

Disclosure Statement

October 1, 2022

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

An index is included on page i.

CROSS KEYS VILLAGE
The Brethren Home Community
2990 Carlisle Pike
New Oxford, PA 17350
717-624-2161

CROSS KEYS VILLAGE – THE BRETHREN HOME COMMUNITY
DISCLOSURE STATEMENT

October 2022

INDEX

	PAGE NUMBER
SUMMARY OF DISCLOSURE STATEMENT	ii
INTRODUCTION	1
DESCRIPTION	2
RESIDENTIAL LIVING SERVICES	4
FEES	5
STRATEGIC LONG-RANGE PLANNING	6
MASTER PLAN	7
CURRENT INDEBTEDNESS	8
RESERVE FUNDS	9
2022 – 2023 BUDGET	9
FINANCIAL STATEMENTS	9

EXHIBITS

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

ATTACHMENTS

Rescission Notice

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

1. The Facility: The Brethren Home Community doing business as "Cross Keys Village - The Brethren Home Community", 2990 Carlisle Pike, New Oxford, PA 17350-9582.

2. The Provider: The Brethren Home Community doing business as "Cross Keys Village - The Brethren Home Community", 2990 Carlisle Pike, New Oxford, PA 17350-9582.

3. Person to be contacted to discuss admissions: Amy Beste, Senior Retirement Counselor, or Nancy Daniel, Retirement Counselor, 2990 Carlisle Pike, New Oxford, PA 17350-9582. Telephone (717) 624-5350.

4. Description of Facility: 310 clustered one-story Cottages, 115 Homes, 115-unit Apartment Building with attached Community Center, and 50 Hearthside Hybrid Homes. 91 Personal Care Units and 270 Health Care beds located in a three-story building. 32 Personal Care Units (Memory) in a free standing building. The facility is located on approximately 334 acres in rural Oxford Township, Adams County, New Oxford, PA.

5. Age Requirements: In the Residential Living Community, one person in the household must be at least 62 years old at the time of admission to a cottage, home or apartment. All other occupants must be at least 55 years old.

6. Affiliations: Cross Keys Village - The Brethren Home Community is affiliated with the Church of the Brethren, Southern District of Pennsylvania. A complete description of the nature of the affiliation is contained in the Disclosure Statement.

7. Current Resident Population: On October 1, 2022, there were approximately 1,024 residents at Cross Keys Village - The Brethren Home Community.

8. Fees: The following are samples of Entrance Contributions and Monthly Fees as of October 1, 2022:

CHRISTOPHER SAUER (One Bedroom Cottage)	**SINGLE OCCUPANCY**	**DOUBLE OCCUPANCY**
ENTRANCE CONTRIBUTION	$95,700	$95,700
MONTHLY SERVICE FEE	$879	$1,029

WILBUR STOVER (Two Bedroom Cottage)	**SINGLE OCCUPANCY**	**DOUBLE OCCUPANCY**
ENTRANCE CONTRIBUTION	$225,000	$225,000
MONTHLY SERVICE FEE	$1,109	$1,259

HARMONY RIDGE APARTMENTS (Andante One Bedroom with Den)	**SINGLE OCCUPANCY**	**DOUBLE OCCUPANCY**
ENTRANCE CONTRIBUTION	$201,400	$201,400
MONTHLY SERVICE FEE	$1,423	$1,673

CROSS KEYS VILLAGE - THE BRETHREN HOME COMMUNITY
DISCLOSURE STATEMENT

INTRODUCTION

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

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

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

CKV-TBHC is a subsidiary of The Brethren Home Foundation, also a not-for-profit corporation, with its office at 2990 Carlisle Pike, New Oxford, PA 17350. The members of The Brethren Home Foundation are the members of the churches, which belong to the Southern District of Pennsylvania Church of the Brethren. Delegates representing each member congregation in the District affirm a slate of candidates who are members of the District churches for Directors of the corporation at the Annual Corporation Meeting held in conjunction with the District Conference. The balance of the Directors, excluding the President of the corporation, are elected by the Directors then in office. A minimum of sixty percent (60%) of the Directors shall be members of a church in the Southern District of Pennsylvania Church of the Brethren. The Directors of CKV-TBHC are elected by the Board of Directors of the Brethren Home Foundation. The Brethren Home Foundation is a separate legal entity and is not responsible for the financial or contractual obligations of CKV-TBHC. Neither the District nor the Church of the Brethren Denomination is responsible for the financial or contractual obligations of CKV-TBHC.

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

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

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

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

DESCRIPTION

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

There are four types of Residential Living units featured at Cross Keys Village, currently occupied by 806 residents: cottages, homes, apartments and hybrids. There are 425 cottages and homes representing over 32 different models. Each unit contains a living area, a full kitchen and bath, in a mix of efficiency, one-bedroom and two-bedroom units. The largest units are called Bridgewater Homes which all include an attached two-car garage.

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

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

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

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

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

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

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

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

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

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

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

RESIDENTIAL LIVING SERVICES

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

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

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

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

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

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

Primary care physician services are also available by nearby FirstLine Care through UPMC Pinnacle Hanover. These services are available to Villagers, Team members and Team members' immediate family.

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

FEES

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

Villager Entrance Fees

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

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

Cottage and Home Monthly Fees

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

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

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

Harmony Ridge Apartment and Hearthside Monthly Fees

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

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

restaurant or "Harmony Café".

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

STRATEGIC LONG-RANGE PLANNING

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

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

QUALITY

- Physical Environments

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

  Strategy: Capitalize on opportunities to upgrade environments to be competitive, to nurture quality of life, and for elevated infection control.

- Life Enrichment

  Vision: To foster holistic Wellness among residents.

  Strategy: Provide increased opportunities for life enrichment through enhanced environments and programs.

PEOPLE

- Organizational Development

  Vision: To foster a workforce that is engaged, adequate in size, and positioned for the future.

  Strategy: Continue our workforce development and employee engagement efforts.

- Constituent Engagement in Campus Development

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

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

SERVICE

- Redevelop the Long-Term Care Experience

  Vision: To foster "Aging in the Preferred Place"

  Strategy: Provide services and supports desired by residents.

FINANCE

- Fund Campus Development

  Vision: Secure adequate funding for major projects in a prudent and conservative structure.

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

GROWTH

- Continue the rebalancing of Campus Service Lines

  Vision: Rebalance the campus community to maintain CKV's position as provider of choice while minimizing risk.

  Strategy: Capitalize on revenue-producing campus development opportunities to offset a "rightsized" reduction of Health Care revenue.

MASTER PLAN

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

Bridgewater Homes – The plan is to build about 51 new units over the next 5 years with most of these units occupying the land directly behind the existing Bridgewater development.

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

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

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

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

CURRENT INDEBTEDNESS

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

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

Repayment of the 2007 bond issue began in June 2008 and was scheduled through June 1, 2032. In November 2015, the remaining balance of the 2007 bond issue was refinanced with series 2015A bonds through PNC Bank, N.A. The bonds bear interest at a variable rate (1.76% at June 30, 2022).

In November 2015, the Adams County Industrial Development Authority entered into a loan agreement on behalf of The Brethren Home Community for series 2015B and 2016 bonds with Fulton Bank. The amount of debt totaled $19,800,000. The funds are being used to pay off prior Line of Credit outstanding balance, construction of residential homes and memory support care building. The bonds currently bear interest as a variable rate (1.71% at June 30, 2022).

At June 30, 2022, total bonds in the amount of $30,724,900 remain outstanding. One half of the outstanding balance of the bonds is converted to a fixed rate under an interest rate swap agreement with Wells Fargo Bank, N.A. and Fulton Bank. See notes five (5) and nine (9) in the audited financial statements (Exhibit H) for additional information.

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

RESERVE FUNDS

The Board of Directors has designated a Property, Plant and Equipment Renewal/Replacement Fund. On June 30, 2022, this fund totaled $23,214,449.

BUDGET

Attached as Exhibit G is the statement of Unrestricted Budgeted Revenues and Expenses for the year ending June 30, 2023.

FINANCIAL STATEMENTS

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

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

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

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

023671

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

Dear Taxpayer:

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

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

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

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

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

Sincerely yours,

Michele M. Sullivan

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

EXHIBIT B

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

OFFICERS

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

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

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

BOARD OF DIRECTORS

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

Bonnie G. Ferrence
7135 Hershey Road
Spring Grove, PA 17362
Occupation: Retired Registered Nurse

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

EXHIBIT C

SUMMARY OF BACKGROUND AND EXPERIENCE

Jeffrey M. Evans

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

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

Professional Affiliations include: LeadingAge and LeadingAge PA.

EXHIBIT D

RESIDENT AGREEMENTS

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

EXHIBIT E

HEARTHSIDE

	Entrance Contribution	Monthly Service Fee One Person
Brierly	$275,700	$1,932
Ambleside	304,200	2,130
Idlewild	311,700	2,185
Huntly	321,500	2,253
Heathfield	367,500	2,576
Heathfield Deluxe	380,600	2,667

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

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

HARMONY RIDGE APARTMENTS

East	Entrance Contribution	Monthly Service Fee One Person
Allegro 1 Bedroom	$ 144,800	$ 1,120
Adagio 1 Bedroom Deluxe	161,900	1,199
Adante 1 Bedroom w/Den	201,400	1,423
Legato 2 Bedroom	222,400	1,672
Forte 2 Bedroom Deluxe	248,500	1,819
West		
Medley 1 Bedroom	$ 176,400	$ 1,292
Ballad 1 Bedroom	178,400	1,363
Madrigal 2 Bedroom	250,100	1,785
Aria 2 Bedroom	258,000	1,852
Cantata 2 Bedroom	279,200	1,994
Concerto 2 Bedroom/Den	285,800	2,052
Serenade 2 Bedroom/Nook	291,400	2,079
Sonata 2 Bedroom/Nook	307,900	2,205
Overture 2 Bedroom/Nook	323,700	2,316
Symphony 2 Bedroom Fire Place	381,200	2,725

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

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

EXHIBIT F

APARTMENT SERVICE FEES

Schedule of Increases in Monthly Service Fees Base Rates

Harmony Ridge East Apartments	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22
Allegro One Bedroom	$24.00	$29.00	$30.00	$31.00	$53.00
Adagio One Bedroom Deluxe	26.00	31.00	32.00	33.00	57.00
Andante One Bedroom with Den	30.00	37.00	38.00	39.00	68.00
Legato Two Bedroom	36.00	44.00	45.00	46.00	80.00
Forte Two Bedroom Deluxe	39.00	48.00	49.00	50.00	87.00
Additional Person	5.00	0.00	5.00	5.00	25.00

Harmony Ridge West Apartments	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22
Medley 1 Bedroom	$27.00	$34.00	$35.00	$36.00	$62.00
Ballad 1 Bedroom	29.00	36.00	37.00	38.00	65.00
Madrigal 2 Bedroom	38.00	47.00	48.00	50.00	85.00
Aria 2 Bedroom	39.00	48.00	50.00	51.00	88.00
Cantata 2 Bedroom	42.00	52.00	54.00	55.00	95.00
Concerto 2 Bedroom/Den	44.00	54.00	55.00	57.00	98.00
Serenade 2 Bedroom/Nook	44.00	54.00	56.00	58.00	99.00
Sonata 2 Bedroom/Nook	47.00	58.00	59.00	61.00	105.00
Overture 2 Bedroom/Nook	47.00	61.00	62.00	64.00	110.00
Symphony 2 Bedroom/Fireplace	58.00	71.00	73.00	76.00	130.00
Additional Person	5.00	0.00	5.00	5.00	25.00

Hearthside	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22
Brierly	N/A	N/A	N/A	$54.00	$92.00
Ambleside	N/A	N/A	N/A	59.00	101.00
Idlewild	N/A	N/A	N/A	61.00	104.00
Huntly	N/A	N/A	N/A	0.00	107.00
Heathfield	N/A	N/A	N/A	72.00	123.00
Heathfield Deluxe	N/A	N/A	N/A	74.00	127.00

The Brethren Home Foundation and Related Organization

Consolidated Financial Statements
and Supplementary Information

June 30, 2022 and 2021

The Brethren Home Foundation and Related Organization

Table of Contents
June 30, 2022 and 2021

	Page
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplementary Information	
Consolidating Balance Sheet	26
Consolidating Statement of Operations and Changes in Net Assets	28

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of The Brethren Home Foundation and Related Organization (the Organization), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 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 Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 26 through 29 is presented for purposes of additional analysis of the consolidated financial statements and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
October 13, 2022

The Brethren Home Foundation and Related Organization

Consolidated Balance Sheets
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 2,603,127	$ 4,270,731
Short-term investments	1,288,153	3,068,553
Resident funds	84,005	95,472
Accounts receivable residents, net	3,092,739	2,691,948
Prepaid expenses and other current assets	1,008,262	1,141,523
Total current assets	8,076,286	11,268,227
Investments	23,445,649	27,235,892
Assets Whose Use is Limited	28,709,405	34,387,379
Statutory Minimum Liquid Reserves	5,079,809	5,076,059
Property and Equipment, Net	124,992,122	125,373,318
Irrevocable Trusts	1,382,941	1,692,179
Total assets	$ 191,686,212	$ 205,033,054

See notes to consolidated financial statements

The Brethren Home Foundation and Related Organization

Consolidated Balance Sheets
June 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	$ 3,660,700	$ 3,532,700
Accounts payable:		
Trade	844,103	1,050,405
Construction	20,341	2,174,686
Entrance fees	196,760	-
Accrued liabilities	3,283,431	3,367,975
Accrued interest payable	66,174	65,580
Resident funds	84,005	95,472
Current portion of annuities payable	245,422	283,053
Total current liabilities	8,400,936	10,569,871
Prospective Resident Deposits	627,390	678,722
Refundable Entrance Fees	1,018,020	1,241,970
Deferred Revenue From Entrance Fees	69,988,372	68,404,083
Long-Term Debt, Net	26,810,061	30,359,255
Interest Rate Swap Agreements	440,512	1,596,643
Annuities Payable, Net	1,222,523	1,476,242
Total liabilities	108,507,814	114,326,786
Net Assets		
Without donor restrictions	70,754,185	77,479,459
With donor restrictions	12,424,213	13,226,809
Total net assets	83,178,398	90,706,268
Total liabilities and net assets	$ 191,686,212	$ 205,033,054

See notes to consolidated financial statements

The Brethren Home Foundation and Related Organization

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2022 and 2021

	2022	2021
Revenues Without Donor Restrictions		
Net resident service revenues	$ 42,073,247	$ 41,785,904
Contributions	578,885	243,704
Grant revenue	1,291,234	1,555,218
Interest and dividends	919,556	1,009,462
Rental income	392,475	500,646
Net assets released from restriction:		
Good Samaritan Fund	757,642	1,402,177
Other operating activities	158,792	110,074
Total revenues without donor restrictions	46,171,831	46,607,185
Expenses		
Nursing services	10,524,766	13,244,458
Depreciation	8,711,251	8,004,985
Administrative	7,435,693	7,193,295
Dietary	4,655,381	4,586,572
Operation and maintenance	4,196,910	4,180,936
Personal care	2,927,102	2,887,888
Residential living	2,588,564	2,212,585
Brookside memory care	1,979,285	1,919,874
Housekeeping and laundry	789,804	981,298
Activities, social and volunteer services	811,598	967,962
Interest	847,716	922,643
Community services	900,489	807,982
Pastoral care	252,103	222,416
Total expenses	46,620,662	48,132,894
Operating loss	(448,831)	(1,525,709)
Nonoperating Gains (Losses)		
Realized gains, investments	211,029	8,872,564
Unrealized gains and losses, investments	(7,680,332)	24,564
Change in fair value of interest rate swap agreements	1,156,131	777,764
Change in value of split interest agreements	(54,072)	1,449
Loss on disposal of property and equipment	(392,977)	(256,484)
Revenues (less than) in excess of expenses	(7,209,052)	7,894,148
Other Changes		
Net assets released from restriction for capital purchases	483,778	826,751
Change in net assets without donor restrictions	(6,725,274)	8,720,899
Net Assets With Donor Restrictions		
Contributions:		
Purpose restricted	2,506,531	1,146,490
Held in perpetuity	10,128	38,639
Interest and dividends	232,303	233,344
Realized gains, investments	209,370	978,718
Unrealized gains and losses, investments	(2,163,041)	1,723,548
Change in value of pledges receivable and split interest agreements	111,563	(124,016)
Change in fair value of irrevocable trusts	(309,238)	233,499
Net assets released from restriction	(1,400,212)	(2,339,002)
Change in net assets with donor restrictions	(802,596)	1,891,220
Change in net assets	(7,527,870)	10,612,119
Net Assets, Beginning	90,706,268	80,094,149
Net Assets, Ending	$ 83,178,398	$ 90,706,268

See notes to consolidated financial statements

The Brethren Home Foundation and Related Organization

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ (7,527,870)	$ 10,612,119
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in allowance for uncollectable accounts	(126,157)	(165,097)
Depreciation	8,711,251	8,004,985
Loss on disposal of property and equipment	392,977	256,484
Amortization of deferred financing costs	49,006	51,041
Contributions restricted for long-term purposes	(10,128)	(38,639)
Realized gains, investments	(420,399)	(9,851,282)
Unrealized gains and losses, investments	9,843,373	(1,748,112)
Change in fair value of irrevocable trusts	309,238	(233,499)
Change in fair value of interest rate swap agreements	(1,156,131)	(777,764)
Proceeds from entrance fees and deposits, existing units	8,950,498	7,840,561
Amortization of entrance fees	(8,216,839)	(7,258,701)
Change in split interest agreements	-	44,165
Change in annuities payable	(291,350)	(145,687)
Changes in current assets and liabilities:		
Accounts receivable resident, net	(162,764)	997,537
Prepaid expenses and other current assets	133,261	(68,996)
Accounts payable, trade	(206,302)	12,782
Accrued liabilities	(84,544)	50,058
Accrued interest payable	594	(8,267)
Deferred grant revenue	-	(957,354)
Net cash provided by operating activities	10,187,714	6,616,334
Cash Flows From Investing Activities		
Purchases of property and equipment	(10,877,377)	(19,276,156)
Net proceeds from sales of investments and assets whose use is limited	1,770,561	4,377,728
Net cash used in investing activities	(9,106,816)	(14,898,428)
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	10,128	38,639
Payments on long-term debt	(3,470,200)	(3,329,000)
Proceeds from refundable entrance fees and deposits, existing units	-	398,025
Proceeds from entrance fees and deposits, new units	1,787,356	11,386,490
Refunds of entrance fees and deposits	(1,127,118)	(1,754,614)
Net cash (used in) provided by financing activities	(2,799,834)	6,739,540
Net change in cash, cash equivalents, and restricted cash and cash equivalents	(1,718,936)	(1,542,554)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	4,949,453	6,492,007
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 3,230,517	$ 4,949,453
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 2,603,127	$ 4,270,731
Assets whose use is limited, Prospective resident deposits	627,390	678,722
Total cash, cash equivalents and restricted cash and cash equivalents	$ 3,230,517	$ 4,949,453
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 798,116	$ 879,869
Supplemental Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for property and equipment	$ 20,341	$ 2,174,686

See notes to consolidated financial statements

1. Nature of Operations

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

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

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

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

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

Accounts Receivable

The Organization assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Organization has exhausted all collection efforts and accounts are deemed impaired. The allowance for uncollectible accounts receivable was approximately $625,000 and $751,000 at June 30, 2022 and 2021, respectively.

Investments, Investment Risk and Assets Whose Use is Limited

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

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

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

Property and Equipment

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

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. Management determined property and equipment was not impaired at June 30, 2022 and 2021.

Irrevocable Trusts

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

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

Annuities Payable

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

Deferred Financing Costs

Financing costs were incurred in connection with the issuance of long-term debt. These costs are reported in the accompanying consolidated balance sheets as a reduction of long-term debt and are being amortized over the life of the debt using the effective interest method. The amortization of deferred financing costs, included in interest expense on the accompanying consolidated statements of operations and changes in net assets, totaled $49,006 in 2022 and $51,041 in 2021.

Derivative Financial Instruments

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

Entrance Fees

Residents of the Community's residential living units, including cottages and apartments, enter into contractual agreements requiring initial entrance fees. The agreements provide, among other things, that the residents pay monthly fees. Agreements entered into prior to July 1, 2004 provided for potential death refunds in the initial year and reduced refund amounts thereafter in accordance with the terms of the agreement. Agreements entered into after July 1, 2004 and before July 1, 2014 provide for a partial refund of the entrance fee within the first 100 months of occupancy, reduced 1% per month of occupancy with a maximum refund of 85% of the original entrance fee paid. Agreements entered into after July 1, 2014 provide a partial refund within the first 60 months. The full amount of initial entrance fees are deferred and amortized over the estimated life expectancy of each resident except where the contract calls for a refund of a guaranteed percentage of the entrance fee at contract termination. The guaranteed refundable contracts are not amortized to income and are classified as refundable entrance fees on the consolidated balance sheets. The recovery of unamortized entrance fees (to the extent not refunded to the former resident) is recorded as revenue upon a resident's death or termination of the contract. Revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the consolidated balance sheets. Amortization of nonrefundable entrance fees included in net resident service revenues was $8,216,839 in 2022 and $7,258,701 in 2021.

The amount of entrance fees which is refundable to residents under contractual refund provisions was approximately $34,100,000 and $36,500,000 at June 30, 2022 and 2021, respectively.

Net Assets

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

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

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

Net Resident Service Revenues

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

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

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

Grant Revenue

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

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for healthcare providers. The Community received $712,935 and $597,863 in the years ended June 30, 2022 and 2021, respectively, related to this funding. In accordance with the terms and conditions, The Community could apply the funding against eligible expenses and lost revenues, which The Community's methodology for calculating lost revenues was the difference between the 2022 and 2021 actual and 2019 actual patient service revenues. The Community incurred lost revenues and eligible expenses of $712,935 in 2022 and $1,052,598 in 2021 in accordance with the terms of the PRF.

The Community received other state and local funding of $578,299 in 2022. The Community incurred lost revenues and eligible expenses of $578,299 in 2022 and $502,620 in 2021 in accordance with the terms of the respective funding sources.

The Community has incurred eligible expenses and lost revenues in excess of the funding received in accordance with the terms and conditions of the PRF and other state and local funding and thus $1,291,234 in 2022 and $1,555,218 in 2021, were recognized and included in grant revenue in the accompanying consolidated statements of operations and changes in net assets.

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

Income Taxes

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

Measure of Operations

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

Revenues (Less Than) in Excess of Expenses

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

Subsequent Events

The Organization evaluated subsequent events through October 13, 2022, which is the date the consolidated financial statements were available to be issued.

New Accounting Standards

In March 2020, FASB issued Accounting Standards Update (ASU) No. 2020-04, *Reference Rate Reform (Topic 848)*. This is an elective ASU and applies to entities that have contract, hedging relationships and other transactions that reference LIBOR. Provisions permits option expedients and exceptions for applying GAAP to contract modifications and hedging relationships. This is an elective ASU applicable for a limited time through December 31, 2022. The Organization has not yet made this election or determined the impact of the election of ASU No. 2020-04 on its consolidated financial statements.

During February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the consolidated balance sheets. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Organization's leasing activities. The Organization will be required to adopt the guidance in ASU No. 2016-02 for its fiscal year ending June 30, 2023. The Organization is currently assessing the impact ASU No. 2016-02 will have on its consolidated financial statements.

3. Net Resident Service Revenues

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

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

	2021				
	Skilled Nursing	Personal Care	Independent Living	Other Resident Services	Totals
Self-pay	$ 6,363,952	$ 8,309,008	$ 8,687,087	$ 893,755	$ 24,253,802
Medicare	2,499,616	-	-	-	2,499,616
Medical assistance	7,195,996	-	-	-	7,195,996
Commercial insurance	577,789	-	-	-	577,789
Amortization of entrance fees	-	-	7,258,701	-	7,258,701
Total	$ 16,637,353	$ 8,309,008	$ 15,945,788	$ 893,755	$ 41,785,904

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

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

CHC became effective for the Community on January 1, 2020. Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). The rates paid by the MCOs are subject to a "floor" through December 31, 2022. The "floor" was equal to the average of each prior four quarters Medical Assistance rates (i.e. January 1 2019 through December 1, 2019. Effective January 1, 2023, the medical assistance rate paid to the Community may be subject to negotiation with the MCO's.

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

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

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenues from entrance fees in the accompanying balance sheets. In 2022 and 2021, the Organization recognized approximately $7,782,000 and $6,449,000 of revenue that was included in the deferred revenue from entrance fees balance as of July 1, 2021 and 2020, respectively. The Organization applies the practical expedient in ASC 606 and therefore does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

4. Charity Care and Uncompensated Care

The Community provides care to residents who meet certain criteria without charge or at amounts less than its established rates. Because the Community does not pursue collection of amounts determined to qualify as uncompensated care, they are not reported as revenues. The costs associated with charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the residents receiving charity care. The Community provided charity care at a cost of approximately $687,000 in 2022 and $724,000 in 2021.

The Community provides nursing care to Medical Assistance program beneficiaries whose costs exceeded reimbursement. The community maintains records to identify and monitor the difference between the cost of providing care to Medical Assistance program beneficiaries and the payments received for services provided which are estimated by applying a cost-to-charge ratio. The difference between the estimated cost of providing care to Medical Assistance program beneficiaries and the payments received for services provided was approximately $5,681,000 in 2022 and $6,562,000 in 2021. The Foundation received approximately $357,000 and $1,025,000 in contributions restricted for uncompensated care during 2022 and 2021, respectively.

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

Fair Value Measurements

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

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Significant unobservable inputs.

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

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

	2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Short-term investments, investments, assets whose use is limited and statutory liquid reserve				
Pooled investment funds:				
Income and growth fund	$ 22,666,853	$ -	$ 22,666,853	$ -
Short-term fund	3,068,552	-	3,068,552	-
Growth fund	4,678,691	-	4,678,691	-
Aggressive growth fund	29,708,688	-	29,708,688	-
Total short-term investments, investments, assets whose use is limited and statutory liquid reserve	$ 60,122,784	$ -	$ 60,122,784	$ -
Irrevocable trusts	$ 1,692,179	$ -	$ -	$ 1,692,179
Liability:				
Interest rate swap agreements	$ 1,596,643	$ -	$ 1,596,643	$ -

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

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

	2022	**2021**
Short-term investments, investments, assets whose use is limited and statutory liquid reserve reported at fair values in the tables above	$ 53,146,551	$ 60,122,784
Cash and cash equivalents included in investments, assets whose use is limited and statutory liquid reserve	5,111,682	9,380,316
Captive insurance program, at cost	264,783	264,783
Total short-term investments, investments, assets whose use is limited and statutory liquid reserve	$ 58,523,016	$ 69,767,883

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

	2022	2021
Short-term investments	$ 1,288,153	$ 3,068,553
Investments	23,445,649	27,235,892
Assets whose use is limited:		
Donor-restricted investments	11,041,096	11,461,240
Board designated investments	17,040,919	22,247,417
Prospective resident deposits	627,390	678,722
Total assets whose use is limited	28,709,405	34,387,379
Statutory minimum liquid reserves	5,079,809	5,076,059
	$ 58,523,016	$ 69,767,883

Valuation Methodologies

Fair value of pooled investment funds are based on the Organization's weighted share of the underlying assets of the fund, as calculated by a third-party administrator. Fair value of the underlying equity and fixed income securities and other similar securities was based primarily on quoted prices from a national exchange. Therefore, the Organization has categorized the pooled investment funds as Level 2.

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

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

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Organization's irrevocable trusts:

	Irrevocable Trusts
Balance, June 30, 2020	$ 1,458,680
Change in value	233,499
Balance, June 30, 2021	1,692,179
Change in value	(309,238)
Balance, June 30, 2022	$ 1,382,941

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

Statutory Minimum Liquid Reserves

In compliance with Section 9 of the Act 82, the Board of Directors designated a portion of assets whose use is limited "reserved" to meet the requirements of Act 82. The designated funds amounted to $5,079,809 at June 30, 2022. At June 30, 2022, the reserve was calculated as follows:

Budgeted operating expenses for the year ending June 30, 2023	$	47,715,554	
Less depreciation expense		9,051,781	
Expenses subject to minimum liquid assets requirement		38,663,773	
Percentage of residents subject to entrance fee agreements at June 30, 2022		79%	
		30,431,891	
Statutory requirement		10%	
Statutory minimum liquid reserve requirement	$	3,043,189	(a)
Next 12 months debt service payments:			
Principal payments on all Bonds	$	3,660,700	
Budgeted interest on all Bonds		645,734	
Total debt service for next 12 months		4,306,434	
Percentage of residents subject to entrance fee agreements at June 30, 2022		79%	
Statutory minimum liquid reserve requirement	$	3,389,544	(b)
Assets satisfying statutory minimum liquid asset requirements as of June 30, 2022, Statutory minimum liquid reserve funds	$	5,079,809	
Greater of (a) or (b) above		3,389,554	
Assets in excess of statutory minimum liquid asset requirement	$	1,690,255	

6. Liquidity and Availability of Resources

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

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 2,603,127	$ 4,270,731
Short-term investments	1,288,153	3,068,553
Accounts receivable residents, net	3,092,739	2,691,948
Investments	23,445,649	27,235,892
Total financial assets available for general expenditure within one year	$ 30,429,668	$ 37,267,124

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

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

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

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

7. Property and Equipment

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

	2022	2021	Depreciable Lives
Land	$ 6,999,764	$ 6,999,764	
Land improvements	26,134,354	25,854,617	10-20 years
Buildings and building equipment	194,150,306	182,756,338	20-40 years
Furniture and equipment	16,871,368	18,421,911	3-20 years
Vehicles	1,250,531	1,248,209	3-8 years
Construction-in-progress	2,670,342	8,920,330	
	248,076,665	244,201,169	
Accumulated depreciation	(123,084,543)	(118,827,851)	
Total	$ 124,992,122	$ 125,373,318	

8. Line of Credit

The Community maintains a $5,000,000 line of credit with a local bank at an interest rate at one-month LIBOR plus 1% (2.12% and 1.09% at June 30, 2022 and 2021, respectively). There were no borrowings on the line of credit at June 30, 2022 and 2021. $1,000,000 of the line of credit is reserved as collateral for the Hearthside construction project.

9. Long-Term Debt

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

	2022	2021
Adams County Industrial Development Authority (ACIDA) 2015A Revenue Note maturing at various dates through June 1, 2032 with a variable rate interest of 70% of the one month LIBOR rate plus 1.02% (1.76% and 1.08% at June 30, 2022 and 2021, respectively).	$ 13,500,000	$ 16,415,000
ACIDA 2015B Revenue Note maturing at various dates through June 1, 2043 with a variable rate interest of 67% of the one month LIBOR rate plus 1.00% (1.75% and 1.06% at June 30, 2022 and 2021, respectively).	8,635,900	8,886,100
ACIDA 2016 Revenue Note maturing at various dates through June 1, 2043 with a variable rate interest of 67% of the one month LIBOR rate plus 1.00% (1.75% and 1.06% at June 30, 2022 and 2021, respectively).	8,589,000	8,894,000
Long-term debt	30,724,900	34,195,100
Less unamortized deferred financing costs	(254,139)	(303,145)
Less current portion of debt	(3,660,700)	(3,532,700)
Long-term debt, net	$ 26,810,061	$ 30,359,255

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

Years ending June 30:	
2023	$ 3,660,700
2024	2,407,600
2025	1,617,700
2026	1,677,000
2027	1,736,200
Thereafter	19,625,700
Total	$ 30,724,900

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

Interest Rate Swap Agreements

The Organization entered into an interest rate swap agreement to manage the variable rate interest payments due on its 2015A Revenue Note. The amount of the agreement is based on an outstanding notional ($6,750,000 at June 30, 2022) on the 2015A Revenue Note and expires in 2032. The variable rate on the agreements is based on 70% of the one month LIBOR rate plus 1.02% (1.76% at June 30, 2022) and the fixed rate is 3.56%. Payments to the counterparty were approximately $279,000 and $332,000 during June 30, 2022 and 2021, respectively and are classified as a component of interest expense on the consolidated statements of operations and changes in net assets.

The Organization entered into an interest rate swap agreement to manage the variable rate interest payments due on its 2015B Revenue Note. The amount of the agreement is based on an outstanding notional ($6,857,400 at June 30, 2022) on the 2015B Revenue Note and expires in 2027. The variable rate on the agreements is based on 67% of the one month LIBOR rate plus 1.00% (1.75% at June 30, 2022) and the fixed rate is 3.56%. Payments to the counterparty were approximately $118,000 and $125,000 during June 30, 2022 and 2021, respectively and are classified as a component of interest expense on the consolidated statements of operations and changes in net assets.

The fair value of the interest rate swap agreements was a liability of $440,512 and $1,596,643 at June 30, 2022 and 2021, respectively. The change in fair of interest rate swap agreements was $1,156,131 and $777,764 for the years ended June 30, 2022 and 2021, respectively.

10. Net Assets With Donor Restrictions

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

	2022	2021
With donor restrictions:		
Purpose restricted for:		
Charity care	$ 1,678,590	$ 3,069,888
Operations	447,641	273,617
Capital projects	2,146,809	1,215,956
Charitable remainder unitrusts	819,499	1,036,557
Restricted in perpetuity with investment return available for:		
Charity care	4,664,561	4,661,709
Capital projects	1,284,172	1,276,903
Irrevocable trusts	1,382,941	1,692,179
Total net assets with donor restrictions	$ 12,424,213	$ 13,226,809

11. Endowment

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

Interpretation of Relevant Law

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

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

		With Donor Restrictions		
	Without Donor Restrictions	Purpose Restricted	Restricted in Perpetuity	Total
Endowment net assets, June 30, 2020	$ 15,836,135	$ 501,729	$ 5,899,973	$ 22,237,837
Contributions	-	-	38,639	38,639
Investment income	4,633,811	1,966,210	-	6,600,021
Disbursements	-	(399,861)	-	(399,861)
Endowment net assets, June 30, 2021	20,469,946	2,068,078	5,938,612	28,476,636
Contributions	-	-	10,121	10,121
Investment income (loss)	(4,734,608)	(1,034,113)	-	(5,768,721)
Disbursements	-	(410,889)	-	(410,889)
Endowment net assets, June 30, 2022	$ 15,735,338	$ 623,076	$ 5,948,733	$ 22,307,147

Funds With Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as net assets without donor restrictions. There were no deficiencies reported at June 30, 2022 and 2021.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

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

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

12. Retirement Plan

Employees participate in two defined contribution plans with The Church of the Brethren Pension Plan. Retirement expense for the years ended June 30, 2022 and 2021 for certain eligible employees was approximately $447,000 and $682,000, respectively.

13. Expenses by Nature and Function

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

	2022			
	Resident Services	Administrative	Fundraising	Total
Salaries and wages	$ 14,820,019	$ 3,359,918	$ 332,808	$ 18,512,745
Payroll taxes and employee benefits	5,070,336	892,939	117,896	6,081,171
Supplies	840,698	13,392	54,085	908,175
Food	1,096,981	-	-	1,096,981
Utilities	1,764,221	10,364	3,294	1,777,879
Repairs and maintenance	804,155	852,432	-	1,656,587
Professional services	2,897,741	421,584	131,327	3,450,652
Advertising and marketing	-	84,691	-	84,691
Real estate taxes	925,314	-	-	925,314
Insurance	-	600,404	8,417	608,821
Other expenses	1,406,536	267,624	284,519	1,958,679
Depreciation	8,710,758	-	493	8,711,251
Interest	847,716	-	-	847,716
Total	$ 39,184,475	$ 6,503,348	$ 932,839	$ 46,620,662

	2021			
	Resident Services	Administrative	Fundraising	Total
Salaries and wages	$ 16,148,598	$ 3,527,780	$ 303,170	$ 19,979,548
Payroll taxes and employee benefits	5,440,556	953,150	49,506	6,443,212
Supplies	1,378,038	18,406	45,792	1,442,236
Food	1,137,302	-	-	1,137,302
Utilities	1,725,326	8,975	1,691	1,735,992
Repairs and maintenance	805,042	819,610	-	1,624,652
Professional services	2,840,847	341,495	121,451	3,303,793
Advertising and marketing	-	94,861	-	94,861
Real estate taxes	773,881	-	-	773,881
Insurance	-	601,989	7,664	609,653
Other expenses	1,762,381	185,223	112,532	2,060,136
Depreciation	8,004,546	-	439	8,004,985
Interest	922,643	-	-	922,643
Total	$ 40,939,160	$ 6,551,489	$ 642,245	$ 48,132,894

14. Risk

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

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

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

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

15. Contingencies

Self-Insured Health Insurance

The Organization sponsors a self-funded employee benefit plan (the Plan) to provide healthcare benefits and services for its eligible employees and their dependents. The Organization contracts with an insurance company to provide certain administrative and other services in connection with the Plan. The contract also provides for a schedule of excess loss of $145,000 per participant and approximately $4,424,436 and $5,597,000 in the aggregate as of June 30, 2022 and 2021, respectively.

Insurance

The Organization participates in a captive risk retention group formed under the Federal Liability Risk Retention Group Act, which is administered by Peace Church Risk Retention Group (a reciprocal) (PCRRG), for General and Professional Liability and Excess Liability insurance. As of June 30, 2022, PCRRG included 50 members, all not-for-profit long-term care facilities and retirement communities located throughout the United States.

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

Senior Living Industry

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

The Brethren Home Foundation and Related Organization

Consolidating Balance Sheet
June 30, 2022

	The Brethren Home Community	The Brethren Home Foundation	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 2,472,426	$ 130,701	$ -	$ 2,603,127
Short-term investments	65,454	1,222,699	-	1,288,153
Resident funds	84,005	-	-	84,005
Accounts receivable residents, net	3,092,739	-	-	3,092,739
Due from related organizations	76,537	-	(76,537)	-
Prepaid expenses and other current assets	945,356	62,906	-	1,008,262
Total current assets	6,736,517	1,416,306	(76,537)	8,076,286
Investments	23,445,649	-	-	23,445,649
Assets Whose Use is Limited	-	28,709,405	-	28,709,405
Statutory Minimum Liquid Reserves	5,079,809	-	-	5,079,809
Interest in Net Assets of the Brethren Home Foundation	29,793,453	-	(29,793,453)	-
Investment in Affiliate	-	53,432,849	(53,432,849)	-
Property and Equipment, Net	124,981,369	10,753	-	124,992,122
Irrevocable Trusts	-	1,382,941	-	1,382,941
Total assets	$ 190,036,797	$ 84,952,254	$ (83,302,839)	$ 191,686,212

The Brethren Home Foundation and Related Organization

Consolidating Balance Sheet
June 30, 2022

	The Brethren Home Community	The Brethren Home Foundation	Eliminations	Total
Liabilities and Net Assets				
Current Liabilities				
Current portion of long-term debt	$ 3,660,700	$ -	$ -	$ 3,660,700
Accounts payable:				
Trade	805,791	38,312	-	844,103
Construction	20,341	-	-	20,341
Entrance fees	196,760	-	-	196,760
Related organizations	-	76,537	(76,537)	-
Accrued liabilities	3,195,049	88,382	-	3,283,431
Accrued interest payable	66,174	-	-	66,174
Resident funds	84,005	-	-	84,005
Current portion of annuities payable	-	245,422	-	245,422
Total current liabilities	8,028,820	448,653	(76,537)	8,400,936
Prospective Resident Deposits	627,390	-	-	627,390
Refundable Entrance Fees	1,018,020	-	-	1,018,020
Deferred Revenue From Entrance Fees	69,988,372	-	-	69,988,372
Long-Term Debt, Net	26,810,061	-	-	26,810,061
Interest Rate Swap Agreements	440,512	-	-	440,512
Annuities Payable, Net	-	1,222,523	-	1,222,523
Total liabilities	106,913,175	1,671,176	(76,537)	108,507,814
Net Assets				
Without donor restrictions:	70,699,424	70,856,865	(70,802,104)	70,754,185
With donor restrictions	12,424,198	12,424,213	(12,424,198)	12,424,213
Total net assets	83,123,622	83,281,078	(83,226,302)	83,178,398
Total liabilities and net assets	$ 190,036,797	$ 84,952,254	$ (83,302,839)	$ 191,686,212

The Brethren Home Foundation and Related Organization

Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2022

	The Brethren Home Community	The Brethren Home Foundation	Eliminations	Total
Revenues Without Donor Restrictions				
Net resident service revenues	$ 42,062,872	$ 10,375	$ -	$ 42,073,247
Contributions	-	578,885	-	578,885
Grant revenue	1,291,234	-	-	1,291,234
Interest and dividends	515,132	404,424	-	919,556
Rental income	392,475	-	-	392,475
Net assets released from restriction:				
Good Samaritan Fund	757,642	-	-	757,642
Other operating activities	113,801	44,991	-	158,792
Total revenues without donor restrictions	45,133,156	1,038,675	-	46,171,831
Expenses				
Nursing services	10,524,766	-	-	10,524,766
Dietary	4,655,381	-	-	4,655,381
Housekeeping and laundry	789,804	-	-	789,804
Operation and maintenance	4,196,910	-	-	4,196,910
Activities, social and volunteer services	811,598	-	-	811,598
Residential living	2,588,564	-	-	2,588,564
Personal care	2,927,102	-	-	2,927,102
Brookside memory care	1,979,285	-	-	1,979,285
Pastoral care	252,103	-	-	252,103
Community services	900,489	-	-	900,489
Administrative	6,489,481	946,212	-	7,435,693
Depreciation	8,710,757	494	-	8,711,251
Interest	847,716	-	-	847,716
Total expenses	45,673,956	946,706	-	46,620,662
Operating (loss) income	(540,800)	91,969	-	(448,831)
Nonoperating Gains (Losses)				
Realized (losses) gains on investments	(17,607)	228,636	-	211,029
Unrealized gains and losses, investments	(4,019,316)	(3,661,016)	-	(7,680,332)
Change in fair value on interest rate swap agreements	1,156,131	-	-	1,156,131
Change in value of split interest agreements	-	(54,072)	-	(54,072)
Loss on disposal of property and equipment	(392,977)	-	-	(392,977)
Revenues less than expenses	(3,814,569)	(3,394,483)	-	(7,209,052)
Other Changes				
Change in interest of the net assets of the Foundation	(3,382,853)	-	3,382,853	-
Change in investment in affiliate	-	(3,317,232)	3,317,232	-
Net assets released from restriction for capital purchases	483,778	-	-	483,778
Change in net assets without donor restrictions	(6,713,644)	(6,711,715)	6,700,085	(6,725,274)

The Brethren Home Foundation and Related Organization

Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2022

	The Brethren Home Community	The Brethren Home Foundation	Eliminations	Total
Net Assets With Donor Restrictions				
Contributions:				
Purpose restricted	$ -	$ 2,506,531	$ -	$ 2,506,531
Held in perpetuity	-	10,128	-	10,128
Interest and dividends	-	232,303	-	232,303
Realized gains, investments	-	209,370	-	209,370
Unrealized gains and losses, investments	-	(2,163,041)	-	(2,163,041)
Change in interest of net assets of affiliate	(802,605)	-	802,605	-
Change in fair value of irrevocable trusts	-	(309,238)	-	(309,238)
Change in value of pledges receivable and split interest agreements	-	111,563	-	111,563
Net assets released from restriction	(1,355,221)	(44,991)	-	(1,400,212)
Transfers from (to) related organizations	1,355,221	(1,355,221)	-	-
Change in net assets with donor restrictions	(802,605)	(802,596)	802,605	(802,596)
Change in net assets	(7,516,249)	(7,514,311)	7,502,690	(7,527,870)
Net Assets, Beginning	90,639,871	90,795,389	(90,728,992)	90,706,268
Net Assets, Ending	$ 83,123,622	$ 83,281,078	$ (83,226,302)	$ 83,178,398

NOTICE OF RIGHT TO RESCIND

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

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

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

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

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

Date: _____

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

_____

_____

_____