



GARDEN SPOT VILLAGE



A GARDEN SPOT COMMUNITY

DISCLOSURE STATEMENT

June 30, 2021

THE ISSUANCE OF A CERTIFICATE OF AUTHORITY DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OF ENDORSEMENT OF GARDEN SPOT VILLAGE 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.

GARDEN SPOT VILLAGE
DISCLOSURE STATEMENT

I N D E X

	Page Number
Summary of Disclosure Statement	2-3
Background.....	3
Description.....	4
Services	5
Entrance Fees and Monthly Fees.....	6
Escrow and Reserve Funds	7
Completed Expansion of Garden Spot Village.....	7
Financial Information.....	7-8
Notice of Right to Rescind.....	9
Board of Director Listing, Exhibit A.....	10-12
Financial Statements, Exhibit B.....	13-45
Budgeted Income & Expenses, FYE June 30, 2022 Exhibit C.....	46-47
Pricing Structure, Exhibit D.....	48-49
Amortization and Refund Schedule, Exhibit E.....	50

SUMMARY OF DISCLOSURE STATEMENT

The following is a summary of the information presented in this Disclosure Statement:

1. **The FACILITY**: Garden Spot Village, 433 South Kinzer Avenue, New Holland, PA 17557.
2. **THE PROVIDER**: Garden Spot Village, 433 South Kinzer Avenue, New Holland, PA 17557.
3. **ADMISSIONS CONTACT**: Director of Sales, Garden Spot Village, 433 South Kinzer Avenue, New Holland, PA 17557, Tel 717 355-6000.
4. **DESCRIPTION OF FACILITY**: Garden Spot Village is located on 220 acres in rural Earl Township and New Holland Borough, New Holland, Lancaster County, Pennsylvania. The campus includes 315 Cottages and Carriage Homes, 304 Apartments, 105 licensed Personal Care units and 73 licensed Skilled Care beds.
5. **REQUIREMENTS**: Admission is open to individuals who are at least 55 years of age.
6. **AFFILIATIONS**: Garden Spot Village is a controlled affiliate of Garden Spot Communities. Garden Spot Communities is the corporate “parent” and is the sole member of Garden Spot Village. Garden Spot Communities has certain reserved corporate powers over Garden Spot Village, and it provides management services to Garden Spot Village pursuant to the terms of a Management Services Agreement. Garden Spot Village and Garden Spot Village of Akron d/b/a Maple Farm, a 46 bed nursing facility located in Akron, PA, are related organizations. Garden Spot Village is a member of the Lancaster Conference of the Mennonite Church, Mennonite Health Services, Atlantic Coast Conference of Mennonite Church USA, Anabaptist Provider Group, LeadingAge PA, LeadingAge, the Lancaster Chamber of Commerce & Industry, and the Association of Households International.
7. **CURRENT RESIDENT POPULATION**: The facility became operational on April 15, 1996. The current resident population is 1,060 persons.
8. **FEES**: The following is a sample of the Entrance Fee and Monthly Fee for a typical one bedroom apartment and cottage (Standard, amortized over 4 years).

<u>FEE</u>	<u>SINGLE OCCUPANCY</u>	<u>DOUBLE OCCUPANCY</u>
Entrance Fee - 1 Bedroom Apt.	\$130,400	\$130,400
Entrance Fee – Standard End Cottage	\$219,400	\$219,400

<u>FEE</u>	<u>SINGLE OCCUPANCY</u>	<u>DOUBLE OCCUPANCY</u>
Monthly Fee - 1 Bedroom Apt. * Includes optional dining plan	*\$1,494	*\$1,978
Monthly Fee - Standard End Cottage	\$1,423	\$1,560

BACKGROUND

Garden Spot Village is a continuing care retirement community on 220 acres in rural Earl Township and New Holland Borough, Lancaster County. The address of the community is 433 South Kinzer Avenue, New Holland, PA, 17557. Garden Spot Village is a Pennsylvania nonprofit corporation with its principal office at 433 South Kinzer Avenue, New Holland, PA 17557. Garden Spot Village is affiliated with the Mennonite Church. The Mennonite Church is not, however, responsible for the debts or contractual obligations of Garden Spot Village.

Garden Spot Village is a controlled affiliate of Garden Spot Communities, a related Pennsylvania nonprofit corporation with its principal office located at 433 South Kinzer Avenue, New Holland, PA 17557. Garden Spot Communities is the sole member and corporate “parent” of Garden Spot Village. Garden Spot Communities exercises certain corporate powers over Garden Spot Village, including the power to appoint the Board of Directors of Garden Spot Village. Garden Spot Communities now provides certain services to Garden Spot Village pursuant to the terms of a Management Services Agreement, including administration, general management, human resources, information technology, marketing, and accounting services.

The Board of Directors of Garden Spot Village is vested with the authority to govern and manage the affairs of the community. The Officers and Directors serve on a voluntary basis and receive no remuneration for their activities as a Director or Officer. The names for each of the Officers and Directors are attached as Exhibit A.

DESCRIPTION

Garden Spot Village is situated on 220 acres in rural Earl Township and New Holland Borough, Lancaster County, Pennsylvania. The campus includes 315 independent living Cottages and Carriage Homes, 304 independent living Apartments, 65 traditional Personal Care apartments, 40 Memory Support Personal Care apartments, 73 licensed Skilled Care beds, 6 Dining Venues, wellness area with a pool and exercise facility and generous common spaces including the Village Square. Also included on the campus is a 49,947 square foot Outpatient Medical Center leased to a local non-profit hospital delivering a variety of services to both the Village and broader community. Garden Spot Village and Garden Spot Village of Akron d/b/a Maple Farm, a 46 bed nursing facility located on 65 acres in Akron, PA, are related organizations.

Several different Apartment types are offered at Garden Spot Village: studio, one bedroom, one bedroom with den, two bedrooms, two bedrooms with den and three bedrooms. Certain of the two and three bedroom apartments include two bathrooms, while other apartment types include one bath. Each apartment unit includes a full kitchen, with custom cabinetry, refrigerator, stove/oven, sink with garbage disposal, and microwave.

The Cottages are all two bedroom units with full kitchens as described above. Each cottage includes a one-car garage and glass enclosed porch with optional cement or stone patio. Some units also include two-car garages and cathedral ceilings. Many also have a loft with third bath and a walk-in closet.

Each Apartment, Cottage and Carriage Home includes:

- * Wall-to-wall carpet
- * Quality vinyl flooring in kitchens and bath(s)
- * Storage space
- * Washer and dryer
- * Individual temperature control
- * Other options upon request

SERVICES

Services are provided in accordance with the terms of the Garden Spot Village Resident Agreement a copy of which is provided by Garden Spot Village. Services provided by Garden Spot Village without additional charge include:

- * Grounds keeping, snow and trash removal, grass mowing
- * Maintenance of the apartments and cottages
- * Scheduled local transportation
- * 24 hour emergency response
- * Social and recreational activities
- * All utilities, except cable TV and telephone

Cottage and Carriage Home residents may purchase meals using their meal plan account in any of the dining venues. Starting with Section 3 of The Resident Agreement provides additional details concerning services as well as optional services and building/equipment which are available for extra charges.

If residents require temporary or long term nursing care, Garden Spot Village assists in arranging for the resident's transfer to its nursing facility or the nursing facility of the resident's choice. The skilled nursing facilities include Garden Spot Village (73 beds divided between four "households") and Maple Farm (46 beds divided into two "households"). These environments are at the forefront of the "Culture Change" movement and provide a non-institutional environment for residents where a Person Centered Care philosophy is utilized.

In order to provide individuals the opportunity to age in the environment of their choice, Garden Spot Village also offers an Adult Day Services program that serves Garden Spot Village residents and residents of the larger community, as well as Garden Spot Village at Home, a home based services program that provides services to individuals in their residence. Garden Spot Village at Home provided approximately 9,500 hours of care in the past year. Additional details concerning home health care and personal care services are included in Section 5 of the Resident Agreement.

ENTRANCE FEES AND MONTHLY SERVICE FEES

Residents of Garden Spot Village pay a one time Entrance Fee and a recurring Monthly Service Fee. The first step in applying for residence at Garden Spot Village is to complete a Pre-Entrance Application form and payment of \$100.00 for an individual or \$150.00 for two persons. This fee is non refundable. The second step is to get on The Radar Screen. This involves defining which homes are of interest, and paying a single deposit equal to 10% of the entrance fee for the future resident’s highest priced choice. The third step is a final payment equal to 100% of the Entrance fee, less the 10% paid as part of the second step. Under certain circumstances, such as death or serious illness that occur prior to occupancy, the paid entrance fees will be refunded, except the non-refundable portion and/or any costs incurred by Garden Spot Village as a result of special requests by the prospective resident. After occupancy, a portion of the Entrance Fee is refundable. See Exhibits D and E, for schedule of Entrance Fee amortization and Refund Plans. The monthly service fee may be adjusted upon written notice at least 30 days prior to the effective date of any adjustment to the monthly service fee as specified in Section 7.2D of the Resident Agreement.

Below is a table showing the annual increases in fees for each of the past five fiscal years:

Monthly Service Charge	Dollar Increases in Rates				
	07/01/2017- 06/30/2018	07/01/2018- 06/30/2019	07/01/2019- 06/30/2020	07/01/2020- 06/30/2021	07/01/2021- 06/30/2022
Effective Date	<u>7/1/2017</u>	<u>7/1/2018</u>	<u>7/1/2019</u>	<u>7/1/2020</u>	<u>7/1/2021</u>
Apartments (1 Bedroom)	\$38	\$46	\$45	\$50	\$50
Cottages (Standard End)	36	43	45	51	55
Cottages (The Kraybill)	n/a	n/a	n/a	0	68
Personal Care Daily Rates *	6	6	5	7	7
Memory Support *	9	9	10	13	11
Skilled Care Daily Rates	15	11	20	19	22

* Rates for Level I services. Additional service levels are offered.

ESCROW AND RESERVE FUNDS

An Entrance Fee Escrow Account has been established as required by the Pennsylvania Continuing Care Provider Registration and Disclosure Act (Act 82). Any money so escrowed will be invested by the Escrow Agent in accordance with the provisions of Act 82.

COMPLETED EXPANSION OF GARDEN SPOT VILLAGE

During the year ended June 30, 2021, Garden Spot Village has completed the Sycamore Springs expansion project of 50 additional cottage units. Sycamore Springs is directly adjacent, to the west, of Kinzer Avenue. As of September 30, 2021 all 50 units have been occupied. Garden Spot Village also finished construction of Meadow View, the memory support building located directly adjacent, to the west, of Kinzer Avenue. Meadow View has 40 units, and upon completion 21 residents of our former 21 unit memory support have been successfully transitioned to the new secured building. As of September 30, 2021, 35 of the total 40 units are occupied.

FINANCIAL INFORMATION

Garden Spot Village's financing consists of Series 2019 and Series 2011 Revenue Notes, Series 2019 Convertible Revenue Note (CRN Note) and a note payable. The note payable was obtained to purchase equipment in connection with renovations of Garden Spot Village's dining venues. In May 2019 Garden Spot Village secured financing through 2019 Series A, B, C Revenue Notes with a bank. The 2019 Series A proceeds were used to refund the 2009 Notes. The 2019 Series B represents long-term financing related to the new expansion projects. The 2019 Series C is a short term financing relating to the new expansion projects and has been fully repaid with entrance fee funds. In November 2019 Garden Spot Village secured financing through 2019 CRN Note with a bank. The 2019 CRN Note proceeds were used to refund the Series 2013 Lancaster Industrial Development Authority Revenue Bonds. On May 13, 2011 Garden Spot Village guaranteed a Series 2011 Lancaster Municipal Authority Note, Garden Spot Village of Akron note for \$3,720,000. This note was used to renovate the 2009 Maple Farm acquisition. For interest rates, terms and other details of these debt structures, please refer to Note #6 and Note #7 of the June 30, 2021 Audited Financial reports included in Exhibit B of this statement.

Exhibit B, Financial Statement prepared by Baker Tilly Virchow Krause, LLP, Philadelphia, Pennsylvania, the Accounting firm for Garden Spot Village, includes financial information concerning Garden Spot Village for fiscal year June 30, 2021. The Chief Executive Officer and/or Chief Financial Officer is available to meet with you and/or your advisors to discuss the financial information presented in this Disclosure Statement or to respond to your questions.

Exhibit C presents the Budget, projected revenues and expenses, for the fiscal year ending June 30, 2022.

EXHIBIT A

GARDEN SPOT VILLAGE

BOARD OF DIRECTORS

Steve Lindsey, Chair

Jeffrey Goss, Vice Chair

Dale Beiler, Treasurer

Scott Miller, Secretary

Section 7 of the Pennsylvania ACT 82 requires the following information for those named above:

- (A) A description of the business experience of such persons, if any, in the operation or management of facilities similar to Garden Spot Village:

Steve Lindsey: Mr. Lindsey has acted as the Chief Executive Officer of Garden Spot Village since 2001, and he is the current Chief Executive Officer of Garden Spot Communities. As the Chief Executive Officer of Garden Spot Village and Garden Spot Communities, he is responsible for the CCRC of 900+ residents located in New Holland, PA, and the skilled nursing facility located in Akron, PA. Mr. Lindsey has more than twenty years of administrative experience in both the retirement community and rehabilitation hospital fields. He is a licensed nursing home administrator, and he earned an MSW from Temple University and a BA from Messiah College. He is a member of the Health Guidelines Revision Committee and has been active in developing the new Guidelines for Residential Health, Care and Support Settings (released in 2014) that support person-centered care initiatives through the development of standardized design guidelines and regulations. His work as a member of the National Life Safety Task Force, assembled by CMS, the National Fire Protection Association (“NFPA”), and the Pioneer Network, resulted in substantive changes in the 2012 Edition of the NFPA Life Safety Code that have been instrumental in the development of person-centered environments in healthcare settings across the country. Mr. Lindsey has served on the Executive Committees of LeadingAge PA and the Association of Households International, has served as a member of a Think Tank sponsored by the Center on Age & Community at the University of Wisconsin, is involved in numerous nonprofit boards, and has been a frequent speaker at regional, state, and national conferences.

Jeffrey Goss: Mr. Goss is the Vice Chair of the Garden Spot Village Board of Directors. Mr. Goss also sits on the Board of Directors of the parent organization, Garden Spot Communities. Mr. Goss is an attorney that practices in estate planning, estate and trust administration, business

succession planning, guardianship, Orphan's Court proceedings and elder law. Mr. Goss focusses on providing advice to clients who are entering retirement communities, who have questions about asset protection and medical assistance (Medicaid), and who are faced with adult guardianship matters. Mr. Goss counsels family members who have special needs on the set up of carefully drafted Supplemental and Special Needs Trusts to preserve entitlement to public benefits such as Medicaid and SSI. Mr. Goss graduated from Boston College Law School and was admitted to the Pennsylvania Bar Association in 1996. He is also a member of several bar associations within the state of Pennsylvania. In addition to serving on the boards of Garden Spot Village and Garden Spot Communities, Mr. Goss has active involvement with the board of other local organizations.

Dale Beiler: Mr. Beiler has acted as the Chief Financial Officer ("CFO") of Garden Spot Village since 2010, and he has been responsible for both the New Holland and Akron campuses in that capacity. Mr. Beiler is also the current CFO of Garden Spot Communities. Mr. Beiler has been involved in senior living and retirement communities for the past 30 years. Prior to becoming the CFO of Garden Spot Village, Mr. Beiler served as a member of the Garden Spot Village Board Finance Committee, as a member of the Garden Spot Village Board of Directors, and as the Garden Spot Village Board Treasurer over a period of approximately 10 years. During his Board tenure, Mr. Beiler was employed in Public Accounting as a Manager for Detweiler, Hershey & Associates from 1998 to 2004 where his areas of specialization included not-for-profit organizations, construction companies, and individual and corporate taxation. In 2004, Mr. Beiler joined a family-owned construction company as the CFO, assisting in the development of systems and budgets and working as part of the management team in developing the company values and marketing strategies. He also played a role in transitioning the leadership of the company from the first generation to the second generation of family members. In addition to serving on the Board of Garden Spot Village, Mr. Beiler has served on Boards of other not-for-profit organizations, including Garden Spot Village of Akron, Hospice and Community Care of Lancaster County, and the Open Door Youth Center. Mr. Beiler holds a Bachelor of Science Degree from Geneva College (1980) with majors in Accounting and Information Systems. Mr. Beiler became in a Certified Public Accountant in September of 1983.

Scott Miller: Mr. Miller has been employed by Garden Spot Village since March 2005, and he is also the Chief Marketing Officer of Garden Spot Communities. A member of the senior leadership team, Mr. Miller is responsible for marketing, sales, and public relations. He received a Bachelor of Science degree in Computer Science from Millersville University and has completed a significant amount of post graduate work in executive business management and liberal arts. Passionate about innovation, customer satisfaction, and leadership development, Mr. Miller's career of 35 + years includes a blended set of non-profit and commercial experiences in marketing, business development, and operations. His experience includes business process re-engineering and widespread organizational change.

With his degree in computer science and his experience working for a \$6 billion technology firm for 23 years, reframing for-profit strategies in a non-profit setting are of particular interest to Mr. Miller. His background includes 10 years of pastoral ministry for local Methodist Churches and

teaching a leadership development and public speaking course for 15 years. As a product manager and worldwide sales manager, Mr. Miller has published a number of professional articles, hosted and participated in numerous panels, conducted multi-day workshops, and addressed audiences in a variety of countries. Mr. Miller has served on several non-profit boards of directors including capital fundraising organizations and professional marketing organizations, and he was the chair for Discover Lancaster.

(B) Related parties transactions:

During the fiscal year ending June 30, 2021 Garden Spot Village purchased grocery items in the amount of \$48.00 from Beiler's Beehives owned by Dale Beiler, who is the Treasurer of Garden Spot Village. During the fiscal year ending June 30, 2020 Garden Spot Village purchased grocery items in the amount of \$259.50 from Beiler's Beehives owned by Dale Beiler, who is the Treasurer of Garden Spot Village.



Garden Spot Communities and Subsidiaries

Consolidated Financial Statements and
Supplementary Information

June 30, 2021 and 2020

Garden Spot Communities and Subsidiaries

Table of Contents
June 30, 2021 and 2020

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplementary Information	
Consolidating Schedules for 2021:	
Consolidating Schedule, Balance Sheet	26
Consolidating Schedule, Statement of Operations	28
Consolidating Schedules for 2020:	
Consolidating Schedule, Balance Sheet	29
Consolidating Schedule, Statement of Operations	31

Independent Auditors' Report

To the Board of Directors of
Garden Spot Communities and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Garden Spot Communities and Subsidiaries, which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Garden Spot Communities and Subsidiaries as of June 30, 2021 and 2020, and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information on pages 26 to 31 is presented for purposes of additional analysis rather than to present the financial position, result of operations, and changes in net assets without donor restrictions of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Lancaster, Pennsylvania
September 24, 2021

Garden Spot Communities and Subsidiaries

Consolidated Balance Sheets
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,681,393	\$ 8,090,191
Assets whose use is limited, resident trust funds	2,979,538	3,689,048
Accounts receivable:		
Residents, net	1,227,464	1,018,755
Other	93,070	476,932
Prepaid expenses and other current assets	<u>861,759</u>	<u>1,139,566</u>
Total current assets	<u>12,843,224</u>	<u>14,414,492</u>
Investments	<u>27,372,825</u>	<u>22,423,844</u>
Assets Whose Use is Limited		
Board-designated	5,919,999	4,565,769
Entrance fee escrow deposits	516,019	2,055,472
Statutory liquid minimum reserve	3,644,000	3,474,000
Under trust indenture, held by trustee	<u>-</u>	<u>500,243</u>
Total assets whose use is limited	<u>10,080,018</u>	<u>10,595,484</u>
Property and Equipment, Net	<u>137,126,293</u>	<u>127,892,498</u>
Total assets	<u>\$ 187,422,360</u>	<u>\$ 175,326,318</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 2,425,600	\$ 2,345,600
Accounts payable:		
Trade	1,210,707	646,932
Construction	-	4,059,373
Entrance fee refunds	865,591	746,688
Accrued expenses	2,373,894	2,101,237
Deferred grant revenue	-	420,397
Resident trust funds	<u>2,979,538</u>	<u>3,689,048</u>
Total current liabilities	9,855,330	14,009,275
Long-Term Debt	63,374,294	65,981,107
Deposits From Prospective Residents	2,861,740	3,928,930
Refundable Entrance Fees	6,115,439	6,616,861
Deferred Revenue From Entrance Fees	75,804,369	60,511,714
Derivative Financial Instruments	<u>5,538,275</u>	<u>8,831,363</u>
Total liabilities	<u>163,549,447</u>	<u>159,879,250</u>
Net Assets		
Without donor restrictions	23,663,777	15,233,188
With donor restrictions	<u>209,136</u>	<u>213,880</u>
Total net assets	<u>23,872,913</u>	<u>15,447,068</u>
Total liabilities and net assets	<u>\$ 187,422,360</u>	<u>\$ 175,326,318</u>

See notes to consolidated financial statements

Garden Spot Communities and Subsidiaries

Consolidated Statements of Operations

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues Without Donor Restrictions		
Net resident service revenues	\$ 44,345,854	\$ 41,955,081
Rent	1,337,720	1,393,484
Grant revenues	967,930	547,651
Other revenues	675,855	653,814
Net assets released from restrictions used for operations	51,272	55,480
	<u>47,378,631</u>	<u>44,605,510</u>
Expenses		
Nursing	15,978,882	14,340,135
Dietary	5,025,802	5,197,622
Social services	1,183,561	1,155,486
Housekeeping and laundry	1,051,658	942,788
Plant operations	4,876,827	4,182,473
Real estate taxes	1,723,359	1,533,414
Utilities	1,583,911	1,779,142
Administrative	5,857,016	4,662,171
Marketing	1,533,391	1,494,175
Depreciation	7,454,553	6,769,183
Interest	1,855,602	1,861,639
	<u>48,124,562</u>	<u>43,918,228</u>
Operating (loss) income	(745,931)	687,282
Other Income (Loss)		
Investment income	1,846,732	1,934,584
Contributions	440,858	324,268
Change in net unrealized gains and losses on investments	3,531,196	(465,944)
Change in fair value of derivative financial instruments	3,293,088	(6,556,993)
Loss on abandonment of projects	-	(197,665)
Loss on refinancing	-	(3,235,588)
	<u>8,365,943</u>	<u>(7,510,056)</u>
Revenues in excess of (less than) expenses	8,365,943	(7,510,056)
Net Assets Released From Restriction Used for Purchase of Property and Equipment		
	<u>64,646</u>	<u>75,839</u>
Change in net assets without donor restrictions	<u>\$ 8,430,589</u>	<u>\$ (7,434,217)</u>

See notes to consolidated financial statements

Garden Spot Communities and Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restrictions		
Revenues in excess of (less than) expenses	\$ 8,365,943	\$ (7,510,056)
Net assets released from restriction used for purchase of property and equipment	<u>64,646</u>	<u>75,839</u>
Change in net assets without donor restrictions	<u>8,430,589</u>	<u>(7,434,217)</u>
Net Assets With Donor Restrictions		
Contributions	111,174	200,126
Net assets released from restrictions used for:		
Operations	(51,272)	(55,480)
Purchase of property and equipment	<u>(64,646)</u>	<u>(75,839)</u>
Change in net assets with donor restrictions	<u>(4,744)</u>	<u>68,807</u>
Change in net assets	8,425,845	(7,365,410)
Net Assets, Beginning	<u>15,447,068</u>	<u>22,812,478</u>
Net Assets, Ending	<u><u>\$ 23,872,913</u></u>	<u><u>\$ 15,447,068</u></u>

See notes to consolidated financial statements

Garden Spot Communities and SubsidiariesConsolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 8,425,845	\$ (7,365,410)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,454,553	6,769,183
Loss on abandonment of projects	-	197,665
Loss on refinancing	-	3,235,588
Amortization of deferred financing costs	60,603	27,839
Accretion of bond premium, net	-	(6,530)
Net realized and unrealized gains on investments	(4,559,060)	(616,255)
Deposits from prospective residents, net	(1,067,190)	572,945
Proceeds from nonrefundable entrance fees, existing units	10,364,897	9,065,334
Amortization of entrance fees	(8,584,282)	(8,666,224)
Restricted contributions	(22,506)	(68,655)
Change in fair value of derivative financial instruments	(3,293,088)	6,556,993
Change in assets and liabilities:		
Accounts receivable, residents and other	175,153	461,535
Prepaid expenses and other current assets	277,807	411,924
Accounts payable, trade	563,775	(108,834)
Accrued expenses	272,657	(13,191)
Deferred grant revenue	(420,397)	420,397
Net cash flows provided by operating activities	<u>9,648,767</u>	<u>10,874,304</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(20,747,721)	(26,085,599)
Proceeds from sales of investments and assets whose use is limited	8,896,045	9,195,392
Purchases of investments and assets whose use is limited	<u>(10,810,196)</u>	<u>(13,031,572)</u>
Net cash flows used in investing activities	<u>(22,661,872)</u>	<u>(29,921,779)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings on long-term debt	14,758,062	19,149,193
Repayment of long-term debt	(17,345,478)	(2,155,534)
Payment of deferred financing costs	-	(271,007)
Proceeds from entrance fees, new units	14,777,909	1,612,709
Proceeds from refundable entrance fees, existing units	187,800	-
Refunds of entrance fees	(1,836,188)	(1,237,710)
Restricted contributions	22,506	68,655
Net cash flows provided by financing activities	<u>10,564,611</u>	<u>17,166,306</u>
Net change in cash, cash equivalents and restricted cash and cash equivalents	(2,448,494)	(1,881,169)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	<u>10,645,906</u>	<u>12,527,075</u>
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	<u>\$ 8,197,412</u>	<u>\$ 10,645,906</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	\$ 7,681,393	\$ 8,090,191
Assets whose use is limited:		
Entrance fee escrow deposits	516,019	2,055,472
Trustee held funds	-	500,243
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 8,197,412</u>	<u>\$ 10,645,906</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amount capitalized of approximately \$324,000 in 2021 and \$205,000 in 2020	<u>\$ 1,762,730</u>	<u>\$ 2,032,719</u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Construction payable	<u>\$ -</u>	<u>\$ 4,059,373</u>
Long-term debt refinanced	<u>\$ -</u>	<u>\$ 25,005,000</u>

See notes to consolidated financial statements

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The consolidated financial statements include the accounts of Garden Spot Communities, the controlling entity, Garden Spot Village, At Home Services, LLC, Garden Spot Village of Akron, Garden Spot CoLiving, LLC and Forgeworks, LLC, all wholly-owned subsidiaries (collectively, the Organization). All significant intercorporate transactions and balances have been eliminated.

The following is a description of each entity:

- Garden Spot Village (the Village) operates a continuing care retirement community (CCRC) located in New Holland, Pennsylvania providing housing, health care and other services to elderly residents through the operation of a 73-bed nursing facility, a 65-unit personal care facility, a 40-unit personal care memory support facility, and 616 independent living apartments and cottages.
- GSV, LLC, a solely owned subsidiary of the Village, leases a building for use as medical offices.
- At Home Services, LLC provides home care services.
- Garden Spot Village of Akron (Akron) operates a 46-bed nursing facility located in Akron, Pennsylvania.
- Garden Spot CoLiving, LLC (CoLiving) operates cooperative housing units.
- Forgeworks, LLC (Forgeworks) will provide management support and services to assist non-profit organizations to expand and grow. Forgeworks has just begun activity which is currently being recorded within Garden Spot Communities.

The Village and GSV, LLC comprise the Organization's Obligated Group (the Obligated Group).

Garden Spot Communities (GSC) is the sole member of the Village, Akron, CoLiving and Forgeworks. In addition, GSC is the sole member of At Home Services, LLC. GSC provides management service to the Village, At Home Services, LLC and Akron based on the terms of the management agreements.

The Organization's primary operations are located in New Holland, Pennsylvania. Its primary service area includes New Holland, Pennsylvania and surrounding communities in Lancaster County, Pennsylvania.

The Organization evaluated subsequent events for recognition or disclosure through September 24, 2021, the date the consolidated financial statements were available to be issued.

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

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

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Accounts Receivable, Residents, Net

The Organization assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable, and anticipated collection of the consideration. The allowance for uncollectible accounts receivable was approximately \$138,000 and \$226,000, as of June 30, 2021 and 2020, respectively. Accounts are written off through the provision of bad debts when the Organization has exhausted all collection efforts and accounts are deemed impaired.

Accounts Receivable, Other

Other receivables represents amounts due to the Organization for charges other than providing health care services to residents and are reported at their net realizable value. Other receivables are written off when they are determined to be uncollectible based on management's assessment of individual amounts.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses (less than) 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 consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the consolidated balance sheets could change materially in the near term.

Assets Whose Use Is Limited

Assets whose use is limited primarily includes assets designated by the board of directors for benevolent care, over which the board retains control and may at its discretion, subsequently use for other purposes; assets designated by the board of directors to meet the statutory minimum liquid reserve requirements of Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82); assets held by trustees under trust indentures; entrance fee escrow deposits; and resident trust funds. Amounts available to meet current liabilities are classified as current assets in the consolidated balance sheets.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets. The Organization reviews all disbursements greater than \$1,500 and a useful life greater than one year for capitalization as property and equipment.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. No impairment losses were recognized in 2021 and 2020.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the terms of the related debt using the straight-line method, which approximates the effective interest method.

Resident Trust Funds

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

Entrance Fees

Under certain entrance fee plans for independent living units, the Village receives payments in advance. Residents have five entrance fee plan options, three "refundable" options and two "nonrefundable" options. The refundable options have a guaranteed refund component, which is 50 percent, 75 percent, or 90 percent of the entrance fee paid, with the balance refundable on a decreasing basis at a rate of 1 percent of the entrance fee per month for each month, or portion thereof, of occupancy in the independent living unit. In April 2019, the Organization is no longer offering the 50 percent refundable option. The nonrefundable options have no guaranteed refund component and are refundable on a decreasing basis for 48 months or 96 months, after which no refund is due or payable.

Entrance fee refunds are generally paid after the independent living unit vacated has been re-occupied by a new resident. The gross amount of contractual refund obligations under existing resident agreements at June 30, 2021 approximates \$41,464,000; this amount includes accounts payable, entrance fee refunds.

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

Revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenue from entrance fees in the accompanying consolidated balance sheets. Amortization of nonrefundable entrance fees included in net resident service revenue was \$8,584,282 in 2021 and \$8,666,224 in 2020.

The majority of services provided to the Village's independent living residents are paid for on a "fee for service" basis and are not included under the entrance fee plans.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Derivative Financial Instruments

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

Net Assets

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

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

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

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the 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 service revenues are primarily comprised of skilled nursing, personal care and independent living revenue streams, which are primarily derived from providing housing, skilled nursing, personal care and independent living 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 and independent living revenues 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.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Grant Revenues

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

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for hospitals and other healthcare providers. The Organization received \$375,650 in 2021 and \$668,254 in 2020 related to the PRF. The total PRF funding received to date through June 30, 2021 was \$1,043,904. The Organization has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the PRF of \$568,200 and \$475,704 as of June 30, 2021 and 2020, respectively, which were recognized and included in grant revenues in the accompanying consolidated statements of operations during the years ended June 30, 2021 and 2020, respectively.

The Organization also received \$299,794 on July 1, 2020 of CARES funding that was passed through the State of Pennsylvania Department of Human Services (DHS) under Act 24 of 2020, which was included in accounts receivable, other at June 30, 2020. The Organization has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the state funding of \$227,847 and \$71,947 as of June 30, 2020 and 2021, respectively, which were recognized and included in grant revenues in the accompanying consolidated statements of operations.

The Organization also received \$60,672 during 2021 of other state and local funding that was recognized and included in grant revenues in the accompanying consolidated statement of operations during the year ended June 30, 2021.

Deferred grant revenue includes deferred revenue related to payments received of \$420,397 from the PRF and Act 24, which the Organization determined the recognition criteria was not met as of June 30, 2020.

Management believes that the Organization complied with all the terms and conditions for the PRF and state funding. However, the Department of Health and Human Services (HHS) and DHS have indicated the payments are subject to future reporting and audit requirements. Further, noncompliance with the terms and conditions of the PRF and state funding, which can be subject to future government review and interpretation, could result in repayment of some or all of the support. An estimate of the possible effects cannot be made as of the date these consolidated financial statements were issued and it's unknown whether there will be further developments in regulatory guidance.

Grant revenues also include other non-COVID-19 funding of \$111,211 in 2021.

Benevolent Care

The Organization provides services to residents who meet certain criteria at amounts less than its cost of providing care. The Organization maintains records to identify and monitor the level of benevolent care it provides. The costs associated with the benevolent care services provided to residents include both direct costs and estimated indirect costs, as reported by management on the Organization's internal financial statements. The level of benevolent care provided by the Organization, which represents the difference between the estimated cost of providing care and the payments received for services rendered, was approximately \$612,000 and \$610,000 in 2021 and 2020, respectively.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Medical Assistance Reimbursement and Cost of Providing Care

The Organization provides nursing care to Medical Assistance program beneficiaries at amounts less than its cost of providing care. The Organization maintains records to identify and monitor the difference between the cost of providing care to Medical Assistance program beneficiaries and the payments received for services rendered. The costs associated with the services provided to Medical Assistance program beneficiaries include both direct costs and estimated indirect costs, as reported by management on the Organization's internal financial statements. The difference between the estimated cost of providing care to Medical Assistance program beneficiaries and the payments received for services rendered was approximately \$2,507,000 and \$2,506,000 in 2021 and 2020, respectively.

Rent Revenues

GSV, LLC leases medical office space and accounts for such leases as operating leases. Rent revenues are recognized when billed over the terms of the leases.

Income Taxes

GSC, the Village and Akron are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes pursuant to Section 501(a) of the IRC. GSV, LLC, At Home Services, LLC, CoLiving and Forgeworks, LLC are limited liability companies that have elected not to be treated as separate entities for federal income tax purposes and under applicable Treasury regulations will be disregarded as separate entities for federal income tax purposes.

Measure of Operations

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

Performance Indicator

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

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

New Accounting Standards

Leases

During February 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Organization's leasing activities. The Organization will be required to retrospectively adopt the guidance in ASU No. 2016-02 its fiscal year ending June 30, 2022. The Organization is currently assessing the impact that ASU No. 2016-02 will have on its consolidated financial statements.

Contributed Nonfinancial Assets

During September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Organization has not yet determined the impact adoption of ASU No. 2020-07 will have on its consolidated financial statements.

Reference Rate Reform

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

2. Net Resident Service Revenues

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

	2021					
	Skilled Nursing	Personal Care	Independent Living	At Home Services	Other	Total
Self-pay	\$ 9,565,305	\$ 7,176,321	\$ 12,387,977	\$ 288,558	\$ 34,212	\$ 29,452,373
Medicare	3,200,504	-	-	-	-	3,200,504
Medical Assistance	3,108,695	-	-	-	-	3,108,695
Total	<u>\$ 15,874,504</u>	<u>\$ 7,176,321</u>	<u>\$ 12,387,977</u>	<u>\$ 288,558</u>	<u>\$ 34,212</u>	35,761,572
Amortization of nonrefundable entrance fees						<u>8,584,282</u>
						<u>\$ 44,345,854</u>

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

	2020					
	Skilled Nursing	Personal Care	Independent Living	At Home Services	Other	Total
Self-pay	\$ 8,939,159	\$ 6,382,949	\$ 11,367,796	\$ 262,486	\$ 130,089	\$ 27,082,479
Medicare	3,019,658	-	-	-	-	3,019,658
Medical Assistance	3,186,720	-	-	-	-	3,186,720
Total	\$ 15,145,537	\$ 6,382,949	\$ 11,367,796	\$ 262,486	\$ 130,089	33,288,857
Amortization of nonrefundable entrance fees						8,666,224
						<u>\$ 41,955,081</u>

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: Nursing services provided to Medical Assistance program 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.

The Department of Human Services (DHS) in the Commonwealth of Pennsylvania has implemented of its mandatory Medical Assistance managed care program, Community HealthChoices (CHC). As indicated above, the previous Medical Assistance reimbursement system was a fee-for-service (FFS) system. CHC eliminated the FFS payment methodology. The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible did not change under CHC.

CHC became effective for the Organization on January 1, 2020. Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). The initial rate paid by the MCOs is subject to a "floor" equal to the average of each prior four quarters Medical Assistance rates. In addition, MCOs and nursing facilities may agree to higher or lower negotiated rates under an alternative payment methodology agreement. The rate "floors" are expected to be in effect for 36 months.

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

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

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenues from entrance fees in the accompanying consolidated balance sheets. In 2021 and 2020, the Organization recognized approximately \$7,466,000 and \$8,234,000, respectively, of revenue that was included in the deferred revenue from entrance fees balance as of July 1, 2020 and 2019, respectively. The Organization applies the practical expedient in ASC 606 and therefore does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

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

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Organization for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques. The Organization did not hold any Level 3 investments for the years ended June 30, 2021 and 2020.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

The Organization reports its investments, assets whose use is limited, and derivative financial instrument as fair value on a recurring basis in accordance with the fair value hierarchy. The fair values of the Organization's investments, assets whose use is limited, and derivative financial instrument were determined using the following inputs at June 30:

	2021		
	Total	Level 1	Level 2
Assets:			
Investments and assets whose use is limited:			
Marketable equity securities	\$ 4,782,657	\$ 4,782,657	\$ -
Mutual funds:			
Fixed income	20,654,475	20,654,475	-
Equity and other	10,560,414	10,560,414	-
Total investments and assets whose use is limited	<u>\$ 35,997,546</u>	<u>\$ 35,997,546</u>	<u>\$ -</u>
Liability:			
Derivative financial instruments	<u>\$ 5,538,275</u>	<u>\$ -</u>	<u>\$ 5,538,275</u>
	2020		
	Total	Level 1	Level 2
Assets:			
Investments and assets whose use is limited:			
Marketable equity securities	\$ 4,736,249	\$ 4,736,249	\$ -
Mutual funds:			
Fixed income	16,982,650	16,982,650	-
Equity and other	7,925,083	7,925,083	-
Total investments and assets whose use is limited	<u>\$ 29,643,982</u>	<u>\$ 29,643,982</u>	<u>\$ -</u>
Liability:			
Derivative financial instruments	<u>\$ 8,831,363</u>	<u>\$ -</u>	<u>\$ 8,831,363</u>

Investments and assets whose use is limited are presented together in the tables above as there are various investment accounts that are allocated between the investments and assets whose use is limited on the consolidated balance sheets.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Investments and assets whose use is limited reported at fair values in the tables above	\$ 35,997,546	\$ 29,643,982
Cash and cash equivalents included in investments and assets whose use is limited	3,568,181	6,294,772
Other investments, at cost	<u>866,654</u>	<u>769,622</u>
Total investments and assets whose use limited	<u>\$ 40,432,381</u>	<u>\$ 36,708,376</u>

Financial Instruments

Mutual funds and marketable equity securities are valued at fair value based on quoted market prices in active markets.

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

Investment Income

Investment return without donor restrictions is comprised of the following:

	<u>2021</u>	<u>2020</u>
Investment income:		
Interest income	\$ 818,868	\$ 852,385
Net realized gain on sales of investments	<u>1,027,864</u>	<u>1,082,199</u>
Total investment income	1,846,732	1,934,584
Change in net unrealized gains and losses on investments	<u>3,531,196</u>	<u>(465,944)</u>
Total investment return	<u>\$ 5,377,928</u>	<u>\$ 1,468,640</u>

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Statutory Minimum Liquid Reserve Requirement

In compliance with Act 82, the board of directors designated a portion of board-designated assets whose use is limited "reserved" to meet the requirements of Act 82. The amount designated was \$3,644,000 at June 30, 2021 and was calculated as follows:

Budgeted operating expenses for the year ending June 30, 2022	\$ 51,231,493
Less budgeted depreciation and amortization expense	<u>(8,827,457)</u>
Expenses subject to minimum liquid reserve requirement	42,404,036
Percentage of residents subject to entrance fee agreements at June 30, 2021	<u>80.91%</u>
Subtotal	34,309,105
Statutory requirement	<u>10%</u>
Statutory minimum liquid reserve requirement	<u>\$ 3,430,910 (a)</u>
Debt service requirements for the year ending June 30, 2022:	
Principal payments due on Series 2011 Revenue Note	\$ 155,000
Principal payments due on Series 2019A Revenue Note	455,000
Principal payments due on 2019 Convertible Revenue Note	1,755,000
Principal payments due on Other Note Payable	60,600
Budgeted interest payments	<u>2,077,874</u>
Total debt service	4,503,474
Percentage of residents subject to entrance fee agreements at June 30, 2021	<u>80.91%</u>
Statutory minimum liquid reserve requirement	<u>\$ 3,643,760 (b)</u>
Greater of (a) or (b) above	<u>\$ 3,643,760</u>

4. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure within one year of the consolidated balance sheets date consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,681,393	\$ 8,090,191
Accounts receivable:		
Residents, net	1,227,464	1,018,755
Other	93,070	476,932
Investments	<u>27,372,825</u>	<u>22,423,844</u>
Total	<u>\$ 36,374,752</u>	<u>\$ 32,009,722</u>

The Organization has board-designated assets whose use is limited of \$5,919,999 and \$4,565,769 at June 30, 2021 and 2020, respectively, that are excluded from the table above. Although the Organization does not intend to utilize these funds for general expenditure as part of its annual budget and approval process, amounts designated could be made available as necessary.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

The Organization designated a portion of its investments "reserved" to comply with the requirements of Act 82 (Note 3) and thus they are not included in the schedule above. Although the Organization does not intend to utilize the reserves for general expenditures as part of its annual budget and approval process, amounts designated as the reserves could be made available as necessary. The reserves are separately disclosed on the consolidated balance sheets and do not have third party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

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

5. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 8,879,434	\$ 8,879,434
Land improvements	20,468,598	11,919,297
Buildings and improvements	176,679,993	146,829,555
Equipment and furnishings	15,830,304	14,279,874
Vehicles	748,581	731,653
Total	222,606,910	182,639,813
Accumulated depreciation	<u>(87,242,152)</u>	<u>(79,953,937)</u>
Total	135,364,758	102,685,876
Construction-in-progress	<u>1,761,535</u>	<u>25,206,622</u>
Property and equipment, net	<u>\$ 137,126,293</u>	<u>\$ 127,892,498</u>

6. Lines of Credit

The Organization has a \$500,000 unsecured line of credit with Fulton Bank (Fulton). The line of credit bears interest at a variable rate (4.0 percent at June 30, 2021). There were no borrowings at June 30, 2021 and 2020.

On May 22, 2019, the Organization entered into a \$6,000,000 secured line of credit with Truist Bank (Truist) (formerly Branch Banking and Trust Company). The line of credit is secured by a mortgage lien and security interest in property and equipment of the Organization. The line of credit expires on May 22, 2022. \$1,000,000 of the line of credit is reserved for working capital needs of the Organization and \$5,000,000 of the line of credit is reserved for letters of credit associated with construction projects. The line of credit bears interest at the one-month LIBOR rate plus 2.75 percent (2.88 percent at June 30, 2021). There were no borrowings against the working capital portion of the line of credit as of June 30, 2021 and 2020. The Organization will pay an annual fee equal to 0.75 percent of the statement amount of the letter of credits. There are outstanding letters of credit of \$840,834 and \$4,138,898 as of June 30, 2021 and 2020, respectively.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

7. Long-Term Debt

Long-term debt at June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Lancaster Municipal Authority (LMA) Series 2011 Revenue Note, due in varying quarterly installments through May 2036, plus interest at 3.41 percent through April 2016. Beginning May 2016, the interest rate will be a variable rate equal to 70 percent of the USD-LIBOR Index plus 200 basis points or minimum of 2.53 percent (2.53 percent at June 30, 2021)	\$ 2,960,000	\$ 3,075,000
Lancaster Industrial Development Authority (LIDA) Revenue Note, Series 2019 Convertible Revenue Note (CRN), due in varying annual installments through May 2034, plus interest payable monthly at a variable rate equal to the USD-LIBOR Index plus 125 basis points (1.34 percent at June 30, 2021)	22,260,000	23,995,000
LIDA Revenue Note, Series 2019A, due in varying annual installments through May 2036, plus interest payable monthly at a variable rate equal to 79 percent of the USD-LIBOR Index plus 99 basis points (1.06 percent at June 30, 2021)	18,630,000	19,065,000
LIDA Revenue Note, Series 2019B, due in varying annual installments beginning May 2023 through May 2049, plus interest payable monthly at a variable rate equal to 79 percent of the USD-LIBOR Index plus 99 basis points (1.06 percent at June 30, 2021)	22,515,000	9,756,938
LIDA Revenue Note, Series 2019C, paid in full during 2021	-	13,000,000
Other note payable, non-interest bearing, due in annual installments of \$60,600 through June 2025	<u>232,077</u>	<u>292,555</u>
Total	66,597,077	69,184,493
Unamortized deferred financing costs, net	(797,183)	(857,786)
Less current maturities	<u>(2,425,600)</u>	<u>(2,345,600)</u>
Total	<u>\$ 63,374,294</u>	<u>\$ 65,981,107</u>

In November 2019, LIDA issued, on behalf of the Obligated Group, its Series 2019 CRN Note, with a total principal value of \$25,555,000. The proceeds from the Series 2019 CRN Note was primarily used to refund the LIDA Revenue Bonds, Series 2013 and pay the costs of issuing the 2019 CRN Note. The CRN is a taxable bond that will convert to a tax-exempt non-bank qualified direct purchase bond on May 1, 2023. In connection with the refinancing, the Obligated Group incurred a loss on refinancing of approximately \$3,235,000 in 2020 which included approximately \$3,000,000 of debt service refunds and \$235,000 of net deferred financing costs and bond issue premium. The Series of 2019 CRN Note was purchased by Truist.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

In May 2019, LIDA issued, on behalf of the Obligated Group, its Series 2019 Revenue Notes (the 2019 Notes), with a total principal value of \$57,000,000 in three series. The proceeds from the Series 2019A Notes were primarily used to refund the LMA Series 2009 Revenue Note and pay the costs of issuing the 2019 Notes. The proceeds from the Series 2019B Notes and 2019C Notes will pay for design, construction, and other costs associated with re-positioning and construction projects. The 2019 Notes were purchased by Truist.

In May 2011, the LMA issued, on behalf of the Obligated Group, its Series 2011 Revenue Note with a total maximum principal value of \$3,720,000. In conjunction with the issuance of the Series 2011 Revenue Note, Akron, the LMA and Fulton Bank (Fulton) executed a Project Financing Agreement whereby Fulton loaned the LMA the total principal value of the Series 2011 Revenue Note and the LMA assigned its right, title and interest in the Series 2011 Revenue Note to Fulton.

The 2019 CRN Note and 2019 Notes are secured by a first security interest in the Obligated Group's gross receipts and a first mortgage lien on and security interest in substantially all of the Obligated Group's property and equipment. The Series 2011 Revenue Note is secured by a first security interest in the Akron's gross receipts and a first mortgage lien on and security interest in substantially all of Akron's property and equipment. Further, the Obligated Group guaranteed the payment of principal and interest on the Series 2011 Revenue Note. The Series 2011 Revenue Note, Series 2019 CRN Note and 2019 Notes also require the Obligated Group to meet certain financial covenants.

Scheduled principal payments are as follows:

Years ending June 30:	
2022	\$ 2,425,600
2023	3,060,600
2024	3,220,300
2025	3,305,500
2026	3,350,000
Thereafter	<u>51,235,077</u>
Total	<u>\$ 66,597,077</u>

Interest Rate Swap Agreements

In November 2008, the Obligated Group entered into an interest rate swap agreement, with Morgan Stanley, which is scheduled to expire in May 2035. According to the terms of the swap agreement, if 70 percent of the USD-LIBOR Index (0.06 percent at June 30, 2021) is less than the fixed rate of 2.56 percent, the Obligated Group must make a monthly payment to the counterparty to the agreement. Conversely, if 70 percent of the USD-LIBOR Index is more than the fixed rate, the counterparty to the swap agreement must make a monthly payment to the Obligated Group. The monthly payments are calculated by multiplying the notional amount (\$18,530,000 at June 30, 2021) by the difference between 70 percent of the USD-LIBOR Index and the fixed rate.

In May 2019, the Obligated Group entered into an interest rate swap agreement on its 2019 Series B Note, with an effective date of November 1, 2020 with Truist. The swap agreement expires in May 2034. According to the terms of the swap agreement, if 79 percent of the USD-LIBOR Index plus 99 basis points (1.06 percent at June 30, 2021) is less than the fixed rate of 2.93 percent, the Obligated Group must make a monthly payment to the counterparty to the agreement. Conversely, if 79 percent of the USD-LIBOR Index plus 99 basis points is more than the fixed rate, the counterparty to the swap agreement must make a monthly payment to the Obligated Group. The monthly payments are calculated by multiplying the notional amount (\$22,515,000 at June 30, 2021) by the difference between 79 percent of the USD-LIBOR Index plus 99 basis points and the fixed rate.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

In November 2019, the Obligated Group entered into an interest rate swap agreement on its 2019 CRN Note, with a maturity date of February 1, 2023 with Truist. According to the terms of the swap agreement, if the USD-LIBOR Index plus 125 basis points (1.34 percent at June 30, 2021) is less than the fixed rate of 2.83 percent, the Obligated Group must make a monthly payment to the counterparty to the agreement. Conversely, if the USD-LIBOR Index plus 125 basis points is more than the fixed rate, the counterparty to the swap agreement must make a monthly payment to the Obligated Group. The monthly payments are calculated by multiplying the notional amount (\$22,260,000 at June 30, 2021) by the difference between of the USD-LIBOR Index plus 125 basis points and the fixed rate.

In November 2019, the Obligated Group entered into an interest rate swap agreement on its 2019 CRN Note, with an effective date of February 1, 2023 with Truist. The swap agreement expires in May 2034. According to the terms of the swap agreement, if 79 percent of the USD-LIBOR Index plus 99 basis points is less than the fixed rate of 2.39 percent, the Obligated Group must make a monthly payment to the counterparty to the agreement. Conversely, if 79 percent of the USD-LIBOR Index plus 99 basis points is more than the fixed rate, the counterparty to the swap agreement must make a monthly payment to the Obligated Group. The monthly payments are calculated by multiplying the notional amount (\$20,505,000 at June 30, 2021) by the difference between 79 percent of the USD-LIBOR Index plus 99 basis points and the fixed rate.

The fair value of the swap agreements is estimated to be the amount the Obligated Group would pay to terminate the swap agreements at June 30, 2021 and 2020. These amounts are classified as derivative financial instruments in the consolidated balance sheets. Changes in the fair value of the swap agreements are included in revenues in excess of (less than) expenses since the agreements are not designated as a hedging instrument. The change in the fair value of the swap agreements are classified as change in fair value of derivative financial instruments in the consolidated statements of operations. The net cash paid or received under the swap agreements are recognized as an adjustment to interest expense. The fair value, changes in the value, and the approximate net cash paid or received of the swap agreements at June 30 are summarized in the tables below:

	2021		
	Fair Value	Change in Fair Value of the Swap Agreement	Net Cash Paid / (Received) Under the Swap Agreement
Morgan Stanley Swap	\$ 2,801,960	\$ 1,028,529	\$ 466,220
Truist Swaps:			
2019 B, effective November 1, 2020	1,966,424	1,370,771	277,855
2019 CRN, effective November 14, 2019	478,146	351,259	346,863
2019 CRN, effective February 1, 2023	291,745	542,529	-
Total Truist Swaps	2,736,315	2,264,559	624,718
	<u>\$ 5,538,275</u>	<u>\$ 3,293,088</u>	<u>\$ 1,090,938</u>

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2021 and 2020

	2020		
	Fair Value	Change in Fair Value of the Swap Agreement	Net Cash Paid / (Received) Under the Swap Agreement
Morgan Stanley Swap	\$ 3,830,489	\$ (1,556,119)	\$ 296,000
Truist Swaps:			
2019 B, effective November 1, 2020	3,337,195	(3,337,195)	-
2019 CRN, effective November 14, 2019	829,405	(829,405)	54,800
2019 CRN, effective February 1, 2023	834,274	(834,274)	-
Total Truist Swaps	5,000,874	(5,000,874)	54,800
	<u>\$ 8,831,363</u>	<u>\$ (6,556,993)</u>	<u>\$ 350,800</u>

8. Accrued Expenses

Accrued expenses consist of the following at June 30:

	2021	2020
Salaries and benefits	\$ 806,525	\$ 692,544
Paid time off	929,299	924,692
Interest	174,991	142,722
Other	463,079	341,279
Total	<u>\$ 2,373,894</u>	<u>\$ 2,101,237</u>

9. Rental Revenues

GSV, LLC leases a building to Wellspan Properties, Inc. (the Hospital) under a noncancelable operating lease. Rent revenue was \$1,244,994 and \$1,303,115 in 2021 and 2020, respectively. In addition to the annual lease payments, the Hospital is required to reimburse GSV, LLC for certain operating expenses. Total reimbursements received were \$196,008 and \$200,860 in 2021 and 2020, respectively, and are included in other revenues in the consolidated statements of operations. The lease is scheduled to expire on September 30, 2030.

The following is an analysis of GSV, LLC's leased assets included in property and equipment:

	2021	2020
Building and related assets	\$ 8,504,358	\$ 8,492,370
Less accumulated depreciation	(4,590,579)	(4,331,895)
Total	<u>\$ 3,913,779</u>	<u>\$ 4,160,475</u>

The Organization also has other rental income in connection with year to year leases.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

10. Retirement Plan

The Organization sponsors a defined contribution retirement plan (the Plan). Contributions to the Plan were approximately \$550,000 and \$509,000 in 2021 and 2020, respectively.

11. Functional Expenses

The Organization's expenses for resident services (including nursing, dietary, social services, housekeeping and laundry, plant operations, real estate taxes and utilities), management and general (including administrative and marketing) and fundraising (included within administrative) are as follows for the years ending June 30:

	2021			
	Resident Services	Management and General	Fundraising	Total
Salaries and wages	\$ 15,824,517	\$ 2,726,029	\$ 152,911	\$ 18,703,457
Other operational expenses	4,931,252	3,708,903	29,860	8,670,015
Employee benefits and payroll taxes	3,979,736	717,769	41,757	4,739,262
Ancillary care services	1,694,446	-	-	1,694,446
Food	1,691,818	8,114	25	1,699,957
Real estate taxes	1,723,359	-	-	1,723,359
Utilities	1,583,911	-	-	1,583,911
Depreciation	7,454,553	-	-	7,454,553
Interest	1,855,602	-	-	1,855,602
Total	\$ 40,739,194	\$ 7,160,815	\$ 224,553	\$ 48,124,562

	2020			
	Resident Services	Management and General	Fundraising	Total
Salaries and wages	\$ 14,296,824	\$ 2,491,864	\$ 165,071	\$ 16,953,759
Other operational expenses	4,356,193	2,771,033	16,759	7,143,985
Employee benefits and payroll taxes	3,608,836	654,068	42,628	4,305,532
Ancillary care services	1,736,585	50	-	1,736,635
Food	1,822,399	12,459	81	1,834,939
Real estate taxes	1,533,414	-	-	1,533,414
Utilities	1,779,142	-	-	1,779,142
Depreciation	6,769,183	-	-	6,769,183
Interest	1,861,639	-	-	1,861,639
Total	\$ 37,764,215	\$ 5,929,474	\$ 224,539	\$ 43,918,228

12. Medical Malpractice Claims Coverage

The Organization maintains professional liability coverage on a claims-made basis. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the Organization's insurance coverage or will have a material adverse effect on the consolidated financial statements.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

13. Commitment and Contingencies

Self-Insured Health Insurance

The Organization self-insures certain of its health insurance benefits. The Organization believes costs associated with its self-insured health insurance benefits have been properly accounted for and accrued at June 30, 2021 and 2020.

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 effects of this matter on the Organization, if any, are not determinable.

COVID-19

The spread of COVID-19 around the world has caused volatility in the U.S. market, supply chains, businesses and communities. The Organization's evaluation of the effects of these events is ongoing as of the date the accompanying consolidated financial statements were issued. COVID-19 may impact various parts of the Organization's fiscal year 2022 operations and financial performance, including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, supply chain disruption or declines in revenue. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

14. Concentrations of Credit Risk

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

The Organization maintains cash accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

Garden Spot Communities and Subsidiaries

 Supplementary Information
 Consolidating Schedule, Balance Sheet
 June 30, 2021

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Garden Spot Communities	Garden Spot CoLiving, LLC	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals						
Assets										
Current Assets										
Cash and cash equivalents	\$ 6,597,807	\$ -	\$ -	\$ 6,597,807	\$ -	\$ 181,720	\$ 901,866	\$ -	\$ -	\$ 7,681,393
Assets whose use is limited, resident trust funds	2,951,933	-	-	2,951,933	-	27,605	-	-	-	2,979,538
Accounts receivable:										
Residents, net	677,659	-	-	677,659	26,655	523,116	-	34	-	1,227,464
Other	77,288	-	-	77,288	-	956	14,826	-	-	93,070
Prepaid expenses and other current assets	776,161	-	-	776,161	-	55,756	29,842	-	-	861,759
Due from affiliates	6,137,600	10,065,863	(10,065,863)	6,137,600	42	-	15,367	6,128	(6,159,137)	-
Total current assets	17,218,448	10,065,863	(10,065,863)	17,218,448	26,697	789,153	961,901	6,162	(6,159,137)	12,843,224
Investments	22,589,896	-	-	22,589,896	-	-	4,782,929	-	-	27,372,825
Assets Whose Use is Limited										
Board-designated	5,919,999	-	-	5,919,999	-	-	-	-	-	5,919,999
Entrance fee escrow deposits	516,019	-	-	516,019	-	-	-	-	-	516,019
Statutory liquid minimum reserve	3,644,000	-	-	3,644,000	-	-	-	-	-	3,644,000
Total assets whose use is limited	10,080,018	-	-	10,080,018	-	-	-	-	-	10,080,018
Property and Equipment, Net										
Cost	206,665,607	8,504,358	-	215,169,965	122,565	8,367,121	708,794	-	-	224,368,445
Accumulated depreciation	(79,925,940)	(4,590,579)	-	(84,516,519)	(115,779)	(2,593,383)	(16,471)	-	-	(87,242,152)
Property and equipment, net	126,739,667	3,913,779	-	130,653,446	6,786	5,773,738	692,323	-	-	137,126,293
Total assets	\$ 176,628,029	\$ 13,979,642	\$ (10,065,863)	\$ 180,541,808	\$ 33,483	\$ 6,562,891	\$ 6,437,153	\$ 6,162	\$ (6,159,137)	\$ 187,422,360

Garden Spot Communities and Subsidiaries

 Supplementary Information
 Consolidating Schedule, Balance Sheet
 June 30, 2021

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Garden Spot Communities	Garden Spot CoLiving, LLC	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals						
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Current maturities of long-term debt	\$ 2,270,600	\$ -	\$ -	\$ 2,270,600	\$ -	\$ 155,000	\$ -	\$ -	\$ -	\$ 2,425,600
Accounts payable:										
Trade	1,044,841	-	-	1,044,841	-	135,102	30,764	-	-	1,210,707
Entrance fee refunds	865,591	-	-	865,591	-	-	-	-	-	865,591
Accrued expenses	1,725,845	12,658	-	1,738,503	26,407	293,497	315,487	-	-	2,373,894
Resident trust funds	2,951,933	-	-	2,951,933	-	27,605	-	-	-	2,979,538
Due to affiliates	10,071,989	9,328	(10,065,863)	15,454	780,117	5,322,427	41,139	-	(6,159,137)	-
Total current liabilities	18,930,799	21,986	(10,065,863)	8,886,922	806,524	5,933,631	387,390	-	(6,159,137)	9,855,330
Long-Term Debt	60,645,415	-	-	60,645,415	-	2,728,879	-	-	-	63,374,294
Deposits From Prospective Residents	2,861,740	-	-	2,861,740	-	-	-	-	-	2,861,740
Refundable Entrance Fees	6,115,439	-	-	6,115,439	-	-	-	-	-	6,115,439
Deferred Revenue From Entrance Fees	75,804,369	-	-	75,804,369	-	-	-	-	-	75,804,369
Derivative Financial Instruments	5,538,275	-	-	5,538,275	-	-	-	-	-	5,538,275
Total liabilities	169,896,037	21,986	(10,065,863)	159,852,160	806,524	8,662,510	387,390	-	(6,159,137)	163,549,447
Net Assets (Deficit)										
Without donor restrictions	6,523,351	13,957,656	-	20,481,007	(773,041)	(2,100,114)	6,049,763	6,162	-	23,663,777
With donor restrictions	208,641	-	-	208,641	-	495	-	-	-	209,136
Total net assets (deficit)	6,731,992	13,957,656	-	20,689,648	(773,041)	(2,099,619)	6,049,763	6,162	-	23,872,913
Total liabilities and net assets (deficit)	\$ 176,628,029	\$ 13,979,642	\$ (10,065,863)	\$ 180,541,808	\$ 33,483	\$ 6,562,891	\$ 6,437,153	\$ 6,162	\$ (6,159,137)	\$ 187,422,360

Garden Spot Communities and Subsidiaries

 Supplementary Information
 Consolidating Schedule, Statement of Operations
 Year Ended June 30, 2021

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Garden Spot Communities	Garden Spot CoLiving, LLC	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals						
Revenues Without Donor Restrictions										
Net resident service revenues	\$ 38,646,875	\$ -	\$ -	\$ 38,646,875	\$ 287,837	\$ 5,410,471	\$ -	\$ 671	\$ -	\$ 44,345,854
Management fee	212,862	-	(204,210)	8,652	-	-	2,640,885	-	(2,649,537)	-
Rent	55,138	1,244,994	-	1,300,132	-	13,800	-	23,788	-	1,337,720
Grant revenues	652,526	-	-	652,526	-	315,404	-	-	-	967,930
Other revenues	246,976	196,008	-	442,984	(805)	(3,791)	237,462	5	-	675,855
Net assets released from restrictions used for operations	50,172	-	-	50,172	-	1,100	-	-	-	51,272
Total revenues without donor restrictions	39,864,549	1,441,002	(204,210)	41,101,341	287,032	5,736,984	2,878,347	24,464	(2,649,537)	47,378,631
Expenses										
Nursing	11,621,740	-	-	11,621,740	364,854	3,992,288	-	-	-	15,978,882
Dietary	4,688,090	-	-	4,688,090	-	337,712	-	-	-	5,025,802
Social services	944,268	-	-	944,268	-	239,293	-	-	-	1,183,561
Housekeeping and laundry	885,253	-	-	885,253	-	166,405	-	-	-	1,051,658
Plant operations	4,440,848	7,525	-	4,448,373	-	423,024	-	5,430	-	4,876,827
Real estate taxes	1,533,244	107,149	-	1,640,393	-	77,027	3,376	2,563	-	1,723,359
Utilities	1,374,929	80,724	-	1,455,653	-	123,049	-	5,209	-	1,583,911
Administrative	2,290,601	-	-	2,290,601	(6,371)	875,958	2,696,828	-	-	5,857,016
Management fee	2,460,918	309,408	(204,210)	2,566,116	21,177	53,592	-	8,652	(2,649,537)	-
Marketing	1,144,535	-	-	1,144,535	-	707	387,892	257	-	1,533,391
Depreciation	6,851,902	258,684	-	7,110,586	3,419	324,077	16,471	-	-	7,454,553
Interest	1,773,360	-	-	1,773,360	-	82,242	-	-	-	1,855,602
Total expenses	40,009,688	763,490	(204,210)	40,568,968	383,079	6,695,374	3,104,567	22,111	(2,649,537)	48,124,562
Operating (loss) income	(145,139)	677,512	-	532,373	(96,047)	(958,390)	(226,220)	2,353	-	(745,931)
Other Income										
Investment income	1,655,953	-	-	1,655,953	-	-	190,779	-	-	1,846,732
Contributions	440,781	-	-	440,781	-	77	-	-	-	440,858
Change in net unrealized gains and losses on investments	3,086,363	-	-	3,086,363	-	-	444,833	-	-	3,531,196
Change in fair value of derivative financial instruments	3,293,088	-	-	3,293,088	-	-	-	-	-	3,293,088
Revenues in excess of (less than) expenses	8,331,046	677,512	-	9,008,558	(96,047)	(958,313)	409,392	2,353	-	8,365,943
Transfers (to) From Affiliates	(1,901,779)	(62,365)	-	(1,964,144)	-	964,144	1,000,000	-	-	-
Net Assets Released From Restriction Used for Purchase of Property and Equipment	64,646	-	-	64,646	-	-	-	-	-	64,646
Change in net assets (deficit) without donor restrictions	\$ 6,493,913	\$ 615,147	\$ -	\$ 7,109,060	\$ (96,047)	\$ 5,831	\$ 1,409,392	\$ 2,353	\$ -	\$ 8,430,589

Garden Spot Communities and Subsidiaries

 Supplementary Information
 Consolidating Schedule, Balance Sheet
 June 30, 2020

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Garden Spot Communities	Garden Spot CoLiving, LLC	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals						
Assets										
Current Assets										
Cash and cash equivalents	\$ 6,494,177	\$ -	\$ -	\$ 6,494,177	\$ -	\$ 73,552	\$ 1,522,462	\$ -	\$ -	\$ 8,090,191
Assets whose use is limited, resident trust funds	3,672,551	-	-	3,672,551	-	16,497	-	-	-	3,689,048
Accounts receivable:										
Residents, net	515,960	-	-	515,960	22,828	479,967	-	-	-	1,018,755
Other	362,411	-	-	362,411	-	107,921	6,600	-	-	476,932
Prepaid expenses and other current assets	1,008,550	-	-	1,008,550	-	81,159	49,857	-	-	1,139,566
Due from affiliates	6,107,015	9,203,617	(9,203,617)	6,107,015	-	-	16,290	3,809	(6,127,114)	-
Total current assets	18,160,664	9,203,617	(9,203,617)	18,160,664	22,828	759,096	1,595,209	3,809	(6,127,114)	14,414,492
Investments	19,305,118	-	-	19,305,118	-	-	3,118,726	-	-	22,423,844
Assets Whose Use is Limited										
Board-designated	4,565,769	-	-	4,565,769	-	-	-	-	-	4,565,769
Entrance fee escrow deposits	2,055,472	-	-	2,055,472	-	-	-	-	-	2,055,472
Statutory liquid minimum reserve	3,474,000	-	-	3,474,000	-	-	-	-	-	3,474,000
Under trust indenture, held by trustee and Series 2019B and 2019C project funds	500,243	-	-	500,243	-	-	-	-	-	500,243
Total assets whose use is limited	10,595,484	-	-	10,595,484	-	-	-	-	-	10,595,484
Property and Equipment, Net										
Cost	190,555,942	8,492,370	-	199,048,312	122,565	8,258,497	417,061	-	-	207,846,435
Accumulated depreciation	(73,234,107)	(4,331,895)	-	(77,566,002)	(112,360)	(2,275,575)	-	-	-	(79,953,937)
Property and equipment, net	117,321,835	4,160,475	-	121,482,310	10,205	5,982,922	417,061	-	-	127,892,498
Total assets	\$ 165,383,101	\$ 13,364,092	\$ (9,203,617)	\$ 169,543,576	\$ 33,033	\$ 6,742,018	\$ 5,130,996	\$ 3,809	\$ (6,127,114)	\$ 175,326,318

Garden Spot Communities and Subsidiaries

 Supplementary Information
 Consolidating Schedule, Balance Sheet
 June 30, 2020

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Garden Spot Communities	Garden Spot CoLiving, LLC	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals						
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Current maturities of long-term debt	\$ 2,230,600	\$ -	\$ -	\$ 2,230,600	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ 2,345,600
Accounts payable:										
Trade	573,527	-	-	573,527	-	73,405	-	-	-	646,932
Construction	4,059,373	-	-	4,059,373	-	-	-	-	-	4,059,373
Entrance fee refunds	746,688	-	-	746,688	-	-	-	-	-	746,688
Accrued expenses	1,481,541	12,658	-	1,494,199	24,616	271,924	310,498	-	-	2,101,237
Deferred grant revenue	177,373	-	-	177,373	-	243,024	-	-	-	420,397
Resident trust funds	3,672,551	-	-	3,672,551	-	16,497	-	-	-	3,689,048
Due to affiliates	9,207,426	8,925	(9,203,617)	12,734	685,411	5,248,842	180,127	-	(6,127,114)	-
Total current liabilities	22,149,079	21,583	(9,203,617)	12,967,045	710,027	5,968,692	490,625	-	(6,127,114)	14,009,275
Long-Term Debt	63,102,331	-	-	63,102,331	-	2,878,776	-	-	-	65,981,107
Deposits From Prospective Residents	3,928,930	-	-	3,928,930	-	-	-	-	-	3,928,930
Refundable Entrance Fees	6,616,861	-	-	6,616,861	-	-	-	-	-	6,616,861
Deferred Revenue From Entrance Fees	60,511,714	-	-	60,511,714	-	-	-	-	-	60,511,714
Derivative Financial Instrument	8,831,363	-	-	8,831,363	-	-	-	-	-	8,831,363
Total liabilities	165,140,278	21,583	(9,203,617)	155,958,244	710,027	8,847,468	490,625	-	(6,127,114)	159,879,250
Net Assets (Deficit)										
Without donor restrictions	29,438	13,342,509	-	13,371,947	(676,994)	(2,105,945)	4,640,371	3,809	-	15,233,188
With donor restrictions	213,385	-	-	213,385	-	495	-	-	-	213,880
Total net assets (deficit)	242,823	13,342,509	-	13,585,332	(676,994)	(2,105,450)	4,640,371	3,809	-	15,447,068
Total liabilities and net assets (deficit)	\$ 165,383,101	\$ 13,364,092	\$ (9,203,617)	\$ 169,543,576	\$ 33,033	\$ 6,742,018	\$ 5,130,996	\$ 3,809	\$ (6,127,114)	\$ 175,326,318

Garden Spot Communities and Subsidiaries

 Supplementary Information
 Consolidating Schedule, Statement of Operations
 Year Ended June 30, 2020

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Garden Spot Communities	Garden Spot CoLiving, LLC	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals						
Revenues Without Donor Restrictions										
Net resident service revenues	\$ 36,404,367	\$ -	\$ -	\$ 36,404,367	\$ 261,488	\$ 5,289,152	\$ -	\$ 74	\$ -	\$ 41,955,081
Management fee	222,898	-	(195,864)	27,034	-	-	2,502,881	-	(2,529,915)	-
Rent	52,737	1,303,115	-	1,355,852	-	16,424	-	21,208	-	1,393,484
Grant revenues	413,266	-	-	413,266	-	134,385	-	-	-	547,651
Other revenues	366,950	200,861	-	567,811	3,728	6,787	75,478	10	-	653,814
Net assets released from restrictions used for operations	55,480	-	-	55,480	-	-	-	-	-	55,480
Total revenues without donor restrictions	37,515,698	1,503,976	(195,864)	38,823,810	265,216	5,446,748	2,578,359	21,292	(2,529,915)	44,605,510
Expenses										
Nursing	10,224,115	-	-	10,224,115	298,834	3,817,186	-	-	-	14,340,135
Dietary	4,862,731	-	-	4,862,731	-	334,891	-	-	-	5,197,622
Social services	905,609	-	-	905,609	-	249,877	-	-	-	1,155,486
Housekeeping and laundry	769,449	-	-	769,449	-	173,339	-	-	-	942,788
Plant operations	3,791,837	10,681	-	3,802,518	-	379,955	-	-	-	4,182,473
Real estate taxes	1,348,185	107,149	-	1,455,334	-	76,798	-	1,282	-	1,533,414
Utilities	1,567,163	81,780	-	1,648,943	-	120,242	-	9,957	-	1,779,142
Administrative	1,730,197	-	-	1,730,197	6,376	571,862	2,353,736	-	-	4,662,171
Management fee	2,330,766	304,156	(195,864)	2,439,058	19,204	64,503	-	7,150	(2,529,915)	-
Marketing	1,133,320	-	-	1,133,320	-	922	359,933	-	-	1,494,175
Depreciation	6,182,915	257,633	-	6,440,548	7,945	320,690	-	-	-	6,769,183
Interest	1,756,102	-	-	1,756,102	-	105,537	-	-	-	1,861,639
Total expenses	36,602,389	761,399	(195,864)	37,167,924	332,359	6,215,802	2,713,669	18,389	(2,529,915)	43,918,228
Operating income (loss)	913,309	742,577	-	1,655,886	(67,143)	(769,054)	(135,310)	2,903	-	687,282
Other Income (Loss)										
Investment income	1,743,288	-	-	1,743,288	-	-	191,296	-	-	1,934,584
Contributions	323,468	-	-	323,468	-	800	-	-	-	324,268
Change in net unrealized gains and losses on investments	(404,840)	-	-	(404,840)	-	-	(61,104)	-	-	(465,944)
Change in fair value of derivative financial instrument	(6,556,993)	-	-	(6,556,993)	-	-	-	-	-	(6,556,993)
Loss on abandonment of projects	-	-	-	-	-	(197,665)	-	-	-	(197,665)
Loss on refinancing	(3,235,588)	-	-	(3,235,588)	-	-	-	-	-	(3,235,588)
Revenues (less than) in excess of expenses	(7,217,356)	742,577	-	(6,474,779)	(67,143)	(965,919)	(5,118)	2,903	-	(7,510,056)
Transfers (to) From Affiliates	(1,920,421)	(68,157)	-	(1,988,578)	-	988,578	1,000,000	-	-	-
Net Assets Released From Restriction Used for Purchase of Property and Equipment	75,839	-	-	75,839	-	-	-	-	-	75,839
Change in net assets (deficit) without donor restrictions	\$ (9,061,938)	\$ 674,420	\$ -	\$ (8,387,518)	\$ (67,143)	\$ 22,659	\$ 994,882	\$ 2,903	\$ -	\$ (7,434,217)



EXHIBIT C

Garden Spot Communities and Subsidiaries Budgeted Operations

Garden Spot Obligatories

	Budget
	2021-2022
Revenue- Accommodation	33,454,425
Revenue- Therapy Charges	1,816,000
Revenue - Ancillary Charges	175,600
Revenue - Other Care Services	219,131
Other Operating Revenue - Resident Services	715,260
Dining Service Revenues	1,695,880
Rental Revenues	1,569,100
Entrance Fee Amortization Revenue	9,067,638
Management Fee Revenue	7,500
Other Operating Revenue	81,500
Benevolent Contributions - Operating Offset	<u>266,966</u>
TOTAL OPERATING REVENUES	49,069,000
Provision for Bad Debts	44,000
Adjust Accommodation - Pay as you Go Allowance	255,819
Adjust Accommodation - Meal Plan Allowance	852,837
Contractual Allowance - Accommodation	905,018
Contractual Allowance - Ancillary	1,131,300
Sequestration Adjustment	33,000
Other Adjustment - Medicaid Supplemental Payments	(119,500)
Contractual Allowance - Adult Day Services	17,739
Other Adjustment - Benevolent Care	676,053
Other Adjustment - Coupon/Comp/Courtesy Allowance	<u>37,000</u>
TOTAL CONTRACTUAL & OTHER ADJUSTMENT	3,833,265
NET OPERATING REVENUE	<u><u>45,235,735</u></u>
Operating Expenses - Salaries and Wages	13,263,468
Operating Expenses - Benefits	3,198,595
Operating Expenses - Staff Costs	370,955
Operating Expenses - Professional Fees	1,275,278
Operating Expenses - Legal Fees	21,200
Operating Expenses - Management Fees	2,962,653
Operating Expenses - IT Services	1,449,356
Operating Expenses - Therapy Services	834,500
Operating Expenses - Pharmacy Services	74,171
Operating Expenses - Lab Services	20,000
Operating Expenses - Radiology Services	10,700
Operating Expenses - Ancillary/Other Care Services	264,145
Operating Expenses - Sales and Marketing	398,500



Garden Spot Communities
and Subsidiaries
Budgeted Operations

Garden Spot Obligatory

	Budget
	2021-2022
Operating Expenses - Food Costs	1,893,612
Operating Expenses - Events	196,804
Operating Expenses - Supplies/Equipment	1,443,413
Operating Expenses - Office Expenses	112,337
Operating Expenses - Government Expenses	187,000
Operating Expenses - Licenses/Dues/Subscriptions	89,981
Operating Expenses - Other Expenses	300
Operating Expenses - Repairs & Maintenance	1,101,243
Operating Expenses - Refurbishments	180,000
Operating Expenses - Insurance	513,050
Operating Expenses - Property Taxes	1,709,950
Operating Expenses - Utilities	<u>1,541,300</u>
TOTAL OPERATING EXPENSE	33,112,510
Operating Expenses - Depreciation	8,471,686
Operating Expenses - Interest Expense	<u>2,127,800</u>
TOTAL FIXED EXPENSE	<u>10,599,486</u>
TOTAL OPERATING AND FIXED EXPENSE	<u>43,711,996</u>
TOTAL OPERATING INCOME (LOSS)	<u><u>1,523,739</u></u>

EXHIBIT D

SYCAMORE SPRINGS*	HOME SIZE	Entrance Fee	Entrance Fee	Entrance Fee	Monthly Fee	Monthly Fee
	Approx. Sq Ft	4 Year Refund	8 Year Refund	75% Refund	Single	Double
The Linden — Type 1	1,300 sq ft	\$289,900	\$304,900	\$555,900	\$1,509	\$1,667
The Linden — Type 2	1,300 sq ft	\$299,900	\$314,900	\$574,900	\$1,541	\$1,699
The Jackson — Types 1 & 2	1,400 sq ft	\$295,900	\$311,900	\$567,400	\$1,592	\$1,750
The Kraybill — Types 1, 2 & 3	1,600 sq ft	\$319,900	\$335,900	\$612,900	\$1,758	\$1,916
The Weaver — Type 1	2,000 sq ft	\$359,900	\$377,900	\$689,900	\$2,096	\$2,254
The Weaver — Types 2 & 3	2,000 sq ft	\$384,900	\$403,900	\$736,900	\$2,096	\$2,254
The Kinzer — Type 1	2,800 sq ft	\$439,900	\$462,400	\$842,400	\$2,288	\$2,446
CARRIAGE HOMES	HOME SIZE	Entrance Fee	Entrance Fee	Entrance Fee	Monthly Fee	Monthly Fee
	Approx. Sq Ft	4 Year Refund	8 Year Refund	75% Refund	Single	Double
Standard End 1 Car	1,600 sq ft	\$290,400	\$305,400	\$556,400	\$1,752	\$1,910
Standard End 2 Car	1,600 sq ft	\$293,400	\$308,400	\$562,400	\$1,782	\$1,940
Deluxe Center	1,400 sq ft	\$258,400	\$271,400	\$495,400	\$1,695	\$1,853
Deluxe End 1 Car with Loft	2,000 sq ft	\$346,900	\$363,900	\$658,900	\$1,973	\$2,131
Deluxe End 2 Car with Loft	2,000 sq ft	\$366,900	\$383,900	\$696,900	\$2,048	\$2,206
COTTAGES	HOME SIZE	Entrance Fee	Entrance Fee	Entrance Fee	Monthly Fee	Monthly Fee
	Approx. Sq Ft	4 Year Refund	8 Year Refund	75% Refund	Single	Double
Standard Center	1,100 sq ft	\$207,400	\$217,400	\$397,400	\$1,354	\$1,491
Standard End	1,200 sq ft	\$219,400	\$230,400	\$420,400	\$1,423	\$1,560
Deluxe Center	1,250 sq ft	\$234,400	\$245,400	\$448,400	\$1,480	\$1,617
Deluxe End	1,300 sq ft	\$250,400	\$262,400	\$479,400	\$1,509	\$1,646

Prices vary according to size & location, please see the Amortization & Refund Schedule.

*Distinctive Location homes have a more scenic view, are nestled up against beautiful gardens or more private spaces. Ask a sales associate for Distinctive Location pricing. Prices effective July 1, 2021. Prices are subject to change.



VILLAGE SQUARE	HOME SIZE Approx. Sq Ft	Entrance Fee 4 Year Refund	Entrance Fee 8 Year Refund	Entrance Fee 75% Refund	Monthly Fee Single	Monthly Fee Double
Hamlin I - 2 BR	1,300 sq ft	\$260,400	\$273,400	\$499,400	\$1,924	\$2,425
Halstead I - 2 BR	1,300 sq ft	\$260,400	\$273,400	\$499,400	\$1,924	\$2,425
Ardley I - 2 BR w/Den	1,400 sq ft	\$286,400	\$301,400	\$548,400	\$2,030	\$2,531
Atworth I - 2 BR w/Den	1,400 sq ft	\$286,400	\$301,400	\$548,400	\$2,019	\$2,520
Hamlin II - 2 BR	1,450 sq ft	\$290,400	\$305,400	\$556,400	\$2,038	\$2,539
Halstead II - 2 BR	1,450 sq ft	\$290,400	\$305,400	\$556,400	\$2,049	\$2,550
*Ardley II - 2 BR w/Den	1,500 sq ft	\$323,400	\$339,400	\$619,400	\$2,148	\$2,649
*Atworth II - 2 BR w/Den	1,500 sq ft	\$323,400	\$339,400	\$619,400	\$2,147	\$2,648
*Ellsworth II - 3 BR	1,900 sq ft	\$371,400	\$390,400	\$711,400	\$2,315	\$2,816
GARDEN APARTMENTS	HOME SIZE Approx. Sq Ft	Entrance Fee 4 Year Refund	Entrance Fee 8 Year Refund	Entrance Fee 75% Refund	Monthly Fee Single	Monthly Fee Double
Studio	488 sq ft	\$85,400	\$90,400	\$164,400	\$1,394	\$1,878
1 BR	725 sq ft	\$130,400	\$137,400	\$250,400	\$1,494	\$1,978
1 BR w/Den	875 sq ft	\$175,400	\$184,400	\$336,400	\$1,592	\$2,076
2 BR Standard	975 sq ft	\$189,400	\$199,400	\$363,400	\$1,654	\$2,138
2 BR Deluxe	1,075 sq ft	\$206,400	\$217,400	\$395,400	\$1,717	\$2,201
2 BR Deluxe Suite	1,100 sq ft	\$240,400	\$252,400	\$460,400	\$1,746	\$2,230

Prices vary according to size & location, please see the Amortization & Refund Schedule. **Underground parking space included with this home. Prices effective July 1, 2021. Prices are subject to change



Garden Spot Village AMORTIZATION & REFUND SCHEDULE

AMORTIZATION BASIS	4 YEAR 2% / MO 24% / YR	8 YEAR 1% / MO 12% / YR	75% REFUND 1% / MO to 75% / YR
End of Year 1	76%	88%	88%
2	52%	76%	76%
3	28%	64%	75%
4	4%	52%	75%
5	0%	40%	75%
6		28%	75%
7		16%	75%
8		4%	75%
9		0%	75%
10			75%
11			75%
12			75%
13			75%
14			75%
15+			75%

The refund offered under 75% Refund remains in effect until termination of contract.

