



# Disclosure Statement

October 1, 2023

**THIS DISCLOSURE STATEMENT IS BEING DISTRIBUTED PURSUANT TO THE CONTINUING CARE PROVIDER REGISTRATION AND DISCLOSURE ACT OF JUNE 18, 1984 (P.L. 391, NO. 82). THE ISSUANCE OF A CERTIFICATE OF AUTHORITY BY THE INSURANCE DEPARTMENT OF THE COMMONWEALTH OF PENNSYLVANIA DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT OF CROSS KEYS VILLAGE – THE BROTHERS HOME COMMUNITY CONTINUING CARE FACILITY BY THE INSURANCE DEPARTMENT, NOR IS IT EVIDENCE OF, NOR DOES IT ATTEST TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET OUT IN THE DISCLOSURE STATEMENT.**



**CROSS KEYS VILLAGE**

The Brethren Home Community

2990 Carlisle Pike

New Oxford, PA 17350

717-624-2161

**An index is included on page i.**

**CROSS KEYS VILLAGE – THE BROTHERS HOME COMMUNITY  
DISCLOSURE STATEMENT**

**October 2023**

**INDEX**

	<b><u>PAGE NUMBER</u></b>
SUMMARY OF DISCLOSURE STATEMENT .....	ii
INTRODUCTION .....	1
DESCRIPTION.....	2
RESIDENTIAL LIVING SERVICES.....	4
FEES .....	5
STRATEGIC LONG RANGE PLANNING .....	6
MASTER PLAN.....	7
CURRENT INDEBTEDNESS .....	8
RESERVE FUNDS.....	9
2023 – 2024 BUDGET .....	9
FINANCIAL STATEMENTS .....	9

**EXHIBITS**

- A. Exemption From Federal Income Taxation
- B. Officers and Directors
- C. Summary of Background and Experience – Jeffrey M. Evans, President
- D. Resident Agreements
- E. Schedule of Entrance Contributions and Monthly Fees
- F. Schedule of Increases in Monthly Service Fees
- G. Unrestricted Budgeted Revenues and Expenses
- H. Audited Financial Statements

**ATTACHMENTS**

Rescission Notice

**THE FOLLOWING IS A SUMMARY OF INFORMATION  
PRESENTED IN THIS DISCLOSURE STATEMENT:**

1. The Facility: The Brethren Home Community doing business as “Cross Keys Village - The Brethren Home Community”, 2990 Carlisle Pike, New Oxford, PA 17350-9582.
2. The Provider: The Brethren Home Community doing business as “Cross Keys Village - The Brethren Home Community”, 2990 Carlisle Pike, New Oxford, PA 17350-9582.
3. Person to be contacted to discuss admissions: Amy Beste, Senior Retirement Counselor, or Nancy Daniel, Retirement Counselor, 2990 Carlisle Pike, New Oxford, PA 17350-9582. Telephone (717) 624-5350.
4. Description of Facility: 310 clustered one-story Cottages, 115 Homes, 115-unit Apartment Building with attached Community Center, and 50 Hearthside Hybrid Homes. 91 Personal Care Units and 270 Health Care beds located in a three-story building. 32 Personal Care Units (Memory) in a free standing building. The facility is located on approximately 334 acres in rural Oxford Township, Adams County, New Oxford, PA.
5. Age Requirements: In the Residential Living Community, one person in the household must be at least 62 years old at the time of admission to a cottage, home or apartment. All other occupants must be at least 55 years old.
6. Affiliations: Cross Keys Village - The Brethren Home Community is affiliated with the Church of the Brethren, Southern District of Pennsylvania. A complete description of the nature of the affiliation is contained in the Disclosure Statement.
7. Current Resident Population: On October 1, 2023, there were approximately 1,030 residents at Cross Keys Village - The Brethren Home Community.
8. Fees: The following are samples of Entrance Contributions and Monthly Fees as of October 1, 2023:

<b><u>CHRISTOPHER SAUER (One Bedroom Cottage)</u></b>	<b><u>SINGLE OCCUPANCY</u></b>	<b><u>DOUBLE OCCUPANCY</u></b>
ENTRANCE CONTRIBUTION	\$100,500	\$100,500
MONTHLY SERVICE FEE	\$941	\$1,091
<b><u>WILBUR STOVER (Two Bedroom Cottage)</u></b>	<b><u>SINGLE OCCUPANCY</u></b>	<b><u>DOUBLE OCCUPANCY</u></b>
ENTRANCE CONTRIBUTION	\$236,300	\$236,300
MONTHLY SERVICE FEE	\$1,187	\$1,337
<b><u>HARMONY RIDGE APARTMENTS (Andante One Bedroom with Den)</u></b>	<b><u>SINGLE OCCUPANCY</u></b>	<b><u>DOUBLE OCCUPANCY</u></b>
ENTRANCE CONTRIBUTION	\$211,500	\$211,500
MONTHLY SERVICE FEE	\$1,523	\$1,773

# **CROSS KEYS VILLAGE - THE BRETHERN HOME COMMUNITY DISCLOSURE STATEMENT**

## **INTRODUCTION**

Cross Keys Village – The Brethren Home Community (CKV-TBHC) is a continuing care retirement community located in Oxford Township, Adams County, at 2990 Carlisle Pike, New Oxford, PA 17350-9582. Cross Keys Village – The Brethren Home Community is a registered fictitious name for The Brethren Home Community, a Pennsylvania not-for-profit corporation with its principal office at the same location.

CKV-TBHC provides a broad range of services to persons on its single site campus at the intersection of US Route 30 and PA Route 94. This intersection is often referred to as “Cross Keys.” These services include the following:

1. Residential Living Cottages, Homes, Apartments and Hybrids
2. Personal Care Centers
  - A. Mission Point (91-Bed Unit)
  - B. Brookside (32-Bed Specialized Memory Care Building)
3. Health Care Center with the following programs:
  - A. Short Term Rehab Center (Post hospitalization care)
  - B. Long Term Care
  - C. Memory Care (Alzheimer and other dementia care)
4. Adult Day Services (Currently Closed)

CKV-TBHC is a subsidiary of The Brethren Home Foundation, also a not-for-profit corporation, with its office at 2990 Carlisle Pike, New Oxford, PA 17350. The members of The Brethren Home Foundation are the members of the churches, which belong to the Southern District of Pennsylvania Church of the Brethren. Delegates representing each member congregation in the District affirm a slate of candidates who are members of the District churches for Directors of the corporation at the Annual Corporation Meeting held in conjunction with the District Conference. The balance of the Directors, excluding the President of the corporation, are elected by the Directors then in office. A minimum of five (5) of the Directors shall be members of a church in the Southern District of Pennsylvania Church of the Brethren. The Directors of CKV-TBHC are elected by the Board of Directors of the Brethren Home Foundation. The Brethren Home Foundation is a separate legal entity and is not responsible for the financial or contractual obligations of CKV-TBHC. Neither the District nor the Church of the Brethren Denomination is responsible for the financial or contractual obligations of CKV-TBHC.

CKV-TBHC is exempt from the payment of federal income tax under Internal Revenue Code Section 501(c) (3). A copy of the determination letter from the Internal Revenue Service is attached as Exhibit A.

The Board of Directors of CKV-TBHC has the authority to manage the affairs of CKV-TBHC. The Directors with the exception of the President and Vice President of Finance of CKV-TBHC serve on a voluntary basis and are reimbursed for expenses reasonably incurred in the performance of their duties. The President serves as the Chief Executive Officer of CKV-TBHC and is a full-time salaried staff member. The names and business addresses of each officer and director are attached as Exhibit B.

No member of CKV-TBHC Board of Directors has a tie to a firm that provided more than \$500 worth of services to CKV-TBHC or has held a 10% or greater equity of beneficial interest, or has been convicted of a felony charge.

The President of CKV-TBHC has full time, on-site operational and management responsibility. A description of the background and experience of Jeffrey M. Evans, President, is attached as Exhibit C.

## **DESCRIPTION**

CKV-TBHC encompasses over 334 acres of wooded and open land in rural Oxford Township, Adams County, Pennsylvania. CKV-TBHC includes Residential Living, Health Care, Personal Care Services and Adult Day Services (Currently Closed).

There are four types of Residential Living units featured at Cross Keys Village, currently occupied by 817 residents: cottages, homes, apartments and hybrids. There are 425 cottages and homes representing over 32 different models. Each unit contains a living area, a full kitchen and bath, in a mix of efficiency, one-bedroom and two-bedroom units. The largest units are called Bridgewater Homes which all include an attached two-car garage.

Harmony Ridge Apartments, consisting of 115 units, opened in July 2000 (East) and April 2009 (West). The attractive three-story building has six distinct wings and contains fifteen different models ranging in size from approximately 700 sq. ft. to 1,750 sq. ft. Both one and two-bedroom units are available and all have full kitchens, bath, laundry equipment and walk-in closets.

Hearthside Hybrid Homes, consisting of 5 buildings with 10 units in each, opened in August 2020. The attractive two-story building contains six different models ranging in size from approximately 1,260 sq. ft. to 1,740 sq. ft. Both one and two-bedroom units are available and all have full kitchens, bath, laundry equipment and walk-in closets.

The Harmony Ridge Community Center serves the Residential Living community and contains mailboxes for both Cottages and Harmony Ridge Apartments, meeting rooms, business

center, library, gathering/billiards room, art studio, theater and the Residential Living administrative offices.

The Harvey S. Kline Wellness Center which opened in May 2009 is also attached to the Harmony Ridge Apartments. The 13,000 square foot facility includes a 30' x 75' pool with a 15' x 21' deep area, a 10' x 22' warm water spa, locker/changing area, exercise room with equipment, exercise studio and a hair salon with therapy rooms. In September of 2021, an addition was added to the center to accommodate activities such as pickle ball.

A variety of optional meal plans are available which may be used at the villagers' convenience in "The Campus Inn" restaurant or "Harmony Café", both located in the attached Community Center. The Campus Inn offers restaurant-style dining in a beautiful, relaxed setting while the Harmony Café offers a more casual fare of soup and sandwiches in a beautiful modern setting overlooking green space.

Admissions to the Residential Living Community are limited to persons 55 years and older. At least one person living in a residence must be 62 years or older. Both refundable and guaranteed refundable entrance fee plans are available.

The Health Care Center, which has 270 beds, is located in the main building and consists of three separate and distinct programs. First, a 35-bed Memory Care program for residents with Alzheimer's or other dementias is served by a specially trained staff. The second component of the Health Care Center is the 205-bed long-term care unit. The third component is Short Term Rehab Center, a 30-bed unit, which provides care to patients discharged from the hospital and others needing intensive nursing care. The Rehab Center provides extensive rehabilitation services as well as skilled nurses to care for patients with complex medical problems. All 270 beds in the Health Care Center are Medicare and Medicaid certified. Admission to the three programs of the Health Care Center is available to adults of all ages.

There are two Personal Care options. Mission Point is located in the main building with a separate entrance, program and staff. It has 91 units with 104 licensed beds. Residents in the Personal Care Center receive three meals a day and have staff available to assist them with activities of daily living. The other option is a newly built 32-bed Memory Care Residence named Brookside. Residents of Brookside also receive three meals a day and have staff available to assist them with activities of daily living.

The main building also contains activity and recreation areas, physical therapy, occupational therapy, speech therapy, Nicarry Meetinghouse, meeting rooms, lounges, dining facilities, hair care shop, laundry facilities and an administrative area. The therapy program is licensed as an outpatient facility and thus is able to provide services to persons living in Residential Living and Personal Care.



Adult Day Services (Currently Closed) is offered on campus to both campus residents as well as persons from the general community over age 18. In addition to social and recreational activities, personal care services are available. The program is licensed by the PA Department of Aging for a capacity of 28.

## **RESIDENTIAL LIVING SERVICES**

Residents of the cottages and homes are responsible for paying for their own electric power, natural gas, internet and telephone service. Support services available on a fee-for-service basis include meals, housekeeping, maintenance, certain services from the Residential Health Office and transportation for medical appointments and personal/social needs. Certain maintenance services are included in the monthly fee. These terms are specified in the agreement, which is attached in Exhibit D.

CKV-TBHC provides Harmony Ridge apartment residents and Hearthside residents with all utility services (except telephone and internet service), use of the common areas operated by CKV-TBHC, semi-annual general housekeeping services and maintenance and repair services on CKV-TBHC provided facilities as described in the agreement. Both refundable and guaranteed refundable agreements are available. The services are the same under both agreements. The terms are specified in the agreements which, are attached in Exhibit D.

A robust Wellness program encompassing the five dimensions of Wellness has been established by CKV-TBHC. Activities in the physical, intellectual, social, emotional and spiritual areas are available to all villagers, generally at no additional cost. There may be an additional fee when instructors or presenters, not on CKV-TBHC staff, are engaged and for some off campus trips.

Villagers are entitled to use scheduled transportation services provided by CKV-TBHC at no additional charge. These include daily service between the village, main building, and the Harmony Ridge Community Center, weekly shopping trips to Hanover and New Oxford and periodic trips to other destinations. Additional transportation services may be available for a fee.

Villagers may also participate in various wellness, social, recreational and religious activities sponsored by CKV-TBHC and the village organization.

A Family Medicine building is located on campus. Primary care physician services and laboratory services are available through the York Health Systems Medical Group who leases space from CKV-TBHC.

Villagers are given priority admission to the Personal Care Center and pay the then current rates. Villager and Personal Care residents who require nursing care are given priority admission to the Health Care Center. Villagers admitted to the Health Care Center pay the then current rates. If transfer to the Health Care Center or Personal Care Center is a temporary one, the resident continues to pay the monthly charge for their residential living unit. The Health Care Center social worker will help establish goals to be reached before discharge. Assessment of progress towards these goals will be conducted on a regular basis with the resident's participation. The daily rate for the Health Care Center and the Personal Care Center includes three meals per day.

## **FEES**

### AGREEMENT FOR COTTAGE, HOMES AND HARMONY RIDGE APARTMENT RESIDENTS SIGNING AGREEMENTS AFTER JULY 1, 2004

#### Villager Entrance Fees

This agreement involves the payment of an Entrance Fee and monthly service fees. The monthly service fee is subject to change. The payment of an Entrance Fee does not purchase ownership interest in the real estate of CKV-TBHC.

This agreement amortizes the entrance fee over 60 months in equal amounts each month. The unamortized balance remaining when the residence is vacated is refunded subject to certain restrictions. The basic agreement option amortizes to zero. Additional agreement options with higher entrance fees are available which have guaranteed refund amounts of 25%, 50%, and 75%.

#### Cottage and Home Monthly Fees

Monthly fees consist of monthly service fee and fees for additional goods and services not included in the monthly service fee the villager purchases at his/her option from CKV-TBHC.

The monthly service fee varies by base model and the number of villagers in the cottage.

Examples of the types of service for which additional charges are made include meal service, telephone service, internet service, housekeeping services, adult day services, non-scheduled transportation services and non-routine maintenance services. A complete listing of items and fees is available from the Residential Living Office.

#### Harmony Ridge Apartment and Hearthside Monthly Fees

Monthly fees consist of monthly service fee and fees for additional goods and services not included in the monthly service fee the villager purchases at his/her option from CKV-TBHC. The monthly service fee varies by model and the number of villagers in the apartment or unit.

A variety of optional meal plans are available which may be used in "The Campus Inn"



restaurant or “Harmony Café”.

Examples of the types of service for which additional charges are made include additional meal service, telephone service, internet service, housekeeping services, non-scheduled transportation services and non-routine maintenance services. A complete listing of items and fees is available from the Residential Living Office.

## **STRATEGIC LONG-RANGE PLANNING**

The following are the strategic priorities which make up the strategic plan. These are grouped under the broad headings of Quality, People, Service, Finance, and Growth. Under each heading are one or two strategic priorities along with a Vision and Strategy statement which further define each priority. The Board of Directors and team members have also developed additional detailed “action plans” to guide their implementation.

Following are each specific Strategic Priority with its related Vision and Strategy statement:

### **QUALITY**

- **Physical Environments**

*Vision:* To provide comfortable and appealing living and working environments that meet the expectations of our constituents and create a marketing advantage.

*Strategy:* Upgrade environments to be competitive and nurture quality of life.

### **PEOPLE**

- **Human Resources**

*Vision:* To foster a workforce that is engaged and positioned for the future.

*Strategy:* Elevate the organization’s ability to recruit and retain staff to assure competitiveness in our market area.

- **Constituent Engagement in Campus Development**

*Vision:* To foster understanding and support among stakeholders for the next multi-year phase of capital projects and program development.

*Strategy:* Engage stakeholder groups in an ongoing comprehensive communications plan.

### **SERVICE**

- **Mission Advancement**

*Vision:* To enrich the lives of older adults.

*Strategy:* Create innovative solutions to support aging.

## FINANCE

- Fund Campus Development

*Vision:* To secure adequate funding for major projects in a prudent and conservative structure.

*Strategy:* Obtain necessary funds through a sensible combination of gifts, debt, and reserves.

## GROWTH

- Continue Realigning the Business Structure

*Vision:* To produce sustained financial performance through modifications of service lines.

*Strategy:* Use service-line growth of residential living to fund redevelopment of clinical service lines.

## MASTER PLAN

The Board of Directors adopted a Revised Strategic Master Plan in June 2022 as part of its integrated strategic planning process. There are five areas of focus:

*Bridgewater Homes* – The plan is to build about 59 new units over the next 5 years with most of these units occupying the land directly behind the existing Bridgewater development.

*Harmony Ridge Enhancements* – In order to provide adequate amenities to a growing Village population, enhancements are planned.

*Personal Care Replacement Building* – Construction of a new Personal Care will begin to replace the current aging facility. There will be more beds than the current offer.

*Health Care Center Renovations* – Renovations and redesign of selected areas in the Health Care building.

*Personal Care Memory Building* – Construction of a new Memory Care building will begin to expand where our current offering is located. This will accommodate our increased demand for these services.

## **CURRENT INDEBTEDNESS**

In November 2007, CKV-TBHC obtained \$50,275,000 through tax-exempt Variable Rate Demand Bonds. A total of \$33,245,000 of the proceeds was used to refinance two prior bond issues, resulting in an overall reduction in debt service on the refinanced debt. The 2007 bond issue provided funds for the following purposes:

1. Refinance the 1998 bond issue
2. Refinance the 1999 bond issue
3. Construction of 56 new Harmony Ridge West apartment units
4. Parking lots, garages and car ports
5. Construction of expanded Community Center including:
  - a. Café dining area
  - b. Billiards room
  - c. Library area
  - d. Business center
  - e. Multipurpose room
6. Harvey S. Kline Wellness Center including:
  - a. Pool
  - b. Deep water therapy pool
  - c. Therapeutic warm water pool
  - d. Exercise studio
  - e. Cardio equipment room
  - f. Massage rooms
  - g. Hair salon and day spa

Repayment of the 2007 bond issue began in June 2008 and was scheduled through June 1, 2032. In November 2015, the remaining balance of the 2007 bond issue was refinanced with series 2015A bonds through PNC Bank, N.A. The bonds bear interest at a variable rate (4.93% at June 30, 2023).

In November 2015, the Adams County Industrial Development Authority entered into a loan agreement on behalf of The Brethren Home Community for series 2015B and 2016 bonds with Fulton Bank. The amount of debt totaled \$19,800,000. The funds are being used to pay off prior Line of Credit outstanding balance, construction of residential homes and memory support care building. The bonds currently bear interest as a variable rate (4.57% at June 30, 2023).

At June 30, 2023, total bonds in the amount of \$26,829,600 remain outstanding. One half of the outstanding balance of the bonds is converted to a fixed rate under an interest rate swap agreement with Wells Fargo Bank, N.A. and Fulton Bank. See notes five (5) and nine (9) in the audited financial statements (Exhibit H) for additional information.

CKV-TBHC increased its current \$2,500,000 line of credit to \$5,000,000 in the fall of 2019 to provide interim short-term financing for the construction of projects included as part of our strategic plan.

### **RESERVE FUNDS**

The Board of Directors has designated a Property, Plant and Equipment Renewal/Replacement Fund. On June 30, 2023, this fund totaled \$23,069,188.

### **BUDGET**

Attached as Exhibit G is the statement of Unrestricted Budgeted Revenues and Expenses for the year ending June 30, 2024.

### **FINANCIAL STATEMENTS**

Audited financial statements covering the two most recent fiscal years are attached as Exhibit H. If you have any questions regarding the Financial Statements, please contact Jeffrey M. Evans, President; Joy C. Bodnar, Chief Operating Officer; or Scott A. Sowers, Vice President of Finance; Cross Keys Village – The Brethren Home Community, 2990 Carlisle Pike, New Oxford, PA 17350-9582, (717) 624-2161.



Department of the Treasury  
Internal Revenue Service  
P.O. Box 2508  
Cincinnati OH 45201

In reply refer to: 0248226129  
May 01, 2009 LTR 4168C E0  
23-1409664 000000 00 000  
00015762  
BODC: TE

BRETHREN HOME COMMUNITY  
2990 CARLISLE PIKE  
NEW OXFORD PA 17350-9582



123671

Employer Identification Number: 23-1409664  
Person to Contact: Ms. K. Hilson  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Apr. 22, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in July 1957, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(2).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan, Oper. Mgr.  
Accounts Management Operations I

**CROSS KEYS VILLAGE – THE BRETHERN HOME COMMUNITY  
OFFICERS AND DIRECTORS  
(Business Addresses)**

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**OFFICERS**

Chair

James R. Replogle  
516 Grace Terrace  
New Oxford, PA 17350  
Occupation: Retired EdD. Education

Vice Chair

Jennifer W. Bowes  
203 Somerset Drive  
Shiremanstown, PA 17011  
Occupation: Accountant

Secretary

Donna J. Lerew  
110 Reynolds Mill Road  
York, PA 17403  
Occupation: Retired Registered Nurse

**BOARD OF DIRECTORS**

James W. Balthaser  
19873 Reserve Way  
Milton, DE 19968-2829

Joy C. Bodnar  
Cross Keys Village – The Brethren Home Community  
2990 Carlisle Pike  
New Oxford, PA 17350  
Ex-officio

Jeffrey M. Evans  
Cross Keys Village – The Brethren Home Community  
2990 Carlisle Pike  
New Oxford, PA 17350  
Ex-officio

Mary Patricia Saunders  
3825 Rockdale Road  
Manchester, MD 17350

Scott A. Sowers  
Cross Keys Village – The Brethren Home Community  
2990 Carlisle Pike  
New Oxford, PA 17350  
Ex-officio

## **SUMMARY OF BACKGROUND AND EXPERIENCE**

### **Jeffrey M. Evans**

Jeffrey Evans was appointed President of Cross Keys Village – The Brethren Home Community on August 27, 2012. Jeff has worked in the aging services field, in various rolls for most of the past 30 years. He previously served as CEO of the Immanuel Lutheran Communities in Kalispell, Montana.

Jeff holds a Bachelor's Degree in Business Administration from Taylor University and a Master's Degree in Business from Indiana Wesleyan University. He is a licensed Nursing Home Administrator.

Professional Affiliations include: LeadingAge and LeadingAge PA.



## **EXHIBIT D**

### **RESIDENT AGREEMENTS**

**Agreements are not included  
in the Disclosure Statement  
but are available upon request  
from the Residential Living Office.**

**CROSS KEYS VILLAGE – THE BROTHERS HOME COMMUNITY**  
**SCHEDULE OF ENTRANCE CONTRIBUTIONS AND MONTHLY FEES**

**Basic Unit as of October 1, 2023**

<b><u>Cottages</u></b>	<b><u>Entrance Contribution</u></b>	<b><u>Monthly Service Fee One Person</u></b>
Peter Becker	\$ 55,200	\$ 941
Alexander Mack I	71,100	941
John Kline I	98,500	941
Christopher Sauer	100,500	941
John Kline II	111,100	941
Alexander Mack II	109,200	941
John Naas I	142,000	1,038
Ida Shumaker	151,700	1,038
John Naas III	155,600	1,038
Sarah Major	161,200	1,038
John Naas II	163,600	1,038
Anna Mow	177,800	1,038
Florence Murphy	213,300	1,187
Frances Leiter	226,700	1,187
Wilbur Stover	236,300	1,187
Kenneth Morse	294,700	1,237
Stauffer Curry	288,200	1,237
Henry Kurtz I	310,900	1,237
M.R. Zigler	298,800	1,237
Henry Kurtz III	306,800	1,237
Henry Kurtz II	320,300	1,237
Wilbur Stover II	352,100	1,338
Wilbur Stover III	373,300	1,338
Dan West	366,300	1,338
 <b><u>Homes</u></b>		
David Gerber	348,300	1,526
Peter Weir	375,000	1,526
William A. Hayes	433,900	1,912
Martin G. Brumbaugh	504,600	1,912
Ruby Rhoades	497,100	1,912
Daniel Leatherman	396,400	1,912
James Quinter	426,100	1,912

Guaranteed refund options of 25%, 50%, and 75% are also available.

There is a \$150.00 per month second person fee charge for each additional occupant in a cottage.

**HEARTHSIDE**

	<b><u>Entrance Contribution</u></b>	<b><u>Monthly Service Fee One Person</u></b>
Brierly	\$289,500	\$2,067
Ambleside	319,400	2,279
Idlewild	327,300	2,338
Huntly	337,600	2,411
Heathfield	385,900	2,756
Heathfield Deluxe	399,600	2,854

Guaranteed refund options of 25%, 50% and 75% are also available

There is a \$250 per month service fee for each additional occupant in an apartment.

**HARMONY RIDGE APARTMENTS**

<b><u>East</u></b>	<b><u>Entrance Contribution</u></b>	<b><u>Monthly Service Fee One Person</u></b>
Allegro 1 Bedroom	\$ 152,000	\$ 1,198
Adagio 1 Bedroom Deluxe	170,000	1,283
Adante 1 Bedroom w/Den	211,500	1,523
Legato 2 Bedroom	233,500	1,789
Forte 2 Bedroom Deluxe	260,900	1,946
 <b><u>West</u></b>		
Medley 1 Bedroom	\$ 185,200	\$ 1,382
Ballad 1 Bedroom	187,300	1,458
Madrigal 2 Bedroom	262,600	1,910
Aria 2 Bedroom	270,900	1,982
Cantata 2 Bedroom	293,200	2,134
Concerto 2 Bedroom/Den	300,100	2,196
Serenade 2 Bedroom/Nook	306,000	2,225
Sonata 2 Bedroom/Nook	323,300	2,359
Overture 2 Bedroom/Nook	339,900	2,478
Symphony 2 Bedroom Fire Place	400,300	2,916

Guaranteed refund options of 25%, 50% and 75% are also available

There is a \$250 per month service fee for each additional occupant in an apartment.

**COTTAGE AND HOMES SERVICE FEES****Schedule of Increases in Monthly Service Fee Base Rates****Dollar Increase in Monthly Service Fees**

<b><u>COTTAGE MODEL</u></b>	<b><u>7/1/19</u></b>	<b><u>7/1/20</u></b>	<b><u>7/1/21</u></b>	<b><u>7/1/22</u></b>	<b><u>7/1/23</u></b>
Peter Becker	\$23.00	\$24.00	\$24.00	\$42.00	\$62.00
Alexander Mack I	23.00	24.00	24.00	42.00	62.00
John Kline I	23.00	24.00	24.00	42.00	62.00
John Kline II	23.00	24.00	24.00	42.00	62.00
Christopher Sauer	23.00	24.00	24.00	42.00	62.00
Alexander Mack II	23.00	24.00	24.00	42.00	62.00
John Naas I	25.00	26.00	27.00	46.00	68.00
John Naas III	25.00	26.00	27.00	46.00	68.00
Ida Shumaker	25.00	26.00	27.00	46.00	68.00
Sarah Major	25.00	26.00	27.00	46.00	68.00
John Naas II	25.00	26.00	27.00	46.00	68.00
Anna Mow	25.00	26.00	27.00	46.00	68.00
Florence Murphy	29.00	30.00	31.00	53.00	78.00
Frances Leiter	29.00	30.00	31.00	53.00	78.00
Wilbur Stover	29.00	30.00	31.00	53.00	78.00
M.R. Zigler	30.00	31.00	32.00	55.00	81.00
Kenneth Morse	30.00	31.00	32.00	55.00	81.00
Stauffer Curry	30.00	31.00	32.00	55.00	81.00
Henry Kurtz I	30.00	31.00	32.00	55.00	81.00
Henry Kurtz III	30.00	31.00	32.00	55.00	81.00
Henry Kurtz II	30.00	31.00	32.00	55.00	81.00
Wilbur Stover II	33.00	34.00	35.00	60.00	88.00
Wilbur Stover III	33.00	34.00	35.00	60.00	88.00
Dan West	33.00	34.00	35.00	60.00	88.00
Additional Person Charge	0.00	5.00	5.00	25.00	0.00

**BRIDGEWATER HOME  
MODEL**

David Gerber*	\$37.00	\$38.00	\$40.00	\$68.00	\$100.00
Samuel Weir*	37.00	38.00	40.00	68.00	100.00
Daniel Leatherman*	47.00	48.00	50.00	85.00	125.00
James Qinter*	47.00	48.00	50.00	85.00	125.00
William Hayes	47.00	48.00	50.00	85.00	125.00
Martin Brumbaugh	47.00	48.00	50.00	85.00	125.00
Ruby Rhodes	47.00	48.00	50.00	85.00	125.00
Additional Person Charge	0.00	5.00	5.00	25.00	0.00

\*New Model 7/1/14 and 7/1/15

**EXHIBIT F****APARTMENT SERVICE FEES****Schedule of Increases in Monthly Service Fees Base Rates**

<b><u>Harmony Ridge East Apartments</u></b>	<b><u>7/1/19</u></b>	<b><u>7/1/20</u></b>	<b><u>7/1/21</u></b>	<b><u>7/1/22</u></b>	<b><u>7/1/23</u></b>
Allegro One Bedroom	\$29.00	\$30.00	\$31.00	\$53.00	\$78.00
Adagio One Bedroom Deluxe	31.00	32.00	33.00	57.00	84.00
Andante One Bedroom with Den	37.00	38.00	39.00	68.00	100.00
Legato Two Bedroom	44.00	45.00	46.00	80.00	117.00
Forte Two Bedroom Deluxe	48.00	49.00	50.00	87.00	127.00
Additional Person	0.00	5.00	5.00	25.00	0.00

<b><u>Harmony Ridge West Apartments</u></b>	<b><u>7/1/19</u></b>	<b><u>7/1/20</u></b>	<b><u>7/1/21</u></b>	<b><u>7/1/22</u></b>	<b><u>7/1/23</u></b>
Medley 1 Bedroom	\$34.00	\$35.00	\$36.00	\$62.00	\$90.00
Ballad 1 Bedroom	36.00	37.00	38.00	65.00	95.00
Madrigal 2 Bedroom	47.00	48.00	50.00	85.00	125.00
Aria 2 Bedroom	48.00	50.00	51.00	88.00	130.00
Cantata 2 Bedroom	52.00	54.00	55.00	95.00	140.00
Concerto 2 Bedroom/Den	54.00	55.00	57.00	98.00	144.00
Serenade 2 Bedroom/Nook	54.00	56.00	58.00	99.00	146.00
Sonata 2 Bedroom/Nook	58.00	59.00	61.00	105.00	154.00
Overture 2 Bedroom/Nook	61.00	62.00	64.00	110.00	162.00
Symphony 2 Bedroom/Fireplace	71.00	73.00	76.00	130.00	191.00
Additional Person	0.00	5.00	5.00	25.00	0.00

<b><u>Hearthside</u></b>	<b><u>7/1/19</u></b>	<b><u>7/1/20</u></b>	<b><u>7/1/21</u></b>	<b><u>7/1/22</u></b>	<b><u>7/1/23</u></b>
Brierly	N/A	N/A	\$54.00	\$92.00	\$135.00
Ambleside	N/A	N/A	59.00	101.00	149.00
Idlewild	N/A	N/A	61.00	104.00	153.00
Huntly	N/A	N/A	0.00	107.00	158.00
Heathfield	N/A	N/A	72.00	123.00	180.00
Heathfield Deluxe	N/A	N/A	74.00	127.00	187.00

EXHIBIT G

Cross Keys Village - The Brethren Home Community  
Statement of Unrestricted Budgeted Revenues and Expenses  
Year Ending June 30, 2024

	<u>2024</u>
Resident Service Revenue	44,925,839
Other Operating Revenue	2,596,437
 Total Operating Revenue	 <u>47,522,276</u>
 Operating Expense	
Nursing Services	9,560,075
Dining Services	5,189,399
Housekeeping	568,913
Laundry	213,019
Operation and Maintenance	4,545,041
Program and Activities	480,042
Residential Living	2,391,552
Personal Care	3,634,796
Brookside Memory Care	2,230,599
Pastoral Care	285,055
Wellness	356,241
Community Services	1,050,584
Volunteer Services	107,615
Social Services	246,327
Administrative	7,327,642
 Total Operating Expense before Depreciation, Amortization and Interest	 <u>38,186,900</u>
 Depreciation and Amortization	9,452,770
Interest	1,036,012
 Total Operating Expense	 <u>48,675,682</u>
 Operating Income	 <span style="color: red;">(1,153,406)</span>
 Non-operating Gains (Losses)	 <u><span style="color: red;">(174,648)</span></u>
 Revenues in Excess of Expenses	 <span style="color: red;">(1,328,054)</span>
 Other Changes	2,863,812
 Increase in Unrestricted Net Assets	 <u><u>1,535,758</u></u>

# **The Brethren Home Foundation and Related Organization**

Consolidated Financial Statements  
and Supplementary Information

June 30, 2023 and 2022



# The Brethren Home Foundation and Related Organization

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Table of Contents  
June 30, 2023 and 2022

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
<b>Supplementary Information</b>	
Consolidating Balance Sheet	25
Consolidating Statement of Operations and Changes in Net Assets	27

## **Independent Auditors' Report**

To the Board of Directors of  
The Brethren Home Foundation and Related Organization

### **Opinion**

We have audited the consolidated financial statements of The Brethren Home Foundation and Related Organization (the Organization), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023 and 2022, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Basis for Opinion**

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

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

### **Supplementary Information**

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

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
October 26, 2023

# The Brethren Home Foundation and Related Organization

Consolidated Balance Sheets

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,612,000	\$ 2,603,127
Short-term investments	3,364,089	1,288,153
Resident funds	76,299	84,005
Accounts receivable residents, net	2,777,041	3,092,739
Prepaid expenses and other current assets	<u>1,236,409</u>	<u>1,008,262</u>
Total current assets	11,065,838	8,076,286
<b>Investments</b>	21,254,357	23,445,649
<b>Assets Whose Use is Limited</b>	31,641,587	28,709,405
<b>Statutory Minimum Liquid Reserves</b>	5,154,040	5,079,809
<b>Interest Rate Swap Agreements</b>	41,973	-
<b>Property and Equipment, Net</b>	123,427,627	124,992,122
<b>Irrevocable Trusts</b>	<u>1,376,776</u>	<u>1,382,941</u>
Total assets	<u>\$ 193,962,198</u>	<u>\$ 191,686,212</u>

See notes to consolidated financial statements

# The Brethren Home Foundation and Related Organization

Consolidated Balance Sheets

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 2,407,600	\$ 3,660,700
Accounts payable:		
Trade	954,913	844,103
Construction	-	20,341
Entrance fees	276,853	196,760
Accrued liabilities	3,457,885	3,283,431
Accrued interest payable	100,527	66,174
Deferred grant revenue	87,740	-
Resident funds	76,299	84,005
Current portion of annuities payable	215,798	245,422
	<u>7,577,615</u>	<u>8,400,936</u>
Total current liabilities	7,577,615	8,400,936
<b>Prospective Resident Deposits</b>	782,878	627,390
<b>Refundable Entrance Fees</b>	926,245	1,018,020
<b>Deferred Revenue From Entrance Fees</b>	70,672,345	69,988,372
<b>Long-Term Debt, Net</b>	24,514,772	26,810,061
<b>Interest Rate Swap Agreements</b>	-	440,512
<b>Annuities Payable, Net</b>	1,141,803	1,222,523
	<u>105,615,658</u>	<u>108,507,814</u>
Total liabilities	105,615,658	108,507,814
<b>Net Assets</b>		
Without donor restrictions	72,570,083	70,754,185
With donor restrictions	15,776,457	12,424,213
	<u>88,346,540</u>	<u>83,178,398</u>
Total net assets	88,346,540	83,178,398
	<u>\$ 193,962,198</u>	<u>\$ 191,686,212</u>
Total liabilities and net assets	\$ 193,962,198	\$ 191,686,212

See notes to consolidated financial statements

## The Brethren Home Foundation and Related Organization

Consolidated Statements of Operations and Changes in Net Assets  
Years Ended June 30, 2023 and 2022

	2023	2022
<b>Revenues Without Donor Restrictions</b>		
Net resident service revenues	\$ 44,924,223	\$ 42,073,247
Contributions	143,758	578,885
Grant revenue	1,228,713	1,291,234
Interest and dividends	1,074,229	919,556
Rental income	366,203	392,475
Net assets released from restriction:		
Good Samaritan Fund	472,578	757,642
Other operating activities	242,998	158,792
	<u>48,452,702</u>	<u>46,171,831</u>
<b>Expenses</b>		
Nursing services	10,431,695	10,524,766
Depreciation	9,369,863	8,711,251
Administrative	8,284,352	7,435,693
Dietary	5,150,791	4,655,381
Operation and maintenance	4,464,311	4,196,910
Personal care	3,355,650	2,927,102
Residential living	2,628,071	2,588,564
Brookside memory care	2,098,061	1,979,285
Housekeeping and laundry	715,842	789,804
Activities, social and volunteer services	823,196	811,598
Interest	1,187,981	847,716
Community services	970,293	900,489
Pastoral care	266,016	252,103
	<u>49,746,122</u>	<u>46,620,662</u>
Total expenses	<u>49,746,122</u>	<u>46,620,662</u>
Operating loss	<u>(1,293,420)</u>	<u>(448,831)</u>
<b>Nonoperating Gains (Losses)</b>		
Realized gains, investments	1,969,179	211,029
Unrealized gains and losses, investments	975,122	(7,680,332)
Change in fair value of interest rate swap agreements	482,485	1,156,131
Change in value of split interest agreements	(121,553)	(54,072)
Loss on disposal of property and equipment	(260,005)	(392,977)
	<u>1,751,808</u>	<u>(7,209,052)</u>
Revenues in excess of (less than) expenses	<u>1,751,808</u>	<u>(7,209,052)</u>
<b>Other Changes</b>		
Net assets released from restriction for capital purchases	64,090	483,778
	<u>64,090</u>	<u>483,778</u>
Change in net assets without donor restrictions	<u>1,815,898</u>	<u>(6,725,274)</u>
<b>Net Assets With Donor Restrictions</b>		
Contributions:		
Purpose restricted	2,243,469	2,506,531
Held in perpetuity	67,820	10,128
Interest and dividends	254,936	232,303
Realized gains, investments	418,724	209,370
Unrealized gains and losses, investments	1,105,861	(2,163,041)
Change in value of pledges receivable and split interest agreements	47,265	111,563
Change in fair value of irrevocable trusts	(6,165)	(309,238)
Net assets released from restriction	(779,666)	(1,400,212)
	<u>3,352,244</u>	<u>(802,596)</u>
Change in net assets with donor restrictions	<u>3,352,244</u>	<u>(802,596)</u>
Change in net assets	<u>5,168,142</u>	<u>(7,527,870)</u>
<b>Net Assets, Beginning</b>	<u>83,178,398</u>	<u>90,706,268</u>
<b>Net Assets, Ending</b>	<u>\$ 88,346,540</u>	<u>\$ 83,178,398</u>

See notes to consolidated financial statements

## The Brethren Home Foundation and Related Organization

Consolidated Statements of Cash Flows  
Years Ended June 30, 2023 and 2022

	2023	2022
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 5,168,142	\$ (7,527,870)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in allowance for uncollectable accounts	93,582	(126,157)
Depreciation	9,369,863	8,711,251
Loss on disposal of property and equipment	260,005	392,977
Amortization of deferred financing costs	46,911	49,006
Contributions restricted for long-term purposes	(67,820)	(10,128)
Realized gains, investments	(2,387,903)	(420,399)
Unrealized gains and losses, investments	(2,080,983)	9,843,373
Change in fair value of irrevocable trusts	6,165	309,238
Change in fair value of interest rate swap agreements	(482,485)	(1,156,131)
Proceeds from entrance fees and deposits, existing units	10,636,100	8,950,498
Amortization of entrance fees	(9,088,022)	(8,216,839)
Change in annuities payable	(110,344)	(291,350)
Changes in current assets and liabilities:		
Accounts receivable resident, net	333,986	(162,764)
Prepaid expenses and other current assets	(228,147)	133,261
Accounts payable, trade	110,810	(206,302)
Accrued liabilities	174,454	(84,544)
Accrued interest payable	34,353	594
Deferred grant revenue	87,740	-
Net cash provided by operating activities	<u>11,876,407</u>	<u>10,187,714</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(8,085,714)	(10,877,377)
Net proceeds from sales of investments and assets whose use is limited	<u>1,733,317</u>	<u>1,770,561</u>
Net cash used in investing activities	<u>(6,352,397)</u>	<u>(9,106,816)</u>
<b>Cash Flows From Financing Activities</b>		
Contributions restricted for long-term purposes	67,820	10,128
Payments on long-term debt	(3,595,300)	(3,470,200)
Proceeds from entrance fees and deposits, new units	-	1,787,356
Refunds of entrance fees and deposits	<u>(832,169)</u>	<u>(1,127,118)</u>
Net cash used in financing activities	<u>(4,359,649)</u>	<u>(2,799,834)</u>
Net change in cash, cash equivalents, and restricted cash and cash equivalents	1,164,361	(1,718,936)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>3,230,517</u>	<u>4,949,453</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 4,394,878</u>	<u>\$ 3,230,517</u>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 3,612,000	\$ 2,603,127
Assets whose use is limited, prospective resident deposits	<u>782,878</u>	<u>627,390</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 4,394,878</u>	<u>\$ 3,230,517</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	<u>\$ 1,106,717</u>	<u>\$ 798,116</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Obligations incurred for property and equipment	<u>\$ -</u>	<u>\$ 20,341</u>

See notes to consolidated financial statements



# **The Brethren Home Foundation and Related Organization**

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Notes to Consolidated Financial Statements

June 30, 2023 and 2022

## **1. Nature of Operations**

The Brethren Home Foundation (the Foundation), incorporated on January 21, 1987. The members of the congregations of Southern Pennsylvania District Church of the Brethren are the corporate members.

The Foundation is the controlling corporation over The Brethren Home Community, a Continuing Care Retirement Community doing business as Cross Keys Village - The Brethren Home Community (the Community) (together, the Organization).

The Foundation engages in fundraising from grants, contributions and bequests for the development and support of the retirement facilities with nursing care services and spiritual influences for the aging and educational activities to promote healthful lifestyles. Currently, all fundraising has been solicited on behalf of the Community.

## **2. Summary of Significant Accounting Policies**

### **Principles of Consolidation**

The consolidated financial statements of The Brethren Home Foundation and Related Organization include the accounts of The Brethren Home Foundation and The Brethren Home Community. All significant intercompany balances and transactions have been eliminated.

### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents and Restricted Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents includes investments in highly liquid debt instruments purchased with an original maturity of three months or less.

### **Accounts Receivable**

The Organization assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Organization has exhausted all collection efforts and accounts are deemed impaired. The allowance for uncollectible accounts receivable was approximately \$719,000 and \$625,000 at June 30, 2023 and 2022, respectively.

# The Brethren Home Foundation and Related Organization

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Notes to Consolidated Financial Statements

June 30, 2023 and 2022

## **Investments, Investment Risk and Assets Whose Use is Limited**

Investments and assets whose use is limited are reported in the accompanying consolidated balance sheets at their fair value, as provided by a national exchange. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are earned on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

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

Certain investments are designated as a required reserve in accordance with Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82). Investments classified as assets whose use is limited are donor-restricted investments, board designated investments and prospective resident deposits.

## **Property and Equipment**

Property and equipment are carried at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed on the straight-line method over the estimated useful lives of the assets. The Organization's capitalization policy is to review invoices in excess of \$500 to determine if they should be capitalized. Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statements of operations and changes in net assets.

## **Impairment of Property and Equipment**

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. Management determined property and equipment was not impaired at June 30, 2023 and 2022.

## **Irrevocable Trusts**

The Foundation has been named as a beneficiary of trusts, which are administered and controlled by independent trustees. The Foundation receives the earnings from these trusts which is recorded as either without donor restrictions or purpose restricted. The principal is to be held in perpetuity.

Irrevocable trusts are valued at the estimated fair value of the underlying investments, which approximates the present value of estimated future cash flows to be received. The change in fair value of irrevocable trusts is reported as a change in net assets with donor restrictions.

## **Annuities Payable**

The Organization has several charitable gift annuity, life estate and charitable remainder unitrust arrangements with donors. Annuities payable are recorded at the net present value of the expected annuity payments based upon the amount of the contribution, the contractual rate of return, the discount rate, which ranges from 4% to 12% and the life expectancy of the beneficiary of the annuity.

# The Brethren Home Foundation and Related Organization

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Notes to Consolidated Financial Statements  
June 30, 2023 and 2022

## Deferred Financing Costs

Financing costs were incurred in connection with the issuance of long-term debt. These costs are reported in the accompanying consolidated balance sheets as a reduction of long-term debt and are being amortized over the life of the debt using the effective interest method. The amortization of deferred financing costs, included in interest expense on the accompanying consolidated statements of operations and changes in net assets, totaled \$46,911 in 2023 and \$49,006 in 2022.

## Derivative Financial Instruments

The Organization entered into interest rate swap agreements, which are considered derivative financial instruments, to manage its interest rate risk on its long-term debt. The interest rate swap agreements are reported at fair value in the consolidated balance sheets and related changes in fair value are reported in the consolidated statements of operations and changes in net assets as change in fair value of interest rate swap agreements.

## Entrance Fees

Residents of the Community's residential living units, including cottages and apartments, enter into contractual agreements requiring initial entrance fees. The agreements provide, among other things, that the residents pay monthly fees. Agreements entered into prior to July 1, 2004 provided for potential death refunds in the initial year and reduced refund amounts thereafter in accordance with the terms of the agreement. Agreements entered into after July 1, 2004 and before July 1, 2014 provide for a partial refund of the entrance fee within the first 100 months of occupancy, reduced 1% per month of occupancy with a maximum refund of 85% of the original entrance fee paid. Agreements entered into after July 1, 2014 provide a partial refund within the first 60 months. The full amount of initial entrance fees are deferred and amortized over the estimated life expectancy of each resident except where the contract calls for a refund of a guaranteed percentage of the entrance fee at contract termination. The guaranteed refundable contracts are not amortized to income and are classified as refundable entrance fees on the consolidated balance sheets. The recovery of unamortized entrance fees (to the extent not refunded to the former resident) is recorded as revenue upon a resident's death or termination of the contract. Revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the consolidated balance sheets. Amortization of nonrefundable entrance fees included in net resident service revenues was \$9,088,022 in 2023 and \$8,216,839 in 2022.

The amount of entrance fees which is refundable to residents under contractual refund provisions was approximately \$31,700,000 and \$34,100,000 at June 30, 2023 and 2022, respectively.

## Net Assets

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

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

# The Brethren Home Foundation and Related Organization

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Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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

## **Net Resident Service Revenues**

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

Net resident service revenues are primarily comprised of skilled nursing, personal care, independent living revenue and other resident service streams, which are primarily derived from providing housing, skilled nursing, personal care, independent living and other resident services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Community has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Community considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care and independent living revenues, and other resident services are recognized on a daily or month-to-month basis as services are rendered.

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

## **Grant Revenue**

Grant revenue consist of amounts received from federal and state funding sources related to the COVID-19 pandemic. The Community accounts for this funding in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met, which occurs when The Community complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for healthcare providers. The Community received and recognized \$712,935 related to this funding in 2022. There were no PRF funds received or recognized in 2023.

# **The Brethren Home Foundation and Related Organization**

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## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The Community received other state and local funding of \$335,309 in 2023 and \$578,299 in 2022. The Community incurred lost revenues and eligible expenses of \$247,569 in 2023 and \$578,299 in 2022 in accordance with the terms of the respective funding sources.

Noncompliance with the terms and conditions could result in repayment of some or all of the support, which can be subject to government review and interpretation. The Department of Health and Human Services (HHS) has indicated Relief Fund payments are subject to future reporting and audit requirements. These matters could cause reversal or claw-back of amounts previously recognized; however, an estimate of the possible effects cannot be made as of the date these consolidated financial statements were available to be issued. In addition, it is unknown whether there will be further developments in the regulatory guidance.

During 2023 Federal Emergency Management Agency (FEMA) funding of \$981,144 was received and recorded as grant revenue in the accompanying consolidated statement of operations and changes in net assets to offset eligible expenses in accordance with the terms and conditions of the funding source.

### **Income Taxes**

The Brethren Home Foundation and The Brethren Home Community are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes pursuant to Section 501(a) of the IRC.

### **Measure of Operations**

The Organization's operating loss includes all operating revenues and expenses that are an integral part of its program and supporting activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be more unusual and nonrecurring in nature.

### **Revenues in Excess of (Less Than) Expenses**

The consolidated statements of operations and changes in net assets include the determination of revenues in excess of (less than) expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from the performance indicator, consistent with industry practice, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

### **Subsequent Events**

The Organization evaluated subsequent events through October 26, 2023, which is the date the consolidated financial statements were available to be issued.

## The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### 3. Net Resident Service Revenues

The Community disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenues consist of the following for the years ended June 30:

	2023				Totals
	Skilled Nursing	Personal Care	Independent Living	Other Resident Services	
Self-pay	\$ 5,599,683	\$ 10,087,541	\$ 10,268,257	\$ 1,135,341	\$ 27,090,822
Medicare	2,545,964	-	-	-	2,545,964
Medical assistance	5,285,866	-	-	-	5,285,866
Commercial insurance	913,549	-	-	-	913,549
Amortization of entrance fees	-	-	9,088,022	-	9,088,022
Total	<u>\$ 14,345,062</u>	<u>\$ 10,087,541</u>	<u>\$ 19,356,279</u>	<u>\$ 1,135,341</u>	<u>\$ 44,924,223</u>

  

	2022				Totals
	Skilled Nursing	Personal Care	Independent Living	Other Resident Services	
Self-pay	\$ 5,041,369	\$ 9,225,223	\$ 9,568,848	\$ 889,965	\$ 24,725,405
Medicare	2,491,847	-	-	-	2,491,847
Medical assistance	5,806,378	-	-	-	5,806,378
Commercial insurance	832,778	-	-	-	832,778
Amortization of entrance fees	-	-	8,216,839	-	8,216,839
Total	<u>\$ 14,172,372</u>	<u>\$ 9,225,223</u>	<u>\$ 17,785,687</u>	<u>\$ 889,965</u>	<u>\$ 42,073,247</u>

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

**Medical Assistance** - The Pennsylvania Department of Human Services has a Medical Assistance managed care program, Community HealthChoices (CHC). The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible did not change under CHC.

CHC became effective for the Community on January 1, 2020. Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). The rates paid by the MCOs were subject to a "floor" through December 31, 2022. The "floor" was equal to the average of each prior four quarters Medical Assistance rates (i.e. January 1 2019 through December 1, 2019). Effective January 1, 2023, nursing services provided to Medical Assistance program beneficiaries will be paid by the MCOs at prospectively determined rates per day. These rates will be adjusted quarterly based on a resident classification system that is based on clinical, diagnostic, and other factors.

# The Brethren Home Foundation and Related Organization

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

**Medicare** - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates are according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. Therapy services provided to Medicare B beneficiaries are paid at the lesser of a published fee schedule or actual charges.

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

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenues from entrance fees in the accompanying balance sheets. The Organization applies the practical expedient in ASC No. 606 and therefore does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

#### 4. Charity Care and Uncompensated Care

The Community provides care to residents who meet certain criteria without charge or at amounts less than its established rates. Because the Community does not pursue collection of amounts determined to qualify as uncompensated care, they are not reported as revenues. The costs associated with charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the residents receiving charity care. The Community provided charity care at a cost of approximately \$942,000 in 2023 and \$687,000 in 2022.

The Community provides nursing care to Medical Assistance program beneficiaries whose costs exceeded reimbursement. The community maintains records to identify and monitor the difference between the cost of providing care to Medical Assistance program beneficiaries and the payments received for services provided which are estimated by applying a cost-to-charge ratio. The difference between the estimated cost of providing care to Medical Assistance program beneficiaries and the payments received for services provided was approximately \$5,488,000 in 2023 and \$5,681,000 in 2022. The Foundation received approximately \$273,000 and \$357,000 in contributions restricted for uncompensated care during 2023 and 2022, respectively.

#### 5. Fair Value Measurements, Investments and Assets Whose Use is Limited and Other Financial Instruments

##### Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

## The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Organization for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

The following tables present financial instruments reported at fair value, by caption on the consolidated balance sheets at June 30:

	<b>2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Investments, assets whose use is limited and statutory liquid reserve:				
Bonds:				
Corporate	\$ -	\$ 6,047,269	\$ -	\$ 6,047,269
Treasury	-	3,431,966	-	3,431,966
Agency	-	4,720,863	-	4,720,863
ETF - fixed income	-	512,542	-	512,542
Mutual funds - fixed income	-	3,189,131	-	3,189,131
Stocks:				
Consumer discretionary	-	2,176,158	-	2,176,158
Consumer staples	-	1,431,907	-	1,431,907
Energy	-	896,818	-	896,818
Financial	-	2,728,887	-	2,728,887
Health care	-	2,778,522	-	2,778,522
Industrial	-	2,193,254	-	2,193,254
Information technology	-	5,421,864	-	5,421,864
Material	-	648,250	-	648,250
Real estate	-	475,353	-	475,353
Telecommunication services	-	1,634,905	-	1,634,905
Utilities	-	571,082	-	571,082
ETF - equity	-	80,680	-	80,680
Mutual funds - equity	-	7,278,973	-	7,278,973
<b>Total</b>	<b>\$ -</b>	<b>\$ 46,218,423</b>	<b>\$ -</b>	<b>\$ 46,218,423</b>
Irrevocable trusts	\$ -	\$ -	\$ 1,376,776	\$ 1,376,776
Asset, interest rate swaps	\$ -	\$ 41,973	\$ -	\$ 41,973



## The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

	<b>2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets:</b>				
Short-term investments, investments, assets whose use is limited and statutory liquid reserve				
Pooled investment funds:				
Income and growth fund	\$ 24,712,663	\$ -	\$ 24,712,663	\$ -
Short-term fund	1,288,153	-	1,288,153	-
Growth fund	3,763,834	-	3,763,834	-
Aggressive growth fund	23,381,901	-	23,381,901	-
Total short-term investments, investments, assets whose use is limited and statutory liquid reserve	<u>\$ 53,146,551</u>	<u>\$ -</u>	<u>\$ 53,146,551</u>	<u>\$ -</u>
Irrevocable trusts	<u>\$ 1,382,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,382,941</u>
<b>Liability:</b>				
Interest rate swap agreements	<u>\$ 440,512</u>	<u>\$ -</u>	<u>\$ 440,512</u>	<u>\$ -</u>

Short-term investments, investments, assets whose use is limited and statutory liquid reserve are presented together in the tables above as there are various investment and cash accounts that are allocated between the investments and assets whose use is limited lines on the consolidated balance sheets.

The following table reconciles the short-term investments, investments, assets whose use is limited and statutory liquid reserve to the consolidated balance sheets at June 30:

	<b>2023</b>	<b>2022</b>
Short-term investments, investments, assets whose use is limited and statutory liquid reserve reported at fair values in the tables above	\$ 46,218,423	\$ 53,146,551
Cash and cash equivalents included in investments, assets whose use is limited and statutory liquid reserve	14,930,867	5,111,682
Captive insurance program	264,783	264,783
Total short-term investments, investments, assets whose use is limited and statutory liquid reserve	<u>\$ 61,414,073</u>	<u>\$ 58,523,016</u>

## The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Short-term investments, investments and assets whose use is limited are presented in the consolidated balance sheets as follows at June 30:

	<u>2023</u>	<u>2022</u>
Short-term investments	\$ 3,364,089	\$ 1,288,153
Investments	<u>21,254,357</u>	<u>23,445,649</u>
Assets whose use is limited:		
Donor-restricted investments	14,021,314	11,041,096
Board designated investments	16,837,395	17,040,919
Prospective resident deposits	<u>782,878</u>	<u>627,390</u>
Total assets whose use is limited	<u>31,641,587</u>	<u>28,709,405</u>
Statutory minimum liquid reserves	<u>5,154,040</u>	<u>5,079,809</u>
	<u>\$ 61,414,073</u>	<u>\$ 58,523,016</u>

### Valuation Methodologies

Short term investments, investments and assets whose use is limited are valued at fair value based on quoted market prices in active markets for ETFs, stocks and mutual funds and are estimated using quoted prices for similar securities for corporate bonds, treasury bonds and agency bonds. Fair value of pooled investment funds are based on the Organization's weighted share of the underlying assets of the fund, as calculated by a third-party administrator. Fair value of the underlying equity and fixed income securities and other similar securities was based primarily on quoted prices from a national exchange. Therefore, the Organization has categorized the pooled investment funds as Level 2.

Fair value of the irrevocable trusts are based on the Organization's interest in the fair value of the underlying assets, which approximates the present value of estimated future cash flows to be received from the trustee. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value of measurement.

The Organization measures its derivative financial instruments at fair value based on proprietary models of an independent third party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments and considers the credit risk of the Organization. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Organization would be paid or pay to terminate the agreements.

The Organization's irrevocable trusts during 2023 and 2022 is a result of change in values of the trusts.

The change in Level 3 investments is included in the consolidated statements operations and changes in net assets as an increase or decrease in net assets with donor restrictions.

# The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

## Statutory Minimum Liquid Reserves

In compliance with Section 9 of the Act 82, the Board of Directors designated a portion of assets whose use is limited "reserved" to meet the requirements of Act 82. The designated funds amounted to \$5,145,040 at June 30, 2023. At June 30, 2023, the reserve was calculated as follows:

Budgeted operating expenses for the year ending June 30, 2024	\$ 48,675,850	
Less depreciation expense	<u>9,498,254</u>	
Expenses subject to minimum liquid assets requirement		39,177,596
Percentage of residents subject to entrance fee agreements at June 30, 2023		<u>79%</u>
Statutory requirement		<u>10%</u>
Statutory minimum liquid reserve requirement	<u>\$ 3,106,142</u>	
Next 12 months debt service payments:		
Principal payments on all Bonds	\$ 2,407,600	
Budgeted interest on all Bonds	<u>984,523</u>	
Total debt service for next 12 months		3,392,123
Percentage of residents subject to entrance fee agreements at June 30, 2023		<u>79%</u>
Statutory minimum liquid reserve requirement	<u>\$ 2,689,399</u>	
Assets satisfying statutory minimum liquid asset requirements as of June 30, 2023		
Statutory minimum liquid reserve funds	\$ 5,154,040	
Greater of (a) or (b) above		<u>3,106,142</u>
Assets in excess of statutory minimum liquid asset requirement	<u>\$ 2,047,897</u>	

## 6. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of June 30, consist of the following:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 3,612,000	\$ 2,603,127
Short-term investments	3,364,089	1,288,153
Accounts receivable residents, net	2,777,041	3,092,739
Investments	<u>21,254,357</u>	<u>23,445,649</u>
Total financial assets available for general expenditure within one year	<u>\$ 31,007,487</u>	<u>\$ 30,429,668</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests excess cash in short-term investments.

## The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The Organization designated a portion of its investments to comply with the requirements of Act 82. Although the Organization does not intend to utilize the reserves for general expenditures as part of its annual budget and approval process, amounts designated as the reserves could be made available, as necessary. The reserves are included with the assets whose use is limited detail in Note 5, and do not have third party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

Board designated investments as detailed in Notes 5 and 11 are not included in the table above, but could be made available with Board approval.

Additionally, the Organization maintains a \$5,000,000 line of credit, as discussed in more detail in Note 8.

### 7. Property and Equipment

A summary of property and equipment and accumulated depreciation is as follows at June 30:

	<u>2023</u>	<u>2022</u>	<u>Depreciable Lives</u>
Land	\$ 6,999,764	\$ 6,999,764	
Land improvements	26,143,159	26,134,354	10-20 years
Buildings and building equipment	200,508,355	194,150,306	20-40 years
Furniture and equipment	17,006,500	16,871,368	3-20 years
Vehicles	1,329,155	1,250,531	3-8 years
Construction-in-progress	1,987,546	2,670,342	
	253,974,479	248,076,665	
Accumulated depreciation	<u>(130,546,852)</u>	<u>(123,084,543)</u>	
Total	<u>\$ 123,427,627</u>	<u>\$ 124,992,122</u>	

### 8. Line of Credit

The Community maintains a \$5,000,000 line of credit with a local bank at an interest rate at the daily Bloomberg Short-Term Bank (BSBY) rate plus .85% (6.21% at June 30, 2023). There were no borrowings on the line of credit at June 30, 2023 and 2022. \$125,401 of the line of credit is reserved as collateral for the Hearthside construction project.

## The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### 9. Long-Term Debt

Long-term debt consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Adams County Industrial Development Authority (ACIDA) 2015A Revenue Note maturing at various dates through June 1, 2032 with a variable rate interest of 79% of the one month SOFR rate plus .85% (4.93% at June 30, 2023).	\$ 10,475,000	\$ 13,500,000
ACIDA 2015B Revenue Note maturing at various dates through June 1, 2043 with a variable rate interest of 67% of the one month SOFR rate plus 1.11% (4.57% at June 30, 2023).	8,379,600	8,635,900
ACIDA 2016 Revenue Note maturing at various dates through June 1, 2043 with a variable rate interest of 67% of the one month SOFR rate plus 1.11% (4.57% at June 30, 2023).	<u>8,275,000</u>	<u>8,589,000</u>
Long-term debt	27,129,600	30,724,900
Less unamortized deferred financing costs	(207,228)	(254,139)
Less current portion of debt	<u>(2,407,600)</u>	<u>(3,660,700)</u>
Long-term debt, net	<u>\$ 24,514,772</u>	<u>\$ 26,810,061</u>

The long-term debt, exclusive of deferred financing costs, maturing in the next five years and thereafter is as follows:

Years ending June 30:	
2024	\$ 2,407,600
2025	1,617,700
2026	1,677,000
2027	1,736,200
2028	1,795,400
Thereafter	<u>17,895,700</u>
Total	<u>\$ 27,129,600</u>

The 2015A, 2015B and 2016 Revenue Notes are collateralized by a first-mortgage lien on certain real property and a security interest in all the tangible personal property, fixtures and equipment acquired with the bond proceeds and a security interest in the Organization's revenues as defined in the agreements.

### Interest Rate Swap Agreements

The Organization entered into an interest rate swap agreement to manage the variable rate interest payments due on its 2015A Revenue Note. The amount of the agreement is based on an outstanding notional (\$5,237,500 at June 30, 2023) on the 2015A Revenue Note and expires in 2032. The variable rate on the agreements is based on 70% of the one-month SOFR rate (3.56% at June 30, 2023) and the fixed rate is 3.577%. Payments to the counterparty were approximately \$493,000 and \$279,000 during June 30, 2023 and 2022, respectively and are classified as a component of interest expense on the consolidated statements of operations and changes in net assets.

# The Brethren Home Foundation and Related Organization

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The Organization entered into an interest rate swap agreement to manage the variable rate interest payments due on its 2015B Revenue Note. The amount of the agreement is based on an outstanding notional (\$6,601,600 at June 30, 2023) on the 2015B Revenue Note and expires in 2027. The variable rate on the agreements is based on 70% of the one-month LIBOR rate plus 1.11% (4.57% at June 30, 2023) and the fixed rate is 3.56%. Payments (from) to the counterparty were approximately \$(37,000) and \$118,000 during June 30, 2023 and 2022, respectively and are classified as a component of interest expense on the consolidated statements of operations and changes in net assets.

The fair value of the interest rate swap agreements was an asset of \$41,973 and a liability of \$440,512 at June 30, 2023 and 2022, respectively. The change in fair of interest rate swap agreements was \$482,485 and \$1,156,131 for the years ended June 30, 2023 and 2022, respectively.

### 10. Net Assets With Donor Restrictions

Net assets with donor restrictions presentation in the accompanying consolidated balance sheets with expanded disclosure for the amount and purpose of restrictions or designations is as follows at June 30:

	<u>2023</u>	<u>2022</u>
With donor restrictions:		
Purpose restricted for:		
Charity care	\$ 2,683,747	\$ 1,678,590
Operations	715,406	447,641
Capital projects	3,891,180	2,146,809
Charitable remainder unitrusts	1,092,795	819,499
Restricted in perpetuity with investment return available for:		
Charity care	4,669,491	4,664,561
Capital projects	1,347,062	1,284,172
Irrevocable trusts	1,376,776	1,382,941
 Total net assets with donor restrictions	 <u>\$ 15,776,457</u>	 <u>\$ 12,424,213</u>

### 11. Endowment

The Organization's endowments consist of funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Organization interprets relevant Pennsylvania state law governing the net asset classification of donor-restricted endowment funds to be held in perpetuity as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, the Organization classifies as amounts held in perpetuity (a) the original value of all gifts donated; and (b) the present value of pledges and planned gifts that are designated as gifts to be held in perpetuity to the endowment fund. The remaining portion of the donor-restricted endowment fund not classified as held in perpetuity represents the return on net assets held in perpetuity and is generally classified as purpose restricted net assets.

## The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The following schedule represents the changes in endowment net assets for the years ended June 30:

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Restricted in Perpetuity	
Endowment net assets, June 30, 2021	\$ 20,469,946	\$ 2,068,078	\$ 5,938,612	\$ 28,476,636
Contributions	-	-	10,121	10,121
Investment loss	(4,734,608)	(1,034,113)	-	(5,768,721)
Disbursements	-	(410,889)	-	(410,889)
Endowment net assets, June 30, 2022	15,735,338	623,076	5,948,733	22,307,147
Contributions	-	-	67,820	2,296,527
Investment income	2,090,068	1,282,995	-	3,256,412
Disbursements	(955,968)	(307,047)	-	(1,263,015)
Endowment net assets, June 30, 2023	\$ 16,869,438	\$ 1,599,023	\$ 6,016,553	\$ 26,597,071

### Funds With Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as net assets without donor restrictions. There were no deficiencies reported at June 30, 2023 and 2022.

### Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as Board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of their respective asset class index while assuming a moderate level of investment risk.

### Strategies Employed for Achieving Objectives

The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

# The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

## Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization has a total return policy of appropriating for distribution each year a percent of its endowment fund's average fair value over the prior three calendar year ends. This percentage ranges from 2% - 7% each year depending on the respective endowment. If the total return amount exceeds the actual earnings of the Endowment Funds in any one year, then the amount needed to fund such excess will be taken from the accumulated excess earnings and net capital gains from the prior years of the Endowment Funds and, conversely, any undistributed income after the allocation of the total return distribution is added back to the purpose restricted fund balance. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## 12. Retirement Plan

Employees participate in two defined contribution plans with The Church of the Brethren Pension Plan. Retirement expense for the years ended June 30, 2023 and 2022 for certain eligible employees was approximately \$717,185 and \$447,000, respectively.

## 13. Expenses by Nature and Function

The Organization provides housing, healthcare and other related services to residents within its geographic location. The consolidated financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses relating to providing these services are approximately as follows for the years ended June 30:

	2023			
	Resident Services	Administrative	Fundraising	Total
Salaries and wages	\$ 14,740,705	\$ 3,557,843	\$ 325,365	\$ 18,623,913
Payroll taxes and employee benefits	4,840,774	961,960	120,541	5,923,275
Supplies	828,763	16,709	100,658	946,130
Food	1,336,892	-	-	1,336,892
Utilities	1,787,988	13,183	3,253	1,804,424
Repairs and maintenance	910,306	903,250	-	1,813,556
Professional services	3,947,076	698,060	106,189	4,751,325
Advertising and marketing	-	86,727	-	86,727
Real estate taxes	890,275	-	-	890,275
Insurance	-	603,898	8,635	612,533
Other expenses	1,621,147	448,123	329,958	2,399,228
Depreciation	9,369,120	-	743	9,369,863
Interest	1,187,981	-	-	1,187,981
Total	<u>\$ 41,461,027</u>	<u>\$ 7,289,753</u>	<u>\$ 995,342</u>	<u>\$ 49,746,122</u>



## The Brethren Home Foundation and Related Organization

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

	2022			
	<u>Resident Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 14,820,019	\$ 3,359,918	\$ 332,808	\$ 18,512,745
Payroll taxes and employee benefits	5,070,336	892,939	117,896	6,081,171
Supplies	840,698	13,392	54,085	908,175
Food	1,096,981	-	-	1,096,981
Utilities	1,764,221	10,364	3,294	1,777,879
Repairs and maintenance	804,155	852,432	-	1,656,587
Professional services	2,897,741	421,584	131,327	3,450,652
Advertising and marketing	-	84,691	-	84,691
Real estate taxes	925,314	-	-	925,314
Insurance	-	600,404	8,417	608,821
Other expenses	1,406,537	267,623	284,519	1,958,679
Depreciation	8,710,758	-	493	8,711,251
Interest	847,716	-	-	847,716
Total	<u>\$ 39,184,476</u>	<u>\$ 6,503,347</u>	<u>\$ 932,839</u>	<u>\$ 46,620,662</u>

### 14. Risk

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments (i.e., certificates of deposits), fixed income and equity securities and resident accounts receivable.

The Organization typically maintains cash and cash equivalents in local banks, which at times exceed what is insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

The Organization grants credit to its residents and other third-party payors, primarily Medicare, Medicaid and various commercial insurance companies. The Organization maintains reserves for potential credit losses and such losses have historically been within management's expectations.

The Organization's investments and the interest rate swap agreement are subject to fluctuations in the fair values of those investments.

### 15. Contingencies

#### Self-Insured Health Insurance

The Organization sponsors a self-funded employee benefit plan (the Plan) to provide healthcare benefits and services for its eligible employees and their dependents. The Organization contracts with an insurance company to provide certain administrative and other services in connection with the Plan. The contract also provides for a schedule of excess loss of \$145,000 per participant and approximately \$1,000,000 in the aggregate as of June 30, 2023 and 2022.

## **The Brethren Home Foundation and Related Organization**

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Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### **Insurance**

The Organization participates in a captive risk retention group formed under the Federal Liability Risk Retention Group Act, which is administered by Peace Church Risk Retention Group (a reciprocal) (PCRRG), for General and Professional Liability and Excess Liability insurance. As of June 30, 2023, PCRRG included 50 members, all not-for-profit long-term care facilities and retirement communities located throughout the United States.

Primary insurance is provided by PCRRG and reinsured through Caring Communities reciprocal Risk Retention Group (CCrRRG), a reciprocal insurance company domiciled in Washington, D.C. CCrRRG is an insurance company, which is owned by the member insured organizations of PCRRG as well as other insureds of CCrRRG. PCRRG cedes reinsurance premiums to CCrRRG and shares risk on an excess of loss basis. CCrRRG's exposure is limited to an aggregate equal to 350% of the premium ceded.

### **Senior Living Industry**

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

## The Brethren Home Foundation and Related Organization

Consolidating Balance Sheet

June 30, 2023

	<u>The Brethren Home Community</u>	<u>The Brethren Home Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 2,615,261	\$ 996,739	\$ -	\$ 3,612,000
Short-term investments	2,111,802	1,252,287	-	3,364,089
Resident funds	76,299	-	-	76,299
Accounts receivable residents, net	2,777,041	-	-	2,777,041
Due from related organizations	75,923	-	(75,923)	-
Prepaid expenses and other current assets	1,025,304	211,105	-	1,236,409
	<u>8,681,630</u>	<u>2,460,131</u>	<u>(75,923)</u>	<u>11,065,838</u>
Total current assets	8,681,630	2,460,131	(75,923)	11,065,838
<b>Investments</b>	21,254,357	-	-	21,254,357
<b>Assets Whose Use is Limited</b>	-	31,641,587	-	31,641,587
<b>Statutory Minimum Liquid Reserves</b>	5,154,040	-	-	5,154,040
<b>Interest in Net Assets of the Brethren Home Foundation</b>	33,892,811	-	(33,892,811)	-
<b>Investment in Affiliate</b>	-	54,537,055	(54,537,055)	-
<b>Interest Rate Swap Agreements</b>	41,973	-	-	41,973
<b>Property and Equipment, Net</b>	123,417,617	10,010	-	123,427,627
<b>Irrevocable Trusts</b>	-	1,376,776	-	1,376,776
	<u>-</u>	<u>1,376,776</u>	<u>-</u>	<u>1,376,776</u>
Total assets	<u>\$ 192,442,428</u>	<u>\$ 90,025,559</u>	<u>\$ (88,505,789)</u>	<u>\$ 193,962,198</u>

## The Brethren Home Foundation and Related Organization

Consolidating Balance Sheet

June 30, 2023

	<u>The Brethren Home Community</u>	<u>The Brethren Home Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Current portion of long-term debt	\$ 2,407,600	\$ -	\$ -	\$ 2,407,600
Accounts payable:				
Trade	922,962	31,951	-	954,913
Construction	-	-	-	-
Entrance fees	276,853	-	-	276,853
Related organizations	-	75,923	(75,923)	-
Accrued liabilities	3,363,757	94,128	-	3,457,885
Accrued interest payable	100,527	-	-	100,527
Deferred grant revenue	87,740	-	-	87,740
Resident funds	76,299	-	-	76,299
Current portion of annuities payable	-	215,798	-	215,798
	<u>7,235,738</u>	<u>417,800</u>	<u>(75,923)</u>	<u>7,577,615</u>
<b>Total current liabilities</b>	<b>7,235,738</b>	<b>417,800</b>	<b>(75,923)</b>	<b>7,577,615</b>
<b>Prospective Resident Deposits</b>	<b>782,878</b>	<b>-</b>	<b>-</b>	<b>782,878</b>
<b>Refundable Entrance Fees</b>	<b>926,245</b>	<b>-</b>	<b>-</b>	<b>926,245</b>
<b>Deferred Revenue From Entrance Fees</b>	<b>70,672,345</b>	<b>-</b>	<b>-</b>	<b>70,672,345</b>
<b>Long-Term Debt, Net</b>	<b>24,514,772</b>	<b>-</b>	<b>-</b>	<b>24,514,772</b>
<b>Annuities Payable, Net</b>	<b>-</b>	<b>1,141,803</b>	<b>-</b>	<b>1,141,803</b>
	<u>104,131,978</u>	<u>1,559,603</u>	<u>(75,923)</u>	<u>105,615,658</u>
<b>Total liabilities</b>	<b>104,131,978</b>	<b>1,559,603</b>	<b>(75,923)</b>	<b>105,615,658</b>
<b>Net Assets</b>				
Without donor restrictions	72,534,009	72,703,794	(72,667,720)	72,570,083
With donor restrictions	15,776,441	15,762,162	(15,762,146)	15,776,457
	<u>88,310,450</u>	<u>88,465,956</u>	<u>(88,429,866)</u>	<u>88,346,540</u>
<b>Total net assets</b>	<b>88,310,450</b>	<b>88,465,956</b>	<b>(88,429,866)</b>	<b>88,346,540</b>
<b>Total liabilities and net assets</b>	<b>\$ 192,442,428</b>	<b>\$ 90,025,559</b>	<b>\$ (88,505,789)</b>	<b>\$ 193,962,198</b>

## The Brethren Home Foundation and Related Organization

Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2023

	The Brethren Home Community	The Brethren Home Foundation	Eliminations	Total
<b>Revenues Without Donor Restrictions</b>				
Net resident service revenues	\$ 44,928,919	\$ 12,038	\$ (16,734)	\$ 44,924,223
Contributions	-	143,758	-	143,758
Grant revenue	1,228,713	-	-	1,228,713
Interest and dividends	658,553	415,676	-	1,074,229
Rental income	366,203	-	-	366,203
Net assets released from restriction:				
Good Samaritan Fund	472,578	-	-	472,578
Other operating activities	181,466	61,532	-	242,998
	<u>47,836,432</u>	<u>633,004</u>	<u>(16,734)</u>	<u>48,452,702</u>
<b>Expenses</b>				
Nursing services	10,431,695	-	-	10,431,695
Dietary	5,150,791	-	-	5,150,791
Housekeeping and laundry	715,842	-	-	715,842
Operation and maintenance	4,464,311	-	-	4,464,311
Activities, social and volunteer services	823,196	-	-	823,196
Residential living	2,628,071	-	-	2,628,071
Personal care	3,355,650	-	-	3,355,650
Brookside memory care	2,098,061	-	-	2,098,061
Pastoral care	266,016	-	-	266,016
Community services	970,293	-	-	970,293
Administrative	7,273,041	1,011,311	-	8,284,352
Depreciation	9,369,120	743	-	9,369,863
Interest	1,187,981	-	-	1,187,981
	<u>48,734,068</u>	<u>1,012,054</u>	<u>-</u>	<u>49,746,122</u>
Operating loss	(897,636)	(379,050)	(16,734)	(1,293,420)
<b>Nonoperating Gains (Losses)</b>				
Realized gains on investments	706,050	1,263,129	-	1,969,179
Unrealized gains and losses, investments	599,822	375,300	-	975,122
Change in fair value on interest rate swap agreements	482,485	-	-	482,485
Change in value of split interest agreements	-	(121,553)	-	(121,553)
Loss on disposal of property and equipment	(260,005)	-	-	(260,005)
	<u>630,716</u>	<u>1,137,826</u>	<u>(16,734)</u>	<u>1,751,808</u>
Revenues in excess of (less than) expenses				
	<u>1,834,585</u>	<u>1,846,929</u>	<u>(1,865,616)</u>	<u>1,815,898</u>
<b>Other Changes</b>				
Change in interest of the net assets of the Foundation	1,139,779	-	(1,139,779)	-
Change in investment in affiliate	-	709,103	(709,103)	-
Net assets released from restriction for capital purchases	64,090	-	-	64,090
	<u>1,834,585</u>	<u>1,846,929</u>	<u>(1,865,616)</u>	<u>1,815,898</u>
Change in net assets without donor restrictions				
	<u>1,834,585</u>	<u>1,846,929</u>	<u>(1,865,616)</u>	<u>1,815,898</u>

## The Brethren Home Foundation and Related Organization

Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2023

	<u>The Brethren Home Community</u>	<u>The Brethren Home Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Net Assets With Donor Restrictions</b>				
Contributions:				
Purpose restricted	\$ -	\$ 2,243,469	\$ -	\$ 2,243,469
Held in perpetuity	-	67,820	-	67,820
Interest and dividends	-	254,936	-	254,936
Realized gains, investments	-	418,724	-	418,724
Unrealized gains and losses, investments	-	1,105,861	-	1,105,861
Change in interest of net assets of affiliate	3,337,948	-	(3,337,948)	-
Change in fair value of irrevocable trusts	-	(6,165)	-	(6,165)
Change in value of pledges receivable and split interest agreements	-	47,265	-	47,265
Net assets released from restriction	(718,134)	(61,532)	-	(779,666)
Transfers from (to) related organizations	732,429	(732,429)	-	-
	<u>3,352,243</u>	<u>3,337,949</u>	<u>(3,337,948)</u>	<u>3,352,244</u>
Change in net assets with donor restrictions				
	5,186,828	5,184,878	(5,203,564)	5,168,142
Change in net assets				
<b>Net Assets, Beginning</b>	<u>83,123,622</u>	<u>83,281,078</u>	<u>(83,226,302)</u>	<u>83,178,398</u>
<b>Net Assets, Ending</b>	<u><u>\$ 88,310,450</u></u>	<u><u>\$ 88,465,956</u></u>	<u><u>\$ (88,429,866)</u></u>	<u><u>\$ 88,346,540</u></u>

NOTICE OF RIGHT TO RESCIND

Date rescission period begins **Month Day, Year**. You may rescind and terminate your Village Residency Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the continuing care facility before the expiration of this seven (7) day period. No other Agreement or statement you sign shall constitute a waiver of your right to rescind your Agreement within this seven (7) day period.

To rescind your Village Residency Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to the following address:

Cross Keys Village - The Brethren Home Community  
2990 Carlisle Pike  
New Oxford, PA 17350

Not later than midnight of **Month Day, Year** (last day for rescission).

Pursuant to this notice, I hereby cancel my Village Residency Agreement.

Date: \_\_\_\_\_

PROSPECTIVE RESIDENT'S SIGNATURE  
(Each prospective resident must sign.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_