



Foxdale Village

A Quaker-Directed Continuing Care Retirement Community



Resident Disclosure Statement

Under Pennsylvania Act 82

June 30, 2022

Note: Issuance of a Certificate of Authority by the Pennsylvania Insurance Department does not constitute approval, recommendation or endorsement of Foxdale Village Corporation by the department, nor does it attest to the accuracy or completeness of the information set out in this disclosure statement.

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RESIDENT DISCLOSURE STATEMENT
(Section 151.7 of Regulations)

Information Summary

(1) **Facility**

Foxdale Village Corporation
500 East Marylyn Avenue
State College, Pennsylvania 16801-6269

(2) **Licensed Provider**

Foxdale Village Corporation
500 East Marylyn Avenue
State College, Pennsylvania 16801-6269

(3) **Contact Person for Admissions**

Lisa Harrington
500 East Marylyn Avenue
State College, Pennsylvania 16801-6269
(814)-238-3322
(800) 253-4951
lharrington@foxdalevillage.org

(4) **Description of Physical Property of the Facility**

Foxdale Village is a suburban retirement community occupying 23 acres on the edge of the Borough of State College, Pennsylvania. The Community's residential living facilities consist of 148 single-level, ranch-style cottages and 57 single-level apartments in a three-story building. These units range in size from 635 square feet to 1450 square feet. In addition, there is a community center with full dining and recreational facilities. Adjacent to the Community Center Building is the healthcare wing with 46 nursing care rooms and 55 personal care rooms.

(5) **Minimum Age for Admission**

The minimum age for admission into a residential living unit is sixty-two years of age.

There is no minimum entry age for individuals entering our personal care or skilled nursing facilities.

(6) Affiliation with Religious Organization

The concept of Foxdale Village originated among members of the State College Friends Meeting. Although Foxdale Village is an independent corporation with no formal ties to State College Friends Meeting, a majority of the regular members of the Board of Trustees must be members of the Religious Society of Friends. Individuals otherwise qualified will be admitted to Foxdale regardless of race, color, national origin, familial status, ancestry, sex, sexual orientation, gender identity, religion, handicap or disability.

(7) Resident Population

As of June 30, 2022 there were 263 residents living in the residential living area, 42 residents living in personal care, and 42 residents living in skilled nursing at Foxdale Village, for a total of 347 residents.

(8) Sample Fees

Effective July 1, 2022, our fees for a one-bedroom cottage under a Lifecare agreement, not including meals are:

<u>Unit</u>	<u>Entrance Fees</u>	<u>Monthly Charge</u>
One bedroom cottage (845 sq. ft.)		
Single occupancy	193,500	3,563
Double occupancy	226,500	4,978

(9) Loan Agreements

The details of Foxdale Village's outstanding loan agreements may be found on pages 20 and 21 of the financial statements, which are attached to the back of the disclosure statement.

Responses to Section 7 of Pennsylvania Act 82 of June 18, 1984.

The numbers correspond to the paragraphs of Section 7(a) which list the requirements for this disclosure statement.

(1) The Provider

Foxdale Village Corporation
500 East Marylyn Avenue
State College, Pennsylvania 16801-6269

Foxdale Village is a not-for-profit Pennsylvania corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

(2) Board of Trustees

No officer, trustee, nor any other person had any equity or beneficial interest in the Provider.

Lorna Arocena	1219 South Pugh Street, State College, PA 16801
Marsha Bartlett	403 Outer Drive, State College, PA 16801
Glenn Carter	500 E. Marylyn Ave., B-24, State College, PA 16801
Sabrina Chapman	500 E. Marylyn Ave, L-197, State College, PA 16801
Nancy Eaton	500 E. Marylyn Ave., I-135, State College, PA 16801
Eric Ian Farmer	105 Shrineview Avenue, Apartment A, Boalsburg, PA 16827
Grace Hampton	175 Sandy Ridge Road, State College, PA 16801
Katy Lumley-Sapanski	400 Raspberry Lane, Bellefonte, PA 16823
Ken Martin	105 Irish Hollow Road, Bellefonte, PA 16823
Rob Nicholas	1316 South Pugh Street, State College, PA 16801
Beth Resko	126 Limerock Terrace, State College, PA 16801
Tom Schrack	332 Glengarry Lane, State College, PA 16801
Selden Smith	959 Crabapple Drive, State College, PA 16801
Mick Smyer	134 Victoria Lane, Lewisburg, PA 17837
Connie Wheeler	221 Limestone Drive, Bellefonte, PA 16823

(3) Further information concerning Foxdale Village as the Provider Agency and its Board of Trustees:

(A) Business experience of the provider and Board members in the operation of facilities similar to Foxdale:

The Board of Trustees consists of individuals that possess a wide variety of experience in the business community, with some members having specific experience in the health care and service-oriented sectors. The Board also has three members who are residents of Foxdale Village.

- (B) The names and addresses of any business organizations in which the provider or Board members may hold a 10% or greater interest and which will or may provide goods, leases or services to the facility of a value of \$500 or more within any year, and specific information about any such services:

None

- (C) A description of certain types of criminal, civil or administrative charges, convictions, injunctions, or suspensions of licenses:

None

(4) Affiliation of the provider with a religious organization

(i & ii) The concept of Foxdale Village originated among members of the State College Friends Meeting. Although it is an independent corporation with no formal ties to State College Friends Meeting, the majority of the regular members of the Board of Trustees must be members of the Religious Society of Friends. Individuals otherwise qualified will be admitted to Foxdale Village regardless of race, color, national origin, familial status, ancestry, sex, sexual orientation, gender identity, religion, handicap or disability. Foxdale Village is a member of Friends Services Alliance, a group of life-care communities and other Quaker organizations serving the elderly in the United States.

- (iii) The State College Friends Meeting is in no way responsible for the financial or contractual obligations of Foxdale Village.
- (iv) Foxdale Village has been granted tax-exempt status under Section 501(c)(3) of the Federal Internal Revenue Code.

(5) Location and Description of Physical Property of Facility

Foxdale Village is a suburban retirement community occupying 23 acres on the edge of the Borough of State College, Pennsylvania. The Community's residential living facilities consist of 148 single-level, ranch-style cottages, and 57 single-level apartments in a three-story building. These units range in size from 635 square feet to 1450 square feet. In addition, there is a community center with full dining and recreational facilities. Adjacent to the Community Center Building is the healthcare facility with 46 nursing care rooms and 55 personal care rooms.

(6) Services Provided

Continuing health care services are available with the approval of the community physician.

Residential living services and amenities included at no additional charge as part of the monthly fee are as follows:

- Basic window coverings and wall-to-wall carpeting or tile
- Bathrooms with grab bars, tubs and showers
- Modern kitchen with standard appliances including a microwave

- Housekeeping services
 - Washer and dryer in each apartment/cottage
 - Area pick-up service of trash and garbage
 - Sunroom
 - Patio gardens for flowers and vegetables
 - 24-hour emergency call system
 - Ample lighted parking areas
 - Maintenance and supervision of all buildings
 - Landline telephone services including long distance service
 - High definition / digital TV service
 - Campus-wide WIFI internet access
 - Free public transportation to Penn State University and downtown State College
 - Medical bill management
 - Transportation to grocery stores on scheduled dates and times
 - Transportation to medical appointments within a fifteen-mile radius
 - Access to wellness center amenities and classes including those offered in the therapy pool
 - Individually controlled and metered electric air conditioning and heating units*
- * Cottage residents are responsible for their electric bill. This service is included in the apartment building.

Personal Care (Darlington House) services included at no additional charge as part of the monthly healthcare fee are as follows:

- Housekeeping and maintenance services
- Personal care services determined by the Medical Director in consultation with the resident's personal physician
- 24-hour emergency call service
- Use of self-service laundry facilities for personal laundry
- Medical bill management
- Free public transportation to Penn State University and downtown State College
- Transportation to grocery stores on scheduled dates and times
- Transportation to medical appointments within a fifteen-mile radius
- Life Enrichment services
- Landline telephone services including long distance service
- High definition / digital TV service
- Campus-wide WIFI internet access
- Access to a common kitchen and greenhouse
- Access to Wellness Center amenities and classes including those offered in the therapy pool

Skilled Nursing Care (Anthony House) services included at no additional charge as part of the monthly healthcare fee are as follows:

- Housekeeping and maintenance services
- 24-hour general nursing care
- Skilled care services determined by the Medical Director in consultation with the resident's personal physician
- Use of self-service laundry facilities for personal laundry
- Medical bill management
- Free public transportation is available to Penn State University and downtown State College
- Transportation to grocery stores on scheduled dates and times
- Transportation to medical appointments within a fifteen-mile radius
- Life Enrichment services
- Landline telephone services including long distance service
- High definition / digital TV service
- Campus-wide WIFI internet access
- Access to Wellness Center amenities and classes including those offered in the therapy pool

Community Building services for all at no charge are as follows:

- Use of the meeting room, auditorium, library, and recreational space
- Resident Association which plans social, recreational and community activities
- Craft areas for activities such as art, weaving, woodworking, etc.
- Near-by shops, supermarket, restaurants and banks
- Use of the Wellness Center and Therapy Pool, along with scheduled classes

The following services are available at extra cost across all levels of care:

- Private dining room & catering for special occasions
- Reserved carports available on the grounds (no charge for open parking)
- Storage units – One storage unit is included in the monthly fee for Anthony and Darlington House at no additional charge.
- Chiropractic, Massage Therapy, Acupuncture and other services, through contracted providers
- Guest meals and guest rooms for overnight accommodations
- Resident-operated gift shop
- Beauty Shop/Barber Shop
- Transportation to many nearby cultural, educational and recreational activities is available both in town and on the campus of Penn State
- Laundry services
- Transportation to medical appointments further than fifteen miles from campus
- Physician services
- Physical, occupational, speech and language therapy
- Dietician services (per consultation)
- Personal care items
- Personalized training sessions with a Wellness Specialist
- Electric Vehicle (EV) Charging Stations on Campus

(7) Fees

See pages 9, 10, and 11. Please note the following:

*Residents residing in personal care or skilled nursing are provided with 3 meals a day at no additional charge. Residents residing in apartments/cottages have the flexibility of eating meals as often or as little as they choose. Apartment and cottage residents are charged on a per meal and a la carte basis when they eat in one of the Foxdale venues.

**Additional entrance fee plans are available for a premium including plans with a guaranteed refund of 50% and 90% of the original entrance fee. Please ask our Residency Planning Counselors if you are interested in one of these options

Fees are subject to change as the costs of providing services changes due to inflation and other factors.

Contract Types

Lifecare: Foxdale Village currently offers residents a Lifecare Contract. This contract includes what is essentially long-term care insurance and is designed to provide residents with the assurance that their healthcare, if needed, does not result in a large increase in their monthly fees. With Lifecare, the resident(s) pay upfront for future healthcare costs so that when a healthcare room is required, the care is provided at rates which are lower than the direct admission/Fee-for-Service rates. These lower rates apply for as long as the resident needs healthcare. The rates for this type of contract are provided on page 9 and 10.

Fee-for-Service: Foxdale Village also offers a Fee-for-Service contract. Unlike the Lifecare Contract, residents on a Fee-for-Service contract pay the full daily/direct admission charge if they need to use a room in the healthcare area on a temporary or permanent basis. Residents under this agreement pay less in the entrance fee and the monthly fee when residing in a cottage/apartment but substantially more when using a healthcare room. This contract offers no long-term care insurance to residents and places the entire cost of healthcare on the resident. The rates for this type of contract can be found on page 11.

Direct Admission: Foxdale Village offers individuals the option of moving directly into our Personal Care or Skilled Nursing unit. Currently, the daily rates for these units are:

Darlington House Room (Personal Care): \$217 - \$262 per day

Anthony House Room (Skilled Nursing Care): \$431 per day

Please contact our Residency Planning Department for more information related to the contract options.

Fee Schedule July 1, 2022 to June 30, 2023

ENTRANCE FEES AND MONTHLY FEES



Apartments J-149 to L-205 in 3-story attached apartment building

Apartment Size	# of units of this size	Square Footage	Occupancy	Lifecare Entrance Fee	Lifecare Monthly Fee	Fee-For-Service Entrance Fee	Fee-For-Service Monthly Fee
Pine 1 Bedroom	3	900 sq. ft.	Single	\$238,200	\$4,003	\$188,900	\$2,803
Elm and Maple 1 Bedroom and Den	10 Elm 11 Maple	1050 sq. ft.	Single	\$316,300	\$4,345	\$250,600	\$3,042
Birch and Walnut 2 Bedroom	5 Birch 11 Walnut	1200 sq. ft.	Single	\$395,600	\$4,786	\$313,600	\$3,350
Hemlock 2 Bedroom and Den	6	1350 sq. ft.	Single	\$441,800	\$5,347	\$350,100	\$3,744
Oak Two Bedroom with Sunroom	11	1450 sq. ft.	Single	\$472,200	\$5,743	\$374,300	\$4,021
			Second Person For All Floorplans	Add \$33,000	Add \$1,415	Add \$20,000	Add \$990

FOXDALE VILLAGE MEAL PRICING: Meal prices are based on a per-meal cost and residents are charged only for meals purchased in the previous calendar month. Residents may pay for guests on their accounts. Alternatively, guests may pay for meals using a credit card. Special dining events may have an additional charge and many options are available a la carte.

Resident Meal Rates	Guest Meal Rates
Breakfast	\$8.00
Lunch	\$10.50
Dinner	\$10.50

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Fee Schedule July 1, 2022 to June 30, 2023

ENTRANCE FEES AND MONTHLY FEES



Cottage Homes A-1 to I-148 in neighborhoods A through I

Cottage Size	# of units of this size	Square Footage	Occupancy	Lifecare Entrance Fee	Lifecare Monthly Fee	Fee-For-Service Entrance Fee	Fee-For-Service Monthly Fee
Ash Studio	3	635 sq. ft.	Single Only	\$112,500	\$3,178	\$89,100	\$2,180
Chestnut One Bedroom	34	845 sq. ft.	Single	\$193,500	\$3,563	\$153,300	\$2,494
Hickory One Bedroom with Den*	30	1037 sq. ft.	Single	\$273,400	\$3,946	\$231,000	\$2,764
Dogwood Two Bedroom, One Bath*	32	1041 sq. ft.	Single	\$273,400	\$3,946	\$231,000	\$2,764
Sycamore Two Bedroom, Two Bath	49	1181 sq. ft.	Single	\$350,100	\$4,343	\$277,400	\$3,039
			Second Person For All Floorplans (except Ash)	Add \$33,000	Add \$1,415	Add \$20,000	Add \$990

* A half-bath increases the entrance fee by \$17,500.

Entrance fees and monthly fees are subject to change as the cost of providing services changes due to inflation or other factors. The entrance fee serves many community purposes, some of which include: initial construction, retirement of long-term debt, repair and replacement funding. For residents on a Lifecare contract, the amount applied to ensure the future cost of the resident's health care is described in the Resident Continuing Care Agreement. For both Lifecare and Fee-for-Service contracts, the monthly fees are adjusted each year to cover the levels of programs and services provided on a daily basis throughout the Foxdale Village community. Foxdale Village also has an Entrance Fee Assistance Program for qualified applicants. Lifecare fees may have a tax benefit associated with them (IRS Pub. 502). Please consult your tax preparer and/or financial planner.

REFUNDABLE OPTIONS: Two refundable entry fee plans are available to prospective residents under 80 years of age. *The Refundable Plan* will have a minimum guaranteed refund of 50% (add 35% to Classic Entrance Fees) and the *Estate Preservation Plan* will have a minimum guaranteed refund of 90% (add 90% to Classic Entrance Fees).

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Fee Schedule July 1, 2022 to June 30, 2023

HEALTHCARE FEES

Includes 3 meals a day



Lifecare Resident Healthcare Fees

	# of units	Square Footage	Occupancy	Monthly Fee based on 31-day month (Includes meals)	Average Daily Fee (Includes Meals)
Darlington House	55				
Personal Care Room		200 sq. ft.	Single	\$4,470	\$144
Anthony House	46				
Licensed Nursing Room		200 sq. ft.	Single	\$4,707	\$152
Memory Support Room		200 sq. ft.	Single	\$4,826	\$156

Under the Lifecare Contract if a resident occupies a health center room and an independent living unit for *more than* a 90-day period without a break in stay of at least two weeks straight, the resident will be required to pay both the published rate for the healthcare room and the published rate for the independent living unit they occupy until one of them is vacated. Stays of *less than* 90 days do not incur additional residential fees and a continuous two-week break in stay resets the 90-day calendar.

Fee-For-Service Resident Healthcare Fees

	# of units	Square Footage	Occupancy	Monthly Fee based on 31-day month (Includes meals)	Daily Fee (Includes Meals)
Darlington House	55				
Personal Care Room		200 sq. ft.	Single	\$6,727-\$8,122	\$217 to \$262
Anthony House	46				
Licensed Nursing Room		200 sq. ft.	Single	\$13,361	\$431

Residents requiring healthcare services in either Anthony or Darlington House are required to pay the Daily Per Diem Rate for each day they occupy a healthcare room. This applies to residents occupying a room on either a temporary or permanent basis. These charges will also be levied for residents who are holding a room for potential future use. The resident will be required to pay for all locations they occupy. This includes the Second Person Fee until that resident no longer resides in both locations. Any remaining resident living in a cottage or apartment will be required to pay the Single Occupancy Monthly Fee as long as he/she resides in that unit.

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Fee Increases

The following shows increases on a one bedroom with den cottage unit under a Lifecare Agreement.

<u>Increase Effective Date</u>	<u>Fee</u>	<u>Increase Amount</u>	<u>Percent</u>
July 1, 2022	\$3,946	\$223	6.0%
July 1, 2021	\$3,723	\$108	3.0%
July 1, 2020	\$3,615	\$71	2.0%
July 1, 2019	\$3,544	\$52	1.5%
July 1, 2018	\$3,492	\$65	1.9%

Rate Changes

Fees may be adjusted from time to time as the cost of services change due to factors such as increased costs of labor, staff benefits, food, energy, and medical care; greater need for nursing care; and/or changes in the earnings of investments. Under ordinary circumstances, these adjustments are announced in April and are effective on the first day of July, the first month of the fiscal year. While extremely rare there may be occasions when fees may need to be adjusted at other intervals. In such cases, the Community provides a 60-day notice to residents.

8) Applying for Admission to Foxdale Village

Applying for Entrance into Foxdale Village Under a Lifecare Agreement

The first step when applying for entrance into Foxdale Village is to join the Foxdale Village Priority List by submitting a Priority List Agreement along with a check for \$1,200.00 (for a single person or a couple), of which \$1,000.00 is refundable.

While some applicants may wish to move into Foxdale Village right away (providing immediate availability is possible), others may prefer to wait several years. To identify applicants who are ready to move into Foxdale and to expedite the admissions process, the Ready List was formed. The Ready List contains the names of applicants who are actively completing the admissions process and who wish to enter Foxdale as soon as possible. For final approval and admission, prospective residents must have a medical and financial evaluation. Each applicant is reviewed for admission by an interdisciplinary team.

The Ready List order is determined by an applicant's Priority List deposit date.

Having one's name on the Priority List does not guarantee admission to Foxdale Village. Admission approval is made at the sole discretion of Foxdale Village Management.

When an offer for a unit is made and accepted by the applicant, they submit a completed Reservation Agreement along with a \$20,000 deposit. This removes the cottage/apartment from available inventory and begins a 90-day timeframe to complete the admissions process. The balance of the Entrance Fee is due at the end of this 90-day period or when the resident moves into the unit, whichever comes first. Monthly fees begin accruing at the end of the 90-day period or at the time of move-in, whichever comes first.

9) **Reserve funding**

A reserve fund of \$2,655,000 as of June 30, 2022 is established as required by Pennsylvania law (Section 9 of Act 1984-82).

10) **Pro forma income statement for the next fiscal year**

Foxdale Village Corporation Income Statement				
	June 30, 2022			June 30, 2023
	Budgeted	Actual	Favorable (Unfavorable) Variance	Budgeted
Operating Revenue				
Net resident service revenue	17,507,668	17,271,751	(235,917)	18,880,710
Amortization of entrance fees	3,969,093	3,927,790	(41,303)	3,850,000
Other revenues	207,000	256,276	49,276	155,000
Net assets released from restrictions	141,000	228,732	87,732	140,000
Total Operating Revenue	21,824,761	21,684,549	(140,212)	23,025,710
Operating Expenses				
Healthcare	7,802,566	7,242,458	560,108	7,975,093
Depreciation & Amortization	2,831,498	3,127,789	(296,291)	2,980,524
Plant Operations	2,653,183	2,808,047	(154,864)	2,901,175
Dietary	2,980,467	2,882,049	98,418	3,158,729
General and administrative	2,847,712	2,791,268	56,444	2,896,989
Interest	1,208,540	1,268,981	(60,441)	1,156,409
Housekeeping and Laundry	1,693,320	1,470,257	223,063	1,943,456
Total Operating Expenses	22,017,286	21,590,849	426,437	23,012,375
Operating Income (Loss)	(192,525)	93,700	286,225	13,335
Non-Operating Income				
Interest, dividends, and capital gain distrib	550,000	648,763	98,763	550,000
Net realized gain on sales of investments		7,349,278	7,349,278	
Net unrealized gain (loss) on investments	-	(12,689,307)	(12,689,307)	
Unrestricted contributions		125,797	125,797	
Total Non-Operating Income	550,000	(4,565,469)	(5,115,469)	550,000
Excess of Revenue Over Expenses	357,475	(4,471,769)	(4,829,244)	563,335

Notes to the actual to the budget presentation for the 2021/2022 fiscal year and the 2022/2023 budget

The Covid-19 pandemic continued to have an impact on census, particularly in personal care with lower than expected admissions. Marketing efforts have been undertaken to improve healthcare census. In addition, expenses were less than expected which provided the corporation, at the end of fiscal year, with an operating gain of \$93,700.

The non-operating income was less than budget during the year as a result of the volatility in the financial markets. Unrealized losses contributed to a non-operating income loss of \$4,565,469.

The fiscal year 2022/2023 budget projects census levels will return to pre-Covid levels and Foxdale Village will end fiscal year 2022/2023 with an operating income of \$13,335.


Please contact our Chief Financial Officer, Deborah Shughart, at 814-272-2114 or email her at dshughart@foxdalevillage.org, if you would like to discuss the financial picture at Foxdale in further detail.



Foxdale Village Corporation

Financial Statements and Supplementary Information

June 30, 2022 and 2021



Foxdale Village Corporation

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June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Trustees
Foxdale Village Corporation
State College, Pennsylvania

Opinion

We have audited the financial statements of Foxdale Village Corporation (the Corporation), which comprise the balance sheet as of June 30, 2022 and 2021, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial statements for the year ended June 30, 2021 have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 financial statements as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RKL LLP

October 24, 2022
Lancaster, Pennsylvania

Foxdale Village Corporation

Balance Sheet

	June 30,	
	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 49,029	\$ 302,369
Accounts receivable		
Residents	343,338	411,551
Other	1,466	2,234
Notes receivable - residents	463,713	150,000
Prepaid expenses	323,189	282,430
Total Current Assets	1,180,735	1,148,584
Investments	23,469,616	30,072,797
Assets Whose Use is Limited		
Board-designated	1,895,050	2,065,351
Donor-restricted	6,560,160	7,797,157
Statutory minimum liquid reserve requirement	2,655,000	2,655,000
Held by trustee under trust indenture for unemployment benefit claims	82,972	70,332
Total Assets Whose Use is Limited	11,193,182	12,587,840
Property and Equipment, Net	57,285,551	55,717,491
Other Assets	96,022	91,657
Beneficial Interest in Perpetual Trust	189,435	224,425
Total Assets	\$ 93,414,541	\$ 99,842,794

Foxdale Village Corporation

Balance Sheet (continued)

	June 30,	
	2022	2021
<i>Liabilities and Net Assets</i>		
Current Liabilities		
Current portion of long-term debt	\$ 1,452,030	\$ 1,399,715
Accounts payable	307,219	234,277
Accrued expenses	1,134,062	1,252,240
Lines of credit	1,500,250	-
Unearned resident fees	466,455	412,812
Total Current Liabilities	4,860,016	3,299,044
Long-Term Debt, Net of Current Portion and Unamortized Deferred Financing Costs	30,989,213	32,441,243
Deferred Payroll Taxes	-	129,919
Refundable Deposits	417,000	52,600
Refundable Entrance Fees	1,148,248	1,312,624
Deferred Revenues from Entrance Fees	25,599,721	26,478,810
Total Liabilities	63,014,198	63,714,240
Net Assets		
Without donor restrictions	23,614,368	28,086,137
With donor restrictions	6,785,975	8,042,417
Total Net Assets	30,400,343	36,128,554
Total Liabilities and Net Assets	\$ 93,414,541	\$ 99,842,794

See accompanying notes.

Foxdale Village Corporation

Statement of Operations

	Years Ended June 30,	
	2022	2021
Unrestricted Revenues		
Net resident service revenues	\$ 17,271,751	\$ 17,023,020
Amortization of entrance fees	3,927,790	3,432,819
Other revenues	256,276	199,196
Net assets released from restrictions	228,732	236,713
Total Unrestricted Revenues	21,684,549	20,891,748
Operating Expenses		
Healthcare	7,242,458	7,523,863
Depreciation	3,127,789	3,058,425
Plant operations	2,808,047	2,613,192
Dietary	2,882,049	2,628,218
General and administrative	2,791,268	2,934,097
Interest	1,268,981	1,319,271
Housekeeping and laundry	1,470,257	1,526,328
Total Operating Expenses	21,590,849	21,603,394
Operating Income (Loss)	93,700	(711,646)
Other Changes in Net Assets without Donor Restrictions		
Interest, dividends, and capital gain distributions	648,763	356,666
Net realized gain on sales of investments	7,349,278	1,690,904
Net unrealized gain (loss) on investments	(12,689,307)	5,580,130
Unrestricted contributions of long-lived assets	125,797	101,500
Total Other Changes in Net Assets without Donor Restrictions	(4,565,469)	7,729,200
Changes in Net Assets without Donor Restrictions	\$ (4,471,769)	\$ 7,017,554

Foxdale Village Corporation**Statement of Changes in Net Assets**

	Years Ended June 30,	
	2022	2021
Net Assets without Donor Restrictions		
Changes in net assets without donor restrictions	<u>\$ (4,471,769)</u>	<u>\$ 7,017,554</u>
Net Assets with Donor Restrictions		
Interest, dividends, and capital gain distributions	155,385	75,697
Net realized gain on sales of investments	1,448,016	304,666
Net unrealized gain (loss) on investments	(2,726,239)	1,182,629
Restricted contributions	130,118	596,614
Net assets released from restrictions for resident monthly fee financial assistance	(184,555)	(181,869)
Net assets released from restrictions for education	(44,177)	(43,108)
Net assets released from restrictions for landscape and garden	-	(11,736)
Change in value of beneficial interest in perpetual trust	<u>(34,990)</u>	<u>38,484</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>(1,256,442)</u>	<u>1,961,377</u>
Changes in Net Assets	<u>(5,728,211)</u>	<u>8,978,931</u>
Net Assets at Beginning of Year, as Previously Stated	36,128,554	25,997,632
Cumulative effect adjustment	<u>-</u>	<u>1,151,991</u>
Net Assets at Beginning of Year, as Restated	<u>36,128,554</u>	<u>27,149,623</u>
Net Assets at End of Year	<u><u>\$ 30,400,343</u></u>	<u><u>\$ 36,128,554</u></u>

Foxdale Village Corporation

Statement of Cash Flows

	Years Ended June 30,	
	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	\$ (5,728,211)	\$ 8,978,931
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	3,127,789	3,058,425
Amortization of debt issue costs	46,486	46,486
Proceeds from entrance fees and deposits	3,161,184	4,094,300
Refunds of entrance fees and deposits	(276,859)	(329,346)
Amortization of entrance fees	(3,927,790)	(3,432,819)
Net realized and unrealized gain (loss) on investments	6,618,252	(8,758,329)
Change in value of beneficial interest in perpetual trust	34,990	(38,484)
Changes in assets and liabilities		
Accounts receivable	68,981	(103,126)
Notes receivable - residents	(313,713)	-
Prepaid expense	(40,759)	15,358
Accounts payable	60,175	(356,859)
Accrued expenses	(118,178)	467,355
Unearned resident fees	53,643	114,383
Deferred payroll taxes	(129,919)	129,919
Refundable deposits	364,400	(65,000)
Net Cash Provided by Operating Activities	3,000,471	3,821,194
Cash Flows from Investing Activities		
Net purchases of investments and assets whose use is limited	1,379,587	543,264
Purchase of property and equipment	(4,683,082)	(2,797,522)
Increase in other assets	(4,365)	(2,632)
Net Cash Used in Investing Activities	(3,307,860)	(2,256,890)
Cash Flows from Financing Activities		
Borrowings of line of credit	1,500,250	-
Repayment of long-term debt	(1,446,201)	(1,395,712)
Net Cash Provided by (Used in) Financing Activities	54,049	(1,395,712)
Net Increase (Decrease) in Cash and Cash Equivalents	(253,340)	168,592
Cash and Cash Equivalents at Beginning of Year	302,369	133,777
Cash and Cash Equivalents at End of Year	\$ 49,029	\$ 302,369
Supplementary Disclosure of Cash Flows Information		
Interest paid	\$ 1,222,890	\$ 1,273,180
Capital expenditures in accounts payable and accrued expenses	\$ 70,836	\$ 58,069

See accompanying notes.

Foxdale Village Corporation

Notes to Financial Statements

June 30, 2022 and 2021

Note 1 - Nature of Operations

Foxdale Village Corporation (the Corporation) operates a continuing care retirement community providing housing, healthcare, and other related services to residents on a campus containing 205 independent living units, 55 personal care units, and a 46-bed skilled nursing facility. The Corporation's operations are located in State College, Pennsylvania.

The Board of Trustees oversees the Corporation. As specified in the by-laws of the Corporation, a majority of the regular members of the Board of Trustees are members of the Religious Society of Friends.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly-liquid debt instruments purchased with an original maturity of three months or less, excluding investments and assets whose use is limited.

Accounts Receivable

Accounts receivable are reported at net realizable value. Accounts receivable are charged to bad debt expense when deemed uncollectable based upon a periodic review of individual accounts. Accounts receivable are considered fully collectable by management and, accordingly, there was no allowance for doubtful collections at June 30, 2022 and 2021.

Contributions and Contributions Receivable

Contributions are recorded at fair value as revenue when the donor makes a promise to give that is unconditional. Depending on the existence and nature of any donor restrictions, contributions are reflected as increases in net assets without donor restrictions and with donor restrictions. When restrictions expire due to passage of time or when the purpose is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions.

The Corporation uses the allowance method to determine uncollectible contributions receivable, which is based on management's periodic assessment of each account. There was no allowance for doubtful collections at June 30, 2022 and 2021.

Foxdale Village Corporation

Notes to Financial Statements
June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Investments and Investment Risk

Investments include assets without donor restrictions that are available for the general use and purposes of the Corporation.

Investments in marketable equity securities with readily determinable fair value and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends, and capital gain distributions) is included in changes in net assets without donor restrictions unless the income or loss is restricted by donor or law. Purchases and sales of securities and realized gain and loss are recorded on a trade-date basis.

The Corporation's investments are comprised of a variety of financial instruments. The fair values reported in the balance sheet 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 accompanying balance sheet could change materially in the future.

Assets Whose Use is Limited

Assets whose use is limited include assets designated by the Board of Trustees for the provision of benevolent care and future capital expenditures; assets designated by the Board of Trustees to meet the statutory reserve requirements (see Note 5); assets that have been restricted by donors, primarily for the provision of benevolent care; and assets held by a trustee under a trust indenture, which are reserved for unemployment benefit claims.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of the assets. Net interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of those constructed assets. For the years ended June 30, 2022 and 2021, no interest was capitalized.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets, with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Long-Lived Assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Corporation calculates the estimated future value of net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. There were no impairment losses reported in the years ended June 30, 2022 and 2021.

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Such costs totaled \$709,823 at June 30, 2022 and 2021. Accumulated amortization was \$467,960 and \$421,473 at June 30, 2022 and 2021, respectively. Amortization expense for the next five years will be approximately \$46,500 per year.

Beneficial Interest in Perpetual Trust

Under the terms of a perpetual trust arrangement, the Corporation recorded assets and recognized contribution revenue with donor restrictions at the fair value of the Corporation's beneficial interest in the trust assets. Income earned on the trust assets and distributed to the Corporation is recorded as investment income on the accompanying statement of operations, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as change in value of beneficial interest in perpetual trust in net assets with donor restrictions.

Entrance Fees

Under entrance fee plans for independent living units, the Corporation receives payments in advance. Residents have several entrance plan options, which include refundable options and a nonrefundable option. The refundable options have a guaranteed refund component, which is either 50% or 90% of the advance fee paid with the balance, if any, refundable on a decreasing basis for 17 or 4 months, respectively. The nonrefundable option has no guarantee refund component; however, fees are generally refundable on a decreasing basis for 36 months.

In the event the Corporation terminates the agreement, refunds are paid within 30 days. If the resident terminates the agreement, a refund will be paid 30 days after the unit has been reoccupied. If a resident is permanently transferred to personal care or skilled nursing care, no refund of any portion of the entrance fee is made until the resident permanently leaves the Corporation. Contractual refund obligations under residency agreements were \$6,025,152 and \$7,061,817 at June 30, 2022 and 2021, respectively.

The entrance fees are amortized to income using the straight-line method over annually adjusted estimated remaining life expectancies of the residents. The unamortized entrance fees are classified as deferred revenues from entrance fees in the accompanying balance sheet.

The Corporation also received deposits from prospective independent living residents of \$417,000 and \$52,600 as of June 30, 2022 and 2021, respectively. These amounts are classified as refundable deposits in the accompanying balance sheet.

Under the majority of existing residency agreements, independent living residents are entitled to personal care or skilled nursing care, as needed, with only minor increases in the current monthly service fee.

Foxdale Village Corporation

Notes to Financial Statements
June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Obligation to Provide Future Services

The Corporation periodically calculates the present value of the net cost of future services and use of facilities that is expected to be provided to current residents. The amount is compared to the balances of refundable deposits and deferred revenues from entrance fees recorded on the balance sheet. If the present value of these future costs exceeds the liabilities on the balance sheet, an additional liability would be recorded. As of the most recent calculations, because no excess was calculated, no additional liabilities were recorded at June 30, 2022 and 2021.

Revenue Recognition

Net resident service revenues are reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered.

The Corporation provides skilled nursing and intermediate care services under daily service fees for service agreements. The Corporation considers the daily service fees to represent performance obligations, which are satisfied over the time period the services are provided to residents. Ancillary resident services and chargeable therapy and prescription services are recognized at the time the service is provided to residents.

The Corporation is reimbursed for ancillary resident services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

The Corporation has determined (at a contract level) that contracts for resident services do not contain a significant financing component and has elected the practical expedient within Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, to exclude from adjustment performance obligations that are expected to be satisfied within one year of customer payment. The Corporation has also elected the practical expedient within ASC 340, *Accounting for Other Assets and Deferred Costs*, to expense incremental costs of obtaining contracts when the related amortization period is one year or less.

As provided in FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, the Corporation elected not to disclose amounts attributable to remaining performance obligations that are expected to be satisfied within one year.

Donor-Restricted Gifts and Net Assets

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 as net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions in the accompanying statement of operations and recorded as a release from net assets with donor restrictions.

Foxdale Village Corporation

Notes to Financial Statements

June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts and Net Assets (continued)

Net assets, and changes therein, are classified based on the existence or absence of donor-imposed restrictions and are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets that are subject to donor-imposed stipulations. Some donor imposed stipulations may be met either by actions of the Corporation and/or passage of time. Other donor-imposed stipulations are perpetual in nature and generally allow the Corporation to use all or a portion of the income earned on the related resources for general or a specified purpose.

Income Taxes

The Corporation follows the standards for accounting for uncertainty in income taxes according to the principles of ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Corporation had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Corporation is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before 2019.

Operating Indicator

The statement of operations includes the determination of operating income (loss). Other changes in net assets without donor restrictions, which are excluded from operating income (loss), consistent with industry practice, include interest, dividends, and capital gain distributions, net realized gain on sales of investments, net unrealized gain (loss) on investments, and unrestricted 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).

Foxdale Village Corporation

Notes to Financial Statements

June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)**Recent Accounting Pronouncement**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, as subsequently amended in ASUs 2019-10 and 2021-05. The guidance in these ASUs supersedes the leasing guidance in Topic 840, *Leases*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases, based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The new standard is effective for privately held companies for fiscal years beginning after December 15, 2022, including interim periods within fiscal years beginning after December 15, 2022. The Corporation will be evaluating the impact of this new guidance on the financial statements.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30:

	2022	2021
Cash and cash equivalents	\$ 49,029	\$ 302,369
Accounts and other receivables, net	808,517	563,785
Investments	23,469,616	30,072,797
Investments with board designations	4,640,022	4,790,683
Investments with donor restrictions	6,560,160	7,797,157
Total Financial Assets	35,527,344	43,526,791
Amounts that are internally designated or externally restricted		
Statutory minimum liquid reserve requirement	(2,655,000)	(2,655,000)
Receivables due to be received in more than one year	(463,713)	(150,000)
Investments with board designations	(1,978,022)	(2,135,683)
Investments with donor restrictions	(6,560,160)	(7,797,157)
Refundable deposits	(417,000)	(52,600)
Refundable entrance fees	(1,148,248)	(1,312,624)
Financial Assets Available to be Used for General Expenditures within One Year	\$ 22,305,201	\$ 29,423,727

Foxdale Village Corporation

Notes to Financial Statements
June 30, 2022 and 2021

Note 3 - Liquidity and Availability (continued)

As part of the Corporation'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. The Corporation manages its resources available to meet general expenditures by operating within a prudent range of financial stability, sustaining adequate liquid assets among cash and investments, and maintaining two working capital lines of credit totaling \$2,000,000 (see Note 9).

Note 4 - Net Resident Service Revenues

The Corporation has an agreement with the Medicare program that provides for payments at amounts different from its established rates. Nursing and ancillary resident 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. The Corporation is reimbursed for therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

As described above, the Medicare Part A rates are based, in part, on clinical, diagnostic, and other factors. The Corporation is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare program.

Foxdale Village Corporation

Notes to Financial Statements

June 30, 2022 and 2021

Note 5 - Investments and Assets Whose Use is Limited

The Corporation's investments and assets whose use is limited are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Investments	\$ 23,469,616	\$ 30,072,797
Assets Whose Use is Limited		
Board-designated		
Community fund	1,301,713	1,543,303
Entrance fee assistance fund	150,000	150,000
Undesignated contribution fund	443,337	372,048
Total Board-Designated	1,895,050	2,065,351
Donor-restricted		
Community fund	5,042,133	6,009,931
Givers of Care and Training and Tuition fund	784,807	934,789
Outreach fund	327,994	383,628
Entrance fee assistance fund	16,006	15,425
Garden fund	389,220	453,384
Total Donor-Restricted	6,560,160	7,797,157
Statutory minimum liquid reserve requirement	2,655,000	2,655,000
Held by trustee under trust indenture for unemployment benefit claims	82,972	70,332
Total Assets Whose Use is Limited	11,193,182	12,587,840
Total Investments and Assets Whose Use is Limited	\$ 34,662,798	\$ 42,660,637

The composition of the Corporation's investments and assets whose use is limited is set forth in the following table as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 147,600	\$ 1,050,459
U.S. Government and government agency obligations	-	2,544,902
Corporate and foreign bonds	-	5,135,112
Marketable equity securities	-	29,874,551
Mutual funds	34,515,198	4,055,613
	<u>\$ 34,662,798</u>	<u>\$ 42,660,637</u>

Foxdale Village Corporation

Notes to Financial Statements
June 30, 2022 and 2021

Note 5 - Investments and Assets Whose Use is Limited (continued)**Statutory Reserve Requirement of Act 82**

In compliance with Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), the Board of Trustees designated a portion of board-designated assets reserved to meet the requirements of Act 82. The amount designated was \$2,655,000 at June 30, 2022 and was calculated as follows:

Budgeted operating expenses for the year ended June 30, 2023	\$ 23,012,000
Budgeted depreciation and amortization expense	<u>(2,981,000)</u>
Expenses Subject to Minimum Liquid Reserve Requirement	20,031,000
Statutory requirement	<u>10%</u>
Statutory Minimum Liquid Reserve Requirement	<u>\$ 2,003,100 (a)</u>
Debt Service Requirements for the Year Ended June 30, 2023	
Principal payments due on notes payable	\$ 1,499,000
Budgeted interest payments on notes payable	<u>1,156,000</u>
Statutory Minimum Liquid Reserve Requirement	<u>\$ 2,655,000 (b)</u>
Greater of (a) and (b)	<u>\$ 2,655,000</u>

Note 6 - Fair Value Measurements

ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based on the transparency of the inputs to the valuation of an asset or liability as follows:

- Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Corporation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.
- Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Foxdale Village Corporation

Notes to Financial Statements

June 30, 2022 and 2021

Note 6 - Fair Value Measurements (continued)

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

The following are descriptions of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheet, as well as general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2022.

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value at June 30, 2022 and 2021 because of the short maturity of these instruments.

Investments included in investments and assets whose use is limited are valued at fair value based on quoted market prices in active markets for identical securities (Level 1) or quoted market prices in active markets for similar securities (Level 2).

The beneficial interest in perpetual trust is valued at fair value using the Corporation's percentage of the income from the underlying assets applied to the fair value of those assets, which approximates the present value of estimated future cash flows to be received from the trust.

The following tables present the fair value measurements of assets recognized in the accompanying balance sheet measured at fair value on a recurring basis and the level within fair value hierarchy in which the fair value measurements fall at June 30:

	2022			
	Level 1	Level 2	Level 3	Total
Investments and Assets Whose Use is Limited				
Cash and cash equivalents	\$ 147,600	\$ -	\$ -	\$ 147,600
U.S. Government and government agency obligations	-	-	-	-
Corporate and foreign bonds	-	-	-	-
Marketable equity securities	-	-	-	-
Mutual funds	-	34,515,198	-	34,515,198
Total Investments and Assets Whose Use is Limited	147,600	34,515,198	-	34,662,798
Beneficial Interest in Perpetual Trust				
	-	-	189,435	189,435
	<u>\$ 147,600</u>	<u>\$ 34,515,198</u>	<u>\$ 189,435</u>	<u>\$ 34,852,233</u>

Foxdale Village Corporation

Notes to Financial Statements

June 30, 2022 and 2021

Note 6 - Fair Value Measurements (continued)

	2021			Total
	Level 1	Level 2	Level 3	
Investments and Assets Whose Use is Limited				
Cash and cash equivalents	\$ 1,050,459	\$ -	\$ -	\$ 1,050,459
U.S. Government and government agency obligations	-	2,544,902	-	2,544,902
Corporate and foreign bonds	-	5,135,112	-	5,135,112
Marketable equity securities	29,874,551	-	-	29,874,551
Mutual funds	4,055,613	-	-	4,055,613
Total Investments and Assets Whose Use is Limited	34,980,623	7,680,014	-	42,660,637
Beneficial Interest in Perpetual Trust	-	-	224,425	224,425
	<u>\$ 34,980,623</u>	<u>\$ 7,680,014</u>	<u>\$ 224,425</u>	<u>\$ 42,885,062</u>

Note 7 - Property and Equipment

Property and equipment consists of the following as of June 30:

	2022	2021
Land	\$ 2,831,394	\$ 2,756,394
Buildings and building improvements	79,092,198	74,514,632
Furniture and equipment	8,158,296	7,981,768
	90,081,888	85,252,794
Accumulated depreciation	(33,340,978)	(30,213,188)
	56,740,910	55,039,606
Construction-in-progress	544,641	677,885
	<u>\$ 57,285,551</u>	<u>\$ 55,717,491</u>

Construction-in-progress costs are primarily related to facility and campus improvement projects. Certain real estate and business assets are named as collateral for specific debt obligations.

Foxdale Village CorporationNotes to Financial Statements
June 30, 2022 and 2021**Note 8 - Long-Term Debt**

A summary of long-term debt is as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Notes Payable		
Series of 2010	\$ 20,833,000	\$ 21,756,014
Series of 2011	6,732,135	7,028,871
Series of 2012	<u>5,117,971</u>	<u>5,344,423</u>
Total Notes Payable	32,683,106	34,129,308
Deferred finance costs, net of accumulated amortization	(241,863)	(288,350)
Current portion	<u>(1,452,030)</u>	<u>(1,399,715)</u>
	<u>\$ 30,989,213</u>	<u>\$ 32,441,243</u>

Scheduled principal payments of long-term debt are as follows for the five years ending June 30:

	<u>Principal</u>	<u>Deferred Financing Cost</u>	<u>Net</u>
2023	\$ 1,498,516	\$ (46,486)	\$ 1,452,030
2024	1,549,755	(46,486)	1,503,269
2025	1,608,783	(46,486)	1,562,297
2026	1,666,978	(46,486)	1,620,492
2027	1,727,279	(9,432)	1,717,847

Note Payable - Series of 2010

In October 2010, the Corporation entered into a loan agreement (the 2010 Note) with Centre County Industrial Development Authority (the Authority), whereby the Authority issued a \$30,000,000 tax-exempt revenue bond, the Centre County Industrial Development Authority Revenue Bond, Series of 2010 (Foxdale Village Project), which was privately placed with Northwest Savings Bank (the Bank). The proceeds of the 2010 Note were used to pay for construction costs of the Future of Foxdale Project and to pay for costs of issuance.

The 2010 Note is due in monthly installments of \$140,195, including interest, through September 2027. A final balloon payment will be due for the remaining balance in October 2027. In August 2017, the Corporation entered into an agreement with the Bank to adjust the applicable interest rate to 3.51% through maturity.

The 2010 Note is secured by a first security interest in the Corporation's gross revenues.

Foxdale Village Corporation

Notes to Financial Statements
June 30, 2022 and 2021

Note 8 - Long-Term Debt (continued)

Note Payable - Series of 2011

In July 2011, the Corporation entered into a loan agreement (the 2011 Note) with the Authority, whereby the Authority issued a \$9,640,000 tax-exempt revenue bond, the Centre County Industrial Authority Revenue Bond, Series of 2011 (Foxdale Village Project), which was privately placed with the Bank. The proceeds of the 2011 Note were used to pay for construction costs of the Future of Foxdale Project and to pay for costs of issuance.

The 2011 Note is due in monthly installments of \$45,174, including interest, through September 2027. A final balloon payment will be due for the remaining balance in October 2027. In August 2017, the Corporation entered into an agreement with the Bank to adjust the applicable interest rate to 3.51% through maturity.

The 2011 Note is secured by a first security interest in the Corporation's gross revenues.

Note Payable - Series of 2012

In February 2012, the Corporation entered into a loan agreement (the 2012 Note) with the Authority, whereby the Authority issued a \$9,355,690 tax-exempt revenue bond, the Centre County Industrial Authority Revenue Bond, Series of 2012 (Foxdale Village Project), which was privately placed with the Bank. The proceeds of the 2012 Note were used to pay for construction costs of the Future of Foxdale Project and to pay for costs of issuance.

The 2012 Note is due in monthly installments of \$34,416, including interest, through September 2027. A final balloon payment will be due for the remaining balance in October 2027. In August 2017, the Corporation entered into an agreement with the Bank to adjust the applicable interest rate to 3.51% through maturity.

The 2012 Note is secured by a first security interest in the Corporation's gross revenues.

Note 9 - Lines of Credit

The Corporation has a revolving line of credit with a bank in the maximum amount of \$1,000,000 with interest charged at the prime rate (4.75% and 3.25% at June 30, 2022 and 2021, respectively). During 2019, the Corporation opened an additional revolving line of credit with a bank in the maximum amount of \$1,000,000 with interest charged at the prime rate (4.75% and 3.25% at June 30, 2022 and 2021, respectively). There is an outstanding balance of \$1,500,250 and \$-0- against the lines of credit as of June 30, 2022 and 2021, respectively. No borrowings were made during the year ended June 30, 2021. The lines of credit are secured by assets of the Corporation.

Foxdale Village Corporation**Notes to Financial Statements**
June 30, 2022 and 2021**Note 10 - Accrued Expenses**

Accrued expenses are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Paid time off	\$ 491,398	\$ 543,575
Payroll and related expenses	83,139	542,243
Other	<u>559,525</u>	<u>166,422</u>
	<u>\$ 1,134,062</u>	<u>\$ 1,252,240</u>

Note 11 - Retirement Plan

The Corporation sponsors a defined contribution retirement plan. The Corporation's contributions to the plan were \$385,772 and \$373,975 in the years ended June 30, 2022 and 2021, respectively.

Note 12 - Net Assets with Donor Restrictions

Subject to the passage of time, net assets are available for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Subject to the Passage of Time or Expenditure for a Specified Purpose		
Community fund	\$ 5,042,133	\$ 6,009,931
Givers of Care and Training and Tuition fund	784,807	934,789
Outreach fund	327,994	383,628
Other	<u>441,606</u>	<u>489,644</u>
	6,596,540	7,817,992
Perpetual in Nature		
Beneficial interest in perpetual trust	<u>189,435</u>	<u>224,425</u>
	<u>\$ 6,785,975</u>	<u>\$ 8,042,417</u>

The Corporation released \$228,732 and \$236,713 in the years ended June 30, 2022 and 2021, respectively, of net assets with donor restrictions subject to the passage of time or expenditure for a specified purpose. Perpetual in nature net assets consist of the Corporation's beneficial interest in a perpetual trust held by a foundation serving as trustee. The terms of the trust are such that the Corporation receives a portion of the income earned on the trust assets as earned in perpetuity. The income of the trust is expendable for the benefit of employees of the Corporation.

Foxdale Village Corporation

Notes to Financial Statements
June 30, 2022 and 2021

Note 13 - Medical Malpractice Claims Coverage

The Corporation maintains professional liability coverage on a claims-made basis through a commercial insurance carrier. 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 Corporation's insurance coverage or will have a material adverse effect on the financial statements.

Note 14 - Concentrations of Credit Risk

The Corporation grants credit without collateral to its residents, some of whom are insured under third-party payors agreements, primarily with Medicare and various commercial insurance companies.

The Corporation maintains cash accounts that, at times, exceed federally insured limits. The Corporation 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.

Note 15 - Commitments and Contingencies

The senior living services industry is subject to numerous laws, regulations, and administrative directives of federal, state, and local governments and agencies. Compliance with these laws, regulations, and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Corporation, if any, are not determinable.

Foxdale Village Corporation

Notes to Financial Statements
June 30, 2022 and 2021

Note 16 - Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program and support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services benefited using a reasonable and applicable basis that may include square footage or estimated usage. Allocation of the Corporation's functional expenses were as follows for the years ended June 30:

	2022			
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 7,146,387	\$ 831,124	\$ 6,387	\$ 7,983,898
Depreciation	3,096,511	31,278	-	3,127,789
Payroll taxes and employee benefits	2,289,619	174,532	986	2,465,137
Interest	1,210,270	12,225	-	1,222,495
Professional fees	763,834	348,654	-	1,112,488
Other purchased services	479,448	531,620	-	1,011,068
Real estate taxes	804,485	8,126	-	812,611
Raw food	769,914	-	-	769,914
Therapy	627,374	-	-	627,374
Utilities	551,692	5,573	-	557,265
Repairs and maintenance	445,394	4,499	-	449,893
Information technology	296,237	62,838	-	359,075
Pharmaceuticals	276,367	-	-	276,367
Supplies	264,466	4,002	134	268,602
Insurance	231,414	2,338	-	233,752
Marketing and outreach	120,378	-	-	120,378
Nursing home assessment	85,190	-	-	85,190
Medical copays	61,067	-	-	61,067
Amortization	46,021	465	-	46,486
Total Operating Expenses	\$ 19,566,068	\$ 2,017,274	\$ 7,507	\$ 21,590,849

Foxdale Village Corporation

Notes to Financial Statements

June 30, 2022 and 2021

Note 16 - Functional Expenses (continued)

	2021			
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 7,253,128	\$ 843,706	\$ 6,763	\$ 8,103,597
Depreciation	3,027,819	30,606	-	3,058,425
Payroll taxes and employee benefits	2,431,047	185,392	1,135	2,617,574
Interest	1,260,047	12,737	-	1,272,784
Professional fees	628,774	286,982	-	915,756
Other purchased services	286,112	317,290	-	603,402
Real estate taxes	800,349	8,090	-	808,439
Raw food	621,942	-	-	621,942
Therapy	695,334	-	-	695,334
Utilities	530,944	5,367	-	536,311
Repairs and maintenance	355,374	3,592	-	358,966
Information technology	246,012	52,184	-	298,196
Pharmaceuticals	246,814	-	-	246,814
Supplies	979,430	14,796	500	994,726
Insurance	146,210	1,478	-	147,688
Marketing and outreach	138,720	-	-	138,720
Nursing home assessment	69,989	-	-	69,989
Medical copays	68,245	-	-	68,245
Amortization	46,021	465	-	46,486
Total Operating Expenses	\$ 19,832,311	\$ 1,762,685	\$ 8,398	\$ 21,603,394

Note 17 - Health Insurance Coverage

The Corporation maintains health insurance coverage through a cooperative agreement with Friends Mutual Health Group, a Pennsylvania nonprofit cooperative formed to self-insure Quaker organizations throughout the United States of America. Other than amounts paid for a subvention certificate and premiums under this policy, no provision has been made for estimated losses. Management believes all costs related to this program have been properly accounted and accrued for at and during the years ended June 30, 2022 and 2021. Further, management believes no incidents occurred or will be asserted that will exceed the Corporation's insurance coverage or will have a material adverse effect on the financial statements.

Foxdale Village Corporation

Notes to Financial Statements
June 30, 2022 and 2021

Note 18 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Relief Fund Payments

Under the CARES Act, the Provider Relief Fund (PRF) was established to provide relief funds to hospitals and other healthcare providers on the front lines of the COVID-19 response. PRF payments have been distributed to the Corporation through the U.S. Department of Health and Human Services. The CARES Act also established the Coronavirus Relief Fund (CRF) to provide for payments for specified uses to state, local, and tribal governments. CRF payments have been distributed to the Corporation through the Pennsylvania Department of Human Services. Providers receiving payments from the PRF and CRF are required to agree to terms and conditions and will be required to comply with reporting requirements prescribed by the funding body related to specified uses of the funds and expenditure timelines. Any portion of the funds not expended in accordance with the applicable terms and conditions must be returned. Payments recognized in revenue from the PRF and CRF totaled \$412,784 and \$665,749 for the years ended June 30, 2022 and 2021, respectively.

Note 19 - CARES Act Deferred Payroll Taxes

Under the CARES Act, the Corporation's share of Social Security taxes for the year ended December 31, 2020 was permitted to be deferred with no penalty or interest. Fifty percent of the deferred taxes, totaling \$129,919, were paid on or before December 31, 2021; the remainder will be paid on or before December 31, 2022.

Note 20 - Risk and Uncertainties

On January 30, 2021, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2021, declared it to be a pandemic. The actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economy, financial markets, public support, and the geographical area in which the Corporation operates. It is unknown how long these conditions will last and what the complete financial effect will be on the Corporation.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 21 - Restatement

During the year ended June 30, 2022, the Corporation corrected a misstatement in its previously issued financial statements as of and for the year ended June 30, 2021 relating to the cumulative effect adjustment for refundable deposits, refundable entrance fees, and deferred revenues from entrance fees as previously reported. The effect on the previously reported beginning balance of net assets without donor restrictions was to increase net assets without donor restrictions by \$1,151,991 as of June 30, 2021.

Note 22 - Subsequent Events

The Corporation has evaluated subsequent events through October 24, 2022. This date is the date the financial statements were available to be issued. No material events subsequent to June 30, 2022 were noted.