

Ashby Ponds

2010

Annual Report



May 19, 2011

Dear Ashby Ponds Residents:

We are pleased to present this Annual Report to the residents of Ashby Ponds. The Annual Report includes a review of our community's activities in 2010, plans for 2011, updated information regarding your Board of Directors, and a financial summary report for 2010.

Thank you for continuing to share your gifts and make this community a place where people truly live better. And a special thanks to everyone who is encouraging friends, family, former neighbors, and all our visitors to make the decision to become members of this community – Ashby Ponds is stronger and even more appealing every day because of your efforts. We're so proud of this community and the exceptional quality of life and value that residents and staff experience here at Ashby Ponds.

We hope you are able to attend the town hall meeting on May 23, 2010 to meet the Ashby Ponds Board of Directors and ask any questions you may have. Thank you for the trust you have placed in us by choosing Ashby Ponds as your home.

A handwritten signature in black ink, appearing to read "J. David Gallagher".

J. David Gallagher
Executive Director

A handwritten signature in black ink, appearing to read "Joanne Malloy Rorapugh".

Joanne Malloy Rorapugh
Ashby Ponds Board Chair

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MISSION STATEMENT

SHARING OUR GIFTS TO CREATE COMMUNITIES THAT CELEBRATE LIFE

The Board of Directors of National Senior Campuses, Inc. and its supported communities are committed to achieving the mission by:

1. Promoting an active quality of life for seniors

- Creating large scale retirement campuses to promote activity and healthy living
- Providing a Resident centered service culture
- Encouraging Resident run activities with professional support

2. Achieving excellence in services and programs

- Exercising its authority in services, programs, fees, facilities, and financing
- Embracing compliance, ethics, and integrity
- Overseeing services and programs personally and in meetings with Resident Advisory Council
- Taking a long-term view of fiduciary responsibility

3. Insuring Affordability to middle income seniors

- Focusing on the long term viability of the community for current and future residents
- Using financing strategies to lower the cost of capital
- Qualifying for exemption from federal and state income tax
- Obtaining property tax reductions from community governments
- Accumulating net income to further the mission
- Maintaining a policy for fully refundable entrance deposit
- Offering fee-for-service health care

4. Making a life care commitment

- To the extent feasible, ensuring that no resident should ever have to leave a community as a result of financial inability to pay for the cost of their care
- Encouraging fundraising efforts in support of Benevolent Care

5. Fostering Growth

- Committing to making this lifestyle available to an increasing number of seniors
- Increasing efforts to achieve affordability

2010: In Review

Community Profile

Ashby Ponds opened in September 2008 with 295 residents moving in by the end of the year. Since then Ashby Ponds has welcomed approximately 300 new neighbors and the community today has more than 575 residents who call Ashby Ponds home.

Last year was another very successful year for Ashby Ponds. The financial results were strong in the community's second full year of operations and new and resale settlements continued to be healthy. This has enabled Erickson Living to begin development of a sixth residential building and planning for the building of the health care facility. In 2010, Ashby Ponds settled 44 new apartments and had 18 resales.

It is a wonderful testament to the quality of life at Ashby Ponds and the recognized value this community offers that so many people continued to move in the midst of ongoing nationwide economic concerns, changing real estate markets, and some uncertainty surrounding the change of ownership to Erickson Living - the new developer and management company for Ashby Ponds. One year later those decisions to move may look unremarkable as Ashby Ponds thrives with construction underway and only a handful of apartment homes currently available. But at the time those residents, your newest neighbors, demonstrated faith and confidence in the success of the community. This is greatly appreciated.

The same is true of the wonderful staff here at Ashby Ponds who are passionate and committed to each other, this community, and most of all to the residents. Ashby Ponds currently has 80 full time and 130 part time employees, of which most are students working in the restaurant and café.

Summary of 2010 Financial Results

The community had an operating income loss of (\$194,000) which was significantly better than the planned 2010 budget operating income loss of (\$1,023,000). The overall loss inclusive of non-operating income items was (\$1.5 million). This financial success was once again achieved by efficient operations and a prudent approach to hiring and spending by an experienced leadership team and a strong marketing effort which delivered a significant number of settlements in a challenging year.

At the end of this report you will find a Summary Financial Statement of the 2010 results. This statement is excerpted from the audited financial statements of the community. The complete 2010 audited financial statements and notes, which are an integral part of the statements, are available in the Administration office.

Resident Satisfaction

Ashby Ponds conducted its annual resident satisfaction survey in December 2010. Residents were asked questions about various aspects of life at Ashby Ponds, services and resources available in the community, and about the quality and friendliness of the employees working here. The results were once again very strong this year with 93.6% of residents indicating they would recommend Ashby Ponds to a friend or relative. 90.4% of residents agreed or strongly agreed they were satisfied overall with Ashby Ponds and only 2.6% indicated they were not. The rest gave a score of three out of five indicating they neither agreed nor disagreed, perhaps indicating they were new to the community.

One particular highlight both this year and last was that Ashby Ponds had some of the highest scores of all the Erickson managed communities on questions related to customer service and the quality of the staff. Another highlight were significant increases in many of the Dining Services scores recognizing that team's continuous effort to listen to residents and deliver a quality program and a great value. This was wonderful feedback greatly appreciated by the employees of the community who work hard to earn residents' trust and confidence every day. Full survey results remain available in the Library and in the Administration Office.

In addition to the survey, residents continued to share suggestions and comments in town hall meetings and coffees, resident committees, one-on-one meetings with department directors and administration, letters and notes, and comment cards. Many of these were incorporated into positive changes and additions to programs and services. Residents and staff at Ashby Ponds are truly "creating a community" together.

Community Highlights and Initiatives

Ashby Ponds continued to thrive during its second full year of operations in 2010 with a great partnership between residents and staff driving the growth and evolution of programs and services resulting in an excellent quality of life. Below are only a few of the highlights.

General Services

In 2010, through an active partnership with residents, the General Services team implemented a number of improvements to the facilities around campus. Examples include: adding a ramp to improve accessibility to the resident garden area, creating a permanent home for the monthly Treasure Chest sale and adding emergency call buttons to prominent public locations throughout the community. Several program enhancements were initiated in 2010 as well. Examples of these include the addition of a GEMS (Geriatric Emergency Medical Services) certification to our standard Security Officer training program and the publishing and distribution of a monthly Special Trips calendar previewing all monthly trips available. Additionally, as part of the community's ongoing focus on settlements the Custom Interiors department partnered with Sales to produce numerous staged and decorated models around Ashby Ponds, significantly improving the customer experience when showing inventory.

Housekeeping and Transportation Services grew with demand, Security provided reassurance and assistance as needed, while Maintenance and Grounds made sure residents did not have to worry about home repairs or landscaping.

Dining Services

Enhancing services and programs, training staff, and growing future talent were the focus for Dining Services in 2010. To minimize wait times for dinner as well as anticipate the growing number of future residents, the serving hours for both the restaurant and café were expanded by 30 minutes mid-year. And due to the high popularity of special and holiday brunches, the café was successfully added as an additional dining venue. Dining Services also introduced new programs and offerings:

- Nutritional information was printed and available for residents in the library
- A partnership was formed with the registered dietitian from Greenspring to give information and advice to residents through lectures and submissions to the department newsletter

- “Action” stations occurred monthly and highlighted made-to-order fare
- Residents were given an opportunity to assist with server training through the “Discovery Dinner” program where they dined with students to provide direct feedback
- Residents were invited to a “Day in the life of a server” event, a narrated video of the intricacies of dinner service.

Building on the partnerships formed in 2009 to engage residents in assisting with menu planning and development, Dining Services held several events to include them in the process of creating the 2010/2011 Fall/Winter menu cycle. Residents were also given multiple opportunities to preview the menu cycle and provide general or specific feedback prior to implementation.

In 2010, the dining department also continued to make training of staff a high priority. The management team introduced new ways to evaluate and improve service, such as service audits performed in the restaurants and further cross-training of staff. Ashby Ponds participated in several job fairs and recruiting events to increase awareness of career opportunities and grow the talent pool.

Resident Life

Resident groups and organizations continued to grow in 2010. Residents have now formed over 75 clubs and committees. Some of the most active include the Philanthropy, Communications, and Lifelong Learning committees along with the Songbirds, Interfaith Council, and History Group. The Fitness Center is now available for use 24 hours a day. The Wellness group continued to sponsor special annual events like the Health Fair and Senior Olympics and a Fall Festival was enjoyed by over 400 participants, bringing together residents, staff, and their respective family members. These are only a few of the ways residents and staff continue partnering to create new and exciting educational, social, recreational, physical, and spiritual opportunities to enrich the lives of those living and working at Ashby Ponds.

Medical Center

The Medical Center currently serves eighty-five percent of the residents at Ashby Ponds. Sixty-five percent of the residents use Dr. Kotwal as their primary care provider and another twenty percent take advantage of the Care Path program. Ashby Ponds is pleased that Dr. Kotwal has received the American Board of Medical Specialist certification in Geriatric Medicine. Only one percent of physicians in the United States have this certification. Dr. Kotwal is also Board certified in Internal Medicine. Ashby Ponds brings audiology and ophthalmology services to the community and is working towards bringing podiatry services to residents in 2011.

Philanthropy

Ashby Ponds works directly with residents interested in making a difference by volunteering their time or directing their resources to the worthwhile causes outside the community that they have previously supported or wish to support in the future. In addition, residents support philanthropic efforts within the community. This effort continues to be led by members of the resident Philanthropy Committee who were very involved and generous with both their time and resources in 2010. We are very grateful and appreciative of all volunteers and donors who contributed their time and money. Thank you!

During the year, residents and staff participate in various philanthropic activities to raise money for the following areas that support the community:

- **Benevolent Care:** This fund provides support for those residents who might deplete their assets due to extraordinary financial circumstances.
- **Student Scholarships:** This fund provides scholarships of up to \$1,000 per year for Dining Services students who are pursuing post-secondary education. Students must meet certain criteria to qualify for a scholarship.
- **Staff Appreciation:** This campaign raises money to grant employees a “thank you” gift of appreciation for their hard work. Appreciation gifts are given to non-exempt staff members by residents at the end of the calendar year.

In 2010, residents and staff worked together on successful fundraising events for the Benevolent Care Fund, including a Murder Mystery Luncheon, Fashion Show, and Craft Show. Substantial proceeds from the Treasure Chest and regular Bingo games also went to the fund. Despite challenging economic times, the Benevolent Care Fund received a number of generous contributions from individual residents. In addition, Jim Davis, the new owner of Erickson Living, made a generous personal contribution of \$175,000 which was greatly appreciated by the residents.

Fundraising for the Student Scholarship Program included many fun, awareness raising events such as Denim Day, a student sponsored Car Wash, and a partnership with a local restaurant for a “percentage of sales donation.” The campaign raised \$26,962.85 and we were proud to award scholarships to 6 Dining Services student employees in 2010.

The Staff Appreciation campaign in 2010 was also very successful, raising \$91,956 which was distributed to eligible, non-management staff by the residents in December 2010. These employees, who cannot accept tips or gifts during the year, were absolutely thrilled by the generosity of residents.

In 2010, Resident Life and Administration will continue to provide information about the purpose of these philanthropic campaigns, especially the Benevolent Care Fund as we seek to build this fund so it will be available when needed in the future. Based on the experience at other not-for-profit communities and the already enthusiastic support for the charitable mission of this community, it is expected that some residents will wish to make more substantial contributions through annual giving, pledges, or bequests in the future. Ashby Ponds looks forward to supporting this and encourages anyone interested in making a difference to contact Resident Life or Administration.

The following is a summary of activity in 2010:

	Benevolent Care Fund	Scholars’ Fund
Beginning Balance, 2010	\$49,086.21	\$14,564.28
Funds Raised, 2010	\$233,338.39	\$26,962.85
Funds Expended, 2010	(\$7,918.80)	(\$2,670.37)
Ending Balance, 2010	\$274,505.80	\$38,856.76

Note: The Benevolent Care Fund expenditures were related to fundraising costs; however, the Scholars’ Fund expenditures were for scholarships and fundraising costs.

In 2008, a separate Investment Committee of the Ashby Ponds Board of Directors was formed to monitor closely the Restricted Funds (charitable funds) collected from Ashby Ponds residents. The Investment Committee's chosen objective is for these funds to provide current income and a relatively stable market value (a Fixed-Income portfolio approach).

The returns earned on the Restricted Funds portfolio amounted to **1.94%** (net of fees) for 2010. The portfolio mix at year-end was as follows, and it will continue to be monitored on a monthly, quarterly and annual basis:

Cash	6%
Fixed Income	94%
Corporate	54 %
US Treasury	22 %
Agency	18 %

Renaissance Gardens (Rehab, Skilled Nursing, & Assisted Living)

Ashby Ponds is preparing to add rehab, skilled nursing and assisted living to the community with a target for development commencing at the end of the year. Planning is already well underway. In the meantime, the Medical Center and Resident Life teams continue to provide support to residents in need of assistance. Greenspring, an Erickson-managed community in Virginia, is available to residents for short term rehabilitation and long term care as needed. Ashby Ponds also maintains relationships and works closely with other health care providers in the area.

Although originally planned for the middle of the second neighborhood, the community has decided to build this prior to the start of a second neighborhood. Erickson and the Board recognize the importance of doing so, both to fulfill the commitment to current residents and to attract future residents. However, the continued financial health of Ashby Ponds requires Erickson and the Board of Directors to develop the community responsibly by carefully projecting external market demand and the needs of current and future residents. Erickson Living and Ashby Ponds have nearly completed their detailed review of the development options and expect to make final decisions soon. We will continue to update residents on the progress of the community's development and provide more specifics on the exact timing of the health care facility through periodic and routine communication as decisions are made and plans finalized.

Diversity

During 2009, the National Senior Campuses, Inc. Board of Directors chartered a Diversity and Inclusion Committee to work with Erickson management to develop a long-term strategy to promote a culture of diversity and inclusion. Erickson management empowered a Diversity and Inclusion Council to develop a strategy that leverages diversity to create an environment where residents, staff, and management feel heard and supported. The strategy capitalizes on the value of a diverse management team, staff complement and resident population. Our focus has been on establishing diversity and inclusion as key values. We view this strategy as a business imperative, given the changes in the American workforce. Success with this strategy will help position Erickson to compete for the best talent, thereby continuing to provide top-quality services to our residents.

Ashby Ponds completes an Employer Information Report EEO-1, which shows that the community has a diverse employee base overall. However, opportunity exists to further leverage the great diversity in the Northern Virginia area to add to the talent and leadership of this community as Ashby Ponds develops.

The Human Resources Department and Administration work closely with each department to ensure that we are actively seeking ways to establish and maintain our connection with diverse community organizations and populations. The community also highlights diversity through recognition of federally recognized heritage months (e.g. Asian-American Heritage month and Women's History month) and each department sponsors activities designed to celebrate diversity within their individual teams. Ongoing employee classroom and one-on-one training assists managers to further develop the skills needed to effectively lead a diverse work force and utilize the various talents of their teams. And as part of our company goals for 2011, all full-time employees will have completed the basic "Working Together" program with managers-level and above employees participating in a four hour enhanced training program.

"Green" Initiatives

From its inception, Ashby Ponds made the conscious decision to "go green." We will be good stewards of the community's natural resources through our business conduct in areas of energy management, community initiatives, design, development, and construction.

The purposes for "going green" are to support the reduction of our carbon footprint which equates into the reduction of our overall carbon emissions. This will minimize our community's impact on global warming. We also want to be good stewards of resident resources by developing energy efficient communities that require less direct utility cost. This in turn supports our financial/business objectives to provide affordable retirement living and services to our residents.

Ashby Pond's focus on minimizing its global footprint initiated in 2008 and 2009 remain in place:

- Light/motion sensors in offices
- Regularly scheduled HVAC tune-ups
- Energy Star appliances in apartments
- Compact fluorescent light bulbs in common areas
- Load shedding/power management
- Environment-friendly disposable products in housekeeping
- Microfiber mops and dusters (rather than cotton)
- Comingled recycling from apartments
- Cardboard recycling
- Resident document shredding services to a recycling vendor quarterly
- Energy management computer systems (monitors)
- Tinted bridge windows in climate controlled walkways (helping to keep heat/cool air in)
- Resident recycling center for batteries, compact fluorescent light bulbs, ink cartridges and many other non-trash items

Additionally, in 2010, the community adopted the Eco-clamshell program, focused on reducing waste by utilizing reusable carryout containers. Ashby Ponds continues these initiatives in 2011 while also adding satellite water management controls to the community's irrigation system to significantly reduce water usage.

Resident Accomplishments and Highlights

It would be impossible to note all of the many ways residents have enhanced our community in 2010. However, one of the most visible and widely appreciated has clearly been the addition of a resident produced weekly newsletter, “Ashby Ponds Next Week”, affectionately known as “The Purple Paper”. This has greatly improved communication, increased resident participation in the events and activities around campus, and facilitated a true sense of community. And another group of residents continues working to capture and preserve our community visually with “The History of Ashby Ponds and Its People (2008 and 2009)” and the new 2010 edition.

Staff Accomplishments and Highlights

Despite the financial restructuring, sale of the leased property to a new owner, and change in the management company, Ashby Ponds staff didn't miss a beat during its second full year of operations and managed to meet and often exceed resident expectations while providing friendly, professional customer service. This resulted in strong scores again on the annual resident satisfaction survey and continues to be seen in a great partnership and much affection between residents and staff.

2011: Looking Forward

Reservations have been very strong to start the year, leaving the community with only 12 new units available to reserve. Ashby Ponds expected it would take all year to accomplish this and planned to have 12 new units left going into 2012. In addition, the community currently has only six resale units available. This number varies depending on the pace of releases, but the community usually expects to have nearly twice that many available at any given time. In addition, reservations for the sixth residential building, Red Robin View are ahead of plan with over a third of the units already taken.

Areas of Focus

- Continue to consistently and efficiently deliver programs and services looking for opportunities to innovate and expand as warranted.
- Settle remaining new inventory and reserve sixth residential building.
- Maintain stable operations and expenditures to ensure the community remains financially sound.
- Work with development partners on plans for health care facility and manage coordination issues related to the construction of Red Robin View.
- Further training and leadership development of staff to successfully manage growth of community and to prepare them for future opportunities and promotions.

Financial Plans

Annually, the Ashby Ponds Board of Directors reviews the proposed delivery of community services and programs for the following year and adopts a resident fee schedule, through approval of the community business plan (“Budget”). The Budget is formulated by the Ashby Ponds management team during the fall of each year and is approved by the Board on or before December 1st for the ensuing calendar year. Management's proposed budget to the Board takes into consideration suggestions from the community and attempts to attain spending levels that meet the Board's standards for community quality of life while maintaining affordability to the residents.

In approving each Budget, the Board seeks a financial plan that sustains the community's long term financial stability. During the year, the Board reviews financial performance at least quarterly and in consultation with Management may make adjustments to the Budget if major assumptions or needs change.

The 2011 Budget for Ashby Ponds assumed continued efficiency in operations and strong sales and projected the community would have a net operating loss of (\$62,000). Community-based expenses have been at or below budget assumptions and are expected to remain so. Settlements and revenue year to date are also consistent with the forecast. Fewer releases could potentially cause the community to miss its settlement goals if the trend continues and remaining existing inventory dwindles. However, this would only have a positive impact on revenue and costs.

Campus Development

Construction of Ashby Pond's sixth residential building is underway with a late April 2012 opening planned. This building, Red Robin View, will add eighty apartment homes to the community and complete the first neighborhood. In addition, planning is well underway for the health care facility with development targeted to begin at the end of the year.

Erickson Living and Ashby Ponds will continue taking a prudent and disciplined approach to further development beyond Red Robin View and the health care facility. However, with both current and projected demand strong the future growth of Ashby Ponds into a second neighborhood is already in the initial planning stages.

Programs and Initiatives to Maintain Service, Culture, Mission and Values

The early years of an operation are a critical time in the development of a community's culture. In addition to hiring employees who will share the mission and values of this community, Ashby Ponds continues to provide ongoing training to its staff through All Staff and Leadership Team meetings, departmental in-services, mentoring, employee performance reviews, and mandatory classes for managers and many of our other employees. We also celebrate excellence in customer service through ongoing story telling and recognition of employee "mission moments". And as we move forward with a new and strengthened management company, we have been taking the opportunity to revisit, refine, and reinforce our mission, vision, and values as a community.

Executive Management Team

David Gallagher, Executive Director: Prior to Ashby Ponds, David served as the Executive Director of Linden Ponds in Hingham, MA for three years. He has also worked at Erickson's corporate offices as a Director of Health Services; at Riderwood in Silver Spring, MD as the Associate Executive Director; and at Eagle's Trace in Houston, TX on temporary assignment as the Senior Executive Director. Prior to joining Erickson, David worked for six years with Integrated Health Services in both their nursing home operations and as legal counsel. In addition, he has worked as a law clerk for a federal judge and as an associate at a Washington, D.C. law firm. He received both a J.D. and B.A. from the University of Virginia. David has been with Erickson since February 2002.

Amy Grossman, Associate Executive Director: Prior to Ashby Ponds, served as the Assistant Administrator of Renaissance Gardens at Greenspring, in Springfield, Virginia for 6 years. She also worked at Brooksby Village in Peabody, Massachusetts as the Assistant Executive Director for 5 years and at Erickson Retirement Communities as a Program Coordinator in Baltimore, Maryland for one year. Prior to joining Erickson, Amy worked for two years at Mercy Medical Center in Baltimore, Maryland as a Geriatric Program Coordinator. She received her B.S. in Health Policy Administration from Penn State University, MBA from Bentley College, and also holds a Nursing Home Administrator's license in the Commonwealth of Virginia. Amy has been with Erickson since September 1998.

Steve Aigner, Director of Dining Services: Steve served as the Director of Dining Services at Sedgebrook in Lincolnshire, IL for three years before joining the Ashby Ponds team. He has also worked at Greenspring in Springfield, VA as an Assistant Director of Dining Services and Manager. Prior to joining Erickson, Steve was an Assistant General Manager and Restaurant Manager in the Washington, D.C. area. He received a B.A. from George Mason University and holds numerous restaurant industry certifications. Steve has been with Erickson since October 2000.

Tom Channon, Director of General Services: Prior to joining Ashby Ponds, Tom spent ten years at Greenspring in Springfield, VA as the Senior Facilities Manager. Prior to Erickson, Tom worked for seven years with Wachovia Bank as a District Project Manager, Regional Maintenance Manager, and Construction Project Manager. He received a B.S. from Virginia Tech and holds numerous industry licensures and certifications. Tom has been with Erickson since August 1998.

Lyn Lubic, Director of Sales and Marketing: Lyn served as the Director of Sales and Marketing at Greenspring in Springfield, VA for five years prior to coming to Ashby Ponds. Also at Greenspring, Lyn served as the Assistant Executive Director for three years. Prior to Erickson, Lyn was the General Manager of Mount Comfort Cemetery in Alexandria, VA. Lyn also worked for the Federal government for over 10 years as a Program Analyst for the Space and Naval Warfare Systems Command. Lyn has been with Erickson since March 1999.

Chris Villa, Director of Finance: For six years prior to joining Ashby Ponds, Chris served as Director of Finance at Greenspring in Springfield, VA. Before Erickson, he worked at Inline Corporation as Director of Operations and Finance and spent fifteen years with Marriott International, Inc. in numerous financial roles including Director of Finance, Controller, and Auditor for some of their subsidiary entities. Chris received his B.S. from Liberty University and is a Certified Public Accountant and Certified Internal Auditor. Chris has been with Erickson since January 2002.

Nicole Johnson, Director of Human Resources: Nicole served as Director of Human Resources at Sedgebrook in Lincolnshire, IL for three years before joining the Ashby Ponds team. She has also worked at Greenspring in Springfield, VA as a Senior Human Resources Manager. Nicole received a B.S. from Florida State and M.B.A. from Marymount University. She is a certified Senior Professional of Human Resources. Nicole has been with Erickson since July 1998.

Dr. Shaveta Kotwal, Ashby Ponds Physician: Dr. Kotwal joined Ashby Ponds as its first physician in September 2008 after a fellowship in Geriatric Medicine at the University of Maryland. She completed her residency in Internal Medicine outside of Washington, D.C. at Prince George's Hospital and attended medical school at Jammu Medical College in India. Dr. Kotwal is certified by the American Board of Internal Medicine and the Educational Commission for Foreign Medical Graduates and she is a member of the American College of Physicians.

Resident Advisory Council

Ron Kutscher - Chair

Education: Doane College Crete, Bachelor of Arts in Economics

Career and Work Experience:

U.S. Bureau of Labor Statistics - Economist, Associate Commissioner

Private School Board Member – Alternative school for emotionally disturbed and delinquent children operated by For Love of Children.

Bruce Vernor – Vice Chair

Education: Rice University, Bachelor of Science in Chemical Engineering

Career and Work Experience:

Atlantic Richfield Company (ARCO) - Petroleum Engineer and Manager, various locations

ARCO China, Inc. - Vice President and Administrative Manager

US-China Business Council - Executive Vice President

China Energy Ventures - President

Pat Westine - Secretary

Education: Swarthmore College – Bachelor's of Arts Degree

Career and Work Experience:

High School English Teacher

President and Treasurer of local branch of American Association of University Women (AAUW)

Secretary and Board Member - various community and school organizations

Al Beyer

Education: Florida Institute of Technology – Master's in Business Administration, Hofstra College – Bachelor of Arts

Career and Work Experience:

Officer US Army

US Government - Senior Logistics Analyst

President and Vice President on Board of Trustees for Crosspointe Swim & Racquet HOA

Fairfax County Police Department and Fairfax County Park Authority – Volunteer

John D. Kraft

Education: Butler University – Bachelor’s and Master’s degrees in Psychology

Career and Work Experience:

U.S. Air Force Reserves

U.S. Army at West Point - Deputy Director of Institutional Research

U.S. Office of Personnel Management (OPM) – Director of several research and applied divisions

Drug Enforcement Agency – Sr. Human Resources consultant

Extensive volunteerism

Patricia Lund

Education: R.N. and PhD in Nursing Administration

Career and Work Experience:

Navy Nurse Corps Reserves

Adjunct Faculty to George Mason and University of Maryland Masters programs

Past President of the Virginia Nurses Association and Maryland Organization of Nurse Executives

Former Nurse Executive

Mary Terry

Education: Westbrook College

Career and Work Experience:

Compton Advertising Agency, NYC – Executive Assistant

Girl Scouts, PTA, Library Board, Vestry and School Board – Volunteer leadership roles

Private school in California - Business Manager and Admissions Director

Private Corporation in California - Project Manager

National American Red Cross in Washington - Project Manager

Capital Hospice – Volunteer

Organization and Governance

Organization

Ashby Ponds is organized as a not-for-profit corporation and is an affiliate of National Senior Campuses, Inc. (NSC). Ashby Ponds is governed by its Board of Directors, whose members are independent of Erickson Living Management, LLC (Erickson Living) and its affiliated organizations. No Erickson Living employees may serve on the Board of Directors.

Ashby Ponds' Board is responsible for oversight of the development, financing and operations of the Community. The Board has retained Erickson Living to provide management services to the Community pursuant to a Management and Marketing Agreement. With no private shareholders to pay, the Community's net assets are retained for the long-term benefit of current and future residents and to further the Community's charitable mission.

Ashby Ponds is one of 15 communities supported by National Senior Campuses, Inc. (NSC). NSC acts as an umbrella organization by organizing separate not-for-profit corporations that operate retirement communities (such as Ashby Ponds) and providing ongoing strategic planning, governance and operational resources to the community boards. It also develops and monitors overall policies and guidelines for operations and standards of care in order to promote efficiency while preserving the high-quality standards of its supported organizations. NSC develops long-range strategic plans and formulates relationships that are beneficial to its supported organizations and promote cost savings within the system.

The Board of NSC currently consists of 9 independent directors, each of whom brings a particular expertise to the Board. To assure that NSC is responsive to its Supported Organizations that own and operate the communities, at least one of the directors of each Supported Organization is also a director of NSC. This allows each Supported Organization to have representation and direct involvement in the formulation of the policies and activities of NSC that affect the community.

For more information about the organization and governance of Ashby Ponds and NSC please visit our web site www.NationalSeniorCampuses.org.

Board of Directors

All corporate authority resides in the Ashby Ponds Board of Directors as fiduciaries of the Corporation, subject to the requirements and restrictions set forth in the Corporation's Charter, Bylaws and applicable law. As fiduciaries, the directors are the stewards of the corporation's assets and have the responsibility for seeing that the corporate mission is being fulfilled and that the assets of the corporation are being effectively used for that purpose.

Erickson Living is responsible for the day-to-day management of Ashby Ponds pursuant to a Management and Marketing Agreement between Ashby Ponds and Erickson Living. The Board of Directors regularly monitors the quality and effectiveness of management performance and decisions including the execution of its strategies in support of the mission.

The Board of Directors comprises a maximum of 12 and a minimum of 6 people. At least one of the directors of Ashby Ponds must be a member of the Board of Directors of NSC and is appointed by NSC to a one-year term. One of the members of the Board of Directors must be a resident of Ashby Ponds.

Ashby Ponds' Board of Directors is committed to maintaining strong corporate governance principles and practices. The Board periodically reviews evolving legal, regulatory and best practice developments to determine those that will best serve the interests of our stakeholders.

If you would like additional information about our corporate governance practices, you may view many of the documents listed below at www.National-Senior-Campuses.org or visit the Executive Director's office where you will be provided access to review the contents of the Community Reading File:

- Corporate Governance Guidelines
- Amended and Restated Articles of Incorporation
- Bylaws
- Form 1023 – Application for Recognition of Exemption
- IRS 990, Return Of Organization Exempt From Income Tax (most recent year)
- IRS determination letter recognizing exempt status under 501(c)(3)
- Management and Marketing Agreement
- Official Statement of Bond Issue (as applicable)
- Audit Committee Charter
- Conflict of Interest Policy
- Community Board Resident Director Recruitment Policy and Procedure
- RAC Handbook
- Summary copy of current year budget and rolling three-year business plan
- Annual Report (most recent copy) which contains the Mission Statement, Management Report, Director Biographies, and Organization Chart
- Audited Financial Statements

Corporate Governance Guidelines and Committee Charters

The Corporate Governance Guidelines and the charters of the committees of the Board of Directors describe our corporate governance practices. The Corporate Governance Guidelines and charters are intended to ensure that the Board has the necessary authority and practices in place to review and evaluate our business operations and to make decisions that are independent of the Management Company. The Corporate Governance Guidelines establish the practices the Board follows with respect to board composition and selection, board meetings, board committees and director compensation. Members of the Board of Directors are expected to participate in continuing education activities designed to maintain their knowledge of current industry developments and corporate governance practices. To achieve the Board education objective the Board maintains memberships in leading corporate governance trade associations such as the National Association of Corporate Directors and Board Source. The Board annually conducts a self-evaluation to assess compliance with the Corporate Governance Guidelines and identify opportunities to improve Board performance.

The Corporate Governance Guidelines and committee charters are reviewed periodically and updated as necessary to reflect changes in regulatory requirements and evolving oversight practices.

Board Activities 2010-2011

In April 2010, the sale of assets of the prior manager, Erickson Retirement Communities, was approved by the bankruptcy court. Erickson Living Management was organized by the purchaser as a new company. As the community's independent, not-for-profit board, the Ashby Pond Board entered into a management contract with the new Erickson Living organization and will continue its oversight role in this relationship.

As the sale of the Erickson Retirement Communities assets were being undertaken, the Board carried on its work at the community and regional level and the "Residence and Care Agreement" currently in effect continued to be honored. The Board will continue its dedicated service to residents working together with the local management team and with the support of Erickson Living.

During 2010, the Board held its formal quarterly meetings and additional meetings, as necessary. Among the actions taken by the Board during 2010-2011 were:

- Approval of the Budget for 2011.
- Meetings with the Resident Advisory Council to receive their input on the effectiveness of community operations and priorities.
- Review of the results of the annual Residents' Satisfaction Survey including the Action Plans proposed by Erickson Retirement Communities to address matters needing corrective action as reported in the survey.
- Meeting with the residents at the Annual Town Hall Meeting to review the operations of Ashby Ponds.
- Special meetings and all board meetings to discuss Erickson issues and Ashby Ponds issues.
- Special RAC meetings, town hall meetings, and letters regarding governance, Erickson and Ashby Ponds issues with residents.
- Meeting with residents to discuss the 2011 budget and fees.
- Numerous meetings with the Executive Director and management staff to review operating, compliance and financial reports.
- Ashby Ponds Board and NSC Board member support of the Benevolent Care Fund and gala.
- Recorded 100% Director participation in Ashby Ponds Philanthropic initiatives.
- Appointed a Development Committee to work with Management in the planning for RB 1.6 and Renaissance Gardens.
- Selected our first resident director, Phyllis Lynne.
- Approved the appointment of new officers for 2011, including a new Chair.
- Carroll Yingling was recognized for his service, efforts, vision and many contributions as Chair.

Ashby Ponds requires Erickson Living to adhere to a Code of Business Conduct, a Compliance Plan and a Whistleblower Policy. The Board regularly receives reports from Erickson Living on the continued adherence to these policies.

During 2010, the Board continued its search for additional regional directors to expand the skill sets of the Board and to help build Ashby Ponds relationships with and connections to the community in which it is located. A full listing of the Board of Directors appears at the end of this section of the report.

Committees of the Board of Directors

The Board of Directors has appointed various Committees to undertake certain aspects of the Board's duties. Each Committee is governed by a Committee Charter that was approved by the Board of Directors. The Committee members are shown within the organization chart at the end of the Governance section.

Executive Committee

The Executive Committee comprises the Chairperson of the Board, President, Treasurer and Secretary; and has the authority to act for the Board of Directors between meetings in accordance with powers granted by State law and bylaws provisions.

Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and the qualifications and performance of the independent public accounting firm engaged as the Community's independent auditor.

The Committee relies on the expertise and knowledge of the Management Company and the independent auditor in carrying out its oversight responsibilities. The Management Company is responsible for the preparation, presentation, and integrity of our financial statements, accounting and financial reporting principles, internal control over financial reporting, and disclosure controls and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. The Management Company is responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of our system of internal control. The Community's independent auditor, PricewaterhouseCoopers LLC, is responsible for performing an independent audit of the financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States.

With respect to 2010, the Audit Committee met with PricewaterhouseCoopers to review the audited financial statements and the auditor's report, to review the auditor's report on internal controls as well as the management company's response and planned corrective actions, and to review other matters that the auditors are required to discuss with the Audit Committee.

Investment Committee

The purpose of the Investment Committee is to assist Board of Directors to fulfill its oversight responsibilities with respect to the investment, monitoring, accountability and control of Benevolent Care Funds, Excess Cash and other community funds as may be appropriate. The Committee is an Advisory Committee with director representatives drawn from the Boards of Directors of NSC and the Communities. The Investment Committee was formally established as a separate Committee in January 2009. Previously the monitoring of investment activities was provided through an Investment Subcommittee of the Finance & Acquisitions Committee, which is no longer a functioning committee. The Boards of Directors of NSC and its Supported Communities decided to create a separate Investment Committee in recognition of the growing levels of investment dollars across the communities and the need to provide a singularly focused committee to oversee these funds.

Director Compensation

In 2010, Ashby Ponds paid a total of Sixty-Eight Thousand Dollars (\$68,000), in compensation to the members of the Board of Directors of Ashby Ponds.

Directors' compensation for Ashby Ponds was recommended by NSC and was approved by the Ashby Ponds' Board of Directors based upon the recommendations of an independent compensation consultant retained to review the reasonableness of directors' compensation. In determining the amounts of compensation, the Board and the consultant considered the time and expertise requirements of directors and fees paid to directors of comparable companies, both for-profit and not-for-profit.

Form 990

A copy of the most recent Form 990, Return of Organization Exempt from Income Tax, can be reviewed in the Executive Director's Office or online at www.NationalSeniorCampuses.org.

Your 2011 Board of Directors

Joanne Malloy Rorapaugh - Chair

Ms. Rorapaugh served as Vice President of Operations for Madison Management Corporation (MMC). MMC owned, leased and managed commercial properties in Washington, D.C., including The Madison Hotel. Her responsibilities included the leasing and managing of MMC's office and apartment buildings, as well as overseeing the office and staff. She also served as Administrator of the Marshall B. Coyne Foundation; overseeing disbursements to various charities. Now retired, Ms. Rorapaugh lives in the Foggy Bottom area of Washington, D.C.

Jim Anders

Mr. Anders is the Administrator and Chief Operating Officer for Kennedy Krieger Institute, Inc., and all subsidiary corporations. Kennedy Krieger Institute is an internationally recognized academic, research, healthcare and educational facility dedicated to serving children and young adults with developmental disabilities and spinal cord injuries. He is responsible for the overall strategic, operational, and financial management of Kennedy Krieger. In addition, he is Chairman of Chesapeake Rehab Equipment, Inc., a Mid-Atlantic rehabilitation company. He has an MBA from the University of Baltimore and is a CPA.

C. Jackson Bain

Mr. Bain is currently Senior Vice President of Public Affairs at the National Association of Children's Hospitals. A communication expert with 30 years of experience, Mr. Bain joined NBC News in the 1970's where he covered the White House under four administrations, the State Department, Congress, and various overseas' assignments. Mr. Bain created and executed major communications programs for many international companies, three foreign governments' economic development agencies, and numerous trade and professional organizations.

Maurice A. Bellan

Mr. Bellan is a partner at McGuire Woods, LLP in Washington, D.C. His practice involves a broad range of complex commercial litigation with great depth in the area of internal and government investigations, whistleblower actions, consumer product class actions, trade secrets, and trademark infringement. Prior to joining McGuire Woods, Mr. Bellan was partner in the litigation department

of a major Philadelphia law firm and a former trial attorney for the U. S. Department of Justice, Civil Rights Division. He is active in the organization A Better Chance, Inc., which identifies and develops leaders among young people of color.

Eileen Erstad

Ms. Erstad is currently the CFO for ResortQuest. Prior to this she was the Chief Financial Officer and Senior Vice President of Symphony Health Services, LLC. In that capacity, she was responsible for all aspects of the company's financial functions. Ms. Erstad also developed and implemented the company's growth strategies and also participated in new product development. Prior to Symphony Health Services, Ms. Erstad was the Director of Financial Planning and Analysis at PHH Corporation. Ms. Erstad graduated Magna Cum Laude from Loyola College in Maryland and is a licensed Certified Public Accountant.

Phyllis Lynne

Ms. Lynne is a Resident Director for Ashby Ponds. She spent her professional career serving in various facets of banking and securities industries, most recently as Director of Wachovia Investments, where she worked with Trading and Sales Management to ensure compliance with industry regulations. Previously, she worked in the Investment Banking area of NationsBank, now Bank of America. After her retirement, Ms. Lynne served as Treasurer for her local homeowners association of Huntington Ridge. During her tenure, Huntington Ridge moved from a community with financial deficiencies to a community with a healthy balance sheet.

Jerry Seals, MD

A graduate of the State University of New York at Buffalo and the Columbia University College of Physicians and Surgeons, Dr. Seals is Board Certified in Internal Medicine and Infectious Diseases. In addition to his 27 years of medical practice in Howard County, Maryland, Dr. Seals has served on the staff of Howard County General Hospital (HCGH) and as President of the HCGH Medical Staff and the Advisory Committee of The Horizon Foundation of Howard County. As a volunteer, he has treated uninsured and underinsured Howard County residents.

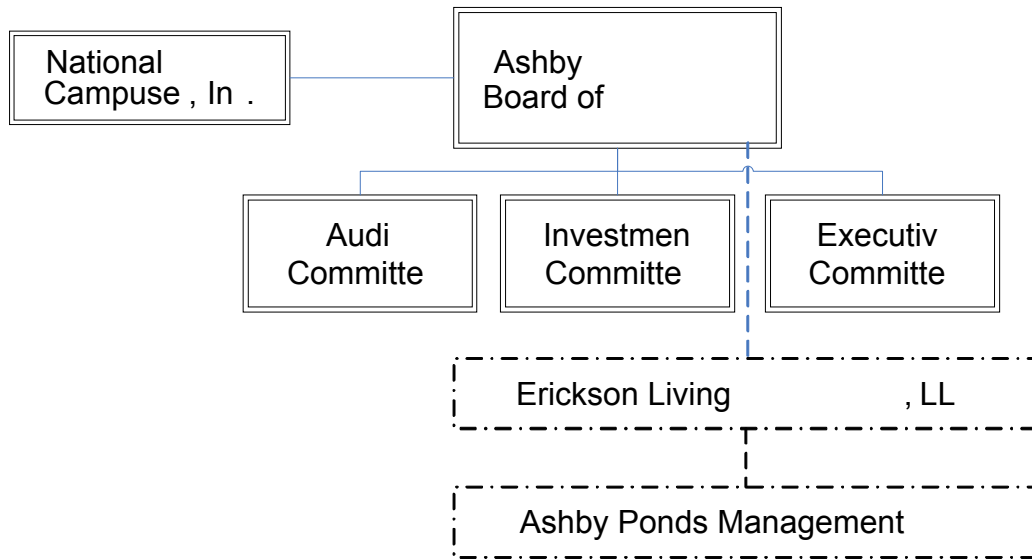
Larry Shubnell

Mr. Shubnell retired from Legg Mason, a Baltimore based financial services firm, at the end of 2001 having served as senior managing director for public finance investment banking. Prior to joining Legg Mason he was a public finance officer at each the local, state, and federal levels of government. He also served as an independent financial advisor to companies and public authorities in matters of debt management. He graduated from the University of Notre Dame and George Washington University and holds an MBA degree and a CPA certificate. He has served on the boards of several for-profit and not-for-profit organizations including the United Way and the Historic Annapolis Foundation.

L. Carroll Yingling

Rev. Yingling is a retired Methodist clergy, having served forty years as Pastor and District Superintendent in the Baltimore and Washington, DC areas. He has served as a director of the United Methodist Foundation, and worked with congregations as a conflict resolution consultant. Currently, he teaches with the Community Colleges of Baltimore County as Adjunct Faculty. He holds degrees from the Johns Hopkins and Duke Universities, and Wesley Theological Seminary. He is a resident of Charlestown Retirement Community, where he is a teacher of courses for Elderhostel's Lifetime Learning Program.

Ashby Ponds Organizational Chart



LEGEN :

— = governance
 - - - = contractual

(by charter or)

ASHBY PONDS COMMITTEES

Executive Committee:

Joanne Rorapaugh, Chair
 Jackson Bain, President and Vice Chair
 Eileen Erstad, Treasurer
 Phyllis Lynne, Secretary

Audit Committee:

Eileen Erstad, Chair
 Phyllis Lynne
 Larry Shubnell

Development Committee:

Jim Anders, Chair
 Phyllis Lynne
 Joanne Rorapaugh

Investment Committee:

Jim Anders, Chair
 Jim Hayes
 Fred Haas
 Willow Pasley
 Larry Shubnell

Nominating Committee

Joanne Rorapaugh
 Carroll Yingling

Ashby Ponds, Inc.
Statements of Operations
for the years ended December 31, 2010 and 2009

	2010	2009
Unrestricted revenues, gains and other support:		
Resident occupancy revenue	\$ 10,391,694	\$ 7,351,161
Ancillary fees	1,436,076	1,641,985
Amortization of resident deposits, net of marketing expenses	2,519,980	2,194,355
Interest	6,289,914	4,307,742
Processing fees	2,100	32,575
Other revenue	238,044	150,580
Net assets released from restriction used for operations	10,589	800
Total revenues, gains and other support	<u>20,888,397</u>	<u>15,679,198</u>
Expenses:		
Salaries, wages and benefits	4,979,959	4,758,063
Rent	2,250,643	4,992,393
Professional and contracted services	2,584,405	3,151,246
Supplies	367,584	325,653
Dietary and other supplies	984,756	752,692
Building grounds and maintenance	90,562	143,787
Utilities	756,567	692,849
Administrative and other	319,844	258,915
Management fees	518,747	366,926
Resident relations	43,567	19,633
Insurance	165,630	96,742
Interest	6,531,995	362,867
Real estate taxes	835,932	750,623
Depreciation	1,950,235	669,127
Expenses incurred related to temporarily restricted net assets	10,589	800
Total expenses	<u>22,391,015</u>	<u>17,342,316</u>
Operating loss	(1,502,618)	(1,663,118)
Other income:		
Gain on forgiveness of working capital loan and related accrued interest	10,063,331	-
Excess of revenues over expenses / (expenses over revenues)	<u>\$ 8,560,713</u>	<u>\$ (1,663,118)</u>

These statements are excerpted from the audited financial statements of the community. The audited financial statements and notes, which are an integral part of the statements, are available in the Administration office.