KENDAL CROSSLANDS COMMUNITIES®

KENDAL AT LONGWOOD | CROSSLANDS
CONISTON | CARTMEL

DISCLOSURE STATEMENT

UNDER PENNSYLVANIA ACT 82

APRIL 30, 2026

Note: Issuance of a Certificate of Authority by the Pennsylvania Insurance Department does not constitute approval, recommendation, or endorsement of Kendal~Crosslands Communities by the department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in this disclosure statement

TABLE OF CONTENTS

Note on Residence and Care Agreements 2

Summary 3

1. Communities 3
2. Licensed provider 3
3. Sales 3
4. Community descriptions 3
5. Minimum age for admission 3
6. Current resident populations 3
7. Fees for a one-bedroom cottage 4

Responses to Section 7 of PA Act 82 5

1. Address 5
2. Board of Directors 5
3. Board member information 6
4. Affiliation 6
5. Community descriptions 7
6. List of services 7-9
7. Fees 10-12
8. Reserves 13
9. Management Comments on Financial Performance 14
10. Upcoming Renovation and Expansion Projects 14
11. Pro Forma Income Statement 15

Audited Financial Statements..... Exhibit A

This document is required by Pennsylvania Act 82, the Continuing Care Provider Registration and Disclosure Act. It includes only information required by the Act.

Note — Residence and Care Agreements

A Kendal~Crosslands Communities Residence and Continuing Care Agreement for Kendal at Longwood and Crosslands, or an Agreement for Residence at Coniston or Cartmel (for those who have signed up for Coniston or Cartmel), will be attached to this disclosure statement unless:

a. You are already a resident of Kendal at Longwood, Crosslands, Coniston, or Cartmel.

b. You have already received a copy of a previous disclosure statement with a copy of the applicable Agreement attached, and the Agreement has not been changed since.

c. You are not currently making an application to Kendal-Crosslands and are not making a deposit or payment to Kendal-Crosslands in connection with such an application.

If no Agreement is attached, those who have made deposits or are applying to Kendal-Crosslands can obtain a copy by calling or writing to the Kendal-Crosslands Director of Sales and Marketing.

SUMMARY

1. Communities

Kendal at Longwood
P.O. Box 100
Kennett Square, PA 19348
Street address: 1109 East Baltimore Pike (North side of US Route 1, 1/2 mile east of Hamorton.)

Crosslands
P.O. Box 100
Kennett Square, PA 19348
Street address: 1660 East Street Road (South side of Route 926 (Street Rd.), 1/2 mile east of Route 52.)

Coniston
P.O. Box 100
Kennett Square, PA 19348
Street address: Off Haines Mill Road, west of intersection of Route 52 and Locust Grove Road.

Cartmel
P.O. Box 100
Kennett Square, PA 19348
Street address: North side of Route 926 (Street Rd.), 1/2 mile east of Route 52.

2. Licensed provider

Kendal~Crosslands Communities
P.O. Box 100
Kennett Square, PA 19348

3. To discuss the sales process, call or write

Nick Ball
Director of Sales and Marketing
Kendal~Crosslands Communities
P.O. Box 100
Kennett Square, PA 19348
(610) 388-5581
NBall@kendal-crosslands.org

4. Community descriptions

Kendal at Longwood is rural, constructed on 170 acres. Residential cottages are in one-story buildings, in addition to garden apartments located on the ground floor of Blakeslee House.

Crosslands is rural, constructed on 243 acres. Residential cottages and apartments are in one and two-story buildings.

Coniston is rural, constructed on 36 acres. Residential cottages are in one and two-story buildings. Cartmel is rural, constructed on 62 acres. Residential cottages are in one-story buildings.

5. Minimum age for admission

	Self	Spouse
Kendal at Longwood	65	None
Crosslands	65	None
Coniston	50	None
Cartmel	50	None

6. Current resident populations (12/31/25)

Kendal at Longwood	412
Crosslands	396
Coniston	32
Cartmel	91

7. Fees for a one-bedroom cottage (including patio enclosure)

	Single Occupancy	Double Occupancy
Kendal at Longwood or Crosslands		
Entry Fee	$198,000	$235,900
Monthly Fee	$4,854	$7,129
Coniston (two-bedroom with den/loft units)		
Occupancy Fee	starting at $500,000	starting at $500,000
Monthly Fee	$3,467	$3,467
Cartmel (one and two-bedroom with den units)		
Occupancy Fee	starting at $500,000	starting at $500,000
Monthly Fee	$3,467	$3,467

RESPONSES TO SECTION 7 OF PA ACT 82

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

1. Kendal~Crosslands Communities is a not-for-profit Pennsylvania corporation.
The mailing address is:

Kendal~Crosslands Communities
P.O. Box 100
Kennett Square, PA 19348
Street address: 1109 East Baltimore Pike
(North side of US Route 1, one-half mile east of Hamorton, Kennett Square, PA)

2. Board of Directors

The following people comprise the Board of Directors of Kendal~Crosslands Communities. These are all the people who meet the definition in section 7(a)(2) of the Act. They are listed with their business addresses (where applicable).

Trish Evans, [redacted]

David Grove, [redacted]

Jennifer Helle, [redacted]

Jonathan P. Huxtable, [redacted]

Sue Petrocelli, [redacted]

Sarah Poutasse, [redacted]

Susan M. Renz, [redacted]

Robert A. Rosenbaum, [redacted]

Anthony Stover, [redacted]

Frederick T. Spackman, [redacted]

Andrea Taylor, [redacted]

Clare Ward, [redacted]

3. This item requires a listing of the following information (abbreviated here) for those named in item 2:

(A) A description of the business experience of such persons, if any, in the operation or management of facilities similar to Kendal at Longwood, Crosslands, Coniston, and Cartmel:

The Board of Directors comprises individuals with a wide range of experience in the business community, with some members with specific experience in the health care and service-oriented sectors. The Board also has several members who are residents of Kendal~Crosslands Communities.

(B) The names and addresses of firms in which board members hold a 10% or greater interest and which will or may provide goods, leases, or services to the facility of a value of $500 or more, within any year, and specific information about the services: None.

(C) Descriptions of certain types of criminal, civil, or administrative charges, convictions, injunctions, or suspensions of licenses: None.

The audited financial statements of Kendal~Crosslands Communities are included as part of this disclosure statement. Note 1. (one) of that statement lists board members, if any, who do not meet the definition of section 7(3)(B) of Act 82 but who have possible conflicts of interest.

4. Kendal~Crosslands Communities is governed by a Board of Directors, whose lives are in harmony with Kendal~Crosslands Communities' Cornerstones and Values. A minimum of seven of the people serving on the Board shall be members of the Religious Society of Friends, and Members of the Society of Friends shall be the majority of those serving on the Board at all times. At least two Directors, but not more than twenty per cent (20%) of the total number of Directors, shall be residents of Kendal~Crosslands Communities. No group other than the Board is responsible for the financial and contractual obligations of Kendal~Crosslands Communities.

Kendal~Crosslands Communities is exempt from the payment of federal income tax under section 501(c)(3) of the Internal Revenue Code.

5. Community descriptions (See item 1 on page 3 for the location of the communities.)

Kendal at Longwood includes 268 cottages and garden apartments, ranging in size from studios to two-bedroom, den with basement and garage homes. The central building includes the health center, which will have 21 rooms for skilled care and 93 rooms for personal care (currently undergoing renovation), a library, lounges, a dining room, café, multi-purpose rooms, conference rooms, crafts studios, and recreation areas, including a Wellness Center with an indoor pool and fitness areas. Kendal at Longwood was opened in 1973.

Crosslands includes 261 cottages and apartments, ranging in size from small one-bedroom to large two-bedroom with dens. The central building includes the health center, which has 60 rooms for skilled care and 51 rooms for personal care, a library, lounges, a dining room, café, multi-purpose rooms, conference rooms, crafts studios, and recreation areas, including a Wellness Center with an indoor pool and fitness areas. Crosslands was opened in 1977.

Coniston includes 18 cottages built as duplexes. The cottages vary in size from 1,800 to 2,300 square feet. Coniston was opened in 1981.

Cartmel includes 56 cottages built as duplexes. The cottages vary in size from 1,480 to 1,950 square feet. Cartmel was opened in 1988.

6. List of services

Kendal at Longwood and Crosslands

Included in the Traditional Contract

- Use of a living accommodation
- Use of community facilities, such as dining rooms, lobbies, auditorium, library, fitness area, social and recreational facilities, and other public facilities
- Washers and dryers for personal use
- Open parking spaces
- One meal a day (optional 25-meal/month plan available)
- Tray service when ordered by a Community Physician
- Bi-weekly housecleaning services
- Provision and laundering of standard-sized linens and towels
- Repairs and maintenance of community property, including grounds
- Water, electricity, heat, air conditioning, and real estate taxes
- Basic HD FiOS cable TV and Wi-Fi
- Limited scheduled local transportation

- Medical services, when prescribed by a Community Physician, and to the extent not reimbursed insurance (see the residence and continuing care agreement for details)
  - Visits to Community Physicians
  - Visits to other physicians when directly referred in writing by a Community Physician
  - General nursing care
  - Rehabilitation Therapy

Available at extra cost

- Beauty and barbershop services
- Covered parking areas
- Telephone service
- Additional meals, including those required when in the health center
- Additional housekeeping
- Medical services
  - Medicines that can be obtained without a prescription, prescription drugs
  - Refractions, Eyeglasses, Contact lenses
  - Hearing aids
  - Dentistry, Dentures, Dental inlays
  - Durable medical equipment, incontinence supplies
  - Consumable supplies, including but not limited to, toothpaste, toothbrush, shampoo, and combs
  - Podiatry, Chiropractic services
  - Organ transplants
  - Renal dialysis and ventilator care
  - Treatment for alcohol or drug abuse
  - Diagnosis and therapy for psychiatric disorders
  - Care for any pre-existing conditions, which are specifically identified for a given individual
  - Use of medical or other practitioners when not referred by a Community Physician
  - Care for residents under the age of 65

Coniston and Cartmel

Included in the basic contract

- Use of a living accommodation
- Real estate taxes, water, sewage disposal, and trash removal
- Maintenance, repair, and replacement of property owned by the community
- Maintenance of grounds
- Weekly housecleaning
- Provision and laundering of standard-sized bed and bath linen
- Carpeting
- Electric range/dishwasher
- Resident care staff available to coordinate health care services
- Use of fitness facilities at Kendal at Longwood and Crosslands

Available at extra cost

- Meals in the dining rooms at Kendal at Longwood or Crosslands
- Electricity, including electric heating and cooling
- Prescription drugs
- Personal care or skilled nursing services at Kendal at Longwood or Crosslands on a space-available basis
- Visits to Kendal-Crosslands physicians
- Beauty and barbershop services
- Dentist, podiatrist, eye care services, physical therapy, occupational therapy

7. Traditional Agreement Fees (For residents entering after 3/31/04)

Residences with patio enclosures		Number of Residences Kendal	Number of Residences Crosslands	(effective 1/1/26) Entry Fee Single	(effective 1/1/26) Entry Fee Double	(effective 1/1/26) Monthly Fee Single	(effective 1/1/26) Monthly Fee Double
S	Studio	24	–	$99,000	n/a	$3,988	n/a
One Bedroom							
A	Small One-Bedroom Apt.	2	7	141,000	178,900	4,252	6,527
B	One Bedroom Apartment	–	28	173,000	210,900	4,751	7,026
B, E	One Bedroom	47	31	198,000	235,900	4,854	7,129
J	Large One Bedroom	2	6	282,000	319,900	5,233	7,508
One Bedroom Plus							
H	One Bedroom w/Study Apt.	–	6	233,000	270,900	5,595	7,870
F	One Bedroom w/Den	40	–	271,000	308,900	5,986	8,261
C	One Bedroom w/Den/Apt.	–	18	266,000	303,900	5,600	7,947
C,F	One Bedroom w/Den/PDR RM	10	50	297,000	334,900	6,166	8,513
ES	Expanded One Bedroom/PDR RM	6	–	353,000	390,900	6,401	8,748
K	LG One Bedroom//Den/PDR RM	3	6	385,000	422,900	6,672	8,822
Two Bedroom							
D	Two Bedroom Apartment	–	8	288,000	325,900	5,874	8,221
G	Two Bedroom Cottage	31	17	323,000	360,900	6,350	8,697
L	Large Two Bedroom	5	19	449,000	486,900	6,800	8,950
Two Bedroom Plus							
AB	Expanded Two Bedroom Apt.	–	13	345,000	382,900	6,598	8,748
BB	Expanded Two Bedroom Apt.	–	15	362,000	399,900	6,672	8,822
EE,N,O	Exp. Two Bedroom Cottage	41	1	382,000	419,900	6,672	8,822
DD	Expanded Two Bedroom Apt.	–	5	444,000	481,900	6,985	9,135
M	Large Two Bedroom w/Den	9	21	504,000	541,900	6,985	9,135
Homes with a Garage							
P	One Bedroom w/Den	8	2	444,000	481,900	6,949	9,099
U	Two Bedroom	8	–	480,000	517,900	7,034	9,184
Q	Two Bedroom	8	6	497,000	534,900	7,119	9,269
R	Two Bedroom w/Den	14	2	577,000	614,900	7,716	9,866
T	Two Bedroom w/Den & Bsmt.*	10	–	634,000	671,900	7,716	9,866

- Residences with finished basements will have an additional monthly charge of $100
- Carport charge $40 per month

Modified Agreement:
In addition to our Traditional Agreement, Kendal at Longwood and Crosslands offer a Modified Agreement and have provisions for a Refundable Entry Fee with the Traditional or Modified Agreement. Our Modified Agreement specifies a period in which residents self-insure a portion of their future personal care and skilled nursing costs.

For a 3-year self-insurance period:

Single: reduce specified entry fee by $56,500

Double: reduce specified entry fee by $91,500

For a 5-year self-insurance period:

Single: reduce specified entry fee by $79,000

Double: reduce specified entry fee by $124,000

Refundable Entry Fee Traditional Agreement:

For a 50% Refund, multiply the specified entry fee by 1.33.

For a 90% Refund, multiply the specified entry fee by 1.72.

Refundable Entry Fee Modified Agreement:
Take the entry fee specified and reduce it by the applicable amount listed under the Modified Agreement, and multiply by the applicable refund multiplier.

For a detailed description of the Traditional or Modified Agreement, please contact the Director of Sales and Marketing.

Skilled Nursing and Personal Care — Single occupants continue to pay cottage/apartment rates plus $423 per month for an additional two meals per day. Double-occupants continue to pay the cottage/apartment rate plus $846 per month for an additional two meals per day.

		Monthly Fee	
Coniston		**Single**	**Double**
Two-bedroom with den/loft units	starting at $500,000	$3,467	$3,467
Cartmel			
One and two-bedroom with den units	starting at $500,000	$3,467	$3,467

Monthly fees and fees for services not included in the basic agreement may be adjusted from time to time as the cost of providing services changes due to factors such as increases in the cost of labor and staff benefits, food, energy, and medical care; greater need for nursing care; and/or changes in earnings on investments. In 2023, Kendal~Crosslands Communities adopted January 1 as the new effective date for fee increases. Except under unusual circumstances, the monthly fees for Kendal at Longwood and Crosslands, for all unit types and for single and double occupancy, are raised by the same percentage at the same time. Fees for Coniston and Cartmel are adjusted at the same time, but usually by different amounts than Kendal at Longwood and Crosslands, reflecting the different mix of services and capital replacement needs at Coniston and Cartmel.

For a single occupant in a one-bedroom cottage at Kendal at Longwood or Crosslands, the most recent monthly fees and fee increases are:

Effective Date	Fee	Increase Amount	Increase Percent
January 1, 2026	$4,854	$141	3.00
January 1, 2025	$4,713	$137	3.00
January 1, 2024	$4,576	$116	2.60
January 1, 2023	$4,460	$192	4.50
April 1, 2022	$4,268	$154	3.75

For a single occupant in a unit at Coniston or Cartmel, the most recent monthly fees and fee increases are:

Effective Date	Fee	Increase Amount	Increase Percent
January 1, 2026	$3,467	$101	3.00
January 1, 2025	$3,366	$98	3.00
January 1, 2024	$3,268	$83	2.60
January 1, 2023	$3,185	$115	3.75
April 1, 2022	$3,070	$111	3.75

8. A) Kendal~Crosslands Communities has established reserves designated by the Board of Directors, as of December 31, 2025, as follows:

Deposits from prospective residents	$1,647,200
Capital Replacement Reserve	22,488,000
Unrestricted Gifts and Bequests	2,923,463
Statutory Liquid Reserve	5,728,187
	$32,786,850

Kendal~Crosslands Communities has $60,606,000 in cash and both short and long-term investments in addition to the above-listed Board Designated Investments.

B) Residents and others have contributed funds to provide financial assistance for residents who may need it and for other restricted purposes.

Kendal~Crosslands Communities has the following investments in restricted funds and contribution receivable funds as of December 31, 2025.

Kendal at Longwood Reserve Fund*	$9,316,384
Crosslands Reserve Fund*	7,731,521
Other restricted funds — gifts & bequests*	8,534,414
	$25,582,319

*Investments are included in “Restricted funds and other assets” on the Kendal~Crosslands Communities Balance Sheet. The contribution receivable is included in current assets.

As of December 31, 2025, these reserves shown in items A & B above are invested in preferred and common stock, corporate bonds, U.S. Government obligations, mutual funds, exchange-traded funds, and money market funds. Most securities are held by a bank and/or brokerage house as trustee.

9. Management Comments on Financial Performance for the Fiscal Year Ended December 31, 2025

Kendal~Crosslands Communities recorded an operating gain of $666,500, which was more than the budget for the year. The operating performance was positively impacted by higher-than-budget residential occupancy. Also, investment income was above budget due to higher interest rates, and other operating revenue was above budget due to strong dining revenue. Operating expense performance as compared to the budget was positively impacted by very good experience with staff health insurance as KCC is part of a self-insured program. And interest expense was under budget associated with the variable rate debt of the organization. The net Cash Flow from Operations was $3,312,000, which was well above budget.

On a non-operating basis, the market value of the Communities' unrestricted and board-designated investments experienced an increase for the year ended December 31, 2025, reflecting mostly the positive results in the financial markets. These assets are found in several line items on the audited financial statements, including cash and cash equivalents, investments, and assets limited as to use under board designation. The communities experienced net realized gains of approximately $1,128,000, and recorded net unrealized gains of approximately $6,129,000 in unrestricted investments during the year ended December 31, 2025. Overall, the organization's investment reserves remain extremely adequate to meet both current and future obligations.

10. Upcoming Renovation and Expansion Projects

In March 2024, Kendal~Crosslands Communities entered into a guaranteed maximum price contract with a construction company for the Kendal at Longwood Health Center renovation and expansion project. The project consists of a major renovation and expansion of the current Health Center, as well as the addition of 18 new independent living apartments connected to the Health Center and the Community Center. Occupancy of the independent living apartments occurred in 2025, and the entire project is expected to be completed by March 31, 2027.

In December 2025, the organization entered into a guaranteed maximum price contract with a construction company for the Crosslands community center renovation project for approximately $2,856,000.

11. Pro Forma Income Statement

KENDAL ~ CROSSLANDS COMMUNITIES

	Year Ending December 31, 2026
REVENUE:	
Residential fees	$44,338,121
Health Center fees:	
Resident fees	9,040,915
Medicare & other insurance	1,075,576
Per diem fees	4,454,338
Amortization of deferred entry & occupancy rights fees	9,807,000
Interest and dividend income	1,660,000
Other program services	643,000
Other operating revenue	200,000
Total revenue	$71,218,950
EXPENSES	
General & administrative	$7,854,863
Environmental services	3,188,055
Facility services	6,172,164
Culinary services	9,636,374
Health services	17,678,271
Pharmacy Expenses, Net	110,000
Employee benefits	7,666,836
Utilities	2,543,000
Real estate taxes	2,963,291
Interest	2,006,210
Depreciation & amortization	11,615,000
Total expenses	$71,434,064
Income (Loss) from operations	($215,114)
Non cash revenues	(9,807,000)
Non cash expenses	11,615,000
Cash flow from operations	$1,592,886

This page intentionally left blank.

KENDAL~CROSSLANDS COMMUNITIES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

This page intentionally left blank.

KENDAL~CROSSLANDS COMMUNITIES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
BALANCE SHEETS	**3**
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS	**5**
STATEMENTS OF CASH FLOWS	**7**
NOTES TO FINANCIAL STATEMENTS	**8**

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kendal~Crosslands Communities
Kennett Square, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kendal~Crosslands Communities (a Pennsylvania corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kendal~Crosslands Communities as of December 31, 2025 and 2024, 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.

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 Financial Statements section of our report. We are required to be independent of Kendal~Crosslands Communities 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 Kendal~Crosslands Communities' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kendal~Crosslands Communities' 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 Kendal~Crosslands Communities' 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 31, 2026

KENDAL~CROSSLANDS COMMUNITIES
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,059,011	$ 9,181,124
Short-Term Investments	17,680,909	-
Assets Limited as to Use:		
Deposits from Prospective Residents	1,647,200	1,370,450
Escrow Deposits Held by Trustee	-	1,060,162
Current Portion of Loan Receivable	223,106	197,257
Entry Fee Receivable	804,550	1,093,800
Accounts Receivable	363,801	553,495
Allowance for Credit Losses	(175,000)	(175,000)
Contributions Receivable	1,700,000	1,714,355
Prepaid Expenses and Other Current Assets	3,013,976	2,427,449
Total Current Assets	28,317,553	17,423,092
INVESTMENTS	39,866,415	51,734,895
LOAN RECEIVABLE	411,393	634,499
ASSETS LIMITED AS TO USE		
Under Board Designation:		
Capital Replacement Reserve	22,488,000	21,643,550
Statutory Minimum Liquid Reserve	5,728,187	5,431,079
Gifts and Bequests	2,923,463	2,499,967
Total Assets Limited as to Use	31,139,650	29,574,596
RESTRICTED FUNDS AND OTHER ASSETS		
Monthly Fee Reserves	15,347,905	14,795,170
Other Restricted Funds	8,502,009	7,850,656
Pooled Income Funds	32,405	28,924
Total Restricted Funds and Other Assets	23,882,319	22,674,750
PROPERTY, PLANT, AND EQUIPMENT		
Land	9,162,692	9,162,692
Buildings and Improvements	268,041,291	228,181,089
Furniture and Equipment	45,323,204	42,539,984
Construction in Progress	10,662,290	25,165,137
Total	333,189,477	305,048,902
Accumulated Depreciation	(171,857,185)	(160,334,670)
Total Property, Plant, and Equipment, Net	161,332,292	144,714,232
OTHER ASSETS	1,336,199	1,177,600
Total Assets	$ 286,285,821	$ 267,933,664

See accompanying Notes to Financial Statements.

KENDAL~CROSSLANDS COMMUNITIES
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2025 AND 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 2,508,498	$ 2,523,091
Accounts Payable and Accrued Expenses	6,231,252	8,477,276
Deferred Advanced Revenue	162,000	163,000
Deposits from Prospective Residents	1,647,200	2,221,067
Total Current Liabilities	10,548,950	13,384,434
LONG-TERM DEBT, NET OF CURRENT PORTION	45,467,285	39,077,440
DEFERRED CHARITABLE GIFT OBLIGATIONS	231,433	246,484
DEFERRED OCCUPANCY RIGHTS FEE REVENUE	1,059,780	1,366,776
DEFERRED ENTRY FEE REVENUE	105,247,071	98,989,352
Total Liabilities	162,554,519	153,064,486
NET ASSETS		
Without Donor Restrictions	98,389,784	90,788,250
With Donor Restrictions	25,341,518	24,080,928
Total Net Assets	123,731,302	114,869,178
Total Liabilities and Net Assets	$ 286,285,821	$ 267,933,664

See accompanying Notes to Financial Statements.

KENDAL~CROSSLANDS COMMUNITIES
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
REVENUE		
Residential Fees	$ 41,996,033	$ 40,488,654
Health Center Fees:		
Resident Fees	8,003,914	8,244,614
Medicare and Other Insurance	977,947	1,048,538
Per Diem Fees	4,871,914	4,807,215
Amortization of Deferred Entry and Occupancy Rights Fees	8,926,731	9,201,722
Interest and Dividend Income	2,313,807	2,351,726
Other Program Services	685,241	734,450
Other Operating Revenue	251,319	161,374
Contributions	193,465	61,878
Net Assets Released from Restrictions - Operations	380,477	630,911
Net Assets Released from Restrictions - Provision for Uncollectible Monthly Assistance	901,845	455,880
Total Revenue	69,502,693	68,186,962
EXPENSES		
General and Administrative	7,552,150	7,530,149
Environmental Services	2,999,515	2,963,567
Facility Services	6,198,994	6,125,961
Culinary Services	9,412,683	9,064,107
Health Services	17,013,743	16,602,943
Employee Benefits	6,544,100	6,729,834
Utilities	2,223,872	1,771,663
Real Estate Taxes	2,715,452	2,550,253
Interest	1,751,291	1,924,430
Provision for Uncollectible Monthly Assistance	901,845	455,880
Depreciation	11,522,515	10,965,224
Total Expenses	68,836,160	66,684,011
INCOME FROM OPERATIONS	666,533	1,502,951
NONOPERATING REVENUE AND EXPENSES		
Net Realized Gains on Sale of Investments	1,127,776	2,997,607
Net Unrealized Gains on Equity Securities	4,752,341	1,833,915
Total Nonoperating Revenue and Expenses	5,880,117	4,831,522
EXCESS OF REVENUE OVER EXPENSES	6,546,650	6,334,473

See accompanying Notes to Financial Statements.

KENDAL~CROSSLANDS COMMUNITIES
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
EXCESS OF REVENUE OVER EXPENSES	$ 6,546,650	$ 6,334,473
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Net Unrealized Gains on Fixed Income Investments	1,376,984	571,754
Net Assets Released from Restrictions - Capital	-	5,220,000
Change in the Fair Value of the Interest Rate Cap Agreements	(322,100)	(112,800)
Increase in Net Assets Without Donor Restrictions	7,601,534	12,013,427
NET ASSETS WITH DONOR RESTRICTIONS		
Net Realized Gains on Investments	755,354	1,101,554
Net Unrealized Gains on Investments	680,883	6,369
Contributions	628,985	2,058,936
Interest and Dividend Income	477,690	531,382
Net Assets Released from Restrictions - Operations	(380,477)	(630,911)
Net Assets Released from Restrictions - Capital	-	(5,220,000)
Net Assets Released from Restrictions - Provision for Uncollectible Monthly Assistance	(901,845)	(455,880)
Increase (Decrease) in Net Assets With Donor Restrictions	1,260,590	(2,608,550)
INCREASE IN NET ASSETS	8,862,124	9,404,877
Net Assets - Beginning of Year	114,869,178	105,464,301
NET ASSETS - END OF YEAR	$ 123,731,302	$ 114,869,178

See accompanying Notes to Financial Statements.

KENDAL~CROSSLANDS COMMUNITIES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 8,862,124	$ 9,404,877
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,522,515	10,965,224
Amortization of Debt Related Costs	50,000	40,000
Amortization of Deferred Entry and Occupancy Rights Fee Revenue	(8,926,731)	(9,201,722)
Deferred Entry Fee Revenue Received, Net of Refunds	7,309,538	8,251,265
Net Unrealized and Realized Gains on Investments	(8,693,338)	(6,511,199)
Change in the Fair Value of Interest Rate Cap Agreements	322,100	112,800
Contributions Restricted for Capital Assets	(215,461)	(1,634,725)
Changes in Assets and Liabilities:		
Contributions Receivable	14,355	1,110,645
Accounts Receivable, Prepaid Expenses, and Other Assets	(405,532)	(334,185)
Accounts Payable, Accrued Expenses, and Other Liabilities	(5,496,481)	(2,035,161)
Net Cash Provided by Operating Activities	4,343,089	10,167,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal Payments from Loan Receivable	197,257	224,227
Acquisition of Property, Plant, and Equipment, Net	(24,906,169)	(26,031,784)
Net (Purchases) Sales of Investments	(168,464)	14,785,132
Net Cash Used by Investing Activities	(24,877,376)	(11,022,425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(2,523,091)	(2,435,312)
Proceeds from Long-Term Debt	9,000,000	-
Purchase of Interest Rate Caps	(472,000)	-
Payments for Debt Related Costs	(151,657)	-
Contributions Restricted for Capital Assets	215,461	1,634,725
Deferred Entry Fee Revenue Received for New Units, Net of Refunds	7,857,166	850,617
Deposits from Residents, Net of Refunds	(573,867)	1,091,417
Net Cash Provided by Financing Activities	13,352,012	1,141,447
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(7,182,275)	286,841
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	10,241,286	9,954,445
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 3,059,011	$ 10,241,286
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Construction and Equipment Expenditures Within Accounts Payable and Accrued Expenses	$ 3,234,406	$ 4,737,539

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Kendal~Crosslands Communities (the Organization) owns and operates Kendal at Longwood (Kendal) and Crosslands, both continuing care retirement communities, and Coniston and Cartmel, both residential housing communities, all of which are located near Kennett Square, Pennsylvania. The Organization is a nonprofit Pennsylvania corporation governed by a board of directors (the Board). In addition, Kendal~Crosslands Communities acts as a trustee, depositor, and manager for charitable contributions and other funds, which are classified in the financial statements as restricted funds and other assets.

Kendal at Longwood has approximately 268 independent living cottages and apartments and 111 health center rooms. Crosslands has approximately 261 independent living cottages and apartments and 111 health center rooms. Coniston has 18 cottages and Cartmel has 56 cottages.

Performance Indicator

The statements of operations and changes in net assets include the excess of revenue over expenses which represents unrestricted revenue and expenses for the reporting period. Other changes in net assets without donor restrictions which are excluded from the excess of revenue over expenses include unrealized gains on investments in fixed income securities to the extent that losses are considered temporary, the change in the fair value of the interest rate cap agreements and contributions of, and assets released from donor restrictions related to, long-lived assets.

Basis of Presentation

The records are maintained on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Transactions with Parties of Interest

The Board has adopted a policy of disclosure of any possible conflicts of interest on the part of any Organization Board or committee member.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers cash and cash equivalents to be all highly liquid investments having a maturity of less than one year. Escrow deposits held by trustee are considered to be restricted in nature.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash (Continued)

Restricted funds and other assets are funds restricted by donors and held by investment custodians. The Organization's restricted investment funds maintain a portion of cash and cash equivalents corresponding to investment activities of the custodians and are considered restricted cash. They are, however, not represented in the beginning and ending balances of cash and cash equivalents in the statements of cash flows as those cash activities are not accounted for by the Organization.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the total of the same amounts shown in the statements of cash flows at December 31:

	2025	2024
Cash and Cash Equivalents	$ 3,059,011	$ 9,181,124
Restricted Cash:		
Escrow Deposits Held by Trustee	-	1,060,162
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	$ 3,059,011	$ 10,241,286

Accounts Receivable

Accounts receivable is reported net of an allowance for credit losses to represent the Organization's estimate of expected losses at the balance sheet date. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts more than 90 days past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against the related allowance.

Management believes the composition of receivables at year-end is consistent with historical conditions since credit terms and practices and the customer base have not changed significantly. At December 31, 2025 and 2024, the allowance for estimate of expected credit losses was $175,000.

Changes in the allowance for credit losses for the years ended December 31, were as follows:

	2025	2024
Allowance for Credit Losses:		
Balance - Beginning of Year	$ 175,000	$ 250,000
Amounts Written Off	-	(75,000)
Balance - End of Year	$ 175,000	$ 175,000

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use, Investments, and Investment Income

Assets limited as to use include designated assets set aside by the Board for future capital improvements, statutory minimum liquid reserves, and assets to provide for refundable deposits from prospective residents over which the Board retains control and may at its discretion subsequently use for other purposes.

Investments in marketable securities are measured at fair value, except for debt securities classified as held to maturity, which are measured at amortized cost. Investment income (including realized gains on investments and interest and dividends) is included in the excess of revenue over expenses unless the income is restricted by donor or law. Unrealized gains on investments in equities securities are included in the excess of revenue over expenses unless the income is restricted by donor or law. Unrealized gains on investments in fixed income securities are excluded from the excess of revenue over expenses to the extent that losses are considered temporary.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost and the Organization capitalizes all expenditures of property, plant, and equipment having an estimated useful life of three or more years and costing $3,000 or more. Depreciation is provided on assets using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred. Depreciation expense for the years ended December 31, 2025 and 2024 was approximately $11,523,000 and $10,965,000, respectively. The estimated lives of the assets are as follows:

Buildings and Improvements	33 to 40 Years
Furniture and Equipment	4 to 20 Years

The Organization records impairment losses on property, plant, and equipment when events and circumstances indicate that it is probable that the assets are impaired and the cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Based on management's estimation process, no impairment losses have been recorded at December 31, 2025 and 2024.

Other Assets

Other assets include an investment in an insurance risk retention group, deposits, interest rate caps, and other receivables.

As of December 31, 2025 and 2024, the Organization has an investment in an insurance risk retention group, measured on the cost basis of $181,658. In addition, as of December 31, 2025 and 2024, other assets include a receivable of $518,441 and $509,742, respectively, relative to the subscriber surplus account of the insurance risk retention group. This investment is further described in Note 9 to the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets (Continued)

As of January 1, 2011, the Organization began participating in a self-insurance program for health care benefits for staff. As a requirement of this program, a deposit of $75,000 is applicable as of December 31, 2025 and 2024. The program includes stop-loss reinsurance for both individual and aggregate claims.

Deposits from Prospective Residents

Deposits from prospective residents represent waiting list deposits. These deposits are fully refundable.

Entry Fee Receivable

Entry fee receivable represents entrance fees that are deferred for up to one year after a resident occupies a unit. The receivables are expected to be collected during the immediately subsequent fiscal years and are included in current assets as of December 31, 2025 and 2024. Management determined that no allowance is necessary on the entry fee receivable.

Resident Entry Fees and Occupancy Rights Fees

Entry fees are recorded as deferred revenue and amortized into operating revenue over the actuarially computed life expectancy of each resident or couple. Upon death of a sole surviving resident, any remaining unamortized portion of the entry fee is recognized as revenue. Kendal and Crosslands' entry fees are initially refundable upon receipt but become nonrefundable at the rate of 2% per month until becoming fully nonrefundable after 50 months. At December 31, 2025 and 2024, the portion of deferred entry fee revenue subject to such refund provisions amounted to $36,986,328 and $34,310,046, respectively.

Deferred occupancy rights fees include Coniston's entry fees and Coniston and Cartmel occupancy rights fees. Coniston and Cartmel occupancy rights fees are to be sold by the resident with the Organization having the first option to repurchase the occupancy right.

Coniston and Cartmel fees are recorded as deferred revenue and amortized into operating revenue on the straight-line method over the remaining useful lives of the facilities, which were estimated at the initial occupancy dates to be approximately 33 years for Coniston and 40 years for Cartmel. As of March 31, 2006, the amortization of deferred revenue for Coniston was extended six years to correspond to building improvements to the facility which extended the useful life of the building.

The opening and closing balances in deferred revenue were as follows:

	Deferred Revenue
Balance as of January 1, 2024	$ 101,488,353
Balance as of December 31, 2024	100,356,128
Balance as of December 31, 2025	106,306,851

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Charitable Gift Obligations

The Organization receives contributions under charitable gift annuity arrangements. When a contribution is received, a liability is established for the annuity payments based on the annuitant's estimated life expectancy using a 7.5% discount rate. The remainder of the contribution is recognized as an increase in net assets without donor restrictions, unless specifically designated by the donor for another use. Upon the death of the annuitant, any remaining liability is recorded as income.

Net Assets

The financial statements present information regarding the Organization's financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions (subject to donor or time restrictions with certain assets maintaining a principal amount in perpetuity). The two classes are differentiated by donor restrictions:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets with donor restrictions are subject to donor-imposed stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations. They include gifts restricted by donors for specific programs and other operating purposes. There are also those net assets with donor restrictions that are subject to donor-imposed stipulations that are required to be maintained in perpetuity, thereby restricting the use of principal. Normally, donor stipulations allow part or all of the income earned to be used currently for a designated purpose.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period pledged. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of contribution. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. The amount of contributions receivable at December 31, 2025 and 2024 are $1,700,000 and $1,714,355, respectively. As of December 31, 2025 and 2024, an allowance for uncollectible contributions receivable was not warranted. All contributions receivable are collectible within one year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident services and care. Resident services include residential fees, health center fees, and other program and operating revenues on the statements of operations and changes in net assets. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents monthly for services in advance, and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving skilled nursing or other services within the facility or residents receiving services within or outside of the facility. The Organization measures the performance obligation from admission into the facility or commencement of services to the point when the Organization is no longer required to provide services to that resident, which is generally at the time of death or termination of the resident contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (e.g., dining charges) and the Organization does not believe it is required to provide additional goods or services related to that sale.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

The composition of resident services revenue by primary payor is as follows for the years ended December 31:

	2025	2024
Residential and Private Pay	$ 64,765,977	$ 63,658,067
Medicare	947,122	1,028,500
Total Resident Services Revenue	$ 65,713,099	$ 64,686,567

Revenue from residents' deductibles and coinsurance are included in the categories presented above based on the primary payor.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

The composition of resident services revenue based on its service lines, method of reimbursement, and timing of revenue recognition are as follows for the years ended December 31:

	2025	2024
Service Lines:		
Independent Living	$ 51,044,920	$ 49,834,727
Skilled Nursing Facility	7,933,563	8,314,360
Personal Care	5,580,305	5,470,093
Home Care	217,751	171,563
Other Sales	936,560	895,824
Total Resident Services Revenue	$ 65,713,099	$ 64,686,567
Method of Reimbursement:		
Fee for Service	$ 64,776,539	$ 63,790,743
Other	936,560	895,824
Total Resident Services Revenue	$ 65,713,099	$ 64,686,567
Timing of Revenue and Recognition:		
Services Transferred Over Time	$ 64,776,539	$ 63,790,743
Sales at a Point in Time	936,560	895,824
Total Resident Services Revenue	$ 65,713,099	$ 64,686,567

The opening and closing balances in accounts receivable, net, were as follows:

	Accounts Receivable, Net
Balance as of January 1, 2024	$ 376,956
Balance as of December 31, 2024	378,495
Balance as of December 31, 2025	188,801

Financing Component

The Organization has elected the practical expedient allowed under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The fair values of financial instruments are summarized further in Note 12.

Obligation to Provide Future Services

The Organization periodically calculates the present value of the net future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entry fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entry fees, a liability is recorded with a corresponding charge to income.

As a result of the calculation, the present value of the net cost of future services and use of facilities did not exceed deferred entry fee revenue. Accordingly, no obligation was recorded for the years ended December 31, 2025 and 2024.

Medicare

Revenue from the Medicare program accounted for approximately 1.66% and 1.82% of the Organization's revenue for the years ended December 31, 2025 and 2024, respectively. Laws and regulations governing the Medicare program are complex and subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and potential exclusion from the Medicare program.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from state income taxes under the commonwealth of Pennsylvania statutes.

The Organization follows the provisions of the income tax accounting standards regarding the recognition and measurement of uncertain tax positions. It is the Organization's policy to account for any interest or penalties assessed relating to uncertain tax positions, if any, as general and administrative expenses. The Organization did not incur any interest or penalties for the years ended December 31, 2025 and 2024. The application of these provisions has no impact on the Organization's financial statements.

Financial Assistance

The Organization provides financial assistance for entry fees and monthly fees for residents who meet certain criteria. It is anticipated that some portion of these grants may be repaid from the estates of the residents. During the years ended December 31, 2025 and 2024, assistance provided for monthly fees and entry fees was $796,845 and $455,880, respectively, and the provision for uncollectible monthly assistance was $901,845 and $455,880, respectively. Net financial assistance receivable outstanding amounted to $405,000 and $510,000 for the years ended December 31, 2025 and 2024, respectively, and assets available for financial assistance, which are included in restricted funds and other assets in the balance sheets, were $18,686,389 and $17,978,451 at December 31, 2025 and 2024, respectively.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 31, 2026, the date the financial statements were issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in these financial statements.

NOTE 2 CASH AND CASH EQUIVALENTS, INVESTMENTS, ASSETS LIMITED AS TO USE, AND RESTRICTED FUNDS AND OTHER ASSETS

The asset allocation for the cash and cash equivalents, investments, assets limited as to use, and restricted funds and other assets for the years ended December 31 is:

	2025	2024
Cash and Cash Equivalents	$ 3,059,011	$ 9,181,124
Short-Term Investments	17,680,909	-
Deposits from Prospective Residents	1,647,200	1,370,450
Escrow Deposits Held by Trustee	-	1,060,162
Investments	39,866,415	51,734,895
Capital Replacement Reserve	22,488,000	21,643,550
Statutory Minimum Liquid Reserve	5,728,187	5,431,079
Gifts and Bequests	2,923,463	2,499,967
Monthly Fee Reserves	15,347,905	14,795,170
Other Restricted Funds	8,502,009	7,850,656
Pooled Income Funds	32,405	28,924
Total	$ 117,275,504	$ 115,595,977

	2025	2024
Cash and Cash Equivalents (Restricted and Unrestricted)	$ 23,253,820	$ 20,422,713
U.S. Government and Agency Securities	27,166,367	32,992,027
Corporate Bonds	15,281,082	16,481,974
Common Stock	41,519,273	37,728,443
Mutual Funds and Real Assets	9,649,962	7,460,820
Financial Assistance and Other Receivables, Net	405,000	510,000
Total	$ 117,275,504	$ 115,595,977

See Note 12 to the financial statements for review of fair values of the financial instruments.

Under the provisions of the Pennsylvania Continuing Care Provider Registration and Disclosure Act (Act), the Organization must maintain a statutory minimum liquid reserve at year-end that is equal to the greater of 10% of the following years total projected operating expenses of Kendal at Longwood and Crosslands, exclusive of depreciation and amortization, or the following years debt service requirements. The statutory minimum liquid reserve requirement as of December 31, 2025 and 2024, is $5,728,187 and $5,431,079, respectively. This minimum requirement is exceeded by the balances shown above of unrestricted cash and cash equivalents, investments, and Board-designated investments.

NOTE 2 CASH AND CASH EQUIVALENTS, INVESTMENTS, ASSETS LIMITED AS TO USE, AND RESTRICTED FUNDS AND OTHER ASSETS (CONTINUED)

The statutory minimum liquid reserve requirement as of December 31, is as follows:

	2025	2024
Projected Annual Interest Expense	$ 2,006,210	$ 1,943,678
Principal Payments Due on Long-Term Debt	2,508,498	2,523,091
Liquid Reserve Requirement	$ 4,514,708	$ 4,466,769
Projected Annual Operating Expenses	$ 57,281,872	$ 54,310,785
Minimum Rate	10%	10%
Liquid Reserve Requirement	$ 5,728,187	$ 5,431,079
Statutory Minimum Liquid Reserve	$ 5,728,187	$ 5,431,079

Management believes that the Organization is in compliance with all requirements of the Act as of December 31, 2025 and 2024.

NOTE 3 LIQUIDITY AND AVAILABILITY

As of December 31, 2025 and 2024, the Organization has, based on normal expenditures, days cash on hand of 612 and 625, respectively. Financial assets available for general expenditure within one year of the balance sheets date consist of the following:

	2025	2024
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 3,059,011	$ 9,181,124
Short-Term Investments	17,680,909	-
Accounts and Entrance Fees Receivable	1,168,351	1,647,295
Contributions Receivable	1,700,000	1,714,355
Investments	39,866,415	51,734,895
Assets Limited as to Use:		
Deposits from Prospective Residents	1,647,200	1,370,450
Escrow Deposits Held by Trustee	-	1,060,162
Capital Replacement Reserve	22,488,000	21,643,550
Statutory Reserves	5,728,187	5,431,079
Gifts and Bequests	2,923,463	2,499,967
Donor-Restricted Funds and Other Assets	23,882,319	22,674,750
Total Financial Assets	120,143,855	118,957,627
Less: Amounts Not Available to be Used Within One Year		
Donor-Restricted Funds and Contributions Receivable	25,582,319	24,389,105
Financial Assets Available to Meet General Expenditures Within One Year	$ 94,561,536	$ 94,568,522

NOTE 4 LONG-TERM DEBT

Long-term debt for the years ended December 31, is:

	2025	2024
Bank Qualified Revenue Bonds Series 2016	$ 7,007,578	$ 7,462,123
Nonbank Qualified Revenue Bonds Series 2013	10,696,469	11,848,528
Bank Qualified Revenue Bonds Series 2010	21,666,808	22,583,295
2025 Construction Loan	9,000,000	-
Total Long-Term Debt	48,370,855	41,893,946
Less: Current Portion of Long-Term Debt	(2,508,498)	(2,523,091)
Less: Unamortized Debt Issuance Costs	(395,072)	(293,415)
Total Long-Term Debt, Net of Current Portion	$ 45,467,285	$ 39,077,440

Effective May 16, 2023, the Organization executed amendments to the bond documents for the Series 2016, 2013, and 2010 Bonds, discussed below. This changed the interest rate reference from London Interbank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR). This change was not considered a substantial modification to the contract. Interest on the loans is based on a percentage of one-month SOFR plus a credit spread.

On May 13, 2016, the Organization entered into Bank Qualified Revenue Bonds for up to $10,000,000 (the Series 2016 Bonds) relating to the funding of various capital budget items including but not limited to, building renovations, unit combinations and extensions, paving projects, and machinery and equipment replacement and modifications. The Series 2016 Bonds have been issued by Chester County Health and Education Facilities Authority with a private placement with Citizens Bank of Pennsylvania in the amount of $10,000,000. Interest was based on a percentage of one-month LIBOR rate plus a credit spread for the outstanding amount of the Series 2016 Bonds. The interest rates on the Series 2016 Bonds were 3.88% and 4.32% at December 31, 2025 and 2024, respectively. Principal payments on the bonds commenced on June 1, 2019 on the first of each month in installments equal to 1/264 of the total amount advanced as a draw down loan amounting to $454,545 annually. The maturity date is May 1, 2041 upon which all unpaid principal drawn is due. As of December 31, 2025 and 2024, the balance outstanding on the Series 2016 Bonds was $7,007,578 and $7,462,123, respectively.

On February 1, 2013, the Organization refunded the Series 2003 Bonds with a Nonbank Qualified Tax-Exempt loan (the Series 2013 Bonds) sponsored by the Chester County Health and Education Facilities Authority through a private placement with Citizens Bank of Pennsylvania in the amount of $22,500,000 of which the final $2,755,000 was advanced to the Organization during 2015. Principal payments on the bonds range from $1,187,059 due April 1, 2026, to $1,497,059 due on the maturity date of April 1, 2033.

NOTE 4 LONG-TERM DEBT (CONTINUED)

Interest was based on a percentage of one-month LIBOR rate plus a credit spread for the outstanding amount of the Series 2013 Bonds. The interest rates on the Series 2013 Bonds were 4.04% and 4.52% at December 31, 2025 and 2024, respectively. The Series 2013 Bonds were primarily used to refinance the Series 2003 Bonds and pay refinancing costs. A first priority mortgage lien on the Crosslands property was provided to Citizens Bank of Pennsylvania as security for the Series 2013 Bonds. As of December 31, 2025 and 2024, the balance outstanding on the Series 2013 Bonds was $10,696,469 and $11,848,528, respectively.

On December 21, 2010, the Organization entered into a Bank Qualified Revenue Bond for up to $30,000,000 (the Series 2010 Bonds) relating to the construction of 48 new residential units at Kendal at Longwood, the expansion and renovation of the health center and wellness facilities at Crosslands, funding for various capital budget items, and the renovation and remodeling of the community center at Kendal at Longwood. The Series 2010 Bonds have been issued by Chester County Health and Education Facilities Authority with a private placement with Citizens Bank of Pennsylvania. The Series 2010 Bonds have a 30-year term.

Interest was based on a percentage of one-month LIBOR rate plus a credit spread for the outstanding amount of the Series 2010 Bonds. Principal payments on the bonds commenced on January 1, 2014 and are due the first of each month in varying installments through maturity. A first priority mortgage lien on the Kendal at Longwood property was provided to Citizens Bank of Pennsylvania as security for the Series 2010 Bonds. The interest rates on the Series 2010 Bonds were 3.78% and 4.25% at December 31, 2025 and 2024, respectively. Annual principal payments on the bonds are made in monthly installments and range from $866,894 in 2026, to $2,146,041 due on the maturity date of December 1, 2040. As of December 31, 2025 and 2024, the balance outstanding on the Series 2010 Bonds was $21,666,808 and $22,583,295, respectively.

On August 3, 2017, the Organization executed call amendments on the Series 2010 Bonds, Series 2013 Bonds, and the Series 2016 Bonds. The amendments restate the optional tender and remarketing provisions of the bonds extending the call dates on all Series to February 1, 2028.

On July 23, 2025, the Organization entered into a non-revolving line of credit facility (construction loan) with Citizens Bank, N.A. for borrowings of up to $18,000,000, relating to the health center construction at Kendal at Longwood. As of December 31, 2025, the Organization has borrowed $9,000,000.

Interest is based on a percentage of one-month SOFR rate plus 2.00% per annum. The loan is interest-only, with interest payable monthly. The interest rate on the construction loan was 5.96% as of December 31, 2025. The loan matures on February 1, 2028, at which time all outstanding principal is due in a lump-sum balloon payment.

NOTE 4 LONG-TERM DEBT (CONTINUED)

From time to time, the Organization enters into interest rate cap agreements to mitigate risk exposure associated with variable rate debt. The fair values of the interest rate cap agreements described below are included in other assets on the balance sheets.

On November 19, 2014, the Organization entered into an interest rate cap agreement with M&T Bank that was effective on December 1, 2014. The notional amount of the interest rate cap agreement is $10,000,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month LIBOR rate at 2.92% per annum and expired on November 1, 2024.

On April 29, 2020, the Organization entered into a forward interest rate cap agreement with Citizens Bank that is effective on November 1, 2024. The notional amount of the interest rate cap agreement is $10,000,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month LIBOR rate at 2.92% per annum and expires on May 1, 2030.

On December 12, 2014, the Organization entered into an interest rate cap agreement with Citizens Bank that was effective on December 12, 2014. The notional amount of the interest rate cap agreement is $10,000,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month LIBOR rate at 3.92% per annum and expired on November 1, 2024.

On April 29, 2020, the Organization entered into a forward interest rate cap agreement with Citizens Bank that is effective on November 1, 2024. The notional amount of the interest rate cap agreement is $10,000,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month LIBOR rate at 3.92% per annum and expires on May 1, 2030.

On August 30, 2018, the Organization entered into an interest rate cap agreement with SMBC Capital Markets that was effective on September 4, 2018. The notional amount of the interest rate cap agreement is $10,000,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month LIBOR rate at 2.70% per annum and expires on February 1, 2028.

On August 30, 2018, the Organization entered into an interest rate cap agreement with Barclays Bank that was effective on September 4, 2018. The notional amount of the interest rate cap agreement is $10,000,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month LIBOR rate at 3.42% per annum and expires on February 1, 2028.

On August 30, 2018, the Organization entered into an interest rate cap agreement with Commonwealth Bank of Australia that was effective on September 4, 2018. The notional amount of the interest rate cap agreement is $10,000,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month LIBOR rate at 3.74% per annum and expires on February 1, 2028.

NOTE 4 LONG-TERM DEBT (CONTINUED)

In 2023, the interest rate cap agreements were updated using the International Swaps and Derivatives Association (ISDA) protocols to account for the change from LIBOR to SOFR.

On November 13, 2025, the Organization entered into an interest rate cap agreement with Goldman Sachs Bank that is effective on February 1, 2028. The initial notional amount of the interest rate cap agreement is $16,690,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month term SOFR rate at 1.68% per annum and expires on May 1, 2030.

On November 13, 2025, the Organization entered into an interest rate cap agreement with Goldman Sachs Bank that is effective on February 1, 2028. The notional amount of the interest rate cap is $18,000,000. The agreement limited the Organization's exposure to increasing rates by providing a cap on the percentage of one-month term SOFR rate at 2.78% per annum and expires on May 1, 2030.

Changes in the fair value of the interest rate cap agreements are excluded from the performance indicator since the agreements have been designated as a hedging instrument. No gain or loss was recognized in the performance indicator as a result of hedge ineffectiveness.

The change in fair value is classified as change in the fair value of the interest rate cap agreements in the accompanying statement of operations and changes in net assets. The change in fair value of the interest rate cap agreements decrease net assets by $322,100 and $112,800 in the years ended December 31, 2025 and 2024, respectively.

Under the terms the Series 2016, Series 2013, and Series 2010 Bond Purchase and Loan Agreements, the Organization is subject to various restrictive covenants. The most significant covenants include the maintenance of a debt service coverage ratio of not less than 1.25 to 1.00; the maintenance of a liquidity ratio of not less than .80 to 1.00; and an average annual occupancy requirement of not less than 85% for all its facilities. As of December 31, 2025 and 2024, management of the Organization is not aware of any violations of these covenants.

Interest cost on borrowed funds charged to operations was $1,701,291 and $1,884,430 for the years ended December 31, 2025 and 2024, respectively. Amortization cost charged to operations was $50,000 and $40,000 for the years ended December 31, 2025 and 2024, respectively, and is included as a component of interest expense on the statements of operations and changes in net assets.

Cash paid for interest was $1,726,391 and $1,920,151 for the years ended December 31, 2025 and 2024, respectively.

NOTE 4 LONG-TERM DEBT (CONTINUED)

Scheduled principal repayments at December 31, 2025 on long-term debt are as follows:

Year Ending December 31,	Amount
2026	$ 2,508,498
2027	2,701,677
2028	11,797,781
2029	2,901,971
2030	3,009,416
Thereafter	25,451,512
Total	$ 48,370,855

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are net assets whose use has been restricted by donors to a specific purpose. These amounts are principally restricted for resident and employee assistance programs to benefit the Organization for the following purposes at December 31:

	2025	2024
Resident Fee Reserves	$ 18,623,327	$ 17,907,446
Community Programs and Facilities	6,685,786	6,144,558
Other	32,405	28,924
Total	$ 25,341,518	$ 24,080,928

Gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, restricted net assets are reclassified as net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions.

The Organization has other net assets with donor restrictions that are to be held in perpetuity. The income derived from these assets is currently expendable to support employee assistance programs per donor restriction.

NOTE 6 INVESTMENT INCOME

Total investment income and gains recorded in the financial statements are comprised of the following for the years ended December 31:

	2025	2024
Interest and Dividend Income, Net of Fees	$ 2,791,497	$ 2,883,108
Net Realized Gains on Sales of Investments	1,883,130	4,099,161
Net Unrealized Gains on Investments	6,810,208	2,412,038
Total	$ 11,484,835	$ 9,394,307

NOTE 7 RETIREMENT PLANS

Effective July 1, 2006, the Organization began participation in a defined contribution plan under IRC Sections 401(a) and 403(b) through The Kendal Corporation. In 2022, the Organization established its own defined contribution plans under IRC Sections 401(a) and 403(b). All plan assets and liabilities under The Kendal Corporation plans were transferred to the new plans. Subsequently, the Organization consolidated its 401(a) plan into the 403(b) plan. The plan contains an employer grant and/or match component for eligible employees. Eligible employees must have attained age 21 and must complete one eligibility year of service. The Organization's grant and/or matching contribution is discretionary. All employees are eligible to make contributions to the plan. The Organization may elect a basic contribution percentage of annual compensation or a grant subject to certain limitations. Contributions expensed by the Organization were approximately $1,425,500 and $1,438,500 for the years ended December 31, 2025 and 2024, respectively.

NOTE 8 LOAN RECEIVABLE

In November 2022, The Kendal Corporation and the Organization entered into a loan agreement. The loan agreement allowed for The Kendal Corporation to borrow the amount necessary from the Organization under a Promissory Note (the Note) to meet its terminal pension funding obligation to terminate the Kendal Corporation Pension Plan (the Plan) and allowed for the Organization to exit the Plan. On September 27, 2023, a loan of $1,109,490 was issued to The Kendal Corporation for this purpose. The balance of the loan receivable is $634,499 and $831,756 at December 31, 2025 and 2024, respectively. The principal balance shall bear interest annually at a fixed rate equal to 3.75%. Payments of sums due under the Note will be made on the first day of each month in equal monthly installments of principal plus interest over five years.

NOTE 9 INSURANCE

Effective January 1, 2004, the Organization began participating in an insurance risk retention group, the Peace Church Risk Retention Group (the PCRRG), a group insurance captive corporation licensed by the state of Vermont, to cover basic professional and general liability insurance on a claims-made basis. Effective December 28, 2007, PCRRG converted from a stock insurance company to a reciprocal insurance exchange under the laws of the state of Vermont. The shares of stock in PCRRG were converted to a subscriber interest in the PCRRG Reciprocal. As of December 31, 2025, the Organization has an approximate 3% subscriber interest in the PCRRG Reciprocal.

NOTE 10 CONCENTRATION OF CREDIT RISK

The Organization invests a portion of its operating and investment cash and cash equivalents in various checking and savings accounts with several commercial banks and financial institutions. Certain deposits with these banks exceed Federal Depository Insurance Corporation limits. The Organization also invests its cash and cash equivalents in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations.

NOTE 11 FUNCTIONAL EXPENSES

The Organization provides residential living services and general health care services to its residents. All categories of expenses that are not directly related to the Organization's program are allocated to one or more management, general, and administrative functions based on the estimates of time and effort involved. Expenses related to providing these services are as follows for the years ended December 31:

	Care and Service to Residents	Management, General, and Administrative	2025 Total
Grants to Residents, Net	$ 901,845	$ -	$ 901,845
Salaries and Wages	24,778,884	3,593,983	28,372,867
Pension Contributions	1,244,924	180,566	1,425,490
Employee Benefits	5,131,776	152,298	5,284,074
Payroll Taxes	1,826,543	238,123	2,064,666
Legal Fees	-	200,458	200,458
Accounting Fees	-	406,203	406,203
Supplies and Inventory	5,044,867	49,458	5,094,325
Postage and Shipping	-	16,891	16,891
Small Equipment, Rentals, and Maintenance	1,113,086	726,717	1,839,803
Printing and Publications	44,450	13,387	57,837
Occupancy	6,599,873	1,108,366	7,708,239
Travel	26,558	27,761	54,319
Conferences	50,490	27,850	78,340
Interest	1,701,291	-	1,701,291
Depreciation and Amortization	11,572,515	-	11,572,515
Prescription Drugs	154,445	-	154,445
Dues	384,336	166,035	550,371
Recruitment Costs	50,694	95,025	145,719
Contracted Services	136,298	151,015	287,313
Other	230,424	688,725	919,149
Total	$ 60,993,299	$ 7,842,861	$ 68,836,160

NOTE 11 FUNCTIONAL EXPENSES (CONTINUED)

	Care and Service to Residents	Management, General, and Administrative	2024 Total
Grants to Residents, Net	$ 455,880	$ -	$ 455,880
Salaries and Wages	23,826,345	3,545,333	27,371,678
Pension Contributions	1,094,272	162,826	1,257,098
Employee Benefits	5,471,258	139,726	5,610,984
Payroll Taxes	1,769,633	232,411	2,002,044
Legal Fees	-	295,918	295,918
Accounting Fees	-	484,291	484,291
Supplies and Inventory	4,926,353	42,071	4,968,424
Postage and Shipping	-	12,577	12,577
Small Equipment, Rentals, and Maintenance	936,931	610,616	1,547,547
Printing and Publications	43,551	8,331	51,882
Occupancy	5,875,926	1,042,032	6,917,958
Travel	13,705	16,583	30,288
Conferences	78,110	23,666	101,776
Interest	1,884,430	-	1,884,430
Depreciation and Amortization	11,005,224	-	11,005,224
Prescription Drugs	99,652	-	99,652
Dues	424,828	148,224	573,052
Recruitment Costs	308,516	71,270	379,786
Contracted Services	254,143	216,369	470,512
Other	216,189	946,821	1,163,010
Total	$ 58,684,946	$ 7,999,065	$ 66,684,011

NOTE 12 FAIR VALUE MEASUREMENTS

The following tables present the Organization's fair value hierarchy for those assets (as further detailed in Note 2 to the financial statements) and liabilities measured at fair value on a recurring basis as of December 31:

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets:				
Equities	$ 41,519,273	$ -	$ -	$ 41,519,273
Fixed Income	42,447,449	-	-	42,447,449
Exchange Traded Funds	9,617,557	-	-	9,617,557
Pooled Income Fund	-	32,405	-	32,405
Interest Rate Cap Agreements	-	561,100	-	561,100
Total	$ 93,584,279	$ 593,505	$ -	$ 94,177,784

NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets:				
Equities	$ 37,728,443	$ -	$ -	$ 37,728,443
Fixed Income	49,474,001	-	-	49,474,001
Exchange Traded Funds	7,431,896	-	-	7,431,896
Pooled Income Fund	-	28,924	-	28,924
Interest Rate Cap Agreements	-	411,200	-	411,200
Total	$ 94,634,340	$ 440,124	$ -	$ 95,074,464

The determination of the fair values above incorporates various factors including not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of any nonperformance risk relative to the Organization's assets.

The fair value of financial instruments is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. When quoted prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include U.S. government and agency securities, corporate bonds, common stocks, and mutual funds and exchange traded funds.

Assets utilizing Level 2 inputs are pooled income funds and interest rate caps. The carrying amount represents fair market value and is based on a price estimated by a third party using the income approach, which uses valuation techniques to convert future cash flows to a discounted value, using current market expectations.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation

There are various legal actions that can occur in the ordinary course of business, and management is not aware of any such matters that would have a material effect on the financial condition or results of operations of the Organization. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect to the Organization's financial position.

Other

In March 2024, the Organization entered into a guaranteed maximum price contract with a construction company for the Kendal at Longwood health center renovation and expansion project for approximately $45,425,000.

In December 2025, the Organization entered into a guaranteed maximum price contract with a construction company for the Crosslands community center renovation project for approximately $2,856,000.

Global
INDEPENDENT
NETWORK MEMBER

CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

KENDAL CROSSLANDS
COMMUNITIES®