenue	152,227	86,484
Amortization of non-refundable resident entrance fees	1,494,527	273,363
Other revenue	58,213	28,760
Total operating revenue	6,632,697	966,204
Operating expenses:		
Salaries, wages and benefits	3,299,239	3,111,021
Professional and contracted services	2,588,234	2,994,744
Supplies	610,298	387,386
General and administrative	774,949	689,435
Management fees	190,782	28,880
Interest	514,231	275,580
Real estate taxes	474,607	235,724
Depreciation	3,813,611	785,403
Total operating expenses	12,265,951	8,508,173
Operating loss	(5,633,254)	(7,541,969)
Non-operating income:		
Interest income	567,654	38,318
Gain on conversion transaction (see Note 1)	10,215,381	—
Non-operating income	10,783,035	38,318
Net income (loss)	5,149,781	(7,503,651)
Members' equity beginning	109,605,454	72,590,553
Contributions from member	76,268,051	69,617,745
Distributions to member	(41,880,858)	(25,099,193)
Member's equity ending	\$ 149,142,428	\$ 109,605,454

The accompanying notes are an integral part of these financial statements.

ELP Richmond, LLC
Statements of Cash Flows
for the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income (loss)	\$ 5,149,781	\$ (7,503,651)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Gain on conversion transaction of operations	(10,215,381)	—
Depreciation	3,813,611	785,403
Amortization of deferred rent revenue	(1,116,290)	—
Deferred rent payments received	27,595,700	—
Amortization of non-refundable resident entrance fees	(1,494,527)	(273,363)
Increase in accrued interest on working capital loan	513,518	275,580
Proceeds from non-refundable entrance fees	20,508,750	14,339,600
Increase in accounts receivable	(137,542)	(37,217)
Decrease (increase) in prepaid expenses and other current assets	82,824	(193,438)
(Decrease) increase in accounts payable and accrued expenses	(950,819)	2,427,977
Increase in claims reserve (insurance related)	32,621	10,290
(Decrease) increase in other current liabilities	(4,645)	14,184
Net cash provided by operating activities	<u>43,777,601</u>	<u>9,845,365</u>
Cash flows from investing activities:		
Purchases of property and equipment	(71,155,997)	(79,660,400)
Transfer of cash, restricted cash, and resident cash (see Note 1)	<u>(8,867,863)</u>	<u>—</u>
Net cash used in investing activities	<u>(80,023,860)</u>	<u>(79,660,400)</u>

Continued on next page

ELP Richmond, LLC
Statements of Cash Flows (Continued)
for the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from financing activities:		
Proceeds from working capital loan	\$ 6,391,635	\$ 5,963,199
Proceeds from credit facilities	37,542,550	34,818,503
Repayments on credit facilities	(40,222,754)	(32,138,299)
Payment of deferred financing costs	(1,745,977)	(670,939)
(Decrease) increase in advance deposits	(332,200)	2,338,500
Proceeds from refundable resident entrance fees	24,332,101	18,339,499
Contributions from member	76,268,051	69,617,745
Distributions to member	<u>(41,880,858)</u>	<u>(25,099,193)</u>
Net cash provided by financing activities	<u>60,352,548</u>	<u>73,169,015</u>
 Increase in cash, restricted cash and resident capital cash	 24,106,289	 3,353,980
 Cash, restricted cash and resident capital cash, beginning of year	 <u>5,008,024</u>	 <u>1,654,044</u>
 Cash, restricted cash and resident capital cash, end of year	 <u>\$ 29,114,313</u>	 <u>\$ 5,008,024</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	\$ 12,390,457	\$ 16,783,749
Cash paid for interest on credit facilities	<u>\$ 45,649</u>	<u>\$ 573,319</u>
Capitalized amortization of deferred financing costs	<u>\$ 790,751</u>	<u>\$ 212,697</u>

The accompanying notes are an integral part of these financial statements.

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

1. Organization

ELP Richmond, LLC (the “Company”), is a Maryland limited liability company, originally formed in 2018, to own, acquire, and develop real property in Richmond, Virginia. The Company was renamed in April 2023 from its former name, Avery Point, LLC. The Company is currently expected to build 1,200 independent living units and 170 continuing care units. The first residents took occupancy during calendar year 2022. As of December 31, 2023 and 2022, there were 415 and 120 total independent living units, respectively.

The Company is a majority 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 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.
- EA Campus Care, LLC (“EA”), whose purpose is to manage Health Care delivery systems that support CCRCs managed by ESL and provides 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.

These financial statements present the operations of the Company for the years ended December 31, 2023 and 2022.

On April 30, 2020, the Company’s Operating Agreement was amended and restated to admit a new member of the Company, NSC – Avery Point, LLC (“NSCAP”), and provided for one class of outstanding membership interests of the Company. NSCAP is a subsidiary of National Senior Communities, Inc. (“NSC”), a not-for profit organization that provides governance oversight, supervision and strategic planning for numerous CCRCs that are managed by ESL. ELP was designated as the Manager of the Company and the initial capital percentages were 90% held by ELP and 10% held by NSCAP. Both members had a right of first offer to purchase the other member’s interest in the Company if that member decided to dispose of it. Additionally, NSCAP had an option to purchase the property in the future once certain conditions were met.

During the year ended December 31, 2023, ELP made contributions of \$76,268,051 and received distributions of \$41,880,858 from the Company. During the year ended December 31, 2022, ELP made contributions of \$69,617,745 and received distributions of \$25,099,193 from the Company. During the years ended December 31, 2023 and 2022, NSCAP made no contributions and received no distributions from the Company.

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

Conversion Transaction

On July 1, 2023, ELH and NSC exercised the right for NSC to acquire the ownership interest in the operating activities of the Company and for ELP to again be the single member of the Company. NSCAP contemporaneously withdrew its membership in the Company, and was formally dissolved in April 2024. The operating assets and liabilities of the Company were assigned to Avery Point, Inc. ("APR"), which is operated by NSC, and the Company recorded a gain of \$10,215,381, representing the net value of total assets and liabilities transferred to APR. Therefore, for all 2023 financial statements, community operations shown end on June 30, 2023. The following balance sheets present the balances of the Company immediately prior to the conversion transaction, amounts acquired by and/or assigned to APR, and opening balances as of July 1, 2023 immediately following the conversion transaction:

	June 30, 2023	APR Conversion Transaction	July 1, 2023
ASSETS			
Current assets			
Cash	\$ 30,205,816	\$ (11,577)	\$ 30,194,239
Accounts receivable	174,759	(174,759)	—
Prepaid expenses and other current assets	134,069	(134,069)	—
Promissory notes receivable	9,165,600	(9,165,600)	—
Restricted cash - current	118	(118)	—
Total current assets	39,680,362	(9,486,123)	30,194,239
Non-current assets			
Resident capital cash	8,856,168	(8,856,168)	—
Property and equipment, net	197,208,551	(3,718,129)	193,490,422
Deferred financing costs, net	340,630	—	340,630
Total non-current assets	206,405,349	(12,574,297)	193,831,052
Total assets	\$ 246,085,711	\$ (22,060,420)	\$ 224,025,291
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	\$ 7,174,598	\$ (342,045)	\$ 6,832,553
Claims reserve (insurance related)	50,455	(50,455)	—
Deferred rent revenue - current	—	1,116,290	1,116,290
Other current liabilities	9,539	(9,539)	—
Total current liabilities	7,234,592	714,251	7,948,843
Non-current liabilities			
Advance deposits	3,480,300	(3,480,300)	—
Resident entrance fees, net of accumulated amortization	84,917,660	(84,917,660)	—
Deferred rent revenue - non-current	—	71,266,160	71,266,160
Working capital loan and accrued interest	15,858,252	(15,858,252)	—
Total non-current liabilities	104,256,212	(32,990,052)	71,266,160
Total liabilities	111,490,804	(32,275,801)	79,215,003
Members' equity	134,594,907	10,215,381	144,810,288
Total liabilities and members' equity	\$ 246,085,711	\$ (22,060,420)	\$ 224,025,291

ELP Richmond, LLC
Notes to Financial Statements
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 \$168,286 and \$32,000, respectively. Additionally, the Company began participating in a controlled disbursement account owned by ESL with other related parties and CCRCs 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. There was no book overdraft as of December 31, 2023 or 2022.

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.

Advance and Parking Deposits

Prospective residents were required to make certain installment payments prior to the final settlement of the given unit. These amounts were included in resident capital cash and advance deposits on the balance sheets. Timing differences may cause resident capital to not have been equal to advance deposits. Advance and parking deposits were transferred to APR in the conversion transaction described in Note 1.

Cash, Restricted Cash and Resident Capital Cash

Resident capital cash included advance deposits received from prospective residents to reserve apartment units prior to settlement. Additionally, restricted cash includes funds held as a condition of the construction loan further described in Note 7. The Company's balance of resident capital cash was transferred to APR in the conversion transaction described in Note 1.

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

The following table provides a reconciliation of cash, restricted cash and resident capital 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:

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,205,776	\$ 594,740
Restricted cash - current	25,908,537	128
Resident capital cash	—	4,413,156
Cash, restricted cash and resident capital cash	\$ 29,114,313	\$ 5,008,024

Accounts Receivable

The accounts receivable were comprised of billed occupancy and ancillary charges that were still outstanding. The Company wrote off uncollectible accounts receivable after all collection efforts were exhausted and management determined they would not be collected. There was no provision for bad debt recorded for the year ended December 31, 2023. Accounts receivable were transferred to APR in the conversion transaction described in Note 1.

Promissory Notes Receivable

Promissory notes receivable consisted of short-term receivables from residents related to payment of the final installment of their entrance fee. Often, there was a timing difference between when the sale of a prospective resident's home would be finalized and the due date of the final installment on their resident entrance fee. In these cases, a short-term promissory note was issued by the resident. If the resident paid the note on or before the agreed upon due date, no interest was charged. If the resident did not pay the note by the agreed upon due date, interest was charged from the day the note was issued, through the date of payment. Promissory notes receivable were \$— and \$2,794,901 at December 31, 2023 and 2022, respectively. Promissory notes receivable were transferred to APR in the conversion transaction described in Note 1.

Compensated Absences

The Company recorded a liability for amounts due to employees for future absences that were attributable to services performed in the current and prior periods, which was included in accounts payable and accrued expenses on the balance sheets. All payroll liabilities were transferred to APR in the conversion transaction described in Note 1.

Employee Health Plan

The Company participated in a self-funded employee health plan. A specific stop loss policy had been purchased to reduce a portion of the plan risk. The specific stop loss reimbursement policy covered medical and prescription drug claims totaling more than \$600,000 per member per calendar year. Symetra Life Insurance Company provided the excess coverage and reimbursed the plan for amounts over the specific stop loss deductible/retention. The liability for health claims was included in claims reserve (insurance related) on the balance sheets. The Company also had a self-funded employee dental plan, and the liability for future claims was also included in claims reserve (insurance related) on

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

the balance sheets. All claims reserve liabilities were transferred to APR in the conversion transaction described in Note 1.

Professional and General Liability Insurance

The Company participated in a high deductible/retention professional and general liability insurance plan. For the years ended December 31, 2023 and 2022, the Company plan had a \$5 million per claim retention with a \$5 million professional and general liability aggregate. Continental Casualty Company provided the lead excess coverage. The liability for the anticipated payment for future professional and general liability was \$— and \$8,148 at December 31, 2023 and 2022, respectively, and was included in claims reserve (insurance related) on the balance sheets. All insurance liabilities were transferred to APR in the conversion transaction described in Note 1.

Workers' Compensation

The Company participated in a pooled commercial workers' compensation policy with other affiliated entities of the member, issued by a third-party insurance carrier. The policy had a deductible/retention per occurrence of \$250,000. Premiums paid, net of administrative expenses on the policy, were applied against policy claims. The policy term extended from November to November of each year, and premiums were paid by ESL. The expenses for premiums were allocated to the Company from ESL through the central services agreement (see Note 10). As of the conversion transaction described in Note 1, all employees and employment-related obligations were transferred to APR.

Accounts Payable and Accrued Expenses

In addition to payables due to unrelated parties and other accrued expenses, accounts payable and accrued expenses includes amounts due to EA, ESL and ELD (see Note 10).

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of three to 40 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 reported at the time of the disposition.

The useful lives of property and equipment are as follows:

Buildings	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.

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

Assets that are used to support the operations of the Company were transferred to APR as part of the conversion transaction described in Note 1. Further detail of amounts is provided in Note 3.

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. Management has reviewed and no events of impairment occurred during the years ended December 31, 2023 or 2022.

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).

Resident occupancy revenue

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

Under the Company's Resident and Care Agreements ("RCA"), which were generally for the resident's lifetime, but could be terminated at any time by the resident with 60 days' notice, the Company provided continuing care services to residents for a stated daily or monthly fee. The Company recognized revenue for continuing care services under the RCA for independent living in accordance with the provisions of ASC 842, Leases ("ASC 842"). The Company recognized 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 Company has determined that the continuing care services included under the daily or monthly fee had the same timing and pattern of transfer and were a series of distinct services that were considered one performance obligation, which is satisfied over time.

All resident occupancy revenue that qualified under the provisions of lease guidance was related to independent living for the years ended December 31, 2023 and 2022.

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

Ancillary fees

Ancillary fees, which included housekeeping, dining room sales and other services provided to the residents of the Community were reported at the amount that reflected the consideration to which the Company expected to be entitled in exchange for providing these services. The Company recognized revenue for these ancillary services in accordance with the provisions of ASC 606. Each service provided under the contract was capable of being distinct, therefore, the services were considered individual and separate performance obligations, which were satisfied as services were provided, and revenue was recognized as services were provided.

All RCA were assigned to APR and the Company ceased earning revenue from resident transactions as part of the conversion transaction described in Note 1.

Income Taxes

The Company was a limited liability company that was treated as a partnership for all federal and state income tax purposes. Following the conversion transaction described in Note 1, the Company became 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(s). 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, restricted cash - current, resident capital cash, accounts payable and other accrued expenses, claims reserve (insurance related) and other current liabilities 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 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.

Reclassification

Certain 2022 amounts were reclassified to conform to the 2023 presentation. These reclassifications had no effect on the previously reported members' equity or net loss.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended December 31, 2023 and 2022, was \$2,225,222 and \$3,228,435, respectively.

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The Company implemented the accounting standard in 2022 and determined that the community lease (Note 5) qualifies as an operating lease and that the Company has no other material leases for the year ended December 31, 2023.

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.

3. Property and Equipment

As of December 31, property and equipment consist of the following:

	2023	2022
Land and land improvements	\$ 34,553,787	\$ 29,935,470
Buildings	146,503,664	50,309,315
Furniture, fixtures, and equipment	4,484,397	3,747,929
Construction in progress	50,446,224	88,626,892
	235,988,072	172,619,606
Accumulated depreciation	(4,377,678)	(1,030,928)
Property and equipment, net	\$ 231,610,394	\$ 171,588,678

Depreciation expense of \$3,813,611 and \$785,403 was recorded for the years ended December 31, 2023 and 2022, respectively. Assets with an original cost of \$4,184,990, and a net book value \$3,718,129 were transferred to APR as part of the conversion transaction described in Note 1.

4. Working Capital Loan

The Company's Operating Agreement was amended and restated as described in Note 1. In the event the Company's operating expenses exceed the revenues, income, receipts and

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

cash flows of the Company for a given period, the terms of the amendment require ELP to make a Working Capital Loan ("WCL") to the Company in the amount of such operating deficit. There was \$8,595,295 plus accrued interest of \$357,804 outstanding under the WCL as of December 31, 2022.

Interest accrues monthly on the WCL balance at the Prime Rate less 0.25%. The Prime Rate was 8.50% and 7.50% as of December 31, 2023 and 2022, respectively. Total interest expense was \$513,518 and \$275,580 for the years ended December 31, 2023 and 2022, respectively.

The Working Capital Loan was assigned from the Company to APR in connection with the conversion transaction described in Note 1.

5. Master Lease and Use Agreement

The Company leases land and buildings to APR under the Master Lease and Use Agreement (the "Lease"). The Company also entered into a Community Loan Agreement ("Loan") at the same time the leases are entered into, both of which were effective July 1, 2023. The Lease and Loan have been combined for accounting purposes as they were 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 April 5, 2024. The Lease has an initial term of 10 years, which expires July 1, 2033, with the option to extend the Lease for seven additional ten-year terms. Management has determined that it is reasonably certain that APR 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 APR to the Company upon the first resident's move into APR's buildings. Deferred rent revenue is amortized as service obligations are fulfilled, on a straight-line basis over the remaining term of the expected 40 year lease.

Annual rent revenue shall be APR's net resale margin plus 85% of Net Operating Cash Flow, terms that are defined in the Lease. In general, net resale margin includes all entrance deposits received less all entrance deposit refunds paid, minus any amounts loaned under the Loan and any reoccupancy costs incurred during the year. In general, net operating cash flow includes operating cash flow reduced by the amount deposited into the Capital Repositioning Reserve. 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 net resale margin and net operating cash flow for the entire calendar year. Annual rent revenue for the year ended December 31, 2023 was \$—.

APR also has an option to purchase the land and buildings in the event of a direct or indirect change in control of the Company, or if the Company elects to sell the premises underlying the community.

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

“Base Rent” as defined in the Lease is the amount of principal and interest payable by the Company to APR pursuant to the Loan for such month. The Company has not historically made cash payments to APR 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 APR 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.

As of December 31, 2023, unamortized deferred rent revenue consists of the following:

Building 1.0	\$ 5,264,802
Building 1.1	31,371,586
Building 1.2	28,836,332
Building 1.3	33,389,140
Building 1.4	—
Deferred rent revenue balance	98,861,860
Less current portion of deferred rent revenue	(2,503,092)
Long-term portion of deferred rent revenue	\$ 96,358,768

The deferred rent revenue to be earned is as follows for the years ending December 31:

2024	\$ 2,503,092
2025	2,503,092
2026	2,503,092
2027	2,503,092
2028	2,503,092
Thereafter	86,346,400
	\$ 98,861,860

6. Resident Capital Cash, Advance Deposits and Resident Entrance Fees

Residents are required to remit entrance fees, which may vary in amount depending upon the unit to be occupied. Entrance fees on settled units are shown as resident entrance fees on the balance sheets and are reported net of amortization.

The Company offered two types of RCA. The RCA provide for either a refundable amount of 80% of the total entrance fee and a 20% non-refundable portion (“80% contracts”) or a non-refundable option (“0% contracts”). Eligibility for a refund under the 80% 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. The refund account is funded from new residents who have settled an independent living unit

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

with a new 80% 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. Once these requirements have been met, the refund is due to the resident within 60 days. For the 80% 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, to resident refunds payable, a current liability on the balance sheets.

The non-refundable portion of the entrance deposits was 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. Amortization of resident entrance fees is included in revenue on the statements of operations and changes in members' equity. The amount of amortization related to the non-refundable portion of resident entrance deposits was \$1,494,527 and \$273,363 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 and changes in members' equity.

All RCA were assigned to APR as part of the conversion transaction described in Note 1.

7. Credit Agreement

On February 25, 2022, the Company closed on a construction loan with Pinnacle Bank and Oceanfirst Bank, with a maximum commitment of \$46 million to finance certain construction and development costs. The Company completed the projects financed by this arrangement and repaid the balance in full during 2023. On September 14, 2023, the Company closed on a construction loan with the same institutions and similar terms to finance construction and development of additional buildings, with a maximum commitment of \$63 million (collectively, the "Loans"). The Loans were collateralized by the current buildings under construction as well as the specific land upon which they were being built. The Loans bore interest at the Secured Overnight Financing Rate, which was 5.38% and 4.30% as of December 31, 2023 and 2022, respectively, plus a spread of 2.02%, and is payable monthly. Repayments on the Loans were made from entrance fees no longer subject to statutory escrow requirements. Interest costs on the Loans were \$45,649 and \$586,059 for the years ended December 31, 2023 and 2022, respectively, and were capitalized as part of ongoing construction costs. The original maturity dates of the Loans were February 25, 2025, and March 31, 2025.

The Loans contained certain restrictive and financial covenants on the Company that are customary for similar credit arrangements. For example, there were covenants relating to financial reporting and notification, compliance with laws, preserving existence, maintenance of books and records, how the Company used proceeds from borrowings, maintenance of properties and insurance, and completion of the development of the property.

Legal fees and certain other costs incurred in connection with obtaining the Loans have been capitalized and were amortized over the term of the Loans. Amortization of deferred financing cost was \$790,751 and \$212,697 for the years ended December 31, 2023 and 2022, respectively, and was capitalized as part of ongoing construction costs.

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

As of December 31, 2023 and 2022, there was \$— and \$2,680,204 outstanding on the Loans, respectively.

In January 2024, management elected to terminate the loan and amortized the remaining deferred financing costs of \$1,413,468, which was capitalized as part of ongoing construction costs.

8. Management and Marketing Agreement

The Company and ESL have a Management and Marketing Agreement, whereby ESL provided management and marketing services to the Company during the term of this agreement which expires on December 31, 2028. The agreement provides for the Company to pay ESL a monthly management fee of 5% of facility revenue. Other corporate services as required by the Company are also reimbursed to ESL as defined in the management agreement. The total management fee for the years ended December 31, 2023 and 2022, was \$190,782 and \$28,880, respectively. As the operations of the Company were transferred to APR in the conversion transaction described in Note 1, no further facility revenue was earned following the conversion transaction, therefore no additional management fees were recorded.

9. 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 employees' eligible earnings. The Company incurred expenses of \$39,791 and \$44,198 related to the plan for the years ended December 31, 2023 and 2022, respectively, which are included in salaries, wages and benefits on the statements of operations and changes in members' equity. As of the conversion transaction described in Note 1, all employees became employees of APR and related employment-related obligations were transferred to APR.

10. 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 \$915,269 and \$1,209,502, respectively, related to the central services agreement. During the years ended December 31, 2023 and 2022, the Company also made payments of \$794,720 and \$1,168,030, respectively, related to the central services agreement.

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 \$3,108,700 and \$4,032,175 for the years ended

ELP Richmond, LLC
Notes to Financial Statements
December 31, 2023 and 2022

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 \$3,225,374 and \$3,706,518, respectively, related to the development fee agreement.

The amounts due to ESL, ELD, and EA and included in accounts payable and accrued expenses on the accompanying balance sheets are comprised of the following items as of December 31:

	<u>2023</u>	<u>2022</u>
(Payable to) receivable from ESL:		
General reimbursement	\$ (5,732)	\$ (1,540,301)
Central services	(62,347)	58,202
Total payable to ESL	<u>\$ (68,079)</u>	<u>\$ (1,482,099)</u>
Payable to ELD	\$ (748,699)	\$ (865,373)
Receivable from (payable to) EA	<u>\$ 9,914</u>	<u>\$ (7,754)</u>

11. 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 \$74,483,521.

12. Subsequent Events

The Company has evaluated subsequent events through May 31, 2024, the date which the financial statements were available to be issued. There were no subsequent events noted other than as described above.

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)

	2023	2022
ASSETS		
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>
LIABILITIES AND MEMBER'S EQUITY		
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)

	2023	2022
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)

	2023	2022
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	\$ 9,471	\$ 11,081
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	<u>\$ —</u>	<u>\$ 8,678</u>

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):

	2023	2022
Cash and cash equivalents	\$ 9,165	\$ 8,697
Restricted cash - current	238	308
Restricted cash - non-current	466	466
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$ 9,869	\$ 9,471

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/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
	<hr/> 58,779	<hr/> 50,933
Accumulated depreciation	(36,209)	(36,939)
Property and equipment, net	<hr/> \$ 22,570	<hr/> \$ 13,994

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):

	<u>2023</u>	<u>2022</u>
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):

	<u>2023</u>	<u>2022</u>
Central services	\$ 14,920	\$ 13,325
Management fees	3,449	2,573
Other revenue	406	424
	<hr/> <u>\$ 18,775</u>	<hr/> <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):

	<u>2023</u>	<u>2022</u>
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.

EXHIBIT 8
PROFORMA INCOME STATEMENTS

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

Avery Point, Inc (Operator) 2024 Projection

INFLATION

Income

A 5.75% increase in fees were projected for all levels of care.

Expenses

Along with increases for our expanding community adding two new residential buildings in 2024, expenses were inflated at a rate of 4.0% to 9.0% throughout the projection period depending on department area, reflecting historical information available from existing communities.

P & L PROJECTION ASSUMPTIONS

Below are the assumptions used in projecting the community operations for Avery Point.

INCOME

Net Occupancy Fees – Independent Living

Unit Type	Monthly Fee
Average ILU Monthly Fee: (single occupancy 2024 \$'s)	\$3,069
ILU Monthly Fee: (double occupancy 2024 \$'s)	\$983

- Opening date: 2022
- Total Independent Living units: 1,200
- Occupancy Rate after build out: 93.0%
- Double Occupancy percentage: 38.0%
- Net Occupancy billed: 93.0%

Net Occupancy Fees -Assisted Living and Memory Care

Unit Type	Monthly Fee
ALF Monthly Fee Level One: (single occupancy) (year 2024 \$'s)	\$5,135

Memory Care Monthly Fee Level One: (single occupancy) (year 2024 \$'s)	\$6,504
--	---------

- Opening Date Phase 2: 2028 (120 Assisted Living and 60 Memory Care)
- Occupancy Rate after build out: 93.0%
- Non occupancy credit rate: 0.5%
- Annual inflation rate on monthly fee: 3.0%
- Absorption rate: average of 7 units per month as determined by EL Marketing

Net Occupancy Fees - Nursing

Unit Type	Daily Fee
Daily Rate for Fully Deposited Residents, (year 2024 \$'s)	\$259

- Opening Date Phase 2 (60 units): 2028
- Total nursing units: 60
- Occupancy Rate after build out: 93.0%
- Annual inflation rate on daily rate: 3.0%
- Absorption rate: average of 1.9 units per month as determined by EL Marketing

Ancillary Income

Ancillary income is projected at 1.4% of independent living monthly fees. The income is derived from the following departments:

- Administration - Marketing processing fees
- Dining Services - Guest meals, catering, delivery or tray service, beverage stations, and dining room rentals.
- General Services and IT Services - storage, maintenance, supplies, carpet, painting, reoccupancy charges, copier/fax, parking, grounds maintenance, housekeeping, laundry, security, transportation, IT Services
- Activity Fees – Specialty classes, personal training.

Escrow Interest Income and Operating Interest Income

- The projections utilized information from historic trends from other Erickson Senior Living Communities at a rate of 1%.

Community Loan Receivable Interest Income

Operator has entered into a Community Loan Agreement with Landowner, whereby Operator lends Landowner all initial entrance fees paid by residents.

- Equal monthly installments of principal and interest from Landowner is assumed at an annual interest rate of 5% of total entrance fees advanced and amortized over a 30-year period

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 - \$1,623 per unit in 2024 \$'s

General Insurance

- Property and Liability insurance is: \$538 per unit for ILU
- Worker Comp Rate are assumed to be 1.47% 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 from other Erickson managed communities was used as the basis for projecting operating departmental expenses.

- Payroll Inflation rate: 3.5% depending on work area
- All other expenses inflation rate 4.0 to 9.0%.

Management Fee

- The management fee is calculated at 4.5% of net occupancy fees

Building Rent and Depreciation

Operator leases the land and buildings from the Landowner under a finance lease arrangement.

- Base rent (identified as capital lease asset interest expense on the statement of operations) is to be paid by Operator to Landowner each month is equal to the monthly principal and interest that Landowner pays to Operator under the Community Loan Agreement, described above.
- Depreciation expense for assets under the finance lease is projected on a straight-line basis over a 30-year period.

Avery Point 2024 Projected Income Statements

**Business lines without activity have been removed*

Avery Point

Profit and Loss by Line of Business For the year ending December 31st (in thousands)

	FY24 <u>Budget</u>
Operating Revenue	
Independent	\$ 18,514
Administration	<u>9</u>
Total Operating Revenue	<u>\$ 18,524</u>
Expenses	
Independent	\$ 12,852
Administration	<u>6,195</u>
Total Operating Income	<u>\$ (523)</u>
Operating Income	
Independent	\$ 5,662
Administration	<u>(6,185)</u>
Total Operating Income	<u>\$ (523)</u>
Non-Operating Income	<u>(5,268)</u>
Net Income	<u>\$ (5,791)</u>
Independent	<u>30.6%</u>
Total Operating Income	<u>-2.8%</u>

Occupancy Projections 2024

	<u>FY24</u>
	<u>Budget</u>
<u>Independent Living</u>	
<u>Available Units</u>	<u>498</u>
<u>Billed Units</u>	<u>435</u>
<u>Billed Occupancy %</u>	<u>87.2%</u>

Avery Point Comparison of Actual to Projected Income Statement for 2023

**Business lines without activity have been removed*

Avery Point Profit and Loss by Line of Business For the year ending December 31st 2023

Operating Revenue	FY23		Variance \$B/(W)	Variance %
	Projected	Actual		
Independent	\$ 11,295	\$ 15,391	\$ 4,096	36.3%
Total Operating Revenue	\$ 11,295	\$ 15,391	\$ 4,096	36.3%
Expenses				
Independent	\$ 24,982	\$ 23,409	\$ (1,573)	-6.3%
Total Expenses	\$ 24,982	\$ 23,409	\$ (1,573)	-6.3%
Operating Income				
Independent	\$ (13,687)	\$ (8,018)	\$ 5,669	41.4%
Total Operating Income	\$ (13,687)	\$ (8,018)	\$ 5,669	41.4%
Non Operating Income	\$ (3,261)	\$ 10,849	\$ 14,110	432.7%
Net Income	\$ (16,948)	\$ 2,831	\$ 19,779	116.7%

Variance Explanations

Revenue – The increase in expected revenue from the 2023 projection is due to the timing of the opening of the Community's third residential building.

Expenses – The increase in expected expenses from the 2023 projection is due to the third residential building opening for Avery Point earlier than expected and thereby adding increased expenses. Additionally, the Community experienced higher than anticipated tax expense in 2023.

Non-Operating Variance related to the shift in operator from ELP Richmond LLC to Avery Point Inc on July 1st 2023

ELP Richmond, LLC (Landowner) Pro Forma Assumptions

INCOME

Rent

The annual rent is the sum of the community loan debt service and a percentage of the lessor's positive cash flow.

EXPENSES

Department Expenses – Administration

- Developmental costs are capitalized while construction is in progress

Interest

Landowner has entered into a Community Loan Agreement with Operator, whereby Operator lends Landowner all initial entrance fees paid by residents.

- Equal monthly installments of principal and interest is assumed at an annual interest rate of 5% of total entrance fees received and amortized over a 30-year period.

Depreciation

Depreciation expense on property and equipment is projected on a straight-line basis using estimated useful lives of 35 years and 7 years for building and equipment, respectively.

ELP Richmond, LLC Projected Income Statement 2024

<u>2024 Budget</u>	
Departmental Revenues (Rent)	\$ (6,513,156)
Operating Revenue Total	\$ (6,513,156)
 Operating Expenses	
Other Operating Expenses	\$ 1,027,492
Other Employee Expense	
Contract Labor Expense (Const. Mgmt Fees)	\$ 3,660,675
Supplies Expense	
Repairs and Maintenance Expense	
Central Services Expense	\$ 231,126
Other Expenses (Capitalized Costs)	\$ (2,865,221)
Marketing Cost	
Professional Fee Expense	\$ 911
Operating Expenses Total	\$ 1,027,492
Grand Total	\$ (5,485,665)

ELP Richmond LLC Comparision of 2023 Actual versus Budget

	Actual amount	Planned amount	Plan Variance amount	Plan Variance % amount	
Operating Revenue					
Resident Monthly Fees	(3,812,020)	(3,155,062)	656,958	20.8%	
Departmental Revenues	(3,224,167)	(31,268)	3,192,899	10211.4%	Rental Revenue Amounts higher than anticipated - no Budget
Operating Revenue Total	(7,036,187)	(3,186,330)	3,849,857	120.8%	
Operating Expenses					
Wages and Benefits	3,206,358	2,929,149	(277,209)	-9.5%	
Wages	2,756,289	2,435,883	(320,406)	-13.2%	
Employee Benefits	450,070	493,266	43,197	8.8%	
Other Operating Expenses	3,896,063	3,034,826	(861,236)	-28.4%	
Other Employee Expense	92,880	171,316	78,436	45.8%	
Contract Labor Expense	3,677,976	214,772	(3,463,203)	-1612.5%	Construction Mgmt Fees
Supplies Expense	583,310	405,079	(178,232)	-44.0%	
Repairs and Maintenance Expense	193,054	104,292	(88,762)	-85.1%	
Central Services Expense	939,040	756,021	(183,020)	-24.2%	
Other Expenses	(2,354,833)	534,949	2,889,782	540.2%	Capitalized Costs
Marketing Cost	707,224	807,500	100,276	12.4%	
Professional Fee Expense	57,412	40,898	(16,514)	-40.4%	
Operating Expenses Total	7,102,421	5,963,976	(1,138,445)	-19.1%	
Operating Margin	66,235	2,777,646	(2,711,412)	-97.6%	

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 Avery Point are expected to be \$961,000. The projected management fees from all other communities are \$62,248,887.

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

	FY24
	Budget
Operating Revenues	
Management fees	\$ 62,248,887
Central Services	118,800,913
Other Revenue	<u>5,094,559</u>
Total Operating Revenue	<u>186,144,359</u>
Expenses	
General & Administrative	130,443,168
Depreciation	<u>1,959,686</u>
Total Operating Expenses	<u>132,402,854</u>
Non-Operating Revenue (Expenses)	
Amortization	-
Interest Income	<u>-</u>
Total Non-Operating	<u>-</u>
Net Income (Loss)	<u>\$ 53,741,505</u>

ERICKSON SENIOR LIVING, LLC

JANUARY 1 – DECEMBER 31, 2023

	<u>FY23</u> <u>Budget</u>	<u>FY23</u> <u>Actual</u>	<u>Variance Explanation</u>
Operating Revenues			
Management fees	\$ 58,209,511	\$ 58,523,141	
Central Services	109,602,962	108,118,408	
Other Revenue	5,394,032	9,905,344	\$4.5M Management Fee - Physicians not budgeted in 2023
Total Operating Revenue	<u>173,206,505</u>	<u>176,546,893</u>	
Expenses			
General & Administrative	121,731,507	119,783,992	
Depreciation	1,610,000	2,498,381	
Total Operating Expenses	<u>123,341,507</u>	<u>122,282,373</u>	
Non-Operating Revenue (Expenses)			
Interest Income	<u>-</u>	<u>-</u>	
Total Non-Operating	<u>-</u>	<u>-</u>	
Net Income (Loss)	<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.

Avery Point/ ELP Richmond Summary of Financial Information

	12/31/2023*	12/31/2022**
Total Assets	\$ 126,607,162	\$ 180,113,869
Total Liabilities	\$ 128,921,188	\$ 70,508,415
Total Net Assets (Deficit)	\$ (2,319,132)	\$ 109,605,454
Total Revenue	\$ 8,758,305	\$ 966,204
Total Expenses	\$ 11,143,167	\$ 8,508,173
Operating Income (Loss)	\$ (2,384,862)	\$ (7,541,969)
Net Income (Loss)	\$ (2,319,132)	\$ (7,503,651)

Occupancy Information	Capacity of Units	Average	Percentage Occupancy
		Occupancy	
Independent Living	323	32	99%
Assisted Living	n/a	1	%
Memory Care	n/a		%
Nursing	n/a		%

Narrative on Financial Condition: Avery Point began operations in November 2022 opening a clubhouse as well as a residential building. During 2023, Avery Point opened 4 additional residential buildings. All buildings currently open in the community are independent living units. One Additional IL Residential building is slated to open later in 2024.

*Represents Avery Point Inc Balance sheet for year ending 2023. On July 1st 2023 Avery Point Inc. completed acquisition of assets (excluding land and buildings) and liabilities associated with ELP Richmond LLC including all RCAs

**Represents ELP Richmond LLC as of December 31st 2022

85499-1 Discl 10
June 2024