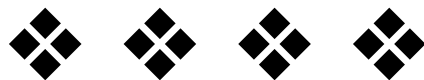




Annual Report



**Year Ending
December 31, 2010**



May 24, 2011

Dear Greenspring Resident:

We are very pleased to present this Annual Report to you. The Annual Report includes a review of our community's activities in 2010, goals for 2011, a financial summary report for 2010, and important information regarding your Board of Directors.

Thank you to the residents of Greenspring for contributing your gifts to make Greenspring a great place to live. In particular, we would like to thank the members of your Residents Council for their hard work, candid feedback and thoughtful advice. The excellent feedback from the Council helps Greenspring management to focus on what is most important to you, the residents. We also want to thank Greenspring's dedicated employees who are committed to fulfilling the Greenspring mission every day. Our employees strive to do their very best each and every day for you!

We hope you will attend the annual meeting on Tuesday, May 24, 2011, at 11:00am – 12:00pm in the Village Square Theater, to meet the Greenspring Board of Directors and ask any questions you may have. Thank you for the trust you have given us by choosing Greenspring as your home.

A handwritten signature in blue ink that reads "Robin Gliboff".

Robin Gliboff
Executive Director

A handwritten signature in blue ink that reads "Joanne Malloy Rorapaugh".

Joanne Malloy Rorapaugh
Greenspring 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 Residents 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 100% 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

The year 2010 was a tremendous year for the community and by almost every account the best year in Greenspring's history despite the challenging times. The management team continued our focus in three areas: improving the quality of services and programs delivered with outstanding customer service, improving communication with both residents and staff, and creating opportunities for each employee to reach their potential. Greenspring made significant improvements with all three of these objectives.

2010 was an extremely hard year for the continuing care retirement community (CCRC) industry as occupancy was extremely low across the country and recovery has been slow. We managed through ongoing economic concerns and fluctuations in the housing market. Locally, CCRC's averaged around 90.2% occupancy in Independent Living (IL). In addition, the management company emerged from bankruptcy, transitioned to Erickson Living and emerged debt free.

As will be outlined in the following paragraphs, 2010 was a record-breaking year in terms of occupancy, financial results, resident satisfaction and employee retention. Without question, Greenspring has proven to be a top performer in the Erickson network and in the industry.

Summary of 2010 Financial Results

In the middle of what can be best described as a sluggish economy, Greenspring continued to achieve strong financial results in 2010. Partially due to the relative strength of the Northern Virginia economy and aided by a focused marketing effort, the community exceeded budgeted occupancy in all lines of business.

Complementing the strong revenue results were positive efforts in controlling expenses in both payroll and operating costs resulting in an impressive Operating Income that exceeded Budget by more than \$2 million. The community's Cash and Investments increased to nearly \$70 million, again exceeding Budget. The strong cash position, and demonstrated management controls, resulted in Standard & Poor's improving the community's bond ratings to "A-."

Resident Satisfaction

Greenspring conducted its annual Resident Satisfaction Survey in the late fall. Greenspring's performance in 2010 saw improvement in virtually every category and significant improvement in many. For five consecutive years, Greenspring has shown improvements in its Resident Satisfaction Survey scores! In fact, "Overall Satisfaction" reached a record high of 90.4%.

Greenspring was recognized by Erickson Living as being the top performer and received the 2010 Operations Excellence Award for Outstanding Resident Satisfaction. In addition, we received two awards from Holleran covering seven categories in which we performed in the 90th percentile. The information from Holleran represents 36 states, 276 communities and more than 55,000 independent living surveys.

| | 2010 Results | 2009 Results | 2008 Results |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| Overall Satisfaction | 90.4 | 88.7 | 88.2 |
| Dining Satisfaction | 84.3 | 85.2 | 83.3 |
| Would You Recommend Greenspring? | 96.9 | 97.3 | 96.3 |

Throughout the year, Greenspring focused on quality programs and services delivered with outstanding customer service as well as improved communication. From the results of the survey, residents concluded that Greenspring made significant improvements in these areas.

Community Highlights and Initiatives

General Services

In 2010, General Services took the delivery of customer service to a much higher level. The department earned significant gains in our Resident Satisfaction Survey in every area. Per the survey, Housekeeping, Transportation, Security, Communications, Maintenance and Engineering, Grounds and Customer Service all improved the quality and reliability of their programs and services.

The Customer Service team scheduled 100% of all resident service work order requests. Most notable has been the quick response to Maintenance requests with same day or next day service response scheduled for the morning or afternoon. In addition, Housekeeping expanded recycling to two days a week and trash collection to five days a week. These have been a significant driver of resident satisfaction.

Security is an integral part of General Services, and in 2010 all the officers were state-certified as First Responders which required 40 hours of classroom and practical training as well as passing an exam.

Grounds and Maintenance take care and manage two million square feet of buildings and 60 acres of landscaped grounds. Grounds consistently leads in the top ten drivers of Resident Satisfaction.

Progress continues with energy conservation. We continue to fine tune our NOVAR system which allows for heating and air conditioning to be placed on load shedding and time-controlled lighting in all the meeting rooms and offices. CFL lighting across the community and in resident apartments was accomplished. We are very focused on several energy-efficient programs which will be carried out in 2011.

Dining Services

Each year, Dining Services develops a plan to improve the scores received on the Resident Satisfaction Survey. Specific areas of Dining Services responsibilities are selected for focus according to those scores. Over the years, the response to the survey scores has varied. We have focused on:

- Improving the consistency of delivering appropriate temperatures of our cold and hot foods.
- Adding additional options to our program to provide a wider variety to our menus.
- The overall quality of what the department provides through a more creative approach to our menus.

Dining Services has substantially improved our scores on the Resident Satisfaction Survey over the past four years.

This year, Dining Services leadership will continue to focus on innovative and creative ways to upgrade the services we provide, through increased communication from the residents about the upcoming menu cycles, updated and improved dining venues, and additional educational opportunities for our staff.

Resident Life

Presently, there are 219 leaders and co-leaders coordinating 210 resident-driven groups facilitated through Community Resources staff. On average, residents have over 850 activities to choose from each month at Greenspring. The Volunteer Program coordinates approximately 69,157 volunteer hours annually for 578 volunteers on the campus as well as in the local Northern Virginia community. Greenspring resident volunteers improve the quality of life for people both inside and outside our community gates.

Greenspring's community TV has over 60 resident volunteers who support the production of live shows Monday through Friday. Among the Erickson communities, Greenspring has the highest number of live shows produced monthly. In 2010, Channel 6 won three bronze Telly awards which honor outstanding local and regional television programs.

The Intermissions Program continues to offer respite for caregivers as well as an option for stimulating programming geared for residents with memory loss. This program is now supervised by our Social Work team.

The Social Work team provides an average of 1,978 resident contacts monthly in the community. Approximately 359 residents per month participate in educational opportunities sponsored by the Social Work team.

The Fitness Center coordinates more than 4,900 wellness visits each month. These may include a visit to the Fitness Center, the Aquatic Center or participation in land and water classes. The Fitness Center continues to thrive and has developed new classes to meet the changing needs of our residents as they age in place.

Home Support has built a team comprised of 70 certified nursing assistants, nine registered nurses, and one licensed practical nurse. For the year, Home Support provided 60,777 hours of care with a monthly average of more than 5,064 hours.

Certified Home Health celebrated its fifth anniversary in March 2010. The clinical staff comprised of registered nurses, physical, occupational, and speech therapists provide outstanding rehabilitative services reimbursable by Medicare. In 2010, the team provided services for 266 residents in their Greenspring apartments.

The Hospice Program has become fully integrated into the Greenspring community. Resident's frequently express their appreciation for the fact that Greenspring has its own dedicated Hospice Program and our satisfaction results are 100% would recommend our care. Hospice team membership has remained consistent for three years to the benefit of our patients and colleagues in the continuum of care.

VIVA!, our technology-rich wellness assessment program on healthy aging, celebrated its third anniversary in September 2010. VIVA! has continued to grow and provided assessments to more than 220 residents, staff, staff family members, and people from outside the community this past year.

Philanthropy

Greenspring's annual giving programs (the Benevolent Care Fund, Scholars' Fund and Hospice Fund) help to ensure the continued strength of our community. Greenspring residents' generous commitments with their gifts of time, gifts of talent and gifts of treasure demonstrate confidence in our mission of services. We applaud and thank each of you for your loyal support.

The Benevolent Care Fund had a solid year thanks to a strong resident philanthropy committee and support from residents, resident groups, staff and our community vendors. This fund provides support for those residents who have

depleted their assets due to extraordinary financial circumstances. The Benevolent Care Fund month kicked off with the annual Staff Talent Show and continued with Bingo, educational seminars and the Grand Finale Gala. The Greenspring Treasure Chest, The Village Church, and PNC Bank continue to be our largest annual donors. Special thanks to the Greenspring Treasure Chest for giving \$75,000 to our annual giving programs in 2010!

In addition, residents shared their gift of time and talent to raise funds and awareness of the Benevolent Care Fund through the wildly successful 2nd annual “Dancing with the Greenspring Stars” performance. Staff and residents partnered up to dance and then recruit “votes” in the form of donations. Over \$30,000 was raised through the program, beating last year’s record of \$27,000.

In 2010, over 55 students received scholarship funds to further their education. The Scholars’ Fund provides up to \$6,000 over four years, for students who meet the application eligibility criteria and are pursuing post-secondary education. In addition, a second scholarship program was developed thanks to a generous \$10,000 family donation. This new “C.N.A. Scholarship” Program offers \$1,000 annually and will assist current home health aides and certified nursing assistants pursue additional academic or technical training.

Greenspring is the only Erickson Living community with a Hospice Fund. This is a relatively new fund, and it has been warmly received by donors. The Hospice Team is developing their “wish list” to determine how best to utilize these funds and make a difference to those residents and families using hospice care.

It is with deep appreciation that we thank members of The Legacy Society for believing in the Benevolent Care Fund, Scholars’ Fund, Hospice and/or The Village Church. These future gifts contribute to a legacy of compassion and community spirit – keeping the philanthropic spirit alive in the hearts and minds of our community, while ensuring the future of these funds.

Greenspring gives back through Corporate and Social Responsibility (CSR) Programs! Residents and staff participated in many philanthropic activities that directly support the greater community such as ECHO, Haiti Relief Campaign, Oral Rehydration Project for Haiti, American Cancer Society Relay for Life, Mount Vernon Lee Enterprises (MVLE), American Diabetes Association, Susan G. Komen Breast Cancer Foundation, Kristy’s Christmas, Alzheimer’s Association, Turkey Trot, The Gloucester Institute, and Fairfax County Public Schools. Additionally, Greenspring donated over \$35,000 to these worthy organizations.

The following is a summary of activity in 2010 for these funds:

| | Benevolent Care Fund | Scholars' Fund | Hospice Fund |
|------------------------------|-----------------------------|-----------------------|---------------------|
| 2010 Beginning Balance | -0- | 559,346 | 28,304 |
| Funds Raised, 2010 | 525,181 | 154,849 | 18,168 |
| Interest/Market Fluctuations | 35 | 7,507 | 2 |
| Funds Expended, 2010 | 1,419,007 | 69,085 | 1,245 |
| 2010 Ending Balance | -0- | 652,617 | 45,229 |
| Resident Participation | 73% | 64% | 10% |

Renaissance Gardens (RG)

Quality care, resident satisfaction, employee satisfaction, and financial performance are four key areas to a successful program at Renaissance Gardens. The Renaissance Gardens team achieved strong performance in each of these areas.

The following are some highlights from a successful 2010:

Quality of Care: Renaissance Gardens has achieved the highest Quality Healthcare indicators in the company and received the 2010 Operations Excellence award from Erickson Living Management for Outstanding Healthcare Care Quality.

In 2010, we decertified 44 Skilled Nursing beds to 44 Assisted Living beds all while remaining at full occupancy. We completed “The Studio,” the new memory care unit which is an innovative health care model to better serve residents with serious cognitive impairments. This project included changes to the physical plant, programming and workforce redesign. We created and implemented a "universal worker" model to enhance efficiency, reduce cost, and improve quality of care. We continued to focus on person-centered care philosophy designed to change the culture of how direct-care services are delivered to 284 seniors residing in Assisted Living and Skilled Nursing facilities.

Skilled Nursing has also reached significant quality milestones by achieving the highest rating by the Centers for Medicare and Medicaid Services (CMS) with five stars. In addition, an unannounced inspection of the Skilled Nursing Facility was conducted by the Virginia Department of Health in 2010 and left Greenspring with zero deficiencies. This achievement compares to the average of nine deficiencies in Virginia and eight deficiencies throughout the United States.

Resident Satisfaction: Overall satisfaction stayed steady in both Skilled Nursing (84.6%) and Assisted Living (84.9%). RG also saw very strong response from

residents and families that would recommend Greenspring to others with greater than 95% from both ALF and SNF.

Employee Satisfaction: 2010 modified survey results mean of all items was 82.9% overall satisfied. RG continues to emphasize training programs to include a graduate program, supervisory and leadership training, as well as intensive clinical skills training classes. 7,203 training hours were provided to staff with 1,616 hours dedicated to dementia training. The Renaissance Gardens team has more than 25 staff members participating in higher education classes to achieve their license or certificate to become Certified Nursing Assistants, Licensed Practical Nurses and Registered Nurses. The team's 2010 successes have resulted in 10 promotions from a variety of exempt and non-exempt staff and a retention rate of better than 79.87%.

Financial Performance: Renaissance Gardens' census remained above budget with record level external admissions for short-term rehabilitation. We did this by balancing the needs of our residents so that our services were always available. Renaissance Gardens' census remained at 99%, with a national average of 87%. These efforts of balancing the external market with our internal needs allowed Renaissance Gardens to achieve excellent occupancy percentages at both levels of care for the year (SNF 98% and ALF 99%).

Diversity

During 2010, 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.

Greenspring has been involved in activities to enhance community diversity and inclusion efforts, including the following:

- We include monthly diversity segments in all the town meetings for staff and hold quarterly cultural events for residents and staff to celebrate and embrace the diversity of Greenspring.
- We have begun to in-service all staff on Working Together: diversity awareness training.

- Advertisements are strategically placed in publications to increase awareness of who we are and what we offer.
- We continued to support Mount Vernon Lee Enterprises, a work enclave for specially-abled young adults. They work daily in our Dining Services Department.

Erickson Advantage

Erickson Advantage continued to provide extraordinary service to our resident participants. Erickson Advantage demonstrated that participants could save money and enjoy additional benefits compared to standard Medicare. The number of participants continues to grow, and the campus is excited that the program has been made a permanent option through the recently passed health care legislation.

Resident Accomplishments and Highlights

Incredible residents make the Greenspring community a very special place to live and work. Without question, the residents continue to embrace the mission to share their gifts to create a community that celebrates life. 2010 was a year in which residents continued to share those gifts.

The Greenspring Resident Council, as well as the Resident Council Committees, worked closely with management to address key issues and help guide management in the right direction. This partnership has been a key factor in Greenspring's milestone of record resident satisfaction.

The Erickson model of resident-driven activities continues to flourish on the campus as residents organized and participated in over 210 clubs and activities.

Staff Accomplishments and Highlights

Greenspring continued to make progress in building our reputation as a premier employer in Northern Virginia. In 2010, Greenspring was a 2010 Helios Apollo Award Finalist for promoting employee growth and development. Greenspring is also a 2010 Care Award Winner in recognition of our employee focused family-oriented benefits and programs. These honors highlight the training and benefits we offer our employees which is reflected in our high retention rate which was 76.43% at the end of 2010.

In addition, Greenspring had the pleasure of promoting 47 employees in 2010, as well as providing over 15,000 hours of training to over 900 employees in Independent Living and Renaissance Gardens.

The Employee Health and Wellness Clinic had another very successful year and has been an important driver of employee satisfaction. Their focus has been on new hires, occupational health issues, urgent care visits and preventive health and wellness visits. The clinic averages more than 400 visits a month with our employees with a total of 4,584 health and wellness visits made in 2010.

2011: Looking Forward

Areas of Focus

Greenspring has successfully proven that it can weather these tough economic times; however, success will not lead to complacency on the campus. Management will continue to focus on new ways to be good stewards as we work to stay affordable to middle class seniors.

- To meet or exceed occupancy goals in Independent Living, Assisted Living and Skilled Nursing.
- To meet or exceed all financial targets in Independent Living, Assisted Living and Skilled Nursing.
- To improve the quality of the services and programs as well as the level of customer service by which they are delivered.
- To improve communication with residents and staff.
- To ensure superior resident care, the focus to exceed established benchmarks for all clinical indicators in Renaissance Gardens will continue.
- Continue to grow the culture of the campus in the spirit of the mission with an emphasis on philanthropy.
- To ensure that every employee has the potential to reach his or her potential.

Financial Plans

Through these continually uncertain economic times, Greenspring has taken a proactively conservative approach to operational expense controls. Management continues to monitor the Northern Virginia market for current and future signs of weakness that might impact the occupancy and operational efficiencies of the community. In doing so, management has developed numerous contingency plans so that Greenspring is prepared to react in the event of a drop in business levels and demand. Management also continues to drive revenue through focused

marketing efforts both externally, as in our Short-Term Rehabilitation services, and internally to existing residents, as in our Home Support Services.

Fortunately, Greenspring has yet to experience any significant impact from the current economic conditions, and has experienced well above the CCRC national average in occupancy and financial results.

The management team has also begun looking ahead to 2012, and continues preparing contingency plans to deal with any impact Greenspring may experience going forward due to a continuation of the sluggish economy and potential rising inflation.

Overall, Greenspring anticipates continued strong performance in 2011 and has developed and implemented numerous strategies designed to produce those results. We are also proactively prepared to implement additional programs and controls as needed.

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

Over the last 12 years, Greenspring has built a strong culture around the principles of the Erickson Way Values. Management strongly believes that this culture must be nurtured or it will diminish. A great deal of resources are spent to ensure that staff understand and are living out the mission to share our gifts to create a community that celebrates life. 2010 was a busy year as management focused on strengthening existing programs.

- The Erickson Way Committee organizes numerous staff events to foster the Erickson Way Values.
- The campus is supporting many philanthropic activities that directly support the greater community such as ECHO, Haiti Relief Campaign, Oral Rehydration Project for Haiti, American Cancer Society Relay for Life, Mount Vernon Lee Enterprise (MVLE), American Diabetes Association, Susan G. Komen Breast Cancer Foundation, Kristy's Christmas, Alzheimer's Association, Turkey Trot, The Gloucester Institute, and Fairfax County Public Schools.
- On campus programs continue such as the Greenspring Make a Memory Program, and of course, staff support of the Benevolent Care Fund and the Greenspring Scholars' Fund through Jean Day, "Dancing with the Greenspring Stars," and event ticket purchases.
- Management recognizes exceptional staff through the Shining Star Monthly Award Program, the quarterly Manager of the Quarter Award Program, the Instant Recognition Gift Card Program and the RG Exceeding Expectations Program.

Your Executive Management Team

Robin Gliboff, Executive Director (2003): Robin joined the management team at Greenspring in 2003 as the Senior Resident Services Manager in Resident Life. Within a year, Robin moved to the role of Director of Resident Life and then was the Associate Executive Director for four years before her promotion to Executive Director in 2010. Before joining Erickson, Robin served within several health care systems in different leadership roles. Robin has a Bachelors degree in Social Work from Syracuse University, a Master's degree in Social Work from Virginia Commonwealth University and Master's level education in Health Care Finance from Marymount University.

Lynn Keefe, Associate Executive Director (2011): Lynn brings more than 20 years experience in various leadership roles within the American Red Cross. At the American Red Cross, her position evolved from the Arlington County Chapter CEO and Community Executive in the National Capital Region to her most current position as the Regional Director of Financial Development. Lynn holds a Bachelors of Science in Consumer Economics from Ohio State University and has completed the majority of her coursework for a Master of Public Administration.

Dr. Janice Fox Gable, Medical Services Director (2005): Dr. Gable was recently promoted to Medical Director and has been with the Greenspring Medical Center since 2005. Dr. Gable attended medical school in Indianapolis and postgraduate training at Lutheran General Hospital in Park Ridge, IL. After medical school, Dr. Gable established a family medical practice in Konnarock, VA, where she treated many 5-generation families, from baby to great, great grandmother. The clinic served as an emergency room as well as the only medical facility for all-around medical care for a community of about 2,200 people. Dr. Gable obtained Added Qualifications in Geriatrics in 1990.

Janiel Adams, Senior Human Resources Director (1998): Janiel graduated from the Teaneck campus of Fairleigh Dickinson University earning a Bachelor's degree in Business. Janiel has worked for Greenspring for 12 years, and in 2007 she was promoted to Senior Director taking on additional corporate responsibilities. Prior to joining Greenspring, Janiel served as the Employee Relations Manager for a national retail chain with over 10,000 employees, prior to that she spent seven years with Marriott International. While at Marriott, she worked in the Hotel Division, Senior Living Services and the Corporate Office. In support of her community, Janiel spent three years as a board member of the Greater Springfield Chamber of Commerce. She resides in Woodbridge with her husband, Jim and their son James, III.

Karla Hibbs, Resident Life Director (1996): Karla has worked for Erickson Living Management, LLC for 15 years, and is one of Greenspring's longest serving employees. She started with the Marketing Department when the office was at Springfield Mall long before the first building was constructed. Karla

served as the Community Services Manager from 1998 until she was promoted to the Director of Resident Life in 2006. Karla graduated from Mary Washington College with a degree in American Studies and Teaching Certification and later received a Masters in Education and Counseling from George Mason University.

Joe Marek, General Services Director (2000): Joe was born in Chicago and later moved to Maryland to attend the University of Maryland receiving a Bachelor of Science in Business Administration. He continued his education at the University of Maryland completing a graduate certificate in leadership and management. He gained real-world experience and worked in management for over 40 years; 30 years in manufacturing and 10 years in facility management for Erickson Communities at Greenspring. Joe is a member of IFMA (International Facility Management Association). He resides in Annapolis MD, with his wife Doris. Joe and his wife have two boys, Paul and Mark, and five grandchildren Taylor, Christopher, Michael, Hanley, and Caroline.

Karen Boyce-Adams, RG Administrator (2011): Karen has more than 25 years of healthcare experience. Since 2005, Karen has been the Assistant Administrator at Riderwood's Renaissance Gardens and was an Administrator-in-Training at the community from 2004-2005. She also served as the Assistant Director of Dining Services at Riderwood's Renaissance Gardens from 2002-2004, as well as at Oak Crest from 2001-2002. In addition, Karen has worked at HCR/Manor Care Arden Courts in different capacities from 1994-2001. Karen holds a Nursing Home Administrator license, has a Bachelor of Health Care Management, and a Master of Human Resource Management from Towson University. She is from Maryland.

Burt Allman, Dining Services Director (2004): Burt is a native of Washington, D.C., and has returned to the area after assisting in the opening of Erickson's second community in Illinois, Monarch Landing. He received his Bachelor's of Arts degree from Juniata College in Huntingdon, PA, in Philosophy and his Food Management Professional certification from the National Restaurant Association in 2004. Burt joined Erickson in 2004 when he became part of the staff at Riderwood. He lives in Fairfax, VA, with his wife, Annie, and their two dogs, Jackson and Jasper.

Jarad Smith, Sales & Marketing Director (2005): Jarad has over 14 years of experience in marketing, public relations and community relations. During that time, he has worked for private companies, consulting groups and trade associations. Jarad joined Erickson in 2005, and Greenspring is his first foray in senior living. He possesses a Bachelor's of Arts degree in Communications/Public Relations from Kean University in New Jersey, and lives in Fairfax Station with his wife Elizabeth and their two children, Nolan and Isabelle.

Berwick Drews, Finance Director (2006): Berwick was first hired at Greenspring in November 2006 as the Business Analyst for the community. His prior experience includes Controller at Lansdowne Resort in Leesburg, VA, Regional Controller for Sodexo-Marriott Corporation in Bethesda, Senior

Project Manager with Marriott Corporation in Bethesda and Director of Operations for Rosenblum & Associates, LLC in Bethesda, a law firm specializing in real estate settlements. Berwick has a Bachelors degree in Accounting from George Mason University. He enjoys golf and travel. He is a life-long resident of Northern Virginia, and a Marine Corps veteran.

Kimberly Nelson, Philanthropy Director (2002): Kimberly has over 22 years of experience in the senior health care industry. She earned her B.A. in Sociology with a concentration in Gerontology from Miami University, Oxford, Ohio. Prior to joining the Greenspring Team in January 2002, Kimberly worked for Marriott International Senior Living Services, HCR-Manor Care and Inova. She is an Activity Consultant Certified and is a member of the Association of Fundraising Professionals, Association for HealthCare Philanthropy and the National Committee on Planned Giving. Kimberly lives in Centreville, VA, with her two children Austin and Rebecca.

Your Resident Advisory Council (RAC)

The Resident Council held its 10th election for members and officers. The following residents compose the 2011/2012 Council:

Ruth D. Johnson – President

Roy J. O’Connor – Vice President

Elaine Sorensen – Secretary/Treasurer

Carl Nemecek

Jim McLuckie

Adelaide Muldoon

Carolyn Posey

Peter Straub

Bob Cromwell

Al Nielsen

Floren (Monty) Quick

Organization and Governance

Organization

Greenspring Village, Inc. (Greenspring) is organized as a not-for-profit corporation and is an affiliate of National Senior Campuses, Inc. (NSC). Greenspring 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.

The Greenspring 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.

Greenspring 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 Greenspring) 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 Greenspring and NSC please visit our web site www.NationalSeniorCampuses.org.

Board of Directors

All corporate authority resides in the Greenspring 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 Greenspring pursuant to a Management and Marketing Agreement between Greenspring 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 Greenspring 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 Greenspring.

The Greenspring 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 management company emerged from Chapter 11 and the sale of assets of Erickson Retirement Communities, the former management company of Greenspring was completed. As the community's independent, not-for-profit board, the Greenspring 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 was 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 Residents 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 Meeting to review the operations of Greenspring.

- Special meetings and all board meetings to discuss Erickson issues and Greenspring issues.
- Special RAC meetings, town meetings, and letters regarding governance, Erickson and Greenspring 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.
- The Greenspring Board and NSC Board member support of the Benevolent Care Fund and gala.
- Recorded 100% Director participation in Greenspring Philanthropic initiatives.
- Quarterly review of reserves and investments.
- Expressed appreciation of the leadership of Will Nance.
- Approved the appointment of Robin Gliboff as Executive Director.
- 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.

Greenspring 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 Greenspring 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 with 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. Upon completion of its work with respect to the 2010 audit, the Audit Committee will deliver its report to the residents at a Town Meeting

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, Greenspring paid a total of Sixty-Five Thousand Dollars (\$65,000), in compensation to the members of the Board of Directors of Greenspring.

Directors' compensation for Greenspring was recommended by NSC and was approved by the 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 COO 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.

Ron Levin

Dr. Levin was in private dental practice for many years and also provided geriatric dentistry services through Institutional Dental Care, Inc. For the past eight years he has been assistant professor at the Northern Virginia Community College School of Dental Hygiene. A resident of Greenspring since 1999, Dr. Levin served on its Resident Advisory Council, was Chair of the Council's Health Services Committee, and represented Greenspring as a director to the Virginia Continuing Care Residents Association.

Jerry Seals

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

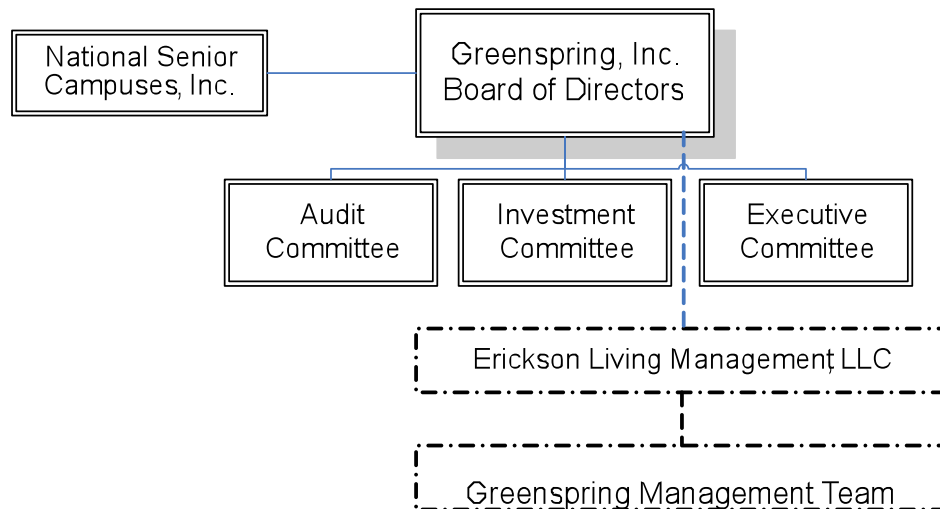
Mr. Shubnell retired from Legg Mason, a Baltimore based financial services firm, at the end of 2001 having served as senior managing director for public finance investment banking. Prior to joining Legg Mason he was a public finance officer at each the local, state, and federal levels of government. 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.

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. A resident of Charlestown Retirement Community, he is a teacher of courses for Elderhostel’s Lifetime Learning Program.

Greenspring Organizational Chart



LEGEND:
 _____ = governance relationship (by charter or bylaws)
 - - - - - = contractual relationship

Greenspring Committees

Executive Committee:

- Joanne Rorapaugh, Chair
- Larry Shubnell, President and Vice Chair
- Eileen Erstad, Treasurer

Ron Levin, Secretary

Audit Committee:

Eileen Erstad, Chair
Ron Levin
Larry Shubnell

Nominating Committee

Ron Levin
Joanne Rorapaugh
Carroll Yingling

Investment Committee:

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

2010 Summary Financial Statements

**Greenspring
Statement of Operations
For the Years 2010 & 2009**
Pre-Audit

| | 2010 | 2009 |
|-----------------------------------|----------------------------|----------------------------|
| | Year Total | Year Total |
| | <u>Actual</u> | <u>Actual</u> |
| Operating Revenue | | |
| Resident Monthly Fees | \$ 63,380,332 | \$ 62,807,061 |
| Departmental Revenues | 8,740,297 | 8,540,276 |
| Total Operating Revenue | <u>72,120,629</u> | <u>71,347,336</u> |
| Operating Expense | | |
| Employee Related: | | |
| Wages | 30,081,385 | 28,413,641 |
| Employee Benefits/Other EE | 6,936,322 | 7,027,241 |
| Contract Labor/Purchased Services | 5,258,565 | 4,147,832 |
| Total Employee Related | <u>42,276,273</u> | <u>39,588,713</u> |
| Community Related: | | |
| Supplies Expense | 6,768,130 | 6,745,929 |
| Repairs and Maintenance Expense | 1,563,279 | 1,362,610 |
| Professional Fee Expense | 235,005 | 274,224 |
| Insurance | 672,346 | 559,146 |
| Utilities | 2,875,818 | 3,190,373 |
| Real Estate Taxes | 1,876,096 | 1,919,642 |
| Management Fees | 3,197,924 | 3,320,018 |
| Other Expense | 1,337,949 | 1,297,003 |
| Total Community Related | <u>18,526,546</u> | <u>18,668,945</u> |
| Total Operating Expense | \$ 60,802,819 | \$ 58,257,658 |
| Operating Income | <u>11,317,809</u> | <u>13,089,679</u> |
| Non-Operating Income | (2,911,558) | (5,898,269) |
| Net Income | <u>\$ 8,406,251</u> | <u>\$ 7,191,410</u> |

** Non-Operating Income Includes - Investment Income, Unrealized Gains and Losses, Interest Expense, Letter of Credit Fees, Amortization Expense and Depreciation Expense.

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.