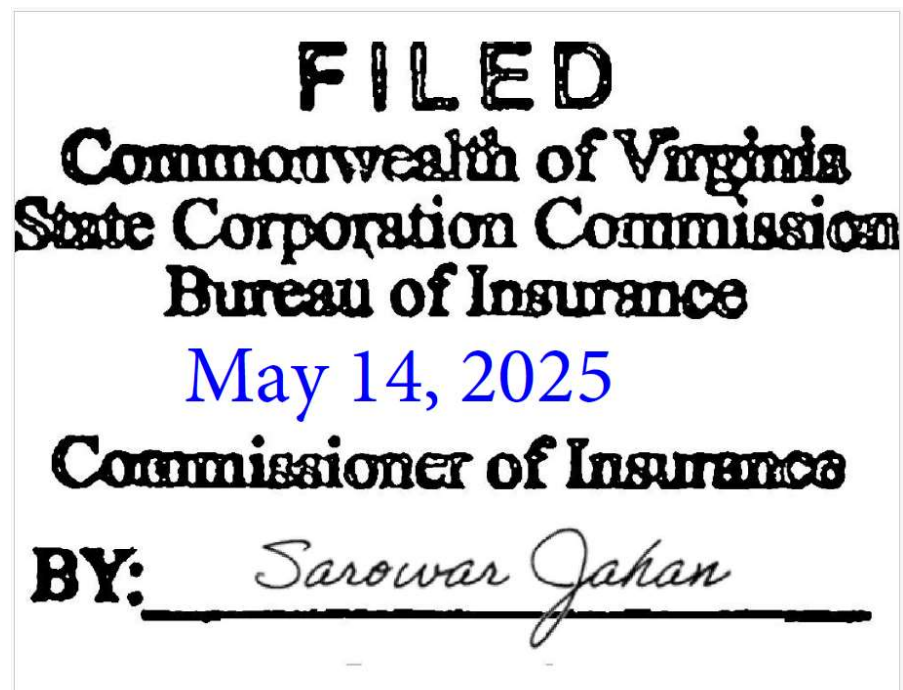




**THE VILLAGE AT
ORCHARD RIDGE**

A National Lutheran Community

DISCLOSURE STATEMENT
OF
THE VILLAGE AT ORCHARD RIDGE, INC.



The filing of this disclosure with the State Corporation Commission does not constitute approval, recommendation, or endorsement of the Community by the State Corporation Commission.

May 15, 2025

NAME OF PROVIDER: The Village at Orchard Ridge, Inc. (“The Village at Orchard Ridge” or “Orchard Ridge”)

BUSINESS ADDRESS OF PROVIDER: 400 Clocktower Ridge Drive
Winchester, Virginia 22603

NAME OF FACILITY: The Village at Orchard Ridge

BUSINESS ADDRESS OF FACILITY: The Village at Orchard Ridge
400 Clocktower Ridge Drive
Winchester, Virginia 22603

LEGAL ENTITY:

The Village at Orchard Ridge, Inc. (“TVOR”) is a Virginia nonstock, non-profit Corporation Incorporated on September 25, 2008, and is affiliated with the Evangelical Lutheran Church in America. There is a single class of Members of TVOR consisting of the duly elected members of the Board of Trustees of National Lutheran, Inc. (“NLI”), a Maryland non-stock, non-profit corporation as that Board of Trustees may from time to time be constituted. The members of TVOR elect the Board of Directors. The Board of Directors of NLI are elected by its members, which are the Delaware-Maryland Synod, The Metropolitan Washington, DC Synod, and the Virginia Synod of the Evangelical Lutheran Church in America.

OFFICERS OF THE VILLAGE AT ORCHARD RIDGE AS OF MAY 15, 2025, ARE AS FOLLOWS:

Chair: Joseph Duda
310 Lynn Drive
Stephens City, Virginia 22655

Vice-Chair: Lisa Behr
14 E. Piccadilly Street
Winchester, Virginia 22601

Secretary/
Treasurer: Gail Mazzocco
400 Clocktower Ridge Drive
Winchester, Virginia 22603

President/
CEO: Cynthia A. Walters
5275 Westview Drive, Suite 110
Frederick, Maryland 21703

At Large Members:

Mr. Matthew Ballard	Reverend Jonathan Boynton	Mr. Miles Davis
400 Clocktower Ridge Drive	400 Clocktower Ridge Dr.	400 Clocktower Ridge Drive
Winchester, VA 22603	Winchester, VA 22603	Winchester, VA 22603

BUSINESS EXPERIENCE OF THE PROVIDER, DIRECTORS, CORPORATE OFFICERS, AND MANAGEMENT OF PROVIDER:**The Provider – The Village at Orchard Ridge**

The Village at Orchard Ridge, Inc. (TVOR) is a Virginia, not-for-profit Corporation that has had an exemption from federal income tax under section 501 (c)(3) of the Internal Revenue Code. It operates a Continuing Care Retirement Community in Winchester, Virginia. The community opened in February 2013 and now consists of 308 independent living units, 20 skilled nursing units, 17 assisted living units, and 18 assisted living memory care units.

National Lutheran Home, Inc. d/b/a National Lutheran Communities and Services (NLCS), a Maryland not-for-profit, nonstock corporation, is the sole member of The Village at Orchard Ridge, Inc. ("Orchard Ridge"). Orchard Ridge has a single class of constituent members which consists of those elected members by the Board of Trustees of NLCS. NLCS is affiliated with the Delaware-Maryland Synod, Metropolitan Washington DC Synod, and Virginia Synod, of the Evangelical Lutheran Church in America.

The Board of Trustees of NLCS also constitute the Member of The Village at Rockville (TVAR), a Maryland corporation, The Legacy of North Augusta (TLNA), a Virginia corporation; and The Village at Providence Point (TVPP) a Maryland corporation. TVAR owns and operates a skilled nursing care, assisted living, and a Continuing Care Retirement Community (CCRC) in Rockville, Maryland. TLNA is an assisted living community that provides rental, assisted living, and memory care apartments in Staunton, Virginia. TVPP is a proposed CCRC development in Annapolis, Maryland, that has received its Preliminary Certificate of Approval from the Maryland Department of Aging. NLCS also provides Home Care services in Winchester, Virginia, and Rockville, Maryland, through myPotential at Home-A National Lutheran Service. NLCS and TVOR, TVAR, TLNA, and TVPP have management and services agreements in place, under which NLCS provides management services to each of the communities.

Corporate Officers and Directors

Listed below is information regarding the education, occupation, and business experience of each director.

Mr. Joseph Duda is an outcome-driven executive with over 25 years of diverse pharmaceutical experience spanning hospital pharmacy, retail pharmacy, formulation development, product manufacturing, and portfolio commercialization. As a registered pharmacist (RPh), Joe has held several senior leadership positions for both generic prescription and consumer health business units. His distinct career has established a solid understanding of profit and loss management, portfolio contracting, and product distribution through all major sales channels, including retail, wholesale, mail-order and online. His pharmaceutical career is extensive and unique. Each new role provided an opportunity to expand his knowledge, fill leadership positions and make a valuable impact on himself and others. Joe attributes much of his success to his time in the U. S. Marines Corps and his passion and innate ability to identify deliverables, develop plans, and lead teams through various projects, including commercial sales operations, product launches and portfolio life-cycle management. He has a Bachelor of Science in pharmacy and a Master of Business Administration from West Virginia University and is a licensed pharmacist in West Virginia, Florida and Pennsylvania. He has held multiple board positions in various business scenarios.

Ms. Lisa Behr serves as a board member for TVOR. Previously, she was chair of NLCS's Board of Trustees. Ms. Behr was owner/manager of both residential and commercial real estate with Greenfield & Behr Residential located in Winchester, Virginia from 2017-2022. In 2022 Greenfield & Behr merged with Coldwell Banker Premier, at which Ms. Behr now serves as a REALTOR and mentor. Ms. Behr has earned the BRAR President's Award and ERA Leadership Team Award. In 2009, she was named First in Service by ERA Real Estate, earning the prestigious Jim Jackson Memorial Award. Her certifications include, Accredited Buyers Representative, Cartus/Affinity Certification and Senior Real Estate Specialist. She is a member of Grace Evangelical Lutheran Church, Women's Philanthropic Educational Organization (PEO), and a supporter of the Blue Ridge Association of Realtors Educational Committee.

Ms. Behr received a Bachelor of Arts in administration management from the University of Northern Iowa.

Ms. Gail O. Mazzocco, a resident of The Village at Orchard Ridge, joined the Board of Directors in 2019. Mr. Mazzocco served as a consultant to the North Carolina Foundation for Nursing Excellence. She developed a statewide plan for admission requirements to 12 University of North Carolina System RN to BSN Programs. Before this, Mrs. Mazzocco served in senior positions in

the School of Nursing at the University of North Carolina, Chapel Hill, and the School of Nursing at the University of Maryland.

Mrs. Mazzocco has been active in community and church life, serving in various capacities. She served as president and vice president of the congregational council at Christ Lutheran Church in Cumberland, Maryland, and Holy Trinity Lutheran Church and Campus Ministry, Chapel Hill, North Carolina, respectively. She also served as chair of the health cabinet at Holy Trinity. She has served as vice president of the Maryland Nurses' Association, chair of the Allegany College of Maryland Foundation Board, a member of the Board of Trustees of The Memorial Hospital, Cumberland, Maryland, and chair of the Board of Directors, Fearington Cares, Pittsboro, North Carolina.

Since moving to The Village at Orchard Ridge, Mrs. Mazzocco has been an active member of the Residents' Association, serving a two-year term as vice president, chairing the Residents' Association Finance Committee, and participating in several support activities.

Mrs. Mazzocco received her doctorate in education from the College of Education, the University of Maryland, College Park, Maryland, majoring in higher education administration; a Master of Science from the University of Maryland School of Nursing, Baltimore, Maryland, major in medical-surgical nursing; a bachelor's degree in nursing, University of Maryland School of Nursing, Baltimore, Maryland; diploma in nursing from Massachusetts General Hospital School of Nursing, Boston, Massachusetts.

Reverend Jonathan Boynton is a pastor at Grace Evangelical Lutheran Church in Winchester, Virginia. Ordained in 2012, he served in a variety of parish settings in the Shenandoah Valley of Virginia and served in South Dakota for an internship.

He has been on the Synod Council for the Virginia Synod (ELCA) for 6 years. Active in service and outreach in Winchester and Frederick County, he volunteers at Highland Food Pantry and CCAP. Prior to his call to seminary, he received a degree from North Carolina State University in Business Management and honed his entrepreneurial skills in management at Enterprise Rent-a-Car in the Raleigh/Durham, NC, area.

Reverend Boynton has experience in the work of the church, business management, and building community connections on a personal, local, and state level.

Retired Lt. Col. Matt Ballard is a former U.S. Army intelligence officer and a current Coast Guard Auxiliary boating safety instructor in Alexandria, Virginia. He is the chief executive officer and owner of MEDTAC-6 L.L.C. in northern Virginia, where he teaches Basic Life Support, CPR, AED, first aid for professional rescuers and other medical emergency trauma specialties through The American Red Cross. Ballard also serves his community as a substitute teacher in Fairfax County and as a sound engineer and musician at Bethany Lutheran Church in Alexandria.

The Village at Orchard Ridge Disclosure Statement

May 15, 2025

Page 4

Ballard earned a bachelor's degree in sociology and criminology from Western Maryland College (now McDaniel College), a Master of Education from Long Island University, and a Master of Military Art and Science from the Command and General Staff College at Fort Leavenworth, Kansas. A longtime music enthusiast, he was trained in recording, sound engineering and live sound reinforcement at Clear Tracks Studios in Tampa, Florida, and Sweetwater Sound in Fort Wayne, Indiana. He is also a former CEO of Songbox Studio 4 and a member of the American Society of Composers, Authors and Publishers, as well as the American Disc Jockey Association.

Mr. Miles K. Davis has built a diverse and dynamic career, spanning military service, venture capital management and leadership in higher education. He played a key role in launching the management consulting arm of a Fortune 100 company, served as the dean of a business school and later became the president of a U.S. university. One of the most profound experiences of his career was being asked to establish and lead a university in Nigeria, founded by a visionary leader whose impact and dreams were tragically cut short.

Throughout his life, Davis has been driven by a passion for growth, innovation and leadership, contributing to transformative projects across multiple fields. While his professional journey has been rich and varied, he now finds himself in a deeper conversation with his spirit. Compelled to listen to the call of humanity, he seeks to be an instrument of change, embodying the values of service and leadership to create meaningful impact and inspire positive transformation.

Davis is committed to partnering with organizations and individuals who share his dedication to making the world a better place. He believes that when institutions unite their resources, creativity and influence to address societal challenges, they become powerful agents of change. By fostering collaboration and championing the well-being of individuals and communities, he aims to help shape a more sustainable, just and equitable future.

Management Personnel of Facility

Ms. Cynthia A. Walters, Chief Executive Officer (CEO), NLCS

Cyndi Walters was named president and chief executive officer (CEO) of National Lutheran Communities and Services (NLCS) in May 2021, assuming the position full-time in August 2021. Prior to this role, she served as chief operating officer (COO) since 2016.

Cyndi has served at NLCS in varying capacities for nine years, first as a consultant before joining as chief operating officer in 2016. Cumulatively, Walters has over 30 years of experience in the senior living industry, including a strong background in strategically growing and diversifying the organization and an enhanced focus on operating as a senior living system and leveraging its benefits and efficiencies. Prior to joining NLCS, she provided project management

and advisory services to senior living organizations through Walters Advisors, LLC. She has also served in a leadership role at Presbyterian Senior Living in Dillsburg, Pennsylvania, and during her 19 years at KPMG (a global network of professional firms providing audit, tax, and advisory services), spent considerable time as a partner and leader of their National Senior Living Advisory Practice.

As president and CEO, Cyndi's focus is strategically growing and furthering NLCS' mission to honor, inspire and support choice and opportunity in partnership with older adults. Cyndi is an advocate for "aging with choice," which means supporting older adults in making their own choices in aging, whether it means moving to a senior living community or bringing in supportive services to their home. She is also an advocate for team members across the organization and leads a team dedicated to ensuring NLCS remains a Great Place to Work® and an employer of choice for those who have a heart to serve older adults.

Cyndi is a native of Harrisburg, Pennsylvania, and holds a Bachelor of Science degree from York College of Pennsylvania.

Mr. Craig Wagoner, NLCS Vice President of Operations

Craig Wagoner was named Vice President of Operations in March 2023, after serving as the executive director of The Village at Rockville. Craig provides strong leadership and direction to NLCS entities' operational teams, ensuring daily business practices are meeting operational goals while maximizing efficiency. He works closely with NLCS leadership and its entities' leadership teams to enhance existing services, develop new services and manage financial performance.

Craig has over 10 years of executive leadership experience for Life Plan and senior living communities in Virginia, West Virginia and South Carolina. Most recently, Craig served as executive director for a luxury independent living retirement community in Charlottesville, Virginia. Craig's experience also encompasses over 20 years in leadership and consulting in the non-profit arena.

Craig received his Bachelor of Arts in religion and philosophy from Davis and Elkins College in Elkins, West Virginia and his Master of Divinity in pastoral ministry from Wesley Theological Seminary in Washington, D.C.

The Executive Director position at Orchard Ridge is vacant as of May 14, 2025

ACQUISITION OF GOODS AND SERVICES

Orchard Ridge provides, through its own organization and staff and contracted services, the actual services contracted for under the Residence and Services Agreement. **See Attachment A.**

NLCS provides certain management functions on behalf of Orchard Ridge; no other management company or third party is involved. The Provider has no subsidiary companies, agencies, and/or arrangements with vendors and suppliers of service from which it purchases supplies or services. The procurement of supplies and services is made with established vendors and qualified professionals and is based, among other things, on professional credentials, availability, proximity, reputation, quality of merchandise and/or service, continuity of supply and/or service, competitive prices, etc. Negotiation for the best rates will be made when it is felt appropriate. Bids may be called for in specific situations, but the decision will not be governed exclusively by the lowest bidder.

BENEFICIAL AND/OR EQUITY INTERESTS OF DIRECTORS, CORPORATE OFFICERS, AND MANAGEMENT

No Officer, Director, or member of the management of Orchard Ridge or its parent or sister corporation has any beneficial or equity interest in Orchard Ridge or its parent or sister corporation. The following Corporate Officers serve in their respective positions by Board appointment:

Chair – Mr. Joe Duda

Vice-Chair – Ms. Lisa Behr

Secretary/Treasurer – Ms. Gail Mazzocco

Directors of Orchard Ridge nor its parent and related corporations, except for the President/CEO, receive any compensation. They serve voluntarily on a rotating basis for the period of three years, with a maximum of two, three-year terms. The President/CEO of NLCS serves as an ex-officio member of the Orchard Ridge Board. Each director completes an annual disclosure statement attesting to any potential areas of conflict of interest and to the extent of any business dealings they may have with the corporation. These disclosure statements are kept on file in the corporate office of NLCS.

CRIMINAL, CIVIL, AND REGULATORY PROCEEDINGS AGAINST PROVIDER, DIRECTORS, CORPORATE OFFICERS, AND MANAGEMENT

Neither Orchard Ridge, nor its parent or related corporations, its Officers, Directors, or Management:

1. Has been convicted of a felony or pleaded nolo contendere to a criminal charge, or been held liable or enjoined in a civil action by the final judgment if the crime or civil action involved fraud, embezzlement, fraudulent conversion, misappropriation of property, or moral turpitude; or
2. Is subject to an injunctive or restrictive order of a court of record, or within the past five years had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or related to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under this chapter or similar laws in another state; or
3. Is currently the subject of any state or federal prosecution, or administrative investigation involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property.

OWNERSHIP OF REAL PROPERTY

The land on which the Community was constructed was purchased by Orchard Ridge on October 2, 2009.

LOCATION AND DESCRIPTION OF REAL PROPERTY

The Community known as The Village at Orchard Ridge is located on approximately 131 acres in Winchester, VA, north of U.S. Route 50 and West of the State Route 37 Winchester bypass. The physical address of the Orchard Ridge is 400 Clocktower Ridge Drive, Winchester VA 22603.

Opening in 2013, Orchard Ridge includes 308 Independent Living residences consisting of 207 one- and two-bedroom apartments; 69 two-bedroom cottages; as well as 32 rental apartment units, 20 Skilled Nursing rooms, 18 Assisted Living Memory Care rooms, and 17 Assisted Living Apartments. Square footage of the independent living apartment residences ranges from approximately 786 to 949 square feet in the one-bedroom apartments to approximately 1,170 to 1,502 square feet in the two-bedroom apartments. The cottages range from approximately 1,339 to 1,712 square feet. Included in the Community is a Village Center with several amenities including a chapel, main dining room, private dining room, a bistro and pub, aquatic center, fitness center, mailroom, libraries, life enrichment areas, a guest suite, beauty salon and spa.

AFFILIATIONS WITH RELIGIOUS, CHARITABLE, OR OTHER NON-PROFIT ORGANIZATIONS

NLCS and its related corporations, including Orchard Ridge, are affiliated with The Evangelical Lutheran Church in America (ELCA), which is rooted in the Lutheran tradition and committed to grace, justice, and service. With nearly 3 million members across thousands of congregations, the ELCA engages in worship, education, advocacy, and global mission work. The church emphasizes inclusivity, social responsibility, and a calling to serve the neighbor through faith in action.

NLCS and its related corporations, including Orchard Ridge, are members of LeadingAge (national) and LeadingAge Virginia. Both non-profit organizations are dedicated to serving older adults through advocacy, education, and innovation. Their members include aging services providers such as senior living communities, home health agencies, and skilled nursing facilities. LeadingAge advocates for public policies that support quality care and is committed to expanding possibilities for aging.

NLCS and its related corporations, including Orchard Ridge, are also affiliated with Lutheran Services in America, a national network of more than 300 Lutheran health and human services. Rooted in faith and committed to equity and innovation, the network supports older adults, children, families, and people with disabilities across the country. It is affiliated with the Evangelical Lutheran Church in America and The Lutheran Church—Missouri Synod.

TAX STATUS OF PROVIDER

Orchard Ridge is exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. Its parent, NLCS, is also exempt from federal income tax under section 501 (c) (3) of the Internal Revenue Code. Orchard Ridge's affiliated CCRC's, TVAR have been determined to be exempt from federal income tax under section 501 (c) (3) of the Internal Revenue Code. TLNA has been determined to be exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code as of June 2011. TVPP has received its determination to be tax exempt under section 501 (c)(3) of the Internal Revenue Code as of June 2014.

SERVICES PROVIDED UNDER CONTRACTS

Orchard Ridge furnishes, at no additional cost to each resident at the Community (a " resident"), the following services under the Residence and Services Agreement at Orchard Ridge:

- 1 Living accommodation in the Community in one- or two-bedroom apartments or in two-bedroom cottages.

2. An Emergency Call System provided in each residence with response from the Community's 24/7 Emergency Response team members.

3. A dining program equals the equivalent of fifteen meals per month per person.

Special diets are available when authorized by staff. If a resident resides in Assisted Living, Assisted Living Memory Care or the Skilled Nursing Facility in the Health Care Center, three meals per day are provided.

4. Utilities, including electricity, heat, water, air conditioning, sewer services, trash removal, and basic television service for apartment and cottage residents. The resident is responsible for charges for telephone, internet access and extended cable service.

5 Insurance of the Community against all reasonable losses and liabilities, other than a personal liability and individual property owned by the resident.

6. Personnel on-duty 24 hours per day to protect the property and interests of the residents and of the Community.

7. Lighted off-street parking for residents and guests.

8. Maintenance of residences, communal areas, and all Community-owned items. This also includes upkeep of the grounds and other custodial functions.

9. The Community provides scheduled local transportation in Winchester on a regular basis within a ten-mile radius of the Community.

10. The Community maintains each residence by providing housekeeping services every other week, including vacuum cleaning, dusting, cleaning of bath(s) and kitchen, and trash removal. Additional housekeeping services may be scheduled at the request and expense of the resident. If a resident resides in Assisted Living, Assisted Living Memory Care or the Skilled Nursing Facility in the Health Care Center, housekeeping and laundry services are provided as appropriate.

11. The Community provides washers and dryers in each independent living residence. (Bed and bath linens are provided for residents in Assisted Living, Assisted Living Memory Care, and the Skilled Nursing Facility in the Health Care Center.

12. Use and enjoyment of all Community and communal areas, plus participation in all Community-planned religious and social activities and events, as desired, as well as various craft and hobby opportunities, library, and other activities as schedules.
13. Residents in the apartments and cottages, who have paid an entry fee are provided priority access entitled to Assisted Living, Assisted Living Memory Care and Health Care services, on a fee for services basis, if the Community through its attending physician(s) and/or Health Center Medical Director, in consultation with the resident or the resident's representative, determines that the resident requires these levels of care. If residents reside in the rental units, they are not contractually provided priority access to either Assisted Living Memory Care or Health Care services but may gain access to these services if or as beds may be available.

ADDITIONAL AVAILABLE SERVICES (REQUIRING EXTRA CHARGES)

Additional services are available to the residents, which are not covered in the Residence and Services Agreement which requires a separate and additional charge. These include, but are not limited to, the following:

1. Fees for services associated with Assisted Living, Assisted Living Memory Care and Health Care. [See Section II.F. of the Residence and Services Agreement]
2. Medical Services - generally all medically related services are the fiscal responsibility of the resident and are not located on site. Included, but not limited to, are the following: [See Section II. F. of the Residence and Services Agreement]
 - a. All hospital care (done on either an in-patient or on an out-patient basis). The Community will only provide access for such care when the Community determines this care is needed. Only hospitals accredited by the Joint Commission on Accreditation of Healthcare Organizations (or similar) will be utilized.
 - b. Employment by the resident of Private Service Providers (at the hospital and in the Community).
 - c. All physician services needed by the resident.

- d. All dental treatment and care of the resident's teeth, including purchase and/or repairs to dentures (partial and complete).
 - e. Ophthalmologist care, including routine eye examinations.
 - f. Prosthetic devices and limbs (including repair and replacement thereof), hearing aids, wheelchairs, walkers, canes, etc.
 - g. Pharmacy services and medications (including prescription and nonprescription drugs).
 - h. Laboratory and x-ray tests.
 - i. Physical, Occupational, and Speech Therapy.
3. Meals more than the amount allocated through the dining plan of the resident.

MEDICAL ASSISTANCE

Orchard Ridge participates in the state Medical Assistance Services (Title XIX, Medicaid) program.

FEES REQUIRED OF RESIDENTS

The fee structure for residents entering the Community includes an initial Entrance Fee along with a Monthly Fee. Residents entering the Community directly to the Rental apartments, Assisted Living, Assisted Living Memory Care and Skilled Nursing care are not charged an Entrance Fee upon admission to the Community but are charged one-time community fee of \$4,500, for the first person and an additional \$1,200 for the second person. The Entrance Fee varies with the size and type of residence selected, whether for single or double occupancy.

Listed on the next page are the current fees effective January 1, 2025 (including Entrance Fees and Monthly Charges) required of residents entering the Community under the Residence and Services Agreement:

	Residence Type	Sq Ft	Starting at Traditional Refund	Starting at 50% Refund	Starting at 80% Refund	First Person Monthly Service Fee
Apt	Cameo	786	276,610	363,410	555,280	2,902
Apt	Cortland	790	287,390	377,620	576,720	2,988
Apt	Wellington	892	310,040	407,330	622,390	3,019
Apt	Geneva	938	314,020	412,540	630,410	3,070
Apt	Braeburn	949	327,820	430,730	658,120	3,070
Apt	York	1,170	402,590	528,940	738,940	3,551
Apt	Winesap	1,173	412,840	542,360	789,350	3,551
Apt	McIntosh	1,187	417,690	548,770	798,490	3,585
Apt	McIntosh II	1,223	417,690	548,770	798,490	3,698
Apt	Melrose	1,311	437,820	575,220	837,080	3,752
Apt	Gala	1,311	442,860	581,820	846,700	3,752
Apt	Rome	1,368	447,900	588,450	856,320	3,841
Apt	Beacon	1,497	585,280	766,710	1,170,550	3,925
Apt	Empire	1,502	489,150	632,340	935,220	4,097
Cottage	Mulberry	1,339	425,760	560,410	835,560	3,925
Cottage	Dogwood	1,355	468,300	616,420	919,120	4,265
Cottage	Dogwood II	1,602	515,730	657,000	953,230	4,540
Cottage	Redbud	1,533	498,950	656,770	979,080	4,437
Cottage	Sycamore	1,664	511,950	673,870	1,004,660	4,607
Cottage	Aspen	1,686	634,390	831,050	1,268,780	4,778

Cottage	Hickory	1,712	537,280	707,200	1,054,410	4,949
Second Person Fees			9,780	13,830	20,190	891

ASSISTED LIVING RATES

	Residence Type	Sq Ft	Level 1 Monthly	Level 2 Monthly	Level 3 Monthly
Apt (studio)	Pippin	500	7,971	8,695	9,420
Apt	Creston	711-720	8,840	9,564	10,289
Apt	Westland	739	9,098	9,822	10,547
Apt	Goodland	763	9,125	9,849	10,574
Apt	Redcort	768	9,151	9,875	10,600
Apt	Westland II	776	9,098	9,822	10,547
Apt	Harcourt	789	9,268	9,992	10,717
Apt	Liberty	801	9,346	10,070	10,795
Apt	Parkland	807	9,349	10,073	10,798
Second Person Fees			2,644	3,368	4,093

ASSISTED LIVING MEMORY CARE RATES

	Level 1 Monthly	Level 2 Monthly	Level 3 Monthly
Private suite	10,486	11,244	12,006
Semi-private suite	9,090	9,892	10,612

SKILLED NURSING RATE – PRIVATE PAY

\$575/daily

ADJUSTMENT OF ENTRANCE FEES

Entrance Fees are subject to adjustment annually by the management of Orchard Ridge and as otherwise required by either state or federal programs. If the type of independent living residence contracted by the resident is changed at the request of the resident, such as a change from a cottage to an apartment, will be subject to the provisions of the Residence and Services Agreement Section III K — Residence Change Upon Request of Resident.

REFUND OF ENTRANCE FEES

In Section II.A. of the Residence and Services Agreement, a provision is made whereby in certain instances a refund of the Entrance Fee is allowed when the agreement is terminated. The amount of such a refund is limited to the unamortized portion thereof, after the deduction of an administrative fee. In the case of couples, the unamortized portion of the Entrance Fee is vested in the surviving spouse.

ADJUSTMENT OF MONTHLY CHARGES

Monthly charges are payable in advance and are determined by the size of the residence, number of occupants in the residence, and levels of service for which the resident has contracted. Any adjustment of the monthly fee or services contracted for may be made upon thirty (30) day written notice to the resident. Adjustments will be based on the costs of operations and/or changes by the resident to a different residence (Sections II.D. of the Residence and Services Agreement). Notwithstanding the foregoing, charges for care paid in one lump sum shall not be increased or changed during the duration of the agreed-upon care, except for **changes required by state or federal assistance programs**.

REFUNDING AND AMORTIZATION OF ENTRANCE FEES

Entrance fees of residents who elect to purchase pursuant to the 80% refundable entrance fee option is refundable, less an initial deduction of 20% of the entrance fee paid upon occupancy. Entrance fees of residents who elect to purchase pursuant to the 50% refundable entrance fee option are refundable, less an initial deduction of 10% of the entrance fee paid upon occupancy and less a deduction of 5% per month for the first eight months of residency. The traditional declining entrance fee option offers a declining refund over an eighteen-month period. The refund is payable less than an initial deduction of 10% of the entrance fee paid upon occupancy and less than a deduction of 5% per month for the first eighteen months of residency. (See Section II.A. of the Residence and Services Agreement).

OTHER CHANGES IN FEES

If a resident requests and management approves moving to another apartment or cottage, the resident will pay fees or receive a refund as stated in Section III.K. of the Residence and Services Agreement.

If the resident moves to the health care center for assisted living or skilled nursing, the monthly fees to be paid are in accordance with Section II.F.I. of the Residence and Services Agreement.

If a resident marries after moving into the Community, the fees and other requirements are in accordance with Section III. I. of the Residence and Services Agreement.

RESERVE FUNDING

Orchard Ridge offers health care benefits to its residents in Assisted Living or the Health Care Center on a fee-for-service basis. The residents are required to pay the then-published rates for healthcare services. As such, actuarial sciences are not required to estimate funding needs since there is no actuarial obligation to provide healthcare services.

Entrance fee provisions anticipate that the refund of the refundable portion of the Entrance Fee would be paid from the resale of a similar unit upon such resale. Therefore, typical finance metrics have been used to establish liquidity.

FINANCIAL STATEMENTS

Orchard Ridge is a subsidiary organization of NLCS as previously mentioned. A copy of the certified financial statement for fiscal years ending December 31, 2023, and December 31, 2024 for Orchard Ridge is included as **Attachment B**.

ADMISSION FOR NEW RESIDENTS

Entrance is open without restriction to race, color, creed, or national origin. Benevolent assistance due to financial reversals occurring in the residents' assets may be available in accordance with the Residence and Services Agreement provided such assistance, in the Community's sole judgment, does not result from the willful or unreasonable dissipation of the resident's assets or income.

Independent Living

Applicants are personally interviewed and assessed by the community staff. Qualifications for entrance to the apartment and cottage residences, under the Residence and Services Agreement, include being at least age 60 (or age 55, if the individual is married to another Applicant at least age 60), having the ability to live independently, having no communicable disease, and meeting financial requirements. If the applicant does not have sufficient funds to pay the fees, the financial requirement will be considered to have been met by the applicant, securing acceptable and adequate guarantees or financial subsidies from relatives, churches, charitable organizations, or other third parties.

Assisted Living

Applicants are personally interviewed and assessed by the community staff and an independent physician according to the specifications required by the Virginia Department of Social Services. Applicants must also meet financial requirements and be at least 55 years old. For a couple, one spouse must be 55 or older. Admission is allowed to non-residents based on availability.

Assisted Living Memory Care

Applicants are personally interviewed and assessed by the community staff and an independent physician according to the specifications required by the Virginia Department of Social Services. The applicant must be assessed as having serious cognitive impairment and unable to recognize danger and protect their own safety. Applicants must also meet financial requirements and be at least 55 years old. For a couple, one spouse must be 55 or older. Admission is allowed to nonresidents based on availability.

Health Care Center

Admission to the Health Care Center in the Community is generally reserved for the care of residents who have contracted for continuing care services, who can no longer function independently, and who need more intensive medical and nursing care. Direct admission to the Health Care Center by non-residents will be permitted until March 31, 2027. As such, admission is allowed to non-residents without regard to age, race, color, creed, and national origin.

PROCEDURE BY WHICH A RESIDENT MAY FILE A COMPLAINT OR DISCLOSE CONCERN

All persons who have formally been accepted as residents of Orchard Ridge are members of the community of residents, sharing a common interest in promoting and maintaining an enjoyable, constructive, active, healthy, and secure community life. The Residents' Association is the instrument created by the residents to represent the community to the administration in the attainment of those objectives. The primary interest and purpose of the Residents' Association is to represent the residents in a way of general interest and in no respect interfere with any resident presenting his or her issue before the administration.

Should a resident wish to disclose a concern or voice a complaint, they are encouraged to do so by directly presenting the issue before the appropriate department head or, if so desired, to administration. Residents may also, if so desired, refer the matter directly to the Residents' Association. Additionally, residents are made aware of their right to contact appropriate licensure agencies and the ombudsman's office.

Any resident wishing to voice a complaint, disclose a concern, or participate in the Residents' Association may do so without fear of retaliatory conduct.

Attachment

A

Resident and Services Agreement
Rental Service Agreement



RESIDENCE AND SERVICES AGREEMENT
of
The Village at Orchard Ridge, Inc.
Winchester, Virginia

This Residence and Services Agreement (“Agreement”) is made this _____ day of _____, 20____, by and among The Village at Orchard Ridge, Inc. a Virginia corporation (the “Community”), and _____ (“Resident”).

WHEREAS, The Village at Orchard Ridge, Inc. is a Virginia non-profit, non-stock corporation and was organized to establish and operate retirement community.

WHEREAS, The Village at Orchard Ridge, Inc. owns a certain retirement community known as the “The Village at Orchard Ridge” located at 400 Clocktower Ridge Drive, Winchester, Virginia, 22603. Where appropriate, the term “Community” as used herein shall also refer to the actual retirement community facility. All property of the Community is owned by The Village at Orchard Ridge, Inc. and all references herein to property owned by the Community shall be deemed to refer to property owned by The Village at Orchard Ridge, Inc.

WHEREAS, all services required herein to be rendered by the Community shall be rendered by The Village at Orchard Ridge, Inc.

WHEREAS, Resident has completed the application process for residency at the Community by providing, at a minimum, the following to the Community: the General Information Form, the Confidential Financial Statement, and a personal interview (collectively, the “Application”).

WHEREAS, the Community has reviewed and approved the Application based on entrance criteria and policies established the Community and the Resident has been notified of the approval for residency in the Community, based on the information provided in the Application.

WHEREAS, the Resident and the Community desire to enter into this Agreement;

NOW, THEREFORE, the Resident and the Community agree to the following provisions:

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

I. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES

A. Residence. The Resident shall have the exclusive right to occupy, use, and enjoy residence number _____, a/an _____ type of residence (the “Residence”).

B. Furnishings in the Residence. The Community will provide carpeting and hard surface flooring, emergency response system, refrigerator with icemaker, stove, dishwasher, microwave, washer and dryer, and garbage disposal. All other furniture, furnishings, decorations, and other personal property will be provided by the Resident.

C. Changes to the Residence. The Resident shall not make any physical/structural changes to the Residence unless such changes are pre-approved by the Community. Any changes requested and paid for by the Resident will become part of the Residence and the property of the Community upon termination of this Agreement or upon relocation to a different residence within the Community. The value of any such changes will not be considered in computing any refunds, and the Community will have a vested ownership in such improvements. There may be charges to the Resident to cover the cost of returning the Residence to its original condition, when the Residence is vacated (see Section V.E.).

D. Common Areas and Amenities. The Community will include number of common areas amenities including a chapel, main and private dining rooms, lounge with food and beverage service, mail room, library, games area, art studio, beauty salon, guest apartment, walking paths, garden plots, fitness center and swimming pool.

E. Parking. The Community will provide areas for the Resident’s personal vehicle limited to one vehicle per individual Resident as well as general parking for additional personal Resident vehicles.

F. Storage. The Community will provide storage cages to apartment Residents, other than the space in each apartment.

G. Services and Programs.

1. Utilities. The Community will furnish heating, air conditioning, electricity, water, sewer, basic television services, and municipal services for apartment and cottage residences. The Resident is responsible for the charges related to telephone, internet, and premium cable and streaming services. All telephone, internet and cable services require a contract with a service provider.

2. Hospitality Plan. The Community will include in the Monthly Fee a Hospitality Plan fee as a stated amount which residents may use for a variety of services and amenities. Included in this Hospitality Plan fee is a dining venue allowance, which residents may use for any meal service provided at the Community. The Resident has the choice to use the entire Hospitality Plan fee in the dining venues or a portion can be used on specified services available in the community. The Hospitality Plan fee may change annually based upon actual costs and will be reflected in the Monthly Fee. The monthly allocation may roll over month to month but must be used by the end of each quarter and will not roll over or accrue into the next

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

quarter. See the Resident Handbook Addendum for Ancillary Services for the annual Hospitality Plan fee and specified services available for use with the Hospitality Plan fee.

- a. **Dining Venue Service.** The Community will make available, through a variety of venues, the dining services program that provides residents the opportunity for flexibility in dining. The core program will provide and make available nutritional and properly-prepared meals daily from a choice of well-balanced menus. The Monthly Fee will include the Hospitality Plan fee, and the Hospitality Plan fee includes a stated amount that residents may use for any meal service provided at the Community. Residents may utilize that allocation however they choose at any of the dining venues. The cost of additional meals for either the resident or their guest will be paid for at the time of purchase or billed onto the monthly statement.
- b. **Special Diets.** The Community will make all reasonable efforts to make available meals containing substitute or special diets in the dining room.
- c. **Meal Delivery.** Upon request, meal delivery will be available for delivery to the Residence according to the Community's policy, which may include an additional fee if not for medical reasons.

3. **Housekeeping Services.** The Community provides for the Residence housekeeping services every other week, including vacuuming, dusting, cleaning of bathroom(s) and kitchen, and trash removal. Additional housekeeping may be scheduled at the request and expense of the Resident.

4. **Groundskeeping.** The Community furnishes basic groundskeeping services including lawn, tree, and shrubbery care. Additional grounds keeping service may be scheduled at the request and expense of the Resident.

5. **Maintenance and Repairs.** The Community maintains and keeps in repair its own improvements, furnishings, and equipment. The Resident will be responsible for the cost of repairing damage to property of the Community caused by the negligence of the Resident or any guest of the Resident, with the exception of ordinary wear and tear.

6. **Transportation.** The Community provides scheduled local transportation in Winchester on a regular basis within a ten-mile radius of the Community. An additional charge may be made for transportation for special, personal, or group trips.

7. **Security.** The Community provides staff to perform security patrol. An emergency response system and smoke detectors are located in each Residence.

8. **Programming.** The Community will provide planned and scheduled social, recreational, spiritual, educational and cultural activities; arts and crafts; exercise and health programs; and other special activities designed to meet the needs of the Resident. There may be a charge related to some programs.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

9. Assisted Living, Assisted Living Memory Care, Long-term Care, Skilled Rehabilitation, and Health Services:

a. Assisted Living and Assisted Living Memory Care. If the Community, in consultation with Resident and Resident's representative and attending Physician and/or the Medical Director (*as defined below*), determines that the Resident requires Assisted Living or Assisted Living Memory Care services, the Community will make available such services in its Assisted Living or Assisted Living Memory Care areas. Such services may include assistance with activities of daily living, including cognitive impairment, bathing, dressing and/or grooming, administration of medication, bed making, transportation or assistance to the beauty shop, physical therapy, and the Community's medical providers' offices based on the needs of the Resident. The Resident's degree of independence in performing these activities is a part of determining appropriate services rendered to the Resident.

Should space not be available in Assisted Living or Assisted Living Memory Care, the Resident may be required to temporarily receive services in the Health Care Center (*as defined below*) or to use Home Care services in the Residence until an appropriate Assisted Living or Assisted Living Memory Care residence is available or temporarily transfer to another facility until an appropriate residence is available. The cost of such Assisted Living or Assisted Living Memory Care services rendered in the designated location shall be charged at the then current daily rate and shall be the responsibility of the Resident. In the event of a temporary transfer to another facility, the Resident will be solely responsible for all expenses resulting from such transfer. Additional ancillary charges in the event of a temporary transfer to another facility will be the sole responsibility of the Resident.

b. Health Care Center. If the attending physician and/or the Medical Director (*as defined below*) determine in consultation with Resident and Resident's representative and personal physician that the Resident requires the services of a licensed nursing facility, the Community will make available such nursing care in its own licensed nursing facility (the "Health Care Center"). The Resident agrees that nursing care made available by the Community shall be limited to that care which can be appropriately rendered within the licensure of the Health Care Center. Should space not be available in the Health Care Center, the Resident may be required to temporarily transfer to another facility until an appropriate residence is available. In the event of a temporary transfer to another facility, the Resident will be solely responsible for all expenses resulting from such transfer. Additional ancillary charges in the event of a temporary transfer to another facility will be the sole responsibility of the Resident. The cost of such health care services rendered in the Health Care Center shall be charged at the then current rate and shall be the responsibility of the Resident.

c. Staffing. Assisted Living, Assisted Living Memory Care and the Health Care Center are staffed by licensed or certified nursing staff twenty-four hours per day.

d. Basic Health Services. Licensed professionals will be available to Resident for basic first aid services and basic monitoring services such as blood pressure, pulse,

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

respiration, temperature, and weight checks.

e. **Medical Director**. The overall coordination and supervision of health care services in the Health Care Center will be provided by a Medical Director (the “Medical Director”) who will be a licensed physician selected by the Community.

f. **Personal Physician**. While in Assisted Living, Assisted Living Memory Care or the Health Care Center, the Resident may choose to use the services of a personal physician and will be responsible for the charges by that physician. However, the physician must be willing to follow the Policy and Procedures of the Community and meet the requirements of the Community’s licensure by the Department of Health, Center for Quality Health Care Services and Customer Protection.

g. **Home Health and Home Care**. Home Health and Home Care services are available in individual Residences. These services are available through related organizations or service partners who have been specifically approved by the Community and comply with the requirements of the Community corporate compliance program.

h. **Charges**. Charges for Assisted Living, Assisted Living Memory Care and Health Care Center, as described above, shall be published and available to the Resident upon request.

II. **FINANCIAL ARRANGEMENTS**

- A. **Entrance Fee Options**. The Resident shall pay to the Community an Entrance Fee (the “Entrance Fee”) as a condition of becoming a Resident. The Resident shall choose one of the following options:

Entrance Fee Option	Amount of Entrance Fee	Amortization Schedule
Traditional Declining Refund Entrance fee	\$	The Entrance Fee, less an initial 10% administrative charge, will be amortized at 5% per month for 18 months. It will continue to amortize while the Resident is in any accommodation at the Community and the Residence is surrendered.
50% Refund	\$	The Entrance Fee, less an initial 10% administrative charge, will be amortized at 5% per month for 8 Months. It will continue to amortize while the Resident is in any accommodation at the Community and the Residence is surrendered.
80% Refund	\$	The Entrance Fee will be fully refundable, less an initial 20% administrative charge.

The Resident must notify the Community in writing of the selection of the Traditional Declining Refund, 50% Refund or 80% Refund Entrance Fee Option on or before the date that the balance

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

of the Entrance Fee is paid as provided in Section II.B. below. The Resident may not change the option selected after the date that the balance of the Entrance Fee is paid.

B. Terms of Payment of the Entrance Fee. The Entrance Fee based on the Entrance Fee option selected by the Resident will be due and payable as follows:

1. Deposit. Upon the signing of this Agreement and before the occupancy of the Residence, the Resident shall have paid a deposit equal to 10% of the Entrance Fee (the "Deposit") for the selected Residence in accordance with the 10% Deposit Agreement (copy attached).

2. Balance of the Entrance Fee. The balance of the total Entrance Fee (less the Deposit previously paid) for the Entrance Fee option selected by the Resident will be due and payable at the earliest to occur of the following: (a) within 90 days after completion of the construction of the Residence and receipt by the community of a Certificate of Occupancy or (b) upon assuming occupancy.

C. Monthly Fee. In addition to the Entrance Fee, the Resident shall pay a Monthly Fee (the "Monthly Fee") upon occupancy and during the term of this Agreement which shall be payable in advance by the 10th of each month. As of the date of this Agreement, the Monthly Fee associated with the Residence is \$_____ per month, and an additional \$_____ per month if a second Resident occupies the Residence. The Monthly Fee may be increased by the Community during the term of this Agreement as described in Section II D below.

D. Changes in the Monthly Fee. The Monthly Fee is charged to provide the facilities, programs, and services described in this Agreement and are intended to meet the cost of the expenses associated with the operation and management of the Community. The Community shall have the authority to change the Monthly Fee from time to time during the term of this Agreement as the Community in its discretion deems necessary in order to reflect changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. A thirty (30) day written notice will be given to the Resident before there is any adjustment in fees and charges, or before there is any change in the scope of services to be provided hereunder. Notwithstanding the foregoing, charges for care paid in one lump sum shall not be increased or changed during the duration of the agreed upon care, except for changes required by state or federal assistance programs.

E. Monthly Statements. All fees are billed one month in advance. The Community will furnish the Resident with monthly statements showing the total amount of fees and other charges due hereunder which shall be payable on or before the 10th day of the month. The Community may charge interest at a rate of one and one-half percent (1 1/2%) per month on any unpaid balance.

F. Fees for the Services Associated with Assisted Living, Assisted Living Memory Care and Health Care.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

1. **Continuance of Monthly Fee.** Should the Resident qualify for services in Assisted Living, Assisted Living Memory Care or the Health Care Center and temporarily occupy a residence in such facility, the Resident will be charged in addition to the Monthly Fee for the Residence, an amount equal to the then current daily rate (the “Daily Rate”) for such services. Upon permanent transfer to the Assisted Living, Assisted Living Memory Care or Health Care residence, the Resident will surrender the Residence and a) no longer pay the Monthly Fee for the Residence, but instead (b) pay the published then current Daily Rate for the residence in Assisted Living, Assisted Living Memory Care or the Health Care Center. In addition to the Daily Rate, charges will be made for ancillary services as more fully described in Section II.F.2. below.

2. **Additional Charges for Ancillary Services.** Additional charges may be made for ancillary services provided at the Community. Ancillary services will include all services not included in the Monthly Fee. Examples of such additional charges for ancillary services include, but are not limited to, the cost of prescription and non-prescription medications, personal laundry, staff accompaniment of resident to scheduled medical appointments, podiatric, dental, optical, physicians’ services, laboratory tests, physical therapy, occupational therapy and speech therapy. Additional charges may also apply to the cost of wheelchairs, other medical equipment, medical supply needs, ambulance service, and any other medical services beyond those available in the Community. Also, any professional services (medical or otherwise) contracted by the Resident or on behalf of the Resident shall be billed directly to the Resident or the Resident’s representative. Ancillary service fees shall be published and made available at the request of the Resident.

3. **Care in Another Facility.** If the Community determines that the Resident needs care beyond that which the Community makes available and is currently licensed to provide and requires transfer to another facility, all expenses resulting from such transfer and care shall be borne entirely by the Resident. (See Section IV.B).

4. **Illness Away From the Community.** The Community will not provide care, in any manner or degree for the Resident when away from the Community, nor will the Community ensure the safe return of the Resident. The Resident agrees to assume all responsibility for hospital, medical and nursing care during any illness or accident occurring while away from the Community and to see that, upon return, full medical information is supplied to the Community for the Resident’s medical records file.

5. **Third Party Injuries and Claims.** The Community is not required to provide any medical, surgical, nursing or other care for the Resident when the Resident is injured as a result of the fault or negligence of some third party or parties. The Resident shall promptly notify the Community of any such injury. In the event that the Community provides such care through its employees and facilities, the Resident will reimburse the Community for all costs related to care provided by the Community.

III. TERMS OF RESIDENCY

A. **Age and Occupancy Requirements.** The Community is open to all people regardless of race, religion, national origin, and ancestry and without regard to place of former

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

residence; however, entrance is restricted to persons 60 years of age or older. In the case of a double occupancy, only one person must be 60 years of age and the other must be at least 55 years of age.

B. Policies and Procedures. All Residents shall abide by the Community's Policies, Procedures and Guidelines including such amendments, modifications, and changes to the **Resident Handbook** as may be adopted by the Community. Such Handbook shall be made readily available to Resident.

C. Use of Smoking, Tobacco and Vaping Products. With the exception of designated smoking areas, the use of all smoking, tobacco and vaping products are prohibited in the Community, including its buildings and community vehicles. This policy is applicable to all residents, visitors, employees, and contract personnel, and it applies to the Residence.

D. Changes in the Residence. The Community has the right to alter or change the Residence to meet requirements of any applicable statute, law, or regulation or for the general and economic welfare of the residents of the Community. The Residence may not be used in any manner in violation of any zoning ordinances, governmental law, any Community guidelines or other regulation.

E. Visitors. Except for short term visits (visits of 30 days or less per calendar year per guest), no person other than the Resident may reside in the Residence without the approval of the Community. Exceptions may be requested and determined through the Executive Director.

F. Loss or Damage of Property. The Community shall not be responsible for the loss or damage of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. It is understood that the Resident will have the responsibility, at the Resident's own expense, of providing proof of tenant/renters insurance protection covering any such loss.

G. Health Insurance. The Resident shall provide the Community with evidence of health insurance coverage under Traditional Medicare A & B and an applicable Medicare Supplemental Policy (Plan C or Higher) or Medicare Advantage Plan. If the Resident is not covered under Traditional Medicare, the Resident should elect a Medicare Advantage Plan or other healthcare plan (for those under 65 or covered under other commercial plan) currently accepted by the Community. The Resident understands that Community may not participate in all Medicare Advantage and other healthcare plans currently or at any point in the future and accepts the risk of non-coverage. During the period that the Resident is not enrolled in a plan that is accepted by the Community, Resident may be responsible for all charges or residual charges when plan pay Community an out of network rate. Resident is responsible for applicable co-pays and Member Responsibility amounts not covered by their plans and will be billed on their monthly statement after payment is received from their plan. At any time, if there is a change in health insurance, Medicare Beneficiary ID Number, Policy or Group Number, the Resident must notify the Business Office immediately to avoid denial in coverage and payment. Notification should include copies of cards, front and back. If the Resident is seeking assistance from the Community with claims filing, Resident is responsible for providing a copy of the policy and all information that relates to long term care insurance policy filing for billing and

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

reimbursement to the Business Office. The Resident shall be responsible for the payment of all health insurance and long-term care insurance premiums for continued coverage during residency at the Community.

H. Occupancy by Two Residents. In the event that two Residents occupy the Residence under the terms of this Agreement, upon the permanent transfer to Assisted Living, Assisted Living Memory Care or the Health Care Center or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence. The remaining Resident will pay the then current single person monthly fee while occupying the Residence. Should the remaining or surviving Resident wish to move to another residence, the policies of the Community governing said residence transfer will prevail.

I. Resident Moves in with Another Resident in the Community. If the Resident, while occupying the Residence, requests to move into and share the Residence of another resident in the Community, a person who is also a resident of the Community, the two residents may occupy the residence of either resident. If the couple chooses to reside in the larger of the two residences, a payment of an additional entrance fee will be required depending on the length of residency and/or Agreement type(s). The Monthly Fee shall be adjusted to reflect the double occupancy Monthly Fee for the type of residence to be shared by the residents.

J. Added Resident. If a non-resident joins a Resident in sharing the Residence for which the Resident paid the entire Entrance Fee and in which the Resident was previously living alone, and in accordance with Section III.A. above, such non-resident shall meet all the then current requirements to reside in the Community and upon approval enter into a then current version of the Agreement with the Community and pay the then current second person Entrance Fee for the appropriate accommodation. The Residents shall pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the added resident shall not meet the requirements of the Community for admission as a resident, and the Resident chooses to terminate this Agreement, the Resident may terminate this Agreement in the same manner as provided in Section V.B. hereof with respect to a voluntary termination. If the resident joining the Resident remains in the residence due to death or transfer of the original Resident, the remaining resident will be charged the first-person Monthly Fee for the residence and will be subject to the terms and conditions of this Agreement as if such person were the original Resident. If such resident subsequently permanently transfers to Assisted Living, Assisted Living Memory Care or the Health Care Center, such resident will pay the then current Daily Rate applicable to the level of service received.

K. Residence Change Upon Request of Resident. Upon written request and with the approval of the Executive Director, the Resident may move to another currently available apartment or cottage residence (the "New Residence"). Upon occupancy of the New Residence, the Resident will be required to pay: (1) the cost of any necessary repairs to and repainting of the previously occupied Residence, (2) the then current monthly fee for the New Residence, and (3) the difference between the two Entrance Fees if the then current Entrance Fee for the New Residence is larger than the original Entrance Fee. If the then current Entrance Fee for the New Residence is less than the original Entrance Fee paid, the refund will be paid upon receipt of a

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

replacement Entrance Fee for the Residence, provided, however, that such refund shall be less (1) such added charges as may be required to cover the costs of repairs to or replacement of the property of the Community caused by the Resident whether willfully or by neglect or through alterations, and (2) per the refund schedule as stated in Section II.A. The refund will be based on the Entrance Fee of the New Residence in effect at the date of occupancy. The new agreement will retain the effective date of the original Agreement.

L. Rights of Resident. The Resident has the right to occupy, use and enjoy the Residence, common areas, amenities, programs, and services of the Community during the Resident's lifetime unless this Agreement shall be terminated as provided herein, subject to reasonable availability and the simultaneous rights of other residents. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Community other than the rights and privileges as described in this Agreement.

M. Right of Entry. Resident hereby authorizes employees or agents of the Community to enter the Residence, at all reasonable times, which shall be pre-arranged, if possible and practical, for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency.

N. Residents' Association. The Resident may participate in the Residents' Association and/or its committees that will be open to all residents as per the Bylaws of the Association.

O. Financial Requirements. Upon entrance, the Resident must have assets and income that will be sufficient under foreseeable circumstances to pay the financial obligation of the Resident under this Agreement and to meet ordinary living expenses of the Resident. The Community, at its discretion, may require the Resident to furnish periodically updated financial information upon request.

P. Representations. The Resident affirms that the representations made in each part of the Application, including but not limited to the Preliminary Application for Residency, Pre-Admission Medical Exam, and Confidential Financial Statement, are true and correct and may be relied upon by the Community as a basis for entering into this Agreement.

IV. TRANSFERS OR CHANGES IN LEVELS OF CARE

A. Transfer to Assisted Living, Assisted Living Memory Care or Health Care Center. The Community recognizes the right of self-determination of the Resident and will attempt to involve the Resident or the Resident's representative in all decisions related to transfers and changes in level of care. The Resident agrees that the Community shall have authority to determine whether the Resident should be transferred from the Residence to Assisted Living, Assisted Living Memory Care or the Health Care Center, or from one level of care to another within the Community, in cases (1) not being able get to an area of rescue, (2) potential harm to the Resident or others, (3) to assure the health and well-being of Resident and others, or (4) to provide for the highest quality of life possible. Such determination shall be based on the opinion of the attending physician and shall be made after consultation with Resident and Resident's representative. Such decisions shall be made only in the best interest of the Resident

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

and in the best interest of the larger community as determined by the Community. At the time of the permanent transfer, the Resident will pay the Daily Rate for the level of care where the Resident receives services. If the Residence is occupied by two Residents at the time of transfer, the remaining Resident will pay the then current single occupancy Monthly Fee.

B. Transfer to Hospital or Other Facility. If the Community determines that the Resident needs care beyond that which can be provided by the Community, the Resident may be transferred to a hospital, health care facility, or other institution equipped to provide such care; such care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident or the Resident's representative and the Resident's attending physician.

C. Surrender of Residence. If a determination is made by the Community that any transfer described in Section IV.A or B. is not temporary in nature, the Resident shall surrender the Residence. If the Community subsequently determines that the Resident may resume occupancy in an apartment or cottage Residence comparable to the Residence, the Resident shall have priority to such Residence as soon as one becomes available. If the Residence is occupied by two persons, the Residence will not be surrendered due to the health of the first Resident and the second Resident may continue to reside at the Residence.

V. TERMINATION AND REFUND PROVISIONS

A. Trial Period. The first sixty (60) days of occupancy at the Community will be considered to be a trial period (the "Trial Period"). During such Trial Period, the Resident will have the right to terminate this Agreement by giving the Community written notice of such termination. In the event of such termination by the Resident, or in the event of the death of the Resident during such Trial Period, the Resident (or the Resident's estate) shall receive a full refund of the Entrance Fee paid, less an administrative charge equal to four percent (4%) of the total amount of the Entrance Fee as described in Section II.A. Also, during such Trial Period, the Community shall have the right to terminate this Agreement based on the Community's determination that the Resident's physical or mental condition or emotional adjustment will not permit adaptation to the living environment at the Community, by giving the Resident written notice of such termination. In the event of such termination by the Community, the Community will refund the full Entrance Fee paid by the Resident. Upon any termination of the Agreement pursuant to this section, the Resident's property shall be removed from the Residence in accordance with Section VIII.H. below. Any refund due the Resident under this paragraph shall be paid within sixty (60) days after the Residence has been vacated by the Resident.

B. Voluntary Termination After Occupancy. At any time after occupancy, the Resident may terminate this Agreement by giving the Community thirty (30) days written notice of such termination, surrender the residence, and be permanently discharged from Community. If the Resident has elected the Traditional Declining Balance Entrance Fee Option, the Resident shall receive a refund in an amount equal to the amount of the Entrance Fee paid less an initial ten percent (10%) administrative charge and the balance amortized at the rate of five percent (5%) for each month of residency for up to eighteen (18) months. If the Resident has elected the fifty percent (50%) Refund Entrance Fee Option, the Resident shall receive a refund in the amount equal to the amount of the Entrance Fee paid less an initial ten percent (10%)

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

administrative charge and the balance amortized at the rate of five percent (5%) for each month of residency for up to eight (8) months, and never less than fifty percent (50%) of the Entrance Fee paid. If the Resident has elected the eighty percent (80%) Refund Entrance Fee Option, the Resident shall receive a refund in the amount equal to the amount of the Entrance Fee paid less an initial twenty percent (20%) administrative charge. Any refund due the Resident under this paragraph will be made at such time as the Residence shall have been reserved by a prospective resident and such prospective resident shall have paid to the Community such prospective resident's full Entrance Fee.

C. Termination Upon Death. In the event of death of the Resident at any time after the Trial Period, this Agreement shall terminate and the refund of the Entrance Fee paid by the Resident shall be determined in the same manner described in Section V.B. above and shall be paid to the Resident's estate, designated trust, or as otherwise expressly directed by the Resident in writing prior to the Resident's death.

D. Termination by the Community. If information is found by the Community that differs from that disclosed in the information provided in the application process either through misinformation or omission of information, the Community shall have the right to terminate this Agreement. The Community reserves the right to terminate the Agreement at any time beyond the Trial Period for what is, in the opinion of the Community's Board of Directors or its designate, good cause. Good cause shall be limited to: (a) proof that the Resident is a danger to himself or others, (b) nonpayment by the Resident of the Monthly or periodic Fee, (c) repeated conduct by the Resident that interferes with other residents' quiet enjoyment of the Community, (d) persistent refusal to comply with reasonable written rules, regulations, and guidelines of the Community, (e) a material misrepresentation made intentionally or recklessly by the Resident in application for residency, or related materials, regarding information which, if accurately provided, would have resulted in failure of the Resident to qualify for residency or a material increase in the cost of providing to the resident the care and services provided under the contract, or (f) material breach by the Resident of the terms and conditions of this Agreement. A violation of the obligations and agreements of the Resident stated herein shall be deemed, among other things, good cause. The Community will give the Resident written notice of the conduct and/or Agreement infraction that warrants termination of this Agreement, with a fifteen (15) day period in which to correct or cure the matter. If not corrected or cured within the fifteen (15) day period, the Resident will have an additional fifteen (15) days in which to make other living or service arrangements before the actual termination of the Agreement. This Agreement may not be terminated in less than the thirty (30) day combined period except by mutual written agreement by the Community and the Resident. Until the effective date of termination, the Resident will continue to pay the established Monthly Fee. Any refund of the Entrance Fee paid by the Resident shall be determined in the same manner described in Section V.B. above.

E. Refund. In the event of a transfer to Assisted Living, Assisted Living Memory Care or the Health Care Center, the Entrance Fee will continue to amortize until Resident is permanently discharged from all levels of service at the Community. Any refund due will be held until (1) the Resident permanently discharges from the Community or (2) death. Any guaranteed refundable Entrance Fee may be applied to the cost of care in the Assisted Living, Assisted Living Memory Care or Health Care Center Residence. The Entrance Fee refund can only be paid for care received at the Community but only when Resident has depleted other

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

financial resources. Funds will not be paid directly to any other facility besides the Community. Any refund of the Entrance Fee paid by the Resident shall be determined in the same manner described in Section V.B. above.

F. Designation of Refund Recipient. To the extent legally permitted at time the refund becomes payable due to the death of Resident, Resident may designate in writing that the Entrance Fee refund, if any, that is owed due to the death of Resident on or after the Occupancy Date, will be payable to an organization or to an individual if the designation is: (i) in writing; (ii) witnessed by two or more competent witnesses; (iii) noncontingent; and (iv) specified in percentages and accounts for 100% of the refund due. If no designation is made and Resident dies, the Entrance Fee refund, if any, will be payable to the estate of Resident. Resident may choose to use the beneficiary designation form in Addendum A.

G. Condition of Residence. At the effective date of termination of this Agreement, the Resident shall vacate the Residence and shall leave it in good condition except for normal wear and tear. The Resident shall be liable to the Community for any cost incurred in restoring the Residence to good condition except for normal wear and tear.

VI. RESCINDED AGREEMENT

A. Right to Rescind Agreement. The Resident shall have the right to rescind this Agreement without penalty or forfeiture of the Entrance Fee within seven (7) days after executing the Agreement. The Monthly Fee will be prorated for the number of days the Resident occupied the Residence and that amount will be deducted from the refund. The Resident shall not be required to move into the Community before expiration of the seven (7) day period.

B. Automatic Rescission Upon Death or Incapacity. If, prior to establishing residency, Resident dies or becomes incapacitated by illness or injury and no longer qualify for residency in the Community, this Agreement will be deemed automatically rescinded. The effective date of such rescission will be the date the Community receives written notice of Resident's death or incapacity. In the event of rescission of this Agreement in accordance with this paragraph, Resident or Resident's estate will receive a full refund of the Entrance Fee within sixty (60) days of such rescission, unless otherwise agreed to in writing.

VII. FINANCIAL ASSISTANCE

A. Residency Continuance. It is the intent of the Community to allow a Resident to continue to reside in the Community, although not necessarily in the same Residence, if the Resident is no longer capable of paying the Monthly Fee and/or charges of the Community after occupancy, provided it, in the Community's judgment, is not the result of willful or unreasonable dissipation or disposition of the Resident's income or assets. The Community will give careful consideration to subsidizing fees and charges payable by the Resident. Any determination by the Community with regard to the granting of financial assistance shall be within the sole discretion of the Community, and the Community does not guarantee that it will subsidize the fees and charges payable by the Resident. Prior to the Community providing subsidy, should the Resident, or both Residents in the case of dual occupancy, move to an Assisted Living, Assisted Living Memory Care or Health Care Center Residence and, due to

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

financial event as described above, no longer have sufficient funds to pay the Daily Rate and/or ancillary charges, the remaining refundable portion of the Entrance Fee due to the resident may be applied to the cost of care in the Assisted Living, Assisted Living Memory Care or Health Care Center Residence. The Entrance Fee refund can only be paid for care received at the Community - funds will not be paid directly to any other facility besides the Community.

VIII. GENERAL

A. **Assignment.** The rights and privileges of the Resident under this Agreement to the Residence, common areas, and amenities, and services, and programs of the Community are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.

B. **Management of the Community.** The absolute rights of management are reserved by the Community, its Board of Directors, and its Executive Director as delegated by said Board of Directors. The Community reserves the right to accept or reject any person for residency. Residents do not have the right to determine acceptance or terms of acceptance of any other Resident.

C. **Employment of Service Providers.** The Resident may request approval to employ a service provider (i.e., private duty nurse or sitter, driver, personal shopper, etc.). A service provider may not be employed by the Resident without the approval of the Community. Any service provider employed by the Resident shall be subject to the rules, regulations, and guidelines of the Community. Payment of the service provider, including any applicable taxes, shall be the responsibility of the Resident. The Resident may not employ employees of the Community as service providers.

D. **Entire Agreement.** This Agreement constitutes the entire Agreement between the Community and the Resident. The Community shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or presuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement.

E. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Community and the heirs, executors, successors, and assigns of the Resident.

F. **Durable General Power of Attorney, Health Care Power of Attorney, Will, and Advance Medical Directive.** The Resident shall execute and maintain a durable General Power of Attorney and a Health Care Power of Attorney designating a competent person as attorney-in-fact for the Resident. The Resident shall execute a Last Will and Testament. The Community encourages an Advance Medical Directive. The Resident shall provide to, and at all times maintain with, the Community with current copies of the General Power of Attorney and Health Care Power of Attorney, as well as the location of the Last Will and Testament.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

G. Transfer of Property. The Resident agrees not to make any gift or other transfer of property for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render Resident unable to meet such obligations. The Resident also agrees to comply with all the Community's policies prohibiting and/or regarding the making of gifts or donations to or for the benefit of the Community's employees such employees' spouses and/or relatives.

H. Property Disposition Upon Transfer or Death.

1. In the event of the Resident's permanent transfer from the Residence to some other living accommodation, all of the Resident's property shall be removed from the Residence within fifteen (15) days after notice by the Community to the Resident or their duly named representative.

2. In the event of the Resident's death while still residing in the Residence, his duly named representative shall have a thirty (30) day period after notification or transfer for removal of Resident's property from the Residence. In the event of death of Resident after transfer from the Residence to the Health Care Center, his property must be removed from their Health Care Center room within seventy-two (72) hours after notice.

3. If such property is not removed within such periods of time by the Resident's duly named representative, the Community shall have the right to remove and store such property for thirty (30) days; and thereafter, if such property is not claimed and storage fees are incurred by the Community, then title to such property shall be vested in the Community and the property shall be disposed of as the Community, in its sole discretion, deems proper, without any liability of the Community to the Resident, the Resident's estate or heirs.

4. Any expenses incurred by the Community in disposing of the Resident's property hereunder shall be added to the final Monthly Fee charged to the Resident.

I. No Ownership Interest. The rights and privileges granted under this Agreement do not include any leasehold rights or interests nor include any right, title, or interest in any part of the personal property, land, buildings, or improvements owned or administered by the Community. Resident's rights are primarily for services, with a contractual right of residency. Any rights, privileges, or benefits under this Agreement or any interest or contractual rights of any nature in the Community, including the right to any refund of the Entrance Fee or other benefit or payment hereunder, are and shall be subordinate in priority, right, claim, and interest to any lien, charge, mortgage or other security interest or agreement now or hereafter placed on or affecting the Community or any of the Community's real or personal property, and to any amendment, modification, replacement, or refunding thereof.

J. Joint and Several Liability of Co-Residents. If this is a joint Agreement by Co-Residents, the Residents hereby agree (i) to be bound jointly and severally by the terms and conditions hereof, (ii) to make provision in his or her respective estate planning documents (whether by will, trust, survivorship, pay-on-death, beneficiary designation, or other designation) to satisfy the continuing obligations of the surviving Resident under this Agreement after the death of the first Resident to die, and (iii) that such obligations shall become an obligation of his or her

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

estate, and (iv) comply with VIII.G with respect to each other. Each Co-Resident agrees to provide the Community from time to time, upon request, with written evidence satisfactory to the Community of each Resident's compliance with the obligations under this Paragraph.

K. Non-Discrimination. It is the policy of the Community to admit and treat all individuals without regard to race, color, creed, religion, sex, marital status, national origin, sexual orientation, physical or mental handicaps, veteran or citizenship status or any other status protected by law, except that admission is limited to those individuals who have obtained a certain age.

L. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Virginia without regard to Virginia's conflicts of law provisions.

M. Notice Provisions. Any notices, consents, or other communications to the Community hereunder (collectively "notices") shall be in writing and addressed as follows:

Executive Director
The Village at Orchard Ridge
400 Clocktower Ridge Drive
Winchester, VA 22603

The address of the Resident for the purpose of giving notice is the address appearing after the signature of the Resident below.

N. Licensing Agencies. Following are the relevant addresses of the Offices of the Bureau of Insurance, Virginia Department of Social Services and Virginia Department of Health, from which the Community's licenses to operate are issued:

Virginia State Corporation Commission
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218

Department of Social Services
Commonwealth of Virginia Northern Regional Office Division of Licensing
170 W. Shirley Avenue
Warrenton, Virginia 20186

Department of Health
Commonwealth of Virginia
Office of Licensure and Certification
9960 Mayland Drive, Suite 401
Richmond, VA 23233

[SIGNATURES FOLLOW]

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

IN WITNESS WHEREOF, The Village at Orchard Ridge, Inc. has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement and the Entrance Fee has been paid as of the day and year above written.

Witness

Resident

Witness

Resident

Current Address (Number and Street)

City, State and Zip Code

Telephone

THE VILLAGE AT ORCHARD RIDGE, INC.

Date: _____

Signature: _____

Name: _____

Executive Director

Initials: _____
Resident Resident Orchard Ridge

THE VILLAGE AT ORCHARD RIDGE
ADDENDUM A
TO RESIDENCE AND SERVICES AGREEMENT

BENEFICIARY DESIGNATION – ENTRANCE FEE REFUND

BETWEEN _____
AND THE VILLAGE AT ORCHARD RIDGE, INC.

DATED _____, 20__

V.F. Designation of Refund Recipient. Notwithstanding anything in this Section V of the Agreement to the contrary regarding distribution of a refund of the Entrance Fee, at such time as Resident is eligible to receive a refund of the Entrance Fee or by reason of death of the surviving Resident as described in Section V, the refund of the Entrance Fee shall be distributed to the below-listed Beneficiaries as follows:

A. To my estate:

_____ % _____
(Executor Name)

(Address and Phone Number)

B. To the individual(s) or organization(s) and in the percentages named below; addresses added on next page.

_____ % to _____

_____ % to _____

_____ % to _____

_____ % to the Community for the charitable purpose of _____

_____ % (total must equal 100%)

Continued

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

The interest of any Beneficiary who dies or ceases its operations before the Resident or last surviving Resident becomes eligible to receive a refund will terminate at the death of the Beneficiary. Any share of a deceased Beneficiary or Beneficiary that ceases its operations shall be paid in equal shares to the surviving Beneficiaries, if any; if none, then as provided in the Agreement.

I reserve the right to revoke or change this beneficiary designation by notice to the Community.

The undersigned hereby authorizes the Community to offset against any repayment of the Refund all sums which remain unpaid under the terms of the Agreement at the time that the Refund becomes payable; provided, however, that if the Refund is payable in accordance with the terms of Section VIII.D. of the Agreement, then the Refund shall not be reduced beyond the amount due to Resident by law (a refund equal to the Entrance Fee divided by Resident's years of expected lifetime at admission, multiplied by Resident's years of expected lifetime at discharge or dismissal).

With the exception of damage or loss caused by the negligent or willful acts of the Community or its employees acting within the scope of their employment, the undersigned hereby agrees to indemnify and hold the Community harmless from any claims and any costs or expenses, including reasonable attorney's fees, which may be incurred by the Community as a result of, or otherwise in connection with, the Community's payment of the Refund in accordance with this Beneficiary Designation – Entrance Fee Refund. This indemnity provision is binding on the undersigned, his or her estate, heirs, personal representatives, and assigns.

1. Contingent Beneficiary designations are not permitted.
2. Only the signer(s) of the Residence and Services Agreement (or the survivor of them, if more than one), may change the Beneficiary designation.
3. The full name, current address and relationship of each Beneficiary, other than the Community, must be given below:

Name: _____

Address: _____

Relationship: _____

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

Name: _____

Address: _____

Relationship: _____

Name: _____

Address: _____

Relationship: _____

Name: _____

Address: _____

Relationship: _____

4. If a trustee is named a Beneficiary, the Community is not responsible for the disposition by the trustee of any refund paid to such trustee.
5. Any payment to a minor Beneficiary shall be made to the legally appointed guardian of the minor, unless otherwise permitted by law.
6. Resident(s) acknowledges that the Community has recommended that Resident(s) inform her/his family members as well as any heirs of the Resident's estate that the Resident(s) has entered into this Addendum to the Agreement.
7. Resident(s) acknowledges that the Community has recommended that Resident(s) seek review of this Addendum and these Instructions, prior to execution, by an attorney having expertise in estate planning to assure that the Addendum is coordinated with Resident's (s') will, trusts, and other relevant estate planning documents and plans.

[SIGNATURES FOLLOW]

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

IN WITNESS WHEREOF, the undersigned has executed this Beneficiary Designation Entrance Fee Refund on this _____ day of _____, 20____ by:

Witness

Resident

Witness

Resident

The Community hereby acknowledges receipt of the executed Beneficiary Designation - Entrance Fee Refund.

THE VILLAGE AT ORCHARD RIDGE, INC.

Date: _____

Signature: _____

Name: _____

Executive Director



RENTAL SERVICE AGREEMENT
of
The Village at Orchard Ridge, Inc.
Winchester, Virginia

This Rental Services Agreement (“Agreement”) is made this _____ day of _____, 20____, by and among The Village at Orchard Ridge, Inc. a Virginia corporation (the “Community”), and _____ (“Resident”).

WHEREAS, The Village at Orchard Ridge, Inc. is a Virginia non-profit, non-stock corporation and was organized to establish and operate retirement communities.

WHEREAS, The Village at Orchard Ridge, Inc. owns a certain retirement community known as the “The Village at Orchard Ridge” located at 400 Clocktower Ridge Drive, Winchester, Virginia, 22603. Where appropriate, the term “Community” as used herein shall also refer to the actual retirement community facility. All property of the Community is owned by The Village at Orchard Ridge, Inc. and all references herein to property owned by the Community shall be deemed to refer to property owned by The Village at Orchard Ridge, Inc.

WHEREAS, all services required herein to be rendered by the Community shall be rendered by The Village at Orchard Ridge, Inc.

WHEREAS, Resident has completed the application process for residency at the Community by providing, at a minimum, the following to the Community: the General Information Form, Confidential Financial Statement, and a personal interview (collectively, the “Application”).

WHEREAS, the Community has reviewed and approved the Application based on entrance criteria and policies established by the Community and the Resident has been notified of the approval for residency in the Community, based on the information provided in the Application.

WHEREAS, the Resident and the Community desire to enter into this Agreement;

NOW, THEREFORE, the Resident and the Community agree to the following provisions:

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

I. RESIDENCE, COMMON AREAS, AMENITIES, PROGRAMS AND SERVICES

A. Residence. The Resident shall have the exclusive right to occupy, use, and enjoy residence number _____, a/an _____ type of residence (the “Residence”).

B. Furnishings in the Residence. The Community will provide wall-to-wall carpeting or hard surface flooring, emergency response system, refrigerator with icemaker, stove, dishwasher, microwave with hood vent, washer and dryer, and garbage disposal. All other furniture, furnishings, decorations, and other personal property will be provided by the Resident.

C. Changes to the Residence. The Resident shall not make any physical/structural changes to the Residence unless such changes are pre-approved by the Community. Any changes requested and paid for by the Resident will become part of the Residence and the property of the Community upon termination of this Agreement or upon relocation to a different residence within the Community. The value of any such changes will not be considered in computing any refunds, and the Community will have a vested ownership in such improvements. There may be charges to the Resident to cover the cost of returning the Residence to its original condition, when the Residence is vacated (see Section V.D.).

D. Common Areas and Amenities. The Community includes a number of common area amenities including a chapel, main and private dining rooms, lounge with food and beverage service, mail room, library, games area, art studio, beauty salon, guest apartment, walking paths, garden plots, fitness center and swimming pool.

E. Parking. The Community will provide areas for the Resident’s personal vehicle limited to one vehicle per individual Resident as well as general parking for additional personal resident vehicles.

F. Storage. The Community will provide a storage cage, other than the space in each apartment for apartment residents.

G. Services and Programs.

1. Utilities. The Community will furnish heating, air conditioning, electricity, water, sewer, basic television services, and municipal services for apartment and cottage residences. The Resident is responsible for the charges related to telephone, internet, and premium cable services. All telephone, internet and cable services require a contract with the service provider.

2. Hospitality Plan. The Community will include in the Monthly Fee a Hospitality Plan fee as a stated amount which residents may use for a variety of services and amenities. Included in this Hospitality Plan fee is a dining venue allowance, which residents may use for any meal service provided at the Community. The Resident has the choice to the entire Hospitality Plan fee in the dining venues or a portion can be used on specified services available in the community. The Hospitality Plan fee may change annually based upon actual

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

costs and will be reflected in the Monthly Fee. The monthly allocation may roll over month to month but must be used by the end of each quarter and will not roll over or accrue into the next quarter. See the Resident Handbook Addendum for Ancillary Services for the annual Hospitality Plan fee and specified services available for use with the Hospitality Plan fee.

1. Dining and Meals

a. Dining Venue Service. The Community will make available, through a variety of venues, the dining services program that provides residents the opportunity for flexibility in dining. The core program will provide and make available nutritional and properly-prepared meals daily from a choice of well-balanced menus. The Monthly Fee will include the Hospitality Plan fee, and the Hospitality Plan fee includes a stated amount that residents may use for any meal service provided at the Community. Residents may utilize that allocation however they choose at any of the dining venues. The cost of additional meals for either the resident or their guest will be paid for at the time of purchase or billed onto the monthly statement.

b. Room Service. Upon request, room service will be available for delivery to the Residence according to the Community's policy, which may include an additional fee.

c. Special Diets. The Corporation will make reasonable efforts to make available meals containing substitute or special diets in the dining room.

5. **Housekeeping Services.** The Community provides for the Residence housekeeping services every other week, including vacuuming, dusting, cleaning of bathroom(s) and kitchen, and trash removal. Additional housekeeping may be scheduled at the request and expense of the Resident.

6. **Groundskeeping.** The Community furnishes basic groundskeeping services including lawn, tree, and shrubbery care. Additional grounds keeping service may be scheduled at the request and expense of the Resident.

7. **Maintenance and Repairs.** The Community maintains and keeps in repair its own improvements, furnishings, and equipment. The Resident will be responsible for the cost of repairing damage to property of the Community caused by the negligence of the Resident or any guest of the Resident, with the exception of ordinary wear and tear.

8. **Transportation.** The Community provides scheduled local transportation in Winchester on a regular basis within a ten-mile radius of the Community. An additional charge may be made for transportation for special, personal, or group trips.

9. **Security.** The Community provides staff to include 24/7 security patrol; emergency response system and smoke detectors are located in each Residence.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

10. **Programming.** The Community will provide planned and scheduled social, recreational, spiritual, educational and cultural activities; arts and crafts; exercise and health programs; and other special activities designed to meet the needs of the Resident. There may be a charge related to some programs.

11. **Assisted Living, Assisted Living Memory Care, Long-term Care, Skilled Rehabilitation, and Health Services:**

a. General. In addition to the rental services described in the Agreement, the Community makes certain health care services available to its residents. Subject to availability, the Community's discretion, and any applicable terms and conditions, Residents may seek health care services from the Community, such services will be offered on a fee-for-service basis based on the then current applicable rates. Resident expressly agrees that this Agreement is not a "lifecare" contract and that Resident, or Resident's spouse, if applicable, shall be solely responsible for the costs of any health care services provided by the Community.

b. Assisted Living and Assisted Living Memory Care. If the Community, in consultation with Resident and Resident's representative and attending physician and/or the Medical Director (*as defined below*), determines that the Resident requires Assisted Living and Assisted Living Memory Care services, the Community may make available such services in its Assisted Living or Assisted Living Memory Care area. Such services may include assistance with activities of daily living, including cognitive impairment, bathing, dressing and/or grooming, administration of medication, bed making, transportation or assistance to the beauty shop, physical therapy, and the Community's medical providers' offices based on the needs of the Resident. The Resident's degree of independence in performing these activities is a part of determining appropriate services rendered to the Resident. Should space not be available in Assisted Living or Assisted Living Memory Care, the Resident may be required to receive services in the Health Care Center (*as defined below*) or to use Home Care services in the Residence until an appropriate Assisted Living or Assisted Living Memory Care residence is available or temporarily transfer to another facility until an appropriate residence is available. The cost of such Assisted Living or Assisted Living Memory Care services rendered in the designated location shall be charged at the then current daily rate and shall be the responsibility of the Resident. In the event of a temporary transfer to another facility, the Resident will be solely responsible for all expenses resulting from such transfer. Additional ancillary charges in the event of a temporary transfer to another facility will be the sole responsibility of the Resident.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

c. Health Care Center. If the attending physician and/or the Medical Director (*as defined below*) determine in consultation with Resident and Resident’s representative and personal physician that the Resident requires the services of a licensed nursing facility, the Community may make available such nursing care in its own licensed nursing facility (the “Health Care Center”). The Resident agrees that nursing care made available by the Community shall be limited to that care which can be appropriately rendered within the licensure of the Health Care Center. Should space not be available in the Health Care Center, the Resident may be required to temporarily transfer to another facility. Any charges in the event of a temporary transfer to another facility will be the sole responsibility of the Resident. The cost of such health care services rendered in the Health Care Center shall be charged at the then current rate and shall be the responsibility of the Resident.

d. Staffing. Assisted Living, Assisted Living Memory Care and the Health Care Center are staffed by licensed or certified nursing staff twenty-four hours per day.

e. Basic Health Services. Licensed professionals will be available to Resident for basic first aid services and basic monitoring services such as blood pressure, pulse, respiration, temperature, and weight checks.

f. Medical Director. The overall coordination and supervision of health care services in the Health Care Center will be provided by a Medical Director (the “Medical Director”) who will be a licensed physician selected by the Community.

g. Personal Physician. While in Assisted Living, Assisted Living Memory Care or the Health Care Center, the Resident may choose to use the services of a personal physician and will be responsible for the charges by that physician. However, the physician must be willing to follow the Policy and Procedures of the Community and meet the requirements of the Community’s licensure by the Department of Health, Center for Quality Health Care Services and Customer Protection.

h. Home Health and Home Care. Home Health and Home Care services are available in individual Residences. These services are available through related organizations or service partners who have been specifically approved by the Community and comply with the requirements of the Community corporate compliance program and may be subject to additional fees.

i. Charges. Charges for Assisted Living, Assisted Living Memory Care and Health Care Center, as described above, shall be published and available to the Resident upon request.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

II. FINANCIAL ARRANGEMENTS

A. Community Fee. The Resident agrees to pay the Community a one-time, non-refundable Community Fee and an additional second person non-refundable Community Fee if two people will occupy the Residence. At the time the resident signs the Resident's Admission and Rental Service Agreement, the appropriate Community Fee will be collected. As of the date of this agreement, the Community Fee is \$ _____, and an additional Community Fee of \$ _____ if a second resident will occupy the Residence. The Community Fee is not a security deposit and is not intended to secure the performance of any obligation of the Resident under this Agreement.

B. Monthly Fee. In addition to the Community Fee, the Resident shall pay a Monthly Fee (the "Monthly Fee") upon occupancy and during the term of this Agreement which shall be payable in advance by the 10th of each month. As of the date of this Agreement, the Monthly Fee associated with the Residence is \$ _____ per month, and an additional \$ _____ per month if a second Resident occupies the Residence. The Monthly Fee may be increased by the Community during the term of this Agreement as described in Section II.D below.

D. Changes in the Monthly Fee. The Monthly Fee is charged to provide the facilities, programs, and services described in this Agreement and are intended to meet the cost of the expenses associated with the operation and management of the Community. The Community shall have the authority to change the Monthly Fee from time to time during the term of this Agreement as the Community in its discretion deems necessary in order to reflect changes in costs of providing the facilities, programs, and services described herein consistent with operating on a sound financial basis and maintaining the quality of services called for herein. A thirty (30) day written notice will be given to the Resident before there is any adjustment in fees and charges, or before there is any change in the scope of services to be provided hereunder. Notwithstanding the foregoing, charges for care paid in one lump sum shall not be increased or changed during the duration of the agreed upon care, except for changes required by state or federal assistance programs.

E. Monthly Statements. All fees are billed one month in advance. The Community will furnish the Resident with monthly statements showing the total amount of fees and other charges due hereunder which shall be payable on or before the 10th day of the month. The Community may charge interest at a rate of one and one-half percent (1 1/2%) per month on any unpaid balance.

F. Fees for the Services Associated with Assisted Living, Assisted Living Memory Care and Health Care Center.

1. Continuance of Monthly Fee. Should the Resident qualify for services in Assisted Living, Assisted Living Memory Care or the Health Care Center and temporarily occupy a residence in such facility, the Resident will be charged in addition to the Monthly Fee for the Residence, an amount equal to the then current daily rate (the "Daily Rate") for such services. Upon permanent transfer to the Assisted Living, Assisted Living Memory Care or Health Care residence, the Resident will surrender the Residence and (a) no longer pay the Monthly Fee for the Residence, but instead (b) pay the published then current Daily Rate for the

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

residence in Assisted Living, Assisted Living Memory Care or the Health Care Center. In addition to the Daily Rate, charges will be made for ancillary services as more fully described in Section II.F.2. below. In the event that the Resident requires temporary services of a hospital or other facility, the Resident shall continue to be responsible for payment of the Monthly Fee; Section IV.D shall apply in the event of a permanent transfer to a hospital or other facility.

2. Additional Charges for Ancillary Services. Additional charges may be made for ancillary services provided at the Community. Ancillary services will include all services not included in the Monthly Fee. Examples of such additional charges for ancillary services include, but are not limited to, the cost of prescription and non-prescription medications, personal laundry, staff accompaniment of resident to scheduled medical appointments, podiatric, dental, optical, physicians' services, laboratory tests, physical therapy, occupational therapy and speech therapy. Additional charges may also apply to the cost of wheelchairs, other medical equipment, medical supply needs, ambulance service, and any other medical services beyond those available in the Community. Also, any professional services (medical or otherwise) contracted by the Resident or on behalf of the Resident shall be billed directly to the Resident or the Resident's representative. Ancillary service fees shall be published and made available at the request of the Resident.

3. Care in Another Facility. If the Community determines that the Resident needs care beyond that which the Community makes available and is currently licensed to provide and requires transfer to another facility, all expenses resulting from such transfer and care shall be borne entirely by the Resident. (See Section IV.B).

4. Illness Away From the Community. The Community will not provide care, in any manner or degree for the Resident when away from the Community, nor will the Community ensure the safe return of the Resident. The Resident agrees to assume all responsibility for hospital, medical and nursing care during any illness or accident occurring while away from the Community and to see that, upon return, full medical information is supplied to the Community for the Resident's medical records file.

5. Third Party Injuries and Claims. The Community is not required to provide any medical, surgical, nursing or other care for the Resident when the Resident is injured as a result of the fault or negligence of any third party or parties. The Resident shall promptly notify the Community of any such injury. In the event that the Community provides such care through its employees and facilities, the Resident will reimburse the Community for all costs related to care provided by the Community.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

III. TERMS OF RESIDENCY

A. **Age and Occupancy Requirements.** The Community is open to all people regardless of race, religion, national origin, and ancestry and without regard to place of former residence; however, entrance is restricted to persons 60 years of age or older. In the case of a double occupancy, only one person must be 60 years of age and the other must be at least 55 years of age.

B. **Policies and Procedures.** All Residents shall abide by the Community's Policies, Procedures and Guidelines including such amendments, modifications, and changes to the **Resident Handbook** as may be adopted by the Community. Such Handbook shall be made readily available to Resident.

C. **Use of Smoking, Tobacco and Vaping Products.** With the exception of designated smoking areas, the use of all smoking, tobacco and vaping products are prohibited in the Community, including its buildings and community vehicles. This policy is applicable to all residents, visitors, employees, and contract personnel, and it applies to the Residence.

D. **Changes in the Residence.** The Community has the right to alter or change the Residence to meet requirements of any applicable statute, law, or regulation or for the general and economic welfare of the residents of the Community. The Residence may not be used in any manner in violation of any zoning ordinances, governmental law, any Community guidelines or other regulation.

E. **Visitors.** Except for short term visits (visits of 30 days or less per calendar year per guest), no person other than the Resident may reside in the Residence without the approval of the Community. Exceptions may be requested and determined through the Executive Director.

F. **Loss or Damage of Property.** The Community shall not be responsible for the loss or damage of any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. It is understood that the Resident will have the responsibility, at the Resident's own expense, of providing proof of tenant/renters insurance protection covering any such loss.

G. **Health Insurance.** The Resident shall provide the Community with evidence of health insurance coverage under Traditional Medicare A & B and an applicable Medicare Supplemental Policy (Plan C or Higher) or Medicare Advantage Plan. If the Resident is not covered under Traditional Medicare, the Resident should elect a Medicare Advantage Plan or other healthcare plan (for those under 65 or covered under other commercial plan) currently accepted by the Community. The Resident understands that Community may not participate in all Medicare Advantage and other healthcare plans currently or at any point in the future and accepts the risk of non-coverage. During the period that the Resident is not enrolled in a plan that is accepted by the Community, Resident may be responsible for all charges or residual charges when plan pay Community an out of network rate. Resident is responsible for applicable co-pays and Member Responsibility amounts not covered by their plans and will be billed on their monthly statement after payment is received from their plan. At any time, if there is a change in

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

health insurance, Medicare Beneficiary ID Number, Policy or Group Number, the Resident must notify the Business Office immediately to avoid denial in coverage and payment. Notification should include copies of cards, front and back. Resident is responsible for providing a copy of the policy and all information that relates to long term care insurance policy filing for billing and reimbursement to the Business Office if the Resident is seeking assistance with claims filing from the Community. The Resident shall be responsible for the payment of all health insurance and long term care insurance premiums for continued coverage during residency at the Community.

H. Occupancy by Two Residents. In the event that two Residents occupy the Residence under the terms of this Agreement, upon the permanent transfer to Assisted Living, Assisted Living Memory Care or the Health Care Center or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence. The remaining Resident will pay the then current single person monthly fee while occupying the Residence. Should the remaining or surviving Resident wish to move to another residence, the policies of the Community governing said residence transfer will prevail.

I. Resident Moves in with Another Resident in the Community. If the Resident, while occupying the Residence, requests to move into and share the Residence of a person who is also a resident of the Community, the two residents may occupy the residence of either resident. The Monthly Fee shall be adjusted to reflect the double occupancy Monthly Fee for the type of residence to be shared by the residents.

J. Added Resident. If a non-resident joins the Resident in sharing the Residence for which the Resident paid the Community Fee and in which the Resident was previously living alone, such non-resident shall meet all the then current requirements to reside in the Community in accordance with Section III.A. above and, upon approval by the Community, enter into a then current version of the Agreement with the Community and pay the then current second person Community Fee for the appropriate accommodation. The Monthly Fee shall be adjusted to reflect the double occupancy Monthly Fee for the type of residence to be shared by the residents. If the resident joining the Resident remains in the residence due to death or transfer of the original Resident, the remaining resident will be charged the first person Monthly Fee for the residence and will be subject to the terms and conditions of this Agreement as if such person were the original Resident. If such resident subsequently permanently transfers to Assisted Living, Assisted Living Memory Care or the Health Care Center, such resident will pay the then current Daily Rate applicable to the level of service received.

K. Residence Change Upon Request of Resident. Upon written request and with the approval of the Executive Director, the Resident may move to another currently available apartment or cottage residence (the "New Residence"). Upon occupancy of the New Residence, the Resident will be required to pay: (1) the cost of any necessary repairs to and repainting of the previously occupied Residence, (2) the then current monthly fee for the New Residence. The new agreement will retain the effective date of the original Agreement.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

L. Rights of Resident. The Resident has the right to occupy, use and enjoy the Residence, common areas, amenities, programs, and services of the Community during the Resident's lifetime unless this Agreement shall be terminated as provided herein, subject to reasonable availability and the simultaneous rights of other residents. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Community other than the rights and privileges as described in this Agreement.

M. Right of Entry. Resident hereby authorizes employees or agents of the Community to enter the Residence, at all reasonable times, which shall be pre-arranged, if possible and practical, for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency.

N. Residents' Association. The Resident may participate in the Residents' Association and/or its committees that will be open to all residents as per the Bylaws of the Association.

O. Financial Requirements. Upon entrance, the Resident must have assets and income that will be sufficient under foreseeable circumstances to pay the financial obligation of the Resident under this Agreement and to meet ordinary living expenses of the Resident. The Community, at its discretion, may require the Resident to furnish periodically updated financial information upon request.

P. Representations. The Resident affirms that the representations made in each part of the Application, including but not limited to the Application for Residency and Confidential Financial Statement are true and correct and may be relied upon by the Community as a basis for entering into this Agreement.

IV. TRANSFERS OR CHANGES IN LEVELS OF CARE

A. Transfer to Assisted Living, Assisted Living Memory Care or Health Care Center. The Community recognizes the right of self-determination of the Resident and will attempt to involve the Resident or the Resident's representative in all decisions related to transfers and changes in level of care. The Resident agrees that the Community shall have authority to determine whether the Resident should be transferred from the Residence to Assisted Living, Assisted Living Memory Care or the Health Care Center, or from one level of care to another within the Community, in cases (1) not being able get to an area of rescue, (2) potential harm to the Resident or others, (3) to assure the health and well-being of Resident and others, or (4) to provide for the highest quality of life possible. Such determination shall be based on the opinion of the attending physician and shall be made after consultation with Resident and Resident's representative. Such decisions shall be made only in the best interest of the Resident and in the best interest of the larger community as determined by the Community. At the time of the permanent transfer, the Resident will pay the Daily Rate for the level of care where the Resident receives services. If the Residence is occupied by two Residents at the time of transfer, the remaining Resident will pay the then current single occupancy Monthly Fee.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

B. Transfer to Hospital or Other Facility. If the Community determines that the Resident needs care beyond that which can be provided by the Community, the Resident may be transferred to a hospital, health care facility, or other institution equipped to provide such care; such care will be at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident or the Resident's representative and the Resident's attending physician.

C. Surrender of Residence. If a determination is made by the Community that any transfer described in Section IV.A or B. is not temporary in nature, the Resident shall surrender the Residence. If the Community subsequently determines that the Resident may resume occupancy in an apartment or cottage Residence comparable to the Residence, the Resident shall have priority to such Residence as soon as one becomes available. If the Residence is occupied by two persons, the Residence will not be surrendered due to the health of the first Resident and the second Resident may continue to reside at the Residence.

V. TERMINATION

A. By Resident. Resident may terminate this Agreement at any time, with or without cause, by giving thirty (30) days written notice to the Community. Resident notice must identify the date when the termination is to become effective, which must be at least thirty (30) days after the date of the notice. In addition, if Resident is transferred permanently to Assisted Living, Assisted Living Memory Care or the Health Care Center or to an outside facility because services are not available in Assisted Living, Assisted Living Memory Care or the Health Care Center, Resident may terminate this Agreement immediately upon Resident vacating the Apartment and removing all Resident belongings. If services are available in Assisted Living, Assisted Living Memory Care or the Health Care Center and the Resident chooses an outside facility, the (30) day notice applies.

B. By the Community. The Community may terminate this Agreement at any time, with or without cause, by giving thirty (30) days written notice to Resident and to Resident Responsible Party. In addition, it is the policy of the Community to terminate immediately this Agreement for reasons including, but not limited to, the following:

1. Resident failure to pay the Monthly Rate or additional charges for services Resident has requested within ten (10) days of the due date;
2. Resident failure to comply with federal, state, or local law after receiving written notice of the alleged violation;
3. Resident failure to comply with the Rules and Regulations or the Resident's Handbook;
4. A change in the use of the Community; or
5. A finding by the Community, in its sole discretion, that a permanent transfer to some other facility providing an appropriate level of care or services is required

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

because Resident need services beyond those the Community is licensed to provide or that can safely be provided to Resident in the Facility.

Notwithstanding the foregoing, the Community may terminate this Agreement at any time if Resident is engaging in behavior that is a threat to the mental and/or physical health or safety of Resident or to the mental and/or physical safety of others in the Facility or Community staff.

C. Death. This Agreement will terminate automatically upon Resident's death. The Monthly Rate due and payable will be and remain the property of the Community, and Resident's estate will be charged for unpaid bills. The Monthly Rate will be prorated based on the day the apartment is vacated and all of Resident's belongings are removed.

D. Vacating Residence. Upon termination of this Agreement for any reason, Resident or Resident estate will vacate the Apartment, remove all Resident belongings from it, and return all Resident keys to the Community. Resident shall leave it in good condition except for normal wear and tear. The Resident shall be liable to the Community for any cost incurred in restoring the Residence to good condition except for normal wear and tear. Until the Apartment is vacated and all Resident property is removed from the Apartment and Facility, Resident or Resident estate will remain liable for the Monthly Rate. The Monthly Rate will be prorated based on the day the apartment is vacated.

VI. RESCINDED AGREEMENT

A. Right to Rescind Agreement. The Resident shall have the right to rescind this Agreement within seven (7) days after executing the Agreement. The Monthly Fee will be prorated for the number of days the Resident occupied the Residence and that amount will be deducted from the refund. The Resident shall not be required to move into the Community before expiration of the seven (7) day period.

B. Automatic Rescission Upon Death or Incapacity. If, prior to establishing residency, Resident dies or becomes incapacitated by illness or injury and no longer qualify for residency in the Community, this Agreement will be deemed automatically rescinded. The effective date of such rescission will be the date the Community receives written notice of Resident's death or incapacity.

VII. FINANCIAL ASSISTANCE

A. Residency Continuance. It is intent of the Community to allow a Resident to continue to reside in the Community, although not necessarily in the same Residences, if the Resident is no longer capable of paying the Monthly Fee and/or charges of the Community after occupancy, provided it, in the Community's judgment, is not the result of willful or unreasonable dissipation or disposition of the Resident's income or assets. The Community will give careful consideration to subsidizing the fees and charges payable by the Resident. Any determination by the Community with regard to the granting of financial assistance shall be within the sole discretion of the Community, and the Community does not guarantee that it will subsidize the fees and charges payable by the Resident.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

VIII. GENERAL

A. Assignment. The rights and privileges of the Resident under this Agreement to the Residence, common areas, and amenities, and services, and programs of the Community are personal to the Resident and may not be transferred or assigned by the Resident or otherwise.

B. Management of the Community. The absolute rights of management are reserved by the Community, its Board of Directors, and its Executive Director as delegated by said Board of Directors. The Community reserves the right to accept or reject any person for residency. Residents do not have the right to determine acceptance or terms of acceptance of any other Resident.

C. Employment of Service Providers. The Resident may request approval to employ a service provider (i.e., private duty nurse or sitter, driver, personal shopper, etc.). A service provider may not be employed by the Resident without the approval of the Community. Any service provider employed by the Resident shall be subject to the rules, regulations, and guidelines of the Community. Payment of the service provider, including any applicable taxes, shall be the responsibility of the Resident. The Resident may not employ employees of the Community as service providers.

D. Entire Agreement. This Agreement constitutes the entire Agreement between the Community and the Resident. The Community shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or presuming to represent the Community, unless such statements, representations, or promises are set forth in this Agreement.

E. Successors and Assigns. Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Community and the heirs, executors, successors, and assigns of the Resident.

F. Durable General Power of Attorney, Will, and Advance Medical Directive. The Resident shall execute and maintain a durable General Power of Attorney and a Health Care Power of Attorney designating a competent person as attorney-in-fact for the Resident. The Resident shall execute a Last Will and Testament. The Community encourages an Advance Medical Directive. The Resident shall provide to, and at all times maintain with, the Community with current copies of the General Power of Attorney and Health Care Power of Attorney, as well as the location of the Last Will and Testament.

G. Transfer of Assets or Property. The Resident agrees not to make any gift or other transfer of assets or property for the purpose of evading the Resident's obligations under this Agreement or if such gift or transfer would render Resident unable to meet such obligations. The Resident also agrees to comply with all the Community's policies prohibiting and/or regarding the making of gifts or donations to or for the benefit of the Community's employees such employees' spouses and/or relatives.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

H. Property Disposition Upon Transfer or Death.

1. In the event of the Resident's permanent transfer from the Residence to some other living accommodation, all of the Resident's property shall be removed from the Residence within fifteen (15) days after notice by the Community to the Resident or their duly named representative.

2. In the event of the Resident's death while still residing in the Residence, his duly named representative shall have a thirty (30) day period after notification for removal of Resident's property from the Residence. In the event of death of Resident after transfer from the Residence to the Health Care Center, the Resident's property must be removed from his/her Health Care Center room within seventy-two (72) hours after notice.

3. If such property is not removed within such periods of time by the Resident's duly named representative, the Community shall have the right to remove and store such property for thirty (30) days; and thereafter, if such property is not claimed and storage fees are incurred by the Community, then title to such property shall be vested in the Community and the property shall be disposed of as the Community, in its sole discretion, deems proper, without any liability of the Community to the Resident, the Resident's estate or heirs.

4. Any expenses incurred by the Community in disposing of the Resident's property hereunder shall be added to the final Monthly Fee charged to the Resident.

I. No Proprietary Interests. Resident rights under this Agreement are the rights and privileges expressly granted, and do not include any proprietary interest in the Facility or other properties of the Community.

J. Joint and Several Liability of Co-Residents. If this is a joint Agreement by Co-Residents, the Residents hereby agree (i) to be bound jointly and severally by the terms and conditions hereof, (ii) to make provision in his or her respective estate planning documents (whether by will, trust, survivorship, pay-on-death, beneficiary designation, or other designation) to satisfy the continuing obligations of the surviving Resident under this Agreement after the death of the first Resident to die, (iii) that such obligations shall become an obligation of his or her estate, and (iv) comply with VIII.G with respect to each other. Each Co-Resident agrees to provide the Community from time to time, upon request, with written evidence satisfactory to the Community of each Resident's compliance with the obligations under this Paragraph.

K. Non-Discrimination. It is the policy of the Community to admit and treat all individuals without regard to race, color, creed, religion, sex, marital status, national origin, sexual orientation, physical or mental handicaps, veteran or citizenship status or any other status protected by law, except that admission is limited to those individuals who have obtained a certain age.

L. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Virginia without regard to Virginia's conflicts of law provisions.

Initials: _____ / _____ / _____
Resident Resident Orchard Ridge

M. Notice Provisions. Any notices, consents, or other communications to the Community hereunder (collectively “notices”) shall be in writing and addressed as follows:

Executive Director
The Village at Orchard Ridge
400 Clocktower Ridge Drive
Winchester, VA 22603

The address of the Resident for the purpose of giving notice is the address appearing after the signature of the Resident below.

N. Licensing Agencies. Following are the relevant addresses of the Offices of the Bureau of Insurance, Virginia Department of Social Services and Virginia Department of Health, from which the Community’s licenses to operate are issued:

Virginia State Corporation Commission
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218

Department of Social Services
Commonwealth of Virginia Northern Regional Office Division of Licensing
5600 Cox Road
Glen Allen, Virginia 23060

Department of Health
Commonwealth of Virginia
Office of Licensure and Certification
9960 Mayland Drive, Suite 401
Ridge, VA 23233

[SIGNATURES TO FOLLOW]

Initials: / / /
Resident Resident Orchard Ridge

IN WITNESS WHEREOF, The Village at Orchard Ridge, Inc. has executed this Agreement and Resident has read and understands this Agreement and has executed this Agreement and the Community Fee has been paid as of the day and year above written.

Witness

Resident

Witness

Resident

The Village at Orchard Ridge, Inc.

Current Address (Number and Street)

By: _____

City, State and Zip Code

Title: Executive Director

Date: _____

Telephone

Initials: _____ / _____ / _____

Resident Resident Orchard Ridge

Attachment

B

Certified Financial Statements
Pro forma Financial Projection Statement
Narrative for Projection
Financial Summary
Explanation of Significant Variances from 2024 Projection
Obligation to Provide Future Services
Reserve Funding
Bond Rating
Five-year Occupancy History
Five-year Entrance Fee and Monthly Fee History

The Village at Orchard Ridge, Inc.

Financial Statements

December 31, 2024 and 2023

The Village at Orchard Ridge, Inc.

Table of Contents

December 31, 2024 and 2023

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Net Deficit	5
Statements of Cash Flows	6
Notes to Financial Statements	8

Independent Auditors' Report

To the Board of Trustees of
The Village at Orchard Ridge, Inc.

Opinion

We have audited the financial statements of The Village at Orchard Ridge, Inc. (TVOR), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in net deficit and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TVOR as of December 31, 2024 and 2023, and the changes in its net assets 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 Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of TVOR 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 TVOR's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 TVOR'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 TVOR'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 audits, significant audit findings and certain internal control-related matters that we identified during the audits.

Baker Tilly US, LLP

New Castle, Pennsylvania
April 30, 2025

The Village at Orchard Ridge, Inc.

Balance Sheets

December 31, 2024 and 2023

	2024	2023		2024	2023
Assets			Liabilities and Net Deficit		
Current Assets			Current Liabilities		
Cash and cash equivalents	\$ 425	\$ 120	Accounts payable, trade	\$ 57,002	\$ 44,136
Accounts receivable, net	436,132	559,429	Accrued interest	2,427,041	2,406,251
Prepaid expenses and other assets	87,528	82,495	Accrued expenses	1,204,799	1,016,528
Pledges receivable	73,724	16,000	Deferred revenue	-	2,231,078
Current portion of assets whose use is limited	3,867,041	3,786,251	Current portion of long-term debt	1,440,000	1,380,000
Total current assets	4,464,850	4,444,295	Total current liabilities	5,128,842	7,077,993
Assets Whose Use is Limited, Net	3,312,272	3,268,795	Resident Deposits	406,704	244,374
Investments	2,840,971	2,513,773	Deferred Revenue From Entrance Fees	34,628,696	30,521,921
Beneficial Interest in Supporting Organization	13,957,740	7,562,655	Refundable Entrance Fees	51,887,650	51,855,509
Property and Equipment, Net	121,138,291	125,915,702	Long-Term Debt, Net	72,949,380	74,220,675
Funds Held in Trust by Others	4,130	23,810	Total liabilities	165,001,272	163,920,472
Total assets	\$ 145,718,254	\$ 143,729,030	Net Assets (Deficit)		
			Without donor restrictions	(21,484,901)	(22,216,943)
			With donor restrictions	2,201,883	2,025,501
			Total net deficit	(19,283,018)	(20,191,442)
			Total liabilities and net deficit	\$ 145,718,254	\$ 143,729,030

See notes to financial statements

The Village at Orchard Ridge, Inc.

Statements of Operations

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in Net Deficit Without Donor Restrictions		
Revenue:		
Net resident service revenue, including amortization of entrance fees 2024 \$4,911,907; 2023 \$4,140,952	\$ 27,247,808	\$ 24,212,660
Grant funding	-	8,996
Loss on disposal of assets	(21,128)	(2,390)
Net assets released from restrictions, operations	<u>256,204</u>	<u>242,707</u>
Total operating revenue	<u>27,482,884</u>	<u>24,461,973</u>
Operating expenses:		
Salaries and wages	7,860,012	6,481,440
Employee benefits and payroll taxes	1,481,951	1,265,233
Professional fees	1,746,127	2,085,858
Ancillary and medical	870,831	1,294,926
Supplies	791,591	614,731
Food services	1,147,844	958,966
Utilities	1,312,931	1,282,148
Depreciation	6,475,044	6,589,036
Interest	5,015,419	5,109,446
Insurance	355,063	214,210
Real estate taxes	549,659	558,434
Repairs and maintenance	595,296	569,064
Advertising and marketing	171,381	187,869
Licenses, dues and subscriptions	428,462	377,278
Other operating expenses	463,811	365,997
Credit loss expense	57,249	-
Management fees	<u>1,919,817</u>	<u>1,834,500</u>
Total operating expenses	<u>31,242,488</u>	<u>29,789,136</u>
Deficiency of operating revenue over expenses	<u>(3,759,604)</u>	<u>(5,327,163)</u>
Nonoperating revenue (expense):		
Contributions	46,606	869
Interest and dividends	697,318	626,271
Realized gains	422,016	110,243
Unrealized gains	428,291	554,693
Other expense	(77,432)	(1,036,652)
Other income	<u>2,963,806</u>	<u>111,965</u>
Total nonoperating revenue	<u>4,480,605</u>	<u>367,389</u>
Excess (deficiency) of operating and nonoperating revenue over expenses	<u>721,001</u>	<u>(4,959,774)</u>
Other changes:		
Unrealized gains	-	17,706
Net assets released from restrictions, capital purchases	<u>11,041</u>	<u>-</u>
Total other changes	<u>11,041</u>	<u>17,706</u>
Change in net deficit without donor restrictions	<u>\$ 732,042</u>	<u>\$ (4,942,068)</u>

See notes to financial statements

The Village at Orchard Ridge, Inc.

Statements of Changes in Net Deficit

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in Net Deficit Without Donor Restrictions		
Excess (deficiency) of operating and nonoperating revenue over expenses	\$ 721,001	\$ (4,959,774)
Unrealized gains	-	17,706
Net assets released from restrictions, capital purchases	<u>11,041</u>	<u>-</u>
Change in net deficit without donor restrictions	<u>732,042</u>	<u>(4,942,068)</u>
Changes in Net Assets With Donor Restrictions		
Contributions	463,307	131,278
Change in funds held in trust	(19,680)	-
Net assets released from restrictions, operations	(256,204)	(242,707)
Net assets released from restrictions, capital purchases	<u>(11,041)</u>	<u>-</u>
Change in net assets with donor restrictions	<u>176,382</u>	<u>(111,429)</u>
Change in net deficit	908,424	(5,053,497)
Net Deficit, Beginning	<u>(20,191,442)</u>	<u>(15,137,945)</u>
Net Deficit, Ending	<u>\$ (19,283,018)</u>	<u>\$ (20,191,442)</u>

See notes to financial statements

The Village at Orchard Ridge, Inc.

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net deficit	\$ 908,424	\$ (5,053,497)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Depreciation	6,475,044	6,589,036
Credit loss expense	57,249	-
Loss on disposal of assets	21,128	2,390
Amortization of deferred financing costs	168,705	168,706
Amortization of entrance fees	(4,911,907)	(4,140,952)
Proceeds from nonrefundable entrance fees	9,018,682	6,297,859
Realized gains	(422,016)	(110,243)
Unrealized gains	(428,291)	(572,399)
Change in value of funds held in trust by others	19,680	-
Changes in assets and liabilities:		
Accounts receivable	66,048	(221,222)
Prepaid expenses and other assets	(5,033)	(2,176)
Accounts payable, accrued expenses and deferred revenue	(2,608,348)	37,300
Net cash provided by operating activities	8,359,365	2,994,802
Cash Flows From Investing Activities		
Net purchases of investments and assets whose use is limited	(586,755)	(392,110)
Insurance proceeds	599,197	2,231,078
Purchases of property and equipment	(1,718,761)	(2,896,352)
Net cash used in investing activities	(1,706,319)	(1,057,384)
Cash Flows From Financing Activities		
Principal payments on long-term debt	(1,380,000)	(1,295,000)
Proceeds from refundable entrance fees, turnover units	5,745,804	4,381,150
Refunds of entrance fees	(5,713,663)	(4,139,432)
Net change in resident deposits	162,330	108,369
Change in pledges receivable, net	(57,724)	15,129
Change in due to affiliates, net	(5,285,221)	(995,771)
Net cash used in financing activities	(6,528,474)	(1,925,555)
Net increase in cash and cash equivalents and restricted cash	124,572	11,863
Cash and Cash Equivalents and Restricted Cash, Beginning	7,055,166	7,043,303
Cash and Cash Equivalents and Restricted Cash, Ending	<u>\$ 7,179,738</u>	<u>\$ 7,055,166</u>
Cash and Cash Equivalents and Restricted Cash Include		
Cash and cash equivalents	\$ 425	\$ 120
Assets held under trust indenture	7,179,313	7,055,046
	<u>\$ 7,179,738</u>	<u>\$ 7,055,166</u>

See notes to financial statements

The Village at Orchard Ridge, Inc.

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 4,825,924</u>	<u>\$ 5,004,423</u>
Supplemental Schedule of Noncash Investing and Financing Activities		
Change in Beneficial interest in supporting organization through due to affiliates	<u>\$ 5,285,221</u>	<u>\$ (1,687,593)</u>

See notes to financial statements

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

The Village at Orchard Ridge, Inc. (TVOR) is a Virginia not-for-profit corporation, and operates a continuing care retirement community in Winchester, Virginia. The community opened during February 2013 and consists of 308 independent living units, 20 skilled nursing units, 17 assisted living units and 18 assisted living memory care units.

National Lutheran, Inc. (NLI) is a not-for-profit Maryland corporation affiliated with the Evangelical Lutheran Church in America (ELCA). The Members of NLI are the Delaware-Maryland Synod, Metropolitan Washington, DC Synod and the Virginia Synod of the ELCA.

NLI is the parent corporation and sole member of TVOR, which is a member of a system doing business as National Lutheran Communities and Services (NLCS). As a member of NLCS, TVOR shares in the control, support and services of NLCS.

Basis of Accounting

The financial statements of TVOR have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

Use of Estimates

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

Cash and Cash Equivalents

TVOR considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses, which represents TVOR's estimate of expected losses at the balance sheet date. Accounts are written off when they are determined to be uncollectible. The adequacy of the TVOR's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts and expected future economic conditions and market trends. Adjustments are made to the allowance as necessary. The allowance for credit losses was \$22,343 and \$20,030 as of December 31, 2024 and 2023, respectively.

Contract Balances

Contract assets represent TVOR's right to consideration in exchange for goods or services that TVOR has transferred to a resident when that right is conditioned on something other than the passage of time (for example, TVOR's future performance). Contract liabilities represent TVOR's obligation to transfer goods or services to a resident for which TVOR has received consideration (or the amount is due) from the resident.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

TVOR's beginning and ending contract assets and liabilities are separately presented on the balance sheets as of December 31, 2024 and 2023. Contract assets and liabilities as of December 31, 2022 are as follows:

Contract asset:	
Patient accounts receivable	\$ 338,207
Contract liability:	
Deferred revenue from entrance fees	(28,459,533)

Assets Whose Use is Limited, Investments and Beneficial Interest in Supporting Organization

Assets held as operating reserves, resident deposits and assets held under indenture agreements are classified as assets whose use is limited and are reported separately on the accompanying balance sheets. Assets whose use is limited and investments are reported on the accompanying balance sheets at fair value, based on quoted market prices as provided by a national exchange, and beneficial interest in supporting organization is valued at net asset value (NAV) based on the TVOR's percent interest.

Investment income (including realized and unrealized gains and interest and dividends) is included in nonoperating revenue unless the income or loss is restricted by donor or law or related to unrealized gains or losses on alternative investments. Interest income is measured as earned on the accrual basis. Dividends are measured on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

TVOR's investments are comprised of a variety of financial instruments and are managed by third-party investment advisors. The fair values reported on the balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported on the balance sheets could change materially in the near term.

Beneficial Interest in Supporting Organization

TVOR maintains a support agreement with NLI and National Lutheran Home for the Aged, Inc. (NLHA) relative to TVOR's long-term debt. NLI is the parent to both TVOR and NLHA. NLHA is an affiliate of TVOR. The support agreement outlines that NLI and NLHA will provide access to capital to maintain TVOR's long-term debt requirements. Although the support agreement is with both NLI and NLHA, NLHA holds the investments that are providing the beneficial interest to TVOR. As of December 31, 2024, the investments held by NLHA are comprised of cash and cash equivalents (5%), Marketable equity securities (50%), mutual funds (15%), and fixed income securities (30%). Approximately 21.14% and 14.65% of the combined investments are attributable to TVOR as of December 31, 2024 and 2023, respectively. The percentage of combined investments is calculated based on a monthly allocation, adjusted for any necessary reallocations specific to TVOR. Investment income is also based on this allocation.

Property and Equipment

Property and equipment are reported at cost or, if donated, at fair value. Depreciation is computed using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives (3-40 years). TVOR's capitalization policy is to capitalize property and equipment purchases in excess of \$5,000. The general range of estimated useful lives is five to twenty years for furniture and equipment and fifteen to forty years for buildings and building and land improvements. Expenditures that extend the useful lives of the asset or significantly increase their capacity are capitalized. TVOR follows the policy of capitalizing interest as a component of the cost of the asset acquired or constructed.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

Pledges Receivable

Pledges receivable are stated at outstanding balances and are discounted for their present value. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received. An allowance for uncollectable pledges is based on management's assessment of the collectability of pledges receivable and was \$20,000 and \$4,000 as of December 31, 2024 and 2023, respectively.

Entrance Fees

TVOR's policy requires payment of an entrance fee for admittance to an independent living residence under a type C fee-for-service contract. TVOR currently offers traditional, 50% guaranteed refund, and 90% guaranteed refund entrance fee options. Agreements feature an amortization provision whereby the nonrefundable component of the entrance fee is earned ratably over a future time period following the initial date of occupancy. After this time period has ended, no refund is due to the resident. The nonrefundable component is contractually earned by TVOR as follows:

Traditional entrance fee: After applying the 10% administrative fee, the remaining entrance fee is contractually earned by TVOR over 18 months, at which time no refund will be payable to the resident.

50% entrance fee: Guarantees a refund of never less than 50% of the entrance fee paid, less a 10% administration fee and the balance amortized for each month of residency for up to eight months.

90% entrance fee: Guarantees a refund of the entrance fee paid less a 10% administrative fee.

Contracts containing varying refund provisions no longer offered by TVOR to new residents remain in force.

The nonrefundable portion of the entrance fees are accounted for as deferred revenue from entrance fees and are amortized into earned revenue using the straight-line method over the estimated remaining life of the residents over the contractual term of the contract. At the time of death or contract termination, the remaining nonrefundable balance is recognized as revenue. The remaining life expectancy of the residents is adjusted annually based on actuarial information. The refundable portion of the entrance fees is not amortized into income and is reported as refundable entrance fees liability. Contractual refund obligations amounted to approximately \$58,109,000 as of December 31, 2024.

TVOR also has a rental agreement requiring no entrance fee on select independent living units, but a one-time community fee of \$3,000 applies.

Deferred Financing Costs

Financing costs were incurred in connection with the issuance of long-term debt. These costs are reported on the accompanying balance sheets as a reduction of long-term debt and are being amortized over the life of the debt using the straight-line method, which approximates the effective interest method. The amortization of deferred financing costs, included in interest expense on the accompanying statements of operations was approximately \$169,000 for both of the years ended December 31, 2024 and 2023. Accumulated amortization was \$1,780,944 and \$1,612,239 as of December 31, 2024 and 2023, respectively.

Net Assets (Deficit)

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

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

All revenue restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net deficit without donor restrictions.

Net Resident Service Revenue

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

Net resident service revenue is primarily comprised of the following revenue streams:

Skilled Nursing - Skilled nursing revenue is primarily derived from providing nursing services to residents at a stated daily fee, net of any explicit and implicit price concessions. TVOR has determined that skilled nursing services are considered one performance obligation which is satisfied over time as services are provided. Therefore, skilled nursing revenue is recognized on a daily basis as services are rendered.

Assisted Living - Assisted living revenue is primarily derived from providing housing and personal care services to residents at a stated monthly fee. TVOR has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, assisted living revenue is recognized on a month-to-month basis.

Independent Living - Independent living revenue is primarily derived from providing housing and services to residents. TVOR has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, independent living monthly fees are recognized on a month-to-month basis.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees on the accompanying balance sheets.

Other Resident Services - Other resident services revenue includes services such as housekeeping, laundry, transportation, medical supplies and other revenue from residents. TVOR has determined that other resident services revenue is considered one performance obligation which is satisfied over time as services are provided. Therefore, other resident services revenue is recognized on a daily basis as services are rendered.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which during the contractual term of the contract approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenue from entrance fees on the balance sheets. Amortization of nonrefundable entrance fees included in net resident service revenue amounted to \$4,911,907 and \$4,140,952 for the years ended December 31, 2024 and 2023, respectively.

TVOR receives revenue for services under third-party payor programs, including Medicare and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services.

TVOR estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends and retroactive adjustments are recognized in future periods as final settlements are determined.

TVOR disaggregates revenue by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenue consists of the following for the years ended December 31:

2024					
	Skilled Nursing	Assisted Living	Independent Living	Other Resident Services	Total
Self-pay	\$ 1,916,378	\$ 3,918,459	\$ 13,649,642	\$ 163,634	\$ 19,648,113
Medicare	2,133,118	-	-	-	2,133,118
Medicaid	31,668	-	-	-	31,668
Commercial insurance	523,002	-	-	-	523,002
Amortization of nonrefundable entrance fees	-	-	4,911,907	-	4,911,907
Total	<u>\$ 4,604,166</u>	<u>\$ 3,918,459</u>	<u>\$ 18,561,549</u>	<u>\$ 163,634</u>	<u>\$ 27,247,808</u>
2023					
	Skilled Nursing	Assisted Living	Independent Living	Other Resident Services	Total
Self-pay	\$ 1,417,037	\$ 3,413,657	\$ 12,621,581	\$ 146,597	\$ 17,598,872
Medicare	2,038,055	-	-	-	2,038,055
Medicaid	127,088	-	-	-	127,088
Commercial insurance	307,693	-	-	-	307,693
Amortization of nonrefundable entrance fees	-	-	4,140,952	-	4,140,952
Total	<u>\$ 3,889,873</u>	<u>\$ 3,413,657</u>	<u>\$ 16,762,533</u>	<u>\$ 146,597</u>	<u>\$ 24,212,660</u>

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

Medicare - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. The Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on TVOR's clinical assessment of its residents. TVOR is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare programs.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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

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

Payment terms and conditions for TVOR's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenue for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenue for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenue collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenue from entrance fees on the accompanying balance sheets.

Advertising

TVOR expenses advertising costs as incurred. Advertising expense totaled \$171,381 and \$187,869 for the years ended December 31, 2024 and 2023, respectively.

Excess (Deficiency) of Operating and Nonoperating Revenue Over Expenses

The statements of operations include the determination of excess (deficiency) of operating and nonoperating revenue over expenses as the performance indicator. Changes in net deficit without donor restrictions, which are excluded from the performance indicator, consistent with industry practice, include unrealized gains on alternative investments measured at NAV and net assets released from restrictions for capital purchases.

Income Tax Status

TVOR is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and has been recognized as tax exempt under Section 501(a) of the Code. Accordingly, no provision for income taxes has been provided.

Accounting principles generally accepted in the United States of America require an organization to evaluate tax positions taken by TVOR and recognize a tax liability or asset if TVOR has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Services (IRS). TVOR has concluded that as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. Generally, tax returns for years ended December 31, 2021, and thereafter remain subject to examination by federal and state tax authorities.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the presentation used in 2024.

Subsequent Events

TVOR has evaluated subsequent events for recognition and disclosure through April 30, 2025 which is the date the financial statements were issued.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

2. Liquidity and Availability of Resources

Financial assets are considered liquid and available when convertible into cash within a year. Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheets dates, comprise the following as of December 31:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 425	\$ 120
Accounts receivable, net	436,132	559,429
Investments	2,840,971	2,513,773
Beneficial interest in supporting organization	13,957,740	7,562,655
Total financial assets	<u>\$ 17,235,268</u>	<u>\$ 10,635,977</u>

As part of TVOR's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. TVOR invests cash in excess of daily requirements in short-term investments. Certain of the donor purpose restricted funds may be utilized as the restrictions are satisfied.

3. Concentrations of Credit Risk

TVOR grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicare and various commercial insurance companies. TVOR maintains cash, restricted cash and cash equivalents accounts, which, at times, may exceed federally insured limits. TVOR has not experienced any losses from maintaining cash and cash equivalents accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash, restricted cash and cash equivalents.

4. Fair Value Measurements

Authoritative guidance regarding *Fair Value Measurements* establishes a framework for measuring fair value. This guidance defines fair value, establishes a framework and hierarchy for measuring fair value and outlines the related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

The tables below present the balances of financial assets measured at fair value on a recurring basis as of December 31:

2024				
	Carrying Value	Fair Value	Level 1	Level 2
Reported at fair value:				
Assets:				
Assets whose use is limited:				
Cash equivalents	\$ 7,179,313	\$ 7,179,313	\$ 7,179,313	\$ -
Investments:				
Cash equivalents	73,599	73,599	73,599	-
Equity securities	875,902	875,902	875,902	-
Mutual funds	752,960	752,960	750,606	2,354
Exchange traded funds	1,138,510	1,138,510	1,138,510	-
Total investments	2,840,971	2,840,971	2,838,617	2,354
Total assets	10,020,284	10,020,284	\$ 10,017,930	\$ 2,354
Beneficial interest in supporting organization measured at NAV	13,957,740	13,957,740		
Total assets	\$ 23,978,024	\$ 23,978,024		
2023				
	Carrying Value	Fair Value	Level 1	Level 2
Reported at fair value:				
Assets:				
Assets whose use is limited:				
Cash equivalents	\$ 7,055,046	\$ 7,055,046	\$ 7,055,046	\$ -
Investments:				
Cash equivalents	258,931	258,931	258,931	-
Equity securities	559,893	559,893	559,893	-
Mutual funds	820,870	820,870	820,870	-
Exchange traded funds	874,079	874,079	874,079	-
Total investments	2,513,773	2,513,773	2,513,773	-
Total assets	9,568,819	9,568,819	\$ 9,568,819	\$ -
Beneficial interest in supporting organization measured at NAV	7,562,655	7,562,655		
Total assets	\$ 17,131,474	\$ 17,131,474		

TVOR has no financial assets or liabilities that are recorded at fair value on a nonrecurring basis.

There were no transfers between Level 1, Level 2 or Level 3 during the years ended December 31, 2024 or 2023.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

The following methods have been used by TVOR in estimating the fair value on a recurring basis of its financial instruments. There have been no changes in the methodologies used as of December 31, 2024 or 2023:

Cash Equivalents - Fair values, which are the amounts reported on the balance sheets, are based on multiplying number of units held by \$1 per unit.

Equity Securities, Mutual Funds and Exchange Traded Funds - Valued at the closing price reported in the active market on which the individual securities are traded for equity securities and fixed income mutual funds and quoted market prices in active markets.

Beneficial Interest in Supporting Organization - Based on the fair values of the investments held in the fund at TVOR's percentage of holdings, which included the following:

Investments within the beneficial interest in supporting organization are valued at fair value based on quoted market prices in active markets for cash and cash equivalents, equity securities, mutual funds and exchange-traded and closed-end funds and based on quoted prices for the same or similar securities for fixed income securities.

5. Assets Whose Use is Limited

The investments, beneficial interest in supporting organization and assets whose use is limited are presented on the balance sheets as follows as of December 31:

	2024	2023
Assets held under trust indenture (2011 bonds):		
Debt service reserve	\$ 1,865,477	\$ 1,776,547
Interest	1,055,801	1,205,150
Principal	307,772	303,873
Assets held under trust indenture (2014 bonds):		
Debt service reserve	2,272,274	2,163,952
Interest	1,271,030	1,230,174
Principal	406,959	375,350
	7,179,313	7,055,046
Less current portion	(3,867,041)	(3,786,251)
Assets whose use is limited, net	\$ 3,312,272	\$ 3,268,795

6. Property and Equipment

A summary of property and equipment and the related accumulated depreciation is as follows as of December 31:

	2024	2023
Land	\$ 14,870,825	\$ 14,870,825
Land improvements	11,951,791	11,892,157
Buildings and building improvements	150,683,521	149,705,342
Furniture and equipment	11,665,628	11,228,537
Construction in progress	250,869	45,216
	189,422,634	187,742,077
Less accumulated depreciation	(68,284,343)	(61,826,375)
	\$ 121,138,291	\$ 125,915,702

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

In December 2022, TVOR incurred water damages as a result of inclement weather. The damages resulted in a loss on disposal of assets amounting to \$508,258, which was included on the statements of operations for the year ended December 31, 2022.

During the year ended December 31, 2023, TVOR incurred noncapital expenditures in connection with water and mold remediation services amounting to \$1,036,652, which is presented as other expense on the accompanying statements of operations. Total capitalized expenditures associated with the weather event amounted to \$1,955,352. TVOR received insurance settlement advance payments totaling \$2,231,078 during the year ended December 31, 2023, which are included in deferred revenue on the accompanying balance sheet. TVOR received a final statements of loss dated December 2, 2024, from the insurance company, and a final payment on the claim. The total payments received during 2024 totaled \$599,197. TVOR recognized \$2,830,275 during the year ended December 31, 2024, and is included in other income on the statements of operations.

7. Long-Term Debt

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

	2024	2023
Series 2011A Residential Care Facility Revenue Bonds, payable in monthly installments to satisfy annual debt service requirements through July 2046. Interest is payable at a fixed rate of 6.50% through maturity.	\$ 35,970,000	\$ 36,570,000
Series 2014A Residential Care Facility Revenue Bonds, payable in monthly installments to satisfy annual debt service requirements through July 2049. Interest is payable at a fixed rate of 6.00% through maturity.	33,045,000	33,615,000
Series 2014B Residential Care Facility Revenue Bonds, payable in monthly installments to satisfy annual debt service requirements through July 2049. Interest is payable at a fixed rate of 6.04% through June 30, 2034. The interest rate resets on July 1, 2034 at the 10-year Municipal Market Data plus 320 basis points, subject to floor of 5.25% and ceiling of 6.50% through June 30, 2044. The interest rate resets on July 1, 2044 at the 10-year Municipal Market Data plus 320 basis points, subject to floor of 5.25% and ceiling of 6.50% through maturity.	8,830,000	9,040,000
	77,845,000	79,225,000
Less current portion	1,440,000	1,380,000
Less deferred financing costs, net of accumulated amortization	3,455,620	3,624,325
Total long-term debt, net	\$ 72,949,380	\$ 74,220,675

As security for the payment of the bonds, TVOR granted a lien and security interest in the mortgaged premises and assigned all their respective pledged assets, including gross receipts, inventory, accounts receivables, contracts rights, general intangibles and other as defined in the documents. Additionally, NLI and National Lutheran Home for the Aged, Inc. entered into support agreements guaranteeing the repayment of the bonds as additional security for up to \$20 million. The support agreements will terminate upon the achievement of certain financial performance targets as defined in the agreements.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

TVOR is required to comply with certain debt covenants in connection with the aforementioned long-term debt. Management believes they are in compliance with all covenants as of December 31, 2024 and 2023.

Scheduled principal payments on long-term debt as of December 31, 2024, are as follows:

Years ending December 31:	
2025	\$ 1,440,000
2026	1,535,000
2027	1,645,000
2028	1,755,000
2029	1,870,000
Thereafter	<u>69,600,000</u>
	<u>\$ 77,845,000</u>

Interest expense in connection with long-term debt totaled \$4,833,292 in 2024, and \$4,851,335 in 2023.

8. Net Assets (Deficit)

Net assets (deficit) presentation on the balance sheets with expanded disclosure for the amount and purpose of designations is as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Net assets (deficit):		
Without donor restrictions:		
Undesignated	<u>\$ (21,484,901)</u>	<u>\$ (22,216,943)</u>
With donor restrictions:		
Purpose restricted for:		
Operations	368,559	385,097
Capital projects	504,592	515,633
Restricted in perpetuity	<u>1,328,732</u>	<u>1,124,771</u>
	<u>2,201,883</u>	<u>2,025,501</u>
Total net deficit	<u>\$ (19,283,018)</u>	<u>\$ (20,191,442)</u>

For the years ended December 31, 2024 and 2023, net assets of \$256,204 and \$242,497, respectively, were released from donor restrictions and used for operations by incurring expenses satisfying the restricted purposes. Net assets released and used for capital purchases were \$11,041 for the year ended December 31, 2024.

Earnings from net assets restricted in perpetuity are available to support charitable and benevolent care provided by TVOR.

9. Related-Party Transactions

NLI is the sole member of TVOR and provides support in the form of management and support services in exchange for management fees and provides additional capital support when needed. TVOR incurred management fees to NLI totaling \$1,919,817 and \$1,834,500 for the years ended December 31, 2024 and 2023, respectively.

Various entities that are part of the NLCS system make working capital advances to each other as needed. Related party transactions bear no interest and have no stated repayment terms.

The Village at Orchard Ridge, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

10. Expenses by Nature and Function

TVOR's expenses for resident services (including skilled nursing, assisted living, independent living and other resident services) and general and administrative are as follows for the years ended December 31:

	2024		
	Resident Services	General and Administrative	Total
Salaries and wages	\$ 6,926,806	\$ 933,206	\$ 7,860,012
Employee benefits and payroll taxes	1,331,770	50,181	1,381,951
Professional fees	1,670,102	6,025	1,676,127
Ancillary and medical	870,831	-	870,831
Supplies	756,349	5,242	761,591
Food services	1,138,812	9,032	1,147,844
Utilities	1,021,859	291,072	1,312,931
Depreciation	6,475,044	-	6,475,044
Interest	4,846,714	168,705	5,015,419
Insurance	355,063	-	355,063
Real estate taxes	549,659	-	549,659
Repairs and maintenance	551,405	43,891	595,296
Advertising and marketing	171,381	-	171,381
Licenses, dues and subscriptions	112,514	315,948	428,462
Other operating expenses	303,792	160,019	463,811
Credit loss expense	57,249	-	57,249
Management fees	-	1,919,817	1,919,817
Total	<u>\$ 27,139,350</u>	<u>\$ 3,903,138</u>	<u>\$ 31,042,488</u>

	2023		
	Resident Services	General and Administrative	Total
Salaries and wages	\$ 5,899,306	\$ 582,134	\$ 6,481,440
Employee benefits and payroll taxes	1,159,037	106,196	1,265,233
Professional fees	1,937,907	147,951	2,085,858
Ancillary and medical	1,294,926	-	1,294,926
Supplies	575,713	39,018	614,731
Food services	947,356	11,610	958,966
Utilities	1,172,089	110,059	1,282,148
Depreciation	6,589,036	-	6,589,036
Interest	4,940,741	168,705	5,109,446
Insurance	214,210	-	214,210
Real estate taxes	558,434	-	558,434
Repairs and maintenance	528,895	40,169	569,064
Advertising and marketing	187,869	-	187,869
Licenses, dues and subscriptions	111,329	265,949	377,278
Other operating expenses	282,447	83,550	365,997
Management fees	-	1,834,500	1,834,500
Total	<u>\$ 26,399,295</u>	<u>\$ 3,389,841</u>	<u>\$ 29,789,136</u>

The financial statements report certain expense categories that are attributable to more than one health care or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function are allocated to the functions based on square footage basis. Fundraising expenses are incurred through NLI.

11. Benevolent Care

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

TVOR maintains records to identify and monitor the level of benevolent care it provides. The estimated cost of providing benevolent care is based upon the direct and indirect costs identified with the specific benevolent care provided. The cost of benevolent care provided to assisted living residents amounted to \$1,050 and \$66,875 for the years ended December 31, 2024 and 2023, respectively. The cost of benevolent care provided to independent living residents amounted to \$0 and \$3,661 for the years ended December 31, 2024 and 2023, respectively. The amount by which costs exceeded revenues for the Medicaid program amounted to approximately \$12,600 and \$50,700 for the years ended December 31, 2024 and 2023, respectively. TVOR received contributions of approximately \$204,000 and \$106,000 for the years ended December 31, 2024 and 2023, respectively, to offset or subsidize benevolent care services provided.

12. Pension Plan

TVOR participates in a 403(b) defined contribution plan (the Plan). The Plan states TVOR shall make a Safe Harbor contribution in an amount equal to 100% of each employee's contribution, up to a maximum of 3% of such participant's compensation. In addition, TVOR will contribution 50% of each employee's contribution up to the next 2% of such participant's compensation for each payroll period. The Safe Harbor employer matching contribution is immediately vested. Discretionary employer contributions are vested at 20% per year to 100% after five years. All participating employees' contributions are 100% vested. Employer contributions totaled \$73,134 and \$63,584 for the years ended December 31, 2024 and 2023, respectively, and are recorded in employee benefits and payroll taxes on the statements of operations. There were no discretionary employer contributions in 2024 or 2023.

13. Medical Malpractice and General Liability Claims Coverage

TVOR participates in a reciprocal risk retention group (RRG) through National Lutheran, Inc. (Parent). The coverage is provided on a claims-made basis. Medical malpractice and general liability coverages were provided for TVOR in the amount of \$1,000,000 per event and \$3,000,000 per annual aggregate. Each claim has a \$75,000 self-insured retention, prior to the primary insurance coverage. TVOR also has an excess umbrella policy for general liability coverage. The excess umbrella limit is \$15,000,000 in the aggregate. TVOR funds any potential accrued claims incurred but not reported liability through the premiums paid to the RRG. As of December 31, 2024, no such adjustments to premiums are deemed necessary.

14. Commitments and Contingencies

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

The Village at Orchard Ridge
Pro Forma Statement of Operations for the Current Fiscal Year

	Projected 2025
Net Resident Service Revenues, including amortization of entrance fees of \$4,475,000	28,181,671
	<u>28,181,671</u>
Operating Expenses:	
Salaries and Wages Expense	8,490,078
Supplies Expense	715,650
Professional Fees & Contracted Services	1,714,006
Payroll Taxes and Employee Benefits	1,730,124
Anc Svcs & Med Sup Expense	382,276
Food & Supplements Expense	1,157,737
Other Operating Expense	477,787
Licenses, Dues and Subscriptions	440,965
Utilities Expense	1,327,404
Repairs & Maintenance Expense	672,250
Insurance Expense	510,000
Advertising Expense	243,730
Depreciation Expense	6,577,454
Real Estate Tax Expense	560,000
Management Fees	2,113,363
Interest Expense	4,814,632
Bad Debt Expense	20,000
Amortization Expense	168,705
	<u>32,116,162</u>
(Deficiency) of Operating Revenue over Expenses	(3,934,491)
Other Changes:	
Investment Income , Net of Expenses	490,000
Non-Operating Income	109,195
Contributions	390,000
	<u>989,195</u>
Change in Net Assets	<u><u>(2,945,296)</u></u>
Cash Flow:	
Change in Net Assets	(2,945,296)
Add Back: Depreciation and Amortization	6,746,159
Less: Amortization of Entrance Fees	(4,475,000)
Cash from Entrance Fees	6,660,000
Principal Payments on Long Term Debt	(1,440,000)
Capital Spending	(2,742,500)
Net Purchases of Investments	(686,500)
	<u>(686,500)</u>
Net Increase in Cash and Cash Equivalents and Restricted Cash	<u><u>1,116,863</u></u>

The Village at Orchard Ridge

Narrative for 2025 Projection

The projection for 2025 was prepared by the leadership team at the Community in conjunction with various team members at National Lutheran, Inc. ("NLI"), with whom the Community has a management agreement to provide various functions, including preparation of financial budgets and projections.

The Community solicits and considers input from residents with regards to items budgeted for the year. The Community shares the draft budget and related assumptions with the Resident Finance Committee prior to its approval by the Board of Directors. During the year, Community and NLI leadership meet with the Resident Finance Committee to discuss financial performance as compared to the budget and causes for significant variances.

Prior to finalizing the budget, Community and NLI leadership assure it supports long-term stability and viability of the Community. To that end, projected and actual financial performance is regularly benchmarked against similar senior living organizations to identify areas of underperformance and opportunities for improvement so they may be proactively addressed.

The projections for 2025 reflect the Board of Directors-approved operating and capital budgets.

Resident Service Revenues

Occupancy assumptions are projected based on historical performance as well as input from the Community and NLI.

Payer mix is projected based on historical performance as well as input from the Community and NLI.

Reimbursement rates are based on Medicare reimbursement rates as communicated in the Federal Register, projected Medicaid rates, and private pay rates approved by the Board of Directors for the year.

Operating Expenses

Salary and wage expenses are projected based on approved staffing and projected wage rates, adjusted for inflationary increases and other adjustments expected to be in effect during the year.

Payroll Taxes and Employee Benefits –

- Health Insurance – projected expenses are based on health insurance premiums negotiated for the year and are based on plan selections made by team members during open enrollment. Estimates are included for positions that are vacant during the budget process.
- FICA is projected as a percentage of salaries and wage expense.
- Other benefits are estimated based on staffing assumptions.

Professional fees and contracted services expenses are projected based on contracts expected to be in force during the year, projected usage of contracted staffing based on anticipated needs of the Community and adjusted for inflation.

Ancillary services and medical supply expense is projected based on projected occupancy, payer mix, and the estimated cost of the services and supplies.

Utilities expense is projected based on historical utilization, adjusted for anticipated changes in commodity pricing.

Insurance expense is projected based on input from the NLI's insurance broker.

Depreciation expense is projected based on assets currently in service, adjusted for new assets from projects in process as well as from the capital budget, and assets expected to be disposed of during the year.

Real estate tax expense is projected based on historical tax assessments, rates, adjusted for estimated changes.

Management fee expense is projected based on the terms of the applicable contract, which is a percentage of Resident Service Revenues.

Interest expense is projected based on the terms of existing debt agreements and expected utilization of a line of credit.

Bad debt expense is projected based on historical experience and may be adjusted as necessary for anticipated changes.

Amortization expense is projected based on deferred financing costs currently being amortized, and is adjusted for anticipated changes during the year, if applicable.

Other expenses are projected based on historical experience, adjusted for anticipated changes during the year, and adjusted for inflation.

Capital expenditures are projected based on anticipated capital spending as well as a contingency for unanticipated needs of the Community.

Non-Operating Revenues and Expenses

Investment income (net of expenses) is projected based on historical performance.

Non-operating income includes items such as guest meals and gift shop sales and is projected based on historical performance.

Contribution revenues are projected by NLI's Mission Advancement Director based on historical giving and adjusted for planned campaigns and events.

The Village at Orchard Ridge

Financial Summary

Phase I of The Village at Orchard Ridge was completed in February 2013. Phase II expansion was completed in December 2016, which resulted in the operation of a total of 324 Independent Living Units, 18 Assisted Living Memory Care units, and 20 Skilled Nursing beds. In response to increased demand for Assisted Living services, the community converted 16 units from Independent Living to 17 traditional Assisted Living units during FY 2022. Over the past 12 years, The Village at Orchard Ridge has achieved stabilized occupancy, resulting in strong financial performance as demonstrated in fiscal year ("FY") 2024 results.

CASH FLOW

In 2024, The Village at Orchard Ridge had an increase in cash, cash equivalents and restricted cash of \$124,572, and an adjusted increase in cash, cash equivalents and restricted cash of \$711,327.

Statement of Cash Flows:	12/31/2024	12/31/2023
Cash Flows from Operating Activities	8,359,365	2,994,802
Cash Flows from Investing Activities	(1,706,319)	(1,054,935)
Cash Flows from Financing Activities	(6,528,474)	(1,925,555)
Increase(Decrease) in Cash and Cash Equivalents and Restricted Cash	124,572	14,312
 Increase(Decrease) in Cash and Cash Equivalents and Restricted Cash	124,572	14,312
 Add Back: Net Purchases of Investments and Assets Whose Use is Limited (1)	586,755	389,661
 Adjusted Increase(Decrease) in Cash and Cash Equivalents and Restricted Cash	711,327	403,973

(1) Incl. investment income related to unrestricted investments and (deposits) or withdrawals from unrestricted investments

DEBT SERVICE COVERAGE:

Debt service coverage was 2.10x for FY 2024.

DAYS CASH ON HAND:

Days cash on hand was 217 on December 31, 2024.

Both metrics were in excess of the required debt covenants.

NET OPERATING MARGIN RATIO:

Net operating margin ratio was 12% for FY 2024.

NET OPERATING MARGIN-ADJUSTED RATIO:

Net operating margin-adjusted ratio was 37% for FY 2024.

Both metrics were in excess of the 2023 50% median benchmark for multi-site CCRCs.

2025 PRO FORMA PROJECTION:

The pro forma projection for FY 2025 reflects an increase in cash, cash equivalents and restricted cash of \$1,116,863. This performance will be the result of strong occupancy in all levels of service and continued management of operating expenses by the leadership team. Capital spending of approximately \$2.7M is included in the projection, which is expected to be fully funded through operations.

The Village at Orchard Ridge

Anticipated Source and Application of Purchased or Construction Funds

As of 5/12/2025, The Village at Orchard Ridge's board has not approved any capital projects that are not included in the 2025 approved budget, which will be funded through operations.

The Village at Orchard Ridge

Explanation of Significant Variances from 2024 Projection

Resident Service Revenues – Overall, resident service revenues were 6.6% higher than the 2024 projection. Occupancy rates in all levels of living (Nursing, Assisted Living and Independent Living) were higher than projected.

Operating Expenses – Overall, operating expenses were 2.4% higher than the 2024 projection. Significant variances by category of include:

- Salaries and Wage Expense was \$684,755 or 9.5% higher than projected. This variance was primarily due to the conversion of contracted therapy staff to in-house staff.
- Ancillary Services and Medical Supply Expense was \$400,177 or 31.5% lower than projected primarily due to the conversion of contracted therapy staff to in-house staff.
- Supplies Expense was \$124,841 or 18.8% higher than projected due to: 1) higher unit upgrade expenses for Independent Living unit turnovers; and 2) higher supply expenses in Dining Services.
- Utilities Expense was \$128,805 or 10.9% higher than projected due to: 1) higher occupancy rates and utilization of utilities; and 2) a mid-year increase in water/sewer consumption rates from the utility provider.
- Professional Fees & Contracted Services expense was \$94,171 or 5.7% higher than projected due to: 1) Agency nursing utilization; 2) SNF MDS consultant fees; and 3) Sales Coordinator support for Independent Living.
- Other Operating expenses were \$77,157 or 19.8% higher than budget due to: 1) Dining Services staff travel costs incurred by the contracted vendor for coverage of vacant positions; 2) lease expense for a new vehicle that was not budgeted; and 3) higher than budgeted automotive expenses associated with repairs and maintenance.

Investment Income was higher than projected due to market performance.

Other Non-Operating Revenues included \$2.75M in proceeds from the settlement of an insurance claim related to water damage that occurred in December 2022. This revenue was not included in the projection.

Historical Statement of Cash Flow – To provide more insight into The Village at Orchard Ridge’s financial performance, shown below is a five-year history of Cash Flows from Operating Activities. This schedule demonstrates improvement in cash surpluses from the past several years.

Statement of Cash Flows:	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Cash Flows from Operating Activities	8,359,365	2,994,802	3,544,795	1,170,050	4,032,047
Cash Flows from Investing Activities	(1,706,319)	(1,054,935)	(2,008,322)	(1,120,603)	(1,281,976)
Cash Flows from Financing Activities	(6,528,474)	(1,925,555)	(1,592,040)	(2,457,908)	(230,516)
Increase(Decrease) in Cash and Cash Equivalents and Restricted Cash	124,572	14,312	(55,567)	(2,408,461)	2,519,555
Increase(Decrease) in Cash and Cash Equivalents and Restricted Cash	124,572	14,312	(55,567)	(2,408,461)	2,519,555
Add Back: Net Purchases of Investments and Assets Whose Use is Limited (1)	586,755	389,661	252,734	311,364	666,177
Adjusted Increase(Decrease) in Cash and Cash Equivalents and Restricted Cash	711,327	403,973	197,167	(2,097,097)	3,185,732

(1) Investment income related to unrestricted investments

Covenants and Operating Ratios – For the year ended 12/31/2024, The Village at Orchard Ridge achieved a Debt Service Coverage Ratio of 2.10, which was significantly in excess of the required 1.20 to meet the debt covenant requirement. This is an improvement from the Debt Service Coverage Ratio of 1.38 for the year ended 12/31/2023.

As of 12/31/2024, The Village at Orchard Ridge achieved 217 days cash on hand, also in excess of the debt covenant requirement of 125 days. Days cash on hand improved from 128 days as of 12/31/2023.

For the year ended 12/31/2024, The Village at Orchard Ridge achieved a Net Operating Margin Ratio of 12% and a Net Operating Margin Ratio Adjusted of 37%. Both metrics were significantly in excess of CARF’s 2023 median benchmarks for multi-site CCRCs of 6.42% and 20.37%, respectively.

The Village at Orchard Ridge

Obligation to Provide Future Services

The Village at Orchard Ridge Inc.'s ("TVOR's) balance sheet was audited by Baker Tilly US, LLP ("Baker Tilly") for the years ended December 31, 2023 and December 31, 2024. The balance sheet did not reflect a liability for an obligation to provide future service to current residents as it was determined no recordable liability existed based on current accounting guidance.

The Village at Orchard Ridge offers a Type C contract (fee for service) or rental option to independent living residents. As such, there is no provision in the Residence and Services Agreement ("Agreement") for an obligation to provide future services. Further, the Agreement does not limit or restrict TVOR from implementing increases in periodic fees and does not require continuing services without additional compensation.

Baker Tilly issued an unqualified opinion on the financial statements indicating they "present fairly, in all material respects, the financial position of TVOR as of December 31, 2024 and 2023, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America".

The Village at Orchard Ridge

Reserve Funding

Please refer to the Balance Sheet and Notes 1 and 5 of the audited Financial Statements as issued by Baker Tilly for the years ended 12/31/2023 and 12/31/2024 for information related to Assets Whose Use it Limited, Investments, and Beneficial Interest in Supporting Organization.

The Village at Orchard Ridge

Bond Rating

The Village at Orchard Ridge's debt is not rated. Please see Note 7 to the audited Financial Statements issued by Baker Tilly for the years ended 12/31/2023 and 12/31/2024 for additional information about long-term debt.

Please note National Lutheran Inc. and National Lutheran Home for the Aged, Inc. entered into support agreements guaranteeing the repayment of the bonds as additional security for up to \$20 million as of 12/31/2024.

The Village at Orchard Ridge
5 Year Occupancy History

	IL	AL	MC	SNF	Total Community Occupancy
2024 Capacity of Units	308	17	18	20	363
2024 Average Occupancy	292.91	16.354	17.28	18.32	344.86
Percentage Occupancy	95%	96%	96%	92%	95%
2023 Capacity of Units	308	17	18	20	363
2023 Average Occupancy	283.6	16.2	14.7	17.3	331.8
Percentage Occupancy	92.1%	95.3%	81.7%	86.5%	91.4%
2022 Capacity of Units	308	0	18	20	346
2022 Average Occupancy	296.9	0	14.1	17	328
Percentage Occupancy	96.4%	--	78.3%	85.0%	94.8%
2021 Capacity of Units	324	0	18	20	362
2021 Average Occupancy	311.1	0	17.4	13.8	342.3
Percentage Occupancy	96%	--	97%	69%	95%
2020 Capacity of Units	324	0	18	20	362
2020 Average Occupancy	315.6	0	17.5	14.7	347.8
Percentage Occupancy	0.974074	--	0.972222	0.735	96%

Note: Independent living occupancy declined in FY 2023 due to units that were impacted by water damage in 12/2022.

Note: Assisted living occupancy declined in FY 2022 due to the opening of 17 units in 8/2022.

Entrance Fee Residences

Rental Residences