



GARDEN SPOT VILLAGE



A GARDEN SPOT COMMUNITY

DISCLOSURE STATEMENT

June 30, 2023

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

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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, 306 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 1,086 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	\$242,400	\$242,400

<u>FEE</u>	<u>SINGLE OCCUPANCY</u>	<u>DOUBLE OCCUPANCY</u>
Monthly Fee - 1 Bedroom Apt. * Includes optional dining plan	*\$1,686	*\$2,244
Monthly Fee - Standard End Cottage	\$1,634	\$1,792

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, 306 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 sunroom 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, 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 10,300 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				
	07/01/2019- 06/30/2020	07/01/2020- 06/30/2021	07/01/2021- 06/30/2022	07/01/2022- 06/30/2023	07/01/2023- 06/30/2024
	<u>7/1/2019</u>	<u>7/1/2020</u>	<u>7/1/2021</u>	<u>7/1/2022</u>	<u>7/1/2023</u>
Effective Date					
Apartments (1 Bedroom)	\$45	\$50	\$50	\$89	\$103
Cottages (Standard End)	45	51	55	111	100
Cottages (The Kraybill)	n/a	0	68	137	123
Personal Care Daily Rates *	5	7	7	15	14
Memory Support *	10	13	11	22	21
Skilled Care Daily Rates	20	19	22	37	40

* 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 completed the Sycamore Springs expansion project of 50 additional cottage units. Sycamore Springs is directly adjacent, to the west, of Kinzer Avenue. Garden Spot Village also finished construction of Meadow View during the year ended June 30, 2021. 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 were successfully transitioned to the new secured building.

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. 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 the Series 2011 Lancaster Municipal Authority Note, of Garden Spot Village of Akron. 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, 2023 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, 2023. 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, 2024.

GARDEN SPOT VILLAGE
RESIDENT AGREEMENT

NOTICE OF RIGHT TO RESCIND

Date Rescission Period Begins
Date of Signing _____

You may rescind and terminate your Residence and Care Agreement, without penalty or forfeiture, within seven (7) days of the above date. You are not required to move into Garden Spot Village before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Agreement within the seven (7) day period.

To rescind your Residence and Care Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter, or telegram, stating your desire to rescind to Garden Spot Village, 433 South Kinzer Avenue, New Holland, PA 17557, not later than midnight of 7 days later, _____.

Pursuant to this notice, I hereby cancel my Resident Agreement.

Your Signature	Date
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Your Signature as CO Resident	Date
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EXHIBIT A

GARDEN SPOT VILLAGE BOARD OF DIRECTORS

Jeff Goss, Chair
Lancaster, PA 17602
Attorney – Brubaker Connugton Goss and Lucarelli, LLC

Joyce Hoover, CPA, Vice Chair
Ephrata, PA 17522
Accountant - WNC CPA's & Consultants, LLC

Karen Musser, Secretary
Narvon, PA 17555
Accounting Manager and Human Resource Administrator - RGS Associates

Tim Bender, Treasurer
New Holland, PA 17557
Mayor – New Holland
Credit Officer – Bird-in-Hand Bank

Carl Edwards
New Holland, PA 17557
Director of Development – CrossNet Ministries

Philip Hess
Ephrata, PA 17522
Retired

Alphaus Stoltzfus
East Earl, PA 1519
Pastor – Weaverland Anabaptist Faith Community

David Vega
Ephrata, PA 17522
MD, MBA - WellSpan Ephrata Community Hospital

E.J. Rittersbach
New Holland, PA 17557
Resident - Retired

Donald Aldrich
New Holland, PA 17557
Resident- Retired

Garden Spot Communities and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

June 30, 2023 and 2022

Garden Spot Communities and Subsidiaries

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Independent Auditors' Report

To the Board of Directors of
Garden Spot Communities and Subsidiaries

Opinion

We have audited the consolidated financial statements of Garden Spot Communities and Subsidiaries and subsidiaries (collectively, the Organization), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023 and 2022, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 24 to 29 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
September 22, 2023

Garden Spot Communities and Subsidiaries

Consolidated Balance Sheets

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,755,864	\$ 6,464,785
Assets whose use is limited, resident trust funds	2,063,532	2,647,752
Accounts receivable:		
Residents, net	1,809,215	1,844,373
Other	141,106	283,276
Prepaid expenses and other current assets	1,483,134	1,837,769
Total current assets	14,252,851	13,077,955
Investments	24,104,847	24,697,678
Assets Whose Use is Limited		
Board-designated	7,046,264	6,057,656
Statutory liquid minimum reserve	4,108,000	4,096,000
Total assets whose use is limited	11,154,264	10,153,656
Property and Equipment, Net	132,544,470	134,860,751
Derivative Financial Instruments	3,040,501	887,158
Total assets	<u>\$ 185,096,933</u>	<u>\$ 183,677,198</u>
Liabilities and Net Assets		
Current Liabilities		
Lines of credit	\$ 198,000	\$ -
Current maturities of long-term debt	3,220,600	3,060,600
Accounts payable:		
Trade	811,757	1,065,842
Construction	385,610	-
Entrance fee refunds	951,302	480,107
Accrued expenses	2,842,493	2,913,395
Deferred grant revenue	8,241	35,163
Resident trust funds	2,063,532	2,647,752
Total current liabilities	10,481,535	10,202,859
Long-Term Debt	57,204,931	60,374,392
Deposits From Prospective Residents	5,814,491	4,240,600
Refundable Entrance Fees	5,466,415	5,670,085
Deferred Revenue From Entrance Fees	72,764,949	74,467,891
Total liabilities	151,732,321	154,955,827
Net Assets		
Without donor restrictions	33,065,706	28,203,643
With donor restrictions	298,906	517,728
Total net assets	33,364,612	28,721,371
Total liabilities and net assets	<u>\$ 185,096,933</u>	<u>\$ 183,677,198</u>

See notes to consolidated financial statements

Garden Spot Communities and Subsidiaries

Consolidated Statements of Operations

Years Ended June 30, 2023 and 2022

	2023	2022
Revenues Without Donor Restrictions		
Net resident service revenues	\$ 51,272,737	\$ 48,348,945
Rent	1,331,034	1,318,183
Grant revenues	212,997	480,379
Other revenues	1,132,143	1,203,882
Net assets released from restrictions used for operations	322,686	70,464
	<u>54,271,597</u>	<u>51,421,853</u>
Expenses		
Nursing	18,075,580	16,335,182
Dietary	5,738,911	5,462,380
Social services	1,417,864	1,239,406
Housekeeping and laundry	1,286,862	1,011,691
Plant operations	5,040,216	5,314,433
Real estate taxes	1,698,358	1,856,860
Utilities	2,104,125	1,725,874
Administrative	6,309,349	6,119,692
Marketing	1,757,277	1,575,802
Depreciation	8,209,777	7,997,834
Interest	2,174,088	2,171,400
	<u>53,812,407</u>	<u>50,810,554</u>
Total expenses		
	53,812,407	50,810,554
Operating income	459,190	611,299
Other Income (Loss)		
Investment income	747,329	2,230,956
Contributions	630,747	1,796,986
Change in net unrealized gains and losses on investments	879,044	(6,420,041)
Change in fair value of derivative financial instruments	2,153,343	6,425,433
Loss on sale of fixed assets	(7,590)	(128,352)
	<u>4,862,063</u>	<u>4,516,281</u>
Revenues in excess of expenses		
	4,862,063	4,516,281
Net Assets Released From Restrictions Used for Purchase of Property and Equipment	<u>-</u>	<u>23,585</u>
Change in net assets without donor restrictions	<u>\$ 4,862,063</u>	<u>\$ 4,539,866</u>

See notes to consolidated financial statements

Garden Spot Communities and Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Assets Without Donor Restrictions		
Revenues in excess of expenses	\$ 4,862,063	\$ 4,516,281
Net assets released from restrictions used for purchase of property and equipment	<u>-</u>	<u>23,585</u>
Change in net assets without donor restrictions	<u>4,862,063</u>	<u>4,539,866</u>
Net Assets With Donor Restrictions		
Contributions	103,864	402,641
Net assets released from restrictions used for:		
Operations	(322,686)	(70,464)
Purchase of property and equipment	<u>-</u>	<u>(23,585)</u>
Change in net assets with donor restrictions	<u>(218,822)</u>	<u>308,592</u>
Change in net assets	4,643,241	4,848,458
Net Assets, Beginning	<u>28,721,371</u>	<u>23,872,913</u>
Net Assets, Ending	<u><u>\$ 33,364,612</u></u>	<u><u>\$ 28,721,371</u></u>

See notes to consolidated financial statements

Garden Spot Communities and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 4,643,241	\$ 4,848,458
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,209,777	7,997,834
Loss on sale of fixed assets	7,590	128,352
Amortization of deferred financing costs	51,044	60,604
Net realized and unrealized (gains) losses on investments	(462,379)	5,234,327
Deposits from prospective residents, net	1,573,891	1,378,860
Proceeds from nonrefundable entrance fees, existing units	7,810,394	7,058,134
Amortization of entrance fees	(9,188,164)	(9,877,721)
Restricted contributions	(74,394)	(48,000)
Change in fair value of derivative financial instruments	(2,153,343)	(6,425,433)
Change in assets and liabilities:		
Accounts receivable, residents and other	177,328	(807,115)
Prepaid expenses and other current assets	354,635	(976,010)
Accounts payable, trade	(254,085)	(144,865)
Accrued expenses	(70,902)	539,501
Deferred grant revenue	(26,922)	35,163
Net cash flows provided by operating activities	<u>10,597,711</u>	<u>9,002,089</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(5,515,476)	(5,860,644)
Proceeds from sales of investments and assets whose use is limited	18,335,360	9,730,850
Purchases of investments and assets whose use is limited	<u>(18,280,758)</u>	<u>(12,879,687)</u>
Net cash flows used in investing activities	<u>(5,460,874)</u>	<u>(9,009,481)</u>
Cash Flows From Financing Activities		
Proceeds from lines of credit, net	198,000	-
Repayment of long-term debt	(3,060,505)	(2,425,506)
Proceeds from entrance fees, new units	-	1,941,720
Proceeds from refundable entrance fees, existing units	722,019	485,986
Refunds of entrance fees	(779,666)	(1,775,435)
Restricted contributions	<u>74,394</u>	<u>48,000</u>
Net cash flows used in financing activities	<u>(2,845,758)</u>	<u>(1,725,235)</u>
Net change in cash and cash equivalents	2,291,079	(1,732,627)
Cash and Cash Equivalents, Beginning	<u>6,464,785</u>	<u>8,197,412</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 8,755,864</u></u>	<u><u>\$ 6,464,785</u></u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u><u>\$ 2,114,919</u></u>	<u><u>\$ 2,118,276</u></u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment	<u><u>\$ 385,610</u></u>	<u><u>\$ -</u></u>

See notes to consolidated financial statements

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Principles of Consolidation

Garden Spot Communities (GSC) is the parent organization that provides management services to its controlled entities based on the terms of the management agreements. The following is a listing of GSC's controlled entities:

- 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 nonprofit organizations to expand and grow. Forgeworks activity is currently being recorded within Garden Spot Communities.

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

The consolidated financial statements include the accounts of GSC, the Village, GSV, LLC, At Home Services, LLC, Akron, CoLiving and Forgeworks. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements of the Organization. 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.

Cash and Cash Equivalents

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

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 \$139,000 and \$184,000, as of June 30, 2023 and 2022, respectively. Accounts are written off through the provision of bad debts when the Organization has exhausted all collection efforts and accounts are deemed impaired.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

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Accounts Receivable, Other

Accounts receivable, other 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 through the provision of bad debts when the Organization has exhausted all collection efforts and accounts are deemed impaired.

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 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.

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 2023 and 2022.

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.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

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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%, 75% or 90% of the entrance fee paid, with the balance refundable on a decreasing basis at a rate of 1% of the entrance fee per month for each month, or portion thereof, of occupancy in the independent living unit. As of April 2019, the Organization is no longer offering the 50% 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, 2023 approximates \$32,322,000 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 fees 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 revenues was \$9,188,164 in 2023 and \$9,877,721 in 2022.

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.

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.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

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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, independent living and at home 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, Medical Assistance 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, correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Benevolent Care

The 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 consolidated 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 \$328,000 and \$349,000 in 2023 and 2022, respectively.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

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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 consolidated 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 \$2,391,000 and \$2,895,000 in 2023 and 2022, 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 include the determination of revenues in excess of expenses. Changes in net assets without donor restrictions which are excluded from the determination of revenues in excess of 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, 2023 and 2022

New Accounting Standard

Reference Rate Reform

During March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference London Interbank Offer Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. The Organization elected the optional practical expedient for debt contract modifications related to the discontinuation of reference rates included on ASU No. 2020-04 during 2023. The adoption of the optional practical expedient has not and is not expected to have a material effect on the consolidated financial statements.

Subsequent Events

The Organization has evaluated subsequent events through September 22, 2023, which is the date the financial statements were issued.

In September 2023, GSC signed a letter of intent to explore an affiliation with Frederick Living (FL). FL is a not-for-profit CCRC in Montgomery County, Pennsylvania. Under the proposed agreement, FL will become a controlled entity of GSC. The affiliation process is underway pending required governmental approval and is anticipated to be finalized early during calendar year 2024.

2. Net Resident Service Revenues

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

	2022					
	Skilled Nursing	Personal Care	Independent Living	At Home Services	Other	Total
Self-pay	\$ 10,128,240	\$ 9,131,638	\$ 14,882,489	\$ 444,666	\$ 200,206	\$ 34,787,239
Medicare	3,623,608	-	-	-	-	3,623,608
Medical Assistance	3,673,726	-	-	-	-	3,673,726
Total	<u>\$ 17,425,574</u>	<u>\$ 9,131,638</u>	<u>\$ 14,882,489</u>	<u>\$ 444,666</u>	<u>\$ 200,206</u>	42,084,573
Amortization of nonrefundable entrance fees						<u>9,188,164</u>
						<u>\$ 51,272,737</u>

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

	2021					
	Skilled Nursing	Personal Care	Independent Living	At Home Services	Other	Total
Self-pay	\$ 9,062,571	\$ 8,558,447	\$ 13,793,049	\$ 381,473	\$ 124,401	\$ 31,919,941
Medicare	3,167,868	-	-	-	-	3,167,868
Medical Assistance	3,383,415	-	-	-	-	3,383,415
Total	<u>\$ 15,613,854</u>	<u>\$ 8,558,447</u>	<u>\$ 13,793,049</u>	<u>\$ 381,473</u>	<u>\$ 124,401</u>	38,471,224
Amortization of nonrefundable entrance fees						<u>9,877,721</u>
						<u>\$ 48,348,945</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 a mandatory Medical Assistance managed care program, Community HealthChoices (CHC) and became effective for the Organization on January 1, 2020. The services for which Medical Assistance program beneficiaries did not change under CHC.

Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). The rates paid by the MCOs were subject to a "floor" through December 31, 2022. The "floor" was equal to the average of each of the Organization's prior four quarters (i.e., January 1, 2019 through December 31, 2019) medical assistance rates. Effective January 1, 2023, nursing services provided to Medical Assistance program beneficiaries are paid by the MCOs at prospectively determined rates per day. These rates will be adjusted quarterly based on a resident classification system that is based on clinical, diagnostic, and other factors.

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

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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 revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service 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. 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, 2023 and 2022.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

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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 instruments were determined using the following inputs at June 30:

		2023		
		Total	Level 1	Level 2
Assets:				
Investments and assets whose use is limited:				
Marketable equity securities	\$	4,800,002	\$ 4,800,002	\$ -
Mutual funds:				
Fixed income		19,710,155	19,710,155	-
Equity and other		7,858,826	7,858,826	-
Total investments and assets whose use is limited	\$	32,368,983	\$ 32,368,983	\$ -
Derivative financial instruments	\$	3,040,501	\$ -	\$ 3,040,501
		2022		
		Total	Level 1	Level 2
Assets:				
Investments and assets whose use is limited:				
Marketable equity securities	\$	3,416,499	\$ 3,416,499	\$ -
Mutual funds:				
Fixed income		17,798,865	17,798,865	-
Equity and other		11,975,401	11,975,401	-
Total investments and assets whose use is limited	\$	33,190,765	\$ 33,190,765	\$ -
Derivative financial instruments	\$	887,158	\$ -	\$ 887,158

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

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

	<u>2023</u>	<u>2022</u>
Investments and assets whose use is limited reported at fair values in the tables above	\$ 32,368,983	\$ 33,190,765
Cash and cash equivalents included in investments and assets whose use is limited	3,692,483	3,029,220
Other investments at cost	<u>1,261,177</u>	<u>1,279,101</u>
Total investments and assets whose use limited	<u>\$ 37,322,643</u>	<u>\$ 37,499,086</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 be paid to terminate the agreements.

Investment Income

Investment return without donor restrictions is comprised of the following:

	<u>2023</u>	<u>2022</u>
Investment income:		
Interest income	\$ 1,163,994	\$ 1,045,242
Net realized (losses) gains on sales of investments	<u>(416,665)</u>	<u>1,185,714</u>
Total investment income	747,329	2,230,956
Change in net unrealized gains and losses on investments	<u>879,044</u>	<u>(6,420,041)</u>
Total investment return	<u>\$ 1,626,373</u>	<u>\$ (4,189,085)</u>

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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 \$4,108,000 at June 30, 2023 and was calculated as follows:

Budgeted operating expenses for the year ending June 30, 2024	\$ 54,088,631	
Less budgeted depreciation and amortization expense	(8,797,944)	
Expenses subject to minimum liquid reserve requirement	45,290,687	
Percentage of residents subject to entrance fee agreements at June 30, 2023	80.57%	
Subtotal	36,490,707	
Statutory requirement	10%	
Statutory minimum liquid reserve requirement	\$ 3,649,070	(a)
Debt service requirements for the year ending June 30, 2024:		
Principal payments due on Series 2011 Revenue Note	\$ 165,000	
Principal payments due on Series 2019A and B Revenue Note	1,055,000	
Principal payments due on 2019 Convertible Revenue Note	1,940,000	
Principal payments due on Other Note Payable	60,600	
Budgeted interest payments	1,878,461	
Total debt service	5,099,061	
Percentage of residents subject to entrance fee agreements at June 30, 2023	80.57%	
Statutory minimum liquid reserve requirement	\$ 4,108,000	(b)
Greater of (a) or (b) above	\$ 4,108,000	

4. Liquidity and Availability of Resources

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

	2023	2022
Cash and cash equivalents	\$ 8,755,864	\$ 6,464,785
Accounts receivable:		
Residents, net	1,809,215	1,844,373
Other	141,106	283,276
Investments	24,104,847	24,697,678
Less donor restricted investments	(298,906)	(517,728)
Total	\$ 34,512,126	\$ 32,772,384

The Organization has Board-designated assets whose use is limited of \$7,046,264 and \$6,057,656 at June 30, 2023 and 2022, respectively, that are excluded from the table above. Although the Organization does not intend to utilize these funds for general expenditures as part of its annual budget and approval process, amounts designated could be made available as necessary.

Garden Spot Communities and Subsidiaries

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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:

	2023	2022
Land	\$ 8,879,434	\$ 8,879,434
Land improvements	21,246,762	21,125,073
Buildings and improvements	184,167,403	180,539,285
Equipment and furnishings	17,133,458	16,499,274
Vehicles	798,649	777,178
Total	232,225,706	227,820,244
Accumulated depreciation	(103,301,185)	(95,145,062)
Total	128,924,521	132,675,182
Construction-in-progress	3,619,949	2,185,569
Property and equipment, net	\$ 132,544,470	\$ 134,860,751

Construction-in-progress at June 30, 2023 and 2022 primarily includes ongoing renovations. At June 30, 2023, the Organization had entered into construction contracts of \$4,300,000, of which costs incurred were \$310,000.

6. Lines of Credit

The Village has a \$500,000 unsecured line of credit with Fulton Bank (Fulton). The line of credit bears interest at a variable rate (8.25% at June 30, 2023). There were no borrowings at June 30, 2023 and 2022.

On May 22, 2019, the Village entered into a \$6,000,000 secured line of credit with Truist Bank (Truist). The line of credit is secured by a mortgage lien and security interest in property and equipment of the Village. The line of credit expires on May 22, 2025. \$3,000,000 of the line of credit is reserved for working capital needs of the Village and \$3,000,000 of the line of credit is reserved for letters of credit associated with construction projects. The line of credit bears interest at the SOFR Index plus 2.83% (7.97% at June 30, 2023). There were borrowings against the working capital portion of the line of credit of \$198,000 as of June 30, 2023. There was no balance at June 30, 2022. The Village will pay an annual fee equal to 0.75% of the statement amount of the letter of credits. There are outstanding letters of credit \$2,182,937 and \$165,669 as of June 30, 2023 and 2022, respectively.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements
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7. Long-Term Debt

Long-term debt at June 30 is as follows:

	<u>2023</u>	<u>2022</u>
Lancaster Municipal Authority (LMA) Series 2011 Revenue Note, due in varying quarterly installments through May 2036, plus interest payable monthly at a variable rate equal to 70% of the SOFR Index plus 200 basis points or minimum of 2.53% (5.56% at June 30, 2023)	\$ 2,645,000	\$ 2,805,000
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 SOFR Index plus 125 basis points (6.34% at June 30, 2023)	18,680,000	20,505,000
LIDA Revenue Note, Series 2019A, due in varying annual installments through May 2036, plus interest payable monthly at a variable rate equal to 79% of the SOFR Index plus 99 basis points (5.01% at June 30, 2023)	17,700,000	18,175,000
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% of the SOFR Index plus 99 basis points (5.01% at June 30, 2023)	21,975,000	22,515,000
Other note payable, noninterest bearing, due in annual installments of \$60,600 through June 2025	111,066	171,571
Total	61,111,066	64,171,571
Unamortized deferred financing costs, net	(685,535)	(736,579)
Less current maturities	(3,220,600)	(3,060,600)
Total	<u>\$ 57,204,931</u>	<u>\$ 60,374,392</u>

In May 2011, the LMA issued, on behalf of Akron, 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.

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 were used for design, construction and other costs associated with re-positioning and construction projects. The 2019 Notes were purchased by Truist.

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The 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:	
2024	\$ 3,220,600
2025	3,305,466
2026	3,350,000
2027	3,450,000
2028	3,550,000
Thereafter	<u>44,235,000</u>
Total	<u>\$ 61,111,066</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% of the SOFR Index (3.65% at June 30, 2023) is less than the fixed rate of 2.56%, the Obligated Group must make a monthly payment to the counterparty to the agreement. Conversely, if 70% of the SOFR 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 (\$17,700,000 at June 30, 2023) by the difference between 70% of the SOFR 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% of the SOFR Index plus 99 basis points (5.01% at June 30, 2023) is less than the fixed rate of 2.93%, the Obligated Group must make a monthly payment to the counterparty to the agreement. Conversely, if 79% of the SOFR 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 (\$21,975,000 at June 30, 2023) by the difference between 79% of the SOFR Index plus 99 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% of the SOFR Index plus 99 basis points (5.01% at June 30, 2023) is less than the fixed rate of 2.39%, the Obligated Group must make a monthly payment to the counterparty to the agreement. Conversely, if 79% of the SOFR 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 (\$18,680,000 at June 30, 2023) by the difference between 79% of the SOFR Index plus 99 basis points and the fixed rate.

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The fair value of the swap agreements is estimated to be the amount the Obligated Group would pay or be paid to terminate the swap agreements at June 30, 2023 and 2022. The Obligated Group estimates that it would have been paid \$3,040,501 and \$887,158 on June 30, 2023 and 2022, respectively to terminate the agreements. 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 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 and was \$2,153,343 and \$6,425,433 in 2023 and 2022, respectively. The payments to or from the counterparty are classified as a component of interest expense in the consolidated statements of operations or capitalized to property and equipment in the consolidated balance sheets if the funds from bond issues are used to finance construction. As a result of the swap agreements, the net interest paid was reduced by \$681,800 in 2023 and was increased by \$1,114,839 in 2022.

8. Accrued Expenses

Accrued expenses consist of the following at June 30:

	2023	2022
Salaries and benefits	\$ 1,157,826	\$ 1,073,782
Paid time off	968,829	888,621
Interest	175,636	167,511
Other	540,202	783,481
Total	<u>\$ 2,842,493</u>	<u>\$ 2,913,395</u>

9. Rental Revenues

GSV, LLC leases a building to Wellspan Properties, Inc. (the Hospital) under a noncancelable operating lease. Rent revenue was \$1,251,168 and \$1,244,361 in 2023 and 2022, respectively. In addition to the annual lease payments, the Hospital is required to reimburse GSV, LLC for certain operating expenses. Total reimbursements received were \$215,767 and \$219,283 in 2023 and 2022, respectively, and are included in other revenues in the consolidated statements of operations. The lease is scheduled to expire on September 30, 2030.

The Organization's accounting for real estate leases does not require significant assumptions and judgments. The Organization does not have any material leasing transactions with related parties. The Organization also has other rental income in connection with year to year leases.

The table below summarizes the Organization's future undiscounted cash flows to be received for years ending after June 30, 2023:

Years ending June 30:	
2024	\$ 1,226,848
2025	1,239,116
2026	1,251,507
2027	1,264,022
2028	1,276,662
Thereafter	<u>2,809,165</u>
Total lease payments to be received	<u>\$ 9,067,320</u>

Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

10. Retirement Plan

The Organization sponsors a defined contribution retirement plan (the Plan). Contributions to the Plan were approximately \$583,000 and \$545,000 in 2023 and 2022, 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 ended June 30:

2023				
	Resident Services	Management and General	Fundraising	Total
Salaries and wages	\$ 17,402,730	\$ 3,262,319	\$ 147,806	\$ 20,812,855
Other operational expenses	6,241,341	3,758,260	41,902	10,041,503
Employee benefits and payroll taxes	4,117,685	800,292	33,858	4,951,835
Ancillary care services	1,677,914	-	-	1,677,914
Food	2,119,562	22,135	255	2,141,952
Real estate taxes	1,698,358	-	-	1,698,358
Utilities	2,104,125	-	-	2,104,125
Depreciation	8,209,777	-	-	8,209,777
Interest	2,174,088	-	-	2,174,088
Total	\$ 45,745,580	\$ 7,843,006	\$ 223,821	\$ 53,812,407
2022				
	Resident Services	Management and General	Fundraising	Total
Salaries and wages	\$ 16,116,364	\$ 3,083,596	\$ 136,843	\$ 19,336,803
Other operational expenses	5,910,978	3,689,781	34,599	9,635,358
Employee benefits and payroll taxes	3,658,390	707,675	28,911	4,394,976
Ancillary care services	1,699,360	-	-	1,699,360
Food	1,977,892	14,100	88	1,992,080
Real estate taxes	1,856,860	-	-	1,856,860
Utilities	1,725,874	-	-	1,725,874
Depreciation	7,997,843	-	-	7,997,843
Interest	2,171,400	-	-	2,171,400
Total	\$ 43,114,961	\$ 7,495,152	\$ 200,441	\$ 50,810,554

Directly identifiable expenses are charged to resident services and fundraising. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction of the Organization.

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.

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, 2023 and 2022.

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.

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, 2023

	Obligated Group					Garden Spot Village of Akron	Garden Spot Communities	Garden Spot CoLiving, LLC		Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals	At Home Services, LLC				Eliminations	
Assets										
Current Assets										
Cash and cash equivalents	\$ 8,418,160	\$ -	\$ -	\$ 8,418,160	\$ -	\$ 247,076	\$ 90,628	\$ -	\$ -	\$ 8,755,864
Assets whose use is limited, resident trust funds	2,044,846	-	-	2,044,846	-	18,686	-	-	-	2,063,532
Accounts receivable:										
Residents, net	1,021,229	-	-	1,021,229	37,575	750,174	-	237	-	1,809,215
Other	100,894	-	-	100,894	-	-	40,212	-	-	141,106
Prepaid expenses and other current assets	1,342,666	-	-	1,342,666	-	86,654	53,814	-	-	1,483,134
Due from affiliates	6,757,590	11,961,052	(11,961,052)	6,757,590	6,202	92	463,643	14,186	(7,241,713)	-
Total current assets	19,685,385	11,961,052	(11,961,052)	19,685,385	43,777	1,102,682	648,297	14,423	(7,241,713)	14,252,851
Investments	19,552,977	-	-	19,552,977	-	-	4,551,870	-	-	24,104,847
Assets Whose Use is Limited										
Board-designated	7,046,264	-	-	7,046,264	-	-	-	-	-	7,046,264
Statutory liquid minimum reserve	4,108,000	-	-	4,108,000	-	-	-	-	-	4,108,000
Total assets whose use is limited	11,154,264	-	-	11,154,264	-	-	-	-	-	11,154,264
Property and Equipment, Net										
Cost	217,542,959	8,671,806	-	226,214,765	159,462	8,760,309	711,119	-	-	235,845,655
Accumulated depreciation	(94,785,706)	(5,082,773)	-	(99,868,479)	(132,150)	(3,220,251)	(80,305)	-	-	(103,301,185)
Property and equipment, net	122,757,253	3,589,033	-	126,346,286	27,312	5,540,058	630,814	-	-	132,544,470
Derivative Financial Instruments	3,040,501	-	-	3,040,501	-	-	-	-	-	3,040,501
Total assets	\$ 176,190,380	\$ 15,550,085	\$ (11,961,052)	\$ 179,779,413	\$ 71,089	\$ 6,642,740	\$ 5,830,981	\$ 14,423	\$ (7,241,713)	\$ 185,096,933

Garden Spot Communities and Subsidiaries

Supplementary Information

Consolidating Schedule, Balance Sheet

June 30, 2023

	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										
Lines of Credit	\$ 198,000	\$ -	\$ -	\$ 198,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,000
Current maturities of long-term debt	3,055,600	-	-	3,055,600	-	165,000	-	-	-	3,220,600
Accounts payable:										
Trade	744,595	-	-	744,595	-	54,655	12,507	-	-	811,757
Construction	385,610	-	-	385,610	-	-	-	-	-	385,610
Entrance fee refunds	951,302	-	-	951,302	-	-	-	-	-	951,302
Accrued expenses	1,983,272	117,526	-	2,100,798	38,931	326,802	375,962	-	-	2,842,493
Deferred grant revenue	8,241	-	-	8,241	-	-	-	-	-	8,241
Resident trust funds	2,044,846	-	-	2,044,846	-	18,686	-	-	-	2,063,532
Due to affiliates	11,975,238	233,525	(11,961,052)	247,711	1,015,417	5,777,311	201,121	153	(7,241,713)	-
Total current liabilities	21,346,704	351,051	(11,961,052)	9,736,703	1,054,348	6,342,454	589,590	153	(7,241,713)	10,481,535
Long-Term Debt										
	54,790,845	-	-	54,790,845	-	2,414,086	-	-	-	57,204,931
Deposits From Prospective Residents										
	5,814,491	-	-	5,814,491	-	-	-	-	-	5,814,491
Refundable Entrance Fees										
	5,466,415	-	-	5,466,415	-	-	-	-	-	5,466,415
Deferred Revenue From Entrance Fees										
	72,764,949	-	-	72,764,949	-	-	-	-	-	72,764,949
Total liabilities	160,183,404	351,051	(11,961,052)	148,573,403	1,054,348	8,756,540	589,590	153	(7,241,713)	151,732,321
Net Assets (Deficit)										
Without donor restrictions	15,709,506	15,199,034	-	30,908,540	(983,259)	(2,115,236)	5,241,391	14,270	-	33,065,706
With donor restrictions	297,470	-	-	297,470	-	1,436	-	-	-	298,906
Total net assets (deficit)	16,006,976	15,199,034	-	31,206,010	(983,259)	(2,113,800)	5,241,391	14,270	-	33,364,612
Total liabilities and net assets (deficit)	<u>\$ 176,190,380</u>	<u>\$ 15,550,085</u>	<u>\$ (11,961,052)</u>	<u>\$ 179,779,413</u>	<u>\$ 71,089</u>	<u>\$ 6,642,740</u>	<u>\$ 5,830,981</u>	<u>\$ 14,423</u>	<u>\$ (7,241,713)</u>	<u>\$ 185,096,933</u>

Garden Spot Communities and Subsidiaries

Supplementary Information

Consolidating Schedule, Statement of Operations

Year Ended June 30, 2023

	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	\$ 44,645,629	\$ -	\$ -	\$ 44,645,629	\$ 443,477	\$ 6,182,482	\$ -	\$ 1,149	\$ -	\$ 51,272,737
Management fee	219,468	-	(211,590)	7,878	-	-	3,336,144	-	(3,344,022)	-
Rent	41,986	1,251,168	-	1,293,154	-	13,800	-	24,080	-	1,331,034
Grant revenues	114,966	-	-	114,966	-	98,031	-	-	-	212,997
Other revenues	476,974	215,767	-	692,741	1,866	602	436,922	12	-	1,132,143
Net assets released from restrictions used for operations	322,302	-	-	322,302	-	384	-	-	-	322,686
Total revenues without donor restrictions	45,821,325	1,466,935	(211,590)	47,076,670	445,343	6,295,299	3,773,066	25,241	(3,344,022)	54,271,597
Expenses										
Nursing	12,990,463	-	-	12,990,463	521,107	4,564,010	-	-	-	18,075,580
Dietary	5,321,247	-	-	5,321,247	-	417,664	-	-	-	5,738,911
Social services	1,118,457	-	-	1,118,457	-	299,407	-	-	-	1,417,864
Housekeeping and laundry	1,113,169	-	-	1,113,169	-	173,693	-	-	-	1,286,862
Plant operations	4,582,280	9,258	-	4,591,538	-	448,678	-	-	-	5,040,216
Real estate taxes	1,499,939	110,202	-	1,610,141	-	80,539	798	6,880	-	1,698,358
Utilities	1,850,034	95,465	-	1,945,499	-	152,624	-	6,002	-	2,104,125
Administrative	2,164,402	-	-	2,164,402	89	618,869	3,525,989	-	-	6,309,349
Management fee	3,100,517	326,745	(211,590)	3,215,672	35,155	85,320	-	7,875	(3,344,022)	-
Marketing	1,342,394	-	-	1,342,394	-	2,493	412,390	-	-	1,757,277
Depreciation	7,615,193	244,208	-	7,859,401	10,465	307,762	32,149	-	-	8,209,777
Interest	2,041,806	-	-	2,041,806	-	132,228	54	-	-	2,174,088
Total expenses	44,739,901	785,878	(211,590)	45,314,189	566,816	7,283,287	3,971,380	20,757	(3,344,022)	53,812,407
Operating income (loss)	1,081,424	681,057	-	1,762,481	(121,473)	(987,988)	(198,314)	4,484	-	459,190
Other Income (Loss)										
Investment income	647,227	-	-	647,227	-	-	100,102	-	-	747,329
Contributions	630,387	-	-	630,387	-	360	-	-	-	630,747
Change in net unrealized gains on investments	804,344	-	-	804,344	-	-	74,700	-	-	879,044
Change in fair value of derivative financial instruments	2,153,343	-	-	2,153,343	-	-	-	-	-	2,153,343
Loss on sale of fixed assets	(7,590)	-	-	(7,590)	-	-	-	-	-	(7,590)
Revenues in excess of (less than) expenses	5,309,135	681,057	-	5,990,192	(121,473)	(987,628)	(23,512)	4,484	-	4,862,063
Transfers (to) From Affiliates	(836,027)	(62,465)	-	(898,492)	-	898,492	-	-	-	-
Change in net assets (deficit) without donor restrictions	\$ 4,473,108	\$ 618,592	\$ -	\$ 5,091,700	\$ (121,473)	\$ (89,136)	\$ (23,512)	\$ 4,484	\$ -	\$ 4,862,063

Garden Spot Communities and Subsidiaries

Supplementary Information

Consolidating Schedule, Balance Sheet

June 30, 2022

	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	\$ 5,926,233	\$ -	\$ -	\$ 5,926,233	\$ -	\$ 306,721	\$ 231,831	\$ -	\$ -	\$ 6,464,785
Assets whose use is limited, resident trust funds	2,623,826	-	-	2,623,826	-	23,926	-	-	-	2,647,752
Accounts receivable:										
Residents, net	843,824	-	-	843,824	43,096	957,288	-	165	-	1,844,373
Other	103,998	-	-	103,998	-	1,076	178,202	-	-	283,276
Prepaid expenses and other current assets	1,674,186	-	-	1,674,186	-	112,793	50,790	-	-	1,837,769
Due from affiliates	6,685,010	11,146,480	(11,146,480)	6,685,010	737	-	228,569	9,683	(6,923,999)	-
Total current assets	17,857,077	11,146,480	(11,146,480)	17,857,077	43,833	1,401,804	689,392	9,848	(6,923,999)	13,077,955
Investments	20,361,174	-	-	20,361,174	-	-	4,336,504	-	-	24,697,678
Assets Whose Use is Limited										
Board-designated	6,057,656	-	-	6,057,656	-	-	-	-	-	6,057,656
Statutory liquid minimum reserve	4,096,000	-	-	4,096,000	-	-	-	-	-	4,096,000
Total assets whose use is limited	10,153,656	-	-	10,153,656	-	-	-	-	-	10,153,656
Property and Equipment, Net										
Cost	212,064,873	8,507,418	-	220,572,291	154,276	8,568,127	711,119	-	-	230,005,813
Accumulated depreciation	(87,224,166)	(4,838,565)	-	(92,062,731)	(121,686)	(2,912,489)	(48,156)	-	-	(95,145,062)
Property and equipment, net	124,840,707	3,668,853	-	128,509,560	32,590	5,655,638	662,963	-	-	134,860,751
Derivative Financial Instrument	887,158	-	-	887,158	-	-	-	-	-	887,158
Total assets	174,099,772	14,815,333	(11,146,480)	177,768,625	76,423	7,057,442	5,688,859	9,848	(6,923,999)	183,677,198

Garden Spot Communities and Subsidiaries

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Consolidating Schedule, Balance Sheet

June 30, 2022

	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	\$ 2,900,600	\$ -	\$ -	\$ 2,900,600	\$ -	\$ 160,000	\$ -	\$ -	\$ -	\$ 3,060,600
Accounts payable:										
Trade	910,117	-	-	910,117	-	139,744	15,981	-	-	1,065,842
Entrance fee refunds	480,107	-	-	480,107	-	-	-	-	-	480,107
Accrued expenses	2,096,164	116,521	-	2,212,685	32,224	292,428	376,058	-	-	2,913,395
Deferred grant revenue	-	-	-	-	-	35,163	-	-	-	35,163
Resident trust funds	2,623,826	-	-	2,623,826	-	23,926	-	-	-	2,647,752
Due to affiliates	11,156,167	118,370	(11,146,480)	128,057	905,985	5,857,978	31,917	62	(6,923,999)	-
Total current liabilities	20,166,981	234,891	(11,146,480)	9,255,392	938,209	6,509,239	423,956	62	(6,923,999)	10,202,859
Long-Term Debt	57,800,409	-	-	57,800,409	-	2,573,983	-	-	-	60,374,392
Deposits From Prospective Residents	4,240,600	-	-	4,240,600	-	-	-	-	-	4,240,600
Refundable Entrance Fees	5,670,085	-	-	5,670,085	-	-	-	-	-	5,670,085
Deferred Revenue From Entrance Fees	74,467,891	-	-	74,467,891	-	-	-	-	-	74,467,891
Total liabilities	162,345,966	234,891	(11,146,480)	151,434,377	938,209	9,083,222	423,956	62	(6,923,999)	154,955,827
Net Assets (Deficit)										
Without donor restrictions	11,236,398	14,580,442	-	25,816,840	(861,786)	(2,026,100)	5,264,903	9,786	-	28,203,643
With donor restrictions	517,408	-	-	517,408	-	320	-	-	-	517,728
Total net assets (deficit)	11,753,806	14,580,442	-	26,334,248	(861,786)	(2,025,780)	5,264,903	9,786	-	28,721,371
Total liabilities and net assets (deficit)	<u>\$ 174,099,772</u>	<u>\$ 14,815,333</u>	<u>\$ (11,146,480)</u>	<u>\$ 177,768,625</u>	<u>\$ 76,423</u>	<u>\$ 7,057,442</u>	<u>\$ 5,688,859</u>	<u>\$ 9,848</u>	<u>\$ (6,923,999)</u>	<u>\$ 183,677,198</u>

Garden Spot Communities and Subsidiaries

Supplementary Information
Consolidating Schedule, Statement of Operations
Year Ended June 30, 2022

	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	\$ 42,373,310	\$ -	\$ -	\$ 42,373,310	\$ 378,400	\$ 5,596,100	\$ -	\$ 1,135	\$ -	\$ 48,348,945
Management fee	210,506	-	(202,442)	8,064	-	-	2,914,577	-	(2,922,641)	-
Rent	32,762	1,244,361	-	1,277,123	-	16,424	-	24,636	-	1,318,183
Grant revenues	406,585	-	-	406,585	-	73,794	-	-	-	480,379
Other revenues	363,049	219,283	-	582,332	(4,169)	4,830	620,879	10	-	1,203,882
Net assets released from restrictions used for operations	61,089	-	-	61,089	-	9,375	-	-	-	70,464
Total revenues without donor restrictions	43,447,301	1,463,644	(202,442)	44,708,503	374,231	5,700,523	3,535,456	25,781	(2,922,641)	51,421,853
Expenses										
Nursing	11,795,460	-	-	11,795,460	428,416	4,111,306	-	-	-	16,335,182
Dietary	5,110,821	-	-	5,110,821	-	351,559	-	-	-	5,462,380
Social services	983,320	-	-	983,320	-	256,086	-	-	-	1,239,406
Housekeeping and laundry	864,311	-	-	864,311	-	147,380	-	-	-	1,011,691
Plant operations	4,843,624	8,441	-	4,852,065	-	461,183	-	1,185	-	5,314,433
Real estate taxes	1,661,134	108,965	-	1,770,099	-	78,677	790	7,294	-	1,856,860
Utilities	1,459,762	100,972	-	1,560,734	-	159,526	-	5,614	-	1,725,874
Administrative	2,131,886	-	-	2,131,886	58	575,610	3,412,138	-	-	6,119,692
Management fee	2,701,376	311,485	(202,442)	2,810,419	28,595	75,563	-	8,064	(2,922,641)	-
Marketing	1,181,346	-	-	1,181,346	-	2,883	391,573	-	-	1,575,802
Depreciation	7,393,148	247,987	-	7,641,135	5,907	319,106	31,686	-	-	7,997,834
Interest	2,091,717	-	-	2,091,717	-	79,683	-	-	-	2,171,400
Total expenses	42,217,905	777,850	(202,442)	42,793,313	462,976	6,618,562	3,836,187	22,157	(2,922,641)	50,810,554
Operating income (loss)	1,229,396	685,794	-	1,915,190	(88,745)	(918,039)	(300,731)	3,624	-	611,299
Other Income (Loss)										
Investment income	2,068,507	-	-	2,068,507	-	-	162,449	-	-	2,230,956
Contributions	1,796,446	-	-	1,796,446	-	540	-	-	-	1,796,986
Change in net unrealized gains on investments	(5,773,463)	-	-	(5,773,463)	-	-	(646,578)	-	-	(6,420,041)
Change in fair value of derivative financial instrument	6,425,433	-	-	6,425,433	-	-	-	-	-	6,425,433
Loss on sale of fixed assets	(128,352)	-	-	(128,352)	-	-	-	-	-	(128,352)
Revenues in excess of (less than) expenses	5,617,967	685,794	-	6,303,761	(88,745)	(917,499)	(784,860)	3,624	-	4,516,281
Transfers (to) From Affiliates	(928,505)	(63,008)	-	(991,513)	-	991,513	-	-	-	-
Net Assets Released From Restrictions Used for Purchase of Property and Equipment	23,585	-	-	23,585	-	-	-	-	-	23,585
Change in net assets (deficit) without donor restrictions	\$ 4,713,047	\$ 622,786	\$ -	\$ 5,335,833	\$ (88,745)	\$ 74,014	\$ (784,860)	\$ 3,624	\$ -	\$ 4,539,866



Garden Spot Communities
and Subsidiaries
Budgeted Operations

Garden Spot Obligatories

	Budget 2023-2024
Revenue- Accommodation	38,372,421
Revenue- Therapy Charges	1,428,000
Revenue - Ancillary Charges	162,400
Revenue - Other Care Services	238,930
Other Operating Revenue - Resident Services	752,600
Dining Service Revenues	1,799,049
Rental Revenues	1,581,786
Entrance Fee Amortization Revenue	9,219,155
Management Fee Revenue	8,000
Other Operating Revenue	118,000
Benevolent Contributions - Operating Offset	<u>276,789</u>
TOTAL OPERATING REVENUES	53,957,131
Provision for Bad Debts	20,000
Adjust Accommodation - Pay as you Go Allowance	234,431
Adjust Accommodation - Meal Plan Allowance	1,001,447
Contractual Allowance - Accommodation	1,108,248
Contractual Allowance - Ancillary	965,800
Sequestration Adjustment	38,000
Other Adjustment - Medicaid Supplemental Payments	0
Contractual Allowance - Adult Day Services	21,144
Other Adjustment - Benevolent Care	499,224
Other Adjustment - Coupon/Comp/Courtesy Allowance	<u>31,000</u>
TOTAL CONTRACTUAL & OTHER ADJUSTMENT	3,919,294
NET OPERATING REVENUE	<u><u>50,037,836</u></u>
Operating Expenses - Salaries and Wages	15,512,223
Operating Expenses - Benefits	3,709,913
Operating Expenses - Staff Costs	543,925
Operating Expenses - Professional Fees	1,585,538
Operating Expenses - Legal Fees	10,000
Operating Expenses - Management Fees	3,574,504
Operating Expenses - IT Services	1,733,462
Operating Expenses - Therapy Services	692,000
Operating Expenses - Pharmacy Services	102,402
Operating Expenses - Lab Services	25,000
Operating Expenses - Radiology Services	6,000
Operating Expenses - Ancillary/Other Care Services	304,124
Operating Expenses - Sales and Marketing	506,597



Garden Spot Communities
and Subsidiaries
Budgeted Operations

Garden Spot Obligatories

	Budget 2023-2024
Operating Expenses - Food Costs	2,035,639
Operating Expenses - Events	244,620
Operating Expenses - Supplies/Equipment	1,658,826
Operating Expenses - Office Expenses	100,945
Operating Expenses - Government Expenses	195,000
Operating Expenses - Licenses/Dues/Subscriptions	104,319
Operating Expenses - Other Expenses	0
Operating Expenses - Repairs & Maintenance	1,267,073
Operating Expenses - Refurbishments	221,000
Operating Expenses - Insurance	622,395
Operating Expenses - Property Taxes	1,808,721
Operating Expenses - Utilities	<u>1,714,850</u>
TOTAL OPERATING EXPENSE	38,279,076
Operating Expenses - Depreciation	8,056,573
Operating Expenses - Interest Expense	<u>1,892,837</u>
TOTAL FIXED EXPENSE	<u>9,949,410</u>
TOTAL OPERATING AND FIXED EXPENSE	<u>48,228,486</u>
TOTAL OPERATING INCOME (LOSS)	<u><u>1,809,351</u></u>

Personalized Plans to Fit Your Needs

SYCAMORE SPRINGS	HOME SIZE Approx. Square Feet	Entrance Fee 4 Year Refund	Entrance Fee 8 Year Refund	Entrance Fee 75% Refund	Monthly Fee Single Occupancy	Monthly Fee Double Occupancy
The Linden — Type 1 (1 car)	1,300 sq ft	\$299,900	\$314,900	\$574,900	\$1,733	\$1,915
The Linden — Type 2 (2 car)	1,300 sq ft	\$309,900	\$325,900	\$593,900	\$1,769	\$1,951
The Jackson — Type 1 (1 car)	1,400 sq ft	\$309,900	\$325,900	\$593,900	\$1,794	\$1,976
The Jackson — Type 2 (2 car)	1,400 sq ft	\$319,900	\$335,900	\$612,900	\$1,828	\$2,010
*The Kraybill — Types 1, 2 & 3 (2 car)	1,600 sq ft	\$339,900	\$356,900	\$650,900	\$2,018	\$2,200
The Weaver — Type 1 (1 car)	2,000 sq ft	\$379,900	\$398,900	\$727,900	\$2,127	\$2,309
*The Weaver — Types 2 & 3 (2 car)	2,000 sq ft	\$399,900	\$419,900	\$765,900	\$2,407	\$2,589
The Kinzer — Type 1 (2 car)	2,800 sq ft	\$449,900	\$472,900	\$861,900	\$2,627	\$2,809

CARRIAGE HOMES

Standard End 1 Car	1,600 sq ft	\$316,400	\$332,400	\$606,400	\$2,012	\$2,194
Standard End 2 Car	1,600 sq ft	\$321,400	\$337,400	\$615,400	\$2,046	\$2,228
Deluxe Center	1,400 sq ft	\$282,400	\$296,400	\$541,400	\$1,946	\$2,128
Deluxe End 1 Car with Loft	2,000 sq ft	\$359,400	\$377,400	\$688,400	\$2,297	\$2,479
Deluxe End 2 Car with Loft	2,000 sq ft	\$383,400	\$402,400	\$734,400	\$2,384	\$2,566

COTTAGES

Standard Center	1,100 sq ft	\$226,400	\$238,400	\$434,400	\$1,555	\$1,713
Standard End	1,200 sq ft	\$242,400	\$254,400	\$464,400	\$1,634	\$1,792
Deluxe Center	1,250 sq ft	\$257,400	\$270,400	\$493,400	\$1,700	\$1,858
Deluxe End	1,300 sq ft	\$274,400	\$288,400	\$525,400	\$1,733	\$1,891

VILLAGE SQUARE

Wingate	886 sq ft	\$190,400	\$200,400	\$365,400	\$1,784	\$2,361
Hamlin I - 2 BR	1,300 sq ft	\$290,400	\$305,400	\$556,400	\$2,209	\$2,786
Halstead I - 2 BR	1,300 sq ft	\$290,400	\$305,400	\$556,400	\$2,209	\$2,786
Ardley I - 2 BR w/Den	1,400 sq ft	\$312,400	\$328,400	\$598,400	\$2,331	\$2,908
Atworth I - 2 BR w/Den	1,400 sq ft	\$312,400	\$328,400	\$598,400	\$2,319	\$2,896
**Hamlin II - 2 BR	1,450 sq ft	\$320,400	\$336,400	\$614,400	\$2,340	\$2,917
**Halstead II - 2 BR	1,450 sq ft	\$320,400	\$336,400	\$614,400	\$2,353	\$2,930
***Ardley II - 2 BR w/Den	1,500 sq ft	\$350,400	\$368,400	\$671,400	\$2,467	\$3,044
***Atworth II - 2 BR w/Den	1,500 sq ft	\$350,400	\$368,400	\$671,400	\$2,466	\$3,043
***Ellsworth II - 3 BR	1,900 sq ft	\$390,400	\$410,400	\$748,400	\$2,658	\$3,235

GARDEN APARTMENTS

Studio	488 sq ft	\$85,400	\$90,400	\$164,400	\$1,573	\$2,131
1 BR	725 sq ft	\$130,400	\$137,400	\$250,400	\$1,686	\$2,244
1 BR w/Den	875 sq ft	\$185,400	\$195,400	\$355,400	\$1,828	\$2,386
2 BR Standard	975 sq ft	\$204,400	\$215,400	\$391,400	\$1,899	\$2,457
2 BR Deluxe	1,075 sq ft	\$232,400	\$244,400	\$445,400	\$1,971	\$2,529
2 BR Deluxe Suite	1,100 sq ft	\$265,400	\$279,400	\$508,400	\$1,992	\$2,550

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. **5th floor apartments include underground parking. Contact sales rep for costs. ***Underground parking space included with this home. Prices effective July 1, 2023. Prices are subject to change.

Garden Spot Village Entrance Fee

Refund Amoritization Schedule

Depending on the Entrance Fee plan you choose, a portion of the amount you paid may be refunded to you. Use this chart to calculate which percentage of the entrance fee is refunded at different time periods.

If you have questions about which plan is most appropriate for your situation, please feel free to call Sales at 717.355.6000.

AMORTIZATION BASIS	4 Year Refund 2% / Month 24% / Year	8 Year Refund 1% / Month 12% / Year	75% Refund 1% / Month until 75%
6 Month	88%	94%	94%
End of Year 1	76%	88%	88%
Year 2	52%	76%	76%
Year 3	28%	64%	75%
Year 4	4%	52%	75%
Year 5	0%	40%	75%
Year 6		28%	75%
Year 7		16%	75%
Year 8		4%	75%
Year 9		0%	75%
Year 10			75%
Year 11			75%
Year 12			75%
Year 13			75%
Year 14			75%
Year 15+			75%

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