



DISCLOSURE STATEMENT

2023

www.frederickliving.org

2849 Big Rd.
Zieglerville, PA 19492

FREDERICK MENNONITE COMMUNITY
d/b/a FREDERICK LIVING

DISCLOSURE STATEMENT

April 27, 2023

The issuance of a Certificate of Authority by the Insurance Department of the Commonwealth of Pennsylvania does not constitute approval, recommendation or endorsement of the Community 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.

TABLE OF CONTENTS

	<i>Page</i>
Summary Statement	3
Responses to Section 7 of PA ACT 82:	
1. The Facility	5
2. Board of Directors.....	5
3. Description of Affiliations	5
4. Facility Affiliations.....	5
5. Facility Description.....	6
6. Services Included in Basic Contract	6
7. Description of Fees and Charges	7
8. Description of Reserve Funding and Security	8
9. Financial Information.....	8
10. Resident Agreement.....	8
2023 Pro Forma (Budget)	9
Narrative on Material Differences	10
Exhibit A1 – A10.....	Fees Effective January 1, 2023
Exhibit B.....	Cottage Fees January 2018 through January 2023
Exhibit C.....	Oaktree Fees January 2018 through January 2023
Exhibit D.....	The Meadows January 2018 through January 2023
Exhibit E.....	Patio Apartments January 2018 through January 2023
Exhibit F.....	Bios of Senior Leadership
Exhibit G.....	Audited Financial Statements

SUMMARY STATEMENT

1. ***THE FACILITY***

Physical Address:

Frederick Mennonite Community
d/b/a Frederick Living
2849 Big Road
Zieglerville, PA 19492

Mailing Address:

Frederick Living
2849 Big Road
Zieglerville, PA 19492

2. ***THE PROVIDER (same as above)***

3. ***TO DISCUSS ADMISSIONS, CALL OR WRITE:***

Director of Marketing & Sales
(610) 754-7878 Ext. 1002

4. ***DESCRIPTION OF THE FACILITY***

Frederick Mennonite Community (d/b/a Frederick Living) is a Continuing Care Retirement Community situated on a seventy acre campus in rural Upper Frederick Township in Montgomery County. A three-story, 62-unit, apartment complex, 4 patio homes, 34 single-story cottages, 10 villas, and 55 Meadows cottages provide 165 Residential Living units. Frederick's Personal Care facilities licenses are split with 104 licensed beds in our multi-story Personal Care building and 31 licensed beds in our single-story Personal Care memory support facility. Nursing care is licensed for 61 beds and currently is located on the third floor of the Personal Care building. A community center - with a library, wellness suite, exercise center, bank and an auditorium/chapel - serves the entire community.

5. ***AGE REQUIREMENTS***

The minimum age for admission to Residential Living is 55. There is no minimum age in Personal Care – Magnolia or Aspen, or Nursing Care.

6. ***RELIGIOUS AFFILIATION***

Mennonite Health Services ("MHS"), a national organization serving Anabaptist affiliated health and human service organizations, sponsors Frederick Mennonite Community (d/b/a Frederick Living). Frederick Mennonite Community (d/b/a Frederick Living) is also a conference related ministry of the Mosaic Conference of the Mennonite Church USA. A majority of the Frederick Mennonite Community Board must be members in good standing of an Anabaptist church congregation.

MHS is not responsible for any of the liabilities or financial or contractual obligations of the Provider.

7. CURRENT RESIDENT POPULATION

As of March 31, 2023, Residential Living census totaled 223 residents, Personal Care census was 82 residents, and 31 residents were in the nursing center.

8. BRIEF SUMMARY OF ENTRANCE AND MONTHLY FEES:

See Exhibit A for full listing.

RESPONSES TO SECTION 7 of PA Act 82

Note: Item numbers correspond to paragraphs of PA Act 82, Section 7, which sets the requirements for this disclosure statement.

1. *The Facility*

Frederick Mennonite Community (d/b/a Frederick Living), incorporated in 1973 as Frederick Mennonite Home, is a not-for-profit continuing care retirement community located at 2849 Big Road in Zieglerville, Upper Frederick Township, Montgomery County, Pennsylvania. The facility has provided services to older adults at this location since 1896. The mailing address is 2849 Big Road, Zieglerville, PA 19492.

2. *Board of Directors*

Nathan Yorgey, **Chair**
Sharon Hohlfeld, **Vice Chair**
Pat Kratz, **Treasurer**
Michelle Forsell, **Secretary**
Robert Nase
Gregory Levensgood
James Landis
Sunita Nikerle
Stieven Weidner
Joseph Genuardi

3. *Descriptions of Affiliations*

None at present

4. *Facility Affiliations*

Frederick Mennonite Community (d/b/a Frederick Living) is sponsored by Mennonite Health Services ("MHS"), a national organization serving Anabaptist-affiliated health and human service organizations. Frederick Mennonite Community (d/b/a Frederick Living) is also a conference related ministry of the Mosaic Conference of the Mennonite Church USA.

The Board of Directors, composed of a maximum of fifteen members, governs the Community. The corporation is subject to the control of MHS, and MHS has the power to appoint at least 60% of the members of the Board of Directors. The Mosaic Conference may appoint one member to the Board of Directors.

All members serve on a voluntary basis and receive no remuneration for their services as board members.

Neither MHS nor any other organization is responsible for the liabilities or financial or contractual obligations of the Provider. Frederick Mennonite Community (d/b/a Frederick Living) is a tax-exempt organization as defined in Section 501(c) (3) of the Internal Revenue Code and qualifies as a charitable organization according to Section 509(a) (2). All assets will revert to the Mosaic Conference should the corporation be dissolved.

5. *Facility Description*

Frederick Mennonite Community (d/b/a Frederick Living) is located on seventy acres in rural Upper Frederick Township. The Residential Living units are contained in a three-story, 62-unit, apartment complex, 4 patio apartments, 34 single-story cottages, 10 villas, and 55 Meadows cottages. The three-story complex contains efficiency, one-bedroom and two-bedroom apartment units. Also located on campus are a multi-story Personal Care facility with a 104-bed license and a single-story Personal Care memory support facility with a 31-bed license. The skilled nursing care facility is located on the third floor of the Personal Care building and is licensed for 61 beds. A community center - with a library, wellness suite, exercise center, bank and an auditorium/chapel - serves the entire community.

6. *Services included in basic contract*

- use of living unit
- use of community center facilities, such as auditorium, library, and other public lounges and outdoor areas
- chaplain services
- social services
- parking
- repairs and maintenance of community property, including grounds
- water, electricity, heat and air conditioning¹
- banking on site
- laundering of linens, towels and all laundry if desired*
- routine nursing care*
- three meals per day*
- dining allowance²
- access to washers and dryers for personal use
- access to private storage area
- trash removal
- up to 30 lifetime days of care in on-site personal care or nursing care facility^{1, 2, 3}
- planned activities

Available at additional cost:

- beauty and barber shop services
- housekeeping services
- telephone service
- shopping trips⁴
- cable television
- physical, occupational and speech therapy
- dentistry, podiatry and optometry
- transportation
- x-ray services
- laboratory services
- medical supplies
- psychiatric counseling
- parking garage²
- guest meals
- Other incidental, personal care or health aides that might be required or prescribed by a physician.

Frederick Mennonite Community (d/b/a Frederick Living) will make every effort to accommodate services not included in the basic contract for an additional charge

** available only to residents of Personal Care and nursing*

¹ unless otherwise stipulated in contracts

² available only in Residential Living

³ discontinued after November, 2006.

⁴ For Residential Living a \$2.00 flat fee per person is charged for round trip transportation up to and including 15 miles; after 15 miles, a flat fee of \$5.00 per person is charged.

7. Description of fees and charges

Individuals entering the Residential Living units at Frederick Mennonite Community (d/b/a Frederick Living) pay a one-time entry fee known as an Entrance Fee, and then pay a monthly fee. The Entrance Fee is refundable on a pro-rated basis according to the number of months an individual has resided in the facility. Monthly fees and fees for services not included in the basic agreement may be adjusted from time to time as the cost of providing these services changes due to increases in the cost of labor, food, energy; also changes in property taxes and medical care, greater need for nursing care and/or lower earnings on investments resulting in decreased income. Frederick Mennonite Community (d/b/a Frederick Living) will provide 30 days written notice of any increase in fees. Changes in rates may also occur due to single versus double occupancy. Under ordinary circumstances, these adjustments are announced by December 1st and become effective on January 1st.

Effective May 1, 2022 Frederick Living implemented a three tier meal plan available to all residential living residents. Fees charged to the residents are set forth in Exhibit A. Exhibits B, C, D, and E provide rate increases for the previous five years.

8. *Description of Reserve Funding and Security*

The Frederick Mennonite Reserve Funding fund balance account as of December 31, 2022 is \$8,800,988. The community provides a consolidated financial statement for the Community. The Facility is Medicaid approved and does provide assistance in helping eligible residents to seek Medical Assistance status.

Agreements prior to November 2006 included a provision for 30 days of lifetime care. Once a resident uses their 30 lifetime days of care, the resident pays for the nursing care received at time of need. For agreements made after November 2006, the resident is charged the going per-diem rate each time he/she enters the nursing center.

9. *Financial Information*

The audited financial statements for year ended December 31, 2022, are attached as Exhibit G. The audit was performed by the firm Baker Tilly, and the financial statements are presented in conformity with accounting principles generally accepted in the United States of America. The material contained in these audited financial statements may be technical in nature. If you have questions regarding any of it, please contact Brian Fallon, Vice President of Financial Services or your personal financial advisor.

10. *Resident Agreement* - The applicable statements(s) below should be checked:

A Frederick Living Community Resident Agreement is attached.

No Resident Agreement is attached because:

This Disclosure Statement is being provided to a person who is already a resident of Frederick Mennonite Community (d/b/a Frederick Living).

This Disclosure Statement is being provided to a person who has already received a copy of a previous Disclosure Statement with a copy of the Resident Agreement included, and the Agreement has not changed since then.

This Disclosure Statement is being provided to a person who is not currently applying for residency or making a deposit or payment for entrance to Frederick Mennonite Community (d/b/a Frederick Living)

Frederick Mennonite Community
d.b.a. Frederick Living
Pro-Forma
Year Ending December 31, 2023

Operating Revenue	Budget 2023
Residential Living	5,588,475
Magnolia	4,887,120
Aspen Village	1,961,420
Skilled Nursing Care	4,202,551
Therapy Services	569,300
Amortization	2,111,000
Ancillary Service	482,550
Other Income	234,750
Total Operating Revenue	20,037,166

Operating Expenses	
Skilled Care Administration	492,395
Skilled Direct Care	2,134,837
Therapy	607,000
Residential Living	168,713
Magnolia	1,392,149
Aspen Village	871,802
Chaplain	81,868
Community Relations	86,544
Life Enrichment	529,065
Facilities Management	2,650,938
Sewer / Water System	124,109
Housekeeping Services	697,155
Laundry Services	269,372
Dining Services	3,848,195
Administration	2,314,720
Human Resources	711,507
Marketing	592,780
Advancement	136,686
Beauty Shop	76,770
Depreciation, Amortization, Real Estate Taxes, Interest Expense, and Insurance	4,964,119
Total Operating Expenses	22,750,724

Net Operating Margin (Loss)	-2,713,558
NOM%	-13.54%

Non-Operating:	
Contributions	290,000
Investment Income	303,000
Unrealized gains/(loss)	50,000
Total Non- Operating Income	643,000

Increase (Decrease) in Net Assets	-2,070,558
--	-------------------

Narrative on Material Differences between 2022 Pro-Forma and 2022 Actual

An actual decrease in unrestricted net assets for 2022 of \$5,133,885 differed from the budgeted decrease in unrestricted net assets of \$1,540,130 submitted on the Pro-Forma to the Insurance Department in April 2022 by \$3,593,755 for the following reasons.

1. Operating Revenues were \$359,248 unfavorable due primarily to lower occupancy in Aspen Village and higher than budgeted Medicaid census in Cedarwood.
2. Operating Expenses were \$636,138 unfavorable to budget due to several factors.
 - a. Direct Care expenses are overbudget by \$103,000 due to staffing challenges
 - b. Dining expenses are overbudget by \$190,000 due to labor and product costs
 - c. Maintenance expenses are overbudget by \$407,000 due to outside labor and heating oil expenses
3. Non-Operating Items
 - a. Favorable realized investment gains of \$841,000 offset by \$2,346,009 due to the change in unrealized investment management account market valuations.
 - b. Contributions were \$586,000 favorable due to Lighting the Way campaign
 - c. Project closure of \$645,000 related to land development expenses were not budgeted.
 - d. Cedarwood demolition costs of \$1,441,000 were not budgeted.
 - e. Proceeds from the December 2022 sprinkler breaks of \$450,000 in Magnolia, Aspen, and the Meadows were not budgeted.

The Meadows Entrance Fees and Monthly Fees

Floor Plan	Square Footage**	Plan A	Plan B	Plan C	Monthly Fees					
		50% Refundable Plan	Declining Refund Plan	90 % Refundable Plan	<i>Effective January 1, 2023</i>					
		Entrance Fee	Entrance Fee	Entrance Fee	One Person Monthly Fee With Respective Meal Plan Option			Two Person Monthly Fee With Respective Meal Plan Options		
				Blue	Green	Yellow	Blue	Green	Yellow	
Aster	1224	\$321,800	\$241,100	\$471,900	\$2,481	\$2,439	\$2,388	\$3,248	\$3,163	\$3,057
Lavender	1323	\$333,700	\$250,000	\$489,300	\$2,481	\$2,439	\$2,388	\$3,248	\$3,163	\$3,057
Coneflower	1395	\$360,800	\$272,000	\$533,300	\$2,481	\$2,439	\$2,388	\$3,248	\$3,163	\$3,057
Aster - single	1224	\$365,000	\$279,100	\$530,500	\$2,481	\$2,439	\$2,388	\$3,248	\$3,163	\$3,057
Sunflower	1432	\$360,900	\$272,100	\$533,500	\$2,481	\$2,439	\$2,388	\$3,248	\$3,163	\$3,057

Additional entrance fees for as-built upgrades:

Two Car Garage-\$4,000 Completed Second Floor-\$3,500 Four Season Room-\$3,000 Partially Completed Second Floor-\$2,500

Screened In Patio-\$2,000 Covered Patio-\$1,000 Generator - \$5,000

*Removal of the Generator would be a Non-Refundable fee of \$2,000

**Meal Plans - Yellow includes a meal allowance of \$195 per person per month. Green includes a meal allowance of \$295 per person per month. Blue includes a meal allowance of \$390 per person per month.

**All Square Footages for accommodations are approximate and may vary +/-

Oaktree Apartment Entrance and Monthly Fees

Effective January 1, 2023

Entrance Fees	Plan A 50% Refundable Plan	Plan B Declining Refund Plan	Plan C 90% Refundable Plan	Monthly Fees Blue \$390 per person Meal Plan		Monthly Fees Green \$295 per person Meal Plan		Monthly Fees Yellow \$195 per person Meal Plan	
	Entrance Fee	Entrance Fee	Entrance Fee	One Person	Two Person	One Person	Two Person	One Person	Two Person
Studio 420 Sq. Ft.	\$ 82,700	\$ 61,300	\$123,600	\$2,606	N/A	\$2,564	N/A	\$2,513	N/A
Studio Deluxe 440 Sq. Ft.	\$ 98,300	\$ 72,600	\$146,200	\$2,681	\$3,617	\$2,638	\$3,533	\$2,588	\$3,427
One Bedroom 700 Sq. Ft.	\$137,000	\$102,200	\$198,300	\$2,901	\$3,836	\$2,859	\$3,752	\$2,808	\$3,646
One Bedroom Deluxe 814 Sq. Ft.	\$159,200	\$118,800	\$213,300	\$3,011	\$3,956	\$2,969	\$3,872	\$2,918	\$3,766
Two Bedroom 1 Bath 966 Sq. Ft.	\$181,600	\$135,200	\$261,900	\$3,149	\$4,091	\$3,107	\$4,007	\$3,056	\$3,901
Two Bedroom 2 Bath 1050 Sq. Ft.	\$197,100	\$147,000	\$274,800	\$3,236	\$4,167	\$3,194	\$4,082	\$3,143	\$3,977
Two Bedroom 2 Bath Deluxe 1134 Sq. Ft.	\$208,600	\$158,800	\$292,300	\$3,316	\$4,250	\$3,273	\$4,166	\$3,223	\$4,060
Two Bedroom 2 Bath Deluxe 1400 Sq. Ft.	\$258,900	\$196,000	\$343,700	\$3,372	\$4,279	\$3,330	\$4,195	\$3,279	\$4,089

**All Square Footages for accommodations are approximate and may vary +/-.

Patio Homes

Entrance Fees and Monthly Fees

Effective January 1, 2023

Entrance Fees	Plan A	Plan B	Plan C	Monthly Fees		Monthly Fees		Monthly Fees	
	50% Refundable Plan	Declining Refund Plan	90% Refundable Plan	Blue \$390 per person Meal Plan		Green \$295 per person Meal Plan		Yellow \$195 per person Meal Plan	
	Entrance Fee	Entrance Fee	Entrance Fee	One Person	Two Persons	One Person	Two Persons	One Person	Two Persons
1 Bedroom with Den 1 ½ Baths 1092 Sq. Ft.	\$199,600	\$149,600	\$282,300	\$3,176	\$4,087	\$3,134	\$4,002	\$3,083	\$3,897
1 Bedroom with Den 1 ½ Baths 1151 Sq. Ft.	\$211,000	\$157,700	\$299,300	\$3,241	\$4,153	\$3,199	\$4,068	\$3,148	\$3,963
1 Bedroom with Den 2 Bath 1218 Sq. Ft.	\$223,100	\$166,900	\$315,700	\$3,310	\$4,223	\$3,268	\$4,139	\$3,217	\$4,033
1 Bedroom with Den 2 Bath 1474 Sq. Ft.	\$268,700	\$201,900	\$382,400	\$3,378	\$4,288	3,336	\$4,203	3,285	\$4,098

**All Square Footages for accommodations are approximate and may vary +/-.

Cottage and Villas Entrance and Monthly Fees

Entrance Fees	Plan A 50% Refundable Plan	Plan B Declining Refund Plan	Plan C 90% Refundable Plan	Monthly Fees <i>Effective January 1, 2023</i>					
	Entrance Fee	Entrance Fee	Entrance Fee	One Person Monthly Fee with respective meal plan options**			Two Person Monthly Fee with respective meal plan options**		
				Blue	Green	Yellow	Blue	Green	Yellow
1 Bedroom 680 Sq. Ft.	\$136,700	\$104,000	\$201,000	\$2,382	\$2,340	\$2,289	\$3,235	\$3,150	\$3,041
1 Bedroom, Den and Garage 1040 Sq. Ft.	\$173,500	\$129,000	\$252,800	\$2,382	\$2,340	\$2,289	\$3,235	\$3,150	\$3,041
2 Bedroom, 1-1/2 Baths 1150 Sq. Ft.	\$193,800	\$144,900	\$281,100	\$2,496	\$2,454	\$2,399	\$3,348	\$3,264	\$3,155
2 Bedroom, 1-1/2 Baths Garage - 830-1160 Sq. Ft.	\$212,600	\$156,600	\$305,700	\$2,496	\$2,454	\$2,399	\$3,348	\$3,264	\$3,155
2 Bedroom, 2 Bath 1200 Sq. Ft.	\$200,500	\$146,400	\$286,400	\$2,570	\$2,528	\$2,472	\$3,420	\$3,336	\$3,227
2 Bedroom, 2 Bath Garage 1042 Sq. Ft.	\$208,300	\$154,200	\$301,400	\$2,570	\$2,528	\$2,472	\$3,420	\$3,336	\$3,227
2 Bedroom, 2 Bath, Deluxe Patio/Garage 1257 Sq. Ft.	\$225,300	\$165,900	\$324,200	\$2,650	\$2,608	\$2,553	\$3,457	\$3,373	\$3,306
3 Bedroom, 2 Bath, Patio, Garage 1225 Sq. Ft.	\$229,600	\$182,600	\$354,000	\$2,741	\$2,699	\$2,645	\$3,582	\$3,498	\$3,392
Villas 1845-2500 Sq. Ft.	\$386,800	\$322,900	\$605,300	\$2,741	\$2,699	\$2,645	\$3,582	\$3,498	\$3,392

Additional entrance fees for as-built upgrades: Two Car Garage-\$4,000 Completed Second Floor-\$3,500 Four Season Room-\$3,000 Partially Completed Second Floor-\$2,500 Screened-In Patio-\$2,000 Covered Patio-\$1,000 Generator - \$5,000

*Removal of the Generator would be a Non-Refundable fee of \$2,000

**Meal Plans - Yellow includes a meal allowance of \$195 per person per month. Green includes a meal allowance of \$295 per person per month. Blue includes a meal allowance of \$390 per person per month.

**All Square Footages for accommodations are approximate and may vary +/-.



RESIDENTIAL LIVING ANCILLARY FEE SCHEDULE

Rates as of January 1, 2023

GARAGE, per month	\$ 75.00
HAIR CARE	<i>call Beauty Shop for charges</i>
HOUSEKEEPING SERVICE, per hour	\$27.00
LAUNDRY SERVICE	\$1.50 per LB.
MAINTENANCE, per hour	\$40.00
MEALS in Oaktree Center	
Freddie's, The Bistro, Fireside	A La Carte
DELIVERY CHARGE (meals delivered to accommodation)	\$ 3.00
MEAL PLAN CREDIT for Yellow meal plan, per day	\$ 3.90
MEAL PLAN CREDIT for Green meal plan, per day	\$ 5.20
MEAL PLAN CREDIT for Blue meal plan, per day	\$ 7.15
<i>(When resident is absent 14 days or longer, is hospitalized, or temporarily in personal care or nursing)</i>	

THERAPY SERVICES:

Physical, occupational and speech therapies are provided on campus. Call 610-754-7878, extension 1217, for a list of fees and services.

TRANSPORTATION:

Scheduled group trips\$2.00 per person for any trip within a 15 mile radius
 Or \$5.00 per person for any trip greater than 15 miles away

Individual transportation for appointments, family events, errands, etc.
 (Within 15-mile radius) *

Individual	\$ 30.00 per hour/per staff member
Two residents, per resident per hour	\$ 20.50 per hour/per staff member
Three residents or more, per resident	\$ 17.50 per hour/per staff member

* Additional \$1.00 per mile beyond the 15-mile radius.

**Wash and Fold Laundry Service Fees for Independent Living
 Wednesday-Friday (drop off one day/pick up the next in basement of Oaktree Building)**

WASH AND FOLD SERVICE 1.50 lb. (10 lb. min.)

Special items:

Comforters	\$20.00
Blankets	\$10.00
Pillows	\$10.00
Mattress Pad	\$12.00
Heavy Rugs (over 4 lbs.)	\$20.00
Small Rugs (under 4 lbs.)	\$10.00
Pickup & Delivery	10% Surcharge

Upgrades:

Special Detergent	\$.11/lb
Bleach	\$.06/lb
Fabric Softener	\$.09/lb

Wash & Fold is a bulk service for Frederick Independent Living Residents. If an item needs special attention such as a stain or repair, please send it out for dry cleaning. You can send us an email or call if you have a question about a specific request.

Accommodation Cleanout and Disposal Fee.....\$1,000.00

Storage Fee is equal to the daily rate.

One Time Pet Fee.....\$175.00



**Magnolia – Personal Care
 Rates as of January 1, 2023**

STUDIOS

	Daily Rates
Studio <i>308 Square Feet ***</i>	\$201.00
Studio Deluxe <i>420 Square Feet ***</i>	\$210.00

APARTMENTS

	PLAN A	PLAN B
	Entrance Fee \$12,000.00 (Lower daily rate)	No Entrance Fee --0-- (Higher daily rate)
	Daily Rates	Daily Rates
One Bedroom Apartment <i>492 Square Feet ***</i>	\$246.00	\$266.00
One Bedroom Apartment <i>570 Square Feet ***</i>	\$269.00	\$288.00

Second Occupant \$94.00 per day
 Pet Security Fee \$175.00

This rate includes private room, three meals a day, once a week housekeeping, laundry service, social services and activities.

**** All Square Footages for rooms are approximations and certain rooms may vary +/-.*

Additional Charges

Level of Care 1	\$0.00 per day
Level of Care 2	\$14.00 per day
Level of Care 3	\$28.00 per day
Medication Administration (Level I & II Only)	\$6.50 per day
Special supplemental nourishment	<i>per usage</i>
Incontinent supplies	<i>market cost</i>
Hair Care	<i>call beauty shop for charges</i>
Medical and treatment supplies.....	<i>per usage</i>

Credit per day if hospitalized or in Cedarwood Health Center \$ 9.75

Respite Care:

See Short Term Stay Rate Sheet

Therapy Services:

Physical, occupational and speech therapy provided on our campus.
Call 610-754-7878 ext. 1217 for list of fees and services.

Massage Therapy:

Massage Therapy is available. Call 610-754-7878 ext. 1242 for a list of fees and services.

Transportation:

Individual transportation for appointments, family events, errands, etc.

(Within 15-mile radius) *

Individual	\$ 30.00 per hour/per staff member
Two residents, <i>per resident per hour</i>	\$ 20.50 per hour/per staff member
Three residents or more, <i>per resident</i>	\$ 17.50 per hour/per staff member

** Additional \$1.00 per mile beyond the 15-mile radius.*

Storage Fee - Daily Storage Fee is equal to the daily rate.

Accommodation Cleanout and Disposal Fee.....\$1,000.00



Live well with us

Continuing Care Retirement Community
Rooted in the Mennonite Heritage

Aspen Village Personal Care Memory Support Residence

Rates as of January 1, 2023

	PLAN A	PLAN B
	Entrance Fee \$12,000.00 (Lower Daily Rate)	Entrance Fee --0-- (Higher Daily Rate)
	Daily Rate	Daily Rate
Private Room	\$289.00	\$321.00
Semi-Private Room	\$189.00	\$218.00

Daily rate includes room, three meals per day, daily housekeeping, laundry service, assistance with medications, social services, assisted shower/whirlpool bath and activities.

Additional Charges

- Level of Care 1 \$ 0.00 per day
- Level of Care 2 \$14.00 per day
- Level of Care 3 \$28.00 per day
- Special supplemental nourishment.....*per usage*
- Incontinent supplies.....*market cost*
- Hair Care *call beauty shop for charges*
- Medical and treatment supplies*per usage*

Credit per day if hospitalized or in Cedarwood Health Center \$ 9.75

Therapy Services

Physical, occupational and speech therapy provided on our campus.
Call 610-754-7878 ext. 1217, for list of fees and services.

Transportation

Family participation in transporting resident is encouraged when possible.
Individual transportation for appointments, family events, errands, etc.

(Within 15-mile radius) *

- Individual..... \$ 30.00 per hour/per staff member
- Two residents, *per resident per hour* \$ 20.50 per hour/per staff member
- Three residents or more, *per resident*..... \$ 17.50 per hour/per staff member

* *Additional \$1.00 per mile beyond the 15-mile radius.*

Storage Fee - Storage Fee is equal to the daily rate.

Accommodation Cleanout and Disposal Fee \$1,000.00

Short-Term Stays Magnolia – Personal Care

Rates as of January 1, 2023

	Daily Rates	Couple Rates
One Bedroom Apartment	\$294.00	\$416.00
One Bedroom Deluxe Apartment	\$316.00	\$438.00
Studio Apartment	\$229.00	N/A
Studio Apartment Deluxe	\$238.00	N/A

Pet Security Fee \$175.00

This rate includes a furnished private apartment, three meals a day, once a week housekeeping, laundry service, social services, activities, cable tv and phone service.

- Special supplemental nourishment *per usage*
- Incontinent supplies *market cost*
- Hair Care *call beauty shop for charges*
- Medical and treatment supplies *per usage*

Credit per day if hospitalized or in Cedarwood Health Center \$ 9.75

Therapy Services:

Physical, occupational and speech therapy provided on our campus.
 Call 610-754-7878 ext. 1217 for list of fees and services.

Massage Therapy:

Massage Therapy is available.
 Call 610-754-7878 ext. 1242 for a list of fees and services.

Transportation:

Individual transportation for appointments, family events, errands, etc.

(Within 15-mile radius) *

- Individual \$ 30.00 per hour/per staff member
- Two residents, *per resident per hour* \$ 20.50 per hour/per staff member
- Three residents or more, *per resident* \$ 17.50 per hour/per staff member

* *Additional \$1.00 per mile beyond the 15-mile radius.*



Live well with us

Short-Term Stays Aspen – Personal Care

Rates as of January 1, 2023

	Daily Rates
Private Apartment	\$349.00
Semi-private Apartment	\$246.00

This rate includes a furnished private apartment, three meals a day, once a week housekeeping, laundry service, social services, activities, cable tv and phone service.

- Special supplemental nourishment *per usage*
- Incontinent supplies *market cost*
- Hair Care *call beauty shop for charges*
- Medical and treatment supplies *per usage*

Credit per day if hospitalized or in Cedarwood Health Center \$ 9.75

Therapy Services:

Physical, occupational and speech therapy provided on our campus.
Call 610-754-7878 ext. 1217 for list of fees and services.

Transportation:

Individual transportation for appointments, family events, errands, etc.

(Within 15-mile radius) *

- Individual \$ 30.00 per hour/per staff member
- Two residents, *per resident per hour* \$ 20.50 per hour/per staff member
- Three residents or more, *per resident* \$ 17.50 per hour/per staff member

* *Additional \$1.00 per mile beyond the 15-mile radius.*



Live well with us

**Cedarwood Health Center
Rates as of February 1, 2023**

Admission fee None

Daily Rates

Semi-Private Regular Room498.00

Additional Charges

Incontinence care, per day (partial day).....7.75
(total day)15.50

Non-enteral special supplemental nourishment*per usage*

Medical supplies*per usage*

Oxygen Therapy, per day.....7.00

Hair Care..... *call beauty shop for charges*

Guest Meals: A La Carte.....

Massage Therapy *call for charges*

Credit per day if hospitalized 9.75

Therapy Services

Physical, occupational and speech therapy provided on our campus.

Call 610- 754-7878 ext. 1217 for list of fees and services.

Transportation

Family participation in transporting resident is encouraged when possible.

Within 15 mile radius. Additional \$1.00 per mile beyond the 15 mile radius.

Individual 30.00 per hour *per staff member*

Two residents, per resident 20.50 per hour *per staff member*

Three residents or more, per resident 17.50 per hour *per staff member*

Admissions, the provisions of services and referrals of clients, shall be made without regard to race, color, religious creed, disability, ancestry, age, sex or origin (including Limited English Proficiency).

Frederick Living reserves the right to grant a special admission priority when it is in the best interest of the Community. 11/23



Frederick Living Senior Leadership Team Biographies

Michelle Rassler – Chief Executive Officer

Michelle Rassler became CEO of Frederick Living in June of 2021, having previously served as Executive Director and CEO in several other life plan communities. Earlier in her career, she served at Frederick Living in the roles of VP of Operations, VP of Marketing and Community Relations and as Personal Care Home Administrator.

Michelle has served on LeadingAge PA's Board of Directors and several committees as well as a coach for the Fellows in Leadership program. She is passionate about team building and leadership development.

Michelle received a BA in Sociology from Cedar Crest College. She has completed post graduate work in social relations at Lehigh University as well as Organizational Leadership and Development from Eastern University. She lives with her husband, Lynn, in Lancaster, PA.

Brian Fallon – Vice President of Finance

Brian Fallon began tenure at Frederick Living in 2014. Brian received his Bachelor of Science in Business and Economics from Lehigh University and a Master's in Business Administration from Saint Joseph's University. He has worked in the continuing care retirement community setting for over 15 years in a variety of roles beginning at Dock Woods Community (now Living Branches) as the Director of Accounting Services and then at Presby's Inspired Life as the Director of Resident Billing. Brian also serves as the organization's security officer and oversees Information Services on campus.

Lisa Peirce – Vice President of Human Resources

Lisa Peirce joined Frederick Living as Vice President of Human Resources in the fall of 2021. She has 25 plus years of experience in the senior living industry having previously managed human resource teams at Rydal Park and Souderton Mennonite Homes. She is very interested in developing programs that increase team member satisfaction and engagement as well as promote wellness.

Lisa received a Bachelor of Business Administration from Ursinus College and has also received certifications from Villanova University in Human Resources and Human Resource Management. Lisa is a SHRM Certified Professional (SHRM-CP) and a Professional in Human Resources (PHR).

Michael Hagarty – Vice President of Operations

Serving as both Vice President of Operations and Nursing Home Administrator (NHA), Mike Hagarty joined Frederick Living in the fall of 2021. He previously served in a variety of leadership roles in several senior living settings, including the Abramson Center for Jewish Life in Horsham and Greenfield Senior

Living of Perkiomen Valley. His background provides experience in operations, sales and marketing, financial oversight, regulatory compliance and communications.

Mike received a Bachelor's in Communications from the Catholic University of America in Washington, DC and a Master's in Aging and Long-Term Care Administration from the College of Osteopathic Medicine in Philadelphia. He is licensed as a NHA and Personal Care Home Administrator in Pennsylvania.

April 18, 2023

Ms. Jessica K. Altman
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Strawberry Square
Harrisburg, Pennsylvania 17120

Baker Tilly US, LLP
2599 Wilmington Road
New Castle, PA 16105
United States of America

T: +1 (724) 658 1565
F: +1 (724) 658-2402
bakertilly.com

Dear Commissioner Altman:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Frederick Mennonite Community d/b/a Frederick Living (the Corporation) for the year ended December 31, 2022, and have issued our report thereon dated April 18, 2023. In connection therewith, we advise you as follows:

- a. We are independent certified public accountants with respect to the Corporation and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Pennsylvania Board of Public Accountancy.
- b. The engagement Partner, who is a certified public accountant, has approximately 25 years of experience in public accounting and is experienced in auditing continuing care retirement communities. Members of the engagement team, most of whom have had experience in auditing continuing care retirement communities and are certified public accountants, were assigned to perform tasks commensurate with their training and experience.
- c. We understand that the Corporation intends to file its audited financial statements and our report thereon with the Commonwealth of Pennsylvania Insurance Department (the "Insurance Department") and that the Commonwealth of Pennsylvania Insurance Commissioner (the "Insurance Commissioner") will be relying on that information in monitoring and regulating the financial condition of the Corporation.

While we understand that an objective of issuing a report on the financial statements is to satisfy regulatory requirements, our audit was not planned or conducted to satisfy all objectives or responsibilities of insurance regulators. In this context, the Corporation and the Insurance Commissioner should understand that the objectives of an audit of financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion as to whether the financial statements, which are the responsibilities and representations of management, present fairly, in all material respects, the financial position, results of operations, changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America. Consequently, under generally accepted auditing standards, we have the responsibility, within the inherent limitations of the auditing process, to design our audit to provide reasonable assurance that errors and fraud that have a material effect on the financial statements will be detected, and to exercise due care in the conduct of our audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and as to the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements. Thus, our audit, based on the concept of selective testing, is subject to the inherent risk that material errors or fraud, if they exist, would not be detected. In addition, an audit does not address the possibility that material errors or fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may have existed would have been assessed differently by you.

It is the responsibility of the management of the Corporation to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The Insurance Commissioner should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the financial position of continuing care retirement communities and should not rely solely upon the independent auditors' report.

- d. We will retain the audit documentation prepared in the conduct of our audit until the Insurance Department has filed a Report of Examination covering 2022, but no longer than seven years. After notification to the Corporation, we will make the audit documentation available for review by the Insurance Department at the offices of the Corporation, at our offices, at the Insurance Department, or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Insurance Department, photocopies of pertinent audit documentation may be made (under the control of the accountant) and such copies may be retained by the Insurance Department.
- e. The engagement Partner is serving their second year in that capacity with respect to the Corporation, is licensed by the Pennsylvania Board of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.
- f. To the best of our knowledge and belief, we are in compliance with the requirements of Section 7 of the NAIC's *Model Rule (Regulation) Requiring Annual Audited Financial Reports* regarding qualifications of independent certified public accountants.

This letter is intended solely for the information and use of the Board of Directors, Finance Committee, and management of the Corporation, and the Insurance Department, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

New Castle, Pennsylvania
April 18, 2023

**Frederick Mennonite Community
(d/b/a Frederick Living)**

Financial Statements

December 31, 2022 and 2021

Frederick Mennonite Community (d/b/a Frederick Living)

Table of Contents

December 31, 2022 and 2021

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Schedules of Operating (Loss) Income - Unaudited	23

Independent Auditors' Report

To the Board of Directors of
Frederick Mennonite Community

Opinion

We have audited the financial statements of Frederick Mennonite Community d/b/a Frederick Living (the Corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, 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 Audits of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating (loss) income for the years ended December 31, 2022 and 2021, are presented for purposes of additional analyses and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly US, LLP

New Castle, Pennsylvania
April 18, 2023

Frederick Mennonite Community (d/b/a Frederick Living)

Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,257,866	\$ 2,622,132
Restricted cash, resident trust funds and other	43,304	46,211
Accounts receivable, residents, net	748,339	673,911
Accounts receivable, insurance recovery	450,000	-
Investments	366,729	700,712
Current portion of pledges receivable	102,413	164,240
Prepaid expenses and other current assets	409,032	488,952
	<hr/>	<hr/>
Total current assets	3,377,683	4,696,158
Assets Whose Use is Limited	8,061,809	8,664,324
Statutory Minimum Liquid Reserve	837,000	837,000
Property and Equipment, Net	36,426,636	39,064,138
Pledges Receivable, Net	141,328	243,254
Beneficial Interest in Perpetual Trusts	622,354	794,018
	<hr/>	<hr/>
Total assets	<u>\$ 49,466,810</u>	<u>\$ 54,298,892</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 818,486	\$ 765,471
Accounts payable, trade	490,877	368,939
Accounts payable, construction	263,334	-
Accrued expenses	993,444	1,006,052
Resident trust funds and other	16,572	32,748
	<hr/>	<hr/>
Total current liabilities	2,582,713	2,173,210
Line of Credit, Noncurrent	1,282,640	-
Long-Term Debt, Net	15,015,444	15,831,619
Entrance Fee Deposits	180,680	118,810
Refundable Entrance Fees	14,190,678	14,808,956
Deferred Revenues From Entrance Fees	12,726,538	12,331,536
	<hr/>	<hr/>
Total liabilities	45,978,693	45,264,131
Net Assets		
Without donor restrictions	1,734,002	6,867,887
With donor restrictions	1,754,115	2,166,874
	<hr/>	<hr/>
Total net assets	3,488,117	9,034,761
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 49,466,810</u>	<u>\$ 54,298,892</u>

See notes to financial statements

Frederick Mennonite Community (d/b/a Frederick Living)

Statements of Operations

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues Without Donor Restrictions		
Net resident service revenues	\$ 19,116,714	\$ 20,333,573
Net assets released from restrictions	449,227	266,801
Investment income (loss)	(1,198,286)	1,053,150
Other operating revenues	102,682	85,583
Contributions	88,082	55,479
	<u>18,558,419</u>	<u>21,794,586</u>
Operating Expenses		
General and administrative	3,775,944	3,704,217
Nursing	3,658,609	4,950,263
Dietary	3,565,497	3,460,803
Plant operations and maintenance	3,328,261	3,016,354
Depreciation	3,106,444	3,016,225
Personal care	1,378,676	1,458,328
Dementia personal care	911,073	990,449
Housekeeping and laundry	824,275	856,351
Interest	662,494	689,507
Social services and activities	579,397	681,345
Insurance	293,714	282,679
Pennsylvania nursing home assessment	72,990	82,722
	<u>22,157,374</u>	<u>23,189,243</u>
Total operating expenses	<u>22,157,374</u>	<u>23,189,243</u>
Operating loss	<u>(3,598,955)</u>	<u>(1,394,657)</u>
Nonoperating Income (Loss)		
Paycheck Protection Program loan forgiveness	-	2,065,055
Insurance recovery, flooding	450,000	-
Grant revenues	101,600	151,334
Disposal loss and demolition expense, Cedarwood	(1,441,348)	-
Loss on abandonment of project	(645,182)	(1,773,686)
	<u>(1,534,930)</u>	<u>442,703</u>
Total nonoperating (loss) income	<u>(1,534,930)</u>	<u>442,703</u>
Revenues less than expenses and decrease in net assets without donor restrictions	<u>\$ (5,133,885)</u>	<u>\$ (951,954)</u>

See notes to financial statements

Frederick Mennonite Community (d/b/a Frederick Living)

Statements of Changes in Net Assets

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Change in Net Assets Without Donor Restrictions		
Revenues less than expenses and decrease in net assets without donor restrictions	\$ (5,133,885)	\$ (951,954)
Changes in Net Assets With Donor Restrictions		
Contributions	208,132	952,551
Net assets released from restrictions	(449,227)	(266,801)
Valuation gain (loss), beneficial interest in perpetual trusts	(171,664)	65,355
Change in net assets with donor restrictions	(412,759)	751,105
Change in net assets	(5,546,644)	(200,849)
Net Assets, Beginning	<u>9,034,761</u>	<u>9,235,610</u>
Net Assets, Ending	<u>\$ 3,488,117</u>	<u>\$ 9,034,761</u>

See notes to financial statements

Frederick Mennonite Community (d/b/a Frederick Living)

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (5,546,644)	(200,849)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions received, long-term capital projects	(1,707)	(490,985)
Depreciation	3,106,444	3,016,225
Loss on abandonment of project	645,182	1,773,686
Loss on disposal	525,304	7,634
Change in allowance for doubtful accounts	(88,446)	4,155
Amortization of debt issuance costs	14,614	13,213
Paycheck Protection Program loan forgiveness	-	(2,065,055)
Amortization of entrance fees	(2,145,299)	(2,122,321)
Proceeds from nonrefundable entrance fees	2,540,301	1,903,235
Net realized and unrealized gains (loss) on investments	1,353,251	(897,403)
Valuation (gain) loss and distributions of beneficial interest in perpetual trusts	171,664	(65,355)
Changes in assets and liabilities:		
Accounts receivable, residents	14,018	44,892
Accounts receivable, insurance recovery	(450,000)	-
Pledges receivable	163,753	(197,765)
Prepaid expenses and other current assets	79,920	(26,824)
Accounts payable	121,938	(494,978)
Accrued expenses	(12,608)	12,168
Resident trust funds and other	(16,176)	31,597
Change in entrance fee deposits	61,870	(5,044)
Net cash provided by operating activities	<u>537,379</u>	<u>240,226</u>
Cash Flows From Investing Activities		
Net purchases of investments and assets whose use is limited	(416,753)	(31,088)
Purchases of property and equipment	<u>(1,376,094)</u>	<u>(1,884,034)</u>
Net cash used in investing activities	<u>(1,792,847)</u>	<u>(1,915,122)</u>
Cash Flows From Financing Activities		
Contributions received, long-term capital projects	1,707	490,985
Net borrowings on line of credit	1,282,640	-
Repayment of long-term debt	(767,959)	(845,674)
Payment of debt issue costs	(9,815)	-
Proceeds from refundable entrance fees	988,180	1,753,850
Refunds of entrance fees	<u>(1,606,458)</u>	<u>(1,880,726)</u>
Net cash (used in) provided by financing activities	<u>(111,705)</u>	<u>(481,565)</u>
Net change in unrestricted and restricted cash and cash equivalents	(1,367,173)	(2,156,461)
Unrestricted and Restricted Cash and Cash Equivalents, Beginning	<u>2,668,343</u>	<u>4,824,804</u>
Unrestricted and Restricted Cash and Cash Equivalents, Ending	<u>\$ 1,301,170</u>	<u>\$ 2,668,343</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 644,586</u>	<u>\$ 669,674</u>

See notes to financial statements

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Frederick Mennonite Community (d/b/a Frederick Living) (the Corporation) operates a continuing care retirement community providing housing, health care and other related services to elderly residents through the operation of a nursing facility licensed for 61-beds, a 104-bed personal care facility, a 31-bed personal care dementia facility and 165 residential living apartments and cottages. The Corporation's operations are located in Frederick, Pennsylvania. Its primary service area includes Frederick, Pennsylvania, and surrounding communities in Montgomery County, Pennsylvania.

Unrestricted and Restricted Cash and Cash Equivalents

For purposes of the statements of cash flows, unrestricted cash and cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less. Unrestricted cash and cash equivalents and restricted cash and cash equivalents reported on the statements of cash flows are comprised of the following items reported on the balance sheets as of December 31:

	<u>2022</u>	<u>2021</u>
Unrestricted cash and cash equivalents	\$ 1,257,866	\$ 2,622,132
Restricted cash, resident trust funds and other	43,304	46,211
Total unrestricted and restricted cash and cash equivalents	<u>\$ 1,301,170</u>	<u>\$ 2,668,343</u>

Accounts Receivable, Residents

The Corporation assesses collectability on all resident accounts prior to providing services. An allowance for uncollectable accounts is recognized to reduce accounts receivable, residents 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, residents and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Corporation has exhausted all collection efforts and accounts are deemed impaired. Accounts receivable, residents are reported at net realizable value. Accounts are written off when they are determined to be uncollectable based upon management's assessment of individual accounts. The allowance for doubtful collections was \$211,612 and \$300,058 as of December 31, 2022 and 2021, respectively, and is estimated based upon a periodic review of individual accounts.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues less than expenses and decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

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

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements
December 31, 2022 and 2021

Assets Whose Use is Limited

Assets whose use is limited includes assets set aside in irrevocable trusts to fund self-insured employee health insurance, set aside by the Board of Directors for future capital improvements, benevolent care and donor-restricted assets.

Pledges Receivable

During 2019, the Corporation began a capital campaign titled, "Lighting the Way Campaign," with a goal of raising approximately \$1,200,000 to support future repositioning projects. Pledges receivable related to the campaign are discounted at the five-year treasury rate (4% as of December 31, 2022). An allowance for uncollectable pledges was \$35,062 and \$49,990 as of December 31, 2022 and 2021, respectively.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Impairment of Fixed Assets

Fixed assets 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 there was no impairment as of December 31, 2022 or 2021.

Debt Issuance Costs

Debt issuance costs are reported on the balance sheets as a reduction to long-term debt and are being amortized over the terms of the related debt using the straight-line method, which approximates the effective interest method. Amortization expense, which is included as a component of interest expense, was approximately \$14,600 and 13,200 in 2022 and 2021, respectively. Amortization expense will approximate \$14,000 over the next five years.

Resident Trust Funds

Resident funds are accounted for as trust funds and maintained separate from other funds.

Entrance Fees

Under certain entrance fee plans for residential living units, the Corporation receives payments in advance. Residents have three entrance plan options, two "refundable" options and a "nonrefundable" option. The refundable options have a guaranteed refund component, which is either 50% or 90% of the entrance fee paid, with the balance refundable on a decreasing basis at a rate of 2.5% of the entrance fee per month for each month or portion thereof of occupancy in the residential living unit. The nonrefundable option has no guaranteed refund component and is refundable on a decreasing basis for 40 months; after 40 months of occupancy, no refund is due or payable.

For resident agreements executed through October 2006, refunds to residents are paid by the Corporation within 120 days of the date the resident ceases to occupy the residential living unit. For resident agreements executed after October 2006, refunds are paid after the residential living unit vacated has been re-occupied by a new resident. For resident agreements executed after May 2015, a portion of the refund may be applied as a health care reserve as defined in the agreement.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

The guaranteed refund component of entrance fees received is not amortized to income and is classified as refundable entrance fees on the balance sheets. The balance of entrance fees received is amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancies of the residents and is classified as deferred revenues from entrance fees on the balance sheets. Amortization of deferred revenues from entrance fees included in net resident service revenues was \$2,145,299 in 2022 and \$2,122,321 in 2021. As of December 31, 2022, the gross amount of contractual refund obligations under existing resident agreements approximates \$18,738,000.

For resident agreements executed through October 2006, residents are entitled to a maximum of thirty days of care, when approved by the Corporation, in either the nursing or personal care units of the Corporation at no additional charge, to be used when such care is not covered by a resident's insurance. For resident agreements executed after October 2006, this entitlement was eliminated. The majority of other services provided to the Corporation's residential living residents are paid for on a "fee for service" basis and are not included under the entrance fee plans.

Split-Interest Agreements

The Corporation has received, as contributions, perpetual trusts. Under these arrangements, the Corporation recorded the asset and recognized permanently restricted contributions at the fair value of the Corporation's beneficial interest in the trust assets. Income earned on the trust assets and distributed to the Corporation is recorded as a restricted contribution on the statements of changes in net assets. Changes in fair value are recorded as valuation gains and losses in net assets with donor restrictions.

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.

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. Gifts of long-lived assets are gifts of cash restricted for the acquisition of long-lived assets and are recognized as revenue when the assets are placed in service. 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 Corporation 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.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements
December 31, 2022 and 2021

Net resident service revenues are primarily comprised of skilled nursing, personal care, independent living and other resident service streams, which are primarily derived from providing housing, skilled nursing, personal care and other resident services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Corporation 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 Corporation 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, independent living and other resident services are recognized on a daily or month-to-month basis as services are rendered.

The Corporation 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 Corporation 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.

Benevolent Care

The Corporation provides care to residents who meet certain criteria without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as benevolent care, they are not reported as revenues.

The Corporation maintains records to identify and monitor the level of benevolent care it provides. The estimated costs of providing benevolent care are based upon the direct and indirect costs identified with the specific benevolent care services provided. The level of benevolent care provided by the Corporation amounted to approximately \$883,000 in 2022 and \$900,000 in 2021.

Insurance recoveries

The Corporation recognizes insurance recoveries on the involuntary conversion of nonmonetary assets (such as property and equipment) to insurance proceeds to the extent of the recognized loss when realization of the claim is deemed probable. An asset and gain on insurance recoveries in excess of losses associated with involuntary conversion of nonmonetary assets is recognized when settlement is no longer contingent upon the claim's approval and a specific payment is due. The Corporation recognized a receivable and recovery gain as of and for the year ended December 31, 2022, associated with the insurable event disclosed in Note 5.

Income Taxes

The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on its exempt income under Section 501(a) of the IRC.

Revenues Less Than Expenses

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

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

Use of Estimates

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

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through April 18, 2023, the date the financial statements were available to be issued.

2. Net Resident Service Revenues

The Corporation 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 services revenues consist of the following for the year ended December 31, 2022:

	<u>Skilled Nursing</u>	<u>Personal Care</u>	<u>Independent Living</u>	<u>Other Resident Revenues</u>	<u>Total</u>
Self-pay	\$ 2,925,922	\$ 6,600,077	\$ 5,214,724	\$ 275,116	\$ 15,015,839
Medicare and other	833,788	-	-	-	833,788
Medicaid	<u>1,121,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,121,788</u>
Subtotal	<u>\$ 4,881,498</u>	<u>\$ 6,600,077</u>	<u>\$ 5,214,724</u>	<u>\$ 275,116</u>	16,971,415
Amortization of nonrefundable entrance fees					<u>2,145,299</u>
Total					<u>\$ 19,116,714</u>

Net resident services revenues consist of the following for the year ended December 31, 2021:

	<u>Skilled Nursing</u>	<u>Personal Care</u>	<u>Independent Living</u>	<u>Other Resident Revenues</u>	<u>Total</u>
Self-pay	\$ 3,515,002	\$ 6,450,515	\$ 5,144,416	\$ 323,719	\$ 15,433,652
Medicare and other	1,833,615	-	-	-	1,833,615
Medicaid	<u>943,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>943,985</u>
Subtotal	<u>\$ 6,292,602</u>	<u>\$ 6,450,515</u>	<u>\$ 5,144,416</u>	<u>\$ 323,719</u>	18,211,252
Amortization of nonrefundable entrance fees					<u>2,122,321</u>
Total					<u>\$ 20,333,573</u>

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements
December 31, 2022 and 2021

Payment terms and conditions for the Corporation'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 on the accompanying balance sheets. In 2021, the Corporation recognized approximately \$2,200,000 of revenue that was included in the deferred revenue from entrance fees balance as of January 1, 2021. The Corporation applies the practical expedient in Accounting Standards Codification (ASC) 606 and, therefore, does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

The Corporation 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:

Medicaid

Skilled nursing services provided to Medicaid beneficiaries are paid at prospectively determined rates per day or at rates negotiated with Medicaid Managed Care organizations. These rates vary according to a resident classification system that is based on clinical diagnosis and other factors, and the reimbursement methodology is subject to various limitations and adjustments. The Corporation's concentration of skilled nursing in Pennsylvania exposes it to the risk of changes in the state's Medicaid reimbursement system. Rates are calculated by Pennsylvania's Department of Human Services (DHS) on a quarterly basis.

Medicare

Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Corporation's clinical assessment of its residents. The Corporation 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 programs.

3. Fair Value Measurements and Investments

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 levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Corporation 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.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

The following tables present financial instruments, including assets whose is limited, reported at fair value on a recurring basis as of December 31 by caption on the balance sheets:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Investments, assets whose use is limited and statutory minimum liquid reserve:				
Certificates of deposit	\$ 700,000	\$ -	\$ 700,000	\$ -
Mutual funds:				
Equity	4,201,505	4,201,505	-	-
Fixed income	1,368,376	1,368,376	-	-
Corporate bonds	1,229,355	-	1,229,355	-
U.S. government obligations	1,199,787	-	1,199,787	-
Total investments, assets whose use is limited and statutory minimum liquid reserve	<u>\$ 8,699,023</u>	<u>\$ 5,569,881</u>	<u>\$ 3,129,142</u>	<u>\$ -</u>
Beneficial interest in perpetual trusts	<u>\$ 622,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,354</u>
	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Investments, assets whose use is limited and statutory minimum liquid reserve:				
Certificates of deposit	\$ 100,000	\$ -	\$ 100,000	\$ -
Mutual funds:				
Equity	4,923,883	4,923,883	-	-
Fixed income	1,306,455	1,306,455	-	-
Corporate bonds	1,731,066	-	1,731,066	-
U.S. government obligations	1,408,392	-	1,408,392	-
Total investments, assets whose use is limited and statutory minimum liquid reserve	<u>\$ 9,469,796</u>	<u>\$ 6,230,338</u>	<u>\$ 3,239,458</u>	<u>\$ -</u>
Beneficial interest in perpetual trusts	<u>\$ 794,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,018</u>

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

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

The following table reconciles the investments and assets whose use is limited to the balance sheets:

	<u>2022</u>	<u>2021</u>
Investments, assets whose use is limited and statutory minimum liquid reserve reported at fair values in the tables above	\$ 8,699,023	\$ 9,469,796
Cash and cash equivalents included in investments, assets whose use is limited and statutory minimum liquid reserve	<u>566,515</u>	<u>732,240</u>
Total investments, assets whose use is limited and statutory minimum liquid reserve	<u>\$ 9,265,538</u>	<u>\$ 10,202,036</u>

Investments, assets whose use is limited and statutory minimum liquid reserve are classified on the balance sheets as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Investments	\$ 366,729	\$ 700,712
Assets whose use is limited:		
Endowment fund, board designated	5,163,411	5,531,088
Endowment fund, donor restricted	464,551	464,551
Health insurance reserves, board designated	1,356,262	1,440,886
Capital investment fund, board designated	1,041,621	1,159,702
Other	<u>35,964</u>	<u>68,097</u>
Total assets whose use is limited	<u>8,061,809</u>	<u>8,664,324</u>
Statutory minimum liquid reserve	<u>837,000</u>	<u>837,000</u>
	<u>\$ 9,265,538</u>	<u>\$ 10,202,036</u>

Investment income (loss) is comprised of the following:

	<u>2022</u>	<u>2021</u>
Interest, dividends and capital gains distributions	\$ 154,965	\$ 155,747
Net realized gain on sales of investments	942,758	423,380
Net unrealized gain (loss) on investments	<u>(2,296,009)</u>	<u>474,023</u>
Total	<u>\$ (1,198,286)</u>	<u>\$ 1,053,150</u>

Valuation Methodologies

Investments, assets whose use are limited and the statutory minimum liquid reserve are valued at fair value based on quoted market prices in active markets for certificates of deposit and mutual funds and are estimated using quoted prices for similar securities for corporate and U.S. government obligations.

The beneficial interest in perpetual trusts are valued based on the Corporation's interest in the fair value of the trusts, which approximates the fair value of the future distributions to be received.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements
December 31, 2022 and 2021

Statutory Minimum Liquid Reserve Requirement

In compliance with Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), the Board of Directors designated a portion of unrestricted investments "reserved" to meet the requirements of Act 82. The amount designated was \$837,000 as of December 31, 2022, and was calculated as follows:

Budgeted operating expenses for the year ending December 31, 2023, related to independent living units	\$	9,135,278	
Less budgeted depreciation expense		<u>2,328,278</u>	
Expenses subject to minimum liquid reserve requirement		6,807,000	
Statutory requirement		<u>10%</u>	
Statutory minimum liquid reserve requirement	\$	<u>680,700</u>	(a)
Debt service requirements for the year ending December 31, 2023, related to independent living units: Budgeted principal and interest payments due on Series 2017 Loan agreement related to independent living units	\$	<u>837,000</u>	
Statutory minimum liquid reserve requirement	\$	<u>837,000</u>	(b)
Greater of (a) or (b) above	\$	<u>837,000</u>	

4. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of the balance sheets dates, consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 1,257,866	\$ 2,622,132
Accounts receivable, residents, net	748,339	673,911
Investments	<u>366,729</u>	<u>700,712</u>
Total financial assets available for general expenditures within one year	<u>\$ 2,372,934</u>	<u>\$ 3,996,755</u>

Board-designated assets are set aside by the Board of Directors as an endowment fund. The Board designated endowment fund, which is more fully described in Notes 3 and 10, is generally not available for general expenditure within the next year and, therefore, is not reflected in the amounts above. However, the Board-designated amounts in excess of those collateralized by the line of credit noted in Note 6, could be made available, if necessary.

As stated in Note 3, the Corporation designated a portion of its investments "reserved" to comply with the requirements of Act 82. Although the Corporation does not intend to utilize the Act 82 reserves for general expenditures as part of its annual budget and approval process, and, therefore, is not reflected in the amounts above, amounts designated as Act 82 reserves could be made available as necessary. The Act 82 reserves do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

As part of the Corporation's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

Additionally, the Corporation maintains a \$1,500,000 revolving line of credit to support operations (Note 6).

5. Property and Equipment, Net

Property and equipment consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 1,381,780	\$ 1,375,780
Building and building improvements	72,878,397	75,511,350
Furniture and equipment	7,229,244	7,309,025
Construction-in-progress	582,812	678,590
	<u>82,072,233</u>	<u>84,874,745</u>
Total	82,072,233	84,874,745
Less accumulated depreciation	<u>45,645,597</u>	<u>45,810,607</u>
Property and equipment, net	<u>\$ 36,426,636</u>	<u>\$ 39,064,138</u>

Construction-in-progress as of December 31, 2022, primarily consists of costs associated with renovations and the repair and replacement of assets damaged by an insurable event, flooding, that occurred in December 2022. Contract commitments related to construction projects approximated \$500,000 as of December 31, 2022. During the years ended December 31, 2022 and 2021, the Corporation recognized a loss on abandonment of project of \$645,182 and \$1,773,686, respectively.

The Corporation discovered a major component of the Cedarwood's building infrastructure failed and due to the age of the building, the Board of Directors decided to raze the Cedarwood building and finance future capital projects. In relation to the demolition of the building, the Corporation recognized a loss on disposed assets of \$528,322 and demolition costs of \$913,026 for the year ended December 31, 2022. The disposal losses and demolition expenses are combined and are classified as a nonoperating (loss) on the statement of operations.

6. Lines of Credit

The Corporation has a \$1,500,000 unsecured revolving line of credit with Univest. The line of credit bears interest at the prime rate plus 25 basis points (7.5% as of December 31, 2022). There were no borrowings as of December 31, 2022 or 2021.

On July 22, 2022, the Corporation entered into a \$3,500,000 secured nonrevolving line of credit with Univest used to finance capital projects. The line of credit matures on January 1, 2025, bears interest at 180 basis points above the greater of the one-month Secured Overnight Financing Rate (SOFR) loan rate or a floor rate of zero percent (5.9% as of December 31, 2022), and is secured by marketable securities in the benevolent care fund held by Univest. The line of credit agreement requires the benevolent care fund balance be no less \$3,500,000 after a 75% advance rate is applied to the market value of the account, or \$4,666,666, until all debt obligations with Univest are satisfied in full. Additionally, the line of credit agreement requires compliance with the terms of the Series 2017 Loan defined in Note 7. There were borrowings of \$1,282,640 as of December 31, 2022.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements
December 31, 2022 and 2021

7. Long-Term Debt, Net

Long-term debt is as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Series 2017 Loan requiring monthly payments of \$117,261, including interest at 3.83% payable through December of 2024, at which time the rate will be reset. The Series 2017 Loan is scheduled to mature in January of 2038.	\$ 16,041,621	\$ 16,809,580
Less current maturities	(818,486)	(765,471)
Less unamortized debt issuance costs	<u>(207,691)</u>	<u>(212,490)</u>
Long-term debt, net	<u>\$ 15,015,444</u>	<u>\$ 15,831,619</u>

The balance of the Series 2017 Loan Agreement (the Agreement) is secured by a mortgage lien on, and security interest in, substantially all of the Corporation's property and equipment, as defined in the Agreement with Univest. The Corporation agreed to comply with the terms of the Agreement, which include, among other things, covenants to maintain a minimum debt service coverage ratio and a minimum days cash on hand ratio.

On April 15, 2020, the Corporation received loan proceeds in the amount of \$2,148,100 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over two years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period.

The Corporation met the PPP's loan forgiveness requirements and legal release for a portion of principal and accrued interest was received during June of 2021; therefore, the Corporation recorded forgiveness income of \$2,065,055 within the nonoperating income section of its statement of operations for the year ended December 31, 2021. The unforgiven portion of the principal and interest due on the loan was paid in full in July 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

Scheduled principal payments on long-term debt are as follows as of December 31, 2022:

Years ending December 31:	
2023	\$ 818,486
2024	826,887
2025	859,468
2026	893,332
2027	928,530
Thereafter	<u>11,714,918</u>
Total	<u>\$ 16,041,621</u>

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

8. Accrued Expenses

Accrued expenses consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Vacation wages	\$ 372,232	\$ 431,570
Salaries and wages and related payroll taxes	314,615	318,057
Accrued health insurance	135,179	137,502
Interest	58,733	55,439
Pennsylvania nursing home assessment	52,220	43,438
Other	60,465	20,046
Total	<u>\$ 993,444</u>	<u>\$ 1,006,052</u>

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Limited for donor specific purposes	\$ 8,441	\$ 9,826
Pledges receivable, capital campaign	243,741	407,494
Limited by donors for capital projects	208,602	490,985
Benevolent care	206,426	-
Endowment fund (maintained in perpetuity)	464,551	464,551
Beneficial interest in perpetual trusts (maintained in perpetuity)	622,354	794,018
Total	<u>\$ 1,754,115</u>	<u>\$ 2,166,874</u>

10. Endowment Funds

The Corporation's endowment funds consist of funds to remain in perpetuity and a benevolent care fund as established by the Board of Directors to assist residents whose funds have been depleted. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Corporation has interpreted the relevant Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund to be maintained in perpetuity absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions: to be maintained in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment is set as a term endowment until appropriated.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements
December 31, 2022 and 2021

Unless specifically defined, the Corporation considers the following factors to determine when a donor-restricted endowment fund is required by donor stipulation to accumulate or appropriate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Corporation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Corporation
- (7) The investment policies of the Corporation

The following schedule represents the changes in endowment net assets for the years ended December 31, 2022 and 2021:

	Without Donor Restrictions: Board Designated	With Donor Restrictions: To Be Maintained in Perpetuity	Total
Endowment net assets, December 31, 2020	\$ 4,744,219	\$ 464,551	\$ 5,208,770
Investment return, net	786,869	-	786,869
Endowment net assets, December 31, 2021	5,531,088	464,551	5,995,639
Investment return, net	(367,677)	-	(367,677)
Endowment net assets, December 31, 2022	<u>\$ 5,163,411</u>	<u>\$ 464,551</u>	<u>\$ 5,627,962</u>

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 Corporation to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as a component of net assets without donor restrictions. As of December 31, 2022 and 2021, no deficiencies were noted.

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending practices 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 Corporation must hold in perpetuity or for a donor-specified period(s). Under this practice, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results assuming a moderate level of investment risk.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

Strategies Employed for Achieving Objectives

The Corporation 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 Corporation 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.

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

The Corporation has a practice of appropriating net assets with donor restrictions for distribution on an as needed basis. The amount needed to fund distributions will first be taken from any accumulated excess earnings from prior years, then from current year earnings. Any undistributed income is added back to the net assets with donor restrictions. During both 2022 and 2021, all current year earnings were utilized for benevolent care and thus per the Corporation's policy is not included in the with donor restrictions activity on the statements of changes in net assets. Over the long-term, the Corporation expects the current spending policy to allow its endowment to grow to maintain the purchasing power of the endowment assets to be held in perpetuity or for a specified term as well as to provide additional real growth through new contributions and investment return.

11. Retirement Plan

The Corporation sponsors a defined contribution retirement plan. Pension expense was \$209,256 in 2022 and \$169,473 in 2021.

12. Insurance Coverage

Medical Malpractice Claims Coverage

The Corporation maintains professional liability coverage on a claims-made basis through Peace Church Risk Retention Group (PCRRG), a reciprocal risk retention group. The insurance is subject to excess professional liability coverage limits of \$1,000,000 per claim and \$3,000,000 in aggregate. The Corporation also maintains excess liability coverage on a claims-made basis through PCRRG with coverage limits of \$10,000,000 per occurrence and in aggregate. Under the excess liability policy, communicable disease claims outside of those related to COVID-19 are subject to sublimits of \$1,000,000 per claim and \$5,000,000 in aggregate.

Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the Corporation's insurance coverages or will have a material adverse effect on the financial statements.

Employee Health Insurance

The Corporation self-insures employee health benefits through use of a third-party administrator. The self-insured employee health benefits are subject to aggregate liability limits of \$1,000,000 per benefit period. Accrued health insurance liabilities associated with estimated incurred but not reported benefit claims are disclosed in Note 8.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements
December 31, 2022 and 2021

13. Contingencies

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 health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Corporation, if any, are not presently determinable.

COVID-19

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. The Corporation's evaluation of the effects of these events is ongoing as of the date the accompanying financial statements were available to be issued. COVID-19 may impact various parts of the Corporation's fiscal year 2023 operations and financial performance. The extent of the impact will depend on future developments, including related governmental or other regulatory actions to mitigate the spread of infection, or in relation to funding received in previous years.

14. Concentrations of Credit Risk

The Corporation grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicaid and Medicare.

The Corporation maintains cash accounts, which, at times, may exceed federally insured limits. The Corporation 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.

Frederick Mennonite Community (d/b/a Frederick Living)

Notes to Financial Statements

December 31, 2022 and 2021

15. Functional Expenses

The Corporation provides housing, health care and other related services to elderly residents within its geographic location. Expenses relating to providing these services are as follows for the years ended December 31:

	2022			
	Resident Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 6,375,433	\$ 1,644,343	\$ 94,435	\$ 8,114,211
Employee benefits and payroll taxes	1,874,614	578,246	7,083	2,459,943
Food	1,455,853	-	-	1,455,853
Supplies	418,986	38,110	-	457,096
Real estate taxes	620,422	-	-	620,422
Dietary consultant	561,427	-	-	561,427
Insurance	293,714	-	-	293,714
Pharmacy	30,114	-	-	30,114
Therapy	626,623	-	-	626,623
Depreciation	3,106,444	-	-	3,106,444
Interest	662,494	-	-	662,494
Pennsylvania nursing home assessment	72,990	-	-	72,990
Utilities	540,576	-	-	540,576
Contracted services	-	102,565	-	102,565
Other	1,785,843	1,234,240	32,819	3,052,902
Total	\$ 18,425,533	\$ 3,597,504	\$ 134,337	\$ 22,157,374

	2021			
	Resident Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 7,266,107	\$ 1,421,634	\$ 90,818	\$ 8,778,559
Employee benefits and payroll taxes	2,533,882	586,256	6,854	3,126,992
Food	1,281,607	-	-	1,281,607
Supplies	397,938	37,833	-	435,771
Real estate taxes	595,017	-	-	595,017
Dietary consultant	521,947	-	-	521,947
Insurance	282,679	-	-	282,679
Pharmacy	75,759	-	-	75,759
Therapy	674,410	-	-	674,410
Depreciation	3,016,225	-	-	3,016,225
Interest	689,507	-	-	689,507
Pennsylvania nursing home assessment	82,722	-	-	82,722
Utilities	410,061	-	-	410,061
Contracted services	-	338,480	-	338,480
Other	1,657,367	1,113,885	108,255	2,879,507
Total	\$ 19,485,228	\$ 3,498,088	\$ 205,927	\$ 23,189,243

Frederick Mennonite Community (d/b/a Frederick Living)

Schedules of Operating (Loss) Income - Unaudited

Year Ended December 31, 2022

	<u>Cedarwood Skilled Nursing</u>	<u>Magnolia Personal Care</u>	<u>Aspen Memory Unit</u>	<u>Residential Living Independent Living</u>	<u>Total</u>
Revenues Without Donor Restrictions					
Net resident service revenue:					
Room and board	\$ 4,133,049	\$ 4,508,967	\$ 2,079,110	\$ 5,214,724	\$ 15,935,850
Entrance fee amortization	-	12,000	-	2,145,299	2,157,299
Therapy services	537,065	-	-	-	537,065
Ancillary services	47,281	167,970	104,011	4,611	323,873
Other revenue	85,585	33,166	9,652	34,224	162,627
	<u>4,802,980</u>	<u>4,722,103</u>	<u>2,192,773</u>	<u>7,398,858</u>	<u>19,116,714</u>
Total net resident service revenue					
Expenses:					
Salary wages - APL	(26,380)	(10,244)	1,648	(5,669)	(40,645)
Salary wages	2,752,101	1,990,393	1,050,974	2,091,951	7,885,419
Benefits	609,280	383,640	206,166	455,911	1,654,997
Payroll taxes	195,466	138,743	82,778	148,473	565,460
Unemployment charges	1,326	1,053	525	96	3,000
Pension expense	92,491	73,449	36,620	6,696	209,256
Medical director	12,000	-	-	-	12,000
Contract dining - product	209,073	260,136	105,018	389,241	963,468
Contract dining - labor	121,830	151,585	61,196	226,817	561,428
Contract dining - controllable	58,856	73,232	29,564	109,576	271,228
Contract dining - non control	33,193	41,300	16,673	61,797	152,963
Supplies	179,637	78,888	43,876	336,183	638,584
Pharmacy	31,019	1,441	-	-	32,460
Other medical expense	23,693	1,867	5,231	889	31,680
Therapy expense	634,960	-	-	8,325	643,285
Raw food	14,605	18,172	7,336	27,190	67,303
Printing, etc.	3,660	8,183	6,408	83,780	102,031
Special functions	(1,629)	862	1,514	188	935
Chapel expenses	1,155	1,584	566	4,346	7,651
Internet services / MIS	92,011	121,148	47,028	250,986	511,173
Postage	225	-	939	-	1,164
Audit fees	14,109	18,577	7,212	38,488	78,386
Dues	3,893	5,126	1,990	11,727	22,736
Books & subscriptions	67	310	483	1,707	2,567
Travel expenses	84	451	55	1,751	2,341

Frederick Mennonite Community (d/b/a Frederick Living)

Schedules of Operating (Loss) Income - Unaudited

Year Ended December 31, 2022

	<u>Cedarwood Skilled Nursing</u>	<u>Magnolia Personal Care</u>	<u>Aspen Memory Unit</u>	<u>Residential Living Independent Living</u>	<u>Total</u>
Expenses:					
Electric	\$ 18,482	\$ 59,689	\$ 18,482	\$ 206,336	\$ 302,989
Heating	12,916	41,713	12,916	154,193	221,738
Fuel	506	1,635	506	5,653	8,300
Vehicle regis & fees	42,806	35,706	16,323	74,072	168,907
Trash removal	3,597	8,952	3,005	40,678	56,232
Ground care	12,556	40,550	12,556	140,177	205,839
Maintenance contr outside lab	176,069	164,734	143,829	396,069	880,701
Repairs	32,932	91,894	28,747	141,731	295,304
Vehicle expense	50	-	-	-	50
Volunteer costs	236	324	116	888	1,564
Car & train show	671	919	329	2,523	4,442
Consultant	29,085	49,644	13,832	66,344	158,905
Sludge removal	7,536	9,922	3,852	20,556	41,866
Miscellaneous	124,575	89,607	34,689	228,285	477,156
QAP payments	13,138	17,299	6,715	35,838	72,990
Beauty shop	10,654	29,230	6,770	23,549	70,203
Contributions	1,510	2,070	740	5,147	9,467
	<u>5,544,044</u>	<u>4,003,784</u>	<u>2,017,207</u>	<u>5,792,488</u>	<u>17,357,523</u>
Total expenses					
Operating income (loss)	(741,064)	718,319	175,566	1,606,370	1,759,191
Depreciation	147,114	540,661	142,941	2,275,728	3,106,444
Amortization	1,548	3,984	697	8,385	14,614
Real estate taxes	30,154	138,913	16,172	435,183	620,422
Interest expense	57,031	189,428	30,665	370,756	647,880
Insurance	84,932	79,453	13,699	115,630	293,714
	<u>(1,061,843)</u>	<u>(234,120)</u>	<u>(28,608)</u>	<u>(1,599,312)</u>	<u>(2,923,883)</u>
Operating loss					

Frederick Mennonite Community (d/b/a Frederick Living)

Schedules of Operating (Loss) Income - Unaudited

Year Ended December 31, 2022

	<u>Cedarwood Skilled Nursing</u>	<u>Magnolia Personal Care</u>	<u>Aspen Memory Unit</u>	<u>Residential Living Independent Living</u>	<u>Total</u>
Nonoperating:					
Fundraising, contributions					\$ 535,923
Fundraising, expenses					(133,102)
Net fundraising					<u>402,821</u>
Other income (loss):					
Bank rental revenue					2,750
Other income					15,964
Chapel contributions					18,970
Meals - employees					54,502
PCRRG policyholder distribution					9,155
Bad debt allowance					(12,309)
Grant income - HHS stimulus & MA PA relief					101,600
Investment income					<u>1,129,084</u>
Total other income					1,319,716
Unrealized gains (loss)					(2,296,009)
Insurance proceeds, flood					450,000
Close of project					(645,182)
Disposal loss and demolition expense, Cedarwood					<u>(1,441,348)</u>
Total income (loss)					<u>\$ (5,133,885)</u>

Frederick Mennonite Community (d/b/a Frederick Living)

Schedules of Operating (Loss) Income - Unaudited

Year Ended December 31, 2021

	<u>Cedarwood Skilled Nursing</u>	<u>Magnolia Personal Care</u>	<u>Aspen Memory Unit</u>	<u>Residential Living Independent Living</u>	<u>Total</u>
Revenues Without Donor Restrictions					
Net resident service revenue:					
Room and board	\$ 5,583,732	\$ 4,365,418	\$ 2,025,096	\$ 5,144,415	\$ 17,118,661
Entrance fee amortization	-	60,000	-	2,122,321	2,182,321
Therapy services	499,427	-	-	-	499,427
Ancillary services	54,447	199,948	102,651	8,050	365,096
Other revenue	108,759	30,227	7,143	26,619	172,748
	<u>6,246,365</u>	<u>4,655,593</u>	<u>2,134,890</u>	<u>7,301,405</u>	<u>20,338,253</u>
Total net resident service revenue					
Expenses:					
Salary wages - APL	(3,152)	(11,553)	(437)	(12,134)	(27,276)
Salary wages	3,241,631	2,008,797	1,165,043	2,299,547	8,715,018
Benefits	902,745	485,439	277,463	615,709	2,281,356
Payroll taxes	233,739	143,578	92,882	167,321	637,520
Unemployment charges	14,029	11,141	5,555	1,016	31,741
Pension expense	74,897	59,477	29,654	5,422	169,450
Medical director	12,000	-	-	-	12,000
Contract dining - product	188,641	234,715	94,755	351,202	869,313
Contract dining - labor	113,262	140,926	56,892	210,867	521,947
Contract dining - controllable	42,205	52,513	21,200	78,575	194,493
Contract dining - non control	33,554	41,749	16,854	62,469	154,626
Supplies	182,683	65,979	34,296	135,105	418,063
Pharmacy	93,821	2,043	342	-	96,206
Other medical expense	60,988	1,193	7,137	5,083	74,401
Therapy expense	690,799	-	-	-	690,799
Raw food	13,578	16,894	6,820	25,279	62,571
Printing, etc.	2,949	21,716	1,482	57,410	83,557
Special functions	(740)	1,161	1,895	(979)	1,337
Chapel expenses	387	530	189	1,454	2,560
Internet services / MIS	64,180	84,504	32,803	178,051	359,538
Postage	105	4,841	778	2,569	8,293
Audit fees	14,490	19,079	7,406	39,526	80,501
Dues	3,718	4,895	1,900	11,754	22,267
Books & subscriptions	488	217	809	3,458	4,972
Travel expenses	247	64	18	208	537

Frederick Mennonite Community (d/b/a Frederick Living)

Schedules of Operating (Loss) Income - Unaudited

Year Ended December 31, 2021

	<u>Cedarwood Skilled Nursing</u>	<u>Magnolia Personal Care</u>	<u>Aspen Memory Unit</u>	<u>Residential Living Independent Living</u>	<u>Total</u>
Expenses:					
Electric	\$ 16,878	\$ 54,506	\$ 16,878	\$ 188,420	\$ 276,682
Heating	6,746	21,787	6,746	80,129	115,408
Fuel	591	1,909	591	6,600	9,691
Vehicle regis & fees	34,642	32,078	12,350	73,072	152,142
Trash removal	3,530	7,470	3,820	39,730	54,550
Ground care	11,868	38,327	11,868	132,491	194,554
Maintenance contr outside lab	59,794	67,137	30,907	370,933	528,771
Repairs	40,627	63,446	27,370	165,607	297,050
Vehicle expense	46	-	-	-	46
Volunteer costs	117	160	57	440	774
Car & train show	440	603	216	1,656	2,915
Consultant	56,516	107,873	40,820	60,738	265,947
Sludge removal	7,210	9,493	3,685	19,666	40,054
Miscellaneous	158,622	106,275	43,199	175,676	483,772
QAP payments	14,890	19,605	7,610	40,617	82,722
Beauty shop	16,292	24,483	6,258	15,705	62,738
COVID-19 expenses	73,745	24,162	4,826	18,066	120,799
Contributions	1,621	2,222	794	6,097	10,734
	<u>6,485,419</u>	<u>3,971,434</u>	<u>2,073,731</u>	<u>5,634,555</u>	<u>18,165,139</u>
Total expenses					
Operating income (loss)	(239,054)	684,159	61,159	1,666,850	2,173,114
Depreciation	173,251	517,010	151,615	2,174,349	3,016,225
Amortization	1,106	3,895	630	7,580	13,211
Real estate taxes	22,296	138,232	-	434,489	595,017
Interest expense	49,377	192,033	29,406	405,480	676,296
Insurance	82,029	76,737	13,230	110,683	282,679
	<u>(567,113)</u>	<u>(243,748)</u>	<u>(133,722)</u>	<u>(1,465,731)</u>	<u>(2,410,314)</u>
Operating loss					

Frederick Mennonite Community (d/b/a Frederick Living)Schedules of Operating (Loss) Income - Unaudited
Year Ended December 31, 2021

	<u>Cedarwood Skilled Nursing</u>	<u>Magnolia Personal Care</u>	<u>Aspen Memory Unit</u>	<u>Residential Living Independent Living</u>	<u>Total</u>
Nonoperating:					
Fundraising, contributions					\$ 319,281
Fundraising, expenses					<u>(205,975)</u>
Net fundraising					<u>113,306</u>
Other income (loss):					
Bank rental revenue					3,000
Other income					30,360
Chapel contributions					5,011
Meals, employees					37,379
PCRRG policyholder distribution					4,547
Bad debt allowance					(223,461)
Small balance adj					(4)
Grant income - HHS stimulus & MA PA relief					151,334
Investment income					<u>571,496</u>
Total other income					579,662
Unrealized gains (loss)					474,023
Debt forgiveness - PPP					2,065,055
Close of project					<u>(1,773,686)</u>
Total income (loss)					<u>\$ (951,954)</u>