EDGEWOOD RETIREMENT COMMUNITY, INC.
Equal Housing Opportunity

DISCLOSURE STATEMENT

June 2023

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INTRODUCTION

We are pleased that you have expressed an interest in Edgewood. We are very proud of our senior living community and appreciate this opportunity to tell you more. We are convinced that the more you learn, the more comfortable you will be in deciding to make Edgewood your future home.

ERCI (Edgewood Retirement Community, Inc., aka "Edgewood") brings to residents who are age 62 and over a way of senior living known as "continuing care" or "life care." This concept offers seniors a lifestyle which is designed to meet their unique needs while allowing them the freedom to pursue their personal interests. LifeCare communities such as Edgewood encompass these important components: a private residence, a wide array of personal services, and the security of access to an on-site professional health center, known as The Meadows, The Woodlands Inn, an assisted living and memory care facility, all combined within a sound financial plan. Edgewood is a not-for-profit corporation that is committed to developing and managing a quality senior living community which is financially sound and genuinely responsive to resident needs.

One of the purposes of this Disclosure Statement is to explain to prospective residents, their families, and their advisors, who and what is involved in the operation of Edgewood. This statement was prepared with the information available at the time of its publication and includes assumptions which were believed to be true as of the revised date. Such information and assumptions are, of course, subject to change particularly in the area of economics. Edgewood can be significantly affected by changes in inflation and interest rates, even though our projections are conservative and attempt to protect us from those influences. Due to these and other influences, future changes may be necessary, and ERCI reserves the right to make those changes as it deems appropriate.

Since nontechnical language has been used in this Disclosure Statement and it includes only summaries of the provisions of the involved documents, there may be differences between the text of this Disclosure Statement and the language of the Residency Agreement or other documents. Copies of the actual documents should be inspected to fully understand all of their terms and provisions, and those specific terms take precedence over the summaries in this Disclosure Statement. Capitalized terms used in this Disclosure Statement have the same meaning as given to them in the Residency Agreement.

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

I. THE PEOPLE

EDGEWOOD RETIREMENT COMMUNITY, INC.

Edgewood Retirement Community, Inc. ("ERCI" or the "Provider"), is a Massachusetts not-for-profit corporation organized for the purpose of owning and operating a LifeCare senior living community in North Andover, Massachusetts (the "Community"). Its principal business address is 575 Osgood Street, North Andover, Massachusetts 01845. ERCI was incorporated on March 13, 1993, and has received recognition as an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. No part of ERCI's earnings will be used for the benefit of, or be distributed to, its trustees or other private individuals. ERCI is not affiliated with any religious, charitable, or other nonprofit organization. The Board of Trustees of ERCI currently consists of 15 members. Neither ERCI nor any persons involved in the management of Edgewood have any proprietary interest in Edgewood. The trustees and officers of ERCI are listed here:

Chair, Thomas E. Smith

Mr. Smith has a strong background in business, military, government, and academia. Mr. Smith was a Battalion Commander with the Patriot Air Defense Artillery units during the Gulf War and is a retired US Army Colonel. He spent several years working at the Pentagon under the Office of the Chief of Staff and the Office of the Secretary of Defense. In addition, Mr. Smith worked as a Senior Manager at Computer Sciences Corporation and a Senior Manager at Raytheon Company. Mr. Smith is currently employed as a Principal Consultant for Eagle Eye Global.

Vice Chair, Marlene Hoyt

Ms. Hoyt attended Northeastern University in Boston and has an M.B.A. in Financial Studies from the School of Management and Commercial Lending School at Babson College. She is the Senior Vice President and Construction Lending Manager at Enterprise Bank and Trust Company where she has been since 2001. Prior to that she was the Vice President and Loan Work-out/CRE/Construction Lender at Andover Bank/TD Bank from 1994 – 2001. She has also worked at The Savings Bank, Winchester Savings Bank and Stoneham Savings Bank and has experience as a Lending Consultant for residential lending as well as loan work out and real estate appraisal work. She serves on several boards and professional organizations including serving as President for MVCC/Greater Lawrence Revolving Loan Fund.

Treasurer, Elliot Hacker

Mr. Hacker holds an M.B.A. in Accounting from Northeastern University and a Bachelor of Arts in Psychology from Bowdoin College. He was the Director of Finance and Assistant Treasurer at Phillips Academy in Andover, Massachusetts, for twenty years. He served in the Army as a First Lieutenant.

Secretary, Camille Miragliotta-Daly

Attorney Miragliotta-Daly graduated from Assumption College and received her juris doctor from New England School of Law. She currently practices real estate law. She is the closing attorney for BankNorth, Fleet Bank, Lawrence Savings Bank, and Wells Fargo Home Mortgage, as well as an agent for Lawyers Title Insurance and the corporate counsel to Jackson Lumber & Millwork Co., Inc.

George Auclair

Mr. Auclair served for many years as the Division Director of Corporate Administration, Facilities, Real Estate and Construction for The MITRE Corporation. In addition to directing all engineering and support services, he oversaw MITRE's expansion with the construction of several new office and research buildings, both in Bedford, MA and in the northern Virginia area. Prior to his years at MITRE, he worked for Hewlett-Packard and Compugraphic (AGFA) where he was a mechanical engineer coordinating the construction of several office buildings. He represented the Town of Methuen during the construction of the new high school, ice rink, and fieldhouse, serving as its onsite engineer. He holds degrees in Mechanical and Industrial Engineering from Lowell Technological Institute and Northeastern University, and a Masters in Business Administration from New Hampshire College.

Serena Caperonis

Ms. Caperonis holds a Bachelor's degree from Goucher College and a Masters of Education degree from Lesley University. She was an elementary school teacher in various school systems for four years and a reading specialist at Boxford Elementary school for nine years. After that she served as a sales specialist at Thompson Office Products in Andover and Lawrence Massachusetts for nine years. She has volunteered in many different capacities including serving six years on the

Masconomet Regional School Committee, nine years on the Boxford Village Garden Club and served two years as President of the League of Women Voters in Newtown, CT and Boxford, MA. Ms. Caperonis has two children, four grandchildren and moved to Edgewood with her husband in 2016. Over the past two years, she has served as Vice President of the Resident Council at Edgewood and in 2022 became President of the Resident Council.

Michael D. Consoli

Mr. Consoli grew up in Groveland, MA and graduated from Pentucket High School and Merrimack College. After many years in the high-tech sales world, he started selling real estate. In 2012 he opened his own brokerage in North Andover. Mr. Consoli has been married for over 20 years and has two young children. They live in North Andover.

Paul A. Hedstrom

Attorney Hedstrom obtained his law degree from Syracuse University College of Law in 1973. He is a member of the Massachusetts Bar since graduating and the US Supreme Court Bar since 2013. He is currently employed with Boston Global Investors LLC since 2016. He had been a Partner with Hinckley Allen from 1987 – 2016. Prior to that he was an Associate with Csaplar & Bok from 1973 – 1978 and a partner with Snyder, Tepper & Comen from 1978 - 1987. He served as Boston Office Managing Partner for Hinckley Allen from 1993 – 2003. He was a member of Super Lawyers in MA from 2007 – 2013 and was publicly recognized by them for Real Estate acumen. He has professional affiliations with the American Bar Association in Boston, the Mass Bar Association, NAIOP, and the Real Estate Finance Association. He is on the Boston College Club Board of Governors, the Catholic Lawyers Guild of Boston, and has been on a variety of Boards including the North Andover Planning Board and the MA Federation of Planning and Appeals Boards. He has also done several Lectureships including teaching courses at Bentley College and the Syracuse University College of Law.

Swaithia Maripuri, D.M.D.

Dr. Maripuri received her bachelor's degree in chemistry from the University of Maryland, College Park. She graduated Summa Cum Laude from Tufts University School of Dental Medicine.
Dr. Maripuri practices at Torrisi & Bruba Dental Associates and teaches full body anatomy at Tufts

University School of Medicine part-time. She is also currently getting her master's in public health to be able to help the underserved received quality and timely dental care with her master's degree. While not practicing or teaching, Dr. Maripuri enjoys trying new foods, traveling, and spending time with her dog, Louie.

Hugo F. Overdeput

Mr. Overdeput is Vice President of Colliers International in New Hampshire and is licensed in both New Hampshire and Massachusetts. He is fluent in French, Dutch, English, and Portuguese. He began his career in commercial real estate in 2000, and in 2003, he obtained his Certified Commercial Investment Member (CCIM) designation at the CCIM National Convention held in San Antonio, TX. Having lived in Salem for over 20 years, he has long-term involvement and history with the town. Currently, he is serving a third term on the Salem Economic Development Action Committee, which gives him valuable insight on plans for upcoming economic development in the area. He is also an active member with the Greater Salem Rotary Club. Before joining Colliers International, Hugo ran his own consulting firm in Portugal, Europe. During that period, he was contacted by Planal sa, the owner of a 2,000-acre exclusive resort in Southern Europe known as Quinta do Lago, to implement, develop, and direct their worldwide commercial division. Under his management, the biannual "Unique" magazine, published by Planal sa, received the Algarve Tourism Board Award in 1996. Prior to Portugal, Hugo was active in the financial banking industry as the International Sales and Marketing Director for SWIFT, sc, headquartered in Brussels, Belgium.

Donald P. Piccirillo

Mr. Piccirillo has earned a Bachelor of Science degree from the Whittemore School of Business at the University of New Hampshire in Durham. He has been employed at Jackson Lumber since 1982 holding a variety of positions including most recently working on Software Design and Development and as the Business Development Leader.

Sayeeda Rahman, MD

Dr. Rahman is board certified in Internal Medicine. Her medical degree is from the University of Dhaka in Bangladesh. She completed her Medical Internships in Bangladesh as well as at The

New York Hospital-Cornell Medical Center, NY, NY. After completing her residency, she joined the faculty practice of New York Down Town Hospital where she worked as a clinical instructor at Cornell University as well as with the Downtown Medical Associates private practice, before moving to the Boston area. She then practiced with Community Medical Professionals in North Andover as well as in her own private practice before joining Pentucket Medical Associates. Her current primary care practice is with Partners Physician Community Organization in Andover, MA, a division of Mass General Hospital.

She has been Medical Director at Evercare Collaborative Solutions, Sutton Hill, Academy Manor and Edgewood Retirement Community. She has often been an advisor and keynote speaker for the Boards of Pfizer, Daiichi Sankyo and other major pharmaceutical companies over a period of 12 years. She is a member of the American Medical Association, the American College of Physicians and Mass Medical Society.

Richard E. Sumberg

Mr. Sumberg has been providing financial advice since 1985. He founded The Financial Advisors in 1991 to deliver professional financial services to a diverse clientele. He is a graduate of Boston College with a degree in business administration and earned a master's degree in business administration from Suffolk University. In addition to many professional and community charitable activities, Mr. Sumberg serves as president of the Board of Merrimack Valley Habitat for Humanity.

Michael Tule, Esq.

Mr. Tule is a partner in the law firm of McLane Middleton, a Manchester, New Hampshire based full-service law firm, since 2008. He is Vice Chair of McLane's corporate department, with substantial expertise advising companies and senior management on a wide range of legal and business issues. He is a admitted to practice in New Hampshire, Vermont and Massachusetts.

From 1996 to 2000, Mr. Tule was Vice President, General Counsel and Secretary of NEXIQ Technologies, Inc. (NASDAQ: WPIC) a Manchester, New Hampshire based provider of power conversion products, handheld computers, and diagnostic tools for commercial vehicles. From 2000 to 2007, he was Senior Vice President, General Counsel and Secretary of Rock of Ages Corporation (NASDAQ Global: ROAC), an integrated quarrier, manufacturer and retailer of dimension stone blocks, granite memorials and precision granite products based in Barre, Vermont.

He is recognized by Chambers USA and Best Lawyers for corporate law and mergers and acquisitions. He has served on several boards, including the New Hampshire Preservation Alliance, Beaver Brook Association and Boys and Girls Club of Souhegan Valley.

Mr. Tule received his J.D. from Northeastern University School of Law and his B.A. from the University of Vermont.

Hollis Young

Ms. Young is a graduate of Wellesley College and Boston College Law School. Professionally, she has practiced law for over 40 years, chiefly in the areas of housing, housing development, contracts, and employment; retiring as General Counsel of the Boston Housing Authority. She and her husband, Josh, moved to Edgewood in 2016. Since then, she has served on the Health Committee, Buildings and Grounds Committee and currently chairs the Environment Committee. She co-manages Edgewood's convenience store with another resident, and enjoys working in Edgewood's gardens.

Sarah McEvoy

Ms. McEvoy has over 40 years of experience in healthcare working as an administrator for Brittany Healthcare Center and Villa Crest Nursing and Retirement Center. She earned the highest customer satisfaction rating as the National Healthcare Corporation Administrator of the Year and served as the President on the Board of Directors for the Manchester Boys and Girls Club. Most recently, she completed a Clinical Pastoral Education at the Chaplaincy Institute and worked as a Co-Convener for the Elder Care Research Network at Transforming Chaplaincy in Rush University Medical Center.

Robin Gorski-Routhier

Ms. Gorski-Routhier is a highly experienced tax professional with experience in providing tax planning, consulting and compliance services. She studied at Merrimack College where she obtained her BSBA with a major in Accounting and obtained her Masters of Science in Taxation (MST) at Bentley University. She is a member of the MA Society of CPA's serving in the Taxation Committee and Women's Golf Outing Committee.

RESIDENTS' ASSOCIATION AND RESIDENT COUNCIL

The residents of Edgewood have established a Residents' Association. The Residents' Association ("Association") has established a Resident Council ("Council"). The members of the Council are elected by the Association. The Council meets monthly. All residents are invited to attend regularly scheduled Association and Council meetings.

The purpose of the Association and Council is to represent the residents in relations with the Administration of Edgewood, to develop good fellowship among the residents, to promote and provide for the general welfare of the residents, and to assist the Edgewood Board of Trustees as appropriate.

ADMINISTRATION

Edgewood is managed by a team of qualified executive employees with significant experience in senior housing. The responsibilities of Edgewood's executives include preparing and adhering to annual budgets, maintaining a system of financial controls, implementing and overseeing clinical and safety protocols, compliance with applicable laws and regulations, hiring, training and supervising staff, and ensuring the highest possible level of services to Edgewood residents within the organization's financial means. Edgewood's executives consult with professional advisors, such as accountants, lawyers, and health care providers, as necessary and appropriate. The Chief Executive Officer of Edgewood reports to its Board of Trustees.

Marlene Rotering served initially as Executive Director of Edgewood in August 1996 and in 2012 was hired as Edgewood's President and Chief Executive Officer. Formerly, Ms. Rotering was employed by Life Care Services for almost 21 years. Her career in senior housing management started in 1991, when she joined Life Care Services as an administrator-in-training. Ms. Rotering earned a Bachelor of Science Degree from the school of Business at Quinnipiac University. She is a member of the LeadingAge of Massachusetts, a national group of leaders in senior housing. She previously served on the Sisters of Mercy Board of Directors and participated as a member of the Boston Executive Board.

Jane Sullivan, Chief Financial Officer, joined Edgewood in August 2006. Ms. Sullivan's entire career has been spent primarily in Health Care. Prior to joining Edgewood, she was the Vice President of Operations for the New England Division of Home Health Corporation of America, Inc., a national home health, durable medical equipment company. Ms. Sullivan also held the position of Chief Financial Officer for Nursing Services, Inc., of Salem, New Hampshire. Prior to these roles, she was Director of Accounting for South Shore Hospital, South Weymouth, Massachusetts.

David Botte is the Executive Director at Edgewood Retirement Community, Inc. he holds a Nursing Home Administrator License in the Commonwealth of Massachusetts and in the State of New Hampshire. David has over 14 years of Nursing Home and Senior Living experience and has earned a B.S. Degree from the Isenberg School of Management at The University of Massachusetts Amherst with a focus in Hospitality Management. Mr. Botte served as Edgewood's Administrator prior to becoming the Executive Director in 2023.

II. THE COMMUNITY

THE LOCATION

Edgewood is located on 100 acres bordering Lake Cochichewick, just north of the intersection of Osgood and Stevens Streets in North Andover, Massachusetts. The site is on Edgewood Farm and is largely preserved as open space.

EDGEWOOD

Edgewood opened in March 1997 and consists of 216 residential apartment residences and 24 cottages. The cottages range from 1671 to 2470 square feet of living space. Each cottage has distinct features. The various apartment styles include: one-bedroom, one-bedroom classic, one-bedroom deluxe, one-bedroom with den, two-bedroom, two-bedroom custom, two-bedroom classic, two-bedroom deluxe, two-bedroom with den, two-bedroom deluxe with den, two-bedroom select, two-bedroom premier, two-bedroom premier deluxe, two-bedroom master with den, two-bedroom grand, and two-bedroom loft units. All residential buildings are connected by common corridors and elevators. The apartment residents have indoor access throughout Edgewood. All residences are equipped with safety features such as emergency nurse call signals in the bedrooms and baths, full sprinkler systems, smoke alarms and carbon dioxide alarms.

Edgewood includes several common spaces available to all residents. They include a formal dining room, a bistro, a private dining room, an indoor lounge, a living room, a card room, a veranda, guest suites, a library, a billiards room, an arts and crafts studio, an art gallery, a beauty/barber shop, a, , a convenience store, a woodworking shop, an auditorium, a clinic, a computer room, resident meeting rooms, an indoor, heated swimming pool, and a fitness center.

The Meadows is the 40-bed health center that consists of private and semiprivate rooms, a physical therapy room, an arts and crafts therapy area, a dining room, and a lounge. The Meadows provides care for short-term restorative or therapeutic care as well as long term care.

The Woodlands Inn is a state-of-the-art memory support and assisted living facility that opened in summer 2018. It provides a warm, homelike setting that empowers members to maintain their highest level of independence. Each specialized residence is based on the innovative Small House model. Along with a highly trained 24/7 care team, The Woodlands Inn offers a secure and interpersonal atmosphere that contributes to greater wellness and quality of life.

In addition to the primary intent of Edgewood, which is to assure the residents of life care throughout their senior years, Edgewood's mission is to create and nurture an environment where the residents are architects of their own well-being. The design of the hub of the facility, The Club House, provides large areas for shopping, recreation, dining, and social meeting rooms without detracting from the homelike environment of the individual units.

PERSONNEL

In addition to its' administration, Edgewood employs medical personnel including registered nurses, licensed practical nurses, and nursing paraprofessionals. A medical director and a dietitian are hired on a consulting basis and Edgewood has contracted the services of physical, occupational and speech therapists. Other employees include a culinary director, facilities director, marketing director, receptionists, community engagement director, wellness specialist, a certified activities director for The Meadows, maintenance staff, groundskeepers, security personnel, housekeeping personnel, kitchen staff, dining room personnel, accounting director and staff, administrative support, human resource staff, and transportation personnel.

SERVICES AND AMENITIES

A description of the services and amenities to be provided by Edgewood is attached as Exhibit A. In accordance with the terms of the Residency Agreement and in addition to providing a residence for lifetime use by the resident, Edgewood provides the following services and amenities:
(1) maintenance and cleaning of the residence and commons spaces; (2) food service according to the terms of the Residency Agreement; (3) the services of a community engagement director; (4) security, (5) scheduled local transportation services; (6) certain services in The Meadows; (7) a Resident Services program; (8) Care Management services; and (9) various administrative services. Some of these services and amenities are provided for an extra charge and are not included in the Monthly Fee as described in the Residency Agreement.

Semiprivate accommodations and services in The Meadows (see The Meadows section for more details) will be available to all residents of Edgewood. With direction from his or her attending physician, a resident may be admitted directly to The Meadows from a residence or from the hospital. Residents who can do so are encouraged to return to their residences as soon as possible. Residents who are unable to return to their residence, however, have the benefit of permanent care in The Meadows.

Residents who do not require care in The Meadows, but who need additional personal services to continue occupancy in their residence, are eligible, at an extra charge, to receive services from the Resident Services program. This program is not provided by The Meadows nursing staff, but by other Edgewood staff members. Services such as bathing, dressing, shopping, escort, nursing services, care management and assistance with scheduling and travel to physician appointments are all made available to the residents under the Resident Services program.

The Woodlands Inn opened in June 2018 as a welcoming, innovative small house model. It is intended for residents who require assisted living and memory support. Each of the four specialized households is based on the small house model to provide a safe, secure, and interpersonal homelike atmosphere. These thoughtfully designed homes are a welcome alternative to traditional, and often clinical, care centers. The small-scale homes intentionally eliminate long hallways, making it easier for residents to move independently and bright lighting supports the needs of those with memory loss. Amenities at each household include open kitchen and dining area, family room area, laundry room, spa, private courtyard and garden area, on-site beauty salon and barbershop, on-site rehabilitation gym, access to Edgewood's Clubhouse amenities and Rokous Health Clinic, and priority admission to The Meadows, a certified Hearthstone Center of Excellence.

THE MEADOWS

Edgewood has an on-site health center known as The Meadows. It is licensed to provide skilled medical care and nursing services under the licensure requirements of the Commonwealth of Massachusetts. The Meadows is also Medicare certified.

The Meadows is staffed to provide short-term rehabilitation and long-term care to its guests. First preference for admission is given to Edgewood Residents. Residents may be admitted directly to The Meadows from their residence with a physician's order and need not come from a hospital.

A physician is retained on a consulting basis to be the Medical Director. The Medical Director is responsible for medical supervision of The Meadows operations, quality of care and resident care planning.

If the medical team determines that a resident requires temporary skilled nursing care, such care will be provided at The Meadows at the same rate as if the resident were continuing to live in his or her residence. The Meadows staff, along with the resident's primary physician, will determine the appropriate level of nursing care required upon admission to The Meadows. As part of the determination, the resident's long-term ability to return to his or her residence will be evaluated. The nursing staff will provide an appropriate plan of care, the ultimate goal of which shall be, if at all possible, to return the resident to his or her residence as soon as possible.

A resident of Edgewood who is permanently assigned to The Meadows does not automatically release his or her residence. Each resident is free to make the determination as to when to release his or her residence under such circumstances. This gives residents the opportunity to maintain their private residences even after relocating to The Meadows. Upon release of the residence, each resident pays fees for care in The Meadows equal to the Monthly Fee applicable to the resident’s current Monthly Fee.

Residents of Edgewood are provided with 90 days of cumulative care in The Meadows at no extra charge other than for extra meals and other services not covered by the Monthly Fee. After the resident has used 90 days of cumulative care, then the resident's Monthly Fee depends upon one of four different conditions outlined in detail in Section 6 of the Residency Agreement.

Regardless of whether a resident is temporarily or permanently assigned to The Meadows, the resident will be charged for extra meals not covered by the monthly fee, medical treatment, medicine, drugs, prescribed therapy and other medical and miscellaneous supplies, equipment and services associated with the medical treatment.

Accommodations in The Meadows are provided in a semiprivate room. If a resident desires an available private room, the resident may obtain a private room if available and will be required to pay the then current difference between private and semiprivate room rates.

If emergency medical care is required, the resident's attending physician and the resident's family or personal representative will be notified. The resident is responsible for the charge for the services of his/her personal physician and for the charges for medication, therapy, or various supplemental services.

Edgewood provides a certified recreation therapist for The Meadows who is responsible for coordinating and directing the arts, crafts, social, and recreational activities. The focus of the activities is appropriate to the individual patient care plan.

Likewise, residents will be allowed to visit their Edgewood residence with an escort as a part of the rehabilitation process and as specified in the resident's nursing care plan. If a volunteer escort is not available, the resident may hire one through Edgewood's Resident Services Department.

In the unlikely event The Meadows is fully occupied, the resident will be provided nursing care in a nursing care facility of comparable quality. To the extent Edgewood would be liable for the resident's care and accommodations in The Meadows under the Residency Agreement, Edgewood will be responsible for the charges associated with the alternate nursing care accommodations (excluding a Medicare stay) so long as the resident continues to pay the monthly fee until the resident returns to Edgewood.

The Residency Agreement (see Exhibit B) sets forth in greater detail the extent of health care provided and the terms for providing this care.

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III. THE PROPOSAL

THE LIFE CARE CONCEPT

The LifeCare concept ensures an individual lifetime use of a residence, support services and long-term nursing care in an on-site health center if he or she is no longer capable of occupying his or her residence. This concept has grown as the result of the increasing number of seniors and the concern for providing alternatives to traditional senior living. At Edgewood, a resident pays an Entrance Payment consisting of a Down Payment and a Balance Payment and a one-time Capital Reserve Fee in accordance with the terms of the Residency Agreement executed by each resident. The resident begins paying a Monthly Fee on the earlier of (i) the date he or she moves into Edgewood, or (ii) within 90 days of signing a residency agreement for the resident's apartment or home. A resident who resides in a residence may relocate to The Meadows on a temporary or permanent basis.

THE RETURN-OF-CAPITAL™ PLAN

The LifeCare concept has evolved over the years in many ways. Probably the most dramatic change is the handling of the historical, one-time entrance fee, or "Entrance Payment." Originally the Entrance Payment became the property of the provider on the day the resident assumed occupancy. This appeared to some to be inequitable for an individual who was a resident for only a short time, despite the balancing effect for the very long-term resident. As a consequence, providers began offering partial repayments to estates of residents, based on a resident's term of residency. In other words, the provider "earned" the Entrance Payment over a period of time until the repayment became zero.

Edgewood's Return-of-Capital™ residency agreement (the "Residency Agreement") provides residents with an opportunity to receive a partial repayment of the Entrance Payment. After occupancy, if the resident elects to leave, or in the event of the resident's death, the resident or resident's estate may be entitled to repayment of a portion of the Entrance Payment. The partial repayment is subject to the deductions specified in the Residency Agreement and will be paid after the resident's residence is reoccupied and payments are made by the new resident under a new Residency Agreement. A copy of the Return- of-Capital™ Residency Agreement is attached to this Disclosure Statement as Exhibit B.

In anticipation of meeting the needs of residents over time, ERCI recognizes the need to be able to update the Residency Agreement. Thus, ERCI reserves the right to offer to prospective residents revised forms of the Residency Agreement from time to time.

SUMMARY OF RESIDENCY AGREEMENT TERMS

Upon deciding to become a resident of Edgewood, a future resident will execute a Residency Agreement to reserve the residence selected. The type of Residency Agreement depends upon the residence being reserved. When a prospective resident selects an apartment or cottage, the appropriate Return-of-Capital™ Residency Agreement will be executed.

Residency Agreements are subject to acceptance by ERCI. At the time of signing a Residency Agreement, the resident's health must permit occupancy of a residence, unless ERCI waives this requirement in its discretion. After making the Entrance Payment, the resident must have sufficient financial resources to permit payment of the Monthly Fee, plus other personal expenses which may be reasonably expected, and to meet anticipated increases in the cost of living and increases in the Monthly Fee. ERCI may not cancel the Residency Agreement after it has accepted a resident, except for just cause as set forth in the Residency Agreement.

A summary of the Residency Agreement and terms of residency is set forth below. The summary explanation of the Residency Agreement contained in this Disclosure Statement is qualified by reference to the Residency Agreement (see Exhibit B) which will prevail in the event of any conflict between their specific terms and the summary below.

1. **Payment of Down Payment.** A resident is required to pay a Down Payment to ERCI at the time the resident signs a Residency Agreement (if there are two residents, a second person Down Payment is paid at the time the Balance Payment is paid) as outlined in Section 1.1.1 of the Residency Agreement.

2. **Repayment of Down Payment Prior to Occupancy.** Prior to occupancy, the Down Payment is fully repayable, without interest, if (i) ERCI does not accept a resident's application for residency; (ii) a prospective resident changes his or her mind within 14 days of signing a Residency Agreement; or (iii) due to death, injury, illness or incapacity the prospective resident cancels the Residency Agreement. In all other cases, if the resident changes his or her mind prior to occupancy, ERCI will retain from the Down Payment 1% of the full Entrance Payment and the balance will be repaid to the resident, without interest within 60 days from the date ERCI receives such notice of cancellation.

   After occupancy, the Entrance Payment may be fully repayable, partially repayable, or non-repayable, as outlined in the Residency Agreement.

3. **Payment of Balance Payment.** A resident of an existing residence is required to pay the Balance Payment of the Entrance Payment to ERCI on the earlier of (i) within 90 days of the date the resident signs the Residency Agreement or (ii) the date the resident occupies the residence.

4. **Repayment of the Balance Payment.** The Balance Payment is repayable by Edgewood as set forth in Section 2 of the Residency Agreement.

5. **Payment of a One-Time Capital Reserve Fee.** A resident is required to pay a one- time Capital Reserve Fee to ERCI at the same time the resident pays the Balance Payment. The Capital Reserve Fee is equal to the then-current Monthly Fee and will be placed in a working capital account to be used only for purposes related to Edgewood.

6. **Repayment of the Capital Reserve Fee.** The Capital Reserve Fee is non- repayable.

7. **Payment of the Monthly Fee.** A resident is required to pay a Monthly Fee to ERCI during each month of his or her residency at Edgewood. For a more complete description of the Monthly Fee, see "Monthly Fee" on page 21 of this Disclosure Statement. The Monthly Fee is intended to be used by ERCI only for purposes related to Edgewood.

8. **Charges for Nursing Care Services in The Meadows.** Semiprivate nursing care will be provided in The Meadows without extra charge for 90 cumulative days (if there are two residents, 90 cumulative days for each resident, but the allowance cannot be combined and used by only one resident) except the resident will be responsible for the charges for extra meals not covered by the Monthly Fee and ancillary items and services.

   After the resident receives 90 cumulative days of care in The Meadows, the charges for care in The Meadows will depend upon whether the resident releases his or her residence. A more detailed description of the care provided in The Meadows can be found in Section 6 of the Residency Agreement.

9. **Miscellaneous Extra Services and Charges.** Certain items and services are available for an extra charge such as additional meals not covered by the Monthly Fee, use of the beauty/barber shop, services provided by Resident Services as outlined in Section 5 of the Residency Agreement, and services not included in the Monthly Fee.

10. **Cancellation.** Cancellation rights are described in the Residency Agreement. Prior to occupancy, a Residency Agreement may be rescinded by the resident upon written notice of cancellation to ERCI in the circumstances described in items (ii) and (iii) of paragraph 2 above. In such event, the full amount of the Down Payment paid by the resident will be repaid within 60 days, without interest, less any nonstandard charges incurred by ERCI at the resident's request and as described in any addendum to the Residency Agreement. In the event of cancellation after occupancy, ERCI may retain the lesser of (i) the Down Payment or (ii) an amount equal to 1% of the Entrance Payment for each full or partial month of residency, with partial months to be prorated.

MANAGED CARE

If the resident has chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B and supplemental insurance coverage, the terms governing care in The Meadows are as follows:

1. If The Meadows is a participating provider in the resident's managed care program and the resident's stay is a Medicare-qualified stay, The Meadows will accept, as full payment, reimbursement at the rate negotiated with the resident's managed care program. Such a managed care stay in The Meadows will not reduce the 90 cumulative days of care that the resident is eligible to receive without extra charge pursuant to Section 6.1 of the Residency Agreement.

2. If The Meadows is not a participating provider in the resident's managed care program and the resident chooses to receive health care services at a managed care participating provider after a Medicare-qualified hospital stay, then the resident understands and agrees that he or she must relocate to a participating managed care provider for as long as necessary for those services to be provided, and must be responsible for all charges for those health care services. In addition, while receiving health care services at the managed care participating provider, the resident will continue to pay the Monthly Fee unless the Residency Agreement is cancelled. Such a Medicare-qualified stay at a managed care participating provider other than The Meadows will not reduce the 90 cumulative days of care that a resident is eligible to receive without extra charge pursuant to Section 6.1 of the Residency Agreement.

3. If The Meadows is not a participating provider in the resident's managed care program and the resident would still like to receive health care services in The Meadows during a Medicare qualified stay, ERCI will attempt to negotiate an acceptable reimbursement rate with the resident's managed care program. If The Meadows is able to negotiate an acceptable rate, The Meadows agrees to accept as full payment the rate provided by the resident's managed care program. Such a managed care stay in The Meadows will not reduce the 90 cumulative days of care that the resident is eligible to receive in The Meadows without extra charge pursuant to Section 6.1 of the Residency Agreement.

4. If The Meadows is not a participating provider in the resident's managed care program and a negotiated rate is not agreed upon and the resident would still like to receive health care in The Meadows during a Medicare-qualified stay, then each day of the resident's stay in The Meadows will reduce by one day the number of cumulative days of care that the resident is eligible to receive without extra charge pursuant to Section 6.1 of the Residency Agreement. During any Medicare-qualified stay in The Meadows, the resident will continue to pay the Monthly Fee and will also pay for the extra charges for extra meals not covered by the Monthly Fee, and the extra charges for medicine, drugs, prescribed therapy, medical treatment by physicians, nursing supplies and other medical and miscellaneous supplies and services associated with medical treatment. If at any time during any Medicare-qualified stay in The Meadows the resident is no longer eligible to receive any of the cumulative days of care provided for in Section 6.1 of the Residency Agreement, the resident will pay the per diem rate for the resident's care in The Meadows, and charges for medicine, drugs, medical treatment by physicians, nursing supplies and any other medical and miscellaneous supplies and services associated with medical treatment, in addition to continuing to pay the Monthly Fee.

5. At the conclusion of each Medicare-qualified stay, the resident will be entitled to care in The Meadows in accordance with the terms of the Residency Agreement other than as set forth above.

MONTHLY FEE

For existing residences, the resident is required to pay the one-time Capital Reserve Fee and the Balance Payment on the earlier of either (i) within 90 days of the date the Residency Agreement is executed or (ii) upon the date of occupancy, as explained in the Residency Agreement. In addition, the resident will begin to pay the Monthly Fee as described in the Residency Agreement.

The amount of the Monthly Fee in effect at the time the Residency Agreement is executed will be clearly stated in the Residency Agreement. The total Monthly Fee is higher when a second person shares a residence. The amount of the Monthly Fee payable by all residents may be adjusted upon 30 days' written notice if Edgewood deems it necessary to meet the financial needs of operating Edgewood and/or providing services to residents. The Monthly Fee will not be adjusted more than once each year.

ESTATE PLANNING

The Residency Agreement provides for payment of the Entrance Payment in two parts: the Down Payment and the Balance Payment. Pursuant to the Residency Agreement, a portion of the Entrance Payment may be repayable to a resident's estate upon the death of the resident (or the death of the surviving resident). If a resident is entitled to a repayment, such repayment will be paid, without interest, within 30 days of re- occupancy of the residence by a new resident and upon ERCI’s receipt of the Entrance Payment from the new resident.

In the absence of any agreement between the residents of a double-occupied residence which has been provided to ERCI, the repayment will be repayable to the estate of the surviving resident. Residents of a double-occupied residence who wish to make other provisions as to whom the repayment would be repayable should consult with their attorney for an appropriate agreement. It is the responsibility of the resident to make ERCI aware of the existence of any such agreement and to provide a copy of the agreement to ERCI. No other rights under the Residency Agreement are assignable. A form for Assignment of Rights to Repayments is available for review by the resident or by the resident's financial or legal advisor upon request.

IV. FINANCIAL MATTERS

FINANCIAL STATEMENTS

Edgewood's fiscal year ends on December 31. Copies of the two (2) most current certified financial statements (for 2021 and 2022) are attached as Exhibit C to this Disclosure Statement. It is important for future residents, their families, and their advisors to understand the financial basis on which Edgewood is developed and operates.

FINANCING

Financing for Edgewood Retirement Community, Inc. ("Edgewood") has been provided through various series of new money and refunding bonds issued by the Massachusetts Development Finance Agency (the "Issuer") in 1995, 2000, 2008, 2013 and 2017. Edgewood currently has one series of bonds outstanding:

$58,700,000 Massachusetts Development Finance Agency Revenue Bond, Edgewood Retirement Community, Inc. Issue, Series 2017 (the "Series 2017 Bonds"):

The Series 2017 Bonds are owned by TD Bank (the "Bank") and mature on April 15, 2047, and have an interest rate of 2.53% through April 15, 2027. The Series 2017 Bonds are subject to mandatory tender by the Bank on April 15, 2027, at which time Edgewood will either need to extend the commitment with TD Bank, convert the Series 2017 Bonds to another interest rate or mode, refund the Series 2017 Bonds, or repay the Series 2017 Bonds in full.

The Series 2017 Bonds were issued pursuant to a Loan and Security Agreement (collectively, the "Agreement") dated as of March 1, 2017, among the Issuer, Edgewood (as the borrower), and the Bank. Pursuant to the Agreement, the Issuer has loaned to Edgewood the proceeds of the Series 2017 Bonds, the repayment of which is a general obligation of Edgewood to which its full faith and credit are pledged. As security for the Series 2017 Bonds, the Issuer has assigned to the Bond owners all of its rights, title and interest in and to, and remedies under, the Agreement, except for certain reserved rights. The Series 2017 Bonds are also secured by security interests in certain of Edgewood's personal property and a mortgage on its real estate.

Proceeds of the Series 2017 Bonds have been used to: (i) refund the $13,040,000 Massachusetts Development Finance Agency Revenue Bonds, Edgewood Retirement Community, Inc. Issue, Series 2013A and the $26,960,000 Massachusetts Development Finance Agency Revenue Bonds, Edgewood Retirement Community, Inc. Issue, Series 2013B formerly held by Bank of America; (ii) fund the memory care expansion project and miscellaneous capital expenditures in the amount of $18,286,839; (iii) pay capitalized interest during the construction phase of the financed expansion; (iv) pay a swap termination fee and make-whole fees to Bank of America; and (v) pay certain costs of issuance associated with the Series 2017 Bonds. The prior issues, which are no longer outstanding, have been used to (1) construct and expand Edgewood over the years, (2) refund prior issues, (3) pay costs of issuance, and (4) fund various reserves.

V. REGULATORY MATTERS

CONTINUING CARE STATUTES

Edgewood is subject to the provisions of Section 76 of Chapter 93 of the General Laws of the Commonwealth of Massachusetts regulating the sale of life leases and long- term leases in retirement homes (the "Statute"), which was enacted in 1982. Pursuant to the Statute, ERCI is required to deliver a Disclosure Statement to a prospective resident upon the earlier of a Residency Agreement being executed or the transfer of money or other property to ERCI. Copies of the Disclosure Statement and the Residency Agreement are required to be filed with the Executive Office of Elder Affairs.

LICENSURE OF THE MEADOWS

The Meadows is currently licensed by the Massachusetts Department of Public Health for 40 beds to provide skilled nursing care and is required to pass yearly inspections to maintain skilled nursing licensure. The Meadows is Medicare Certified.

LICENSURE OF THE WOODLANDS INN

The Woodlands Inn is currently licensed by the Massachusetts Executive Office of Elder Affairs for 40 beds to provide assisted living care and is required to pass inspections every two (2) years to maintain assisted living licensure.

TAX DISCUSSION

The signing of the Residency Agreement and payment of the Entrance Payment and Monthly Fee gives rise to certain unique tax considerations. The discussion below outlines the process which will be utilized to determine the percentage of the Entrance Payment and Monthly Fee that the resident may choose to deduct as a medical expense. The discussion below is not tax advice. Each resident is advised to consult with his/her personal tax advisor regarding the tax consequences associated with becoming a resident of Edgewood. ERCI is not a tax advisor and disclaims any responsibility for any tax advice relating to individuals becoming a resident of Edgewood.

MEDICAL EXPENSE DEDUCTION

A resident of Edgewood may be allowed tax benefits associated with his or her residency at Edgewood. A percentage of the non-repayable portion of the Entrance Fee may qualify as a medical expense deduction in the year in which it is deemed finally paid. Also, a percentage of the Monthly Fee paid by a resident may qualify as a medical expense deduction each year. In February of each year, ERCI will issue a letter or statement to the residents stating the portion of the prior year's Monthly Fee that has been determined to be attributable to health-related expenses at Edgewood. ERCI makes no representation as to whether a resident may properly deduct these expenses for income tax purposes. All deductions are subject to limitations imposed by the Internal Revenue Code of 1986, as amended. It is highly advisable that the residents seek the advice of their tax counsel before taking this deduction.

VI. EXHIBITS

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EXHIBIT A:
DESCRIPTION OF SERVICES AND AMENITIES

The services and amenities provided by Edgewood to residents are listed in the Residency Agreement, which governs all such obligations. To more fully explain the nature of these services and amenities, the following detailed description has been prepared. Subject to the terms of the Residency Agreements, these services and amenities may be modified by Edgewood from time to time to best meet the needs of Edgewood residents. Residents will be advised of any changes in these services and amenities through Edgewood's Residents' Association.

Activities (see Life Enrichment)

Ancillary Health Care Services

Any health care services, whether or not ordered by a physician, which are not explicitly listed in the Residency Agreement as services and amenities provided to all residents which are included in the Monthly Fee, are regarded as ancillary health care services and if they are provided to a resident will be at an extra charge. A current schedule of charges for ancillary health care services will be available during normal business hours at Edgewood's administrative office.

Beauty and Barber Shop

A beauty and barber shop is located in the common area of Edgewood, as well as the Woodlands Inn. The services provided by professional beauticians and barbers are available at an extra charge.

Cable Television

Each residence has cable jacks in various locations and basic cable. Other cable plans or internet service is arranged by the resident and at the resident's expense.

Culinary Services

Culinary service is provided at two venues at Edgewood. The Bistro 575 offers a continental or full breakfast, lunch and dinner. The main dining room provides lunch and dinner. Menus include soup, salad, choice of entrée, beverage, and dessert. Lighter fare is also available for lunch and dinner.

Temporary tray service for residents is provided through the Resident Services department upon order of the resident's physician. There is no extra charge to the resident for temporary tray service when ordered through the Resident Services Nurse Manager for a period of up to 3 days. For tray service, after 3 days, there may be an extra charge. The services of the dietitian are provided to the residents on a consultant basis.

Residents must dress and conduct themselves in a socially acceptable manner in the dining room. Waited table service is provided in the Dining Room and Bistro during set hours.

Emergency Call System

All residences have an emergency call system in each bedroom and bathroom. The purpose of the system is to summon help in an emergency. The emergency call system is connected to an indicator panel in The Meadows which identifies the residence from which a signal is initiated. Edgewood personnel who have had emergency training will respond to calls from the emergency call system and will summon any other appropriate emergency services that might be required.

Extra Charges

Other services and amenities may be provided to residents at an extra charge, which will be added to the monthly billing statement. Such services include, but are not limited to, guest accommodations, guest meals, beauty/barber shop services, additional resident meals not covered by the Monthly Fee, additional housekeeping, additional maintenance, extended Resident Services, and such other reasonable services and amenities as may be requested.

Financial Data

Each year, ERCI provides a Disclosure Statement and the most current available audited financial statements for Edgewood are available to the residents, through Edgewood's administration office. Residents are informed of the budgeting process annually (reports and other data required under various statutes will be provided as requested).

Garages

Underground garages are available to residents at an extra charge on a first-come, first-served basis. A copy of the Garage Space Agreement and current charges are available during normal business hours at the marketing office.

Grab Rails

If additional grab rails are desired, installation must be arranged and paid for by the resident.

Gratuities

Gratuities are not permitted, and employees who accept them will be subject to discharge. The residents of Edgewood have established an Employee Appreciation Fund which is dispersed to all employees during the holiday season. This Fund has been established in lieu of tips for the employees' hard work and dedication to the residents.

Life Enrichment

The Community Engagement Director is responsible for scheduling group events, day trips, in-house programs including arts, crafts, Edgewood Life Long Learning courses, as well as one-time only activities and the coordination of the fitness program.

Maintenance of the Residence

Edgewood maintains all common areas and provides weekly housekeeping services. These services are included as part of the Monthly Fee. Housekeeping services include cleaning, dusting, and vacuuming the interior of the residence, washing hard surface floors and windows (as needed). Carpets and ovens are cleaned approximately once a year and, at other times, spot cleaning is done. Furniture is moved once a year for cleaning hard-to-reach areas. Extra cleaning is available for an addition charge.

Monthly Billing Statement

A monthly billing statement outlining the Monthly Fee and any extra charges is placed in the resident's in-house mailbox no later than the fifth business day of each month and is payable upon receipt. Payment may be made at the reception desk or through an automatic withdrawal set up through the accounting department.

Pets

In recognition of the strong role pets currently play in the lives of some of Edgewood's residents, the following Pet Policy has been adopted by ERCI:

a) The opportunity for residents to keep pets is subordinate to the right of each resident to be free from any inconvenience created by other residents' pets. Pet owners are responsible for payment of charges for any damages to the residence, which may be deducted from any Entrance Fee repayment as set out in the Residency Agreement.

b) The maintenance of a pet at Edgewood is a revocable privilege and the determination of the CEO (or his/her designee) concerning the suitability of the pet and any permission or denial to keep the pet in the resident's residence shall be final.

c) The resident shall be responsible for keeping the pet properly restrained and for cleaning up after the pet. The resident shall make arrangements for the care and treatment of the pet in the event of the resident's death or inability to care for the pet and shall notify Edgewood as to what arrangements have been made. The resident will restrict the pet's access to only those areas which are designated as areas in which pets are allowed.

d) In order to protect the residents of Edgewood, this policy is subject to revision.

Prescription Services

Delivery service from one local pharmacy is provided for a nominal fee for the residents' convenience. Contact Resident Services for additional information.

Private Dining Room/Lounge

A private dining room is available for use by residents and their guests. Meals and wait staff are provided at an extra charge. Reservations are required.

Reception Desk

A receptionist is on duty every day from approximately 8:00 a.m. to 8:00 p.m. Payments of monthly billing statements, as well as maintenance requests, postage, transportation, and messages are handled at the reception desk.

Residents' Association

Membership in the Residents' Association is open to all residents of Edgewood. Regularly scheduled Resident Council meetings are held to enable the residents to ask questions and to permit the administration and the Board of Trustees to communicate with the residents. These resident meetings are held monthly.

Resident Parking

Surface parking and underground garage parking are available to the residents. Typically, not all residents require parking; therefore, there is not a parking space for every residence. An additional garage space fee is required for the underground garage parking. Garage spaces are assigned on a first come, first served basis.

Resident Services

As the need developed in the operation of Edgewood, a program of additional personal services was implemented to serve the residents. This program's purpose is to provide assistance to residents so that residence occupancy can continue for as long as possible. This program will not be provided by The Meadows nursing staff, but by other hired and trained staff. Services such as dressing, shopping, escorting, and laundry will be made available to the residents for an extra charge.

Security

Edgewood provides security personnel. For the residents' added safety, all resident entrance and exit doors (except the main entrances during the day) are locked 24 hours per day, requiring the residents to use a key to gain entrance.

Skilled Nursing Care: See section II - The Community, The Meadows

Smoking

Edgewood Retirement Community is a smoke free campus. The campus includes all buildings and grounds. This policy includes not only cigarettes and cigars but e-cigarettes, e- cigars or anything that can be smoked. Residents, staff, guests, vendors, contractors, and all visitors must adhere to the Edgewood no smoking policy.

Telephone Service

Each residence has wired jacks in various locations. Individual resident telephone service is the resident's responsibility and expense.

The Meadows: See section II - The Community, The Meadows

Transportation

Bus and other transportation services are available, as scheduled, seven days a week. Areas of regularly scheduled transportation generally include shopping centers, medical and other professional offices, and places of worship. Additional transportation may be provided for an extra charge to the resident.

EXHIBIT B:
RETURN of CAPITAL ™ RESIDENCY AGREEMENT

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RETURN-OF-CAPITAL™
RESIDENCY AGREEMENT

June 2022

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GLOSSARY

The following described terms are used in the accompanying Agreement. Reference to the Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms.

"Agreement" refers to this Residency Agreement.

"Capital Reserve Fee" refers to the one- time non-repayable fee identified in Section 1.3 of the Agreement.

"Down Payment" refers to the portion of the Entrance Fee paid to us when you apply for a Residence and before it is ready for occupancy.

"Edgewood" refers that life care senior living community known as Edgewood, including all residences (cottages and apartments), The Meadows, and all common areas.

"Entrance Fee" refers to the total of the Down Payment and the Refundable Amount identified in Section 1.1 of the Agreement and is payable in consideration for your Residence in Edgewood and for a room in The Meadows should you be transferred under Section 6 of the Agreement.

"Monthly Service Fee" refers to the Monthly Service Fee identified in Section 3.1 of the Agreement, which is payable in consideration for the services and amenities provided to all residents.

"Occupancy" refers to the earlier of (i) the date Resident moves, or the Resident's personal property is moved, into Edgewood, or (ii) when the Resident acknowledges in writing its acceptance and intention to occupy the Residence and begins paying the Monthly Service Fee.

"Non-Refundable Amount" refers to the portion of the Entrance Fee which we will retain, and which equals the Down Payment subject to adjustments described in Sections 2.1 and 2.2 of the Agreement.

"Refundable Amount" refers to the portion of the Entrance Fee paid to us when you begin Occupancy of your Residence. This also represents the refundable portion of your Entrance Fee, subject to adjustments described in Sections 2.1 and 2.2 of the Agreement.

"Residence" refers to the apartment or cottage at Edgewood identified in Section 1.1 of the Agreement, which you are entitled to occupy in exchange for paying the Entrance Fee and the Monthly Service Fee pursuant to the Agreement.

"Resident" or "you" refers to the person or persons who sign the Agreement as Resident. Sometimes a second Resident (if there are two of you) is referred to in the Agreement as the "second person." Unless otherwise indicated, "you" refers to both of you if there are two of you.

"Second Person Fee" refers to the non-refundable fee for a second person payable upon Occupancy in addition to the Entrance Fee, as described in Section 1.2 of the Agreement.

"The Meadows" refers to the facility forming a part of Edgewood that provides private or semiprivate nursing accommodations for nursing care as identified in Section 6 of the Agreement.

“We,” “our,” or “us” refers to Edgewood Retirement Community, Inc., a nonprofit Massachusetts corporation, which is the owners and operator of Edgewood.

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EDGEWOOD RETIREMENT COMMUNITY, INC.
RETURN-OF-CAPITAL™ RESIDENCY AGREEMENT

THIS RESIDENCY AGREEMENT ("Agreement") is by and between Edgewood Retirement Community, Inc. (hereafter "we," "our," or "us"), the owner and operator of Edgewood, a life care senior living community located at 575 Osgood Street, North Andover, Massachusetts (hereafter "Edgewood") and ____ (the "Resident" or "you"). This Agreement describes the terms of your residency at Edgewood, and each of our respective rights and obligations.

1. ENTRANCE FEE(S) AND ONE-TIME CAPITAL RESERVE FEE

1.1 Entrance Fee. To establish your residence in Edgewood, in accordance with all the terms of this Agreement, you will pay to us an Entrance Fee of $ ______________________. Your Entrance Fee is comprised of two components described below: (i) the Down Payment; and (ii) the Refundable Amount. When you pay us your Down Payment described in Section 1.1.1 below, we will reserve for you Edgewood Apartment/Cottage ______________________________ (the "Residence") while we review your application for residence at Edgewood. If we accept your application, your payment of the Refundable Amount, any second Person Fee (described below), and the Monthly Service Fee described in Section 3 entitles you to occupy the Residence for as long as you are capable of living there, and in The Meadows if you are no longer capable of living in the Residence, all in accordance with the terms of this Agreement.

1.1.1 Down Payment (Non- Refundable Amount). You will pay a first person down payment of $__________________________ (the "Down Payment") to reserve the Residence when you sign this Agreement. The Down Payment equals ten percent (10 %) of your total Entrance Fee and will become non-refundable as described in Sections 2.1 and 2.2 below.

1.1.2 Refundable Amount. You will pay to us the difference between the total Entrance Fee and the Down Payment an amount of $ ____________________________________ (the "Refundable Amount") upon occupancy. This amount equals ninety percent (90%) of your Entrance Fee and is refundable when you no longer are a resident as described in, and subject to the terms and conditions of, Section 2.2 below.

1.2 Second Person Fee. If there are two of you, you will pay us, upon occupancy an additional second-person fee of $______________________________ (the "Second Person Fee"). The entire Second Person Fee becomes nonrefundable as described in Section 2.2 below.

1.3 One-Time Capital Reserve Fee. At the same time you pay the Refundable Amount, you will pay us an amount equal to your then-current Monthly Service Fee (as described in Section 3.1). This is a one-time non-refundable charge which we will place in a working capital reserve account to be used by us only for purposes related to Edgewood as described in Section 11.16.

1A. OCCUPANCY DATE

1A.1 Expected Occupancy Date. At the time of signing this Agreement, it is expected that the Residence will be ready for occupancy by you on ________________ 2022 (the "expected occupancy date").

1A.2 Failure by Us to Have Residency Ready for Occupancy. If we are unable to have the Residence ready for your occupancy by the expected occupancy date, then unless we agree in writing to extend the expected occupancy date, this Agreement will be cancelled automatically.

1A.3 Failure by You to Occupy Residence. If we have the Residence ready for your occupancy by the expected occupancy date and you fail to occupy the Residence for any reason, then unless we agree in writing and at our discretion to extend the expected occupancy date, this Agreement will be cancelled automatically.

2. REPAYMENT OF ENTRANCE PAYMENT

2.1 Cancellation Prior to Occupancy.

2.1.1 Non-Acceptance. If prior to occupancy of the Residence and within 30 days after the date you sign this Agreement, we do not accept you for residency at Edgewood, this Agreement will be cancelled automatically. In such event, we will repay the full amount of the Down Payment you have paid, without interest, as promptly as possible and no later than forty-five (45) days following cancellation.

2.1.2 Cancellation Within 14 Days or Failure to Have Residence Ready to Occupy. If prior to occupancy of the Residence, you change your mind and you give us written notice of cancellation within fourteen (14) days following the date you sign this Agreement, this Agreement will be cancelled automatically. In such event, or if this Agreement is canceled under Section 1A.2, we will repay the full amount of the Down Payment you have paid, without interest, less any nonstandard charges incurred by us at your request and as described in any addendum to this Agreement, no later than forty-five (45) days following the date we receive such notice of cancellation.

2.1.3 Change in Condition. If prior to occupancy of the Residence, (i) you (either of you if there are two of you) die or become unable to occupy your Residence because of illness, injury, or incapacity or (ii) you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition, then upon our receipt of your written notice by registered or certified mail, this Agreement will be cancelled. In such event, we will repay to you or your legal representative the full amount of the Down Payment you have paid, without interest, less any non-standard charges incurred by us at your request and as described in any addendum to this Agreement, no later than 45 days following the date we receive such notice of cancellation.

2.1.4 Cancellation Prior to Occupancy for Other Reasons. In all other situations, if you cancel this Agreement prior to occupancy of the Residence or if it is automatically canceled under Section 1A.3, we will retain as a service fee an amount equal to 1% of your full Entrance Fee and we will repay the balance of your Down Payment, without interest, less any nonstandard charges incurred by us at your request and as described in any addendum to this Agreement, no later than 45 days following the date we receive such notice of cancellation.

2.2 Cancellation After Occupancy. If after you move into the Residence, either of us cancels this Agreement pursuant to Section 7 or 8, or upon the death of the surviving Resident if there are two of you, we will retain an amount equal to one percent (1%) of the sum of your Entrance Fee and Second Person Fee (if any) for each full or partial month of residency up to the combined amount of the Down Payment and the Second Person

Fee (if any). Partial months will be prorated. If you (or your estate) are entitled to a repayment of your Refundable Amount, we will make the payment, without interest, no later than thirty (30) days following the re-occupancy of your Residence by the new resident and upon our receipt of the proceeds of the total then-current Entrance Fee paid by the new resident. Re-occupancy of your Residence by a new resident(s), our receipt of the new Entrance Fee, and your departure from Edgewood are conditions which must be met before you have a right to receive a repayment of your Refundable Amount. If you have moved to The Meadows, released your Residence which is re-occupied and we have received the new Entrance Fee as described above, then we will repay your Refundable Amount within 30 days following your death (or the death of the survivor if there are two of you) or other departure from Edgewood. Further, any such repayment amount also will be reduced and offset by the following:

2.2.1 The amount of unreimbursed health care expenses (except the charges for services described in Section 4 of this Agreement) incurred by us for your care during the time you live in The Meadows;

2.2.2 The amount of any Monthly Service Fee or other sums owed by you to us under this Agreement, or incurred by us pursuant to your specific request and set forth in a separate addendum;

2.2.3 The amount of any Monthly Service Fee or other sums deferred by us on your behalf under Section 8.2; and

2.2.4 All sums expended by us to remove alterations and restore your Residence to its original condition, reasonable wear and tear excepted.

3. MONTHLY SERVICE FEE

3.1 Monthly Service Fee. You will pay to us each month the current Monthly Service Fee which is $________________________ per month for one person and an additional $ ________________________ per month if there are two of you. The Monthly Service Fee is for the services and amenities provided under Section 4.

3.2 Monthly Service Fee Changes. We may adjust the amount of the Monthly Service Fee upon 30 days written notice if, in our sole discretion, we deem it necessary to meet the financial needs of operating Edgewood or to provide the services to the residents (or without notice if such change in fee is required by local, state, or federal laws or regulations). We will provide you with an explanation of any adjustment to your Monthly Service Fee in the 30-day notice.

The following table shows the frequency and average dollar amount of changes in the Monthly Service Fee over the last 5 years. This is historical information and is not necessarily indicative of changes in the Monthly Service Fee which may be required in the future.

Year	Change in Monthly Fee	Frequency of Change	Average Dollar Increase
2023	3.50%	Annual	$202
2022	3.35%	Annual	$187
2021	4.50%	Annual	$220
2020	3.50%	Annual	$166
2019	3.75%	Annual	$168

3.3 Use of Monthly Fee. The Monthly Service Fee will be used by us only for purposes related to Edgewood.

3.4 Payment. You will pay a pro-rata portion of the Monthly Service Fee commencing within ten (10) days of the date of occupancy. Thereafter, such Monthly Service Fee will be billed and payable each month in advance. Any extra charges for additional services requested by you will be billed and payable each month for the additional services obtained during the preceding month.

3.5 Cancellation of Second Person Monthly Fee. If there are two of you who occupy the Residence and one of you dies or is permanently relocated to the Meadows under Section 6 below, then the second person Monthly Service Fee will cease and the person remaining in the Residence will continue to pay the first-person Monthly Fee.

4. SERVICES AND AMENITIES PROVIDED TO ALL RESIDENTS

We will furnish at Edgewood, so long as you reside in a residence, the following services and amenities, which are included in the Monthly Fee:

4.1 One meal per day from the dining room or Bistro 575;

4.2 Water, sewer, air conditioning, heating, and electricity;

4.3 Maintenance and cleaning of the Residence and common spaces;

4.4 Planned in-house activities (social, cultural and recreational) for those who participate;

4.5 Washers and dryers;

4.6 Carpeting (except in kitchen and bath where there will be alternate floor covering);

4.7 Complete kitchen including refrigerator, range/oven, microwave, garbage disposal, and dishwasher;

4.8 Local transportation scheduled by us:

4.9 Twenty-four-hour emergency call system and emergency nursing services to your Residence;

4.10 Nursing care in a semiprivate room at The Meadows, as specified in Section 6;

4.11 Use of all common areas in Edgewood;

4.12 Common use of uncovered, surface parking; and

4.13 Twenty-four-hour security.

5. ADDITIONAL SERVICES PROVIDED FOR AN EXTRA CHARGE.

We will also make available at Edgewood, at your request and so long as you reside in a residence at Edgewood, at the then prevailing rates of extra charge:

5.1 Additional meals over those provided in consideration for the Monthly Fee;

5.2 Tray service to your Residence when ordered by the medical director or director of nursing services;

5.3 Additional housekeeping;

5.4 Resident Services including, but not limited to, such items as assistance with bathing, dressing, transportation, escorting, personal shopping, social day program as determined by evaluation to be appropriate for you.

5.5 Guest rooms;

5.6 Underground parking;

5.7 Beauty parlor/barber shop;

5.8 Services of the medical director not provided in consideration of the Monthly Fee;

5.9 Nursing care in a private room at The Meadows, as available;

5.10 Certain other services such as medicine, drugs, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services, such as those provided at the Rokous Clinic, associated with medical treatment; and

5.11 Other additional services and amenities as may be provided from time to time.

6. <u>THE MEADOWS</u>. If, after consultation with our medical director and your attending physician, your family, or your personal representative, and you to the extent possible, we determine that you need nursing care, you may be temporarily or permanently assigned to The Meadows. We will provide you with semiprivate nursing care services to the extent authorized by our license on the following terms:

6.1 First 90 Days of Nursing Care. We will provide semiprivate nursing care services in The Meadows without extra charge for 90 cumulative days for you (90 days for each of you if there are two of you, but the allowance cannot be combined and used by only one of you), except that you will pay the extra charges for meals not covered by the Monthly Service Fee and for any additional health services as described in Sections 6.5 and 6.6. The Monthly Service Fee for your Residence will continue as before. After you have used the 90 cumulative days, you may choose to release or retain your Residence as described in Sections 6.2 and 6.3.

6.2 More Than 90 Days of Nursing Care When There is One of You. When there is one of you, and you require nursing care beyond the 90 cumulative days and you relocate to The Meadows, your Monthly Service Fee will depend upon whether you choose to release your Residence:

6.2.1 Release Residence. If you choose to release your Residence for occupancy by someone else, the Monthly Service Fee for your Residence will cease. The monthly charges for your semiprivate nursing care services in The Meadows will be equal to the then current Monthly Service Fee you were paying for your Residence. In addition, you will pay the extra charges for the extra meals not covered by the Monthly Service Fee and for any additional health services as described in Sections 6.5 and 6.6.

6.2.2 Retain Residence. If you choose not to release your Residence for occupancy by someone else, you will continue to be charged the Monthly Service Fee for your Residence. You will also pay a separate monthly charge for your semiprivate nursing care services in The Meadows equal to the then current Monthly Service Fee you were paying for your Residence. In addition, you will pay the extra charges the extra meals not covered by the Monthly Service Fee and for any additional health services as described in Sections 6.5 and 6.6.

6.3 More Than 90 Days of Nursing Care When There are Two of You. When there are two of you, and only one of you requires nursing care beyond the 90 cumulative days and such Resident relocates to The Meadows, the monthly charge for the second person semiprivate nursing care services in The Meadows will be equal to the then current first-person Monthly Service Fee you are paying for your residence. In addition, you will pay the extra charges for the extra meals not covered by the Monthly Service Fee and for any additional health services as described in Sections 6.5 and 6.6. The first-person Monthly Service Fee for your residence will continue as before. If both of you require nursing care beyond the 90 cumulative days and both of you relocate to The Meadows, your Monthly Service Fee will depend upon whether you choose to release your Residence.

6.3.1 Release Residence. If you choose to release your Residence for occupancy by someone else, the Monthly Service Fee for your Residence, including the second person Monthly Service Fee will stop. The monthly charge for each of your semiprivate nursing care services in The Meadows will be equal to the then current first-person Monthly Service Fee you were paying for your Residence (i.e. if both of you relocate to the Meadows, you both will pay the first person Monthly Service Fee). In addition, you will pay for the extra charges for the extra meals not covered by the Monthly Service Fee and for any additional health services as described in Sections 6.5 and 6.6.

6.3.2 Retain Residence. If you choose not to release your Residence for occupancy by someone else, the Monthly Service Fee for your Residence, including the second person Monthly Fee, will continue. You each will also pay for your semiprivate nursing care equal to the then current Monthly Fee, including second person Monthly Fee, you were paying for your Residence. In addition, you will pay the extra charges for the extra meals per day not covered by the Monthly Service Fee and for any additional health services as described in Sections 6.5 and 6.6.

6.4 Return to Residence. If you have released your Residence because you have moved to The Meadows, and if we determine in consultation with your attending physician that you are later able to return to a residence, we will provide you a residence of the same type as your Residence as soon as one becomes available. Upon reoccupying such Residence, your Monthly Service Fee will be based on the then current Monthly Service Fee for that Residence.

6.5 Additional Health Services. We may also provide additional services and supplies in The Meadows such as therapy, pharmaceutical supplies, offsite dry cleaning, and rental of equipment. These additional services and supplies are not included in the Monthly Service Fee for the Residence or semi- private nursing care in The Meadows but will be available for an extra charge. Extra charges from such additional services will be used by us only for purposes related to Edgewood.

6.6 Medical Director. We will designate a physician licensed to practice medicine in the Commonwealth of Massachusetts as medical director. The medical director may be available to perform services at your own expense. You have the right to choose your own attending physician. You may engage the services of your attending physician at any time at your own expense. We will not be responsible for the charges for medical treatment by the medical director or your attending physician, nor will we be responsible for the charges for medicine, drugs, prescribed therapy, nursing supplies and similar additional services and supplies. If we incur or advance charges for your medical treatment or for medicine, drugs, prescribed therapy, nursing supplies and similar additional services and supplies (even though such medical care is given at the direction of your attending physician or the medical director without your prior approval), you will promptly reimburse us for such charges.

6.7 Supplemental Insurance. You will maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in The Meadows and shall furnish to us such evidence of coverage as we may from time-to-time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in The Meadows, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in The Meadows, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in The Meadows. If failure to maintain Medicare Part A, Medicare Part B, or supplemental health insurance causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us and we retain the right to revoke your right to reside at Edgewood and cancel this Agreement as provided in Section 8.

6.8 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, then the terms governing nursing care in The Meadows will be as follows:

6.8.1 Participating Provider. If The Meadows is a participating provider with your managed care program and your stay is a Medicare-qualified stay, we agree to accept, as full payment, reimbursement at the rate negotiated with your managed care program. Such a managed care stay in The Meadows will not reduce the number of days of care that you are eligible to receive without extra charge pursuant to Section 6.1.

6.8.2 Not a Participating Provider. If The Meadows is not a participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, during a Medicare-qualified stay, then you agree that you must relocate for as long as necessary for those services to be provided and be responsible for all charges for those health care services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is cancelled, you will continue to pay the Monthly Service Fee for your Residence. Such a Medicare-qualified stay at a managed care participating provider other than The Meadows will not reduce the number of cumulative days of care that you are eligible to receive without extra charge pursuant to Section 6.1.

6.8.3 Negotiated Managed Care Rate. If The Meadows is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will attempt to negotiate an acceptable reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in The Meadows will not reduce the number of cumulative days of care that you are eligible to receive without extra charge pursuant to Section 6.1.

6.8.4 No Negotiated Managed Care Rate. If The Meadows is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive health care in The Meadows during a Medicare-qualified stay, then each day of your stay in The Meadows will reduce by one day the number of cumulative days of care that you are eligible to receive without extra charge pursuant to Section 6.1. During any such Medicare-qualified stay in The Meadows, you agree that you will continue to pay the Monthly Service Fee for your Residence and that you will also pay the extra charges for extra meals not covered by the Monthly Service Fee and the charges for medicine, drugs, prescribed therapy, medical treatment physicians, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment. If at any time during any such Medicare-qualified stay in The Meadows you are no longer eligible to receive any of the cumulative days of care provided for in Section 6.1, then you agree to pay the per diem rate for your care in The Meadows, the charges for medicine, drugs, prescribed therapy, medical treatment by physicians, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment, in addition to continuing to pay the Monthly Service Fee for your Residence.

6.8.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified stay, you will be entitled to health care in The Meadows in accordance with the terms of this Agreement other than as provided in this Section 6.8, as adjusted to reflect any reduction during such stay in the number of cumulative days of care that you are eligible to receive without extra charge as provided in Section 6.1.

6.9 Alternate Accommodations. Should you need nursing care, this care shall be provided in The Meadows. In the event The Meadows is fully occupied, you will be provided nursing care in another nursing care facility. Such health care accommodations may be provided in a semiprivate room unless a private room is medically necessary. Whether a private room qualifies as a medical necessity will be determined by us, in consultation with your attending physician, your family or your personal representative, and you to the extent possible. Upon your relocation, you will continue to be responsible for the charges set forth in Section 6 herein. To the extent we would be liable for your care and accommodations in The Meadows under this Agreement; we will be responsible for the charges associated with the alternate nursing care accommodations (unless your stay in the alternate facility is a Medicare qualified stay). You agree to relocate to The Meadows when a bed becomes available.

6.10 Absence from Edgewood. In the event you are absent from Edgewood, or you choose to receive care at another health care facility not designated by Edgewood, we shall not be responsible for health care charges incurred or credits provided for your care at that facility.

6.11 Health Center Admission Agreement. If you require nursing care in The Meadows, you agree to execute a separate Health Center Admission Agreement to be signed by you and us.

6.12 Nonresident Use of The Meadows. We intend to offer nursing services in The Meadows to qualified nonresidents for a fee to the extent beds are available. Residents will be given priority over nonresidents for admissions to The Meadows, and our policy will be to reserve beds for resident emergencies. Fees from qualified nonresidents will be used only for purposes related to Edgewood.

6.13 Reimbursement of Entrance Fee. If you (or both of you, if there are two of you) are permanently assigned to The Meadows, this does not qualify you for immediate reimbursement of your Entrance Fee. Repayment of your Entrance Fee will be as outlined in Section 2.2 of this Agreement.

7. YOUR CANCELLATION RIGHTS

7.1 Prior to Occupancy. You may cancel this Agreement for any reason at any time by giving us written notice of cancellation signed by you (both of you if there are two of you). If you give such notice prior to your occupancy of Edgewood, the cancellation will be effective, and your Down Payment will be handled as described in Section 2.1 above.

7.2 After Occupancy. After you assume occupancy, you may cancel this Agreement at any time by giving us 120 days' advance written notice signed by you (both of you, if there are two of you). You will continue to pay your Monthly Service Fee until the later of (i) the expiration of such 120-day notice period, or (ii) your vacancy of the Residence or The Meadows, and removal of all your furniture and other property from the Residence. If removal of your furniture and other property is not accomplished, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel on the later of (i) 120 days following the date you give us written notice of cancellation or (ii) the date you vacate your Residence or The Meadows and remove all your furniture and other property. Your Entrance Payment will be repaid in accordance with Section 2.2 above.

Upon your death (if there are two of you, the death of the survivor), you will continue to pay your Monthly Service Fee until the later of (i) your death (if there are two of you, the death of the survivor) or (ii) your vacancy of the Residence or The Meadows, and the removal of all your furniture and other property. If removal of your furniture and other property is not accomplished within 30 days of your death (or the death of the survivor, if there are two of you), we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel on the later of (i) your death (if there are two of you, the death of the survivor) or (ii) the date you vacate your Residence, or The Meadows and remove all your furniture and other property. Your Entrance Payment will be repaid in accordance with Section 2.2 above.

8. OUR CANCELLATION RIGHTS

8.1 Just Cause. After we have accepted you for residency, we will not cancel this Agreement except for just cause. Just cause is defined as:

8.1.1 Nonpayment. Except as set forth below, nonpayment of fees or charges;

8.1.2 Threat to Health or Safety. Health status or behavior which constitutes a threat to the health or safety of yourself, other residents, or others including your refusal to consent to relocation, or which would result in physical damage to the property of others;

8.1.3 Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in The Meadows within the limits of our license; or

8.1.4 Noncompliance. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later adopted by us.

8.2 Financial Difficulty. If after you have paid the Entrance Payment and one-time Capital Reserve Fee you encounter financial difficulties making it impossible for you to pay the full Monthly Fee and extra charges appropriate for the Residence or for nursing care in The Meadows, then:

8.2.1 Modification of Monthly Fee. You will be permitted to remain at Edgewood for 120 days after the date of failure to pay, during which time you shall continue to pay a reduced Monthly Service Fee based on your current income so long as (i) you establish facts to justify deferral of the usual charges, (ii) deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate Edgewood on a sound financial basis for the benefit of other residents, and (iii) you have not impaired your ability to meet your financial obligations as described in Section 8.2.2; and

8.2.2 Terms of Stay. Because it is and shall be our declared policy to operate as a nonprofit organization, we will not cancel your residency solely because of your financial inability to pay the full Monthly Fee. You shall be permitted to remain at Edgewood at a reduced Monthly Service Fee based on your ability to pay for so long as you establish facts to justify deferral of the usual charges, and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate Edgewood on a sound financial basis for the benefit of other residents. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by making unapproved gifts or other transfers. To evidence these agreements based on the circumstances at the time, you agree to enter into a special hardship agreement with us at the time of any such deferrals, to reflect the reduced charges currently payable and the interest rate to be applied to the deferrals, and to provide us with a perfected first security interest in your repayment rights. Any payments otherwise due to you from us, including your repayment rights, will be offset against any such deferred charges.

8.3 Notice of Cancellation. Prior to any cancellation of this Agreement by us, we will give you notice in writing of the reasons. You will have 30 days after this notice within which the problem may be corrected. If we determine that the problem is not corrected within such time, you must leave Edgewood within 30 days after we notify you of our determination. You will continue to pay the Monthly Service Fee and any extra charges you incur until removal of your furniture and other property from the Residence has occurred. If removal of your furniture and other property is not accomplished within 30 days, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel upon removal of your furniture and other property from the Residence. Your Entrance Payment will be repaid in the amount and in the manner described in Section 2.2 above.

8.4 Emergency Cancellation.
Notwithstanding the above, if we or the medical director determine that either the giving of notice or the waiting period described above might be detrimental to you or others, then such notice and/or waiting period shall not be required before relocation to an appropriate hospital or other appropriate facility. Under such circumstances, we are expressly authorized

to transfer you to a hospital or other appropriate facility, and we will promptly notify your family or your personal representative and your attending physician. After transferring you to such hospital or other facility, we will provide you with a notice of cancellation if you will be unable to return to The Meadows or to Edgewood.

We are not responsible for any charges related to such transfer or relocation. You will continue to pay the Monthly Service Fee and any extra charges you incur until removal of your furniture and other property. If removal of your furniture and other property is not accomplished, we may remove and store your furniture and other property at the expense and risk of you or your estate. This Agreement will cancel upon the removal of your furniture and other property from the Residence. Your Entrance Payment will be repaid in accordance with Section 2.2 above.

If there are two of you under this Agreement and one of you is transferred to a hospital or other appropriate facility under the circumstances described in this section, the other of you may continue to occupy the Residence or The Meadows under the terms of this Agreement.

9. <u>MISCELLANEOUS PROVISIONS WITH RESPECT TO YOUR RESIDENCE</u>

9.1 License for Use of the Residence. The Residence is for living only and shall not be used for carrying on any business or profession, nor in any manner which violates zoning or other land use restrictions. This Agreement is not a lease and grants you only a license to the lifetime use of the Residence and other amenities of Edgewood and to available services, subject to the terms and conditions of this Agreement.

9.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (or either of you, if there are two of you) live, unless you (or both of you) are not capable of independent living, or this Agreement is cancelled by you or by us. If after consultation with our medical director, your attending physician, your family, or your personal representative, and you to the extent possible, we determine that your physical or mental health requires that you require nursing care, you agree to relocate to The Meadows where we are licensed to provide such care or to alternate accommodations as provided in Section 6.

9.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (or both of you, if there are two of you) may occupy the Residence except with our express written approval. In the event that a second person who is not a party to this Agreement wishes to be accepted for residency under this Agreement after the date we sign this Agreement, you shall pay the then current second person Entrance Payment as determined by us, and each month thereafter you shall pay the then current additional Monthly Service Fee for second persons. If such second person does not meet the requirements for residency, such second person will not be permitted to live in the Residence for more than 30 days (except with our express written approval), and you may cancel this Agreement as provided in Section 7.

9.4 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health, safety or property of yourself or other residents. If it is necessary to modify facilities to meet requirements of any applicable law or regulation that necessitates temporary vacation of your Residence, we will provide alternate facilities for you without extra charge within or outside Edgewood. Further, if relocation is recommended by the medical director or your attending physician, we will request that you relocate to another residence within Edgewood or to The Meadows for the protection of your health and safety, or the health or safety of the other residents of Edgewood.

9.5 Furnishings. Furnishings within the Residence will not be provided by us except as stated in Section 4. Furnishings provided by you shall not be such as to interfere with the health, safety or general welfare of yourself, other residents, or others.

9.6 Alterations by You. You may not undertake any alterations to your Residence without our prior written approval.

9.7 Refurbishment. Customary and normal refurbishment charges for your Residence will be borne by all residents of Edgewood. Any necessary refurbishment charges beyond those that are customary and normal will be paid by you.

9.8 Right to Deduct. Edgewood reserves the right to deduct from the return of capital refund any costs to reverse any alterations made that are not considered an Edgewood standard.

9.9 Guests. No one other than you (both of you, if there are two of you) shall have a right of occupancy in the Residence without the prior consent of the Executive Director, unless otherwise permitted pursuant to guest policies established by us. The intent of the policies is to permit stays of short duration by your guests where such stays shall not, in the opinion of the Executive Director, adversely affect the operation of Edgewood or be inconsistent with the welfare of other residents.

10. AMENDMENTS

10.1 This Agreement. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

10.2 Compliance with Laws. This Agreement may be modified unilaterally by us at any time in order to comply with applicable laws or regulations

11. MISCELLANEOUS LEGAL PROVISIONS

11.1 Governing Law. This Agreement will be governed, interpreted, and construed according to the laws of the Commonwealth of Massachusetts and will become effective upon acceptance and execution by us. The Glossary, which sets forth the definitions of certain terms used in this Agreement, is by this reference incorporated herein and made a part of this Agreement.

11.2 Separability. The invalidity of any restriction, condition, or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

11.3 Capacity. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent, or employee shall have any personal liability to you hereunder under any circumstances. This Agreement will become effective upon acceptance and execution by us.

11.4 Resident. When Resident consists of more than one person, the rights, and obligations of each are joint and several, except as the context otherwise requires.

11.5 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) may not be assigned and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except for your repayment rights; (ii) this Agreement and your contractual right to occupy the Residence shall exist and continue to exist during your lifetime unless cancelled as provided herein; (iii) this Agreement grants you a revocable license to occupy and use space in Edgewood but does not give you exclusive possession of the Residence as against us, and you shall not be entitled to any rights of specific performance but shall be limited to such remedies as set forth herein; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of Edgewood and in the determination of the Monthly Fee, Entrance Payment and other charges.

11.6 Release. We are not responsible for loss of or damage to your personal property, and you hereby release us from any such liability. You may want to obtain at your own expense insurance to protect against such losses.

11.7 Indemnity. We will not be liable for, and you agree to indemnify, defend, and hold us harmless from claims, damages, and expenses, including attorneys' fees and court charges, resulting from any injury or death to persons and any damages to property to the extent caused by, resulting from, attributable to, or in any way connected with your negligent or intentional act or omission, or that of your guests.

11.8 Entire Agreement. This Agreement and any addenda or exhibit hereto contain our entire understanding with respect to your residency.

11.9 Non-Waiver. If we fail to insist in any instance upon performance of any of the terms, covenants, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, but your obligations with respect to such future performances shall continue in full force and effect.

11.10 Subordination. You agree that all your rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering Edgewood, which have been or will be executed by us. Upon request, you agree to execute, acknowledge, and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. Except to the extent of your obligations to pay the Entrance Payment, Monthly Fee, extra charges, or any other charges under this Agreement, you will not be liable for any such indebtedness.

11.11 Residents' Association. Residents shall have the right to organize and operate a Residents' Association at Edgewood and to meet privately to conduct business of the Residents' Association. It is our policy to encourage the organization and operation of a Residents' Association.

11.12 Reimbursement of Charges.
You agree to reimburse us for any charges we incur to collect any unpaid amounts you owe to us under this Agreement.

11.13 Arbitration. You agree that any dispute, claim, or controversy of any kind between you and us arising out of, in connection with, or relating to this Agreement and any amendment hereof, or the breach hereof, which cannot be resolved by mutual agreement or in small claims court, will be submitted to and determined by arbitration in North Andover, Massachusetts in accordance with the Federal Arbitration Act and the then current commercial arbitration rules of the Federal Arbitration Act. You and we will jointly agree on an arbitrator and the arbitrator will be selected according to the procedure set forth in state law, if applicable. In reaching a decision, the arbitrator shall prepare findings of fact and conclusions of law. Any direct arbitration costs incurred by you will be borne by you. Costs of arbitration, including our legal costs and attorneys' fees, arbitrators' fees, and similar costs, will be borne by all residents of Edgewood provided that the arbitrator may choose to award the costs of arbitration against us if the arbitrator determines that the proposed resolution urged by us was not reasonable. If the issue affects more than one resident, we may elect to join all affected residents into a single arbitration proceeding, and you hereby consent to such joinder.

You may withdraw your agreement to arbitrate within 30 days after signing this Agreement by giving written notice of your withdrawal to us. This arbitration clause binds all parties to this Agreement and their spouses, heirs, representatives, executors, administrators, successors, and assigns, as applicable. After cancellation of this Agreement, this arbitration clause shall remain in effect for the resolution of all claims and disputes that are unresolved as of that date.

11.14 Your Representations. By executing this Agreement, you represent and warrant to us the following:

11.14.1 You will be at least 62 years of age, or will be residing with a resident of Edgewood who is at least 62 years of age;

11.14.2 You are capable of living in a residence;

11.14.3 You have assets and income which are sufficient under foreseeable circumstances and after provision for payment of your obligations under this Agreement to meet your ordinary and customary living expenses after you move into Edgewood (this is a requirement of entrance, unless waived by us in writing and after full disclosure by you of the circumstances);

11.14.4 All written representations made to us with respect to such matters by you or on your behalf on the Confidential Data Application, and all facts stated by you in your application for residency or otherwise are true and complete; and

11.14.5 You have not made any gift of your property in contemplation of signing this Agreement.

11.15 Our Representations. We represent and warrant to you that we are a nonprofit corporation organized for the purpose of owning and operating Edgewood.

11.16 Reserve Account. To provide reserve funding and security to enable us to fully perform our obligations under this Agreement, we have established a Capital Reserve Account pursuant to Section 1.2, and we will establish any other reserves required by law as it may be amended from time to time. The reserves are invested under our control and direction in investments that are dedicated to the support and financial security of Edgewood. Upon the advice of Edgewood's professional registered investment advisor, which currently is Prime Buchholz & Associates, the amounts in the reserve account will be invested in accordance with Edgewood's investment policy, which presently requires 30% of its investments to be in fixed debt obligations of the United States or its agencies (or in shares of a registered investment company which holds a portfolio of such securities) in such certificates of deposit, commercial paper, U.S. government paper, or other similar investments, 60% in equities, and remaining 10% in real assets.

11.17 Adjustments for Absences. No fee adjustments for your absences from Edgewood will be made, except at our sole discretion.

11.18 Personal Representative. You agree to execute and deliver to us at or before assuming residency in your Residence a Durable Power of Attorney, trust documents, or other documentation naming a personal representative for personal and financial decision-making. These documents should be drafted to remain effective notwithstanding your incompetence or dis ability, in form acceptable to us. You shall keep such instrument in effect as long as this Agreement is in effect. The person named as your representative shall not be a person employed by us or any other entity engaged in the management of Edgewood.

11.19 Private Employees of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency ("Personal Service Provider"). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding Personal Service Providers and ensure that your private employee, independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in a personal service provider policy. If you fail to follow or enforce the policies and rules set forth in the policy, then we may elect at our sole option to terminate this Agreement.

11.20 Notices. Any notice required to be given to us under this Agreement shall be in writing and sent certified mail or hand-delivered to the Executive Director of Edgewood Retirement Community, at 575 Osgood Street, North Andover, Massachusetts 01845

11.21 Transfers. We may sell or transfer our interest in Edgewood provided the buyer shall agree to assume this Agreement and all other existing residency agreements. Upon the assumption of this Agreement by a buyer of Edgewood and buyer's agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval for any such future transaction.

11.22 Survival of Representations and Obligations. Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Section 11.7, and our representations and obligations under this Agreement, shall survive any cancellation or termination of your residency in Edgewood, regardless of the reason for such cancellation or termination and regardless of whether it is initiated by you or by us.

11.23 Acknowledge of Receipt of Documents. You certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement and had an opportunity to discuss it with your family and/or advisors, prior to signing this Agreement.

Executed at North Andover, MA this ______

day of ________________________, 2022.

____

RESIDENT

____

Witness

____

RESIDENT

____

Witness

EDGEWOOD RETIREMENT COMMUNITY, INC.
d/b/a Edgewood

By ________________________________
Authorized Representative

Residence Type:

Residence Number: #

Down Payment: $

Balance Payment: $

Monthly Fee: $

EQUAL HOUSING OPPORTUNITY

EXHIBIT C: CERTIFIED FINANCIAL STATEMENTS

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Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2021

Contents

RSM

RSM US LLP

Independent Auditor's Report

Board of Trustees
Edgewood Senior Solutions Group, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Edgewood Senior Solutions Group, Inc. and Subsidiaries (the Community), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of operations, changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

Boston, Massachusetts
May 26, 2022

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	$ 2,778,216	$ 10,069,396
Current portion of assets limited as to use (Notes 2 and 6)	547,335	936,629
Accounts receivable - Health Center, net (Notes 2 and 5)	1,063,040	1,070,633
Accounts receivable - residents (Note 2)	254,775	377,723
Prepaid expenses	580,665	599,084
Supplies inventory	200,718	225,730
Total current assets	5,424,749	13,279,195
Long-term assets:		
Investments (Notes 2, 3 and 4)	36,454,266	29,361,118
Assets limited as to use, net of current portion (Notes 2 and 6)	6,867,081	3,661,620
Property and equipment, net (Note 7)	101,534,782	94,860,526
Predevelopment costs	-	5,455,506
Total long-term assets	144,856,129	133,338,770
Total assets	$ 150,280,878	$ 146,617,965
Liabilities and Net Deficit		
Current liabilities:		
Accounts payable	$ 1,939,011	$ 871,190
Accrued liabilities:		
Payroll and compensated absences	712,293	717,340
Interest	329,388	258,352
Other	286,262	243,824
Current portion of bonds payable, net of deferred financing costs (Note 8)	1,623,557	1,575,298
Refundable deposits (Note 9)	3,144,030	2,739,800
Total current liabilities	8,034,541	6,405,804
Long-term liabilities:		
Entrance fee liabilities:		
Health Center and Assisted Living - permanently assigned residents	9,580,823	9,303,810
Refundable entrance fees	91,425,840	89,068,143
Deferred entrance fees	9,442,616	8,908,209
Total long-term entrance fee liabilities	110,449,279	107,280,162
Bonds payable, net of current portion and deferred financing costs (Note 8)	67,626,910	67,605,580
Total long-term liabilities	178,076,189	174,885,742
Total liabilities	186,110,730	181,291,546
Commitment (Note 13)		
Net assets (deficit)		
Net deficit without donor restrictions	(35,916,015)	(34,765,310)
Net assets with donor restrictions (Note 11)	86,163	91,729
Total net deficit	(35,829,852)	(34,673,581)
Total liabilities and net deficit	$ 150,280,878	$ 146,617,965

See notes to consolidated financial statements.

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Statements of Operations
Years Ended December 31, 2021 and 2020

	2021	2020
Revenues and other support without donor restrictions:		
Net resident service revenue, independent living unit	**$ 16,302,553**	$ 16,058,598
Entrance fees earned and cancellation penalties	**1,646,575**	1,431,271
Net resident service revenue, health center fees	**5,088,633**	5,091,154
Net resident service revenue, assisted living	**3,405,385**	1,854,189
Net assets released from restrictions (Note 12)	**338,390**	2,913,201
Total revenues and other support without donor restrictions	**26,781,536**	27,348,413
Expenses (Notes 10 and 15):		
General and administrative	**5,820,429**	5,282,977
Plant operations	**3,137,939**	3,123,300
Environmental services	**1,179,265**	1,057,818
Culinary services	**3,941,427**	4,012,751
Nursing	**5,328,302**	5,773,315
Resident care services	**999,024**	1,172,366
Assisted living	**2,108,201**	1,335,900
Wellness	**287,654**	249,874
Depreciation	**4,588,591**	4,419,124
Interest	**2,240,426**	1,690,517
Total expenses	**29,631,258**	28,117,942
Loss from operations	**(2,849,722)**	(769,529)
Nonoperating (losses) gains without donor restrictions:		
Investment income	**647,570**	497,586
Loss on disposal of property and equipment	**-**	(1,547)
Realized gains on investments	**660,773**	1,540,953
Development expense	**(1,437,414)**	(2,500,299)
Contributions	**29,200**	53,085
Total nonoperating losses without donor restrictions	**(99,871)**	(410,222)
Deficit of revenues over expenses	**(2,949,593)**	(1,179,751)
Other changes in net assets without donor restrictions:		
Unrealized gains on investments	**1,798,888**	941,859
Change in net assets without donor restrictions	**$ (1,150,705)**	$ (237,892)

See notes to consolidated financial statements.

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets (Deficit)
Years Ended December 31, 2021 and 2020

	2021	2020
Net assets without donor restrictions:		
Loss from operations	**$ (2,849,722)**	$ (769,529)
Nonoperating losses without donor restrictions	**(99,871)**	(410,222)
Other changes in net assets without donor restrictions	**1,798,888**	941,859
Decrease in net assets without donor restrictions	**(1,150,705)**	(237,892)
Net assets with donor restrictions:		
Government grant revenue (Note 16)	**45,860**	2,620,946
Contributions	**286,964**	295,045
Net assets released from restrictions (Note 12)	**(338,390)**	(2,913,201)
(Decrease) increase net assets with donor restrictions	**(5,566)**	2,790
Change in net assets	**(1,156,271)**	(235,102)
Net deficit at beginning of year	**(34,673,581)**	(34,438,479)
Net deficit at end of year	**$ (35,829,852)**	$ (34,673,581)

See notes to consolidated financial statements.

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ (1,156,271)	$ (235,102)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,588,591	4,419,124
Amortization of deferred financing costs	284,026	80,326
Loss on disposal of property and equipment	-	1,547
Net unrealized and realized gains on investments	(2,459,661)	(2,482,812)
Amortization of entrance fees	(1,646,575)	(1,431,271)
Proceeds from nonrefundable entrance fees	2,180,982	1,820,694
Change in accounts receivable	130,541	(190,371)
Change in prepaid expenses	18,419	(75,045)
Change in supplies inventory	25,012	(82,779)
Change in accounts payable	329,153	(374,252)
Change in accrued liabilities	108,427	(178,409)
Total adjustments	3,558,915	1,506,752
Net cash provided by operating activities	2,402,644	1,271,650
Cash flows from investing activities:		
Purchase of investments	(10,016,096)	(9,897,995)
Proceeds from investments	5,382,609	9,427,570
Purchase of predevelopment costs	-	(1,010,552)
Purchase of property and equipment	(5,068,673)	(11,491,996)
Net cash used in investing activities	(9,702,160)	(12,972,973)
Cash flows from financing activities:		
Repayments of bonds	(1,859,324)	(1,808,492)
Proceeds from bonds	1,650,000	17,450,000
Payment of bond issuance costs	(5,113)	(814,800)
Refunds of refundable entrance fees	(9,001,174)	(8,515,913)
Proceeds from refundable entrance fees and deferred fees	11,635,884	10,817,315
Refunds of wait list deposits	(70,210)	(638,400)
Proceeds from wait list deposits	474,440	153,601
Net cash provided by financing activities	2,824,503	16,643,311
Change in cash, cash equivalents and restricted cash	(4,475,013)	4,941,988
Cash, cash equivalents and restricted cash:		
Beginning of year	14,667,645	9,725,657
End of year	$ 10,192,632	$ 14,667,645
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest, net of capitalized interest of $414,791 and $0 during the years ended December 31, 2021 and 2020, respectively	$ 2,300,155	$ 1,413,252
Noncash operating and investing activities - property and equipment in accounts payable	$ 1,175,635	$ 256,373
Noncash operating and investing activities - predevelopment costs in accounts payable	$ -	$ 180,594

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Edgewood Senior Solutions Group, Inc. (Senior Solutions) is a not-for-profit corporation organized and existing under the laws of the Commonwealth of Massachusetts. Senior Solutions was incorporated on July 6, 2017 and its purpose is the development, support and oversight of an integrated system of continuing care retirement communities/senior living facilities and related providers to expand and diversify Edgewood Retirement Community Inc.'s (Edgewood) mission and services as well as the centralization of management and administrative functions. In 2019, Senior Solutions became the sole member of The Baldwin Senior Living (The Baldwin). On June 11, 2020, Senior Solutions became the sole member of Edgewood.

Edgewood is a not-for-profit corporation organized and existing under the laws of the Commonwealth of Massachusetts. Edgewood was incorporated in 1993 to provide housing, healthcare and other related services to seniors through the construction and operation of the life-care community known as "Edgewood" in North Andover, Massachusetts.

Edgewood includes 216 residential units, 24 cottage homes, common space, and 59 nursing care beds (the Health Center). Edgewood operates under the "life care" concept in which residents enter into a residency agreement, which requires payment of a one-time entrance fee and monthly service fees. These payments entitle residents to the use and privileges of Edgewood for life. The residents do not acquire an interest in the real estate and property.

On June 26, 2018, Edgewood completed and opened the Woodlands Inn (the Inn) on its North Andover campus. In May 2019, the Inn received its assisted living license and began operating as an assisted living facility. In 2018, the Inn operated as an enhanced living facility. The Inn is a community that consists of 40 units. The Inn offers an additional option to Edgewood's continuum of care that residents may choose. In addition, private pay residents may also enter the Inn. Private pay residents enter into a residency agreement, which requires a community fee and a monthly service fee. These payments entitle the residents to occupy a residence and entitle the residents to the use of and privileges of certain amenities outside of a life-care agreement.

Pond Pastures, LLC (PP LLC) is a Massachusetts limited liability company. It was formed on January 12, 2016. Edgewood is the sole member of PP LLC. The purpose of PP LLC is to purchase land, own and operate real estate, and make real estate investments. During the year ended December 31, 2020, there was no activity in PP LLC and it was dissolved during the year ended December 31, 2020.

On February 15, 2019 a New Hampshire not-for-profit corporation, The Baldwin was formed. The purpose of The Baldwin is to meet the housing, health care, and financial security needs of seniors. As of December 31, 2021 and 2020, The Baldwin is in the development phase.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of Senior Solutions and its subsidiaries which consist of Edgewood and The Baldwin (collectively, the Community).

A summary of the Community's significant accounting policies is as follows:

Classification and reporting of net assets: The Community's financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under ASC 958, the Community is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets without donor restrictions represent the portion of net assets of the Community that is neither restricted by donor-imposed stipulations or time restrictions. Net assets without donor restrictions include expendable funds available for support of the Community, as well as funds invested in the physical plant, including buildings and equipment.

Net assets with donor restrictions represent contributions and other inflows of assets that have donor-imposed restrictions that require that they be held permanently, or whose use may or will be met by actions of the Community or the passage of time.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates. Estimates significant to the consolidated financial statements include the fair value of investments, allowance for doubtful accounts, the estimated life expectancy of residents used to amortize the deferred entrance fees, the assumptions used in the calculation of the obligation to provide future services and the allocation of the functional expenses.

Cash, cash equivalents and restricted cash: The Community maintains its cash in bank deposit accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The Community may have balances above this limit at various times during the years ending December 31, 2021 and 2020. The Community has not experienced any losses in such accounts. The Community believes it is not exposed to any significant credit risks on cash.

For purposes of reporting cash flows, the Community defines cash equivalents as short-term, highly-liquid investments with original maturities of three months or less.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2021	2020
Cash and cash equivalents	$ 2,778,216	$ 10,069,396
Assets limited as to use, cash	7,414,416	4,598,249
	$ 10,192,632	$ 14,667,645

Assets limited as to use include cash held by trustees under its indenture agreement and construction funds for future projects.

Accounts receivable: Resident accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Resident accounts receivable due directly from the residents are carried at the original charge for the service provided, less amounts covered by third-party payors and less an estimated allowance for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Resident receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Property and equipment: Property and equipment acquisitions are recorded at cost. Depreciation and amortization of property and equipment are provided over the estimated useful lives of the respective assets on the straight-line basis as follows:

	Years
Buildings	40
Buildings and land improvements	8 to 20
Furnishings and equipment	3 to 15
Vehicles	3 to 5

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

The Community follows ASC 410, Asset Retirement and Environmental Obligations. ASC 410 requires that a liability be recorded for the fair value of an asset retirement obligation specific to certain legal environmental obligations. The recording of a liability is required if such conditions exist and the obligation can be reasonably estimated. As of December 31, 2021 and 2020, the Community is unaware of any such obligations. The Community will recognize a liability in the period in which it becomes aware of such liability and sufficient information is available to reasonably estimate the fair value.

Predevelopment costs: Predevelopment costs include architectural expenses and other costs that have been capitalized related to future projects that have not yet begun construction. Construction began during the year ended December 31, 2021 and these costs were transferred to construction in progress until placed into service.

Development expense: Development expense relates to costs associated with the development of The Baldwin including salaries, benefits, management fees, marketing expenses and other costs that are not permitted to be capitalized.

Assessment of long-lived assets: The Community follows ASC 360, Property Plant and Equipment, as it relates to the accounting for impairment or disposal of long-lived assets, which requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As of December 31, 2021 and 2020, the Community has not identified any impairment indicators.

Investments: Investments are recorded at fair value. Investment income is included in revenue and other support without donor restrictions in the consolidated statements of operations. Changes in fair value are reflected in the consolidated statements of operations as realized gains (losses) on investments or unrealized gains (losses) on investments. Realized gains are calculated using the specific designation method.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Other than temporary impairments: The Community reviews its investments to identify those that have a fair value that is below cost. The Community makes a determination as to whether the investment should be considered other than temporarily impaired based on guidelines established in ASC 320, Investments—Debt and Equity Securities. At December 31, 2021 and 2020, no other than temporarily impaired losses have been recognized.

Operating activities: The consolidated statements of operations reflect a subtotal for the income (loss) from operations. This subtotal reflects revenues (losses) that the Community received (incurred) for operating purposes. Nonoperating activity reflects all other activity, including, but not limited to, investment income, realized gains on investments, contributions, loss on disposal of property and equipment and development expense.

Deficit of revenues over expenses: The consolidated statements of operations include deficit of revenues over expenses. Changes in net assets without donor restrictions which are excluded from deficit of revenues over expenses, consistent with industry practice, include unrealized gains on investments.

Deferred entrance fees: The Community currently has three different residency agreements in force. The following summarizes each type of agreement:

Traditional agreement: Upon death or voluntary withdrawal of the resident and reoccupancy of the vacated unit by another resident, the resident or the resident's estate receives a refund of the entrance fee, less 1% per month of occupancy. This contract has not been issued since November 1997 and is not currently marketed. As of December 31, 2021 and 2020 one of these contracts is still in existence, but no refunds will be owed for this contract.

50% return of capital agreement: Upon death or voluntary withdrawal of the resident and reoccupancy of the vacated unit by another resident, the resident or the resident's estate receives a refund of the entrance fee, less the lesser of 50% of the entrance fee or 1% per month of occupancy. As of December 31, 2021 and 2020, eleven and eight, respectively, of such contracts are in existence.

90% return of capital agreement: Upon death or voluntary withdrawal of the resident and reoccupancy of the vacated unit by another resident, the resident or the resident's estate receives a refund of the entrance fee, less the lesser of 10% of the entrance fee or 1% per month of occupancy. This is the standard contract in force at the Community, and all other contracts other than those previously documented take this form as of December 31, 2021 and 2020.

Under the Community's 90% return-of-capital residency plan, a portion of the entrance fee (10%) is nonrefundable and is recorded as deferred revenue. This deferred revenue is recognized as revenue earned on a straight-line basis over the estimated remaining life, actuarially adjusted annually, of each resident beginning with the date of each resident's occupancy. Any unrecognized deferred entrance fee at the date of death or termination of occupancy of the respective resident is recorded as income in the period in which death or termination of occupancy occurs. The remaining amount of the entrance fee represents that portion of the entrance fee, less unreimbursed fees and expenses, which is refunded to the resident or the resident's estate upon termination of occupancy after receipt of a new entrance fee from a successor resident and is recorded as refundable entrance fees.

At December 31, 2021 and 2020, the gross amount of contractual refund obligations under existing contracts was $101,006,663 and $98,371,953, respectively.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Obligation to provide future services: The Community annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from deferred entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at a rate based on Edgewood's current tax-exempt non-investment grade borrowing rate of 2.5% at December 31, 2021 and 2020. At December 31, 2021 and 2020, the comparison between the estimated future costs to serve residents and the revenues from those residents that were parties to a resident agreement resulted in a surplus. Accordingly, there is no obligation in excess of deferred revenue to provide future services to residents at December 31, 2021 and 2020.

Revenue recognition: The Community accounts for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when or as a performance obligation(s) is/are satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an account that reflects the consideration expected in exchange for those goods or services.

Independent and assisted living: Resident fees at independent and assisted living facilities consist of monthly charges for basic housing and support services. Prior to admission to the Community, a resident agreement is required. In addition, residents can be directly admitted to the assisted living facility. Monthly fees for residents in assisted living are recorded over the month the performance obligation is satisfied as they are considered month to month contracts. There may be ancillary services provided that are not included in the monthly fees that are considered separate performance obligations for which revenue is recognized as the services are provided.

Performance obligations are determined based on the nature of the services provided by the Community. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Community believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to the monthly resident fee and entrance fee amortization for residents with life care contracts. The Community measures the performance obligation from the move-in date through the estimated life expectancy of the resident for life-care residents. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the Community does not believe it is required to provide additional goods or services to the resident.

The Community determines the transaction price based on standard charges for goods and services provided, reduced by implicit price concessions. The Community determines its estimate of implicit price concessions based on its historical collection experience with the residents.

Health center revenue: Health center revenue is derived from providing care in the Community's health center to residents requiring long-term or specialized care and is reported at the amount that reflects the consideration for which the Community expects to be entitled to in exchange for providing resident care. Amounts are based on daily rates which are generally fixed and are due from residents and/or third-party payors, including Medicare. The Community determines the transaction price based on standard charges adjusted for explicit price adjustments consisting of contractual allowances provided third-party payors and discounts provided in conjunction with the resident agreements. Revenue is recognized as the performance obligation is satisfied.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Patient care services in the health center represent a bundle of services based on the needs of the resident and are not capable of being distinct, accordingly, the Community has determined that the overall provision of a day of healthcare services to a resident is one performance obligation.

On October 1, 2019, a new case-mix classification system for Medicare beneficiaries in skilled nursing facilities, the Patient Driven Payment Model (PDPM) replaced RUG-IV. PDPM relies more on clinically relevant factors rather than the volume based therapy measures used under RUG-IV for determining Medicare reimbursement. In addition, PDPM per diem payments are adjusted during a resident's stay to reflect varying costs throughout the time the resident is in the facility. During the years ended December 31, 2021 and 2020, approximately 5% and 6%, respectively, of operations revenues is received from Medicare funding sources as third-party reimbursement of costs.

Contributions: Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Grant revenue: Individual grant arrangements have been evaluated and determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, i.e., when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all significant conditions of the grant are met.

Advertising costs: The Community follows the policy of charging the production costs of advertising expense as incurred. Advertising expense was $918,023 and $934,781 for the years ended December 31, 2021 and 2020, respectively.

Income tax status: Edgewood, Senior Solutions and The Baldwin are qualified under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes. PP LLC was a single member LLC with its sole member (Edgewood) being an exempt company under Section 501(c)(3) of the Internal Revenue Code, and was therefore considered a disregarded entity for tax purposes.

Uncertainty of income taxes: The Community follows ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The Community recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. As of December 31, 2021 and 2020, management has evaluated the Community's tax positions and concluded that the Community had no material uncertainties in income taxes that require disclosure in the financial statements. With few exceptions, the Community is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for three years after the date filed.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recent accounting pronouncements: In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses of newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The effective date of this standard, as amended by ASU 2019-10, is for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Community is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual periods beginning after June 15, 2021, and interim periods with annual periods beginning after June 15, 2022. Early adoption is permitted. The Community is currently evaluating the impact of this new standard on the financial statements.

Subsequent events: The Community has evaluated events and transactions for potential recognition or disclosure through May 26, 2022, the date the financial statements were issued.

On April 19, 2022 the Baldwin issued Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project, Series 2022 (Series 2022 Bonds) which are comprised of up to $188,700,000 of bonds with fixed rates ranging between 3.75% and 10% per annum and have maturity dates ranging from April 1, 2027 to April 1, 2029. The proceeds are being used to refinance the Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project Series 2020, and to finance the construction of a 230 unit life plan continuing care retirement community. The initial draw of the Series 2022 Bonds will be $41,400,000 and additional advances are expected to be drawn during the construction period. As part of the agreement, Edgewood has made a recoverable grant to The Baldwin for $10,000,000 which will be applied to a portion of the costs of the project and to pay the costs of issuing the Series 2022 Bonds. The recoverable grant will bear interest at 5% per annum upon completion of the construction and the stabilization of occupancy of the Baldwin. Repayment of this grant will be subordinate to the payment of the Series 2022 Bonds. The Series 2022 Bonds are secured by a lien and security interest on the project as well as a pledge agreement with Senior Solutions and the recoverable grant with Edgewood. The Series 2022 Bonds are subject to certain financial covenants that will be effective beginning in 2026 as well as a quarterly required minimum reserved unit covenant that begins June 2022.

Note 2. Liquidity

As of December 31, 2021 and 2020, financial assets available within one year for general expenditure, such as operating expenses, principal and interest payments, and capital expenditures not financed by debt were as follows:

	2021	2020
Cash and cash equivalents	$ 2,778,216	$ 10,069,396
Accounts receivable, net	1,317,815	1,448,356
Investments	36,454,266	26,361,118
Assets limited as to use expected to be spent within one year	3,264,194	3,604,686
	$ 43,814,491	$ 41,483,556

In addition to financial assets available to meet general expenditures over the next 12 months, the Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the consolidated statements of cash flows, which identify the sources and uses of the Community's cash and show positive cash generated by operations for the years ending December 31, 2021 and 2020.

Note 3. Fair Value Measurements

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Community uses various methods, including market, income and cost approaches. Based on these approaches, the Community often utilizes certain assumptions that management believes market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can either be readily observable, corroborated by market data, or generally unobservable. The Community utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Community is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1 inputs, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 inputs also include derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single-dealer quotes not corroborated by observable market data.

Note 3. Fair Value Measurements (Continued)

In some instances, the inputs used to measure fair value may align with different levels of the fair value hierarchy. In such instances, the inputs are based on the lowest level of input that is significant to the fair value measurement. The Community has various processes and controls in place to ensure that fair value is reasonably estimated.

While the Community believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended December 31, 2021 and 2020, there were no changes to the Community's valuation techniques that had, or are expected to have, a material impact on its consolidated balance sheets or results of operations.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Domestic equity mutual funds, flexible capital, international equity mutual funds, fixed income mutual funds, and inflation hedging securities funds: The fair value of domestic equity mutual funds, international equity mutual funds, fixed income mutual funds, flexible capital, and inflation hedging securities funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

All investments are classified as Level 1 in the fair value hierarchy. The following summary details the assets and liabilities that the Community measures at fair value on a recurring basis, by level, within the fair value hierarchy at December 31:

2021	Level 1
Assets:	
Investments:	
Domestic equity mutual funds	$ 8,770,186
Flexible capital	7,050,388
International equity mutual funds	6,158,577
Fixed income mutual funds	10,644,565
Inflation hedging securities fund	3,830,550
	$ 36,454,266

2020	Level 1
Assets:	
Investments:	
Domestic equity mutual funds	$ 6,727,876
Flexible capital	5,797,447
International equity mutual funds	5,260,403
Fixed income mutual funds	8,613,130
Inflation hedging securities fund	2,962,262
	$ 29,361,118

Note 4. Investments

The following table shows the gross unrealized losses and fair value of the Community's investments that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2021 and 2020.

	2021					
	Less than 12 Months		More than 12 Months		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
International equity mutual funds	$ 994,900	$ (31,641)	$ 860,288	$ (21,900)	$ 1,855,188	$ (53,541)
Fixed income mutual funds	-	-	8,863,542	(619,623)	8,863,542	(619,623)
	$ 994,900	$ (31,641)	$ 9,723,830	$ (641,523)	$ 10,718,730	$ (673,164)

	2020					
	Less than 12 Months		More than 12 Months		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
International equity mutual funds	$ -	$ -	$ 749,004	$ (82,441)	$ 749,004	$ (82,441)
Fixed income mutual funds	7,108,894	(378,882)	-	-	7,108,894	(378,882)
	$ 7,108,894	$ (378,882)	$ 749,004	$ (82,441)	$ 7,857,898	$ (461,323)

Note 5. Accounts Receivable – Health Center

The Community grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows at December 31:

	2021	2020
Medicare	$ 606,531	$ 621,988
Private patients	524,728	458,567
Other third-party payors	393,789	362,155
	1,525,048	1,442,710
Allowance	(462,008)	(372,077)
	$ 1,063,040	$ 1,070,633

Note 6. Assets Limited as to Use

Assets limited as to use include funds that are required under the terms of the Community's bonds and trust indenture agreements. These assets are comprised of cash at December 31, 2021 and 2020.

Under the terms of The Baldwin's trust indenture, the Community is required to maintain a project fund for the pre-construction costs of The Baldwin as well as a debt service reserve fund and funded interest to cover future payments of the bond. See Note 1 for subsequent event related to the bonds.

Note 6. Assets Limited as to Use (Continued)

The following summary details the carrying values of assets limited as to use at December 31:

	2021	2020
Guarantor restricted cash	$ 3,000,000	$ -
Project fund	2,716,859	2,668,057
Debt service reserve fund	1,150,222	985,972
Funded interest	547,335	944,220
	$ 7,414,416	$ 4,598,249

Note 7. Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020
Buildings and building improvements	$ 128,215,687	$ 126,580,861
Land and land improvements	17,407,627	16,765,405
Furnishings and equipment	6,661,030	6,415,026
Vehicles	727,639	726,389
Total cost	153,011,983	150,487,681
Less accumulated depreciation and amortization	60,369,557	55,780,966
	92,642,426	94,706,715
Construction in progress	8,892,356	153,811
	$ 101,534,782	$ 94,860,526

During the year ended December 31, 2021, the Company capitalized $414,791 of interest expense to construction in progress. As of December 31, 2021, construction in progress relates to the construction of the Baldwin Senior Living community, which is expected to be completed in 2024 for additional cost of approximately $150,000,000. As of December 31, 2020, construction in progress related to miscellaneous renovations which were completed in January 2021 for an additional cost of approximately $50,000.

Note 8. Bonds Payable

The following summary details the status of the Community's bonds payable at December 31:

	2021	2020
Massachusetts Development Finance Agency Revenue Bonds, Edgewood Life Care Community Obligated Group Issue, Series 2017, are comprised of $58,700,000 of bonds at a fixed rate of 2.53% per annum, with maturity dates ranging from May 15, 2017 through April 15, 2047	$ 50,943,588	$ 52,802,912
Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project Series 2020, are comprised of $19,100,000 of bonds at a fixed rate of 5.65% per annum, with a maturity date of October 1, 2023	19,100,000	17,450,000
Less current portion, net of current deferred financing costs	(1,623,557)	(1,575,298)
Less deferred financing costs	(793,121)	(1,072,034)
Bonds payable net of current portion and deferred financing costs	$ 67,626,910	$ 67,605,580

The Series 2017 bonds are subject to optional redemption in whole or in part at any time at a redemption premium of 1% of the principal amount redeemed multiplied by the remaining term in years, plus interest accrued to the redemption date. The bonds are secured by a mortgage encumbering the real estate owned by Edgewood.

The Series 2020 bonds are secured by all assets of The Baldwin. Senior Solutions is a guarantor on the Series 2020 bonds for an amount not to exceed $2,500,000. The bonds are to finance the predevelopment costs of The Baldwin as well as to purchase the land for the new community which took place during the year ended December 31, 2020. As part of the Series 2020 agreement, there is a $5,000,000 subordinated intercompany borrowing to fund part of the predevelopment costs incurred by The Baldwin which is payable to Edgewood. During the year ended December 31, 2021, The Baldwin received additional proceeds of $1,650,000 under this agreement.

Financing costs relating to the bonds are included as a reduction of bonds payable, and are being amortized over the term of the bonds using the effective interest method. In conjunction with the Community's financing agreements the Community must adhere to certain financial covenants, such as debt service coverage ratio, liquidity ratio, and nonfinancial covenants. As of December 31, 2021 and 2020, the Community was in compliance with these covenants. As part of the Series 2020 bonds, there is a semi-annual covenant beginning March 31, 2021 requiring Senior Solutions to maintain $3,000,000 of unrestricted cash and investments. On March 1, 2021, the Community amended the Continuing Covenants Agreement of the Series 2020 bonds which changed the requirements of a nonfinancial covenant.

Note 8. Bonds Payable (Continued)

Estimated maturities of the bonds payable are as follows for years ending December 31:

	Long-Term Debt	Deferred Financing Costs	Net
2022	$ 1,907,583	$ (284,026)	$ 1,623,557
2023	21,057,094	(228,230)	20,828,864
2024	2,004,541	(12,426)	1,992,115
2025	2,059,919	(12,426)	2,047,493
2026	2,113,384	(12,426)	2,100,958
Thereafter	40,901,067	(243,587)	40,657,480
	$ 70,043,588	$ (793,121)	$ 69,250,467

Note 9. Refundable Entrance Fee Deposits

When a residency agreement is signed, a deposit of approximately 10% of the entrance fee is collected. The balance of the entrance fee is payable 15 days following the date occupancy is offered to the resident. Generally, depositors may cancel their residency agreements at any time prior to admission and receive at least a partial refund of the entrance fee deposit. Deposits of $3,144,030 and $2,739,800 had been received from future residents who have signed residency agreements as of December 31, 2021 and 2020, respectively.

Note 10. Retirement Plan

The Community participates in a tax-deferred annuity plan (the Plan) as described in Section 401(k) of the Internal Revenue Code that covers all eligible employees beginning after their first full year of service. The Community makes "safe harbor" matching contributions to participants in accordance with Plan requirements. The Community contributed $195,918 and $194,598 to the Plan during the years ended December 31, 2021 and 2020, respectively.

Note 11. Net Assets With Donor Restrictions

The following summary details net assets with donor restrictions as of December 31:

		2021		2020
Subject to expenditure for specific purpose:				
For the benefit of employees	$	25,443	$	31,009
Nursing education fund		24,500		24,500
Music fund		17,970		17,970
For the benefit of residents		10,000		10,000
Current event speakers fund		4,300		4,300
Transportation fund		1,300		1,300
		83,513		89,079
Subject to the Community's spending policy and appropriation:				
Assets held in perpetuity (including original gift amount of $2,650 as of December 31, 2021 and 2020) and the income earned to support operations		2,650		2,650
Total net assets with donor restrictions	$	86,163	$	91,729

The endowment fund is currently being held in the Community's operating cash account. There was no endowment activity during the years ended December 31, 2021 and 2020. When the endowment fund is invested, investment income will be classified as net assets with donor restrictions until those amounts are appropriated for expenditures by the Community in a manner consistent with the standard of prudence prescribed by the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA). The UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. This standard also requires disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

The Board of Trustees (the Board) has interpreted state law as requiring realized and unrealized gains of net assets restricted in perpetuity, and interest and dividends earned to be retained in net assets with donor restrictions until appropriated by the Board and expended. The Community has not adopted a formal spending policy and investment policy for endowment funds. The Community has not made any appropriations during 2021 and 2020 and believes spending would not be prudent at this time.

The General Laws of Massachusetts allow the Board to appropriate for expenditure or accumulate so much of an endowment fund as the Community determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. In making a determination to appropriate or accumulate, the Community shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: the duration and preservation of the endowment fund; the purposes of the Community and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Community; and the investment policy of the Community.

Note 12. Net Assets Released From Restrictions

During the years ended December 31, 2021 and 2020, net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

The following summary details net assets released from restrictions during the years ended December 31:

	2021	2020
For the benefit of employees	$ 292,530	$ 292,255
Government grant revenue	45,860	2,620,946
	$ 338,390	$ 2,913,201

Note 13. Medical Malpractice Claims

The Community purchases professional and general liability insurance to cover medical malpractice claims through an occurrence basis policy effective June 30, 2014. There are no known claims and incidents that may result in the assertion of additional claims, as well as no claims from unknown incidents that may be asserted arising from services provided to patients. Based on historical evidence, the Community believes that a reserve for claims from unknown incidents is not necessary, and as such, no reserve has been accrued in the consolidated financial statements as of December 31, 2021 and 2020.

Note 14. Risks and Uncertainties

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses and people throughout the world. The continued spread of COVID-19 may adversely impact the local, regional, national and world economies. The extent to which the coronavirus impacts the Community's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot be currently predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the Community. Management has taken steps to prevent future outbreaks including vaccinating 98% of current residents and offering the vaccine to new residents in advance of move in.

Note 15. Functional Expenses

The financial statements report certain categories of expense that are attributable to one or more programs or supporting services of the Community. Those expenses include depreciation and amortization, insurance and taxes, interest, utilities, information technology, food, and the compliance department. Depreciation and amortization, insurance and taxes, interest and utilities are allocated on a square footage basis, information technology is allocated based on the number of devices used, food is allocated based on the number of meals, and the compliance department is allocated based on the estimated time where efforts are made.

The functional classification of expenses for the Community is as follows for the year ended December 31, 2021:

	2021				
	Independent Living	Health Center	Assisted Living	General and Administrative	Total
Wages, benefits and other employee related costs	$ 4,983,382	$ 4,846,781	$ 2,473,089	$ 1,784,006	$ 14,087,258
Outside labor	418,221	109,212	-	-	527,433
Professional fees and licenses	11,491	55,243	3,221	329,589	399,544
Information technology	139,521	110,901	32,197	75,127	357,746
Promotional development	689,147	44,366	184,510	-	918,023
Repairs and maintenance	574,078	74,095	-	6,329	654,502
Food and supplies	933,758	397,744	356,990	-	1,688,492
Activities	53,112	11,899	13,487	-	78,498
Medical expenses	18,779	970,947	77,434	-	1,067,160
Other services	38,138	8,318	2,303	202,303	251,062
Occupancy	2,241,568	289,311	216,925	24,717	2,772,521
Development expense	-	-	-	1,437,414	1,437,414
Depreciation	3,635,307	469,196	435,214	48,874	4,588,591
Interest	1,087,892	140,410	130,241	881,885	2,240,428
	$14,824,394	$ 7,528,423	$ 3,925,611	$ 4,790,244	$ 31,068,672

The functional classification of expenses for the Community is as follows for the year ended December 31, 2020:

	2020				
	Independent Living	Health Center	Assisted Living	General and Administrative	Total
Wages, benefits and other employee related costs	$ 5,220,560	$ 4,911,824	$ 1,335,242	$ 1,676,658	$ 13,144,284
Outside labor	390,571	-	-	-	390,571
Professional fees and licenses	10,198	63,531	687	316,170	390,586
Information technology	131,407	104,452	30,325	70,758	336,942
Promotional development	689,470	21,363	223,948	-	934,781
Repairs and maintenance	529,175	68,300	-	5,836	603,311
Food and supplies	978,264	418,720	375,813	94	1,772,891
Activities	32,921	7,540	9,791	-	50,252
Medical expenses	21,764	1,100,317	20,430	-	1,142,511
Other services	32,170	8,626	3,094	217,727	261,617
Occupancy	2,419,046	312,219	222,615	26,675	2,980,555
Development expense	-	-	-	2,500,299	2,500,299
Depreciation	3,501,441	451,919	419,188	46,576	4,419,124
Interest	1,130,040	145,850	135,287	279,340	1,690,517
	$15,087,027	$ 7,614,661	$ 2,776,420	$ 5,140,133	$ 30,618,241

Note 16. Government Grant Revenue

The Community received funding from the federal government for a grant under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) as part of the Payroll Protection Program (PPP) through the Small Business Administration (SBA). The total amount of the funding was $1,812,500 with a requirement that the Community use no less than 60% of the funds for payroll costs and the remainder for business utility expenses, rent or lease payments, or mortgage interest expenses. In addition, staffing and wages need to be maintained at existing levels as defined within the program terms. The Community elected the eight week spending period which began April 21, 2020, the date of initial funding. The grant is conditional on the Community being eligible at the time of funding, maintaining their staffing through the covered period and upon them spending the money in accordance with the grant requirements. These barriers were met during the year ended December 31, 2020 and the revenue was recognized as government grant revenue with donor restrictions and subsequently released upon the money being spent in accordance with the grant guidelines. The Community applied for forgiveness to the SBA and the loan was forgiven in March 2021.

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved by HHS and received by the Community were $45,860 and $808,446 during the years ended December 31, 2021 and 2020, respectively. The PRFs are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. The grant funds are conditional upon the Community spending the funds in accordance with the program's allowable cost guidelines which consist of costs incurred to manage COVID-19 within the Community or to support lost revenue that the Community has incurred as a result of the pandemic. During the years ended December 31, 2021 and 2020, the Community recognized $45,860 and $808,446, respectively, as grant revenue with donor restrictions which was subsequently released upon the money being spent in accordance with the grant guidelines.

RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Trustees
Edgewood Senior Solutions Group, Inc. and Subsidiaries

We have audited the consolidated financial statements of Edgewood Senior Solutions Group, Inc. and Subsidiaries (the Community) as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon, dated May 26, 2022, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to May 26, 2022.

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

RSM US LLP

Boston, Massachusetts
May 26, 2022

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidating Balance Sheet
December 31, 2021

	Senior Solutions	Edgewood	The Baldwin	Eliminations	Consolidated Totals
Assets					
Current assets:					
Cash and cash equivalents	$ 501,645	$ 2,198,276	$ 78,295	$ -	$ 2,778,216
Current portion of assets limited as to use	-	-	547,335	-	547,335
Accounts receivable - Health Center, net	-	1,063,040	-	-	1,063,040
Accounts receivable - residents	-	254,775	-	-	254,775
Prepaid expenses	-	580,665	-	-	580,665
Supplies inventory	-	200,718	-	-	200,718
Intercompany receivable	-	13,373,613	-	(13,373,613)	-
Total current assets	501,645	17,671,087	625,630	(13,373,613)	5,424,749
Long-term assets:					
Investments	-	36,454,266	-	-	36,454,266
Assets limited as to use, net of current portion	3,000,000	-	3,867,081	-	6,867,081
Property and equipment, net	33,062	83,993,419	17,508,301	-	101,534,782
Total long-term assets	3,033,062	120,447,685	21,375,382	-	144,856,129
Total assets	$ 3,534,707	$ 138,118,772	$ 22,001,012	$ (13,373,613)	$ 150,280,878
Liabilities and Net Deficit					
Current liabilities:					
Accounts payable	$ (8,164)	$ 779,961	$ 1,167,214	$ -	$ 1,939,011
Accrued liabilities:					
Payroll and compensated absences	233,492	455,784	23,017	-	712,293
Interest	-	57,283	272,105	-	329,388
Other	-	286,262	-	-	286,262
Current portion of bonds payable, net of deferred financing costs	-	1,895,157	(271,600)	-	1,623,557
Refundable deposits	-	3,128,830	15,200	-	3,144,030
Intercompany payable	3,950,530	-	9,423,083	(13,373,613)	-
Total current liabilities	4,175,858	6,603,277	10,629,019	(13,373,613)	8,034,541
Long-term liabilities:					
Entrance fee liabilities:					
Health Center and Assisted Living - permanently assigned residents	-	9,580,823	-	-	9,580,823
Refundable entrance fees	-	91,425,840	-	-	91,425,840
Deferred entrance fees	-	9,442,616	-	-	9,442,616
Total long-term entrance fee liabilities	-	110,449,279	-	-	110,449,279
Bonds payable, net of current portion and deferred financing costs	-	48,735,722	18,891,188	-	67,626,910
Total long-term liabilities	-	159,185,001	18,891,188	-	178,076,189
Total liabilities	4,175,858	165,788,278	29,520,207	(13,373,613)	186,110,730
Commitment					
Net assets (deficit):					
Net deficit without donor restrictions	(641,151)	(27,755,669)	(7,519,195)	-	(35,916,015)
Net assets with donor restrictions	-	86,163	-	-	86,163
Total net deficit	(641,151)	(27,669,506)	(7,519,195)	-	(35,829,852)
Total liabilities and net deficit	$ 3,534,707	$ 138,118,772	$ 22,001,012	$ (13,373,613)	$ 150,280,878

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidating Statement of Operations
Year Ended December 31, 2021

	Senior Solutions	Edgewood	The Baldwin	Eliminations	Consolidated Totals
Revenues and other support without donor restrictions:					
Net resident service revenue, independent living unit	$ -	$ 16,302,553	$ -	$ -	$ 16,302,553
Entrance fees earned and cancellation penalties	-	1,646,575	-	-	1,646,575
Net resident service revenue, health center fees	-	5,088,633	-	-	5,088,633
Net resident service revenue, assisted living	-	3,405,385	-	-	3,405,385
Management fees	1,608,000	-	-	(1,608,000)	-
Net assets released from restrictions	-	338,390	-	-	338,390
Total revenues and other support without donor restrictions	1,608,000	26,781,536	-	(1,608,000)	26,781,536
Expenses:					
General and administrative	1,617,590	5,059,639	-	(856,800)	5,820,429
Plant operations	-	3,137,939	-	-	3,137,939
Environmental services	-	1,179,265	-	-	1,179,265
Culinary services	-	3,941,427	-	-	3,941,427
Nursing	-	5,328,302	-	-	5,328,302
Resident care services	-	999,024	-	-	999,024
Assisted living	-	2,108,201	-	-	2,108,201
Wellness	-	287,654	-	-	287,654
Depreciation	-	4,579,805	8,786	-	4,588,591
Interest	-	1,370,539	869,887	-	2,240,426
Total expenses	1,617,590	27,991,795	878,673	(856,800)	29,631,258
Loss from operations	(9,590)	(1,210,259)	(878,673)	(751,200)	(2,849,722)
Nonoperating gains (losses) without donor restrictions:					
Investment income	1,645	645,925	-	-	647,570
Realized gains on investments	-	660,773	-	-	660,773
Development expense	-	-	(2,188,614)	751,200	(1,437,414)
Contributions	-	29,200	-	-	29,200
Total nonoperating gains (losses) without donor restrictions	1,645	1,335,898	(2,188,614)	751,200	(99,871)
Excess (deficit) of revenues over expenses	(7,945)	125,639	(3,067,287)	-	(2,949,593)
Other changes in net assets without donor restrictions:					
Unrealized gains on investments	-	1,798,888	-	-	1,798,888
Change in net assets without donor restrictions	$ (7,945)	$ 1,924,527	$ (3,067,287)	$ -	$ (1,150,705)

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidating Statement of Changes in Net Assets (Deficit)
Year Ended December 31, 2021

	Senior Solutions	Edgewood	The Baldwin	Eliminations	Consolidated Totals
Net assets without donor restrictions:					
Loss from operations	$ (9,590)	$ (1,210,259)	$ (878,673)	$ (751,200)	$ (2,849,722)
Nonoperating gains (losses) without donor restrictions	1,645	1,335,898	(2,188,614)	751,200	(99,871)
Other changes in net assets without donor restrictions	-	1,798,888	-	-	1,798,888
(Decrease) increase in net assets without donor restrictions	(7,945)	1,924,527	(3,067,287)	-	(1,150,705)
Net assets with donor restrictions:					
Government grant revenue	-	45,860	-	-	45,860
Contributions	-	286,964	-	-	286,964
Net assets released from restrictions	-	(338,390)	-	-	(338,390)
Decrease in net assets with donor restrictions	-	(5,566)	-	-	(5,566)
Change in net assets	(7,945)	1,918,961	(3,067,287)	-	(1,156,271)
Net deficit at beginning of year	(633,206)	(29,588,467)	(4,451,908)	-	(34,673,581)
Net deficit at end of year	$ (641,151)	$ (27,669,506)	$ (7,519,195)	$ -	$(35,829,852)

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2022

Contents

Independent Auditor's Report

Board of Trustees
Edgewood Senior Solutions Group, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Edgewood Senior Solutions Group, Inc. and Subsidiaries (the Community), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

Boston, Massachusetts
April 4, 2023

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	**$ 2,627,388**	$ 2,778,216
Current portion of assets limited as to use (Notes 2, 3 and 5)	**3,136,780**	547,335
Accounts receivable—health center, net (Notes 2 and 4)	**1,159,589**	1,063,040
Accounts receivable—residents (Note 2)	**341,373**	254,775
Prepaid expenses	**723,409**	580,665
Supplies inventory	**206,284**	200,718
Total current assets	**8,194,823**	5,424,749
Long-term assets:		
Investments (Notes 2 and 3)	**35,106,961**	36,454,266
Assets limited as to use, net of current portion (Notes 2, 3 and 5)	**7,526,491**	6,867,081
Property and equipment, net (Note 6)	**160,209,126**	101,534,782
Total long-term assets	**202,842,578**	144,856,129
Total assets	**$ 211,037,401**	$ 150,280,878
Liabilities and Net Deficit		
Current liabilities:		
Accounts payable	**$ 16,311,745**	$ 1,939,011
Accrued liabilities:		
Payroll and compensated absences	**750,573**	712,293
Interest	**1,194,777**	329,388
Other	**319,147**	286,262
Current portion of bonds payable, net of deferred financing costs and discount (Note 7)	**1,103,332**	1,623,557
Refundable deposits (Note 8)	**3,986,520**	3,144,030
Total current liabilities	**23,666,094**	8,034,541
Long-term liabilities:		
Entrance fee liabilities:		
Health Center and Assisted Living—permanently assigned residents	**9,078,582**	9,580,823
Refundable entrance fees	**93,887,900**	91,425,840
Deferred entrance fees	**10,005,035**	9,442,616
Total long-term entrance fee liabilities	**112,971,517**	110,449,279
Bonds payable, net of current portion, deferred financing costs	**-**	-
and debt discount (Note 7)	**118,387,015**	67,626,910
Total long-term liabilities	**231,358,532**	178,076,189
Total liabilities	**255,024,626**	186,110,730
Commitment (Note 12)		
Net assets (deficit):		
Net deficit without donor restrictions	**(44,076,380)**	(35,916,015)
Net assets with donor restrictions (Note 10)	**89,155**	86,163
Total net deficit	**(43,987,225)**	(35,829,852)
Total liabilities and net deficit	**$ 211,037,401**	$ 150,280,878

See notes to consolidated financial statements.

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Statements of Operations
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues and other support without donor restrictions:		
Net resident service revenue, independent living unit	**$ 17,574,251**	$ 16,302,553
Net resident service revenue, health center fees	**4,298,309**	5,088,633
Net resident service revenue, assisted living	**3,620,413**	3,405,385
Entrance fees earned and cancellation penalties	**1,507,460**	1,646,575
Net assets released from restrictions (Note 11)	**301,505**	338,390
Total revenues and other support without donor restrictions	**27,301,938**	26,781,536
Expenses (Notes 9 and 13):		
General and administrative	**5,783,424**	5,820,429
Plant operations	**3,279,880**	3,137,939
Environmental services	**1,271,103**	1,179,265
Culinary services	**4,265,191**	3,941,427
Nursing	**4,766,010**	5,328,302
Resident care services	**1,085,897**	999,024
Assisted living	**2,150,659**	2,108,201
Wellness	**373,250**	287,654
Depreciation	**4,679,423**	4,579,805
Interest	**1,326,094**	1,370,539
Total expenses	**28,980,931**	28,752,585
Loss from operations	**(1,678,993)**	(1,971,049)
Nonoperating (losses) gains without donor restrictions:		
Investment income	**796,305**	647,570
Loss on extinguishment of debt (Note 7)	**(417,775)**	-
Realized gains on investments	**401,611**	660,773
Development expense (Note 13)	**(1,670,377)**	(2,316,087)
Contributions	**-**	29,200
Total nonoperating losses without donor restrictions	**(890,236)**	(978,544)
Deficit of revenues over expenses	**(2,569,229)**	(2,949,593)
Other changes in net assets without donor restrictions:		
Unrealized (losses) gains on investments	**(5,591,136)**	1,798,888
Change in net assets without donor restrictions	**$ (8,160,365)**	$ (1,150,705)

See notes to consolidated financial statements.

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets (Deficit)
Years Ended December 31, 2022 and 2021

	2022	2021
Net assets without donor restrictions:		
Loss from operations	**$ (1,678,993)**	$ (1,971,049)
Nonoperating losses without donor restrictions	**(890,236)**	(978,544)
Other changes in net assets without donor restrictions	**(5,591,136)**	1,798,888
Decrease in net assets without donor restrictions	**(8,160,365)**	(1,150,705)
Net assets with donor restrictions:		
Government grant revenue (Note 14)	**-**	45,860
Contributions	**304,497**	286,964
Net assets released from restrictions (Note 11)	**(301,505)**	(338,390)
Increase (decrease) net assets with donor restrictions	**2,992**	(5,566)
Change in net assets	**(8,157,373)**	(1,156,271)
Net deficit at beginning of year	**(35,829,852)**	(34,673,581)
Net deficit at end of year	**$ (43,987,225)**	$ (35,829,852)

See notes to consolidated financial statements.

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ (8,157,373)**	$ (1,156,271)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**4,688,114**	4,588,591
Amortization of deferred financing costs	**82,991**	284,026
Net unrealized and realized losses (gains) on investments	**5,189,525**	(2,459,661)
Loss on extinguishment of debt	**417,775**	-
Amortization of entrance fees	**(1,507,460)**	(1,646,575)
Proceeds from nonrefundable entrance fees	**2,069,879**	2,180,982
Change in accounts receivable	**(183,147)**	130,541
Change in prepaid expenses	**(142,744)**	18,419
Change in supplies inventory	**(5,566)**	25,012
Change in accounts payable	**460,536**	329,153
Change in accrued liabilities	**936,554**	108,427
Total adjustments	**12,006,457**	3,558,915
Net cash provided by operating activities	**3,849,084**	2,402,644
Cash flows from investing activities:		
Purchase of assets limited as to use	**(5,939,137)**	-
Purchase of investments	**(14,302,118)**	(10,016,096)
Proceeds from investments	**10,530,787**	5,382,609
Purchase of property and equipment	**(48,856,970)**	(5,068,673)
Net cash used in investing activities	**(58,567,438)**	(9,702,160)
Cash flows from financing activities:		
Repayments of bonds	**(21,007,583)**	(1,859,324)
Proceeds from bonds, net of discount	**74,664,000**	1,650,000
Payment of deferred financing costs	**(4,510,593)**	(5,113)
Refunds of refundable entrance fees	**(7,721,059)**	(9,001,174)
Proceeds from refundable entrance fees and deferred fees	**9,680,878**	11,635,884
Refunds of refundable deposits	**(587,850)**	(70,210)
Proceeds from refundable deposits	**1,430,340**	474,440
Net cash provided by financing activities	**51,948,133**	2,824,503
Change in cash, cash equivalents and restricted cash	**(2,770,221)**	(4,475,013)
Cash, cash equivalents and restricted cash:		
Beginning of year	**10,192,632**	14,667,645
End of year	**$ 7,422,411**	$ 10,192,632
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest, including capitalized interest of $2,822,303 and $414,791 during the years ended December 31, 2022 and 2021, respectively	**$ 3,438,525**	$ 2,300,155
Noncash operating and investing activities - property and equipment in accounts payable	**$ 15,087,833**	$ 1,175,635

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Edgewood Senior Solutions Group, Inc. (Senior Solutions) is a not-for-profit corporation organized and existing under the laws of the Commonwealth of Massachusetts. Senior Solutions was incorporated on July 6, 2017 and its purpose is the development, support and oversight of an integrated system of continuing care retirement communities/senior living facilities and related providers to expand and diversify Edgewood Retirement Community Inc.'s (Edgewood) mission and services as well as the centralization of management and administrative functions. In 2019, Senior Solutions became the sole member of The Baldwin Senior Living (The Baldwin). On June 11, 2020, Senior Solutions became the sole member of Edgewood.

Edgewood is a not-for-profit corporation organized and existing under the laws of the Commonwealth of Massachusetts. Edgewood was incorporated in 1993 to provide housing, healthcare and other related services to seniors through the construction and operation of the life-care community known as "Edgewood" in North Andover, Massachusetts.

Edgewood includes 216 residential units, 24 cottage homes, common space, and 40 nursing care beds (the Health Center). Edgewood operates under the "life care" concept in which residents enter into a residency agreement, which requires payment of a one-time entrance fee and monthly service fees. These payments entitle residents to the use and privileges of Edgewood for life. The residents do not acquire an interest in the real estate and property.

On June 26, 2018, Edgewood completed and opened the Woodlands Inn (the Inn) on its North Andover campus. In May 2019, the Inn received its assisted living license and began operating as an assisted living facility. In 2018, the Inn operated as an enhanced living facility. The Inn is a community that consists of 40 units. The Inn offers an additional option to Edgewood's continuum of care that residents may choose. In addition, private pay residents may also enter the Inn. Private pay residents enter into a residency agreement, which requires a community fee and a monthly service fee. These payments entitle the residents to occupy a residence and entitle the residents to the use of and privileges of certain amenities outside of a life-care agreement.

On February 15, 2019 a New Hampshire not-for-profit corporation, The Baldwin was formed. The purpose of The Baldwin is to meet the housing, health care, and financial security needs of seniors. As of December 31, 2022 and 2021, The Baldwin is in the development phase.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of Senior Solutions and its subsidiaries which consist of Edgewood and The Baldwin (collectively, the Community).

A summary of the Community's significant accounting policies is as follows:

Classification and reporting of net assets: The Community's financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under ASC 958, the Community is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets without donor restrictions represent the portion of net assets of the Community that is neither restricted by donor-imposed stipulations or time restrictions. Net assets without donor restrictions include expendable funds available for support of the Community, as well as funds invested in the physical plant, including buildings and equipment.

Net assets with donor restrictions represent contributions and other inflows of assets that have donor-imposed restrictions that require that they be held permanently, or whose use may or will be met by actions of the Community or the passage of time.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Management periodically evaluates estimates used in the preparation of the consolidated financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates. Estimates significant to the consolidated financial statements include the fair value of investments, useful lives of property and equipment, allowance for doubtful accounts, the estimated life expectancy of residents used to amortize the deferred entrance fees, the assumptions used in the calculation of the obligation to provide future services and the allocation of the functional expenses.

Cash, cash equivalents and restricted cash: The Community maintains its cash in 5 bank deposit accounts at TD Bank N.A. whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The Community may have balances above this limit at various times during the years ended December 31, 2022 and 2021. As of December 31, 2022, the Community had $3,091,689 of cash that is not covered by the FDIC. The Community has not experienced any losses in such accounts. The Community also holds $10,663,271 of assets limited as to use in cash equivalents that are in trust held by UMB Bank n.a. which are not insured by the FDIC. The Community believes it is not exposed to any significant credit risks on cash, cash equivalents or restricted cash.

For purposes of reporting cash flows, the Community defines cash equivalents as short-term, highly-liquid investments with original maturities of three months or less.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2022	2021
Cash and cash equivalents	$ 2,627,388	$ 2,778,216
Assets limited as to use, cash and cash equivalents	4,795,023	7,414,416
	$ 7,422,411	$ 10,192,632

Assets limited as to use include cash held by trustees under its indenture agreement and construction funds for future projects. As of December 31, 2022, $5,868,248 of assets limited as to use were invested in government and agency bonds which are not included in reconciliation of cash, cash equivalents and restricted cash.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Accounts receivable: Resident accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Resident accounts receivable due directly from the residents are carried at the original charge for the service provided, less amounts covered by third-party payors and less an estimated allowance for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Resident receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Property and equipment: Property and equipment acquisitions are recorded at cost. Depreciation and amortization of property and equipment are provided over the estimated useful lives of the respective assets on the straight-line basis as follows:

	Years
Buildings	40
Buildings and land improvements	8 to 20
Furnishings and equipment	3 to 15
Vehicles	3 to 5

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

The Community follows ASC 410, Asset Retirement and Environmental Obligations. ASC 410 requires that a liability be recorded for the fair value of an asset retirement obligation specific to certain legal environmental obligations. The recording of a liability is required if such conditions exist and the obligation can be reasonably estimated. As of December 31, 2022 and 2021, the Community is unaware of any such obligations. The Community will recognize a liability in the period in which it becomes aware of such liability and sufficient information is available to reasonably estimate the fair value.

Development expense: Development expense relates to costs associated with the development of The Baldwin including salaries, benefits, management fees, marketing expenses and other costs that are not permitted to be capitalized. Development expense includes $8,691 and $8,786 of depreciation expense as well as $167,942 and $599,085 of interest expense not related to amortization of deferred financing costs during the years ended December 31, 2022 and 2021.

Assessment of long-lived assets: The Community follows ASC 360, Property and Equipment, as it relates to the accounting for impairment or disposal of long-lived assets, which requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As of December 31, 2022 and 2021, the Community has not identified any impairment indicators.

Investments: Investments are recorded at fair value. Investment income is included in revenue and other support without donor restrictions in the consolidated statements of operations. Changes in fair value are reflected in the consolidated statements of operations as realized gains (losses) on investments or unrealized gains (losses) on investments. Realized gains are calculated using the specific designation method.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Trading securities: Trading securities are held for resale in anticipation of short-term (generally 90 days or less) fluctuations in market prices. Trading securities are accounted for based on ASC 321, Investments—Equity Securities.

Available-for-sale debt securities: Available-for-sale debt securities consist of money market funds and government and agency bonds.

Other than temporary impairments: The Community reviews its investments to identify those that have a fair value that is below cost. The Community makes a determination as to whether the investment should be considered other than temporarily impaired based on guidelines established in ASC 320, Investments—Debt Securities. At December 31, 2022 and 2021, no other than temporarily impaired losses have been recognized.

Operating activities: The consolidated statements of operations reflect a subtotal for the loss from operations. This subtotal reflects revenues (losses) that the Community received (incurred) for operating purposes. Nonoperating activity reflects all other activity, including, but not limited to, investment income, realized gains on investments, contributions, loss on extinguishment of debt and development expense.

Deficit of revenues over expenses: The consolidated statements of operations include deficit of revenues over expenses. Changes in net assets without donor restrictions which are excluded from deficit of revenues over expenses, consistent with industry practice, include unrealized (losses) gains on investments.

Deferred entrance fees: The Community currently has three different residency agreements in force. The following summarizes each type of agreement:

Traditional agreement: Upon death or voluntary withdrawal of the resident and reoccupancy of the vacated unit by another resident, the resident or the resident’s estate receives a refund of the entrance fee, less 1% per month of occupancy. This contract has not been issued since November 1997 and is not currently marketed. As of December 31, 2022 and 2021 one of these contracts is still in existence, but no refunds will be owed for this contract.

50% return of capital agreement: Upon death or voluntary withdrawal of the resident and reoccupancy of the vacated unit by another resident, the resident or the resident’s estate receives a refund of the entrance fee, less the lesser of 50% of the entrance fee or 1% per month of occupancy. As of December 31, 2022 and 2021, 16 and 11, respectively, of such contracts are in existence.

90% return of capital agreement: Upon death or voluntary withdrawal of the resident and reoccupancy of the vacated unit by another resident, the resident or the resident’s estate receives a refund of the entrance fee, less the lesser of 10% of the entrance fee or 1% per month of occupancy. This is the standard contract in force at the Community, and all other contracts other than those previously documented take this form as of December 31, 2022 and 2021.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Under the Community's 90% return-of-capital residency plan, a portion of the entrance fee (10%) is nonrefundable and is recorded as deferred revenue. This deferred revenue is recognized as revenue earned on a straight-line basis over the estimated remaining life, actuarially adjusted annually, of each resident beginning with the date of each resident's occupancy. Any unrecognized deferred entrance fee at the date of death or termination of occupancy of the respective resident is recorded as income in the period in which death or termination of occupancy occurs. The remaining amount of the entrance fee represents that portion of the entrance fee, less unreimbursed fees and expenses, which is refunded to the resident or the resident's estate upon termination of occupancy after receipt of a new entrance fee from a successor resident and is recorded as refundable entrance fees.

At December 31, 2022 and 2021, the gross amount of contractual refund obligations under existing contracts was $102,966,482 and $101,006,663, respectively.

Obligation to provide future services: The Community annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from deferred entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at a rate of 2.5% at December 31, 2022 and 2021. At December 31, 2022 and 2021, the comparison between the estimated future costs to serve residents and the revenues from those residents that were parties to a resident agreement resulted in a surplus. Accordingly, there is no obligation in excess of deferred revenue to provide future services to residents at December 31, 2022 and 2021.

Revenue recognition: The Community accounts for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when or as a performance obligation(s) is/are satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

Independent and assisted living: Resident fees at independent and assisted living facilities consist of monthly charges for basic housing and support services. Prior to admission to the Community, a resident agreement is required. In addition, residents can be directly admitted to the assisted living facility. Monthly fees for residents in assisted living are recorded over the month the performance obligation is satisfied as they are considered month to month contracts. There may be ancillary services provided that are not included in the monthly fees that are considered separate performance obligations for which revenue is recognized as the services are provided.

Performance obligations are determined based on the nature of the services provided by the Community. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Community believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to the monthly resident fee and entrance fee amortization for residents with life care contracts. The Community measures the performance obligation from the move-in date through the estimated life expectancy of the resident for life-care residents. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the Community does not believe it is required to provide additional goods or services to the resident.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Community determines the transaction price based on standard charges for goods and services provided, reduced by implicit price concessions. The Community determines its estimate of implicit price concessions based on its historical collection experience with the residents.

Health center revenue: Health center revenue is derived from providing care in the Community's health center to residents requiring long-term or specialized care and is reported at the amount that reflects the consideration for which the Community expects to be entitled to in exchange for providing resident care. Amounts are based on daily rates which are generally fixed and are due from residents and/or third-party payors, including Medicare. The Community determines the transaction price based on standard charges adjusted for explicit price adjustments consisting of contractual allowances provided third-party payors and discounts provided in conjunction with the resident agreements. Revenue is recognized as the performance obligation is satisfied.

Patient care services in the health center represent a bundle of services based on the needs of the resident and are not capable of being distinct; accordingly, the Community has determined that the overall provision of a day of healthcare services to a resident is one performance obligation.

On October 1, 2019, a new case-mix classification system for Medicare beneficiaries in skilled nursing facilities, the Patient Driven Payment Model (PDPM) replaced RUG-IV. PDPM relies more on clinically relevant factors rather than the volume-based therapy measures used under RUG-IV for determining Medicare reimbursement. In addition, PDPM per diem payments are adjusted during a resident's stay to reflect varying costs throughout the time the resident is in the facility. During the years ended December 31, 2022 and 2021, approximately 4% and 5%, respectively, of operations revenues is received from Medicare funding sources as third-party reimbursement of costs.

Contributions: Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Grant revenue: Individual grant arrangements have been evaluated and determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, i.e., when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all significant conditions of the grant are met.

Advertising costs: The Community follows the policy of charging the production costs of advertising expense as incurred. Advertising expense was $2,209,988 and $2,337,820 for the years ended December 31, 2022 and 2021, respectively.

Income tax status: Edgewood, Senior Solutions and The Baldwin are qualified under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes.

Uncertainty of income taxes: The Community follows ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The Community recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. As of December 31, 2022 and 2021, management has evaluated the Community's tax positions and concluded that the Community had no material uncertainties in income taxes that require disclosure in the consolidated financial statements. With few exceptions, the Community is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for three years after the date filed.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recent accounting pronouncements: In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses of newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The effective date of this standard, as amended by ASU 2019-10, is for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Community is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

Reclassifications: Certain reclassifications have been made to the 2021 consolidated financial statements in order to conform to the 2022 presentation, with no adjustment to net assets or changes in net assets.

Subsequent events: The Community has evaluated events and transactions for potential recognition or disclosure through April 4, 2023, the date the consolidated financial statements were issued.

Note 2. Liquidity

As of December 31, 2022 and 2021, financial assets available within one year for general expenditure, such as operating expenses, principal and interest payments, and capital expenditures not financed by debt were as follows:

	2022	2021
Cash and cash equivalents	$ 2,627,388	$ 2,778,216
Accounts receivable, net	1,500,962	1,317,815
Investments	35,106,961	36,454,266
Assets limited as to use expected to be spent within one year	3,136,780	3,264,194
	$ 42,372,091	$ 43,814,491

In addition to financial assets available to meet general expenditures over the next 12 months, the Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the consolidated statements of cash flows, which identify the sources and uses of the Community's cash and show positive cash generated by operations for the years ended December 31, 2022 and 2021.

Note 3. Fair Value Measurements

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Community uses various methods, including market, income and cost approaches. Based on these approaches, the Community often utilizes certain assumptions that management believes market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can either be readily observable, corroborated by market data, or generally unobservable. The Community utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Community is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1 inputs, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 inputs also include derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single-dealer quotes not corroborated by observable market data.

In some instances, the inputs used to measure fair value may align with different levels of the fair value hierarchy. In such instances, the inputs are based on the lowest level of input that is significant to the fair value measurement. The Community has various processes and controls in place to ensure that fair value is reasonably estimated.

While the Community believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended December 31, 2022 and 2021, there were no changes to the Community's valuation techniques that had, or are expected to have, a material impact on its consolidated balance sheets or results of operations.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Domestic equity mutual funds, domestic equities, flexible capital, international equity mutual funds, fixed income mutual funds, inflation hedging securities funds, and money market funds: The fair value of domestic equity mutual funds, domestic equities, international equity mutual funds, fixed income mutual funds, flexible capital, inflation hedging securities funds, and money market funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Note 3. Fair Value Measurements (Continued)

Government and agency bonds: The fair value of government and agency bonds is the market value based on pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.

The following summary details the assets and liabilities that the Community measures at fair value on a recurring basis, by level, within the fair value hierarchy at December 31:

2022	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Domestic equity mutual funds	$ 7,558,331	$ -	$ -	$ 7,558,331
Domestic equities	3,207,545	-	-	3,207,545
Flexible capital	6,359,845	-	-	6,359,845
International equity mutual funds	5,089,158	-	-	5,089,158
Fixed income mutual funds	9,770,969	-	-	9,770,969
Inflation hedging securities funds	3,121,113	-	-	3,121,113
	35,106,961	-	-	35,106,961
Assets limited as to use:				
Money market funds	4,795,023	-	-	4,795,023
Government and agency bonds	-	5,868,248	-	5,868,248
	4,795,023	5,868,248	-	10,663,271
	$ 39,901,984	$ 5,868,248	$ -	$ 45,770,232

2021	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Domestic equity mutual funds	$ 8,770,186	$ -	$ -	$ 8,770,186
Flexible capital	7,050,388	-	-	7,050,388
International equity mutual funds	6,158,577	-	-	6,158,577
Fixed income mutual funds	10,644,565	-	-	10,644,565
Inflation hedging securities funds	3,830,550	-	-	3,830,550
	$ 36,454,266	$ -	$ -	$ 36,454,266

Note 4. Accounts Receivable—Health Center

The Community grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows at December 31:

	2022	2021
Medicare	$ 835,703	$ 606,531
Private patients	429,987	524,728
Other third-party payors	365,958	393,789
	1,631,648	1,525,048
Allowance	(472,059)	(462,008)
	$ 1,159,589	$ 1,063,040

Note 5. Assets Limited as to Use

Assets limited as to use include funds that are required under the terms of the Community's bonds and trust indenture agreements. These assets are comprised of cash equivalents and government and agency bonds at December 31, 2022 and 2021.

Under the terms of The Baldwin's trust indenture, the Community is required to maintain a project fund for the construction costs of The Baldwin as well as a debt service reserve fund, funded interest to cover future payments of the bond, and a tax and insurance escrow fund.

The following summary details the carrying values of assets limited as to use at December 31:

	2022	2021
Assets limited as to use, net of current portion:		
Guarantor restricted cash	$ -	$ 3,000,000
Project fund	4,685,804	2,716,859
Debt service reserve fund	2,808,207	1,150,222
Tax and insurance escrow fund	32,480	-
	7,526,491	6,867,081
Current portion of assets limited as to use:		
Funded interest	3,136,780	547,335
	$ 10,663,271	$ 7,414,416

The following table shows the gross unrealized losses and fair value of the Community's debt security investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual debt securities have been in a continuous unrealized loss position, as of December 31, 2022. There were no individual debt securities with unrealized losses as of December 31, 2021.

	2022					
	Less than 12 Months		More than 12 Months		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government and agency bonds	$ 5,868,248	$ (70,889)	$ -	$ -	$ 5,868,248	$ (70,889)

Note 6. Property and Equipment

Property and equipment consist of the following at December 31:

	2022	2021
Buildings and building improvements	$ 129,461,591	$ 128,215,687
Land and land improvements	18,345,781	17,407,627
Furnishings and equipment	6,884,920	6,661,030
Vehicles	769,657	727,639
Total cost	155,461,949	153,011,983
Less accumulated depreciation and amortization	65,057,671	60,369,557
	90,404,278	92,642,426
Construction in progress	69,804,848	8,892,356
	$ 160,209,126	$ 101,534,782

During the year ended December 31, 2022, the Community capitalized $3,337,514 of interest expense to construction in progress which was net of $78,079 of interest income and also includes amortization of deferred financing costs of $524,242 and amortization of debt discount of $69,048. During the year ended December 31, 2021, the Community capitalized $414,791 of interest expense to construction in progress which did not include any interest income or amortization related to the deferred financing costs or debt discount. As of December 31, 2022 and 2021, construction in progress relates to the construction of the Baldwin Senior Living community, which is expected to be completed in March 2024 for additional costs of approximately $127,900,000.

Note 7. Bonds Payable

The following summary details the status of the Community's bonds payable at December 31:

	2022	2021
Massachusetts Development Finance Agency Revenue Bonds, Edgewood Life Care Community Obligated Group Issue, Series 2017, are comprised of $58,700,000 of bonds at a fixed rate of 2.53% per annum, with maturity dates ranging from May 15, 2017 through April 15, 2047	$ 49,036,006	$ 50,943,588
Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project Series 2020, are comprised of $19,100,000 of bonds at a fixed rate of 5.65% per annum, with a maturity date of October 1, 2023	-	19,100,000
Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project Series 2022A, are comprised of $24,130,000 of bonds at a fixed rate of 5.75% per annum, with a maturity date of April 1, 2029	24,130,000	-
Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project Series 2022B, are comprised of $15,000,000 of bonds at a fixed rate of 5.75% per annum, with a maturity date of April 1, 2029	15,000,000	-
Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project Series 2022C, are comprised of $10,580,000 of bonds at a fixed rate of 3.75% per annum, with a maturity date of April 1, 2027	10,580,000	-
Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project Series 2022D, are comprised of $8,250,000 of bonds at a fixed rate of 5.50% per annum, with a maturity date of April 1, 2027	8,250,000	-
Business Finance Authority of the State of New Hampshire Revenue Bonds, The Baldwin at Woodmont Commons Project Series 2022E, are comprised of $17,400,000 of bonds at a fixed rate of 10.00% per annum, with a maturity date of April 1, 2029	17,400,000	-
	124,396,006	70,043,588
Less current portion, net of current deferred financing costs	(1,103,332)	(1,623,557)
Less unamortized deferred financing costs	(4,278,707)	(793,121)
Less unamortized debt discount	(626,952)	-
Bonds payable net of current portion, deferred financing costs and debt discount	$ 118,387,015	$ 67,626,910

The Series 2017 bonds are subject to optional redemption in whole or in part at any time at a redemption premium of 1% of the principal amount redeemed multiplied by the remaining term in years, plus interest accrued to the redemption date. The bonds are secured by a mortgage encumbering the real estate owned by Edgewood. In conjunction with the Series 2017 bonds the Community must adhere to certain financial covenants, such as debt service coverage ratio, liquidity ratio, and nonfinancial covenants.

Note 7. Bonds Payable (Continued)

The Series 2020 bonds were secured by all assets of The Baldwin. Senior Solutions was a guarantor on the Series 2020 bonds for an amount not to exceed $2,500,000. The bonds were to finance the predevelopment costs of The Baldwin as well as to purchase the land for the new community, which took place during the year ended December 31, 2020. As part of the Series 2020 agreement, there was a $5,000,000 subordinated intercompany borrowing to fund part of the predevelopment costs incurred by The Baldwin which is payable to Edgewood.

In April 2022 the Community issued the Series 2022 bonds which repaid the 2020 bonds and replaced all related agreements. The repayment of the Series 2020 bonds resulted in a loss on extinguishment of debt of $417,775. The proceeds are also being used to finance the construction of a 230-unit life plan continuing care retirement community. The initial draw of the Series 2022 bonds was $41,400,000 and the total bond issuance is up to $188,700,000 which is expected to be drawn on monthly during the construction period. Additional advances of $33,960,000 were made during the year ended December 31, 2022 and advances of $18,300,000 have been made through April 4, 2023. As part of the Series 2022 bond agreement, Edgewood has made a recoverable grant to The Baldwin for $10,000,000, which funded a portion of the construction costs and costs to issue the Series 2022 bonds. The $5,000,000 subordinated intercompany borrowings associated with the 2020 bonds are included in this grant. The recoverable grant bears interest at 5% per annum upon completion of the construction and the stabilization of occupancy of The Baldwin. Repayment of this grant is subordinate to the payment of the Series 2022 bonds and other financial conditions. The recoverable grant has been eliminated upon consolidation. The Series 2022 bonds are secured by a lien and security interest on the project as well as a pledge agreement with Senior Solutions and the recoverable grant with Edgewood. The Series 2022 bonds are subject to certain financial covenants that will be effective beginning in 2026 as well as a quarterly required minimum reserved unit covenant that began in June 2022.

The Series 2022E bonds were issued with a discount of $696,000, which is included as a reduction of bonds payable and is being amortized using the effective interest rate over the 7-year period of the bonds. Amortization related to the discount was $69,048 during the year ended December 31, 2022 which is capitalized within property and equipment on the accompanying consolidated balance sheet.

Financing costs relating to the bonds are included as a reduction of bonds payable, and are being amortized over the term of the bonds using the effective interest method. During the year ended December 31, 2022, the Community paid $4,510,593 in financing costs and recorded $607,233 in amortization of financing costs, of which $524,242 is capitalized within property and equipment on the accompanying consolidated balance sheet and $12,426 is recorded as interest expense and $70,565 is recorded as development expense in the accompanying consolidated statement of operations. During the year ended December 31, 2021, the Community paid $5,113 in financing costs and recorded $284,026 in amortization of financing costs which is included as interest expense in the accompanying consolidated statement of operations.

Note 7. Bonds Payable (Continued)

Estimated maturities of the bonds payable are as follows for years ending December 31:

	Long-Term Debt	Deferred Financing Costs	Debt Discount	Net
2023	$ 1,957,097	$ (754,336)	$ (99,429)	$ 1,103,332
2024	2,004,541	(754,336)	(99,429)	1,150,776
2025	2,059,919	(754,336)	(99,429)	1,206,154
2026	2,113,384	(754,336)	(99,429)	1,259,619
2027	20,415,560	(507,042)	(99,429)	19,809,089
Thereafter	95,845,505	(754,321)	(129,807)	94,961,377
	$ 124,396,006	$ (4,278,707)	$ (626,952)	$ 119,490,347

Note 8. Refundable Entrance Fee Deposits

When a residency agreement is signed, a deposit of approximately 10% of the entrance fee is collected. The balance of the entrance fee is payable 15 days following the date occupancy is offered to the resident. Generally, depositors may cancel their residency agreements at any time prior to admission and receive at least a partial refund of the entrance fee deposit. Deposits of $3,975,720 and $3,128,830 had been received from future residents who have signed residency agreements as of December 31, 2022 and 2021, respectively, which are included within refundable deposits in the accompanying consolidated financial statements.

Note 9. Retirement Plan

The Community participates in a tax-deferred annuity plan (the Plan) as described in Section 401(k) of the Internal Revenue Code that covers all eligible employees beginning after their first full year of service. The Community makes “safe harbor” matching contributions to participants in accordance with Plan requirements. The Community contributed $189,754 and $203,538 to the Plan during the years ended December 31, 2022 and 2021, respectively.

Note 10. Net Assets With Donor Restrictions

The following summary details net assets with donor restrictions as of December 31:

	2022	2021
Subject to expenditure for specific purpose:		
For the benefit of employees	$ 30,040	$ 25,443
Nursing education fund	24,500	24,500
Music fund	16,120	17,970
For the benefit of residents	9,850	10,000
Current event speakers fund	4,300	4,300
Transportation fund	820	1,300
Reading program	875	-
	86,505	83,513
Subject to the Community's spending policy and appropriation:		
Assets held in perpetuity (including original gift amount of $2,650 as of December 31, 2022 and 2021) and the income earned to support operations	2,650	2,650
Total net assets with donor restrictions	$ 89,155	$ 86,163

The endowment fund is currently being held in the Community's operating cash account. There was no endowment activity during the years ended December 31, 2022 and 2021. When the endowment fund is invested, investment income will be classified as net assets with donor restrictions until those amounts are appropriated for expenditures by the Community in a manner consistent with the standard of prudence prescribed by the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. This standard also requires disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

The Board of Trustees (the Board) has interpreted state law as requiring realized and unrealized gains of net assets restricted in perpetuity, and interest and dividends earned to be retained in net assets with donor restrictions until appropriated by the Board and expended. The Community has not adopted a formal spending policy and investment policy for endowment funds. The Community has not made any appropriations during 2022 and 2021 and believes spending would not be prudent at this time.

The General Laws of Massachusetts allow the Board to appropriate for expenditure or accumulate so much of an endowment fund as the Community determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. In making a determination to appropriate or accumulate, the Community shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: the duration and preservation of the endowment fund; the purposes of the Community and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Community; and the investment policy of the Community.

Note 11. Net Assets Released From Restrictions

During the years ended December 31, 2022 and 2021, net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

The following summary details net assets released from restrictions during the years ended December 31:

	2022	2021
For the benefit of employees	$ 299,025	$ 292,530
Government grant revenue	-	45,860
For the benefit of residents	150	-
Music fund	1,850	-
Transportation fund	480	-
	$ 301,505	$ 338,390

Note 12. Medical Malpractice Claims

The Community purchases professional and general liability insurance to cover medical malpractice claims through an occurrence basis policy effective June 30, 2014. There are no known claims and incidents that may result in the assertion of additional claims, as well as no claims from unknown incidents that may be asserted arising from services provided to patients. Based on historical evidence, the Community believes that a reserve for claims from unknown incidents is not necessary, and as such, no reserve has been accrued in the consolidated financial statements as of December 31, 2022 and 2021.

Note 13. Functional Expenses

The financial statements report certain categories of expense that are attributable to one or more programs or supporting services of the Community. Those expenses include depreciation, insurance and taxes, interest, utilities, information technology, food, and the compliance department. Depreciation, insurance and taxes, interest and utilities are allocated on a square footage basis, information technology is allocated based on the number of devices used, food is allocated based on the number of meals, and the compliance department is allocated based on the estimated time where efforts are made.

Note 13. Functional Expenses (Continued)

The functional classification of expenses for the Community is as follows for the year ended December 31, 2022:

	2022					
	Independent Living	Health Center	Assisted Living	Total Program	General and Administrative	Total
Wages, benefits and other employee related costs	$ 5,724,379	$ 4,200,093	$ 2,062,976	$ 11,987,448	$ 2,458,311	$ 14,445,759
Outside labor	174,993	444,653	-	619,646	-	619,646
Professional fees and licenses	1,433	33,238	5,375	40,046	314,517	354,563
Information technology	145,565	115,706	33,592	294,863	78,381	373,244
Promotional development	656,861	1,973	151,534	810,368	-	810,368
Repairs and maintenance	598,763	74,845	73,709	747,317	6,804	754,121
Food and supplies	911,646	448,003	445,006	1,804,655	2,331	1,806,986
Activities	57,818	12,017	13,779	83,614	-	83,614
Medical expenses	1,311	613,886	20,007	635,204	-	635,204
Other services	5,469	8,559	2,695	16,723	220,264	236,987
Occupancy	2,266,149	292,484	271,300	2,829,933	24,989	2,854,922
Development expense	-	-	-	-	1,670,377	1,670,377
Depreciation	3,714,381	479,402	444,681	4,638,464	40,959	4,679,423
Interest	1,052,613	135,857	126,017	1,314,487	11,607	1,326,094
	$15,311,381	$ 6,860,716	$ 3,650,671	$ 25,822,768	$ 4,828,540	$ 30,651,308

The functional classification of expenses for the Community is as follows for the year ended December 31, 2021:

	2021					
	Independent Living	Health Center	Assisted Living	Total Program	General and Administrative	Total
Wages, benefits and other employee related costs	$ 4,983,382	$ 4,846,781	$ 1,742,923	$ 11,573,086	$ 2,514,172	$ 14,087,258
Outside labor	418,221	109,212	-	527,433	-	527,433
Professional fees and licenses	11,491	55,243	3,221	69,955	329,589	399,544
Information technology	139,521	110,901	32,197	282,619	75,127	357,746
Promotional development	689,147	44,366	184,510	918,023	-	918,023
Repairs and maintenance	574,078	74,095	-	648,173	6,329	654,502
Food and supplies	933,758	397,744	356,990	1,688,492	-	1,688,492
Activities	53,112	11,899	13,487	78,498	-	78,498
Medical expenses	18,779	970,947	77,434	1,067,160	-	1,067,160
Other services	38,138	8,318	2,303	48,759	202,303	251,062
Occupancy	2,241,568	289,311	216,925	2,747,804	24,719	2,772,523
Development expense	-	-	-	-	2,316,087	2,316,087
Depreciation	3,635,307	469,196	435,214	4,539,717	40,088	4,579,805
Interest	1,087,892	140,410	130,241	1,358,543	11,996	1,370,539
	$14,824,394	$ 7,528,423	$ 3,195,445	$ 25,548,262	$ 5,520,410	$ 31,068,672

Note 14. Government Grant Revenue

The Community received funding from the federal government for a grant under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) as part of the Payroll Protection Program (PPP) through the Small Business Administration (SBA). The total amount of funding was $1,812,500 which was recorded as government grant revenue during the year ended December 31, 2020 and was forgiven in March 2021. The loan is subject to audit for 6 years from the date of forgiveness. Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved by HHS and received by the Community were $0 and $45,860 during the years ended December 31, 2022 and 2021, respectively. The PRFs are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. The grant funds are conditional upon the Community spending the funds in accordance with the program’s allowable cost guidelines which consist of costs incurred to manage COVID-19 within the Community or to support lost revenue that the Community has incurred as a result of the pandemic. During the years ended December 31, 2022 and 2021, the Community recognized $0 and $45,860, respectively, as grant revenue with donor restrictions which was subsequently released upon the money being spent in accordance with the grant guidelines.

Independent Auditor's Report on the Supplementary Information

Board of Trustees
Edgewood Senior Solutions Group, Inc. and Subsidiaries

We have audited the consolidated financial statements of Edgewood Senior Solutions Group, Inc. and Subsidiaries (the Community) as of and for the year ended December 31, 2022, and have issued our report thereon, dated April 4, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. We have not performed any procedures with respect to the audited consolidated financial statements subsequent to April 4, 2023.

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

RSM US LLP

Boston, Massachusetts
April 4, 2023

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidating Balance Sheet
December 31, 2022

	Senior Solutions	Edgewood	The Baldwin	Eliminations	Consolidated Totals
Assets					
Current assets:					
Cash and cash equivalents	$ -	$ 2,028,747	$ 598,641	$ -	$ 2,627,388
Current portion of assets limited as to use	-	-	3,136,780	-	3,136,780
Accounts receivable—health center, net	-	1,159,589	-	-	1,159,589
Accounts receivable—residents	-	341,373	-	-	341,373
Prepaid expenses	7,187	716,222	-	-	723,409
Supplies inventory	-	206,284	-	-	206,284
Intercompany receivable	-	12,892,296	-	(12,892,296)	-
Total current assets	7,187	17,344,511	3,735,421	(12,892,296)	8,194,823
Long-term assets:					
Investments	-	35,106,961	-	-	35,106,961
Assets limited as to use, net of current portion	1,645	-	7,524,846	-	7,526,491
Property and equipment, net	30,858	81,788,393	78,389,875	-	160,209,126
Total long-term assets	32,503	116,895,354	85,914,721	-	202,842,578
Total assets	$ 39,690	$ 134,239,865	$ 89,650,142	$ (12,892,296)	$ 211,037,401
Liabilities and Net Deficit					
Current liabilities:					
Accounts payable	$ -	$ 723,168	$ 15,588,577	$ -	$ 16,311,745
Accrued liabilities:					
Payroll and compensated absences	248,261	472,302	30,010	-	750,573
Interest	-	55,138	1,139,639	-	1,194,777
Other	-	319,147	-	-	319,147
Current portion of bonds payable, net of deferred financing costs	-	1,944,671	(841,339)	-	1,103,332
Refundable deposits	-	3,975,720	10,800	-	3,986,520
Intercompany payable	403,103	-	12,489,193	(12,892,296)	-
Total current liabilities	651,364	7,490,146	28,416,880	(12,892,296)	23,666,094
Long-term liabilities:					
Entrance fee liabilities:					
Health Center and Assisted Living—permanently assigned residents	-	9,078,582	-	-	9,078,582
Refundable entrance fees	-	93,887,900	-	-	93,887,900
Deferred entrance fees	-	10,005,035	-	-	10,005,035
Total long-term entrance fee liabilities	-	112,971,517	-	-	112,971,517
Bonds payable, net of current portion and deferred financing costs	-	46,791,051	71,595,964	-	118,387,015
Total long-term liabilities	-	159,762,568	71,595,964	-	231,358,532
Total liabilities	651,364	167,252,714	100,012,844	(12,892,296)	255,024,626
Net assets (deficit):					
Net deficit without donor restrictions	(611,674)	(33,102,004)	(10,362,702)	-	(44,076,380)
Net assets with donor restrictions	-	89,155	-	-	89,155
Total net deficit	(611,674)	(33,012,849)	(10,362,702)	-	(43,987,225)
Total liabilities and net deficit	$ 39,690	$ 134,239,865	$ 89,650,142	$ (12,892,296)	$ 211,037,401

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidating Statement of Operations
Year Ended December 31, 2022

	Senior Solutions	Edgewood	The Baldwin	Eliminations	Consolidated Totals
Revenues and other support without donor restrictions:					
Net resident service revenue, independent living unit	$ -	$ 17,574,251	$ -	$ -	$ 17,574,251
Net resident service revenue, health center fees	-	4,298,309	-	-	4,298,309
Net resident service revenue, assisted living	-	3,620,413	-	-	3,620,413
Entrance fees earned and cancellation penalties	-	1,507,460	-	-	1,507,460
Management fees	1,584,020	-	-	(1,584,020)	-
Net assets released from restrictions	-	301,505	-	-	301,505
Total revenues and other support without donor restrictions	1,584,020	27,301,938	-	(1,584,020)	27,301,938
Expenses:					
General and administrative	1,552,339	5,130,639	-	(899,554)	5,783,424
Plant operations	-	3,279,880	-	-	3,279,880
Environmental services	-	1,271,103	-	-	1,271,103
Culinary services	-	4,265,191	-	-	4,265,191
Nursing	-	4,766,010	-	-	4,766,010
Resident care services	-	1,085,897	-	-	1,085,897
Assisted living	-	2,150,659	-	-	2,150,659
Wellness	-	373,250	-	-	373,250
Depreciation	2,204	4,677,219	-	-	4,679,423
Interest	-	1,326,094	-	-	1,326,094
Total expenses	1,554,543	28,325,942	-	(899,554)	28,980,931
Income (loss) from operations	29,477	(1,024,004)	-	(684,466)	(1,678,993)
Nonoperating gains (losses) without donor restrictions:					
Investment income	-	796,305	-	-	796,305
Loss on extinguishment of debt	-	-	(417,775)	-	(417,775)
Realized gains on investments	-	401,611	-	-	401,611
Development expense	-	-	(2,354,843)	684,466	(1,670,377)
Total nonoperating gains (losses) without donor restrictions	-	1,197,916	(2,772,618)	684,466	(890,236)
Excess (deficit) of revenues over expenses	29,477	173,912	(2,772,618)	-	(2,569,229)
Other changes in net assets without donor restrictions:					
Unrealized losses on investments	-	(5,520,247)	(70,889)	-	(5,591,136)
Change in net assets without donor restrictions	$ 29,477	$ (5,346,335)	$ (2,843,507)	$ -	$ (8,160,365)

Edgewood Senior Solutions Group, Inc. and Subsidiaries

Consolidating Statement of Changes in Net Assets (Deficit)
Year Ended December 31, 2022

	Senior Solutions	Edgewood	The Baldwin	Eliminations	Consolidated Totals
Net assets without donor restrictions:					
Loss from operations	$ 29,477	$ (1,024,004)	$ -	$ (684,466)	$ (1,678,993)
Nonoperating gains (losses) without donor restrictions	-	1,197,916	(2,772,618)	684,466	(890,236)
Other changes in net assets without donor restrictions	-	(5,520,247)	(70,889)	-	(5,591,136)
Increase (decrease) in net assets without donor restrictions	29,477	(5,346,335)	(2,843,507)	-	(8,160,365)
Net assets with donor restrictions:					
Contributions	-	304,497	-	-	304,497
Net assets released from restrictions	-	(301,505)	-	-	(301,505)
Increase in net assets with donor restrictions	-	2,992	-	-	2,992
Change in net assets	29,477	(5,343,343)	(2,843,507)	-	(8,157,373)
Net deficit at beginning of year	(641,151)	(27,669,506)	(7,519,195)	-	(35,829,852)
Net deficit at end of year	$ (611,674)	$ (33,012,849)	$ (10,362,702)	$ -	$(43,987,225)

Edgewood Retirement Community, Inc.
Balance Sheet Summary
For the Period Ending March 31, 2023

	Prior Year End	Current Month	Variance
Assets			
Cash	2,028,747	3,307,773	1,279,026
Investments	35,106,962	34,761,221	(345,741)
Accounts Receivable	1,501,881	1,772,228	270,347
Intercompany Accounts Receivable	2,893,296	3,012,672	119,376
Recoverable Grant - Baldwin	10,000,000	10,000,000	0
Inventory	206,284	245,050	38,766
Prepaid	705,699	449,043	(256,655)
Fixed Assets (NET)	81,788,392	80,922,058	(866,334)
Other Assets	300,284	297,178	(3,106)
Total Assets	$134,531,544	$134,767,223	$ 235,679
Liabilities			
Accts Payable	723,167	1,178,837	(455,670)
Accrued Payroll	472,302	570,207	(97,906)
Accrued Expenses	55,138	51,177	3,961
Other Current	15,309,037	15,035,553	273,485
Long Term (Includes Bonds)	47,090,812	46,601,899	488,913
Refundable Fees	93,887,899	94,726,969	(839,070)
Deferred Entrance Fees	10,005,035	10,041,532	(36,497)
Total Liabilities	$167,543,391	$168,206,175	$ (662,783)
Equity			
Retained Earnings (Loss)	(33,011,847)	(33,438,951)	427,105
Total Equity and Liabilities	$134,531,544	$134,767,223	$ (235,679)

Edgewood Retirement Community, Inc.
Income Statement Consolidated
For the Period Ending March 31, 2023

	Prior Year Actual	Year to Date Budget	Year to date Actual	Variance
Revenue				
Independent Revenue	17,574,251	4,551,522	4,544,504	7,018
Health Center	4,298,308	1,120,614	1,044,364	76,250
Assisted Living	3,620,413	966,477	999,002	(32,525)
Total Revenue	$ 25,492,971	$ 6,638,613	$ 6,587,870	$ (50,743)
Expense				
General and Administration	5,115,708	1,410,426	1,269,923	(140,503)
Wellness	373,253	106,995	104,376	(2,619)
Maintenence	3,279,732	863,901	843,068	(20,833)
Environmental Services	1,285,511	338,862	308,779	(30,083)
Food Service	4,265,390	1,122,873	1,078,765	(44,108)
Resident Services	1,085,898	263,244	288,529	25,285
Health Center	4,766,008	1,068,083	1,126,744	58,660
Assisted Living	2,136,055	551,265	561,906	10,641
Total Expense	$ 22,307,555	$ 5,725,649	$ 5,582,090	$ 143,560
Net Operating Income	3,185,416	912,964	1,005,780	92,816
Other Income				
Entrance Fee Amortization	1,507,460	371,085	397,763	(26,678)
Interest Income	794,747	54,168	175,201	(121,033)
Gifts and Contibutions	304,497	0	0	0
Realized / Unrealized Gains	(5,117,078)	0	(511,343)	511,343
Total Other Income	(2,510,374)	425,253	61,621	(363,632)
Other Expenses				
Amortization/Depreciation	4,689,644	1,201,920	1,187,276	(14,644)
Interest & Professional Fees	1,327,736	308,724	307,229	(1,495)
Other Expenses before Unrealized Loss	(6,017,380)	(1,510,644)	(1,494,506)	16,138
Net Income before Unrealized Gain / loss	(5,342,338)	(172,427)	(427,105)	(254,677)
Net Income/ (Loss)	(5,342,338)	(172,427)	(427,105)	(254,677)