DISCLOSURE STATEMENT

December 1, 2025

The issuance of a Certificate of Authority does not constitute approval, recommendation or endorsement of Elm Terrace Gardens by the Pennsylvania Department of Insurance, nor is it evidence of, nor does it attest to the accuracy or completeness of the information set out in the disclosure statement.

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SECTION II

FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

SUMMARY PAGE

1. The facility:

   Elm Terrace Gardens
   660 North Broad Street
   Lansdale, PA 19446-2361

2. The provider:

   Elm Terrace Gardens
   660 North Broad Street
   Lansdale, PA 19446-2361

3. To discuss admissions contact:

   Erin Trout
   Elm Terrace Gardens
   660 North Broad Street
   Lansdale, PA 19446-2361
   215-361-5600

4. The property:

   Elm Terrace Gardens is located in an urban setting on 4.66 acres of land. 146 mid-rise apartment units are offered on four floors in one building, five floors in the second building, and one floor in the third building. A 64 bed personal care facility, a 24 bed personal care memory support facility, and a 72 bed nursing facility are also located on site.

5. Minimum age:

   Elm Terrace Gardens is designed for and accepts qualified applicants who have attained the age of 60.

6. Sponsorship:

   Elm Terrace Gardens is sponsored by the First Baptist Church of Lansdale.

7. Resident population:

   Elm Terrace Gardens currently has 266 residents.

FACILITY BACKGROUND

The provider is Elm Terrace Gardens, 660 North Broad Street, Lansdale, PA 19446-2361.

Elm Terrace Gardens is a Pennsylvania non-profit corporation.

The names and business association of all the officers and directors of Elm Terrace Gardens are:

Harold Mathues, Jr., Chairperson	Retired Mgr., Refining and Supply Commercial Systems, Sunoco, Inc.
John Parola, Treasurer	Senior Vice President, HNTB Corp.
Don Helpa, Secretary	Retired Social Worker Developmental Enterprises Corp.
Kathryn Tatum	Retired Nuclear Medicine Tech.
Craig Campbell	Retired National Sales Manager Pepperidge Farms, Inc.
James Burns	CPA, Licensed Insurance Agent Partner, Morison Cogen, LLP
Natalie Glantz, Vice Chairperson	Chief Nursing Officer Roxborough Memorial Hospital
Rev. Eric Kraihanzel	Pastor First Baptist Church, Lansdale
Nancy R. Butterworth	Retired Clinical Manager/Diagnostic Radiology Abington Memorial Hospital
Craig Covington	Partner Canon Capital Technologies
Diane Messner	President Security Abstract of PA, Inc.
Karen Rice	Bookkeeper Cwienkala & Salfi CPA's
Mary Fuller	Executive Director Phoenixville Area Community Services
Kerry Kastle	Retired-Realtor

There are no conflicts of interest between Elm Terrace Gardens and any member of its Board of Directors.

The Elm Terrace Gardens Board of Directors has 44 years' experience in operating the Elm Terrace Gardens continuing care retirement community.

Elm Terrace Gardens is sponsored by the First Baptist Church of Lansdale, PA. Members of churches that are affiliated with the American Baptist Churches USA make up the majority of the Board of Directors. The church is not liable for debts of Elm Terrace Gardens.

Elm Terrace Gardens is exempt from Federal Income Taxes under Section 501(C)(3) of the Internal Revenue Code.

FACILITY DESCRIPTION

Elm Terrace Gardens is located in Lansdale, Pennsylvania at 660 North Broad Street. It consists of 146 apartments, 64 bed personal care center, 24 bed personal care memory support center, and a 72 bed skilled care medical center located in four brick buildings on 4.66 acres. These buildings are adjacent and connected. The living units are in the following sizes:

Studio
One Bedroom
Two Bedroom

Common areas for dining, recreation, meetings, etc., are provided for all residents. Banking Services are provided weekly by a local bank. Also, there is a Convenience Store located on the premises. Each apartment has a complete kitchen with cabinets, refrigerator and range. All apartments have wall to wall carpets, draperies, and complete bathroom facilities.

The medical center is located in an attached two story building, where Physical, Occupational and Speech Therapies are available should the need arise.

FACILITY SERVICES

Medical services provided as part of the Full Lifecare contract:

Please Note: With the exception of response call service, these services are provided under the Residence and Care Agreement. Residents under the 50% Refundable Occupancy Agreement, which is explained in more detail below, remain responsible to pay for their own personal and nursing care.

1. Response Call Service

   Elm Terrace Gardens provides response call service to the Resident's apartment on a twenty-four (24) hour a day basis.

   Each residential apartment has Response Call pull station/stations connected directly to the Nursing Staff.

2. Temporary Nursing Care

   If a Resident is in need of temporary nursing care as determined by Resident's physician and/or Elm Terrace Gardens' Medical Director, Elm Terrace Gardens will provide nursing care in a semi-private accommodation at no additional cost over Resident's applicable Monthly Service Fee.

   The Monthly Service Fee does not cover ancillary or related services. Resident shall be responsible to pay the additional charges for those services. Medical, health and ancillary services not included in the Monthly Service Fee include,

but are not limited to, physician services, equipment, medications, and other supplies.

3. Permanent Nursing Care

   If Resident is in need of permanent nursing care, it shall take place after consultation among Elm Terrace Gardens Administration, Resident's physician, and the spouse or immediate family. Elm Terrace Gardens shall provide nursing care in a semi-private accommodation at no additional cost over the Resident's applicable Monthly Service Fee.

   The Monthly Service Fee does not cover ancillary or related services. Resident shall be responsible to pay the additional charges for those services. Medical, health and ancillary services not included in the Monthly Service Fee include, but are not limited to, physician services, equipment, medications, and other supplies.

4. Temporary Personal Care

   If a Resident is in need of temporary personal care as determined by Resident's physician and/or Elm Terrace Gardens' Medical Director, Elm Terrace Gardens will provide personal care in a private accommodation at no additional cost over Resident's applicable Monthly Service Fee.

   The Monthly Service Fee does not cover ancillary or related services. Resident shall be responsible to pay the additional charges for those services. Medical, health and ancillary services not included in the Monthly Service Fee include, but are not limited to, physician services, equipment, medications, and other supplies.

5. Permanent Personal Care

   If Resident is in need of permanent personal care, it shall take place after consultation among Elm Terrace Gardens Administration, Resident's physician, and the spouse or immediate family. Elm Terrace Gardens shall provide personal care in a private accommodation at no additional cost over the Resident's applicable Monthly Service Fee.

   The Monthly Service Fee does not cover ancillary or related services. Resident shall be responsible to pay the additional charges for those services. Medical, health and ancillary services not included in the Monthly Service Fee include, but are not limited to, physician services, equipment, medications, and other supplies.

Services which are included as part of the Monthly Service Fee:

Please Note: These services are provided under the Residence and Care Agreement and the 50% Refundable Occupancy Agreement.

1. Meal Services

   Elm Terrace Gardens provides residents two (2) meals a day as part of the Monthly Service Fee. Optional meal plans are available for a monthly service fee credit. Personal Care and Nursing Residents receive three (3) meals a day. Reasonable special dietary needs will be provided upon request.

2. Utilities and Services

   Elm Terrace Gardens furnishes water, heat, electricity, sewer, and air conditioning to each apartment unit and provides for trash removal, snow removal and lawn maintenance.

3. Housekeeping

   Elm Terrace Gardens is responsible for the housekeeping in all public areas; however, it is Resident's responsibility to maintain the apartment unit in a clean, sanitary condition and to perform all light housekeeping tasks.

   Elm Terrace Gardens provides annual heavier cleaning services as necessary to maintain the Resident's unit. Elm Terrace Gardens reserves the right to inspect apartments periodically, and, if the unit appears to be in need of extra cleaning, the Resident is charged for this extra service.

4. Maintenance

   Elm Terrace Gardens is responsible for all necessary repairs, maintenance and replacement of property and equipment owned by Elm Terrace Gardens. The Resident is responsible for his/her personal property.

5. Laundry

   Bed linen laundry service is provided by Elm Terrace Gardens on an as-requested basis, which service will not exceed once a week, at no additional charge. Personal items are cared for by the Resident in washers and dryers located in laundry rooms in each building and with no additional charge to the residents. Laundry service is provided for personal care residents. A laundry fee is charged to nursing residents if Elm Terrace Gardens is requested to wash residents' personal laundry.

6. Social Services and Activities

Elm Terrace Gardens provides a planned schedule of social, educational, recreational, and religious activities designed to aid in maintaining the physical and spiritual well-being of its residents. Residents are encouraged to participate in planned trips and tours that are available during the year.

7. Transportation

Elm Terrace Gardens provides regularly scheduled transportation, at no additional charge to residents, for shopping trips to local malls and shopping centers.

8. Cable TV - Basic

Elm Terrace Gardens provides the apartment unit with access to cable television service and at least one cable connection. Basic cable television service is provided by Elm Terrace Gardens at no additional charge to residents.

9. Telephone

Elm Terrace Gardens provides the B-Building apartment units with access to private telephone service. All other buildings are serviced by Elm Terrace Garden's phone service.

10. Assessments

Assessments for real estate taxes are included in the Monthly Service Fee.

11. Administration

Elm Terrace Gardens provides administrative support services to implement the provisions of the Residence and Care Agreement (or 50% Refundable Occupancy Agreement) at no additional charge.

12. Security

Elm Terrace Gardens provides security features that include a twenty-four (24) hour call system and fire alarm system at no additional charge.

13. Parking

Elm Terrace Gardens provides one (1) reserved parking space for the apartment unit, but only if Resident properly registers a vehicle and regularly uses such vehicle.

Services which are available for an extra charge:

Please Note: Reference should be made to the Residence and Care Agreement and the 50% Refundable Occupancy Agreement for further information.

1. Dining Room Guest Privilege

   Residents are encouraged to have guests at meals served in the Dining Room. Prices charged for these meals are moderate and are billed to Resident on the monthly statement.

2. Guest Quarters

   Guest Quarters are available for a nominal fee to resident. Guest Quarters fee include two (2) meals a day and maid service during guest visit.

3. Trips and Tours

   Trips and tours (other than shopping trips) are available to Residents at the lowest cost that Elm Terrace Gardens can negotiate with the tour providers.

4. Telephone/Internet

   Residents in B-Building are responsible to have a telephone installed at his/her expense. Administration and others, from time to time, have to make contact via this service. Residents in A, C, and D Buildings are provided telephone service by Elm Terrace Gardens for a fee. Residents can connect to the internet through Elm Terrace Gardens' wireless service for a fee.

5. Transportation to Doctors' offices is provided for a modest fee.

6. The Terrace Café provides food and light snacks at affordable prices. The Terrace Café is open for Breakfast, Lunch, and Dinner.

7. Maid Service

   Maid service is available from our housekeeping department. Residents who use this service are charged at our current hourly rate for the service. The charge is added to the Resident's monthly statement.

8. Beauty Salon

   A barber/beauty salon, located near the Terrace Café, is open standard hours several days each week.

9. Cable TV - Premium

Premium cable television service is available for Residents who desire this service. Arrangements for this service are made by the Residents. Residents will make payment directly to the Cable Television Company for this service.

Refundable Plan – 50%:

In addition to its full life care plan, Elm Terrace Gardens offers a refundable plan. The refundable plan requires residents to pay a daily rate for personal and nursing care services. This plan contemplates a health care credit whereby an amount equal to the refundable portion of the entrance fee paid, which is established by Elm Terrace Gardens in the event that a resident transfers permanently to the nursing facility or personal care facility, and after utilization of the resident's monthly income and other available assets, is applied as a credit to the balance of the charges in the nursing facility or personal care facility. Additionally, the entrance fee is 50% refundable under this plan, subject to the terms and conditions of the 50% Refundable Occupancy Agreement.

Fee for Service Plan:

Please Note: Under this plan, residents execute an Occupancy Agreement with Elm Terrace Gardens. The Occupancy Agreement is not regulated by the Pennsylvania Insurance Department.

Elm Terrace Gardens offers a fee for service plan under which personal care services and routine nursing care services are provided on a fee-for-service basis effective upon transfer per Resident (or per Co-Resident in situations of double occupancy).

FACILITY FEES
07/01/25

Independent Living Entrance Fees (Full Life Care Plan)

A-Studio	$135,000
A-One Bedroom	$135,000 - $250,000
A-Two Bedroom	$135,000 - $250,000
A-Two Bedroom, Two Bath	$220,000 - $292,000
B-Studio	$135,000
B-One Bedroom	$220,000
B-Two Bedroom	$250,000
C-Two Bedroom, Two Bath	$292,000
D-Studio	$163,000
D-One Bedroom	$230,000
D-Two Bedroom	$315,000
Double Occupancy Fee (second person)	$35,000

Independent Living Entrance Fees (50% Refundable Life Care Plan)

A-Studio	$215,000
A-One Bedroom	$215,000 - $315,000
A-Two Bedroom	$215,000 - $315,000
A-Two Bedroom, Two Bath	$260,000 - $370,000
B-Studio	$215,000
B-One Bedroom	$256,000
B-Two Bedroom	$315,000
C-Two Bedroom, Two Bath	$370,000
D-Studio	$225,000
D-One Bedroom	$258,000
D-Two Bedroom	$392,000
Double Occupancy Fee (second person)	$35,000

Independent Living Occupancy Fees (Rental Plan)

A-Studio	$35,000
A-One Bedroom	$45,000
A-Two Bedroom	$57,000
A-Two Bedroom, Two Bath	$57,000
B-Studio	$35,000
B-One Bedroom	$40,000
B-Two Bedroom	$45,000
C-Two Bedroom, Two Bath	$57,000
D-Studio	$40,000
D-One Bedroom	$50,000
D-Two Bedroom	$60,000
Double Occupancy Fee (second person)	Above price less $10,000

Independent Living Monthly Service Fees (Full Life Care Plan)

A-Studio, 1 person	$2,420
A-One Bedroom, 1 person	$2,420 - $3,240
A-One Bedroom, 2 persons	$4,386 - $5,206
A-Two Bedroom, 1 person	$2,780 - $3,240
A-Two Bedroom, 2 persons	$4,746 - $5,206
B-Studio, 1 person	$2,420
B-One Bedroom, 1 person	$2,780
B-One Bedroom, 2 persons	$4,746
B-Two Bedroom, 1 person	$3,240
B-Two Bedroom, 2 persons	$5,206
A/C-Two Bedroom, Two Bath, 1 Person	$2,780 - $3,470
A/C-Two Bedroom, Two Bath, 2 Persons	$4,746 - $5,436
D-Studio	$2,560
D-One Bedroom, 1 person	$3,240
D-One Bedroom, 2 persons	$5,206
D-Two Bedroom, 1 person	$3,590
D-Two Bedroom, 2 persons	$5,556

Independent Living Monthly Service Fees (50% Refundable Plan)

A-Studio, 1 person	$1,750
A-One Bedroom, 1 person	$1,750 - $2,200
A-One Bedroom, 2 persons	$2,842 - $3,302
A-Two Bedroom, 1 person	$1,970 - $2,200
A-Two Bedroom, 2 persons	$3,062 - $3,292
B-Studio, 1 person	$1,750
B-One Bedroom, 1 person	$1,970
B-One Bedroom, 2 persons	$3,062
B-Two Bedroom, 1 person	$2,200
B-Two Bedroom, 2 persons	$3,292
A/C-Two Bedroom, Two Bath, 1 Person	$2,560
A/C-Two Bedroom, Two Bath, 2 Persons	$3,652
D-Studio	$1,860
D-One Bedroom 1 person	$2,210
D-One Bedroom 2 persons	$3,292
D-Two Bedroom 1 person	$2,660
D-Two Bedroom 2 persons	$3,752

Independent Living Monthly Service Fees (Rental Plan)

A-Studio, 1 person	$2,900
A-One Bedroom, 1 person	$2,900 - $4,170
A-One Bedroom, 2 persons	$4,210 - $5,480
A-Two Bedroom, 1 person	$3,710 - $4,280
A-Two Bedroom, 2 persons	$5,020 - $5,590
B-Studio, 1 person	$2,910
B-One Bedroom, 1 person	$3,710
B-One Bedroom, 2 persons	$5,020

B-Two Bedroom, 1 person	$4,180
B-Two Bedroom, 2 persons	$5,490
A-Two Bedroom, Two Bath, 1 Person	$3,710 - $4,520
A-Two Bedroom, Two Bath, 2 Persons	$5,020 - $5,830
C-Two Bedroom, Two Bath, 1 person	$4,520
C-Two Bedroom, Two Bath, 2 persons	$5,830
D-Studio	$3,320
D-One Bedroom 1 person	$4,150
D-One Bedroom 2 persons	$5,710
D-Two Bedroom 1 person	$5,920
D-Two Bedroom 2 persons	$7,480

In the event that Elm Terrace Gardens, subsequent to the execution of a Residence and Care Agreement (or 50% Refundable Occupancy Agreement), engages in marketing activities which include promotional offers whereby the type of apartment selected by an applicant is offered for an entrance fee amount which is less than the entrance fee amount offered to the applicant under the Residence and Care Agreement (or 50% Refundable Occupancy Agreement), then the applicant shall not be eligible to participate in such promotional offers, and the terms of the Residence and Care Agreement (or 50% Refundable Occupancy Agreement) relative to the amount of the entrance fee shall remain in full force and effect. Promotional offers are applicable only to applicants or prospective residents who have not yet executed a Residence and Care Agreement (or 50% Refundable Occupancy Agreement). Elm Terrace Gardens reserves the right, in its sole discretion, to extend any promotional offers to an applicant who has already executed a Residence and Care Agreement (or 50% Refundable Occupancy Agreement).

Monthly service fees will be reviewed periodically and may be increased or decreased. Factors to be considered in reviewing monthly service fees include, but are not limited to consumer price index, government regulations, reserve fund maintenance, obligation to provide future services, use of facilities by current residents, and occupancy levels. Residents will receive sixty (60) days prior written notice of such adjustments.

FACILITY FEES
(5 YEARS)

Effective	July 2021	July 2022	July 2023	July 2024	July 2025
Studio	$2,220	$2,330	$2,330	$2,420	2,420
1 Bdrm. Single	$2,540	$2,670	$2,670	$2,780	2,780
1 Bdrm. Double	$4,340	$4,560	$4,560	$4,746	4,746
2 Bdrm. Single	$2,970	$3,120	$3,120	$3,240	3,240
2 Bdrm. Double	$4,770	$5,010	$5,010	$5,206	5,206

AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve (12) month period is $74,800.00.

RESERVE FUNDS

Elm Terrace Gardens has established a liquid reserve fund as required by the Continuing Care Provider Registration and Disclosure Act in the amount of $976,988.

These funds have been invested in Equity and Fixed Income investments by Canon Capital Management Group.

LONG-TERM FINANCING

Elm Terrace Gardens is currently servicing three loan payables. Loan Payable #2 has an interest rate of 3.68%, a monthly payment of $52,248 with final payment due in 2026, and an outstanding balance at 11/30/2025 of $412,477.33. Series 2015 Note Payable has an interest rate of 5.86%, a monthly payment of $16,606 with final payment due in 2036, and an outstanding balance at 11/30/2025 of $1,526,692.76. Series 2014 Note Payable has an interest rate of 5.86%, a monthly payment of $70,298 with final payment due in 2036, and an outstanding balance at 11/30/2025 of $6,422,855.94.

RESIDENCE AND CARE AGREEMENT

The Residence and Care Agreement (the "Agreement") governs the relationship and explains the mutual obligations between the resident and Elm Terrace Gardens. The terms of the contractual arrangement between Elm Terrace Gardens and each resident are reflected in the Agreement.

Refund Policy:

1. Termination before Occupancy.

If Resident rescinds the Agreement within seven (7) days of execution of the Agreement by delivering to Elm Terrace Gardens the Notice of Right to Rescind attached to the Agreement, or if Elm Terrace Gardens terminates the Agreement prior to the designated occupancy date, Elm Terrace Gardens will retain the Processing Fee and refund the Entrance Fee in full. If Resident dies or is precluded from becoming a resident because of illness, injury or incapacity prior to the designated occupancy date, Elm Terrace Gardens will retain the Processing Fee and refund the Entrance Fee in full less any amounts deducted to cover the costs or expenses incurred at Resident's specific written request. If Resident does not terminate the Agreement within the seven (7) day rescission period but does terminate prior to the designated

occupancy date while not precluded from taking occupancy by illness, injury, incapacity, or death, then Elm Terrace Gardens shall retain the Processing Fee and $1,000 of the Application Deposit, and the balance of the Entrance Fee shall be refunded to Resident less any amounts deducted to cover the costs or expenses incurred at Resident's specific written request.

2. Termination Prior to Successful Completion of the One Hundred Twenty (120) Day Transition Period for Reasons Other Than Death.

If either Elm Terrace Gardens or Resident terminates the Agreement prior to successful completion of the 120 day period commencing on the date Resident occupies the Residential Living Unit (the "Transition Period") for reasons other than death, then Elm Terrace Gardens will retain the Processing Fee and Resident will receive a refund of the Entrance Fee paid, less the Application Deposit and a sum equal to four percent (4%) of the Entrance Fee for each month or partial month of occupancy, less the amount of any financial assistance provided to Resident by Elm Terrace Gardens, and/or any specific costs incurred by Elm Terrace Gardens at the request of Resident to the extent that such costs were not otherwise paid by Resident, and/or costs incurred by Elm Terrace Gardens to refurbish the Residential Living Unit in the event of unreasonable wear and tear, and/or any outstanding charges.

3. Termination after Successful Completion of the 120-day Transition Period for Reasons Other Than Death.

If the Agreement is terminated by either Elm Terrace Gardens or Resident after the successful completion of the 120 day Transition Period and prior to the Resident's death, Elm Terrace Gardens will retain the Processing Fee and Resident will receive a refund of the Entrance Fee paid, less the Application Deposit and a sum equal to four percent (4%) of the Entrance Fee for each month or partial month of occupancy, less the amount of any financial assistance provided to Resident by Elm Terrace Gardens, and/or any specific costs incurred by Elm Terrace Gardens at the request of Resident to the extent that such costs were not otherwise paid by Resident, and/or costs incurred by Elm Terrace Gardens to refurbish the Residential Living Unit in the event of unreasonable wear and tear, and/or any outstanding charges. This refund is not payable, however, if Resident is diagnosed with a terminal medical condition prior to Resident's notification to Elm Terrace Gardens of Resident's intent to terminate the Agreement, instead the unamortized portion shall be immediately earned in full by us.

4. Termination by Resident's Death Prior to Successful Completion of the 120-day Transition Period.
In the event of Resident's death prior to successful completion of the 120 day Transition Period, Elm Terrace Gardens will retain the Processing Fee and the Entrance Fee paid will be refunded in full to the Resident's estate, less the Application Deposit, and/or the amount of any financial assistance provided to Resident by Elm Terrace Gardens, and/or any specific costs incurred by Elm Terrace Gardens at the request of Resident to the extent that such costs were not otherwise paid by Resident, and/or costs incurred by Elm Terrace Gardens to refurbish the

Residential Living Unit in the event of unreasonable wear and tear, and/or any outstanding charges.

5. Termination by Resident's Death after Successful Completion of the 120 Day Transition Period.

If Resident's death occurs after the successful completion of the 120 day Transition Period, no refund will be made to the Resident's estate. The Entrance Fee will be deemed to be earned in full upon the death of Resident and there will be no refund. Elm Terrace Gardens will also retain the Processing Fee.

6. Termination by Elm Terrace Gardens for Failure to Successfully Complete the 120 day Transition Period.

In the event Elm Terrace Gardens elects to terminate the Agreement because of Resident's failure to successfully complete the 120 day Transition Period, Resident will receive a refund of the Entrance Fee paid, less the amount of any financial assistance provided to Resident by Elm Terrace Gardens, and/or any specific costs incurred by Elm Terrace Gardens at the request of Resident to the extent that such costs were not otherwise paid by Resident, and/or costs incurred by Elm Terrace Gardens to refurbish the Residential Living Unit in the event of unreasonable wear and tear, and/or any outstanding charges. Elm Terrace Gardens will retain the Processing Fee.

7. Due Date for Any Applicable Refund.

7.1 Termination Prior to Occupancy or Designated Occupancy Date.

In the event of termination of the Agreement prior to occupancy or the designated occupancy date, any applicable refund will be made within thirty (30) days of termination of the Agreement.

7.2 Termination after Occupancy or Designated Occupancy Date.

In the event of termination of the Agreement after occupancy or the designated occupancy date, whichever is earlier, any applicable refund will be made upon the earlier of: (a) within twenty-four (24) months of termination of the Agreement; or (b) after the Residential Living Unit has been re-occupied by another resident and the applicable Entrance Fee for the Residential Living Unit has been paid in full by the reoccupying resident. In situations of double occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer or voluntary departure from Elm Terrace Gardens of only one Co-Resident.

Reference should be made to the Agreement for further information about the actual terms of the Agreement.

50% REFUNDABLE OCCUPANCY AGREEMENT

The 50% Refundable Occupancy Agreement (the "Agreement") governs the relationship and explains the mutual obligations between the resident and Elm Terrace Gardens. The terms of the contractual arrangement between Elm Terrace Gardens and each resident are reflected in the Agreement.

Refund Policy:

1. Termination before Occupancy.

If Resident rescinds the Agreement within seven (7) days of execution of the Agreement by delivering to Elm Terrace Gardens the Notice of Right to Rescind attached to the Agreement, or if Elm Terrace Gardens terminates the Agreement prior to the designated occupancy date, Elm Terrace Gardens will retain the Processing Fee and refund the Entrance Fee in full. If Resident dies or is precluded from becoming a resident because of illness, injury or incapacity prior to the designated occupancy date, Elm Terrace Gardens will retain the Processing Fee and refund the Entrance Fee in full less any amounts deducted to cover the costs or expenses incurred at Resident's specific written request. If Resident does not terminate the Agreement within the seven (7) day rescission period but does terminate prior to the designated occupancy date while not precluded from taking occupancy by illness, injury, incapacity, or death, then Elm Terrace Gardens shall retain the Processing Fee and $1,000 of the Application Deposit, and the balance of the Entrance Fee shall be refunded to Resident less any amounts deducted to cover the costs or expenses incurred at Resident's specific written request.

2. Termination after Occupancy.

2.1 Termination by Death.

Subject to the provisions of Section 10 of the Agreement, in the event of termination during the fifty (50) month amortization period due to Resident's death, Resident's estate will not be entitled to a refund of any amount of the Amortizable Portion; however, Resident's estate will be entitled to the Refundable Portion of the Entrance Fee, less the Application Deposit and/or the amount of any financial assistance provided to Resident by Elm Terrace Gardens, and/or any amounts deducted to cover the costs or expenses incurred at Resident's specific written request, and/or costs incurred by Elm Terrace Gardens to refurbish the Residential Living Unit in the event of unreasonable wear and tear, and/or any outstanding charges. If the termination of the Agreement occurs after the lapse of the fifty (50) month amortization period due to Resident's death, Resident's estate will be entitled to a refund of the Refundable Portion of the Entrance Fee subject to the limitations below. Any applicable refund shall be subject to deductions for any financial assistance provided to Resident by Elm Terrace Gardens, and/or any amounts deducted to cover the costs or expenses incurred at Resident's specific written request, and/or costs incurred by Elm Terrace Gardens to refurbish the Residential Living Unit in the event of unreasonable wear and tear, and/or any outstanding charges.

2.2 Termination for Reasons Other Than Death.

Subject to the provisions of Section 10 of the Agreement, in the event of termination for reasons other than death during the fifty (50) month amortization period, Elm Terrace Gardens will retain the Processing Fee and Resident will be entitled to the unearned Amortizable Portion of the Entrance Fee plus the Refundable Portion of the Entrance Fee, less the Application Deposit and/or the amount of any financial assistance provided to Resident by Elm Terrace Gardens, and/or any amounts deducted to cover the costs or expenses incurred at Resident's specific written request, and/or costs incurred by Elm Terrace Gardens to refurbish the Residential Living Unit in the event of unreasonable wear and tear, and/or any outstanding charges. After the lapse of the fifty (50) month amortization period, the Amortizable Portion shall be earned in full by Elm Terrace Gardens, and Resident will not be entitled to a refund of any amount of it; however, Resident will be entitled to the Refundable Portion of the Entrance Fee subject to the limitations below. Any applicable refund shall be subject to deductions for any financial assistance provided to Resident by Elm Terrace Gardens, and/or any amounts deducted to cover the costs or expenses incurred at Resident's specific written request, and/or costs incurred by Elm Terrace Gardens to refurbish the Residential Living Unit in the event of unreasonable wear and tear, and/or any outstanding charges.

3. Due Date for Any Applicable Refund.

3.1 Termination Prior to Occupancy or Designated Occupancy Date.

In the event of termination of the Agreement prior to occupancy or the designated occupancy date, any applicable refund will be made within thirty (30) days of termination of the Agreement.

3.2 Termination after Occupancy or Designated Occupancy Date.

In the event of termination of the Agreement after occupancy or the designated occupancy date, whichever is earlier, any applicable refund will be made upon the earlier of: (a) within twenty-four (24) months of termination of the Agreement; or (b) after the Residential Living Unit has been re-occupied by another resident and the applicable Entrance Fee for the Residential Living Unit has been paid in full by the reoccupying resident. In situations of double occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer or voluntary departure from Elm Terrace Gardens of only one Co-Resident.

Reference should be made to the Agreement for further information about the actual terms of the Agreement.

NOTICE OF RIGHT TO RESCIND

Date rescission period begins:

You may rescind and terminate your Residence and Care Agreement (or 50% Refundable Occupancy 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 the seven (7) day period.

To rescind your Residence and Care Agreement (or 50% Refundable Occupancy 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 Elm Terrace Gardens, 660 North Broad Street, Lansdale, PA 19446-2361, no later than midnight of_____

Pursuant to this notice, I hereby cancel my Residence and Care Agreement (or 50% Refundable Occupancy Agreement).

DATE: _____

Prospective Resident's Signature: _____

ELM TERRACE GARDENS
Financial Statements
June 30, 2025 and 2024
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

Elm Terrace Gardens
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June 30, 2025 and 2024

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withum
ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Elm Terrace Gardens:

Opinion

We have audited the financial statements of Elm Terrace Gardens, which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of operations and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Elm Terrace Gardens as of June 30, 2025 and 2024, and the 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Elm Terrace Gardens and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Withum Smith + Brown, PC

November 21, 2025

Elm Terrace Gardens
Balance Sheets
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 2,436,818	$ 3,374,132
Accounts receivable		
Residents, net of allowance for credit losses of $137,390 and $68,681 at June 30, 2025 and 2024, respectively	1,303,012	1,287,713
Prepaid expenses and other assets	284,645	315,299
Total current assets	4,024,475	4,977,144
Assets whose use is limited		
Debt service fund, restricted cash	221,514	221,514
Investments		
Statutory liquid minimum reserve	976,988	1,324,583
Board designated		
Gifts and memorials	499,866	468,823
Fisher fund	637,067	599,318
Gallant fund	20,246	19,791
Other	3,113,569	1,811,348
Total assets whose use is limited	5,469,250	4,445,377
Property and equipment, net	29,748,721	31,133,051
Contract acquisition costs, net	452,507	345,269
Total assets	$ 39,694,953	$ 40,900,841
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Line of credit	$ -	$ 287,485
Current portion of long-term debt	1,500,916	1,426,091
Accounts payable	1,018,147	1,066,176
Accrued expenses	321,450	386,260
Unit deposits	28,000	17,000
Deferred revenue	219,308	141,025
Total current liabilities	3,087,821	3,324,037
Long-term debt	7,347,452	8,591,424
Refundable fees and deposits	771,940	913,813
Deferred revenue from entrance fees	13,976,758	13,892,932
Total liabilities	25,183,971	26,722,206
Net assets		
Without donor restrictions		
Undesignated	10,036,657	11,075,778
Board designated	4,270,748	2,899,280
	14,307,405	13,975,058
With donor restrictions	203,577	203,577
Total net assets	14,510,982	14,178,635
Total liabilities and net assets	$ 39,694,953	$ 40,900,841

The Notes to Financial Statements are an integral part of these statements.

Elm Terrace Gardens
Statements of Operations and Changes in Net Assets
Years Ended June 30, 2025 and 2024

	2025	2024
Revenue, gains and support		
Net resident service revenues	$ 23,081,556	$ 21,152,785
Investment income	355,309	340,449
Other	521,082	541,666
Total revenue and support	23,957,947	22,034,900
Expenses		
Nursing	10,044,433	9,958,959
Dietary	3,889,690	3,624,882
Environmental and housekeeping	3,295,938	3,275,790
Administration	3,246,258	2,645,230
Resident activities	341,785	388,553
Interest	456,019	455,148
Depreciation and amortization	2,351,477	2,303,416
Total expenses	23,625,600	22,651,978
Excess of (deficiency in) revenue, gains and support over expenses	332,347	(617,078)
Net assets		
Beginning of year	14,178,635	14,795,713
End of year	$ 14,510,982	$ 14,178,635

The Notes to Financial Statements are an integral part of these statements.

Elm Terrace Gardens
Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	2025			2024		
	Program	Administrative	Total	Program	Administrative	Total
Salaries and wages	$ 7,740,101	$ 1,420,623	$ 9,160,724	$ 7,735,942	$ 1,091,725	$ 8,827,667
Employee benefits and payroll taxes	1,114,697	780,515	1,895,212	1,619,776	298,522	1,918,298
Professional fees and purchased services	5,420,346	334,832	5,755,178	5,125,353	324,447	5,449,800
Supplies, agency fees and other expenses	2,915,284	928,181	3,843,465	2,538,262	966,165	3,504,427
Nursing home assessment	163,525	-	163,525	193,222	-	193,222
Depreciation and amortization	2,122,624	228,853	2,351,477	2,073,074	230,342	2,303,416
Interest	410,417	45,602	456,019	409,633	45,515	455,148
Total expenses	$ 19,886,994	$ 3,738,606	$ 23,625,600	$ 19,695,262	$ 2,956,716	$ 22,651,978

The Notes to Financial Statements are an integral part of these statements.

Elm Terrace Gardens
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating activities		
Change in net assets	$ 332,347	$ (617,078)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,262,977	2,268,654
Amortization of contract acquisition costs	88,500	34,762
Proceeds from non-refundable entrance fees and deposits, existing units	5,711,061	5,533,500
Amortization of entrance fees	(5,627,235)	(4,377,098)
Net realized losses on investments	130,134	44,087
Net unrealized (gains) losses on investments	11,337	(235,737)
Payment of contract acquisition costs	(195,738)	(111,979)
Change in		
Accounts receivable, residents	(15,299)	(420,789)
Prepaid expenses and other assets	30,654	(15,747)
Change in		
Accounts payable	(48,029)	(421,793)
Accrued expenses	(64,810)	(424,077)
Unit deposits	11,000	(296)
Deferred revenue	78,283	(114,953)
Net cash provided by operating activities	2,705,182	1,141,456
Investing activities		
Sales of investments	3,043,338	1,522,193
Purchases of investments	(4,208,682)	(1,414,459)
Purchase of property and equipment	(878,647)	(397,620)
Net cash used in investing activities	(2,043,991)	(289,886)
Financing activities		
Payment of long-term debt	(1,169,147)	(1,252,339)
Repayments of line of credit	(287,485)	-
Proceeds from refundable entrance fees and deposits, existing units	25,500	91,000
Refunds of entrance fees and deposits	(167,373)	(253,403)
Net cash used in financing activities	(1,598,505)	(1,414,742)
Net change in cash and restricted cash	(937,314)	(563,172)
Cash and restricted cash		
Beginning of year	3,595,646	4,158,818
End of year	$ 2,658,332	$ 3,595,646
Supplemental disclosure of cash flow information		
Interest paid	$ 456,019	$ 455,148
Reconciliation of cash and restricted cash		
Cash and cash equivalents	$ 2,436,818	$ 3,374,132
Cash and cash equivalents included in debt service reserve fund	221,514	221,514
Total cash and restricted cash	$ 2,658,332	$ 3,595,646

The Notes to Financial Statements are an integral part of these statements.

1. NATURE OF OPERATIONS

Elm Terrace Gardens (the "Organization") operates a continuing care retirement community providing housing, health care and other related services to elderly residents through the operation of a 72-bed nursing facility, a 64-bed personal care facility, a 24-bed memory support facility and 146 independent living apartments. The Organization's operations are located in Lansdale, Pennsylvania. Its primary service area includes Lansdale, Pennsylvania and surrounding communities in Montgomery County, Pennsylvania.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require it to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. When restrictions are satisfied, they are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets that were restricted in perpetuity at June 30, 2025 and 2024.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. There were significant estimates recorded in these financial statements for the useful lives of fixed assets, allowance for doubtful accounts, estimated mortality used in deferred revenue from entrance fee calculations and the allocation of expenses among functional categories.

Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The pronouncement describes a fair value hierarchy based on three levels of input, of which the first two are considered observable and the last unobservable.

These levels are as follows:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect one's estimates of assumptions that a market participant would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the Organization's investments measured at fair value. There have been no changes in the methodologies used for periods presented in these financial statements.

Mutual funds and exchange-traded funds: shares of mutual funds, and exchange-traded funds are valued at quoted market prices at the Organization's fiscal year end.

Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value. These instruments are non-negotiable and held to maturity, and their carrying value reflects the principal amount invested plus interest earned to date. The fair value of certificates of deposit is not materially different from their carrying value due to their short-term nature and fixed interest rates.

Concentration of Credit Risk

The Organization grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medical Assistance, Medicare and various commercial insurance companies. Additionally, the Organization's cash and cash equivalents are insured by the Federal Deposit Insurance Corporation for up to $250,000 per bank. Any loss incurred or a lack of access of such funds could have a significant adverse impact on the Organization's financial condition, changes in net assets, and cash flows.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, cash, cash equivalents and restricted cash include investments purchased with an initial maturity of three months or less. The following table provides a reconciliation of amounts reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows:

	2025	2024
Cash and cash equivalents	$ 2,436,818	$ 3,374,132
Debt service fund	221,514	221,514
Total cash, cash equivalents and restricted cash	$ 2,658,332	$ 3,595,646

Accounts Receivable, Residents
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 during periodic review of individual accounts and based on factors such as aging of the accounts receivable, and anticipated collection of the consideration through a forward looking analysis. Accounts are written off through bad debt expense when the Organization has exhausted all collection efforts and accounts are deemed impaired. Accounts receivable as of July 1, 2023 were $866,924. The allowance for credit losses was approximately $137,000 and $69,000 at June 30, 2025 and 2024, respectively.

Assets Whose Use is Limited and Investment Risk
Assets whose use is limited include assets set aside by the Board of Directors to meet statutory minimum liquid reserve requirements, and assets over which the Board retains control and may, at its discretion, subsequently use for other purposes. Assets whose use is limited also include a debt service fund which is required by the bank.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues 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 measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

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

Property and Equipment
Property and equipment acquisitions are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimates lives used are 5-40 years for buildings and improvements and 5-15 years for equipment, furniture and fixtures.

Expenditures that substantially increase estimated useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and the resulting gains or losses are included in operations

Long-Lived Asset Impairment
The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than the carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows and appraised values, depending on the nature of the assets. During the years ended June 30, 2025 and 2024, there were no impairment losses recognized for long-lived assets.

Entrance Fees

Under entrance fee plans for independent living units, the Organization receives payments in advance. Residents have three entrance fee plans available. The Full Lifecare Plan and Limited Lifecare Plan have no guaranteed refund component and are refundable on a decreasing basis at a rate of 2% of the entrance fee per month for each month or a portion thereof of occupancy in the independent living unit. For resident agreements executed through October 2010, the entrance fee was refundable on a decreasing basis at a rate of 1% per month.

Under the Limited Lifecare Plan, residents are entitled to a maximum of twenty days of care in either the nursing or personal care units of the Organization on a fee-for-service basis at no additional cost than the monthly service fee. The Organization also offers a Fee for Service Plan.

If the resident elects to enter a Full Lifecare Plan, the Fee for Service Plan entrance fee will be credited against the new entrance fee, as long as no healthcare services were provided throughout the duration of the resident's occupancy.

In 2016, the Organization began offering a 50% refundable plan. Under this plan, 50% of the entrance fee is amortized at 2% per month while the remaining 50% is available for refund or to subsidize future medical costs if the resident utilizes the Organization's medical facilities.

Refunds to residents are paid by the Organization on the earlier of 24 months of the date the resident terminates the entrance fee agreement or the independent living unit has been re-occupied by another resident and the applicable entrance fee for the residential living unit has been paid in full by the reoccupying resident. For refundable resident agreements, refunds are paid within 12 months of the termination of the contract.

The guaranteed refund component of entrance fees received is not amortized to income and is classified as refundable fees and deposits in the balance sheets. The balance of non-refundable entrance fees received is amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancies of the residents and is classified as deferred revenues from entrance fees on the balance sheets.

The Organization allows residents to sign a note agreement at move-in for the balance of the entrance fee due which is interest free for 120 days, at which time interest is charged at 5%. There were no entrance fees receivable at June 30, 2025 and 2024.

Obligations to Provide Future Services

The Organization engages an actuary to periodically calculate the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenues from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. At June 30, 2025 and 2024, the balance of deferred revenues from entrance fees exceeds the present value of the net cost of future services and the use of facilities.

Deferred revenue from entrance fees as of July 1, 2023 was $12,707,020.

Deferred Financing Costs
Deferred financing costs represent expenses incurred in connection with obtaining financing, such as legal fees, underwriting fees, and other third-party costs. In accordance with FASB ASC 835-30, these costs are capitalized and presented as a direct deduction from the related debt liability on the statement of financial position.

The Organization amortizes deferred financing costs over the term of the related debt using the straight-line method, which approximates the effective interest method. Amortization expense is included in interest expense in the statement of activities.

If the related debt is extinguished or refinanced, any unamortized deferred financing costs are written off and recognized as a component of the gain or loss on extinguishment.

Net Resident Service Revenues
Net resident services revenues are reported at the amount that reflects the consideration the Organization 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 services revenues are primarily comprised of skilled nursing, personal care, independent living and other ancillary resident service streams, which are primarily derived from providing housing, skilled nursing, personal care and other ancillary resident services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Organization 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 Organization considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care, independent living, therapy and other ancillary resident services are recognized on a daily or month-to-month basis as services are rendered.

The Organization 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.

The Organization has elected the practical expedient not to separate lease and non-lease components from contracts containing a lease. The Organization has determined that the prominent component of their resident contracts are non-lease components and accordingly, the resident service revenue is recognized as performance obligations are satisfied.

Functional Allocation of Expenses
The costs of providing the various program and supporting services have been presented on a functional basis in the statements of operations and changes in net assets and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated based upon estimates of time and effort.

Performance Indicator
The statements of operations and changes in net assets include, as the performance indicator, the excess of (deficiency in) revenue, gains and support over expenses. Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. There are no changes in net assets without donor restrictions that are excluded from the excess of (deficiency in) revenue, gains and support over expenses for the years ended June 30, 2025 and 2024.

Income Tax Status
The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and no provision or liability for income taxes is included in the accompanying financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

Advertising
Advertising costs are expensed in the year incurred. Total advertising expense for the years ended June 30, 2025 and 2024, was $14,054 and $9,759 respectively.

Reclassifications
Certain items at June 30, 2024 have been reclassified to conform to the presentation at June 30, 2025. There was no effect on net assets as a result of these reclassifications.

Recently Issued Accounting Pronouncements
In July 2025, the Financial Accounting Standards Board (FASB) issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The new standard, effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

The Organization early adopted ASU 2025-05 prospectively as of July 1, 2024.

3. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited at June 30, consisted of the following:

	2025	2024
Debt service fund, restricted cash	$ 221,514	$ 221,514
Mutual funds and exchange traded funds		
Equity	3,478,031	1,481,457
Fixed income	1,009,485	2,742,406
Certificates of deposit	760,220	-
	$ 5,469,250	$ 4,445,377

Assets whose use is limited are measured at fair value using level 1 and 2 inputs. Cash and cash equivalents, equity, and fixed income are measure at fair value using level 1 inputs. Certificates of deposit are measured at fair value using level 2 inputs.

Investment income for the years ended June 30, 2025 and 2024 consisted of the following.

	2025	2024
Interest and dividends, net of fees	$ 213,838	$ 148,799
Net realized gain (loss) on sales of investments	130,134	(44,087)
Net unrealized gain on investments	11,337	235,737
	$ 355,309	$ 340,449

4. NET RESIDENT SERVICES REVENUES

The Organization disaggregates revenue from contracts with residents by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors.

Net resident services revenues consist of the following for the years ended June 30, 2025 and 2024:

	2025			
	Personal Care	Independent Living	Skilled Nursing	Total
Self-pay	$ 2,533,220	$ 1,024,481	$ 1,602,772	$ 5,160,473
Lifecare	1,202,303	2,717,034	376,467	4,295,804
Medicare and other	352,135	393,206	4,743,139	5,488,480
Medicaid	-	-	2,509,564	2,509,564
Amortization of nonrefundable entrance fees	-	5,627,235	-	5,627,235
	$ 4,087,658	$ 9,761,956	$ 9,231,942	23,081,556
Net resident service revenues				$ 23,081,556

	2024			
	Personal Care	Independent Living	Skilled Nursing	Total
Self-pay	$ 2,548,098	$ 887,166	$ 1,197,636	$ 4,632,900
Lifecare	1,244,851	2,972,581	428,199	4,645,631
Medicare and other	-	-	3,438,574	3,438,574
Medicaid	-	-	3,378,452	3,378,452
Amortization of nonrefundable entrance fees	-	4,578,144	-	4,578,144
	$ 3,792,949	$ 8,437,891	$ 8,442,861	20,673,701
Ancillary service revenues				476,884
Net resident service revenues				$ 21,150,585

The Organization 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 Department of Human Services in the Commonwealth of Pennsylvania has implemented its mandatory Medical Assistance managed care program, Community HealthChoices ("CHC"), for skilled nursing facilities across the Commonwealth of Pennsylvania. The services for which Medical Assistance program beneficiaries are eligible have not changed under CHC. CHC became effective for the Organization's skilled nursing facility on January 1, 2019. Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization ("MCO"). The rates paid to the Organization's skilled nursing facility by the MCOs are subject to a floor, which is equal to the average of the facility's prior four quarters (i.e., July 1, 2024 through June 30, 2025) Medical Assistance rates. The rate floors are expected to be in effect for 36 months. MCOs and nursing facilities may agree to higher or lower negotiated rates under an alternative payment methodology agreement, if such an agreement is pursued by either the MCOs or nursing facilities. The Organization has not pursued such alternative payment methodology agreements.

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

As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the clinical assessment of skilled nursing residents. The Organization's skilled nursing facility 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 program. The Organization also entered into payment agreements with certain commercial insurance carriers and others. The basis for payment under these agreements includes prospectively determined rates per day or discounts from established charges.

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 services fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident services 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 revenue from entrance fees in the accompanying balance sheets. The amortization income recorded is primarily comprised of the amortization of deferred revenue balances outstanding as of June 30, 2025 and 2024. 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. Deferred revenue related to services provided as of July 1, 2023 was $255,978.

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, are as follows:

	2025	2024
Land	$ 1,507,117	$ 1,507,117
Buildings and improvements	57,728,152	57,349,117
Equipment, furniture and fixtures	2,124,673	1,625,061
	61,359,942	60,481,295
Less: Accumulated depreciation	(31,611,221)	(29,348,244)
	$ 29,748,721	$ 31,133,051

Depreciation expense was $2,262,977 and $2,268,654 for the years ending 2025 and 2024, respectively.

6. LINE OF CREDIT

The Organization has a $1,000,000 line of credit with Univest National Bank and Trust Co. (the "Bank") which auto renews annually. The line of credit bears interest at the Bank's prime rate (6.50% and 8.25% at June 30, 2025 and 2024, respectively). Borrowings on the line of credit were $-0- and $287,485 for the years ended June 30, 2025 and 2024, respectively.

7. LONG-TERM DEBT

	2025	2024
Loan payable with the Bank, due in monthly installments of $52,248 (including principal and interest at 3.68%). This loan matures in July 2026.	$ 663,910	$ 1,254,064
Series 2014 Note Payable, the Organization entered into a note payable with the Bank and Hatfield Township Development Authority (the "Authority"). The note payable was purchased by the Bank from the Authority and bears interest at a variable rate equal to 67% of the bank's prime rate plus 125 basis points (5.86% at June 30, 2025). Principal and interest payments of $64,005 are due monthly. The note payable matures in January 2036.	6,613,441	7,081,221
Series 2015 Note Payable, the Organization entered into a note payable with the Bank and the Authority. The note payable was purchased by the Bank from the Authority and bears interest at a variable rate equal to 67% of the bank's prime rate plus 125 basis points (5.86% at June 30, 2025). Principal and interest payments of $15,130 are due monthly. The note payable matures in February 2036.	1,571,017	1,682,230
	8,848,368	10,017,515
Less: Current portion	(1,500,916)	(1,426,091)
	$ 7,347,452	$ 8,591,424

The balances of the loan payable agreements, Series 2014 Note Payable, and Series 2015 Note Payable are secured by a mortgage lien on, and security interest in, substantially all of the Organization's property and equipment. Also, under the terms of the loan payable agreements, Series 2014 Note Payable, and Series 2015 Note Payable, the Organization is required to maintain certain financial covenants.

Scheduled principal payments on long-term debt are as follows:

2026	$ 1,500,916
2027	944,349
2028	898,415
2029	903,971
2030	909,597
Thereafter	3,691,120
	$ 8,848,368

8. ACT 82

In compliance with Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act ("Act 82"), the board of directors designated a portion of board-designated assets "reserved" to meet the requirements of Act 82.

The amount designated was $976,988 at June 30, 2025 and was calculated as follows:

Budgeted operating expenses for the year ended June 30, 2025	$ 23,151,977	
Less: Budgeted depreciation and amortization expenses	2,365,000	
Expenses subject to minimum liquid reserve requirement	20,786,977	
Percentage of life care residents to total residents	47%	
Subtotal	9,769,879	
Statutory requirement	10%	
Statutory minimum liquid reserve requirement	$ 976,988	(a)
Debt service requirements for the year ended June 30, 2025:		
Principal payments due	$ 1,254,698	
Budgeted interest payment on long-term debt	401,448	
Statutory minimum liquid reserve requirements	1,656,146	
Percentage of life care residents to total residents	47%	
Subtotal	778,389	(b)
Greater of (a) or (b) above	$ 976,988	

The amount designated was $1,324,583 at June 30, 2024 and was calculated as follows:

Budgeted operating expenses for the year ended June 30, 2024	$ 22,454,434	
Less: Budgeted depreciation and amortization expenses	2,384,996	
Expenses subject to minimum liquid reserve requirement	20,069,438	
Percentage of life care residents to total residents	66%	
Subtotal	13,245,829	
Statutory requirement	10%	
Statutory minimum liquid reserve requirement	$ 1,324,583	(a)
Debt service requirements for the year ended June 30, 2024:		
Principal payments due	$ 1,426,091	
Budgeted interest payment on long-term debt	463,000	
Statutory minimum liquid reserve requirements	1,889,091	
Percentage of life care residents to total residents	66%	
Subtotal	1,246,800	(b)
Greater of (a) or (b) above	$ 1,324,583	

9. PENSION PLAN

The Organization sponsors a defined contribution retirement plan covering all eligible employees. Pension expense was $195,843 and $223,718 for the years ended 2025 and 2024, respectively.

10. MEDICAL PROFESSIONAL LIABILITY INSURANCE

A commercial insurance carrier insures the Organization for medical malpractice with primary coverage of $1,000,000 per claim and $3,000,000 in the aggregate per year. This coverage is provided on an occurrence basis. Insurance in excess of the primary coverage up to $500,000 per claim and $2,500,000 per annual aggregate is provided by the MCARE Fund of the Commonwealth of Pennsylvania. The Organization has no knowledge of asserted or unasserted claims which would exceed its insurance coverage.

11. CONTINGENCIES AND COMMITMENTS

Senior Living Services 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 financial effects of this matter on the Organization, if any, are not presently determinable.

Rental Income

The Organization has acquired 30 properties adjacent to the main facility that will be the site of a future expansion and are currently being rented to the general public. The Organization accounts for these leases as operating leases. The Organization's residential lease term is month to month. Total rental income was $361,551 and $374,141 for the years ended June 30, 2025 and 2024, respectively.

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the balance sheets date and the amounts that are available within one year.

	2025	2024
Cash and cash equivalents	$ 2,436,818	$ 3,374,132
Accounts receivable, residents, entrance fees and other	1,303,012	1,287,713
Board designated funds, other	3,113,569	1,811,348
	6,853,399	6,473,193
Less: Net assets with donor restrictions	(203,577)	(203,577)
Financial assets available within one year	$ 6,649,822	$ 6,269,616

Liquidity Management

The Organization has certain board-designated assets whose use is limited which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above. The remaining board-designated assets whose use is limited are designated for gifts and memorials and the Fisher Fund. Although the Organization does not intend to utilize these funds for general expenditures, they could be made available as necessary.

The Organization has other assets limited to use for debt service and other regulatory requirements. As stated in Note 8, the Organization designated a portion of its investments as a statutory minimum liquid reserve to comply with the requirements of Act 82 and thus they are not included in the schedule above. Although the Organization does not intend to utilize the reserve for general expenditures as part of its annual budget and approval process, amounts designated for the reserve could be made available as necessary. The reserve is separately classified on the balance sheets and does not have any third party restrictions or limitations on the withdrawal and subsequent liquidation.

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.

Additionally, the Organization maintains a $1,000,000 line of credit, as discussed in more detail in Note 6.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2025, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2025 that require recognition or disclosure in the financial statements.

ACKNOWLEDGEMENT RECEIPT

The undersigned hereby acknowledges delivery and receipt of Elm Terrace Garden's Disclosure Statement dated December 1, 2025 including a copy of the Notice of Right to Rescind.

_____

Signature of Resident

_____

Signature of Additional Resident (if applicable)

_____

Signature of Responsible Party/Family Member (if applicable)

_____

Date