



# GARDEN SPOT VILLAGE



GARDEN SPOT VILLAGE

**DISCLOSURE STATEMENT**

**June 30, 2024**

**THE ISSUANCE OF A CERTIFICATE OF AUTHORITY DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OF ENDORSEMENT OF GARDEN SPOT VILLAGE BY THE PENNSYLVANIA DEPARTMENT OF INSURANCE, NOR IS IT EVIDENCE OF, NOR DOES IT ATTEST TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET OUT IN THE DISCLOSURE STATEMENT.**

**GARDEN SPOT VILLAGE**  
**DISCLOSURE STATEMENT**

**I N D E X**

	<b>Page Number</b>
Summary of Disclosure Statement.....	1-2
Background.....	2
Description.....	3
Services.....	4
Entrance Fees and Monthly Fees .....	5
Escrow and Reserve Funds.....	6
Financial Information .....	6
Notice of Right to Rescind .....	7
Board of Director Listing, Exhibit A.....	8
Financial Statements, Exhibit B.....	9-44
Budgeted Income & Expenses, FYE June 30, 2025 Exhibit C .....	45-46
Pricing Structure, Exhibit D .....	47
Amortization and Refund Schedule, Exhibit E.....	48

## 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 affiliated with LMC: A Fellowship of Anabaptist Churches, the Atlantic Coast Conference of Mennonite Church USA, Mennonite Health Services, LeadingAge and LeadingAge PA.
7. **CURRENT RESIDENT POPULATION**: The facility became operational on April 15, 1996. The current resident population is 1,073 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).

<b><u>FEE</u></b>	<b><u>SINGLE OCCUPANCY</u></b>	<b><u>DOUBLE OCCUPANCY</u></b>
Entrance Fee - 1 Bedroom Apt.	\$135,900	\$135,900
Entrance Fee – Standard End Cottage	\$258,900	\$258,900

<u>FEE</u>	<u>SINGLE OCCUPANCY</u>	<u>DOUBLE OCCUPANCY</u>
Monthly Fee - 1 Bedroom Apt. * Includes optional dining plan	*\$1,795	*\$2,389
Monthly Fee - Standard End Cottage	\$1,740	\$1,908

**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"). The households provide a non-institutional environment with a person-centered care philosophy for residents.

In order to provide individuals the opportunity to age in the environment of their choice, Garden Spot Village also offers an adult day program through DayBreak 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:

<b>Monthly Service Charge</b>	<b>Dollar Increases in Rates</b>				
	<b>07/01/2020-</b>	<b>07/01/2021-</b>	<b>07/01/2022-</b>	<b>07/01/2023-</b>	<b>07/01/2024-</b>
	<b>06/30/2021</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2024</b>	<b>06/30/2025</b>
Effective Date	<u>7/1/2020</u>	<u>7/1/2021</u>	<u>7/1/2022</u>	<u>7/1/2023</u>	<u>7/1/2024</u>
Apartments (1 Bedroom)	\$50	\$50	\$89	\$103	\$109
Cottages (Standard End)	51	55	111	100	106
Cottages (The Kraybill)	0	68	137	123	131
Personal Care Daily Rates *	7	7	15	14	15
Memory Support *	13	11	22	21	23
Skilled Care Daily Rates	19	22	37	40	38

\* 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.

## **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 August 2024 Garden Spot Village secured financing through 2024 Series A and B Healthcare Facilities Revenue Bonds through a the Lancaster Municipal Authority. The 2024 Series A proceeds were used to refund the Series 2019 Revenue Notes and the 2019 Convertible Revenue Note (CRN Note). The 2024 Series B proceeds were used to establish a project fund for skilled nursing renovations, a combined heat & power system, and various other capital needs. 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 #7 and Note #8 of the June 30, 2024 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 Communities and Subsidiaries, includes financial information concerning Garden Spot Village for fiscal year June 30, 2024. 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, 2025.



**EXHIBIT A**

**GARDEN SPOT VILLAGE  
BOARD OF DIRECTORS**

Jeff Goss, Chair  
Lancaster, PA 17602  
Attorney – Brubaker Connagton 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

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, 2024 and 2023

# Garden Spot Communities and Subsidiaries

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Table of Contents  
June 30, 2024 and 2023

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
<b>Supplementary Information</b>	
Consolidating Schedules for 2024:	
Consolidating Schedule, Balance Sheet	27
Consolidating Schedule, Statement of Operations	29
Consolidating Schedules for 2023:	
Consolidating Schedule, Balance Sheet	30
Consolidating Schedule, Statement of Operations	32
Garden Spot Obligated Group Statement of Cash Flows	33
Frederick Living Statement of Cash Flows	34

## **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 (the Organization), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, 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, 2024 and 2023, 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 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 identified in the table of contents is presented for purposes of additional analysis of the consolidated financial statements and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
October 23, 2024

## Garden Spot Communities and Subsidiaries

Consolidated Balance Sheets

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 11,569,775	\$ 8,755,864
Assets whose use is limited, resident trust funds	2,611,364	2,063,532
Accounts receivable:		
Residents, net	2,947,205	1,809,215
Other	478,772	141,106
Prepaid expenses and other current assets	1,251,428	1,483,134
Total current assets	<u>18,858,544</u>	<u>14,252,851</u>
<b>Investments</b>	<u>26,157,057</u>	<u>24,104,847</u>
<b>Assets Whose Use is Limited</b>		
Board-designated	16,121,983	7,046,264
Statutory liquid minimum reserve	5,149,999	4,108,000
Total assets whose use is limited	<u>21,271,982</u>	<u>11,154,264</u>
<b>Property and Equipment, Net</b>	<u>178,471,249</u>	<u>132,544,470</u>
<b>Beneficial Interest in Perpetual Trusts</b>	<u>701,568</u>	<u>-</u>
<b>Derivative Financial Instruments</b>	<u>3,433,528</u>	<u>3,040,501</u>
Total assets	<u>\$ 248,893,928</u>	<u>\$ 185,096,933</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Lines of credit	\$ 5,238,767	\$ 198,000
Current maturities of long-term debt	2,397,185	3,220,600
Accounts payable:		
Trade	1,444,273	811,757
Construction	1,614,877	385,610
Entrance fee refunds	1,179,541	951,302
Accrued expenses	4,046,595	2,842,493
Deferred grant revenue	57,896	8,241
Resident trust funds	2,611,364	2,063,532
Total current liabilities	18,590,498	10,481,535
<b>Long-Term Debt</b>	69,702,523	57,204,931
<b>Deposits From Prospective Residents</b>	7,504,840	5,814,491
<b>Refundable Entrance Fees</b>	19,677,936	5,466,415
<b>Deferred Revenue From Entrance Fees</b>	83,290,950	72,764,949
Total liabilities	<u>198,766,747</u>	<u>151,732,321</u>
<b>Net Assets</b>		
Without donor restrictions	48,052,297	33,065,706
With donor restrictions	2,074,884	298,906
Total net assets	<u>50,127,181</u>	<u>33,364,612</u>
Total liabilities and net assets	<u>\$ 248,893,928</u>	<u>\$ 185,096,933</u>

See notes to consolidated financial statements

## Garden Spot Communities and Subsidiaries

Consolidated Statements of Operations

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Revenues Without Donor Restrictions</b>		
Net resident service revenues	\$ 64,721,995	\$ 51,272,737
Management fee	402,776	-
Rent	1,352,533	1,331,034
Grant revenues	122,145	212,997
Other revenues	1,238,641	1,124,553
Net assets released from restrictions used for operations	43,520	322,686
	<u>67,881,610</u>	<u>54,264,007</u>
<b>Expenses</b>		
Nursing	21,080,294	18,075,580
Dietary	7,541,777	5,738,911
Social services	1,792,034	1,417,864
Housekeeping and laundry	1,742,515	1,286,862
Plant operations	6,550,842	5,040,216
Real estate taxes	1,892,976	1,698,358
Utilities	2,470,792	2,104,125
Administrative	8,119,278	6,309,349
Marketing	2,332,869	1,757,277
Depreciation	9,392,865	8,209,777
Interest	2,509,650	2,174,088
	<u>65,425,892</u>	<u>53,812,407</u>
Total expenses	<u>65,425,892</u>	<u>53,812,407</u>
Operating income	2,455,718	451,600
<b>Other Income</b>		
Investment income	1,744,027	747,329
Contributions	724,529	630,747
Change in net unrealized gains and losses on investments	1,548,103	879,044
Change in fair value of derivative financial instruments	393,027	2,153,343
Inherent Contribution Received In Affiliation	8,121,187	-
	<u>8,121,187</u>	<u>-</u>
Revenues in excess of expenses and change in net assets without donor restrictions	<u>\$ 14,986,591</u>	<u>\$ 4,862,063</u>

See notes to consolidated financial statements

## Garden Spot Communities and Subsidiaries

Consolidated Statements of Changes in Net Assets  
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Net Assets Without Donor Restrictions</b>		
Revenues in excess of expenses	\$ 14,986,591	\$ 4,862,063
Change in net assets without donor restrictions	<u>14,986,591</u>	<u>4,862,063</u>
<b>Net Assets With Donor Restrictions</b>		
Contributions	138,991	103,864
Net assets with donor restrictions acquired in membership affiliation	1,665,028	-
Valuation gain, beneficial interest in perpetual trusts	15,479	-
Net assets released from restrictions used for operations	<u>(43,520)</u>	<u>(322,686)</u>
Change in net assets with donor restrictions	<u>1,775,978</u>	<u>(218,822)</u>
Change in net assets	16,762,569	4,643,241
<b>Net Assets, Beginning</b>	<u>33,364,612</u>	<u>28,721,371</u>
<b>Net Assets, Ending</b>	<u>\$ 50,127,181</u>	<u>\$ 33,364,612</u>

See notes to consolidated financial statements

## Garden Spot Communities and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 16,762,569	\$ 4,643,241
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Membership affiliation	(9,786,215)	-
Depreciation	9,392,865	8,209,777
Amortization of deferred financing costs	61,485	51,044
Net realized and unrealized gains on investments	(1,900,134)	(462,379)
Deposits from prospective residents, net	1,559,349	1,573,891
Proceeds from nonrefundable entrance fees, existing units	9,692,187	7,810,394
Amortization of entrance fees	(11,067,959)	(9,188,164)
Restricted contributions for long-term purposes	(59,544)	(74,394)
Change in fair value of derivative financial instruments	(393,027)	(2,153,343)
Valuation gain, beneficial interest in perpetual trusts	(15,479)	-
Change in assets and liabilities:		
Accounts receivable, residents and other	34,400	177,328
Prepaid expenses and other current assets	672,089	354,635
Accounts payable, trade	(976,959)	(254,085)
Accrued expenses	506,552	(70,902)
Deferred grant revenue	49,655	(26,922)
Net cash flows provided by operating activities	<u>14,531,834</u>	<u>10,590,121</u>
<b>Cash Flows From Investing Activities</b>		
Cash and cash equivalents received in membership affiliation	280,657	-
Purchase of property and equipment	(8,841,946)	(5,507,886)
Proceeds from sales of investments and assets whose use is limited	6,314,186	18,335,360
Purchases of investments and assets whose use is limited	(5,866,857)	(18,280,758)
Net cash flows used in investing activities	<u>(8,113,960)</u>	<u>(5,453,284)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from lines of credit, net	640,888	198,000
Repayment of long-term debt	(3,568,945)	(3,060,505)
Proceeds from refundable entrance fees, existing units	1,180,780	722,019
Refunds of entrance fees	(1,916,230)	(779,666)
Restricted contributions for long-term purposes	59,544	74,394
Net cash flows used in financing activities	<u>(3,603,963)</u>	<u>(2,845,758)</u>
Net change in cash and cash equivalents	2,813,911	2,291,079
<b>Cash and Cash Equivalents, Beginning</b>	<u>8,755,864</u>	<u>6,464,785</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 11,569,775</u>	<u>\$ 8,755,864</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	<u>\$ 2,520,007</u>	<u>\$ 2,114,919</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Obligations incurred for the acquisition of property and equipment	<u>\$ 1,614,877</u>	<u>\$ 385,610</u>

See notes to consolidated financial statements

# Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

## 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.
- Frederick Mennonite Community d/b/a Frederick Living (Frederick Living) operates a CCRC in Frederick, Pennsylvania providing housing, health care and other services to elderly residents through the operation of a 61-bed nursing facility, a 104-unit personal care facility, a 31-unit personal care memory support facility and 165 independent living apartments and cottages. GSC began managing Frederick Living in August 2023 through an interim management services agreement. GSC acquired Frederick Living on February 1, 2024 (Note 2).
- 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 d/b/a Maple Farm (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.
- GSC Ventures, Inc. (Ventures) (whose sole member is GSC) is a for-profit holding corporation. There is no activity in Ventures during 2024 and 2023.
- Elanco Self Storage, LLC (Elanco) (whose sole member is Ventures) operates a storage facility in New Holland, Pennsylvania.

The Village and GSV, LLC comprise the Garden Spot Obligated Group.

The consolidated financial statements include the accounts of GSC, the Village, Frederick Living, GSV, LLC, At Home Services, LLC, Akron, CoLiving, Forgeworks and Elanco, (collectively, the Organization). 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 and Frederick, Pennsylvania. Its primary service area includes New Holland and Frederick, Pennsylvania and surrounding communities in Lancaster County and Montgomery 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.

## **Garden Spot Communities and Subsidiaries**

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### **Accounts Receivable, Residents, Net**

The Organization assesses collectability on all resident accounts prior to providing services. An allowance for credit losses 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 credit losses was approximately \$444,000 and \$139,000, as of June 30, 2024 and 2023, respectively. Accounts are written off through the provision of credit losses 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 various purposes, 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 2024 and 2023.

## **Garden Spot Communities and Subsidiaries**

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### **Deferred Financing Costs**

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

### **Resident Trust Funds**

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

### **Entrance Fees**

#### **The Village**

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 Village 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 the Village at June 30, 2024 approximates \$28,852,000.

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. At the Village, amortization of nonrefundable entrance fees included in net resident service revenues was \$10,193,538 in 2024 and \$9,188,164 in 2023.

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.

#### **Frederick Living**

Under certain entrance fee plans for independent living units, Frederick Living receives payments in advance. Residents have three entrance plan options, two refundable options and a nonrefundable option. The refundable options have a guaranteed refund component, which is either 50% or 90% of the entrance fee paid, with the balance refundable on a decreasing basis at a rate of 2.5% of the entrance fee per month for each month or portion thereof of occupancy in the residential living unit. The nonrefundable option has no guaranteed refund component and is refundable on a decreasing basis for 40 months; after 40 months of occupancy, no refund is due or payable.

## Garden Spot Communities and Subsidiaries

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Entrance fee refunds are generally paid after the residential living unit vacated has been re-occupied by a new resident. The gross amount of contractual refund obligations under existing resident agreements at Frederick Living at June 30, 2024 approximates \$18,545,000.

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. At Frederick Living, amortization of nonrefundable entrance fees included in net resident service revenues was \$874,421 in 2024.

### Derivative Financial Instruments

The Garden Spot 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.

### Split-Interest Agreements

Frederick Living has received, as contributions, perpetual trusts. Under these arrangements, Frederick Living recorded the asset and recognized permanently restricted contributions at the fair value of Frederick Living's beneficial interest in the trust assets. Income earned on the trust assets and distributed to Frederick Living is recorded as a restricted contribution on the consolidated statements of changes in net assets. Changes in fair value are recorded as valuation gains and losses in net assets with donor restrictions.

### Net Assets

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

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

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

## **Garden Spot Communities and Subsidiaries**

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Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

### **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 \$841,000 and \$328,000 in 2024 and 2023, respectively.

### **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 \$2,840,000 and \$2,391,000 in 2024 and 2023, 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.

## **Garden Spot Communities and Subsidiaries**

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### **Income Taxes**

GSC, the Village, Frederick Living 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. Ventures is a taxable corporation subject to federal income taxes. GSV, LLC, At Home Services, LLC, CoLiving, Elanco 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 operating income 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.

### **Subsequent Events**

The Organization has evaluated subsequent events through October 23, 2024, which is the date the financial statements were issued.

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

### 2. Transfer of Memberships

Effective February 1, 2024, GSC became the sole member of Frederick Living. Frederick Living remained a separate not-for-profit organization. In connection with the affiliation, GSC entered into a Management, Marketing and Development Agreement with Frederick Living. The affiliation was consummated to achieve operating efficiencies. There were no amounts of consideration transferred to execute the affiliation.

The recognized amounts of identifiable assets acquired and liabilities assumed at the date of affiliation were as follows (in thousands):

Cash and cash equivalents	\$	281
Investments		10,717
Accounts receivable		1,326
Prepaid expenses and other current assets		625
Beneficial interest in perpetual trusts		686
Property and equipment		45,248
Accounts payable and accrued expense		(2,396)
Lines of credit		(4,399)
Long-term indebtedness		(15,182)
Deposits from prospective residents		(131)
Refundable entrance fees		(14,372)
Deferred revenue from entrance fees		(12,617)
Net assets without donor restrictions (inherent contribution)		(8,121)
Net assets with donor restrictions (membership affiliation)		<u>(1,665)</u>
	\$	<u>-</u>

This transaction was accounted for using the acquisition method. The inherent contribution represents the net assets without donor restrictions of Frederick Living. The carrying amounts of cash and cash equivalents, accounts receivable, prepaid expenses, pledges receivable, and accounts payable and accrued expenses approximated fair value as of the acquisition date due to the short-term nature of these amounts. The fair value of Frederick Living's property and equipment as of the acquisition date was based on an independent third-party appraisal. The carrying amount of deferred revenue from entrance fees was deemed to approximate fair value as of the acquisition date as estimating fair value was not deemed practicable. The carrying amount of long-term indebtedness was also deemed to approximate fair value as the original terms of the long-term indebtedness are comparable to current market terms as of the acquisition date. The terms of the long-term indebtedness for Frederick Living are more fully described in Note 8. The consolidated statements of operations, changes in net assets and cash flows include the activities of Frederick Living for the five months from February 1, 2024 through June 30, 2024. The provisions of the affiliation were absent of any significant contingency payments, options, or commitments.

The results of operations of FL have been included in the consolidated statements of operations since the acquisition date. Certain financial information related to FL from the date of acquisition (February 1, 2024) through June 30, 2024 is as follows:

Operating revenues	\$	<u>8,909,668</u>
Operating loss	\$	<u>(135,850)</u>
Revenues in excess of expenses and change in net assets without donor restrictions	\$	<u>8,474,730</u>

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

The following table presents the pro forma results of the Organization for the year ended June 30, 2023 and June 30, 2024, as through the FL acquisition described above occurred on July 1, 2022 (prior year). The following pro forma information is not necessarily indicative of the results that would have been achieved if the acquisition had been effective on July 1, 2022.

	<u>2024</u>	<u>2023</u>
Operating revenues	<u>\$ 80,276,768</u>	<u>\$ 74,275,203</u>
Operating loss	<u>\$ 1,004,778</u>	<u>\$ (2,443,987)</u>
Revenues in excess of expenses	<u>\$ 6,137,814</u>	<u>\$ 1,923,745</u>
Change in net assets without donor restrictions	<u>\$ 190,471</u>	<u>\$ (369,151)</u>

### 3. 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:

	<u>2024</u>					
	<u>Skilled Nursing</u>	<u>Personal Care</u>	<u>Independent Living</u>	<u>At Home Services</u>	<u>Other</u>	<u>Total</u>
Self-pay	\$ 13,882,341	\$ 12,283,447	\$ 19,066,186	\$ 376,274	\$ 249,250	\$ 45,857,498
Medicare	3,963,806	-	-	-	-	3,963,806
Medical Assistance	3,832,732	-	-	-	-	3,832,732
Total	<u>\$ 21,678,879</u>	<u>\$ 12,283,447</u>	<u>\$ 19,066,186</u>	<u>\$ 376,274</u>	<u>\$ 249,250</u>	53,654,036
Amortization of nonrefundable entrance fees						<u>11,067,959</u>
						<u>\$ 64,721,995</u>
	<u>2023</u>					
	<u>Skilled Nursing</u>	<u>Personal Care</u>	<u>Independent Living</u>	<u>At Home Services</u>	<u>Other</u>	<u>Total</u>
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, 2024 and 2023

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.

Each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). 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 are 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.

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.

#### 4. 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.

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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, 2024 and 2023.

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:

	<b>2024</b>		
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Assets:</b>			
Investments and assets whose use is limited:			
Marketable equity securities	\$ 4,196,318	\$ 4,196,318	\$ -
Mutual funds:			
Fixed income	21,530,243	21,530,243	-
Equity and other	14,371,447	14,371,447	-
Corporate bonds	1,978,180	-	1,978,180
U.S government obligations	1,552,765	-	1,552,765
	<u>\$ 43,628,953</u>	<u>\$ 40,098,008</u>	<u>\$ 3,530,945</u>
Derivative financial instruments	<u>\$ 3,433,528</u>	<u>\$ -</u>	<u>\$ 3,433,528</u>
	<b>2023</b>		
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Assets:</b>			
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	-
	<u>\$ 32,368,983</u>	<u>\$ 32,368,983</u>	<u>\$ -</u>
Derivative financial instruments	<u>\$ 3,040,501</u>	<u>\$ -</u>	<u>\$ 3,040,501</u>

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

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>
Investments and assets whose use is limited reported at fair values in the tables above	\$ 43,628,953	\$ 32,368,983
Cash and cash equivalents included in investments and assets whose use is limited	4,713,618	3,692,483
Other investments at cost	<u>1,697,832</u>	<u>1,261,177</u>
Total investments and assets whose use limited	<u>\$ 50,040,403</u>	<u>\$ 37,322,643</u>

### Financial Instruments

Investments and assets whose use is limited are valued at fair value based on quoted market prices in active markets for mutual funds and marketable equity securities and are estimated using quoted prices for similar securities for U.S. government obligations and corporate bonds.

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>2024</u>	<u>2023</u>
Investment income:		
Interest income	\$ 1,391,996	\$ 1,163,994
Net realized gains (losses) on sales of investments	<u>352,031</u>	<u>(416,665)</u>
Total investment income	1,744,027	747,329
Change in net unrealized gains and losses on investments	<u>1,548,103</u>	<u>879,044</u>
Total investment return	<u>\$ 3,292,130</u>	<u>\$ 1,626,373</u>

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

### 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 \$5,149,999 at June 30, 2024 and was calculated as follows:

	<u>The Village</u>	<u>Frederick Living</u>
Budgeted operating expenses for the year ending June 30, 2025	\$ 56,689,047	\$ 22,205,221
Less budgeted depreciation and amortization expense	<u>(8,441,790)</u>	<u>(2,527,958)</u>
Expenses subject to minimum liquid reserve requirement	48,247,257	19,677,263
Percentage of residents subject to entrance fee agreements at June 30, 2024	<u>79.96%</u>	<u>65.66%</u>
Subtotal	38,579,903	12,920,091
Statutory requirement	<u>10%</u>	<u>10%</u>
Statutory reserve requirement (a)	<u>\$ 3,857,990</u>	<u>\$ 1,292,009 (a)</u>
Debt service requirements for the year ending June 30, 2024:		
Principal	\$ 1,565,089	\$ 832,096
Interest	<u>2,488,659</u>	<u>575,041</u>
Total debt service	4,053,748	1,407,137
Percentage of residents subject to entrance fee agreements at June 30, 2024	<u>79.96%</u>	<u>65.66%</u>
Statutory reserve requirement (b)	<u>\$ 3,241,377</u>	<u>\$ 923,926 (b)</u>
Requirement, greater of (a) or (b)	<u>\$ 3,857,990</u>	<u>\$ 1,292,009</u>

### 5. 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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 11,569,775	\$ 8,755,864
Accounts receivable:		
Residents, net	2,947,205	1,809,215
Other	478,772	141,106
Investments	26,157,057	24,104,847
Beneficial interest in perpetual trusts	701,568	-
Less net assets with donor restriction	<u>(2,074,884)</u>	<u>(298,906)</u>
Total	<u>\$ 39,779,493</u>	<u>\$ 34,512,126</u>

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

The Organization has Board-designated assets whose use is limited of \$16,121,983 and \$7,046,264 at June 30, 2024 and 2023, 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. However, the Board-designated amounts in excess of those collateralized by the line of credit noted in Note 7, could be made available, if necessary.

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.

Additionally, the Organization maintains lines of credit to support operations as further described in Note 8.

### 6. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 12,669,434	\$ 8,879,434
Land improvements	25,118,700	21,246,762
Buildings and improvements	223,209,648	184,167,403
Equipment and furnishings	19,029,676	17,133,458
Vehicles	967,354	798,649
Total	280,994,812	232,225,706
Accumulated depreciation	<u>(112,656,364)</u>	<u>(103,301,185)</u>
Total	168,338,448	128,924,521
Construction-in-progress	<u>10,132,801</u>	<u>3,619,949</u>
Property and equipment, net	<u>\$ 178,471,249</u>	<u>\$ 132,544,470</u>

Construction-in-progress at June 30, 2024 and 2023 consists of several ongoing projects, including the combined heat and power system, expansion master planning, a second co-living house, and a storage unit facility. In addition, several renovation projects are underway, including skilled nursing renovations, common area renovations, and normal unit turnover renovations. At June 30, 2023, the Organization had entered into construction contracts of \$10,753,673, of which costs incurred were \$4,573,959.

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 7. 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 (8.50% at June 30, 2024). There were no borrowings at June 30, 2024 and 2023.

The Village has 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. The line of credit bears interest at the Secured Overnight Financing Rate (SOFR) Index plus 2.83% (7.71% at June 30, 2024). There were borrowings against the line of credit for working capital of \$838,888 and \$198,000 as of June 30, 2024 and 2023, respectively. 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 \$2,017,268 and \$2,182,937 as of June 30, 2024 and 2023, respectively.

Frederick Living has a \$1,500,000 unsecured revolving line of credit with Univest. The line of credit bears interest at the prime rate plus 25 basis points (8.75% as of June 30, 2024). There were borrowings of \$900,000 as of June 30, 2024.

Frederick Living has a \$3,500,000 secured nonrevolving line of credit with Univest used to finance capital projects. The line of credit matures on January 1, 2025, bears interest at 180 basis points above the greater of the one-month SOFR loan rate or a floor rate of 0% (7.13% as of June 30, 2024) and is secured by marketable securities in the benevolent care fund held by Univest. The line of credit agreement requires a minimum balance of \$3,500,000 to be maintained in the benevolent care fund balance after a 75% advance rate is applied to the market value of the account, or \$4,666,666, until all debt obligations with Univest are satisfied in full. Additionally, the line of credit agreement requires compliance with the terms of the Series 2017 Loan defined in Note 8. There were borrowings of \$3,499,879 as of June 30, 2024.

### 8. Long-Term Debt

Long-term debt at June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Akron - 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% (5.73% at June 30, 2024)	\$ 2,480,000	\$ 2,645,000
Garden Spot Obligated Group - 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 (6.58% at June 30, 2024)	16,740,000	18,680,000
Garden Spot Obligated Group - 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 (5.20% at June 30, 2024)	17,205,000	17,700,000

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Garden Spot Obligated Group - 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 (5.20% at June 30, 2023)	\$ 21,415,000	\$ 21,975,000
Frederick Living - Series 2017 Loan requiring monthly payments of \$117,261, including interest at 3.83% payable through December of 2024, at which time the rate will be reset. The Series 2017 Loan is scheduled to mature in January of 2038.	14,833,226	-
Other note payable, noninterest bearing, due in annual installments of \$60,600 through June 2025	<u>50,532</u>	<u>111,066</u>
Total	72,723,758	61,111,066
Unamortized deferred financing costs, net	(624,050)	(685,535)
Less current maturities	<u>(2,397,185)</u>	<u>(3,220,600)</u>
Total	<u>\$ 69,702,523</u>	<u>\$ 57,204,931</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 Garden Spot 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.

The 2019 Notes are secured by a first security interest in the Garden Spot Obligated Group's gross receipts and a first mortgage lien on and security interest in substantially all of the Garden Spot 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 Garden Spot 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 Garden Spot Obligated Group to meet certain financial covenants.

The Series 2017 Loan is secured by a mortgage lien on, and security interest in, substantially all of Frederick Living's property and equipment, as defined in the agreement with Univest. The Series 2017 Loan also requires Frederick Living to meet certain financial covenants.

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

In August 2024, the Lancaster Municipal Authority, issued on behalf of the Garden Spot Obligated Group, Series 2024 Healthcare Facilities Revenue Bonds (2024 Revenue Bonds), debt in the maximum principal of \$67,270,000 to provide for overall debt service savings, while also establishing a project fund of approximately \$14,666,000 for certain capital projects. The 2024 Revenue Bonds were issued as two series: Series 2024A Refunding Note and Series 2024B Revenue Note. The proceeds from the new Series 2024A Refunding Note were used to refinance the outstanding balances of the Series 2019A Revenue Note, Series 2019B Revenue Note, Series 2019 CRN, and termination of the interest rate swaps (see below). The proceeds from the new Series 2024B Revenue Note established a project fund for skilled nursing renovations, the combined heat and power system, and other various capital needs.

The Series 2024A Refunding Note is tax-exempt and consists of \$13,190,000 10 year term bonds maturing May 1, 2025 to May 1, 2034 at 5.00%, \$22,245,000 20 year term bonds maturing May 1, 2044 at 5.00%, and \$15,915,000 25 year term bonds maturing May 1, 2049 at 5.00%. The Series 2024B Revenue Note is tax-exempt and consists of \$6,680,000 30 year term bonds maturing May 1, 2054 at 5.00% and \$8,520,000 35 year term bonds maturing May 1, 2059 at 5.00%.

Annual principal maturities on long-term debt, after the effects of the subsequent refinancing described above, consist of the following:

Years ending June 30:	
2025	\$ 2,397,185
2026	2,191,190
2027	2,285,713
2028	2,391,596
2029	2,498,893
Thereafter	<u>60,959,181</u>
Total	<u>\$ 72,723,758</u>

### Interest Rate Swap Agreements

In November 2008, the Garden Spot 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 (3.73% at June 30, 2024) is less than the fixed rate of 2.56%, the Garden Spot 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 Garden Spot Obligated Group. The monthly payments are calculated by multiplying the notional amount (\$17,105,000 at June 30, 2024) by the difference between 70% of the SOFR Index and the fixed rate.

In May 2019, the Garden Spot 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 (5.20% at June 30, 2024) is less than the fixed rate of 2.93%, the Garden Spot 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 Garden Spot Obligated Group. The monthly payments are calculated by multiplying the notional amount (\$21,415,000 at June 30, 2024) 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, 2024 and 2023

In November 2019, the Garden Spot 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 (5.20% at June 30, 2024) is less than the fixed rate of 2.39%, the Garden Spot 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 Garden Spot Obligated Group. The monthly payments are calculated by multiplying the notional amount (\$16,740,000 at June 30, 2024) by the difference between 79% of the SOFR Index plus 99 basis points and the fixed rate.

The fair value of the swap agreements is estimated to be the amount the Garden Spot Obligated Group would be paid to terminate the swap agreements at June 30, 2024 and 2023. The Garden Spot Obligated Group estimates that it would have been paid \$3,433,528 and \$3,040,501 on June 30, 2024 and 2023, 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 \$393,027 and \$2,153,343 in 2024 and 2023, 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 \$537,481 in 2024 and \$681,800 in 2023.

In conjunction with the issuance of the 2024 Revenue Bonds, the swap agreements listed above were terminated, resulting in net proceeds paid to Garden Spot Obligated Group of \$2,019,182 on August 21, 2024.

### 9. Accrued Expenses

Accrued expenses consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Salaries and benefits	\$ 1,677,954	\$ 1,157,826
Paid time off	1,463,984	968,829
Interest	247,478	175,636
Other	657,179	540,202
Total	<u>\$ 4,046,595</u>	<u>\$ 2,842,493</u>

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 10. Rental Revenues

GSV, LLC leases a building to Wellspan Properties, Inc. (the Hospital) under a noncancelable operating lease. Rent revenue was \$1,268,535 and \$1,251,168 in 2024 and 2023, respectively. In addition to the annual lease payments, the Hospital is required to reimburse GSV, LLC for certain operating expenses. Total reimbursements received were \$223,221 and \$215,767 in 2024 and 2023, 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, 2024:

Years ending June 30:	
2025	\$ 1,239,116
2026	1,251,507
2027	1,264,022
2028	1,276,662
2029	1,289,429
Thereafter	<u>1,519,736</u>
Total lease payments to be received	<u>\$ 7,840,472</u>

### 11. Retirement Plan

The Organization sponsors a defined contribution retirement plan (the Plan). Contributions to the Plan were approximately \$785,000 and \$583,000 in 2024 and 2023, respectively.

### 12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose	\$ 908,765	\$ 298,906
Subject to spending policy and appropriation: Endowment fund (maintained in perpetuity)	464,551	-
Not subject to spending policy or appropriation: Beneficial interest in perpetual trusts (maintained in perpetuity)	<u>701,568</u>	<u>-</u>
Total	<u>\$ 2,074,884</u>	<u>\$ 298,906</u>

## Garden Spot Communities and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

### 13. 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:

	<b>2024</b>			
	<b>Resident Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 21,585,170	\$ 4,059,394	\$ 226,814	\$ 25,871,378
Other operational expenses	7,518,586	5,456,836	46,487	13,021,909
Employee benefits and payroll taxes	4,716,128	990,879	49,478	5,756,485
Ancillary care services	1,841,421	-	-	1,841,421
Food	2,644,891	23,525	-	2,668,416
Real estate taxes	1,892,976	-	-	1,892,976
Utilities	2,470,792	-	-	2,470,792
Depreciation	9,392,865	-	-	9,392,865
Interest	2,509,650	-	-	2,509,650
<b>Total</b>	<b>\$ 54,572,479</b>	<b>\$ 10,530,634</b>	<b>\$ 322,779</b>	<b>\$ 65,425,892</b>
	<b>2023</b>			
	<b>Resident Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
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
<b>Total</b>	<b>\$ 45,745,580</b>	<b>\$ 7,843,006</b>	<b>\$ 223,821</b>	<b>\$ 53,812,407</b>

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.

### 14. Medical Malpractice Claims Coverage

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

## **Garden Spot Communities and Subsidiaries**

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Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

### **15. 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, 2024 and 2023.

#### **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.

### **16. 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, 2024

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Frederick Living	Garden Spot Communities	Garden Spot CoLiving, LLC	Elanco Self Storage	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals								
<b>Assets</b>												
<b>Current Assets</b>												
Cash and cash equivalents	\$ 10,291,538	\$ -	\$ -	\$ 10,291,538	\$ -	\$ 449,040	\$ 499,471	\$ 329,726	\$ -	\$ -	\$ -	\$ 11,569,775
Assets whose use is limited, resident trust funds	2,600,872	-	-	2,600,872	-	10,492	-	-	-	-	-	2,611,364
Accounts receivable:												
Residents, net	1,466,442	-	-	1,466,442	34,953	871,137	574,218	-	455	-	-	2,947,205
Other	48,408	-	-	48,408	-	-	361,164	69,200	-	-	-	478,772
Prepaid expenses and other current assets	1,041,083	-	-	1,041,083	-	49,425	127,295	33,625	-	-	-	1,251,428
Due from affiliates	8,048,884	12,971,299	(12,971,299)	8,048,884	12,847	91	30,546	1,172,636	21,451	-	(9,286,455)	-
Total current assets	23,497,227	12,971,299	(12,971,299)	23,497,227	47,800	1,380,185	1,592,694	1,605,187	21,906	-	(9,286,455)	18,858,544
<b>Investments</b>	21,072,081	-	-	21,072,081	-	-	2,173,670	2,911,306	-	-	-	26,157,057
<b>Assets Whose Use is Limited</b>												
Board-designated	8,570,874	-	-	8,570,874	-	-	7,551,109	-	-	-	-	16,121,983
Statutory liquid minimum reserve	3,857,990	-	-	3,857,990	-	-	1,292,009	-	-	-	-	5,149,999
Total assets whose use is limited	12,428,864	-	-	12,428,864	-	-	8,843,118	-	-	-	-	21,271,982
<b>Property and Equipment, Net</b>												
Cost	223,037,238	8,643,539	-	231,680,777	159,462	9,032,466	45,936,884	711,119	-	3,606,905	-	291,127,613
Accumulated depreciation	(102,587,740)	(5,338,249)	-	(107,925,989)	(142,243)	(3,526,736)	(949,055)	(112,341)	-	-	-	(112,656,364)
Property and equipment, net	120,449,498	3,305,290	-	123,754,788	17,219	5,505,730	44,987,829	598,778	-	3,606,905	-	178,471,249
<b>Beneficial Interest in Perpetual Trusts</b>	-	-	-	-	-	-	701,568	-	-	-	-	701,568
<b>Investment in Partnership</b>	-	-	-	-	-	-	-	2,180,704	-	-	(2,180,704)	-
<b>Derivative Financial Instruments</b>	3,433,528	-	-	3,433,528	-	-	-	-	-	-	-	3,433,528
Total assets	\$ 180,881,198	\$ 16,276,589	\$ (12,971,299)	\$ 184,186,488	\$ 65,019	\$ 6,885,915	\$ 58,298,879	\$ 7,295,975	\$ 21,906	\$ 3,606,905	\$ (11,467,159)	\$ 248,893,928

**Garden Spot Communities and Subsidiaries**

 Supplementary Information  
 Consolidating Schedule, Balance Sheet  
 June 30, 2024

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Frederick Living	Garden Spot Communities	Garden Spot CoLiving, LLC	Elanco Self Storage	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals								
<b>Liabilities and Net Assets (Deficit)</b>												
<b>Current Liabilities</b>												
Lines of credit	\$ 838,888	\$ -	\$ -	\$ 838,888	\$ -	\$ -	\$ 4,399,879	\$ -	\$ -	\$ -	\$ -	\$ 5,238,767
Current maturities of long-term debt	1,395,089	-	-	1,395,089	-	170,000	832,096	-	-	-	-	2,397,185
Accounts payable:												
Trade	683,069	-	-	683,069	-	79,125	682,079	-	-	-	-	1,444,273
Construction	823,295	-	-	823,295	-	-	-	-	-	791,582	-	1,614,877
Entrance fee refunds	639,887	-	-	639,887	-	-	539,654	-	-	-	-	1,179,541
Accrued expenses	2,096,312	118,541	-	2,214,853	39,764	360,910	986,662	444,406	-	-	-	4,046,595
Deferred grant revenue	46,516	-	-	46,516	-	11,380	-	-	-	-	-	57,896
Resident trust funds	2,600,872	-	-	2,600,872	-	10,492	-	-	-	-	-	2,611,364
Due to affiliates	13,056,304	352,866	(12,971,299)	437,871	1,126,762	5,452,620	468,521	1,165,909	153	634,619	(9,286,455)	-
Total current liabilities	22,180,232	471,407	(12,971,299)	9,680,340	1,166,526	6,084,527	7,908,891	1,610,315	153	1,426,201	(9,286,455)	18,590,498
<b>Long-Term Debt</b>	53,452,204	-	-	53,452,204	-	2,249,189	14,001,130	-	-	-	-	69,702,523
<b>Deposits From Prospective Residents</b>	7,313,930	-	-	7,313,930	-	-	190,910	-	-	-	-	7,504,840
<b>Refundable Entrance Fees</b>	5,910,576	-	-	5,910,576	-	-	13,767,360	-	-	-	-	19,677,936
<b>Deferred Revenue From Entrance Fees</b>	70,900,243	-	-	70,900,243	-	-	12,390,707	-	-	-	-	83,290,950
<b>Derivative Financial Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	159,757,185	471,407	(12,971,299)	147,257,293	1,166,526	8,333,716	48,258,998	1,610,315	153	1,426,201	(9,286,455)	198,766,747
<b>Net Assets (Deficit)</b>												
Without donor restrictions	20,735,712	15,805,182	-	36,540,894	(1,101,507)	(1,452,664)	8,358,161	5,685,660	21,753	-	-	48,052,297
With donor restrictions	388,301	-	-	388,301	-	4,863	1,681,720	-	-	2,180,704	(2,180,704)	2,074,884
Total net assets (deficit)	21,124,013	15,805,182	-	36,929,195	(1,101,507)	(1,447,801)	10,039,881	5,685,660	21,753	2,180,704	(2,180,704)	50,127,181
Total liabilities and net assets (deficit)	\$ 180,881,198	\$ 16,276,589	\$ (12,971,299)	\$ 184,186,488	\$ 65,019	\$ 6,885,915	\$ 58,298,879	\$ 7,295,975	\$ 21,906	\$ 3,606,905	\$ (11,467,159)	\$ 248,893,928

**Garden Spot Communities and Subsidiaries**

 Supplementary Information  
 Consolidating Schedule, Statement of Operations  
 Year Ended June 30, 2024

	Obligated Group				At Home Services, LLC	Garden Spot Village of Akron	Frederick Living	Garden Spot Communities	Garden Spot CoLiving, LLC	Elanco Self Storage	Eliminations	Consolidated Totals
	Garden Spot Village	GSV, LLC	Eliminations	Totals								
<b>Revenues Without Donor Restrictions</b>												
Net resident service revenues	\$ 48,619,742	\$ -	\$ -	\$ 48,619,742	\$ 374,629	\$ 7,115,470	\$ 8,611,059	\$ -	\$ 1,095	\$ -	\$ -	\$ 64,721,995
Management fee	234,157	-	(227,017)	7,140	-	-	-	4,555,581	-	-	(4,159,945)	402,776
Rent	38,652	1,268,535	-	1,307,187	-	16,424	1,250	-	27,672	-	-	1,352,533
Grant revenues	59,925	-	-	59,925	-	62,220	-	-	-	-	-	122,145
Other revenues	527,204	223,221	-	750,425	2,576	20,094	247,561	217,866	119	-	-	1,238,641
Net assets released from restrictions used for operations	43,520	-	-	43,520	-	-	-	-	-	-	-	43,520
<b>Total revenues without donor restrictions</b>	<b>49,523,200</b>	<b>1,491,756</b>	<b>(227,017)</b>	<b>50,787,939</b>	<b>377,205</b>	<b>7,214,208</b>	<b>8,859,870</b>	<b>4,773,447</b>	<b>28,886</b>	<b>-</b>	<b>(4,159,945)</b>	<b>67,881,610</b>
<b>Expenses</b>												
Nursing	13,243,236	-	-	13,243,236	454,622	4,745,285	2,637,151	-	-	-	-	21,080,294
Dietary	5,662,467	-	-	5,662,467	-	419,073	1,460,237	-	-	-	-	7,541,777
Social services	1,230,934	-	-	1,230,934	-	290,495	270,605	-	-	-	-	1,792,034
Housekeeping and laundry	1,205,520	-	-	1,205,520	-	177,543	359,452	-	-	-	-	1,742,515
Plant operations	4,864,907	11,358	-	4,876,265	-	427,646	1,246,931	-	-	-	-	6,550,842
Real estate taxes	1,690,558	111,882	-	1,802,440	-	82,732	-	819	6,985	-	-	1,892,976
Utilities	1,833,948	99,740	-	1,933,688	-	171,793	358,034	-	7,277	-	-	2,470,792
Administrative	2,648,897	-	-	2,648,897	2	665,257	702,849	4,102,273	-	-	-	8,119,278
Management fee	3,457,219	346,358	(227,017)	3,576,560	30,561	89,505	456,178	-	7,141	-	(4,159,945)	-
Marketing	1,664,772	-	-	1,664,772	-	829	207,738	459,530	-	-	-	2,332,869
Depreciation	7,839,721	255,477	-	8,095,198	10,093	306,484	949,054	32,036	-	-	-	9,392,865
Interest	1,964,065	-	-	1,964,065	175	155,275	390,032	103	-	-	-	2,509,650
<b>Total expenses</b>	<b>47,306,244</b>	<b>824,815</b>	<b>(227,017)</b>	<b>47,904,042</b>	<b>495,453</b>	<b>7,531,917</b>	<b>9,038,261</b>	<b>4,594,761</b>	<b>21,403</b>	<b>-</b>	<b>(4,159,945)</b>	<b>65,425,892</b>
<b>Operating income (loss)</b>	<b>2,216,956</b>	<b>666,941</b>	<b>-</b>	<b>2,883,897</b>	<b>(118,248)</b>	<b>(317,709)</b>	<b>(178,391)</b>	<b>178,686</b>	<b>7,483</b>	<b>-</b>	<b>-</b>	<b>2,455,718</b>
<b>Other Income</b>												
Investment income	1,468,788	-	-	1,468,788	-	-	171,542	103,697	-	-	-	1,744,027
Contributions	674,236	-	-	674,236	-	-	50,293	-	-	-	-	724,529
Change in net unrealized gains on investments	1,192,687	-	-	1,192,687	-	-	193,530	161,886	-	-	-	1,548,103
Change in fair value of derivative financial instruments	393,027	-	-	393,027	-	-	-	-	-	-	-	393,027
Inherent Contribution Received In Affiliation	-	-	-	-	-	-	8,121,187	-	-	-	-	8,121,187
<b>Revenues in excess of (less than) expenses</b>	<b>5,945,694</b>	<b>666,941</b>	<b>-</b>	<b>6,612,635</b>	<b>(118,248)</b>	<b>(317,709)</b>	<b>8,358,161</b>	<b>444,269</b>	<b>7,483</b>	<b>-</b>	<b>-</b>	<b>14,986,591</b>
<b>Transfers (to) From Affiliates</b>	<b>(919,488)</b>	<b>(60,793)</b>	<b>-</b>	<b>(980,281)</b>	<b>-</b>	<b>980,281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets (deficit) without donor restrictions</b>	<b>\$ 5,026,206</b>	<b>\$ 606,148</b>	<b>\$ -</b>	<b>\$ 5,632,354</b>	<b>\$ (118,248)</b>	<b>\$ 662,572</b>	<b>\$ 8,358,161</b>	<b>\$ 444,269</b>	<b>\$ 7,483</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,986,591</b>

**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
<b>Assets</b>										
<b>Current Assets</b>										
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
<b>Investments</b>	19,552,977	-	-	19,552,977	-	-	4,551,870	-	-	24,104,847
<b>Assets Whose Use is Limited</b>										
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
<b>Property and Equipment, Net</b>										
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
<b>Derivative Financial Instrument</b>										
	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						
<b>Liabilities and Net Assets (Deficit)</b>									
<b>Current Liabilities</b>									
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)
<b>Long-Term Debt</b>	54,790,845	-	-	54,790,845	-	2,414,086	-	-	57,204,931
<b>Deposits From Prospective Residents</b>	5,814,491	-	-	5,814,491	-	-	-	-	5,814,491
<b>Refundable Entrance Fees</b>	5,466,415	-	-	5,466,415	-	-	-	-	5,466,415
<b>Deferred Revenue From Entrance Fees</b>	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)
<b>Net Assets (Deficit)</b>									
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)	\$ 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)

## 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						
<b>Revenues Without Donor Restrictions</b>										
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	469,384	215,767	-	685,151	1,866	602	436,922	12	-	1,124,553
Net assets released from restrictions used for operations	322,302	-	-	322,302	-	384	-	-	-	322,686
<b>Total revenues without donor restrictions</b>	<b>45,813,735</b>	<b>1,466,935</b>	<b>(211,590)</b>	<b>47,069,080</b>	<b>445,343</b>	<b>6,295,299</b>	<b>3,773,066</b>	<b>25,241</b>	<b>(3,344,022)</b>	<b>54,264,007</b>
<b>Expenses</b>										
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
<b>Total expenses</b>	<b>44,739,901</b>	<b>785,878</b>	<b>(211,590)</b>	<b>45,314,189</b>	<b>566,816</b>	<b>7,283,287</b>	<b>3,971,380</b>	<b>20,757</b>	<b>(3,344,022)</b>	<b>53,812,407</b>
<b>Operating income (loss)</b>	<b>1,073,834</b>	<b>681,057</b>	<b>-</b>	<b>1,754,891</b>	<b>(121,473)</b>	<b>(987,988)</b>	<b>(198,314)</b>	<b>4,484</b>	<b>-</b>	<b>451,600</b>
<b>Other Income</b>										
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 instrument	2,153,343	-	-	2,153,343	-	-	-	-	-	2,153,343
<b>Revenues in excess of (less than) expenses</b>	<b>5,309,135</b>	<b>681,057</b>	<b>-</b>	<b>5,990,192</b>	<b>(121,473)</b>	<b>(987,628)</b>	<b>(23,512)</b>	<b>4,484</b>	<b>-</b>	<b>4,862,063</b>
<b>Transfers (to) From Affiliates</b>	<b>(836,027)</b>	<b>(62,465)</b>	<b>-</b>	<b>(898,492)</b>	<b>-</b>	<b>898,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets (deficit) without donor restrictions</b>	<b>\$ 4,473,108</b>	<b>\$ 618,592</b>	<b>\$ -</b>	<b>\$ 5,091,700</b>	<b>\$ (121,473)</b>	<b>\$ (89,136)</b>	<b>\$ (23,512)</b>	<b>\$ 4,484</b>	<b>\$ -</b>	<b>\$ 4,862,063</b>

## Garden Spot Communities and Subsidiaries

Garden Spot Obligated Group Statement of Cash Flows  
Year Ended June 30, 2024

### Cash Flows From Operating Activities

Change in net assets	\$ 5,723,185
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,095,198
Amortization of deferred financing costs	56,382
Net realized and unrealized gains on investments	(1,462,495)
Deposits from prospective residents, net	1,499,439
Proceeds from nonrefundable entrance fees, existing units	9,080,487
Amortization of entrance fees	(10,193,538)
Restricted contributions	(59,544)
Change in fair value of derivative financial instruments	(393,027)
Change in assets and liabilities:	
Accounts receivable, residents and other	(392,727)
Prepaid expenses and other current assets	301,583
Due from affiliates	(1,101,134)
Accounts payable, trade	(61,526)
Accrued expenses	114,055
Deferred grant revenue	38,275
Net cash flows provided by operating activities	<u>11,244,613</u>

### Cash Flows From Investing Activities

Purchase of property and equipment	(5,066,015)
Proceeds from sales of investments and assets whose use is limited	3,760,258
Purchases of investments and assets whose use is limited	<u>(5,091,467)</u>
Net cash flows used in investing activities	<u>(6,397,224)</u>

### Cash Flows From Financing Activities

Proceeds from lines of credit, net	640,888
Repayment of long-term debt	(3,055,534)
Proceeds from refundable entrance fees, existing units	923,880
Refunds of entrance fees	(1,542,789)
Restricted contributions	59,544
Net cash flows used in financing activities	<u>(2,974,011)</u>
Net change in cash and cash equivalents	1,873,378

### Cash and Cash Equivalents, Beginning

8,418,160

### Cash and Cash Equivalents, Ending

\$ 10,291,538

### Supplemental Disclosure of Cash Flow Information

Interest paid	<u>\$ 1,908,359</u>
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### Supplemental Disclosure of Noncash Investing and Financing Activities

Obligations incurred for the acquisition of property and equipment	<u>\$ 823,295</u>
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## Garden Spot Communities and Subsidiaries

Frederick Living Statement of Cash Flows  
Year Ended June 30, 2024

### Cash Flows From Operating Activities

Change in net assets	\$ 253,665
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	949,054
Net realized and unrealized gains on investments	(286,711)
Deposits from prospective residents, net	59,910
Proceeds from nonrefundable entrance fees, existing units	611,432
Amortization of entrance fees	(874,421)
Valuation gain, beneficial interest in perpetual trusts	(15,479)
Change in assets and liabilities:	
Accounts receivable, residents and other	574,674
Prepaid expenses and other current assets	313,088
Due from affiliates	437,975
Accounts payable, trade	(927,398)
Accrued expenses	289,112
	<hr/>
Net cash flows provided by operating activities	1,384,901

### Cash Flows From Investing Activities

Cash and cash equivalents received in membership affiliation	280,657
Purchase of property and equipment	(688,452)
Proceeds from sales of investments and assets whose use is limited	1,588,699
Purchases of investments and assets whose use is limited	(1,601,653)
	<hr/>
Net cash flows used in investing activities	(420,749)

### Cash Flows From Financing Activities

Repayment of long-term debt	(348,410)
Proceeds from refundable entrance fees, existing units	257,170
Refunds of entrance fees	(373,441)
	<hr/>
Net cash flows used in financing activities	(464,681)
	<hr/>
Net change in cash and cash equivalents	499,471

### Cash and Cash Equivalents, Beginning

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### Cash and Cash Equivalents, Ending

\$ 499,471

### Supplemental Disclosure of Cash Flow Information

Interest paid	\$ 317,075
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Garden Spot Communities  
and Subsidiaries  
Budgeted Operations

Garden Spot Obligatories

	<b>Budget</b>
	<b>2024-2025</b>
Revenue- Accommodation	41,102,132
Revenue- Therapy Charges	1,319,000
Revenue - Ancillary Charges	152,000
Revenue - Other Care Services	268,350
Other Operating Revenue - Resident Services	816,283
Dining Service Revenues	2,014,283
Rental Revenues	1,602,694
Entrance Fee Amortization Revenue	9,284,832
Management Fee Revenue	8,000
Other Operating Revenue	118,000
Benevolent Contributions - Operating Offset	<u>278,560</u>
TOTAL OPERATING REVENUES	56,964,134
Provision for Bad Debts	20,000
Adjust Accommodation - Pay as you Go Allowance	250,130
Adjust Accommodation - Meal Plan Allowance	943,900
Contractual Allowance - Accommodation	1,478,068
Contractual Allowance - Ancillary	955,100
Sequestration Adjustment	35,000
Other Adjustment - Medicaid Supplemental Payments	0
Contractual Allowance - Adult Day Services	21,148
Other Adjustment - Benevolent Care	747,520
Other Adjustment - Coupon/Comp/Courtesy Allowance	<u>41,000</u>
TOTAL CONTRACTUAL & OTHER ADJUSTMENT	4,491,866
NET OPERATING REVENUE	<u><u>52,472,268</u></u>
Operating Expenses - Salaries and Wages	16,726,351
Operating Expenses - Benefits	4,099,406
Operating Expenses - Staff Costs	565,488
Operating Expenses - Professional Fees	1,409,285
Operating Expenses - Legal Fees	83,250
Operating Expenses - Management Fees	3,572,479
Operating Expenses - IT Services	2,127,464
Operating Expenses - Therapy Services	575,500
Operating Expenses - Pharmacy Services	114,925
Operating Expenses - Lab Services	25,000
Operating Expenses - Radiology Services	10,000
Operating Expenses - Ancillary/Other Care Services	296,047
Operating Expenses - Sales and Marketing	678,930



Garden Spot Communities  
and Subsidiaries  
Budgeted Operations

Garden Spot Obligatory

	<b>Budget</b>
	<b>2024-2025</b>
Operating Expenses - Food Costs	2,169,817
Operating Expenses - Events	261,060
Operating Expenses - Supplies/Equipment	1,748,814
Operating Expenses - Office Expenses	152,883
Operating Expenses - Government Expenses	206,000
Operating Expenses - Licenses/Dues/Subscriptions	112,047
Operating Expenses - Other Expenses	1,225
Operating Expenses - Repairs & Maintenance	1,367,398
Operating Expenses - Refurbishments	195,000
Operating Expenses - Insurance	663,374
Operating Expenses - Property Taxes	1,849,516
Operating Expenses - Utilities	<u>1,679,600</u>
TOTAL OPERATING EXPENSE	40,690,858
Operating Expenses - Depreciation	8,441,790
Operating Expenses - Interest Expense	<u>2,053,169</u>
TOTAL FIXED EXPENSE	<u>10,494,959</u>
TOTAL OPERATING AND FIXED EXPENSE	<u>51,185,817</u>
TOTAL OPERATING INCOME (LOSS)	<u><u>1,286,451</u></u>

# Personalized Plans to Fit Your Needs

<b>SYCAMORE SPRINGS</b>	<b>HOME SIZE</b> Approx. Square Feet	<b>Entrance Fee</b> 4 Year Refund	<b>Entrance Fee</b> 8 Year Refund	<b>Entrance Fee</b> 75% Refund	<b>Monthly Fee</b> Single Occupancy	<b>Monthly Fee</b> Double Occupancy
The Linden — Type 1 (1 car)	1,300 sq ft	\$312,900	\$328,900	\$599,900	\$1,846	\$2,040
The Linden — Type 2 (2 car)	1,300 sq ft	\$322,900	\$338,900	\$618,900	\$1,884	\$2,078
The Jackson — Type 1 (1 car)	1,400 sq ft	\$320,900	\$336,900	\$614,900	\$1,911	\$2,105
The Jackson — Type 2 (2 car)	1,400 sq ft	\$329,900	\$346,900	\$631,900	\$1,947	\$2,141
*The Kraybill — Types 1, 2 & 3 (2 car)	1,600 sq ft	\$359,900	\$377,900	\$689,900	\$2,149	\$2,343
The Weaver — Type 1 (1 car)	2,000 sq ft	\$399,900	\$419,900	\$765,900	\$2,265	\$2,459
*The Weaver — Types 2 & 3 (2 car)	2,000 sq ft	\$420,900	\$441,900	\$805,900	\$2,563	\$2,757
The Kinzer — Type 1 (2 car)	2,800 sq ft	\$475,900	\$499,900	\$911,900	\$2,798	\$2,992

## CARRIAGE HOMES

Standard Center	1,300 sq ft	\$280,900	\$294,900	\$537,900	\$2,008	\$2,202
Standard End 1 Car	1,600 sq ft	\$332,900	\$349,900	\$637,900	\$2,143	\$2,337
Standard End 2 Car	1,600 sq ft	\$344,900	\$362,900	\$660,900	\$2,179	\$2,373
Deluxe Center	1,500 sq ft	\$296,900	\$311,900	\$568,900	\$2,072	\$2,266
Deluxe End 1 Car with Loft	2,000 sq ft	\$382,900	\$401,900	\$733,900	\$2,412	\$2,606
Deluxe End 2 Car with Loft	2,000 sq ft	\$410,900	\$431,900	\$786,900	\$2,505	\$2,699

## COTTAGES

Standard Center	1,100 sq ft	\$238,900	\$250,900	\$457,900	\$1,656	\$1,824
Standard End	1,150 sq ft	\$258,900	\$271,900	\$495,900	\$1,740	\$1,908
Deluxe Center	1,250 sq ft	\$270,900	\$284,900	\$518,900	\$1,811	\$1,979
Deluxe End	1,300 sq ft	\$292,900	\$307,900	\$560,900	\$1,846	\$2,014

## VILLAGE SQUARE

Wingate	886 sq ft	\$195,900	\$205,900	\$375,900	\$1,900	\$2,514
Hamlin I - 2 BR	1,300 sq ft	\$302,900	\$317,900	\$579,900	\$2,352	\$2,966
Halstead I - 2 BR	1,300 sq ft	\$302,900	\$317,900	\$579,900	\$2,352	\$2,966
Ardley I - 2 BR w/Den	1,400 sq ft	\$327,900	\$344,900	\$627,900	\$2,482	\$3,096
Atworth I - 2 BR w/Den	1,400 sq ft	\$327,900	\$344,900	\$627,900	\$2,470	\$3,084
**Hamlin II - 2 BR	1,450 sq ft	\$335,900	\$352,900	\$643,900	\$2,492	\$3,106
**Halstead II - 2 BR	1,450 sq ft	\$335,900	\$352,900	\$643,900	\$2,506	\$3,120
***Ardley II - 2 BR w/Den	1,500 sq ft	\$375,900	\$394,900	\$719,900	\$2,627	\$3,241
***Atworth II - 2 BR w/Den	1,500 sq ft	\$375,900	\$394,900	\$719,900	\$2,626	\$3,240
***Ellsworth II - 3 BR	1,900 sq ft	\$418,900	\$439,900	\$802,900	\$2,831	\$3,445

## GARDEN APARTMENTS

Studio I	488 sq ft	\$85,900	\$90,900	\$164,900	\$1,675	\$2,269
Studio II	560 sq ft	\$90,900	\$95,900	\$174,900	\$1,675	\$2,269
1 BR	725 sq ft	\$135,900	\$142,900	\$260,900	\$1,795	\$2,389
1 BR w/Den	875 sq ft	\$198,900	\$208,900	\$380,900	\$1,947	\$2,541
2 BR Standard	975 sq ft	\$218,900	\$229,900	\$419,900	\$2,022	\$2,616
2 BR Deluxe	1,075 sq ft	\$245,900	\$258,900	\$470,900	\$2,099	\$2,693
2 BR Deluxe Suite	1,100 sq ft	\$282,900	\$296,900	\$541,900	\$2,121	\$2,715

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, 2024. Prices are subject to change.

# Garden Spot Village Entrance Fee

## Refund Amortization 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.

<b>AMORTIZATION BASIS</b>	<b>4 Year Refund 2% / Month 24% / Year</b>	<b>8 Year Refund 1% / Month 12% / Year</b>	<b>75% Refund 1% / Month until 75%</b>
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.