

Form **990**

# Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

**2020**

Department of the Treasury  
Internal Revenue Service

Do not enter social security numbers on this form as it may be made public.

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

Open to Public Inspection

**A** For the 2020 calendar year, or tax year beginning

and ending

**B** Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

**C** Name of organization

THE VILLAGE AT ROCKVILLE, INC.

Doing business as

Number and street (or P.O. box if mail is not delivered to street address)

2301 RESEARCH BLVD

Room/suite

310

City or town, state or province, country, and ZIP or foreign postal code

ROCKVILLE, MD 20850

**F** Name and address of principal officer: LAWRENCE R. BRADSHAW  
SAME AS C ABOVE

**D** Employer identification number

53-0196624

**E** Telephone number

301-354-2710

**G** Gross receipts \$ 35,007,500.

**H(a)** Is this a group return for subordinates? ☐ Yes ☒ No

**H(b)** Are all subordinates included? ☐ Yes ☐ No  
If "No," attach a list. See instructions

**H(c)** Group exemption number

**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527

**J** Website: WWW.THEVILLAGEATROCKVILLE.ORG

**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other

**L** Year of formation: 1890 **M** State of legal domicile: DC

## Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: PROVIDES INDEPENDENT AND ASSISTED LIVING, SKILLED AND MEMORY CARE, AND REHAB TO OLDER ADULTS.		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a) 7		
	4	Number of independent voting members of the governing body (Part VI, line 1b) 6		
	5	Total number of individuals employed in calendar year 2020 (Part V, line 2a) 375		
	6	Total number of volunteers (estimate if necessary) 173		
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 0.		
7b	Net unrelated business taxable income from Form 990-T, Part I, line 11 0.			
Revenue	8	Contributions and grants (Part VIII, line 1h) 376,287.	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g) 28,697,787.		
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) 1,196,696.		
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 218,830.		
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 30,489,600.		
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3) 0.		
	14	Benefits paid to or for members (Part IX, column (A), line 4) 0.		
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 17,326,643.		
	16a	Professional fundraising fees (Part IX, column (A), line 11e) 0.		
	b	Total fundraising expenses (Part IX, column (D), line 25) 0.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 18,463,224.		
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 35,789,867.		
	19	Revenue less expenses. Subtract line 18 from line 12 -5,300,267.		
	Net Assets or Fund Balances	20	Total assets (Part X, line 16) 140,951,263.	Beginning of Current Year
21		Total liabilities (Part X, line 26) 120,912,233.		
22		Net assets or fund balances. Subtract line 21 from line 20 20,039,030.		

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here** Signature of officer: *[Signature]* Date: 4/29/21  
RICHARD MAZZA, CHIEF FINANCIAL OFFICER  
Type or print name and title

**Paid Preparer Use Only** Print/Type preparer's name: JEFFREY J. PETRELL, CPA Preparer's signature: JEFFREY J. PETRELL, Date: 04/19/21 Check ☐ self-employed PTIN: P00138808  
Firm's name: ARNETT CARBIS TOOTHMAN LLP Firm's EIN: 55-0486667  
Firm's address: 5700 CORPORATE DRIVE, STE 650 PITTSBURGH, PA 15237 Phone no.: 412-635-6270

May the IRS discuss this return with the preparer shown above? See instructions ☒ Yes ☐ No

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III

☒ X**1** Briefly describe the organization's mission:

TO FULFILL ITS CHRISTIAN MINISTRY THE VILLAGE OF ROCKVILLE, INC.  
 PROVIDES AN ARRAY OF OPTIONS FOR SENIORS INCLUDING RESIDENTIAL LIVING,  
 ALONG WITH HOME AND HEALTH CARE SERVICES WHICH ARE DESIGNED TO MEET  
 INDIVIDUAL NEEDS.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses \$ 4,069,880. including grants of \$ ) (Revenue \$ 3,641,291.)  
**INDEPENDENT LIVING:**

INDEPENDENT LIVING AT THE VILLAGE AT ROCKVILLE, A NATIONAL LUTHERAN COMMUNITY, OFFERS JOYFUL SENIOR LIVING WHERE PEOPLE BELIEVE THAT LIFE IS BEST ENJOYED WITH OTHERS. RESIDENTS HAVE ALL THE BENEFITS OF HOME OWNERSHIP WITHOUT THE BURDEN OF UPKEEP AND MAINTENANCE IN ONE AND TWO-BEDROOM COTTAGES. REMOVING THE HASSLE OF CHORES LEAVES RESIDENTS FREE TO SPEND THEIR TIME DOING THE THINGS THEY LOVE. ADDITIONALLY, RESIDENTS HAVE ACCESS TO FIVE-STAR RATED HEALTH CARE, INCLUDING ASSISTED LIVING, MEMORY SUPPORT, LONG-TERM CARE AND SHORT-TERM REHAB.

THE VILLAGE OF ROCKVILLE CURRENTLY OFFERS 111 RESIDENCES. UNDER

**4b** (Code: ) (Expenses \$ 4,724,610. including grants of \$ ) (Revenue \$ 4,227,073.)  
**ASSISTED LIVING:**

ASSISTED LIVING RESIDENTS AT THE VILLAGE AT ROCKVILLE, A NATIONAL LUTHERAN COMMUNITY, ENJOY PRIVATE SUITES WITH JUST THE RIGHT AMOUNT OF HELP THEY NEED FROM LICENSED NURSES WHO ARE AVAILABLE 24-7. ASSISTED LIVING COMES WITH A GENEROUS PACKAGE OF AMENITIES AND OFFERS THREE LEVELS OF CARE, SO RESIDENTS ONLY PAY FOR THE LEVEL OF SERVICES THEY NEED. ADDITIONALLY, ASSISTED LIVING RESIDENTS ARE PRESENTED WITH DAILY OPPORTUNITIES TO ENHANCE THEIR PHYSICAL, INTELLECTUAL, SOCIAL AND SPIRITUAL WELL-BEING THROUGH CONNECTED LIVING, OUR LIFE ENRICHMENT PROGRAMMING.

**4c** (Code: ) (Expenses \$ 21,520,798. including grants of \$ ) (Revenue \$ 19,254,495.)  
**SKILLED NURSING:**

THE VILLAGE AT ROCKVILLE, NATIONAL LUTHERAN COMMUNITY'S 160 BED LONG-TERM AND SHORT TERM SKILLED NURSING CARE IS A CMS 4 STAR-RATED COLLABORATIVE EFFORT THAT INVOLVES THE RESIDENT, THEIR FAMILY AND THE STAFF. CONTINUAL COMMUNICATION MOTIVATES FAMILIES TO ENTRUST THEIR LOVED ONES IN THE VILLAGE AT ROCKVILLE'S CARE.

UNDER THE SKILLED NURSING BANNER IS THE PROGRAM MYPOTENTIAL REHABILITATION. THROUGH THIS PROGRAM, THE VILLAGE AT ROCKVILLE OFFERS PHYSICAL THERAPY, OCCUPATIONAL THERAPY, AND SPEECH/LANGUAGE PATHOLOGY TO GUESTS RECOVERING FROM INJURY, ILLNESS OR A PLANNED SURGERY.

**4d** Other program services (Describe on Schedule O.)

(Expenses \$ 114,575. including grants of \$ ) (Revenue \$ 97,247.)

**4e** Total program service expenses 30,429,863.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? If "Yes," complete Schedule D, Part V	X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a	X	
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
<b>26</b> Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part II		X
<b>27</b> Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? If "Yes," complete Schedule L, Part IV		X
<b>b</b> A family member of any individual described in line 28a? If "Yes," complete Schedule L, Part IV		X
<b>c</b> A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? If "Yes," complete Schedule L, Part IV		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note: All Form 990 filers are required to complete Schedule O

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V ☐

	Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		



**Part V** Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
<b>2a</b> Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	<b>2a</b> 375		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	<b>2b</b>	X	
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>		X
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	<b>3b</b>		
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>		X
<b>b</b> If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>		X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>		X
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>		
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	<b>6a</b>		X
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>		X
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>		X
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>		
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>		
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>		
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>		
<b>8 Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	<b>8</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the sponsoring organization make any taxable distributions under section 4966?	<b>9a</b>		
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>		
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from members or shareholders	<b>11a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>11b</b>		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? <b>Note:</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>		
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>		X
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	<b>14b</b>		
<b>15</b> Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.	<b>15</b>		X
<b>16</b> Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	<b>16</b>		X

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.Check if Schedule O contains a response or note to any line in this Part VI ☒**Section A. Governing Body and Management**

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year ..... <b>1a</b> 7		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		
<b>b</b> Enter the number of voting members included on line 1a, above, who are independent ..... <b>1b</b> 6		
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? ..... <b>2</b>		X
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person? ..... <b>3</b>	X	
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? ..... <b>4</b>		X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? ..... <b>5</b>		X
<b>6</b> Did the organization have members or stockholders? ..... <b>6</b>	X	
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? ..... <b>7a</b>	X	
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? ..... <b>7b</b>	X	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body? ..... <b>8a</b>	X	
<b>b</b> Each committee with authority to act on behalf of the governing body? ..... <b>8b</b>	X	
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O ..... <b>9</b>		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates? ..... <b>10a</b>		X
<b>b</b> If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? ..... <b>10b</b>		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? ..... <b>11a</b>	X	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13 ..... <b>12a</b>	X	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? ..... <b>12b</b>	X	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done ..... <b>12c</b>	X	
<b>13</b> Did the organization have a written whistleblower policy? ..... <b>13</b>	X	
<b>14</b> Did the organization have a written document retention and destruction policy? ..... <b>14</b>	X	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b> The organization's CEO, Executive Director, or top management official ..... <b>15a</b>		X
<b>b</b> Other officers or key employees of the organization ..... <b>15b</b>		X
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? ..... <b>16a</b>		X
<b>b</b> If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? ..... <b>16b</b>		

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed **MD**

**18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☒ Own website ☐ Another's website ☒ Upon request ☐ Other (explain on Schedule O)

**19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

**20** State the name, address, and telephone number of the person who possesses the organization's books and records **RICHARD MAZZA, CFO - 301-354-2714**  
**2301 RESEARCH BLVD, SUITE 310, ROCKVILLE, MD 20850**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
  - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
  - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
  - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
  - List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- See instructions for the order in which to list the persons above.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) LAWRENCE R. BRADSHAW PRESIDENT/CEO, NLCS	10.00 30.00	X		X				0.	435,816.	24,772.
(2) DR. IRENE FRASER CHAIRPERSON	1.00	X		X				0.	0.	0.
(3) JEANNE BUSTER IMMEDIATE PAST CHAIR	1.00	X		X				0.	0.	0.
(4) DAMIEN DOYLE BOARD MEMBER	1.00	X						0.	0.	0.
(5) MICHAEL MANGANIELLO BOARD MEMBER	1.00	X						0.	0.	0.
(6) PHYLLIS RUMBARGER BOARD MEMBER	1.00	X						0.	0.	0.
(7) EVA JUN BOARD MEMBER	1.00	X						0.	0.	0.
(8) RICHARD MAZZA CHIEF FINANCIAL OFFICER	7.50 32.50			X				0.	249,760.	34,752.
(9) CYNTHIA WALTERS CHIEF OPERATING OFFICER	7.50 32.50			X				0.	316,985.	27,848.
(10) KYLE HERBEN EXECUTIVE DIRECTOR	40.00					X		188,644.	0.	18,259.
(11) HYANG LEE NURSE LIAISON	40.00					X		122,759.	0.	21,450.
(12) ERIN WHEELER HEALTHCARE ADMINISTRATOR	40.00					X		125,797.	0.	23,294.
(13) ATIENO HONGO MDS COACH	40.00					X		119,652.	0.	0.
(15) KOKOUVI ADDEH-ADODO ASSISTANT DIRECTOR OF NURSING	40.00					X		101,173.	0.	0.

<b>Part VII</b>	<b>Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees</b> <i>(continued)</i>
-----------------	--

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1b Subtotal</b>								658,025.	1,002,561.	150,375.
<b>c Total from continuation sheets to Part VII, Section A</b>								0.	0.	0.
<b>d Total (add lines 1b and 1c)</b>								658,025.	1,002,561.	150,375.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization

14

		Yes	No
3	Did the organization list any <b>former</b> officer, director, trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	X	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

## Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
PARTNERS PHARMACY OF MARYLAND LLC, 1235 POTOMAC VALLEY ROAD, ROCKVILLE, MD 20850	PHARMACY	322,854.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ► 1



**Part VIII Statement of Revenue**Check if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b>	Federated campaigns	<b>1a</b>				
	<b>b</b>	Membership dues	<b>1b</b>				
	<b>c</b>	Fundraising events	<b>1c</b>				
	<b>d</b>	Related organizations	<b>1d</b>				
	<b>e</b>	Government grants (contributions)	<b>1e</b>	3,296,242.			
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	1,619,287.			
	<b>g</b>	Noncash contributions included in lines 1a-1f	<b>1g</b>	\$			
	<b>h</b>	<b>Total.</b> Add lines 1a-1f		4,915,529.			
	<b>Program Service Revenue</b>	<b>2 a</b>	SKILLED NURSING REVENUE	<b>Business Code</b>	623000	19,254,495.	19,254,495.
<b>b</b>		PERSONAL CARE		623000	4,227,073.	4,227,073.	
<b>c</b>		INDEPENDENT LIVING		623000	3,641,291.	3,641,291.	
<b>d</b>		DINING		623000	97,247.	97,247.	
<b>e</b>							
<b>f</b>		All other program service revenue					
<b>g</b>		<b>Total.</b> Add lines 2a-2f			27,220,106.		
<b>Other Revenue</b>		<b>3</b>	Investment income (including dividends, interest, and other similar amounts)			1,194,511.	
	<b>4</b>	Income from investment of tax-exempt bond proceeds					
	<b>5</b>	Royalties					
	<b>6 a</b>	Gross rents	(i) Real	97,704.			
	<b>b</b>	Less: rental expenses	(ii) Personal	54,435.			
	<b>c</b>	Rental income or (loss)		43,269.			
	<b>d</b>	Net rental income or (loss)			43,269.		43,269.
	<b>7 a</b>	Gross amount from sales of assets other than inventory	(i) Securities	18,468.			
	<b>b</b>	Less: cost or other basis and sales expenses	(ii) Other	0.			
	<b>c</b>	Gain or (loss)		18,468.			
	<b>d</b>	Net gain or (loss)			18,468.		18,468.
	<b>8 a</b>	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18					
	<b>b</b>	Less: direct expenses					
	<b>c</b>	Net income or (loss) from fundraising events					
	<b>9 a</b>	Gross income from gaming activities. See Part IV, line 19					
<b>b</b>	Less: direct expenses						
<b>c</b>	Net income or (loss) from gaming activities						
<b>10 a</b>	Gross sales of inventory, less returns and allowances						
<b>b</b>	Less: cost of goods sold						
<b>c</b>	Net income or (loss) from sales of inventory						
<b>Miscellaneous Revenue</b>	<b>11 a</b>	PROVIDER RELIEF FUNDS	<b>Business Code</b>	900099	1,514,407.		1,514,407.
	<b>b</b>	OTHER INCOME		900099	23,080.		23,080.
	<b>c</b>	OTHER RESIDENT SERVICES		900099	11,827.		11,827.
	<b>d</b>	All other revenue		900099	11,868.		11,868.
	<b>e</b>	<b>Total.</b> Add lines 11a-11d			1,561,182.		
<b>12</b>	<b>Total revenue.</b> See instructions			34,953,065.	27,220,106.	0.	2,817,430.

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	206,903.		206,903.	
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	13,569,522.	12,867,311.	702,211.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	323,811.	292,741.	31,070.	
9 Other employee benefits	2,292,338.	2,180,021.	112,317.	
10 Payroll taxes	1,036,935.	960,679.	76,256.	
11 Fees for services (nonemployees):				
a Management	2,504,395.		2,504,395.	
b Legal	29,870.		29,870.	
c Accounting	50,043.		50,043.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	279,629.		279,629.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	1,164,811.	1,111,844.	52,967.	
12 Advertising and promotion	206,371.	171,711.	34,660.	
13 Office expenses	696,230.	611,143.	85,087.	
14 Information technology	721,849.	721,132.	717.	
15 Royalties				
16 Occupancy	1,144,737.	1,135,599.	9,138.	
17 Travel	11,003.	9,057.	1,946.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	2,268.	2,268.		
20 Interest	1,259,702.	1,259,702.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,901,986.	3,901,986.		
23 Insurance	95,950.	95,950.		
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>MEDICAL CARE FEES</b>	1,786,825.	1,786,825.		
b <b>MEDICAL SUPPLIES</b>	1,480,406.	1,480,406.		
c <b>FOOD</b>	900,223.	879,169.	21,054.	
d <b>REPAIRS &amp; MAINTENANCE</b>	525,460.	482,448.	43,012.	
e All other expenses	660,537.	479,871.	180,666.	
25 <b>Total functional expenses.</b> Add lines 1 through 24e	34,851,804.	30,429,863.	4,421,941.	0.
26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

**Part X Balance Sheet**Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash - non-interest-bearing	1,350.	1	
	2 Savings and temporary cash investments	103,413.	2	111,500.
	3 Pledges and grants receivable, net	380.	3	
	4 Accounts receivable, net	2,202,282.	4	1,558,785.
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	34,542.	8	42,284.
	9 Prepaid expenses and deferred charges	263,646.	9	361,899.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 169,484,568.		
	b Less: accumulated depreciation	10b 53,320,290.	10c	116,164,278.
	11 Investments - publicly traded securities	86,515,332.	11	52,123,738.
	12 Investments - other securities. See Part IV, line 11	411,635.	12	484,208.
	13 Investments - program-related. See Part IV, line 11	78,501.	13	75,501.
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 33)	140,951,263.	16	170,922,193.	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	7,645,178.	17	9,345,308.
	18 Grants payable		18	
	19 Deferred revenue	11,894,534.	19	11,084,325.
	20 Tax-exempt bond liabilities	72,523,961.	20	100,296,814.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	28,848,560.	25	26,921,253.
	26 <b>Total liabilities.</b> Add lines 17 through 25	120,912,233.	26	147,647,700.
	<b>Net Assets or Fund Balances</b>	<b>Organizations that follow FASB ASC 958, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27, 28, 32, and 33.</b>		
27 Net assets without donor restrictions		16,762,646.	27	19,734,572.
28 Net assets with donor restrictions		3,276,384.	28	3,539,921.
<b>Organizations that do not follow FASB ASC 958, check here</b> <input type="checkbox"/> <b>and complete lines 29 through 33.</b>				
29 Capital stock or trust principal, or current funds			29	
30 Paid-in or capital surplus, or land, building, or equipment fund			30	
31 Retained earnings, endowment, accumulated income, or other funds			31	
32 <b>Total net assets or fund balances</b>		20,039,030.	32	23,274,493.
33 <b>Total liabilities and net assets/fund balances</b>	140,951,263.	33	170,922,193.	

Form 990 (2020)

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	34,953,065.
2	Total expenses (must equal Part IX, column (A), line 25)	2	34,851,804.
3	Revenue less expenses. Subtract line 2 from line 1	3	101,261.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	20,039,030.
5	Net unrealized gains (losses) on investments	5	3,083,384.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	50,818.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	23,274,493.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

☒

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits		X

Form 990 (2020)

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
▶ Attach to Form 990 or Form 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2020**

**Open to Public  
Inspection**

Name of the organization

THE VILLAGE AT ROCKVILLE, INC.

Employer identification number

53-0196624

**Part I Reason for Public Charity Status.** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: \_\_\_\_\_
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10 ☒ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations: \_\_\_\_\_
- g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
<b>Total</b>						



**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on ...						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> ..... ► <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2020 (line 6, column (f), divided by line 11, column (f)) .....	14	%
<b>15</b> Public support percentage from 2019 Schedule A, Part II, line 14 .....	15	%
<b>16a 33 1/3% support test - 2020.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ..... ► <input type="checkbox"/>		
<b>b 33 1/3% support test - 2019.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ..... ► <input type="checkbox"/>		
<b>17a 10% -facts-and-circumstances test - 2020.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization ..... ► <input type="checkbox"/>		
<b>b 10% -facts-and-circumstances test - 2019.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization ..... ► <input type="checkbox"/>		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ..... ► <input type="checkbox"/>		

Schedule A (Form 990 or 990-EZ) 2020

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....	756,876.	720,992.	397,194.	376,287.	491,552.9.	716,687.8.
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....	269,119.87.	257,244.65.	271,818.93.	286,977.87.	272,201.06.	1,357,362.38
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....	403,942.	385,809.	494,339.	124,784.	23,695.	1,432,569.
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....	280,728.05.	268,312.66.	280,734.26.	291,988.58.	321,593.30.	1,443,356.85
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....	21,140.	22,515.	12,611.			56,266.
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						0.
<b>c</b> Add lines 7a and 7b .....	21,140.	22,515.	12,611.			56,266.
<b>8 Public support.</b> (Subtract line 7c from line 6.) .....						1,442,794.19

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
<b>9</b> Amounts from line 6 .....	280,728.05.	268,312.66.	280,734.26.	291,988.58.	321,593.30.	1,443,356.85
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....	610,070.	800,336.	859,433.	1,028,821.	1,292,215.	4,590,875.
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....	610,070.	800,336.	859,433.	1,028,821.	1,292,215.	4,590,875.
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....	13,780.	26,980.	18,562.	57,801.	153,485.0.	165,197.3.
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) .....	286,966.55.	276,585.82.	289,514.21.	302,854.80.	349,863.95.	1,505,785.33

**14 First 5 years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2020 (line 8, column (f), divided by line 13, column (f)) .....	<b>15</b>	95.82 %
<b>16</b> Public support percentage from 2019 Schedule A, Part III, line 15 .....	<b>16</b>	96.95 %

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2020 (line 10c, column (f), divided by line 13, column (f)) .....	<b>17</b>	3.05 %
<b>18</b> Investment income percentage from 2019 Schedule A, Part III, line 17 .....	<b>18</b>	2.85 %

**19a 33 1/3% support tests - 2020.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ▶ ☒**b 33 1/3% support tests - 2019.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ▶ ☐**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in <b>Part VI</b> how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer lines 3b and 3c below.		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in <b>Part VI</b> when and how the organization made the determination.		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in <b>Part VI</b> what controls the organization put in place to ensure such use.		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in <b>Part VI</b> how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in <b>Part VI</b> , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).		
<b>b</b> <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c</b> <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in <b>Part VI</b> .		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in <b>Part VI</b> .		
<b>b</b> Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in <b>Part VI</b> .		
<b>c</b> Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in <b>Part VI</b> .		
<b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer line 10b below.		
<b>b</b> Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

**Part IV Supporting Organizations** (continued)

- 11** Has the organization accepted a gift or contribution from any of the following persons?
- a** A person who directly or indirectly controls, either alone or together with persons described in lines 11b and 11c below, the governing body of a supported organization?
- b** A family member of a person described in line 11a above?
- c** A 35% controlled entity of a person described in line 11a or 11b above? If "Yes" to line 11a, 11b, or 11c, provide detail in **Part VI**.

	Yes	No
<b>11a</b>		
<b>11b</b>		
<b>11c</b>		

**Section B. Type I Supporting Organizations**

- 1** Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? If "No," describe in **Part VI** how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove officers, directors, or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.
- 2** Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in **Part VI** how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.

	Yes	No
<b>1</b>		
<b>2</b>		

**Section C. Type II Supporting Organizations**

- 1** Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in **Part VI** how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).

	Yes	No
<b>1</b>		

**Section D. All Type III Supporting Organizations**

- 1** Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?
- 2** Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in **Part VI** how the organization maintained a close and continuous working relationship with the supported organization(s).
- 3** By reason of the relationship described in line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in **Part VI** the role the organization's supported organizations played in this regard.

	Yes	No
<b>1</b>		
<b>2</b>		
<b>3</b>		

**Section E. Type III Functionally Integrated Supporting Organizations**

- 1** Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).
- a** ☐ The organization satisfied the Activities Test. Complete line 2 below.
- b** ☐ The organization is the parent of each of its supported organizations. Complete line 3 below.
- c** ☐ The organization supported a governmental entity. Describe in **Part VI** how you supported a governmental entity (see instructions).

**2 Activities Test. Answer lines 2a and 2b below.**

- a** Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in **Part VI** identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.
- b** Did the activities described in line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in **Part VI** the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.

	Yes	No
<b>2a</b>		
<b>2b</b>		
<b>3a</b>		
<b>3b</b>		

**3 Parent of Supported Organizations. Answer lines 3a and 3b below.**

- a** Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? If "Yes" or "No" provide details in **Part VI**.
- b** Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in **Part VI** the role played by the organization in this regard.

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). See instructions.  
All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	8	
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	
Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Schedule A (Form 990 or 990-EZ) 2020



**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	1
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3
4	Amounts paid to acquire exempt-use assets	4
5	Qualified set-aside amounts (prior IRS approval required - provide details in Part VI)	5
6	Other distributions (describe in Part VI). See instructions.	6
7	<b>Total annual distributions.</b> Add lines 1 through 6.	7
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	8
9	Distributable amount for 2020 from Section C, line 6	9
10	Line 8 amount divided by line 9 amount	10

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2020	(iii) Distributable Amount for 2020
1	Distributable amount for 2020 from Section C, line 6		
2	Underdistributions, if any, for years prior to 2020 (reasonable cause required - explain in Part VI). See instructions.		
3	Excess distributions carryover, if any, to 2020		
a	From 2015		
b	From 2016		
c	From 2017		
d	From 2018		
e	From 2019		
f	<b>Total</b> of lines 3a through 3e		
g	Applied to underdistributions of prior years		
h	Applied to 2020 distributable amount		
i	Carryover from 2015 not applied (see instructions)		
j	Remainder. Subtract lines 3g, 3h, and 3i from line 3f.		
4	Distributions for 2020 from Section D, line 7: \$		
a	Applied to underdistributions of prior years		
b	Applied to 2020 distributable amount		
c	Remainder. Subtract lines 4a and 4b from line 4.		
5	Remaining underdistributions for years prior to 2020, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.		
6	Remaining underdistributions for 2020. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.		
7	<b>Excess distributions carryover to 2021.</b> Add lines 3j and 4c.		
8	Breakdown of line 7:		
a	Excess from 2016		
b	Excess from 2017		
c	Excess from 2018		
d	Excess from 2019		
e	Excess from 2020		

Schedule A (Form 990 or 990-EZ) 2020

**Part VI**

**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.  
(See instructions.)

## Schedule B

(Form 990, 990-EZ,  
or 990-PF)

Department of the Treasury  
Internal Revenue Service

## Schedule of Contributors

- ▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
- ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

# 2020

Name of the organization

**THE VILLAGE AT ROCKVILLE, INC.**

Employer identification number

**53-0196624**

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)( 3 ) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

### General Rule

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

### Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000; or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ \_\_\_\_\_

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization	Employer identification number
THE VILLAGE AT ROCKVILLE, INC.	53-0196624

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 24,545.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2		\$ 16,760.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3		\$ 26,594.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5		\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6		\$ 7,456.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
THE VILLAGE AT ROCKVILLE, INC.	53-0196624

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8		\$ 14,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9		\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10		\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
11		\$ 1,219,311.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
12		\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)



Name of organization	Employer identification number
THE VILLAGE AT ROCKVILLE, INC.	53-0196624

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13		\$ 74,067.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
14		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
15		\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
16		\$ 100,155.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Employer identification number

53-0196624

## Part II

[illegible]

Name of organization	Employer identification number
THE VILLAGE AT ROCKVILLE, INC.	53-0196624

**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ \_\_\_\_\_

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Political Campaign and Lobbying Activities**

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2020**

**Open to Public  
Inspection**

If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (See separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (See separate instructions), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization <b>THE VILLAGE AT ROCKVILLE, INC.</b>	Employer identification number <b>53-0196624</b>
---	---

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political campaign activity expenditures ..... ▶ \$ .....

3 Volunteer hours for political campaign activities ..... ▶ .....

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

1 Enter the amount of any excise tax incurred by the organization under section 4955 ..... ▶ \$ .....

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ..... ▶ \$ .....

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ..... ☐ Yes ☐ No

4a Was a correction made? ..... ☐ Yes ☐ No

b If "Yes," describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ..... ▶ \$ .....

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527  
exempt function activities ..... ▶ \$ .....

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL,  
line 17b ..... ▶ \$ .....

4 Did the filing organization file Form 1120-POL for this year? ..... ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2020

LHA

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**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

**A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

**B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)															
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)															
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)															
<b>d</b> Other exempt purpose expenditures															
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)															
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.															
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.			
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)															
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0-															
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0-															
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.)

See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2020

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers?		X	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
<b>c</b> Media advertisements?		X	
<b>d</b> Mailings to members, legislators, or the public?		X	
<b>e</b> Publications, or published or broadcast statements?		X	
<b>f</b> Grants to other organizations for lobbying purposes?		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
<b>i</b> Other activities?	X		2,666.
<b>j</b> Total. Add lines 1c through 1i			2,666.
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
<b>3</b> Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?	3	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

<b>1</b> Dues, assessments and similar amounts from members	1	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year	2a	
<b>b</b> Carryover from last year	2b	
<b>c</b> Total	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
<b>4</b> If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
<b>5</b> Taxable amount of lobbying and political expenditures (See instructions)	5	

**Part IV** Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (See instructions); and Part II-B, line 1. Also, complete this part for any additional information.

**PART II-B, LINE 1, LOBBYING ACTIVITIES:**

THE VILLAGE AT ROCKVILLE, INC. PAYS DUES TO LEADINGAGE MARYLAND. A

PORTION OF THE DUES PAID TO THIS ORGANIZATION ARE ALLOCABLE TO LOBBYING EXPENSES.

**SCHEDULE D**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service**Supplemental Financial Statements**▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**  
▶ **Attach to Form 990.**▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2020****Open to Public Inspection**

Name of the organization

THE VILLAGE AT ROCKVILLE, INC.

Employer identification number

53-0196624

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (for example, recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1	▶ \$
(ii) Assets included in Form 990, Part X	▶ \$

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1	▶ \$
b Assets included in Form 990, Part X	▶ \$



**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets**(continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):

- a ☐ Public exhibition  
 b ☐ Scholarly research  
 c ☐ Preservation for future generations

- d ☐ Loan or exchange program  
 e ☐ Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

**Part V Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	1,033,330.	799,483.	684,956.	642,331.	355,339.
b Contributions	269,395.	233,847.	114,527.	42,625.	286,992.
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	1,302,725.	1,033,330.	799,483.	684,956.	642,331.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ☐ %

b Permanent endowment ☒ 100.00 %

c Term endowment ☐ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) Unrelated organizations

(ii) Related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? ☐

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		8,420,490.		8,420,490.
b Buildings		75,503,285.	44,925,607.	30,577,678.
c Leasehold improvements				
d Equipment		10,493,293.	8,090,781.	2,402,512.
e Other		75,067,500.	303,902.	74,763,598.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				116,164,278.

Schedule D (Form 990) 2020

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives .....		
(2) Closely held equity interests .....		
(3) Other .....		
(A) .....		
(B) .....		
(C) .....		
(D) .....		
(E) .....		
(F) .....		
(G) .....		
(H) .....		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) .....		
(2) .....		
(3) .....		
(4) .....		
(5) .....		
(6) .....		
(7) .....		
(8) .....		
(9) .....		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) .....	
(2) .....	
(3) .....	
(4) .....	
(5) .....	
(6) .....	
(7) .....	
(8) .....	
(9) .....	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ANNUITIES PAYABLE	70,045.
(3) DUE TO AFFILIATE	21,399,578.
(4) RESIDENT DEPOSITS	5,451,630.
(5) .....	
(6) .....	
(7) .....	
(8) .....	
(9) .....	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	26,921,253.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII. ☒

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements	<b>1</b>	37,592,655.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>	3,083,384.
<b>b</b>	Donated services and use of facilities	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	122,147.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	3,205,531.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	34,387,124.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	565,941.
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	565,941.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)	<b>5</b>	34,953,065.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements	<b>1</b>	34,620,729.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	54,435.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	54,435.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	34,566,294.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	285,510.
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	285,510.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)	<b>5</b>	34,851,804.

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART V, LINE 4:**

ENDOWMENT FUNDS ARE USED TO ASSIST RESIDENTS WHOSE FUNDS HAVE BEEN  
DEPLETED.

**PART X, LINE 2:**

THE ORGANIZATION IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION  
501(C)(3) OF THE INTERNAL REVENUE CODE (CODE) AND HAS BEEN RECOGNIZED AS  
TAX EXEMPT UNDER SECTION 501(A) OF THE CODE. ACCORDINGLY, NO PROVISION  
FOR INCOME TAXES HAS BEEN PROVIDED.

ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA  
REQUIRE AN ORGANIZATION TO EVALUATE TAX POSITIONS TAKEN BY THE COMPANIES

**Part XIII** Supplemental Information (continued)

AND RECOGNIZE A TAX LIABILITY OR ASSET IF THE ORGANIZATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICES (IRS). THE ORGANIZATION HAS CONCLUDED THAT AS OF DECEMBER 31, 2020 AND 2019, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR ASSET OR DISCLOSURE IN THE FINANCIAL STATEMENTS.

GENERALLY, TAX RETURNS FOR YEARS ENDED DECEMBER 31, 2018, AND THEREAFTER REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE TAX AUTHORITIES.

## PART XI, LINE 2D - OTHER ADJUSTMENTS:

NET ASSETS RELEASED FROM RESTRICTION	67,712.
RENTAL EXPENSES	54,435.
TOTAL TO SCHEDULE D, PART XI, LINE 2D	122,147.

## PART XI, LINE 4B - OTHER ADJUSTMENTS:

AUXILIARY INCOME	2,637.
INVESTMENT EXPENSE	279,629.
DONOR RESTRICTED CONTRIBUTION	283,675.
TOTAL TO SCHEDULE D, PART XI, LINE 4B	565,941.

## PART XII, LINE 2D - OTHER ADJUSTMENTS:

RENTAL EXPENSES	54,435.
-----------------	---------

## PART XII, LINE 4B - OTHER ADJUSTMENTS:

AUXILIARY EXPENSES	5,881.
INVESTMENT EXPENSES	279,629.
TOTAL TO SCHEDULE D, PART XII, LINE 4B	285,510.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**

▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2020**

**Open to Public  
Inspection**

Name of the organization

**THE VILLAGE AT ROCKVILLE, INC.**

Employer identification number

**53-0196624**

**Part I Questions Regarding Compensation**

	Yes	No
<b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (such as maid, chauffeur, chef)		
<b>b</b> If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain .....	<b>1b</b>	
<b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a? .....	<b>2</b>	
<b>3</b> Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <input type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input type="checkbox"/> Written employment contract <input type="checkbox"/> Compensation survey or study <input type="checkbox"/> Approval by the board or compensation committee		
<b>4</b> During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:		
<b>a</b> Receive a severance payment or change-of-control payment? .....	<b>4a</b>	X
<b>b</b> Participate in or receive payment from a supplemental nonqualified retirement plan? .....	<b>4b</b>	X
<b>c</b> Participate in or receive payment from an equity-based compensation arrangement? ..... If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	<b>4c</b>	X
<b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</b>		
<b>5</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
<b>a</b> The organization? .....	<b>5a</b>	X
<b>b</b> Any related organization? ..... If "Yes" on line 5a or 5b, describe in Part III.	<b>5b</b>	X
<b>6</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
<b>a</b> The organization? .....	<b>6a</b>	X
<b>b</b> Any related organization? ..... If "Yes" on line 6a or 6b, describe in Part III.	<b>6b</b>	X
<b>7</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III .....	<b>7</b>	X
<b>8</b> Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III .....	<b>8</b>	X
<b>9</b> If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? .....	<b>9</b>	

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2020



Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINE 3:

THE ORGANIZATION'S CEO IS PAID BY NATIONAL LUTHERAN, INC. NATIONAL LUTHERAN, INC. USES THE FOLLOWING METHODS TO ESTABLISH THE COMPENSATION OF THE CEO:

- COMPENSATION COMMITTEE
- INDEPENDENT COMPENSATION CONSULTANT
- FORM 990 OF OTHER ORGANIZATIONS
- COMPENSATION SURVEY OR STUDY
- APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE

PART I, LINE 7:

BONUSES ARE DETERMINED AND APPROVED BY THE EXECUTIVE COMMITTEE OF THE BOARD AND ARE BASED ON A VARIETY OF FACTORS SUCH AS WHETHER CAMPUS BUDGETS ARE MET, HOW EACH CAMPUS DOES ON ITS RESPECTIVE ANNUAL NURSING/HEALTH CARE SURVEY AND HOW EACH SENIOR LEADER DOES IN OBTAINING HIS OR HER GOALS FOR THE YEAR.



**SCHEDULE K  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information on Tax-Exempt Bonds**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
▶ Attach to Form 990. ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2020**

Open to Public  
Inspection

Name of the organization

THE VILLAGE AT ROCKVILLE, INC.

Employer identification number  
53-0196624

**Part I Bond Issues** SEE PART VI FOR COLUMN (F) CONTINUATIONS

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
THE MAYOR AND COUNCIL OF A ROCKVILLE	52-6001573	774223AA9	02/28/12	22000000.	RENOVATING TO EXISTING TVAR COM		X		X		X
MONTGOMERY COUNTY, B MARYLAND	52-6000980	613342DN1	11/16/18	87500000.	FUNDING FOR GLENMERE EXPANSIO		X		X		X
C											
D											

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired		2,215,000.						
2 Amount of bonds legally defeased								
3 Total proceeds of issue		22,013,996.		87,503,842.				
4 Gross proceeds in reserve funds		780,617.		2,288,046.				
5 Capitalized interest from proceeds		521,918.		88,238.				
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds		713,055.		1,639,607.				
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds		19,201,411.		5,740,539.				
11 Other spent proceeds		349,254.						
12 Other unspent proceeds				77,747,412.				
13 Year of substantial completion		2014		2020				
14 Were the bonds issued as part of a refunding issue of tax-exempt bonds (or, if issued prior to 2018, a current refunding issue)?		X		X				
15 Were the bonds issued as part of a refunding issue of taxable bonds (or, if issued prior to 2018, an advance refunding issue)?		X		X				
16 Has the final allocation of proceeds been made?	X			X				
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule K (Form 990) 2020

**Part III Private Business Use**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2 Are there any lease arrangements that may result in private business use of bond-financed property?	X			X				
3a Are there any management or service contracts that may result in private business use of bond-financed property?	X			X				
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X							
c Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		.01				%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government						%		%
6 Total of lines 4 and 5		.01				%		%
7 Does the bond issue meet the private security or payment test?		X		X				
8a Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of						%		%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X					

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X		X				
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X	X					
b Exception to rebate?		X		X				
c No rebate due?	X			X				
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		X		X				

**Part IV Arbitrage (continued)**

4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
b	Name of provider		X		X				
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X				

**Part V Procedures To Undertake Corrective Action**

Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation isn't available under applicable regulations?	A	Yes	No	Yes	No	Yes	No	Yes	No
		X			X				

**Part VI Supplemental Information.** Provide additional information for responses to questions on Schedule K. See instructions.

SCHEDULE K, PART I, BOND ISSUES:

(A) ISSUER NAME: THE MAYOR AND COUNCIL OF ROCKVILLE

(F) DESCRIPTION OF PURPOSE: RENOVATING TO EXISTING TVAR COMMUNITY

(A) ISSUER NAME: MONTGOMERY COUNTY, MARYLAND

(F) DESCRIPTION OF PURPOSE:

FUNDING FOR GLENMERE EXPANSION AND TVAR RENOVATIONS

SCHEDULE K, PART IV, ARBITRAGE, LINE 2C:

(A) ISSUER NAME: THE MAYOR AND COUNCIL OF ROCKVILLE

DATE THE REBATE COMPUTATION WAS PERFORMED: 10/10/2016

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2020**

Open to Public  
Inspection

Name of the organization

THE VILLAGE AT ROCKVILLE, INC.

Employer identification number

53-0196624

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

CONSTRUCTION, THE GLENMERE EXPANSION WILL OFFER 130 RESIDENCES, DINING  
VENUES, SWIMMING/ACTIVITY POOL, FITNESS AREA AND UNDERGROUND PARKING.  
THIS EXPANSION IS SCHEDULED TO OPEN DURING 2020.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

THE VILLAGE AT ROCKVILLE PROVIDES RESIDENCY AND MEDICAL CARE AS NEEDED  
TO THOSE IN A 32-BED TRADITIONAL ASSISTED LIVING SETTING.

THE VILLAGE AT ROCKVILLE ALSO OFFERS A SAFE AND COMFORTING PLACE FOR  
SENIORS WITH MEMORY CHALLENGES IN AN 18-BED ASSISTED LIVING MEMORY  
SUPPORT SETTING. THE VILLAGE AT ROCKVILLE UNDERSTANDS IT'S THE LITTLE  
DIFFERENCES AND SUBTLE CUES THAT MAKE A MEANINGFUL IMPACT IN SOMEONE'S  
DAY. THE MEMORY CARE PROGRAM FEATURES PRIVATE ROOMS, AND DESIGNATED  
AREAS FOR PERSONAL MEMORY CUES THAT ENGAGE INDIVIDUALS WITH FAMILY  
MEMENTOS, PERSONAL ITEMS AND PHOTOGRAPHS. THE SUITES ARE  
COLOR-DESIGNATED TO HELP EASE THE STRUGGLES SOME HAVE WITH DAILY  
NAVIGATION. ADDITIONALLY, THE PROGRAM OFFERS A SECURE MEMORY GARDEN  
WITH A GAZEBO AND SWING, AND A QUIET RELAXATION ROOM.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:

MYPOTENTIAL REHABILITATION IS 100% FOCUSED ON EACH INDIVIDUAL'S  
REHABILITATION GOALS, CREATING PERSONALIZED PLANS TO HELP THEM GAIN  
BACK OPTIMUM INDEPENDENCE. GUESTS' GOALS DIRECT THE EFFORTS OF THE  
REHAB TEAM, INCLUDING PHYSICIANS, NURSES, THERAPISTS, DISCHARGE  
PLANNERS, NUTRITIONISTS, A PERSONALIZED MYPOTENTIAL REHABILITATION

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) 2020

Name of the organization

THE VILLAGE AT ROCKVILLE, INC.

Employer identification number

53-0196624

COACH AND A CONCIERGE. MYPOTENTIAL REHABILITATION IS DESIGNED TO GET GUESTS BACK TO DOING THE THINGS THEY LOVE MOST CONFIDENTLY, EFFICIENTLY AND COMFORTABLY.

BOTH PROGRAMS INCLUDE 24-HOUR VISITATION, A 24-HOUR SKILLED NURSING TEAM, PHYSICAL SERVICES ONSITE, THERAPY SPECIALIST, PASTORAL CARE, INFUSION/IV SERVICES, BARIATRIC CARE, WOUND CARE, TOTAL PARENTERAL NUTRITION, RESPIRATORY SERVICES AND HOSPICE SERVICES.

SINCE ITS INCEPTION IN 1890, NO RESIDENT HAS BEEN ASKED TO LEAVE THE VILLAGE AT ROCKVILLE DUE TO DIMINISHED RESOURCES. THE COST OF BENEVOLENT CARE PROVIDED AMOUNT TO APPROXIMATELY \$2,790,000 IN 2019 INCLUDING APPROXIMATELY \$2,510,000 RELATED TO THE MEDICAID PROGRAM. RESIDENTS WHO ARE UNABLE TO PAY FOR SERVICES, AT ALL LEVELS OF CARE AS NEEDED AND WHEN APPROPRIATE, ARE PROVIDED FOR WITHOUT CHARGE OR AT AMOUNTS LESS THAN ROCKVILLE'S ESTABLISHED RATES. BECAUSE THE ORGANIZATION DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO BE BENEVOLENT CARE, THEY ARE NOT REPORTED AS RESIDENT SERVICE REVENUES.

THE ORGANIZATION MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF BENEVOLENT CARE IT PROVIDES. THE ESTIMATED COSTS OF PROVIDING BENEVOLENT CARE IS BASED UPON THE DIRECT AND INDIRECT COSTS IDENTIFIED WITH THE SPECIFIC BENEVOLENT CARE PROVIDED.

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

OTHER RESIDENT SERVICES

EXPENSES \$ 114,575. INCLUDING GRANTS OF \$ 0. REVENUE \$ 97,247.

Name of the organization

THE VILLAGE AT ROCKVILLE, INC.

Employer identification number

53-0196624

FORM 990, PART VI, SECTION A, LINE 3:

NATIONAL LUTHERAN, INC. (EIN 47-2584315), THE PARENT ENTITY, PROVIDES  
FINANCIAL AND MANAGEMENT FUNCTIONS FOR THE ORGANIZATION.

FORM 990, PART VI, SECTION A, LINE 6:

NATIONAL LUTHERAN, INC. IS THE SOLE MEMBER OF THE FILING ORGANIZATION.

FORM 990, PART VI, SECTION A, LINE 7A:

NATIONAL LUTHERAN, INC., THE SOLE MEMBER OF THE VILLAGE AT ROCKVILLE, INC.,  
HAS THE RIGHT TO VOTE AND ELECT MEMBERS OF THE FILING ORGANIZATION'S BOARD  
OF TRUSTEES. THE MEMBER ALSO RESERVES THE RIGHT TO REMOVE ANY TRUSTEE WITH  
OR WITHOUT CAUSE.

FORM 990, PART VI, SECTION A, LINE 7B:

APPROVAL OF THE FOLLOWING MATTERS IS RESERVED EXCLUSIVELY TO THE  
MEMBERSHIP. THE MEMBERSHIP MAY INITIATE AND IMPLEMENT ANY PROPOSAL WITH  
RESPECT TO ANY OF THE FOLLOWING AND, IF ANY PROPOSAL WITH RESPECT TO ANY OF  
THE FOLLOWING IS OTHERWISE INITIATED, IT SHALL NOT BECOME EFFECTIVE UNLESS  
APPROVED BY THE MEMBERSHIP.

A. APPROVAL OF THE ROLE AND/OR MISSION STATEMENT, IF ANY;

B. APPROVAL OF OPERATING AND CAPITAL BUDGETS;

C. APPROVAL OF AMENDMENTS TO THE ARTICLES OF INCORPORATION OR BYLAWS.

FORM 990, PART VI, SECTION B, LINE 11B:

THE FINANCE DEPARTMENT STAFF OF THE PARENT, NATIONAL LUTHERAN, INC.

Name of the organization

THE VILLAGE AT ROCKVILLE, INC.

Employer identification number

53-0196624

PERFORMS AN INITIAL REVIEW OF THE FORM 990. UPON APPROVAL, THE FORM 990 IS MADE AVAILABLE TO EACH BOARD MEMBER FOR REVIEW AND APPROVAL AT A BOARD MEETING PRIOR TO TRANSMISSION OF THE RETURN TO THE IRS. NATIONAL LUTHERAN, INC.'S BOARD WILL RECEIVE A COPY OF THE RETURN PRIOR TO THE IRS FILING AS WELL.

FORM 990, PART VI, SECTION B, LINE 12C:

BOARD MEMBERS AND KEY EMPLOYEES SIGN A CONFLICT OF INTEREST STATEMENT EACH YEAR. IF A CONFLICT IS IDENTIFIED, IT IS 1) IDENTIFIED AND DISCUSSED WITH THE BOARD AND 2) REVIEWED AND DOCUMENTED BY MANAGEMENT. IF AN ACTUAL OR POTENTIAL CONFLICT IS IDENTIFIED, THE BOARD MEMBER, OFFICER, OR EMPLOYEE WILL RECUSE HIM OR HERSELF FROM ANY CONVERSATIONS, DECISIONS, OR OTHER ACTIVITIES AND DISCUSSIONS INVOLVING THE CONFLICT. FAMILY AND BUSINESS RELATIONSHIPS ARE EXPRESSLY MENTIONED IN THE CONFLICT OF INTEREST POLICY AS POTENTIAL SOURCES OF CONFLICTS WITH INTERESTED PERSONS.

FORM 990, PART VI, SECTION B, LINE 15:

THE ORGANIZATION'S CEO IS PAID BY NATIONAL LUTHERAN, INC. (NLI). NLI'S BOARD DETERMINES THE COMPENSATION FOR THE CEO THROUGH THE COMBINED USE OF SEVERAL METHODS. THE NLI EXECUTIVE COMMITTEE SERVES AS A COMPENSATION COMMITTEE WHICH OVERSEES THE PROCESS. COMPENSATION SURVEYS ARE PERFORMED BY AN OUTSIDE HR CONSULTING FIRM, PRM, USING LOCAL MARKET DATA. THE CEO, EXECUTIVE DIRECTOR, AND DIRECTOR OF HUMAN RESOURCES USE SALARY SURVEYS TO DETERMINE THE COMPENSATION FOR OTHER OFFICERS AND KEY EMPLOYEES TO ASSURE THEY ARE WITHIN THE LOCAL MARKET RANGE. THE SERVICES THE INDIVIDUAL PROVIDES TO THE ORGANIZATION AND THE TENURE OF THE OFFICER ARE ALSO FACTORS CONSIDERED IN SALARY DETERMINATIONS. ONCE THE EXECUTIVE COMMITTEE GIVES ITS APPROVAL, ITS DECISIONS ARE NOTED AT THE BOARD LEVEL.



Name of the organization

THE VILLAGE AT ROCKVILLE, INC.

Employer identification number

53-0196624

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST  
POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST AND  
AT NO COST.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

CHANGE IN VALUE OF TRUSTS	47,574.
NET LOSS FROM AUXILIARY	3,244.
TOTAL TO FORM 990, PART XI, LINE 9	50,818.

FORM 990, PART XII, LINE 3B:

THE ORGANIZATION IS REQUIRED TO UNDERGO A SINGLE AUDIT DUE TO AMOUNTS  
RECEIVED UNDER THE CARES ACT FROM HEALTH AND HUMAN SERVICES (HHS). THE  
ORGANIZATION IS AWAITING GUIDANCE FROM HHS RELATED TO THESE AUDITS AND  
WILL CONDUCT THE AUDITS WHEN THE GUIDANCE IS ISSUED.

FORM 990, PART IX

THE VILLAGE AT ROCKVILLE, INC. DID NOT HAVE ANY FUNDRAISING EXPENSES AT  
THE COMMUNITY LEVEL, RATHER THESE EXPENSES ARE REMITTED FROM INVESTMENT  
ASSETS HELD BY THE PARENT ORGANIZATION, NATIONAL LUTHERAN, INC.







**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity		<input checked="" type="checkbox"/>
<b>b</b> Gift, grant, or capital contribution to related organization(s)		<input checked="" type="checkbox"/>
<b>c</b> Gift, grant, or capital contribution from related organization(s)		<input checked="" type="checkbox"/>
<b>d</b> Loans or loan guarantees to or for related organization(s)		<input checked="" type="checkbox"/>
<b>e</b> Loans or loan guarantees by related organization(s)	<input checked="" type="checkbox"/>	
<b>f</b> Dividends from related organization(s)		<input checked="" type="checkbox"/>
<b>g</b> Sale of assets to related organization(s)		<input checked="" type="checkbox"/>
<b>h</b> Purchase of assets from related organization(s)		<input checked="" type="checkbox"/>
<b>i</b> Exchange of assets with related organization(s)		<input checked="" type="checkbox"/>
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)	<input checked="" type="checkbox"/>	
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)		<input checked="" type="checkbox"/>
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)		<input checked="" type="checkbox"/>
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)	<input checked="" type="checkbox"/>	
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		<input checked="" type="checkbox"/>
<b>o</b> Sharing of paid employees with related organization(s)	<input checked="" type="checkbox"/>	
<b>p</b> Reimbursement paid to related organization(s) for expenses	<input checked="" type="checkbox"/>	
<b>q</b> Reimbursement paid by related organization(s) for expenses		<input checked="" type="checkbox"/>
<b>r</b> Other transfer of cash or property to related organization(s)	<input checked="" type="checkbox"/>	
<b>s</b> Other transfer of cash or property from related organization(s)		<input checked="" type="checkbox"/>

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				



<b>Part VII</b>	<b>Supplemental Information</b>
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Provide additional information for responses to questions on Schedule R. See instructions.

Provide additional information for responses to questions on Schedule H. See instructions.



# **THE VILLAGE AT ROCKVILLE, INC.**

**Financial Report  
December 31, 2020**



## **C O N T E N T S**

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### **Financial Statements:**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
The Village at Rockville, Inc.  
Rockville, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Village at Rockville, Inc., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Village at Rockville, Inc. as of December 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in Note 16 to the financial statements, The Village at Rockville, Inc. received government funding through the Small Business Administration (SBA) Paycheck Protection Program (PPP), and the U.S. Department of Health and Human Services (HHS) Provider Relief Fund (PRF) consequent to the operating conditions created by the COVID-19 pandemic. Our opinion is not modified with respect to these matters.

*Arnett Carbis Toothman LLP*

New Castle, Pennsylvania  
April 15, 2021

**THE VILLAGE AT ROCKVILLE, INC.**

**BALANCE SHEETS**

**December 31, 2020 and 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 111,500	\$ 104,763
Accounts receivable, net	1,558,785	2,202,282
Prepaid expenses and other assets	404,183	298,188
Pledges receivable, net	-	380
Current portion of assets whose use is limited	5,191,383	5,188,369
<b>Total current assets</b>	<b>7,265,851</b>	<b>7,793,982</b>
<b>ASSETS WHOSE USE IS LIMITED, net</b>	<b>15,210,305</b>	<b>22,197,332</b>
<b>INVESTMENTS</b>	<b>4,470,791</b>	<b>3,631,290</b>
<b>BENEFICIAL INTEREST IN SUPPORTING ORGANIZATION</b>	<b>25,772,948</b>	<b>18,793,773</b>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>116,164,278</b>	<b>86,515,332</b>
<b>FUNDS HELD IN TRUST BY OTHERS</b>	<b>2,038,020</b>	<b>2,019,554</b>
<b>Total assets</b>	<b>\$ 170,922,193</b>	<b>\$ 140,951,263</b>

*See Notes to Financial Statements*

<b>LIABILITIES AND NET ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable, trade	\$ 2,184,074	\$ 1,044,631
Accounts payable, construction	3,076,205	3,656,692
Accrued interest	1,665,178	1,106,677
Accrued expenses	2,419,851	1,837,178
Current portion of long-term debt	450,000	425,000
Current portion of annuities payable	-	16,671
<b>Total current liabilities</b>	<b>9,795,308</b>	<b>8,086,849</b>
<b>DEFERRED REVENUE FROM ENTRANCE FEES</b>	<b>6,684,689</b>	<b>8,342,714</b>
<b>REFUNDABLE ENTRANCE FEES</b>	<b>4,399,636</b>	<b>3,551,820</b>
<b>RESIDENT DEPOSITS</b>	<b>5,451,630</b>	<b>6,307,436</b>
<b>LONG-TERM DEBT, net</b>	<b>99,846,814</b>	<b>72,098,961</b>
<b>DUE TO AFFILIATES, net</b>	<b>21,399,578</b>	<b>22,459,723</b>
<b>ANNUITIES PAYABLE, net</b>	<b>70,045</b>	<b>64,730</b>
<b>Total liabilities</b>	<b>147,647,700</b>	<b>120,912,233</b>
<b>NET ASSETS</b>		
Without donor restrictions	19,734,572	16,762,646
With donor restrictions	3,539,921	3,276,384
<b>Total net assets</b>	<b>23,274,493</b>	<b>20,039,030</b>
<b>Total liabilities and net assets</b>	<b>\$ 170,922,193</b>	<b>\$ 140,951,263</b>

*See Notes to Financial Statements*

**THE VILLAGE AT ROCKVILLE, INC.**

**STATEMENTS OF OPERATIONS**

**Years Ended December 31, 2020 and 2019**

	2020	2019
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenue:		
Net resident service revenue, including amortization of entrance fees 2020 \$1,530,620; 2019 \$1,079,689	\$ 27,175,662	\$ 28,822,071
Provider Relief Funds	1,514,407	-
Paycheck Protection Program contribution	3,293,200	-
Net assets released from restrictions, operations	67,712	67,621
<b>Total operating revenue</b>	<b>32,050,981</b>	<b>28,889,692</b>
Operating expenses:		
Salaries and wages	13,758,166	13,897,248
Employee benefits and payroll taxes	3,667,343	3,429,395
Professional fees	1,578,085	1,509,562
Ancillary and medical	3,267,687	3,628,429
Supplies	678,553	547,722
Food services	900,223	1,022,717
Utilities	924,311	1,027,624
Depreciation	3,901,986	4,200,429
Interest	1,259,702	1,479,819
Insurance	95,950	80,301
Real estate taxes	274,861	276,398
Repairs and maintenance	564,815	572,713
Advertising and marketing	206,371	259,192
Licenses, dues, and subscriptions	621,879	598,032
Other operating expenses	220,495	529,730
Bad debt expense	195,907	204,885
Management fee	2,504,395	2,327,052
<b>Total operating expenses</b>	<b>34,620,729</b>	<b>35,591,248</b>
<b>(Deficiency) of operating revenue over expenses</b>	<b>(2,569,748)</b>	<b>(6,701,556)</b>
Nonoperating revenue:		
Contributions	1,335,612	30,386
Interest and dividends	914,882	798,674
Other income	189,328	109,762
Realized gains	18,468	167,875
Unrealized gains	2,455,349	2,988,552
<b>Total nonoperating revenue</b>	<b>4,913,639</b>	<b>4,095,249</b>
<b>Excess (deficiency) of operating and nonoperating revenue over expenses</b>	<b>2,343,891</b>	<b>(2,606,307)</b>
Other changes:		
Unrealized gains	628,035	268,925
<b>Change in net assets without donor restrictions</b>	<b>\$ 2,971,926</b>	<b>\$ (2,337,382)</b>

*See Notes to Financial Statements*

**THE VILLAGE AT ROCKVILLE, INC.**

**STATEMENTS OF CHANGES IN NET ASSETS**

**Years Ended December 31, 2020 and 2019**

	2020	2019
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Excess (deficiency) of operating and nonoperating revenue over expenses	\$ 2,343,891	\$ (2,606,307)
Unrealized gains	628,035	268,925
<b>Change in net assets without donor restrictions</b>	<b>2,971,926</b>	<b>(2,337,382)</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	283,675	345,901
Funds held in trust income	-	6,246
Change in value of funds held in trust by others	47,574	138,430
Net assets released from restriction, operations	(67,712)	(67,621)
<b>Change in net assets with donor restrictions</b>	<b>263,537</b>	<b>422,956</b>
<b>Change in net assets</b>	<b>3,235,463</b>	<b>(1,914,426)</b>
Net assets:		
Beginning	20,039,030	21,953,456
Ending	\$ 23,274,493	\$ 20,039,030

*See Notes to Financial Statements*



**THE VILLAGE AT ROCKVILLE, INC.**

**STATEMENTS OF CASH FLOWS**

**Years Ended December 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,235,463	\$ (1,914,426)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,901,986	4,200,429
Provision for bad debts	195,907	204,885
Amortization of deferred financing costs	31,542	31,233
Amortization of entrance fees	(1,530,620)	(1,079,689)
Proceeds from entrance fees	391,307	543,722
Realized gains	(18,468)	(167,875)
Unrealized gains	(3,083,384)	(3,229,490)
Change in value of funds held in trust by others	(18,466)	90,758
Change in annuities payable	(11,356)	(47,762)
Changes in assets and liabilities:		
Accounts receivable	447,590	(471,492)
Prepaid expenses and other assets	(105,995)	(53,866)
Accounts payable, trade and accrued expenses	1,711,846	97,196
<b>Net cash provided by (used in) operating activities</b>	<b>5,147,352</b>	<b>(1,796,377)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds (purchases) from sales of investments and assets whose use is limited	(843,354)	(3,445,936)
Purchases of property and equipment	(33,401,825)	(33,247,361)
<b>Net cash (used in) investing activities</b>	<b>(34,245,179)</b>	<b>(36,693,297)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(425,000)	(400,000)
Proceeds from issuance of long-term debt	28,335,000	41,600,000
Payments for financing costs	(329,512)	(478,217)
Net change in resident deposits	(1,435,192)	1,214,384
Proceeds from refundable entrance fees, turnover units	1,260,907	1,687,457
Refunds of entrance fees	(352,417)	(83,162)
Change in pledges receivable, net	380	7,964
Change in due to affiliates, net	(4,890,145)	1,487,572
<b>Net cash provided by financing activities</b>	<b>22,164,021</b>	<b>45,035,998</b>
<b>Net increase in cash, cash equivalents, and restricted cash</b>	<b>(6,933,806)</b>	<b>6,546,324</b>
Cash, cash equivalents, and restricted cash:		
Beginning	23,227,314	16,680,990
Ending	\$ 16,293,508	\$ 23,227,314

*See Notes to Financial Statements*

	2020	2019
Cash, cash equivalents, and restricted cash include:		
Cash and cash equivalents	\$ 111,500	\$ 104,763
Resident deposits	5,346,561	6,318,091
Assets held under trust indenture	10,636,271	16,580,960
Cash, restricted by donors or grantors for specific purposes	199,176	223,500
	<u>\$ 16,293,508</u>	<u>\$ 23,227,314</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 1,786,661</u>	<u>\$ 1,962,879</u>
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accounts payable, construction	<u>\$ 3,076,205</u>	<u>\$ 3,656,692</u>
 Beneficial interest in supporting organization	<u>\$ 3,830,000</u>	<u>\$ 366,897</u>
 Accrued capitalized interest	<u>\$ 1,180,977</u>	<u>\$ 612,216</u>

*See Notes to Financial Statements*

## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Organization and Summary of Significant Accounting Policies**

**Nature of Organization:** The Village at Rockville, Inc. (Organization) is a not-for-profit corporation, originally incorporated in the District of Columbia in 1890 and moved to its present location of Rockville, Maryland, in 1980. The Organization operates a retirement community in Rockville, Maryland, which includes 244 independent living units, 50 assisted living units, and 160 skilled nursing beds. The Organization received a certificate of occupancy for 130 independent living units in December 2020 for the Glenmere expansion.

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

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

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

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

**Cash and cash equivalents and deposit risk:** The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents, excluding those classified as investments and assets whose use is limited. In the normal course of business, the Organization may have deposits with a local financial institution in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Organization has not experienced any losses in such accounts.

**Accounts receivable:** Accounts receivable from residents are reported at estimated net realizable value taking into account estimated implicit and explicit price concessions. The estimated implicit price concessions are based upon management's judgmental assessment of historical and expected net collections considering business and general economic conditions in its service area, trends in health care coverage, and other collection indicators. For receivables associated with services provided to residents who have third-party coverage (which includes deductible and payment balances for which third-party coverage exists for part of the bill), the Organization analyzes contractually due amounts and provides an allowance for explicit price concessions, if necessary. Throughout the year, management assesses the adequacy of the estimated price concessions based upon its review of accounts receivable payor composition and aging, taking into consideration recent experience by payor category, payor agreement rate changes, and other factors. The results of these assessments are used to make modifications to resident service revenue and to establish an appropriate estimate for price concessions. The Organization has included a reserve within the estimated implicit price concessions of \$127,889 and \$165,836 as of December 31, 2020 and 2019, respectively, which have been recorded as reductions to resident accounts receivable.

**Beneficial interest in supporting organization:** The Organization maintains a support agreement with National Lutheran, Inc. and National Lutheran Home for the Aged, Inc. (NLHA) relative to the Organization's long-term debt. NLI is the parent to both the Organization and NLHA; NLHA is an affiliate of the Organization. The support agreement outlines that NLI and NLHA will provide access to capital to maintain the Organization's long-term debt requirements. Although the support agreement is with both NLI and NLHA, NLHA holds the investments that are providing the beneficial interest to the Organization. See Note 4 for the percent allocated to the Organization.

## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

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**Assets whose use is limited, investments, and beneficial interest in supporting organization:** Assets held as operating reserves, resident deposits, and assets held under indenture agreements are classified as assets whose use is limited and are reported separately on the accompanying balance sheets. Assets whose use is limited, investments, and beneficial interest in supporting organization are reported on the accompanying balance sheets at fair value, based on quoted market prices as provided by a national exchange, excluding an alternative investment which is valued at net asset value (NAV) per share.

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

**Property and equipment:** Property and equipment are reported at cost or, if donated, at fair value. Depreciation is computed using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives. The Organization's capitalization policy is to review invoices in excess of \$5,000 to determine if they should be capitalized. The general range of estimated useful lives is five to twenty years for furniture and equipment and fifteen to forty years for buildings and building and land improvements. Expenditures that extend the useful lives of the asset or significantly increase their capacity are capitalized. Interest expense from borrowings to fund construction projects is capitalized.

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

**Pledges receivable:** Pledges receivable are stated at outstanding balances and are discounted for their present value. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received. An allowance for uncollectable pledges is based on management's assessment of the collectability of pledges receivable and was \$0 and \$50 as of December 31, 2020 and 2019, respectively.

**Funds held in trust by others:** The Organization has been named as a beneficiary of a number of perpetual and charitable remainder trusts which are administered and controlled by independent trustees. The trusts are recorded as contribution revenue when the Organization is notified of the trust's existence. The Organization receives the distributions of earnings from perpetual trusts whose principal is to be held in perpetuity. The earnings from these trusts are recorded as investment income. Depending upon the terms of the remainder trusts, the Organization may receive payments over a specified period of time or at a future date.

Perpetual trusts are valued based upon the fair value of the underlying investments. The change in the fair value of perpetual trusts is reported as a change in net assets with donor restrictions. The fair value of remainder trusts is based upon a calculation of the present value of the estimated future benefits to be received when the trust's assets are distributed and are recorded as net assets with donor restrictions.

**Gift annuities:** Liabilities related to gift annuities issued by the Organization are recorded at the present value of the future payments based on the donor's life expectancy. Amounts donated in excess of the liability are recorded as contributions without restrictions on the statements of operations. The Organization uses published mortality tables adopted by the United States Internal Revenue Service and an assumed discount rate of approximately 0.05% to 7.50% to determine the present value of the actuarially determined liability. Maryland regulations require a segregated reserve fund with assets at least equal to fund adequate reserves on its outstanding annuity agreement which the Organization maintains in compliance with this requirement.

**Entrance fees:** The Organization's policy requires payment of an entrance fee for admittance to an independent living residence under a type C fee-for-service contract. The Organization currently offers a

## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

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traditional entrance fee, 50% guaranteed refund, and 90% guaranteed refund entrance fee option. The refundable portion of the traditional entrance fee is calculated based on a 60 month amortization period after applying a 10% administrative fee. After 60 months of occupancy, no refund is payable to the resident. The refundable portion of the 50% entrance fee is calculated based on a 30 month amortization period after applying a 10% administrative fee. After 30 months of occupancy, the refund payable to the resident is limited to 50% of the entrance fee. The 90% entrance fee guarantees a refund of the entrance fee paid less a 10% administrative fee. Contracts containing varying refund provisions no longer offered by the Organization to new residents remain in force.

The non-refundable portion of the entrance fees are accounted for as deferred revenue from entrance fees and are amortized into earned revenue using the straight-line method over the estimated remaining life of the residents over the contractual term of the contract. At the time of death or contract termination, the remaining nonrefundable balance is recognized as revenue. The remaining life expectancy of the residents is adjusted annually based on actuarial information. The refundable portion of the entrance fees is not amortized into income and is reported as refundable entrance fees liability. Contractual refund obligations amounted to \$4,399,636 and \$3,551,820 as of December 31, 2020 and 2019, respectively.

The Organization also has a rental agreement requiring no entrance fee.

**Deferred financing costs:** Financing costs were incurred in connection with the issuance of long-term debt. These costs are reported on the accompanying balance sheets as a reduction of long-term debt and are being amortized over the life of the debt using the straight-line method, which approximates the effective interest method. The amortization of deferred financing costs, included in interest expense on the accompanying statements of operations, totaled \$31,542 and \$31,233 for the years ended December 31, 2020 and 2019, respectively. Accumulated amortization was \$391,070 and \$198,560 as of December 31, 2020 and 2019, respectively. Capitalized deferred financing costs equaled approximately \$160,968 and \$126,900, as of December 31, 2020 and 2019, respectively.

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

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenue restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

Revenue from nonrefundable entrance fees received is recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which during the contractual term of the contract approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenue from entrance fees on the balance sheets. Amortization of nonrefundable entrance fees included in net resident service revenue was \$1,530,620 in 2020 and \$1,079,689 in 2019.

The Organization receives revenue for services under third-party payor programs, including Medicare, Medicaid, and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

# THE VILLAGE AT ROCKVILLE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

	2020				
	Skilled Nursing	Assisted Living	Independent Living	Other Resident Services	Total
Self-pay	\$ 4,450,360	\$ 4,227,073	\$ 2,110,671	\$ 52,803	\$ 10,840,907
Medicare	8,051,119	-	-	-	8,051,119
Medical Assistance	6,085,148	-	-	-	6,085,148
Commercial insurance	667,868	-	-	-	667,868
Amortization of nonrefundable entrance fees	-	-	1,530,620	-	1,530,620
<b>Total</b>	<b>\$ 19,254,495</b>	<b>\$ 4,227,073</b>	<b>\$ 3,641,291</b>	<b>\$ 52,803</b>	<b>\$ 27,175,662</b>

  

	2019				
	Skilled Nursing	Assisted Living	Independent Living	Other Resident Services	Total
Self-pay	\$ 4,950,484	\$ 4,442,896	\$ 1,321,964	\$ 376,060	\$ 11,091,404
Medicare	10,437,652	-	-	-	10,437,652
Medical Assistance	5,396,218	-	-	-	5,396,218
Commercial insurance	817,108	-	-	-	817,108
Amortization of nonrefundable entrance fees	-	-	1,079,689	-	1,079,689
<b>Total</b>	<b>\$ 21,601,462</b>	<b>\$ 4,442,896</b>	<b>\$ 2,401,653</b>	<b>\$ 376,060</b>	<b>\$ 28,822,071</b>

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

- **Medical Assistance:** Under the Maryland Medical Assistance Program's case-mix reimbursement system, the determination of reimbursement rates for skilled nursing costs is based upon a recipient's dependency in Activities of Daily Living (ADLs), and need for and receipt of ancillary nursing services. Each recipient is assigned a reimbursement level depending on his or her degree of dependency in ADLs.
- **Medicare:** Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic, and other factors. The determination of these rates is partially based on the Organization's clinical assessment of its residents. The Organization is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare programs.

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

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

## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

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**Advertising:** The Organization expenses advertising costs as incurred. Advertising expense totaled approximately \$206,400 and \$259,200 for the years ended December 31, 2020 and 2019, respectively.

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

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

Accounting principles generally accepted in the United States of America require an organization to evaluate tax positions taken by the organization and recognize a tax liability or asset if the organization has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Services (IRS). The Organization has concluded that as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. Generally, tax returns for years ended December 31, 2017, and thereafter remain subject to examination by federal and state tax authorities.

**Reclassifications:** Certain items in the 2019 financial statements have been reclassified to conform to the 2020 financial statement presentation.

**Subsequent events:** In preparing these financial statements, the Organization evaluated events that occurred through April 15, 2021, the date the financial statements were issued, for potential recognition or disclosure.

#### Recent Accounting Pronouncements

**Nonrefundable Fees and Other Costs: Premium Amortization on Purchased Callable Debt Securities:** In March 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2017-08, *Receivables – Nonrefundable Fees and Other Costs* (Subtopic 310-20): *Premium Amortization on Purchased Callable Debt Securities*, to amend the amortization period for certain purchased callable debt securities held at a premium. The FASB is shortening the amortization period for the premium to the earliest call date. Under current GAAP, entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The Organization adopted this guidance during the year ended December 31, 2020. Adoption of this guidance did not have a material impact on the Organization's financial statements.

**Fair Value Measurement:** In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. In addition, the amendments eliminate *at a minimum* from the phrase *an entity shall disclose at a minimum* to promote the appropriate exercise of discretion by entities when considering fair value measurement disclosures and to clarify that materiality is an appropriate consideration of entities and their auditors when evaluating disclosure requirements. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level III fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The Organization adopted this guidance during the year ended December 31, 2020. Adoption of this guidance did not have a material impact on the Organization's financial statements.



## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

**Consolidation:** In October 2018, the FASB issued ASU 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, in response to stakeholders' observations that Topic 810, *Consolidation*, could be improved in the following areas: 1) applying the variable interest entity (VIE) guidance to private companies under common control, and 2) considering indirect interests held through related parties under common control for determining whether fees paid to decision makers and services providers are variable interests. The Organization adopted this guidance during the year ended December 31, 2020. Adoption of this guidance did not have a material impact on the Organization's financial statements.

#### Note 2. Liquidity and Availability of Resources

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

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 111,500	\$ 104,763
Accounts receivable, net	1,558,785	2,202,282
Investments	4,470,791	3,631,290
Beneficial interest in supporting organization	25,772,948	18,793,773
<b>Total financial assets</b>	<b>\$ 31,914,024</b>	<b>\$ 24,732,108</b>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments. Certain of the donor purpose restricted funds may be utilized as the restrictions are satisfied. As stated in Note 4, the Organization designated a portion of its beneficial interest in supporting organization as an operating reserve to comply with the requirements of the Maryland Department of Aging Reserve Requirements and thus they are not included in the schedule above. Although the Organization does not intend to utilize the operating reserve for general expenditures as part of its annual budget and approval process, amounts designated as operating reserves could be made available as necessary. The operating reserves are included in assets whose use is limited on the balance sheets and do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

#### Note 3. Concentrations of Credit Risk

The Organization grants credit without collateral to its residents, most of whom are local residents and are insured under third-party agreements. The mix of gross receivables from third-party payors is as follows as of December 31:

	2020	2019
Medicare	33 %	41 %
Medicaid	32	21
Commercial	20	26
Self-pay	15	12
	<b>100 %</b>	<b>100 %</b>

# THE VILLAGE AT ROCKVILLE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Fair Value Measurements

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

- Level I Quoted prices in active markets for identical assets or liabilities.
- Level II Observable inputs other than Level I prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level III Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

	2020				
	Carrying Value	Fair Value	Level I	Level II	Level III
Reported at fair value:					
Assets:					
Investments, beneficial interest in supporting organization, and assets whose use is limited:					
Cash and cash equivalents	\$ 16,217,309	\$ 16,217,309	\$ 16,217,309	\$ -	\$ -
Equity securities	1,439,814	1,439,814	1,439,814	-	-
Mutual funds	2,473,577	2,473,577	2,473,577	-	-
Fixed income securities	247,354	247,354	-	247,354	-
Other	75,569	75,569	-	75,569	-
Beneficial interest in supporting organization	28,618,443	28,618,443	21,543,600	7,074,843	-
<b>Total</b>	<b>49,072,066</b>	<b>49,072,066</b>	<b>41,674,300</b>	<b>7,397,766</b>	<b>-</b>
Beneficial interest in supporting organization alternative investment measured at NAV	1,573,361	1,573,361			
<b>Total</b>	<b>50,645,427</b>	<b>50,645,427</b>			
Funds held in trust by others	2,038,020	2,038,020	-	-	2,038,020
<b>Total assets</b>	<b>\$ 52,683,447</b>	<b>\$ 52,683,447</b>	<b>\$ 41,674,300</b>	<b>\$ 7,397,766</b>	<b>\$ 2,038,020</b>
Disclosed at fair value:					
Cash and cash equivalents	\$ 111,500	\$ 111,500	\$ 111,500	\$ -	\$ -
Long-term debt	\$ 103,220,000	\$ 103,658,664	\$ -	\$ 103,658,664	\$ -

THE VILLAGE AT ROCKVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

	2019				
	Carrying Value	Fair Value	Level I	Level II	Level III
Reported at fair value:					
Assets:					
Investments, beneficial interest in supporting organization, and assets whose use is limited:					
Cash and cash equivalents	\$ 23,026,611	\$ 23,026,611	\$ 23,026,611	\$ -	\$ -
Equity securities	1,132,433	1,132,433	1,132,433	-	-
Mutual funds	2,021,536	2,021,536	2,021,536	-	-
Fixed income securities	271,259	271,259	-	271,259	-
Other	78,502	78,502	-	78,502	-
Beneficial interest in supporting organization	22,118,064	22,118,064	17,441,711	4,676,353	-
<b>Total</b>	<b>48,648,405</b>	<b>48,648,405</b>	<b>43,622,291</b>	<b>5,026,114</b>	<b>-</b>
Beneficial interest in supporting organization alternative investment measured at NAV	1,162,359	1,162,359			
<b>Total</b>	<b>49,810,764</b>	<b>49,810,764</b>			
Funds held in trust by others	2,019,554	2,019,554	-	-	2,019,554
<b>Total assets</b>	<b>\$ 51,830,318</b>	<b>\$ 51,830,318</b>	<b>\$ 43,622,291</b>	<b>\$ 5,026,114</b>	<b>\$ 2,019,554</b>
Disclosed at fair value:					
Cash and cash equivalents	\$ 104,763	\$ 104,763	\$ 104,763	\$ -	\$ -
Long-term debt	\$ 75,310,000	\$ 75,621,169	\$ -	\$ 75,621,169	\$ -

Beneficial interest in supporting organization and assets whose use is limited are presented together in the tables above as there are various investment and cash accounts that are allocated between the beneficial interest in supporting organization and assets whose use is limited lines on the balance sheets.

In accordance with the Maryland Department of Aging reserve requirements governing continuing care retirement communities (Note 6), the Organization maintains an operating reserve totaling 15% of the facility's net operating expenses for the most recent fiscal year. These funds have been reclassified from the beneficial interest in supporting organization and reserved in assets whose use is limited on the balance sheets.

Certain investments are combined with related organizations and are referred to as beneficial interest in supporting organization investments. For the purpose of the fair value disclosure, these funds are referred to as the Consolidated Fund. Approximately 41.24% and 33.69% of the combined investments are attributable to the Organization as of December 31, 2020 and 2019, respectively. The percentage of the investments is calculated based on a monthly allocation percentage, adjusted for necessary reallocations specific to the Organization. Investment income is also based on this allocation.

THE VILLAGE AT ROCKVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

The following tables present the Organization's share of the consolidated investments that are represented as beneficial interest in supporting organization, measured at fair value on a recurring basis as of December 31:

2020				
	Carrying Value	Fair Value	Level I	Level II
Beneficial interest in supporting organization:				
Cash and cash equivalents	\$ 1,635,014	\$ 1,635,014	\$ 1,635,014	\$ -
Equity securities:				
Consumer discretionary	4,192,671	4,192,671	4,192,671	-
Consumer staples	877,080	877,080	877,080	-
Energy	600,181	600,181	600,181	-
Financial	1,850,174	1,850,174	1,850,174	-
Health care	1,765,901	1,765,901	1,765,901	-
Industrials	1,646,799	1,646,799	1,646,799	-
Information technology	2,773,591	2,773,591	2,773,591	-
Materials	1,032,199	1,032,199	1,032,199	-
Real estate	1,132,622	1,132,622	1,132,622	-
Utilities	473,155	473,155	473,155	-
Other	33,312	33,312	33,312	-
Mutual funds:				
Fixed income	1,797,097	1,797,097	1,797,097	-
Equity	1,733,804	1,733,804	1,733,804	-
Fixed income securities:				
Corporate bonds	4,323,939	4,323,939	-	4,323,939
U.S. government and agency bonds	2,750,904	2,750,904	-	2,750,904
<b>Subtotal</b>	<b>28,618,443</b>	<b>28,618,443</b>	<b>\$ 21,543,600</b>	<b>\$ 7,074,843</b>
Alternative investment measured at NAV	1,573,361	1,573,361		
<b>Total</b>	<b>\$ 30,191,804</b>	<b>\$ 30,191,804</b>		

THE VILLAGE AT ROCKVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

	2019			
	Carrying Value	Fair Value	Level I	Level II
Beneficial interest in supporting organization:				
Cash and cash equivalents	\$ 927,689	\$ 927,689	\$ 927,689	\$ -
Equity securities:				
Consumer discretionary	3,659,249	3,659,249	3,659,249	-
Consumer staples	582,177	582,177	582,177	-
Energy	1,163,714	1,163,714	1,163,714	-
Financial	1,536,922	1,536,922	1,536,922	-
Health care	1,951,997	1,951,997	1,951,997	-
Industrials	735,129	735,129	735,129	-
Information technology	1,381,546	1,381,546	1,381,546	-
Materials	411,886	411,886	411,886	-
Real estate	1,400,960	1,400,960	1,400,960	-
Utilities	404,425	404,425	404,425	-
Other	23,744	23,744	23,744	-
Mutual funds:				
Fixed income	1,633,841	1,633,841	1,633,841	-
Equity	1,628,432	1,628,432	1,628,432	-
Fixed income securities:				
Corporate bonds	2,444,100	2,444,100	-	2,444,100
U.S. government and agency bonds	2,232,253	2,232,253	-	2,232,253
<b>Subtotal</b>	<b>22,118,064</b>	<b>22,118,064</b>	<b>\$ 17,441,711</b>	<b>\$ 4,676,353</b>
Alternative investment measured at NAV	1,162,359	1,162,359		
<b>Total</b>	<b>\$ 23,280,423</b>	<b>\$ 23,280,423</b>		

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

There were no transfers between Level I, Level II, or Level III during the years ended December 31, 2020 or 2019.

The following methods have been used by the Organization in estimating the fair value on a recurring basis of its financial instruments. There have been no changes in the methodologies used as of December 31, 2020 or 2019:

**Cash and cash equivalents:** Fair values, which are the amounts reported on the balance sheets, are based on multiplying number of units held by \$1 per unit.

**Equity securities and mutual funds:** Valued at the closing price reported in the active market on which the individual securities are traded for equity securities and fixed income mutual funds and quoted market prices in active markets.

**Fixed income securities and other:** Fair values of these items, which are the amounts reported on the balance sheets, are estimated using quoted prices for similar securities.

## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

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**Beneficial interest in supporting organization:** Based on the fair values of the investments held in the fund at the Organization's percentage of holdings, which include the following:

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

Alternative investment is comprised of a hedge fund. The Organization measures the fair value of the alternative investment based on net asset value (NAV) as calculated on the reporting entity's measurement date. The Organization measures the fair value of an investment that does not have a readily determinable fair value, based on the NAV of the investment as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a value significantly different than the NAV. If the practical expedient NAV is not as of the reporting entity's measurement date, then the NAV is adjusted to reflect any significant events that would materially affect the value of the security and the NAV of the Organization as of the valuation date. In using the NAV as a practical expedient, certain attributes of the investment, that may impact the fair value of the investment, are not considered in measuring fair value. Attributes of those investments include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date at NAV as well as any unfunded commitments. The Organization's share of the Consolidated Fund's alternative investments as of December 31, 2020 and 2019, was \$1,573,361 and \$1,162,359, respectively. The investment strategy for Ironwood Institutional Multi-Strategy Fund (Fund) is capital appreciation with limited variability of returns. The Fund invests exclusively in other private investment companies, which invests substantially all of its assets in hedge funds and other similar investment vehicles that are managed by a select group of portfolio managers who invest in a variety of financial markets and utilize a broad range of alternative investment strategies. There were no unfunded commitments as of December 31, 2020 or 2019, and there is a monthly or quarterly redemption notice of 15 - 120 days.

**Long-term debt:** Valued based on current rates offered for similar issues with similar terms and maturities, or estimated based using a discount rate a market participant would demand.

**Funds held in trust by others:** Valued based on the fair value of the trusts' underlying assets, which approximates the discounted present value of future cash flows.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies 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 fair value measurement at the reporting date.

The change in value in Level III assets is recorded on the statements changes in net assets as an increase or decrease in net assets with donor restrictions.

**THE VILLAGE AT ROCKVILLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Investments, Beneficial Interest in Supporting Organization, and Assets Whose Use is Limited**

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

	2020	2019
Investments	<u>\$ 4,470,791</u>	<u>\$ 3,631,290</u>
Beneficial interest in supporting organization	<u>\$ 25,772,948</u>	<u>\$ 18,793,773</u>
Assets whose use is limited:		
Operating reserve	\$ 4,418,856	\$ 4,486,650
Resident deposits	5,346,561	6,318,091
Assets held under trust indenture (2012 bonds):		
Debt service reserve	793,593	791,353
Interest	484,208	411,635
Principal	437,173	753,910
Replacement reserves	44,788	44,661
Assets held under trust indenture (2018 bonds):		
Debt service reserve	2,765,918	2,758,109
Interest	2,695,526	3,200,467
Construction	3,406,616	8,612,002
Cost of issuance	8,449	8,823
	<u>20,401,688</u>	<u>27,385,701</u>
Less current portion	<u>(5,191,383)</u>	<u>(5,188,369)</u>
<b>Assets whose use is limited, net</b>	<u><b>\$ 15,210,305</b></u>	<u><b>\$ 22,197,332</b></u>

**Note 6. Maryland Department of Aging Reserve Requirements**

In accordance with Maryland law governing continuing care retirement communities, the Organization is required to set aside operating reserves totaling 15% of the facility's net operating expenses (as defined) for the most recent fiscal year.

The calculation of the required minimum statutory operating reserve for the year ended December 31, 2020, is as follows:

Total operating expenses for fiscal year ended December 31, 2020	\$ 34,620,729
Less:	
Depreciation	(3,901,986)
Interest	(1,259,702)
Adjusted operating expense	<u>\$ 29,459,041</u>
Funding requirement (15% of operating expenses)	<u>\$ 4,418,856</u>

The Organization has reserved this amount in assets whose use is limited to satisfy the minimum statutory operating reserve requirement. Beginning January 1, 2023, the reserve requirement will be equal to 25% of the facility's net operating expenses.

**THE VILLAGE AT ROCKVILLE, INC.****NOTES TO FINANCIAL STATEMENTS****Note 7. Property and Equipment**

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

	2020	2019
Land	\$ 3,255,295	\$ 3,255,295
Land improvements	278,625	278,625
Buildings and building improvements	80,389,856	80,018,932
Furniture and equipment	10,493,293	10,395,105
Construction in progress	75,067,499	41,985,679
	<b>169,484,568</b>	135,933,636
Less accumulated depreciation	<b>(53,320,290)</b>	(49,418,304)
	<b>\$ 116,164,278</b>	\$ 86,515,332

Construction in progress as of December 31, 2020, consists of initial project development and construction costs for an expansion and repositioning project to consist of an addition of 130 independent living units in place of 33 of its existing independent living units. In addition, the expansion phase will add additional common space, dining rooms, and underground parking. The Organization is currently marketing the new independent living units and has received \$5,451,630 in resident deposits as of December 31, 2020, primarily related to the project. The final construction payment due relative to the project has been accrued as a liability as of December 31, 2020.

**Note 8. Long-Term Debt**

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

	2020	2019
Series 2018A Fixed Rate Economic Development Revenue Bonds, at 6.50 percent, payable in monthly installments of interest only through February 2022, and then monthly principal and interest payments begin through November 2048 to satisfy annual debt service requirements.	\$ 16,120,000	\$ 6,865,000
Series 2018B Adjustable Rate Economic Development Revenue Bonds, at 5.66 percent, payable in monthly installments of interest only through February 2022, and then monthly principal and interest payments begin through February 2049 to satisfy annual debt service requirements. The 2018B Bonds interest rate adjusts February 2028 as defined in the debt agreements.	12,765,000	6,375,000
Series 2018C Floating Rate Economic Development Revenue Bonds, payable in monthly installments of interest only with a final payment of principal due February 2029. Interest is payable at a variable interest rate of 75 percent of LIBOR plus 2.45 percent (2.56 percent as of December 31, 2020).	40,000,000	35,265,000



THE VILLAGE AT ROCKVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

	2020	2019
Series 2018D Adjustable Rate Economic Development Revenue Bonds, at 5.66 percent, payable in monthly installments of interest only through February 2022, and then monthly principal and interest payments begin through February 2049 to satisfy annual debt service requirements. The 2018B Bonds interest rate adjusts in February 2028 as defined in the debt agreements.	\$ 14,550,000	\$ 6,595,000
Series 2012A Economic Development Revenue Bonds, payable in monthly installments to satisfy annual debt service requirements through February 2042. Interest is payable at fixed rates ranging from 5.96 percent to 7.23 percent.	11,795,000	12,030,000
Series 2012B Economic Development Revenue Bonds, payable in monthly installments to satisfy annual debt service requirements through February 2042. Interest is payable at fixed rates ranging from 4.70 percent to 5.61 percent through January 2022. Beginning in February 2022 through maturity, the interest rate will become a variable rate.	7,990,000	8,180,000
	103,220,000	75,310,000
Less current portion	450,000	425,000
Less deferred financing costs	2,923,186	2,786,039
<b>Total long-term debt</b>	<b>\$ 99,846,814</b>	<b>\$ 72,098,961</b>

The Series 2018 Bonds are draw down bonds to fund the construction project described in Note 6, with the total bond issuance being \$87,500,000, consisting of \$17,970,000 of Series 2018A, \$13,690,000 of Series 2018B, \$40,000,000 of Series 2018C, and \$15,840,000 of Series 2018D. An additional \$28,335,000 was drawn down from the 2018 Series Bonds in 2020.

As security for the payment of the bonds, the Organization has granted a lien and security interest in the mortgaged premises and assigned a security interest in the pledged assets to the master trustee. Pledged assets include present and future accounts receivable, contract rights, general intangibles, and the proceeds of all the foregoing. Additionally, NLI and National Lutheran Home for the Aged, Inc. entered into support agreements guaranteeing the repayment of the bonds as additional security. The support agreements will terminate upon the achievement of certain financial performance targets as defined in the agreements.

The Organization is required to comply with certain debt covenants in connection with the aforementioned long-term debt. Management believes they are in compliance with all covenants as of December 31, 2020 and 2019.

**THE VILLAGE AT ROCKVILLE, INC.****NOTES TO FINANCIAL STATEMENTS**

The long-term debt maturing in the next five years and thereafter is as follows as of December 31, 2020:

**Years Ending December 31:**

2021	\$ 450,000
2022	645,000
2023	1,235,000
2024	1,320,000
2025	1,395,000
Thereafter	98,175,000
	<u>\$ 103,220,000</u>

Interest expense totaled \$1,228,160 in 2020 and \$1,448,586 in 2019, net of capitalized interest of \$1,160,978 and \$612,207 in 2020 and 2019, respectively. Subsequent to the year ended December 31, 2020 a debt modification of the 2012 A and B bonds was executed. The debt modification lowered interest rates, and modified the future amortization of the debt.

**Note 9. Net Assets**

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

	2020	2019
Net assets:		
Without donor restrictions:		
Undesignated	\$ 15,315,716	\$ 12,275,996
Maryland Department of Aging reserve requirements	4,418,856	4,486,650
	<u>19,734,572</u>	<u>16,762,646</u>
With donor restrictions:		
Purpose restricted for:		
Operations	199,176	223,500
Charitable remainder trusts	378,670	366,972
Perpetual trusts	1,659,350	1,652,582
Restricted in perpetuity	1,302,725	1,033,330
	<u>3,539,921</u>	<u>3,276,384</u>
<b>Total net assets</b>	<b>\$ 23,274,493</b>	<b>\$ 20,039,030</b>

For the years ended December 31, 2020 and 2019, net assets of \$67,712 and \$67,621, respectively, were released from donor restrictions for operations by incurring expenses satisfying the restricted purposes.

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

**Note 10. Related Party Transactions**

NLI is the sole member of the Organization and provides support in the form of management and support services in exchange for management fees and provides additional capital support when needed. The Organization incurred management fees to NLI totaling \$2,504,395 and \$2,327,052 for the years ended December 31, 2020 and 2019, respectively.

# THE VILLAGE AT ROCKVILLE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

The following represents net amounts due to (from) affiliated organizations as of December 31:

	2020	2019
NLI	\$ 20,749,578	\$ 23,600,991
NLHA	650,000	375,990
The Village at Providence Point, Inc.	-	(18,129)
myPotential Maryland, LLC	-	(47,270)
myPotential Clinic-Rockville, LLC	-	(131,042)
myPotential Virginia, LLC	-	(152,013)
The Legacy at North Augusta, Inc.	-	(514,976)
The Village at Orchard Ridge, Inc.	-	(653,828)
	<u>\$ 21,399,578</u>	<u>\$ 22,459,723</u>

### Note 11. Expenses by Nature and Function

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

	2020		
	Resident Services	General and Administrative	Total
Salaries and wages	\$ 12,972,009	\$ 786,157	\$ 13,758,166
Employee benefits and payroll taxes	3,522,544	144,799	3,667,343
Professional fees	1,103,298	474,787	1,578,085
Ancillary and medical	3,267,687	-	3,267,687
Supplies	596,575	81,978	678,553
Food services	880,317	19,906	900,223
Utilities	917,734	6,577	924,311
Depreciation	3,901,986	-	3,901,986
Interest	1,228,160	31,542	1,259,702
Insurance	95,950	-	95,950
Real estate taxes	274,861	-	274,861
Repairs and maintenance	504,727	60,088	564,815
Advertising and marketing	206,371	-	206,371
Licenses, dues, and subscriptions	182,513	439,366	621,879
Other operating expenses	153,263	67,232	220,495
Bad debt expense	195,907	-	195,907
Management fee	-	2,504,395	2,504,395
<b>Total</b>	<u>\$ 30,003,902</u>	<u>\$ 4,616,827</u>	<u>\$ 34,620,729</u>

**THE VILLAGE AT ROCKVILLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

	2019		
	Resident Services	General and Administrative	Total
Salaries and wages	\$ 13,154,560	\$ 742,688	\$ 13,897,248
Employee benefits and payroll taxes	3,156,284	273,111	3,429,395
Professional fees	1,347,693	161,869	1,509,562
Ancillary and medical	3,628,429	-	3,628,429
Supplies	459,615	88,107	547,722
Food services	994,544	28,173	1,022,717
Utilities	1,020,424	7,200	1,027,624
Depreciation	4,200,429	-	4,200,429
Interest	1,479,819	-	1,479,819
Insurance	80,301	-	80,301
Real estate taxes	276,398	-	276,398
Repairs and maintenance	523,609	49,104	572,713
Advertising and marketing	232,832	26,360	259,192
Licenses, dues, and subscriptions	441,592	156,440	598,032
Other operating expenses	262,517	267,213	529,730
Bad debt expense	204,885	-	204,885
Management fee	-	2,327,052	2,327,052
<b>Total</b>	<b>\$ 31,463,931</b>	<b>\$ 4,127,317</b>	<b>\$ 35,591,248</b>

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

**Note 12. Benevolent Care**

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

The Organization maintains records to identify and monitor the level of benevolent care it provides. The estimated cost of providing benevolent care is based upon the direct and indirect costs identified with the specific benevolent care provided. The cost of benevolent care provided amounted to approximately \$342,000 and \$282,000 for the years ended December 31, 2020 and 2019, respectively. Benevolent care related to the Medicaid program amounted to approximately \$3,275,000 and \$2,510,000 for the years ended December 31, 2020 and 2019, respectively.

**Note 13. Pension Plan**

The Organization participates in a 403(b) defined contribution plan. The plan was amended on January 1 2020. Prior to January 1, 2020, the Organization contributed 2% of each eligible employees' salary and matched 50% of each employee's contribution up to 8% after 90 days of service for a maximum contribution of 6%. On and after January 1, 2020, the amended plan states the Organization shall make a Safe Harbor contribution in an amount equal to 100% of each employee's contribution, up to a maximum of 3% of such participant's compensation. In addition, the Organization will contribution 50% of each employee's contribution up to the next 2% of such participant's compensation for each payroll period. All participating employees' contributions are 100% vested and employer contributions are vested at 20% per year to 100% after five years. Employer contributions totaled \$323,811 and \$502,107 for the years ended December 31,

## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

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2020 and 2019, respectively, and are recorded in employee benefits and payroll taxes on the statements of operations.

#### **Note 14. Medical Malpractice and General Liability Claims Coverage**

The Organization purchased medical malpractice and general liability coverage from a commercial insurance carrier via an insurance broker until August 3, 2020. This coverage was provided on a claims-made basis. As of December 31, 2019, and through August 3, 2020, general liability coverages were provided for the Organization in the amount of \$1,000,000 per event and \$3,000,000 per annual aggregate. The Organization has evaluated claims incurred but not reported through August 3, 2020, and has deemed it not necessary to record a liability based on the Organization's lack of history of claims.

Beginning on August 4, 2020, the Organization joined a reciprocal risk retention group (RRRG). The coverage is provided on a claims-made basis. Medical malpractice and general liability coverages were provided for the Organization in the amount of \$1,000,000 per event and \$3,000,000 per annual aggregate. Each claim has a \$50,000 self-insured retention, prior to the primary insurance coverage. The Organization also has an excess umbrella policy for general liability coverage. The excess umbrella limit is \$15,000,000 in the aggregate. The Organization funds any potential accrued claims incurred but not reported liability through the premiums paid to the RRRG. As of December 31, 2020, no such adjustments to premiums are deemed necessary.

#### **Note 15. Commitments and Contingencies**

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

#### **Note 16. COVID-19 Pandemic**

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. The pandemic has significantly impacted both the world and U.S. economies. Since March 2020, many state and local governments, in addition to the federal government, reacted to the public health crisis, creating significant uncertainties in the U.S. economy. In response to this coronavirus outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. In certain geographic regions in which the Organization operates, temporary closures of businesses have been ordered or suggested and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses.

As a result of the COVID-19 pandemic, the Organization has experienced a decline in residents and revenue which has contributed to decreases in total operating revenue and increases in expenses related to supply chain and other expenditures.

Federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist health care providers in providing care to COVID-19 and other

## THE VILLAGE AT ROCKVILLE, INC.

### NOTES TO FINANCIAL STATEMENTS

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residents during the public health emergency. Sources of relief include the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020, which included, among other programs, the Paycheck Protection Program (PPP) and the Provider Relief Fund (PRF).

The material government funding received by the Organization, and the corresponding accounting for the funding, is outlined below:

**U.S. Department of Health and Human Services (HHS) Provider Relief Fund:** During the year ended December 31, 2020, the Organization received \$1,514,407 in funding through the HHS PRF program established by the CARES Act. According to guidance provided by the HHS, these funds may only be used when health care providers experience a loss in revenue and/or incur expenses as a result of the COVID-19 pandemic. Additionally, health care providers must comply with certain terms and conditions, established by the HHS, when spending the funds. If the health care provider is unable to justify utilization of the funds through lost revenue or COVID-19 expenses, the funds must be returned to the HHS.

Based on the Organization's calculation of lost revenue and COVID-19 expenses, the Organization has recognized \$1,514,407 as Provider Relief Funds during the year ended December 31, 2020. While the Organization has utilized all available current information in determining the proper utilization and accounting for these funds, additional guidance is expected that could have a material impact on how the Organization has recognized PRF.

**Paycheck Protection Program Loan:** In April 2020, the Organization obtained a loan totaling \$3,293,200 under the Paycheck Protection Program pursuant to the CARES Act. The Organization initially elected to account for the PPP loan as a liability when received.

The proceeds from the loans must be spent on qualifying expenses such as covered payroll costs, mortgage interest on real or personal property, rental obligations on real or personal property, and covered utility costs allowed under the CARES Act. The Organization had selected the twenty-four week covered period as allowed under the CARES Act. The Organization used the loan proceeds in accordance with the terms of the PPP and applied for forgiveness from the financial institution once the proceeds were fully expended. The Organization applied for forgiveness on October 21, 2020. While the Organization is still pending approval from the Small Business Administration (SBA), the financial institution has recommended to the SBA that forgiveness be granted. The Organization has maintained adequate records and believes that all requirements under the PPP guidelines have been met to achieve loan forgiveness. As such, the total loan amount was recognized as revenue and included in Paycheck Protection Program contribution on the statements of operations for the year ended December 31, 2020.

**The Centers for Medicare and Medicaid Services Accelerated/Advance Payments:** In order to increase cash flow to providers of services and suppliers impacted by the COVID-19 pandemic, the CMS has expanded its current Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers. The expansion of this program is only for the duration of the public health emergency. An accelerated/advance payment is a payment intended to provide necessary funds when there is a disruption in claims submissions and/or claims processing. These expedited payments can also be offered in circumstances such as national emergencies, or natural disasters, in order to accelerate cash flow to the impacted health care provider and suppliers. The CMS is authorized to provide accelerated or advance payments during the period of the public health emergency to any Medicare provider/supplier who submits a request to the appropriate Medicare Administrative Contractor (MAC) and meets the required qualifications. The Eligibility & Process includes the following areas: Eligibility, Amount of Payment, Processing Time, Repayment, and Recoupment and Reconciliation.

The Organization took advantage of this program and applied and received \$2,011,952. Due to the Recoupment and Reconciliation process of this program, the full balance is on the balance sheet as a current liability as of December 31, 2020.



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