



Foulkeways
AT GWYNEDD

*In Harmony With Life,
Community, Nature, and Spirit*



2022 Annual Report

FOULKEWAYS DIVERSITY STATEMENT

Guided by Quaker principles since its opening in 1967, Foulkeways is a vital and evolving Life Plan Community welcoming older adults of different races, ethnicities, sexual orientations, secular and religious backgrounds.

As we begin our next 50 years, our values of equality, mutual respect, and integrity challenge us to become more culturally inclusive. We will increase our efforts to attract and involve aging individuals from the many diverse communities around us.

By using our resources and talents to champion diversity and inclusiveness among residents, staff and board, we believe that Foulkeways will thrive as an even more vital place to live and work.

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2022 BOARD CHAIR LETTER

Last year began with two major institutional achievements: The completion of the “S” units and sunsetting of the employees’ defined benefit pension plan. These two endeavors, along with the continuing fallout from COVID, had monopolized much of the Board’s time in the previous year. This meant we moved along with new initiatives in need of attention. Most important was beginning a refresh of Foulkeways’ Strategic Plan. Our old plan covered the period 2018-2023, so the timing was perfect to move this important task onto our agenda.

Led by our Board member and resident, Lynn Bush, the Strategic Planning Committee began regular meetings in April. Meetings during the rest of the year focused on reviewing achievements related to our existing plan, gathering updated information on our market, and putting our heads together to define a new set of “Cutting-Edge Strategies.” Our hope is to have the new 2024-2029 Strategic Plan ready for approval by the full Board by end-2023.

Other Board committees were equally busy this past year. The Property and Finance Committees oversaw the purchase of two new properties along Sumnytown Pike, Finance met with the auditors on their review of the 2021 financials, and then worked with Edna and her team on the 2023 budget. Other Board committees, such as the Health Services and Hospice Committee, met during the year on a regular basis. Most monthly Board meetings brought Foulkeways senior management team members to present information about their respective departments. Section head presentations are routine during Board meetings and important in informing the Board on all that is happening within our community. In May our members Rebecca Cratin, Rol Henderson and Ruth Kinsey rolled off the Board at the end of their terms, while Patty Gerrity and Bonnie Miller joined to begin theirs.

The Foulkeways Joint Advisory Council (JAC) was resurrected last spring and met for the first time in years during April. This meeting between the FRA, senior management and I focused mostly on discussing procedures to follow and the purpose of the committee. The JAC is to be a forum where important, unresolved, communal concerns are to be discussed and mediated. The committee’s history goes back to the 1980s and has an ongoing place within our dynamic community.

My role became more routine in 2022 beginning with the CEO performance review early in the year. I had the pleasure of being part of community wide meetings in the auditorium in both July and December. It was interesting to join the Lower Gwynedd Township supervisors and select Foulkeways staff members for dinner prior to the Township’s Town Hall held for residents last September. In October, I had the opportunity to travel to the LeadingAge Conference in Denver where I attended sessions on Board functioning and technological trends in senior living. I learned that most communities are experiencing many of the same challenges faced by Foulkeways. Overall, it was an eye-opening experience, and I returned with a strengthened conviction that Foulkeways is an exceptionally well-run, superior LIFE PLAN COMMUNITY on both the regional and national level... but then you already knew that.

After reflecting upon 2022, I quickly turned my attention to 2023 and look forward to serving Foulkeways as its Board Chair for another year. It is an honor to serve such a fine community of residents, supervisors, and employees.

Respectfully Submitted,

A handwritten signature in black ink that reads "Kenneth B. Taylor". The signature is written in a cursive, slightly slanted style.

Kenneth B. Taylor
Chair of the Board of Directors

LETTER FROM THE CHIEF EXECUTIVE OFFICER



2022 was another year of both change and paradoxically, continuity as well. After several false starts, COVID-19 finally ceased to dominate our thoughts. While we have grown used to its continued presence among us, we have learned to live our lives in mostly normal fashion alongside it, and life here at Foulkeways was flourishing again by the end of the year.

So many aspects of our community recovered their former vitality, sometimes returning to pre-pandemic form, but sometimes looking quite different from before. For example, residents who had done a great job keeping activities and programs running virtually through Zoom and other means have largely restored the rich congregate life that so distinguishes Foulkeways from other LIFE PLAN COMMUNITIES. Many long-time residents who “kept the flame alive” were joined in this resurgence by new residents who had never experienced the community before COVID. All in all, it seems like the degree of engagement is as high as it has ever been, and we’re thankful for that.

Community operations experienced similar challenges. At the beginning of 2022, we were just beginning the re-opening process in the wake of the Omicron variant wave, but by the end of the year, all portions of our program were open again. Did you know that we are now serving more resident meals on a daily basis than ever before at Foulkeways? But it looks quite different, with more residents enjoying takeout and a busier café than in the main dining room.

Last year also saw the beginnings of some new types of initiatives. Although our gorgeous grounds have always been a focus, we’re now going beyond typical landscape enhancement projects to include sustainable planting of native species, reduction of mowed turf grass, and the first installment of our long-term forest restoration project. These are ideas that far-thinking residents have long advocated for, and whose time has arrived at Foulkeways.

Our work on diversity, equity, and inclusion (DEI) also gained momentum during the year. The Diversity Committee of residents, staff, and board members saw new membership work to raise awareness in the community and make it a more welcoming place, and our staff BRIDGE Council worked to build structures to benefit employees and develop an educational and training curriculum to support them. Both groups also worked to highlight how our Foulkeways’ values on diversity are expressed in the daily life of the community.

The progress in DEI is an important part of making sure that Foulkeways is the employer of choice for staff in this increasingly competitive labor market, along with attractive benefits and fair compensation. Staff are a key part of this community and contribute much to our shared experience.

In short, 2022 was a year of great change at Foulkeways but also a year in which we reaffirmed many of our core beliefs. Our community activities have rebounded after a couple of difficult years but have changed in subtle ways; likewise, our operations and the projects we are pursuing are different but just as reflective of the residents and their interests as ever. And we’ve always cared about the welfare of our staff and the ways in which they help make us what we are. We should be proud of the strength of this community and how we consistently express our values over time. I’m looking forward to sharing 2023 and beyond with all of you.

Thank you,

A handwritten signature in black ink that reads "Philip G. DeBaun". The signature is written in a cursive, flowing style.

Philip G. DeBaun
Chief Executive Officer

2022-2023 BOARD OF DIRECTORS

Mary Buckman

Attorney and Partner, Ford and Buckman, P.C., Blue Bell, PA. Member of Abington Monthly Meeting.

Lynn Bush

Vice Chair, Foulkeways Board of Directors. Professional land use and community planner. Retired Executive Director of Bucks County Planning Commission and Chief Clerk to Bucks County Commissioners. Volunteer and strategic planner for several non-profit community organizations, including the Ann Silverman Community Health Clinic at Doylestown Hospital, Heritage Conservancy, Delaware Canal 21, and volunteer consulting planner for Doylestown Borough and Springfield Township, Bucks County.

Susan Emlen

Caregiver for elderly and handicapped. Member of Haverford Monthly Meeting, served on Care & Counsel, Nominating, and Property committees.

Patricia Gerrity

Resident of Foulkeways. Retired Associate Dean for Community Programs, Drexel University, College of Nursing & Health Professions. Member of Germantown Monthly Meeting.

C. Stuart Hain

Retired Vice President for Facilities and Capital Projects, Swarthmore College.

Scott Henderson

Retired executive team member for large non-profit and mid-sized publicly traded organizations committed to the advancement of the life sciences. Experienced in the development and tracking of organizational strategic plans with a career-long focus on the application of information technology to organizational objectives. Awarded authorship recognition for mapping of the human genome as a senior software engineer at Celera Genomics. Member of Bethesda Friends Meeting and a product of Friends high school and college educations.

Alfred Kuffler

Trial attorney. At present a partner with Montgomery McCracken Walker & Rhoads LLP, Philadelphia. Past member of the board of directors of the Maritime Law Association of the United States, a national bar group

and vice chair of the Standing Committee on Alternative Dispute Resolution, chair of the ad hoc Committee on Maritime Environmental Crimes. Presently counsel to the American Salvage Association, a trade group representing ocean salvors in the Americas. Past member of the Abington Friends Schools Committee, serving on the finance and long-range planning subcommittees.

Georgann McKenna

Executive Vice President, Chief Human Resources Officer for Penn Community Bank. Serves on the Pennsylvania Bankers Association's Women in Banking Committee and the School of Banking Advisory Committee. Chair of the Perkins Participatory Planning Committee at Central Montco Technical High School.

Pegene W. McPhaden

Resident of Foulkeways. Retired International Team Manager for Internal Revenue Service. Certified Public Accountant. Member of Abington Quarter Home and Care Committee. Member of Care and Counsel and Stewardship Committees at Gwynedd Friends Meeting.

Bonnie Miller

Retired registered nurse with a Masters degree in Public Health. Oncology nurse for approximately 20 years, then 10 years as an outpatient day clinic nurse navigator for people with chronic severe mental illness. Currently delivers Meals on Wheels. Member of Plymouth Monthly Meeting. Clerk of Care and Concern Committee. Clerk of Abington Quarterly Meeting Home and Care Committee.

Jonathan H. Sprogell

Treasurer, Foulkeways Board of Directors. Retired Vice President, BNY Mellon. Member, Haverford College Corporation. Board Member, Opera Philadelphia. Board Member, Cameron Memorial Fund. Board Member, Arch Street Meeting House Preservation Trust. Member of Gwynedd Friends Meeting.

Jennifer Stewart

Founder and President of Restore Development and Consulting which serves the strategic planning, development, and change management needs of congregations and faith-based organizations. Previous Associate Professor at Johns Hopkins University School of Nursing focused on individual and organizational behavior change in churches. Registered Nurse.

Kenneth B. Taylor, Ph.D.

Chair, Foulkeways Board of Directors. Retired Professor of Economics, Villanova University. Associate Director, Moran Center for Global Leadership, Villanova School of Business. Fulbright Scholar Emeritus. President, Gwynedd Fiduciary Corporation. Member of Gwynedd Friends Meeting.

Neil F. Trueblood

Realtor, Agent; Compass Real Estate, Blue Bell, PA. Owner, Trueblood Concierge Property Services. Wissahickon Valley Watershed Association Board of Directors. School Committee Director, Gwynedd Friends School. Member of Gwynedd Friends Meeting.

Jamie Unkefer

Architect. Principal at DIGSAU Architecture in Philadelphia. Registered Architect in Pennsylvania and New Jersey, member of the American Institute of Architects. Board Member of Smith Memorial Playground and Playhouse, committee member of the Philadelphia AIA License & Inspections Committee and Arch Street Meeting House Property Committee, and member of the Carpenter's Company of Philadelphia.

EMERITUS:

Phillip L. Henderson

Member Scattergood Friends School – School Committee, Chair of Strategic Planning Committee. Member of Doylestown Monthly Meeting. President/Chair, Foulkeways Board of Directors, 2014 – 2021.

Samuel T. Swansen

Resident of Foulkeways. Attorney in private practice. Past Chairman of Friends LifeCare. President of the Global Bach Community. Board member of the Southeastern Pennsylvania Symphony Orchestra. Member of Gwynedd Friends Meeting. President, Foulkeways Board of Directors, 1986 – 1997.

2021-2022 OFFICERS OF THE CORPORATION

Chair	Kenneth B. Taylor
Vice Chair	Lynn Bush
Treasurer	Jonathan H. Sprogell
Assistant Treasurer	Phillip L. Henderson
Secretary	Philip G. DeBaun

INDEPENDENT AUDITORS' REPORT

Board of Directors
Foulkeways at Gwynedd
Gwynedd, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Foulkeways at Gwynedd (a Pennsylvania nonprofit corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foulkeways at Gwynedd as of December 31, 2022 and 2021, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foulkeways at Gwynedd 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 11 to the financial statements, the 2021 financial statements 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Foulkeways at Gwynedd's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 13, 2023

**FOULKEWAYS AT GWYNEDD
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021**

	2022	As Restated 2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,130,066	\$ 9,237,303
Assets Limited as to Use, Externally Designated	801,520	729,706
Investments	19,090,588	16,987,762
Accounts Receivable:		
Residents	408,748	794,506
Notes Receivable from Residents	424,666	633,500
Other	612,199	171,839
Prepaid Expenses and Other	781,748	725,834
Total Current Assets	29,249,535	29,280,450
ASSETS LIMITED AS TO USE		
Externally Designated under Bond Indenture Agreement	1,867,490	1,901,883
Externally Designated by Donors	6,324,364	7,785,058
Statutory Liquid Reserve	3,000,577	2,859,869
Internally Designated by Board	1,671,421	1,875,479
Total Assets Limited as to Use	12,863,852	14,422,289
PROPERTY AND EQUIPMENT, NET	90,434,444	91,907,171
OTHER ASSETS	391,395	613,871
 Total Assets	 \$ 132,939,226	 \$ 136,223,781

See accompanying Notes to Financial Statements.

**FOULKEWAYS AT GWYNEDD
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

	2022	As Restated 2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,165,796	\$ 2,233,522
Accrued Salaries and Payroll Taxes	1,728,246	1,945,036
Accrued Interest Payable	161,520	114,706
Monthly Billings Paid in Advance	201,992	168,502
Refundable Deposits from Prospective Residents	588,300	735,503
Current Portion of Long-Term Debt	1,136,242	1,084,167
Total Current Liabilities	4,982,096	6,281,436
LONG-TERM LIABILITIES		
Deferred Revenue from Resident Entry Fees	51,707,975	48,231,960
Long-Term Debt, Net of Current Portion	46,006,145	47,236,325
Liability for Pension Benefits	7,361,535	10,737,601
Other Liabilities	160,995	327,000
Total Long-Term Liabilities	105,236,650	106,532,886
Total Liabilities	110,218,746	112,814,322
NET ASSETS		
Without Donor Restrictions	16,396,116	15,624,401
With Donor Restrictions	6,324,364	7,785,058
Total Net Assets	22,720,480	23,409,459
Total Liabilities and Net Assets	\$ 132,939,226	\$ 136,223,781

See accompanying Notes to Financial Statements.

FOULKEWAYS AT GWYNEDD
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
UNRESTRICTED REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTION		
Revenue, Gains, and Other Support:		
Resident Care Fees	\$ 22,814,871	\$ 20,962,938
Amortization of Deferred Resident Entry Fees	6,308,140	5,909,983
Health Center Revenue	5,034,888	5,441,011
Unrestricted Contributions, Gifts, and Bequests	273,214	142,677
Net Investment Income	633,734	493,013
Other Revenue	640,429	480,334
Net Assets Released from Restrictions	497,945	559,987
Total Unrestricted Revenues and Other Support Without Donor Restriction	36,203,221	33,989,943
 OPERATING EXPENSES		
Health Services	7,767,246	7,576,016
Dining Services	5,059,859	4,658,432
General and Administrative	7,013,425	6,822,358
Maintenance	2,674,080	2,434,913
Housekeeping	1,906,036	1,732,234
Utilities	841,646	841,581
Real Estate Taxes	754,333	689,856
Depreciation	6,744,085	6,339,687
Interest Expense	1,649,626	1,450,994
Total Operating Expenses	34,410,336	32,546,071
 OPERATING INCOME BEFORE LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	1,792,885	1,443,872
 LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	(110,160)	(126,147)
 OPERATING INCOME	1,682,725	1,317,725
 NONOPERATING INCOME (LOSS)		
Net Periodic Benefit (Cost) Credit Other than the Service Cost Component	36,188	(381,773)
Realized Gain (Loss) on Trading Securities	(1,022,840)	116,418
Change in Unrealized Gain (Loss) on Trading Securities	(2,992,401)	123,926
Change in Fair Value of Interest Rate Cap	442,500	-
 EXCESS (DEFICIT) OF REVENUES AND OTHER SUPPORT OVER EXPENSES AND LOSSES	(1,853,828)	1,176,296

See accompanying Notes to Financial Statements.

FOULKEWAYS AT GWYNEDD
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
EXCESS (DEFICIT) OF REVENUES AND OTHER SUPPORT OVER EXPENSES AND LOSSES	\$ (1,853,828)	\$ 1,176,296
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Net Assets Released from Restrictions - Purchase of Equipment	177,461	-
Change in Pension Plan Assets and Benefit Obligations		
Other than Periodic Benefit Cost	2,448,082	1,818,987
Curtailment Gain	-	2,895,000
Change in Net Assets Without Donor Restrictions	771,715	5,890,283
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	660,497	305,929
Net Assets Released from Restrictions	(1,163,150)	(659,987)
Investment Income	161,118	161,325
Net Realized Gain (Loss) on Investments	(222,970)	77,315
Net Unrealized Gain (Loss) on Investments	(896,189)	181,837
Change in Net Assets With Donor Restrictions	(1,460,694)	66,419
CHANGE IN NET ASSETS	(688,979)	5,956,702
Net Assets - Beginning of Year, As Restated	23,409,459	17,452,757
NET ASSETS - END OF YEAR	\$ 22,720,480	\$ 23,409,459

See accompanying Notes to Financial Statements.

**FOULKEWAYS AT GWYNEDD
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	As Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (688,979)	\$ 5,956,702
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	6,744,085	6,339,687
Loss on Disposal of Property and Equipment	110,160	126,147
Amortization of Deferred Financing Costs	35,009	35,009
Amortization of Bond Premium	(128,947)	(128,947)
Net Realized and Unrealized (Gain) Loss on Investments and Assets Limited as to Use	5,134,400	(499,496)
Restricted Contributions and Investment Income	(821,615)	(544,569)
Amortization of Deferred Resident Entry Fees	(6,308,140)	(5,909,983)
Proceeds from Deferred Resident Entry Fees, Net of Refunds	9,992,989	7,481,783
Net Refundable Deposits Paid	(147,203)	(13,097)
Change in Liability for Pension Benefits	(3,376,066)	(4,807,273)
Change in Fair Value of Interest Rate Cap	(442,500)	-
(Increase) Decrease in Assets:		
Accounts Receivable	(54,602)	(24,844)
Prepaid Expenses and Other	(55,914)	(18,420)
Other Assets	222,476	(156,629)
Increase in Liabilities:		
Accounts Payable and Accrued Expenses	(1,237,702)	1,177,625
Advance Billings	33,490	43,576
Other Liabilities	(166,005)	218,016
Net Cash Provided by Operating Activities	8,844,936	9,275,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(43,092,793)	(35,337,044)
Sales of Investments	37,822,112	42,004,205
Capital Expenditures	(5,381,518)	(12,143,894)
Net Cash Used by Investing Activities	(10,652,199)	(5,476,733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Restricted Contributions and Investment Income	821,615	544,569
Repayment of Long-Term Debt	(1,084,167)	(1,042,850)
Net Cash Used by Financing Activities	(262,552)	(498,281)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS	(2,069,815)	3,300,273
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - Beginning of Year	11,868,889	8,568,616
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS - END OF YEAR	\$ 9,799,074	\$ 11,868,889

See accompanying Notes to Financial Statements.

**FOULKEWAYS AT GWYNEDD
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>As Restated 2021</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ 1,696,749</u>	<u>\$ 1,546,702</u>
Construction Expenditures Within Accounts Payable and Accrued Expenses	<u>\$ 123,339</u>	<u>\$ 1,715,625</u>

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Foulkeways at Gwynedd (Foulkeways) was founded in 1967 as a nonprofit life care retirement community and is located in Gwynedd, Pennsylvania. Foulkeways houses approximately 447 residents living in 258 apartments, 46 active nursing beds, and a personal care unit with 89 beds (82 suites and 7 single rooms).

Use of Estimates

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

Cash and Cash Equivalents

Foulkeways considers cash and cash equivalents to include investments in highly liquid investments with original maturity dates of three months or less, excluding amounts that are limited as to use, either internally or externally. Foulkeways deposits cash in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC insurable limits.

Reconciliation of Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

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

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 7,130,066	\$ 9,237,303
Restricted Cash and Restricted Cash Equivalents	<u>2,669,008</u>	<u>2,631,586</u>
Total Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents Shown in the Statements of Cash Flows	<u>\$ 9,799,074</u>	<u>\$ 11,868,889</u>

Amounts included in restricted cash represent those required to be set aside in accordance with a Loan and Trust Agreement for the Series 2016 Bonds (See Note 4).

Escrow Deposits

Applicants for an independent living unit are required to make a refundable deposit when the application is filed. Any deposits in excess of 5% of the proposed entrance fees are maintained in an escrow account for entrance fees. In addition, partially refundable entry fees for residents who have moved to smaller apartments are transferred to this account until the refund is payable. The account also contains accumulated interest. As of December 31, 2022 and 2021, the account balance was \$183,729 and \$376,590, respectively.

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Receivable from Residents

Foulkeways offers incoming residents the ability to defer their entry fees for a range of three to six months with unsecured notes, renewable for additional periods, with interest rates ranging from 0% to the prime rate plus 1%, depending on market conditions.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recorded as revenue, except for investment income or loss associated with contributions for resident assistance, capital additions, and other purposes specified by donors, net of all investment fees.

Foulkeways designated its investments as “trading” and these changes in unrealized gains and losses are reported within excess (deficit) of revenues and other support over expenses and losses.

Property and Equipment

Land, land improvements, buildings and improvements, furniture and equipment, and vehicles are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets, generally 3 to 45 years. Foulkeways capitalizes any asset costing \$2,000 or over and having an anticipated useful life of over one year.

	<u>2022</u>	<u>2021</u>
Land	\$ 9,578,694	\$ 9,248,000
Land Improvements	3,953,203	3,548,426
Buildings and Improvements	130,192,560	124,278,117
Furniture and Equipment	17,048,876	16,423,970
Vehicles	690,116	657,264
Construction in Progress	<u>2,989,707</u>	<u>6,281,999</u>
Total	164,453,156	160,437,776
Less: Accumulated Depreciation	<u>(74,018,712)</u>	<u>(68,530,605)</u>
Total Property and Equipment, Net	<u>\$ 90,434,444</u>	<u>\$ 91,907,171</u>

For the years ended December 31, 2022 and 2021, Foulkeways had a loss on disposal of property and equipment in the amount of \$110,160 and \$126,147, respectively.

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Foulkeways carries general and professional liability insurance with Peace Church Risk Retention Group, Inc. (PCRRG). Foulkeways is a subscriber and is a 2.15% and 2.17% owner of this group captive as of December 31, 2022 and 2021, respectively. The group captive is domiciled in Vermont and licensed by the Vermont Insurance Department. The investment in PCRRG totaling \$148,408 is recorded at cost as “other assets” in the accompanying balance sheets for both the years ended December 31, 2022 and 2021, respectively. In addition, as of December 31, 2022 and 2021, other assets include a receivable of \$242,987 and \$241,792, respectively, relative to the subscriber surplus account of the insurance risk retention group.

Deferred Financing Costs

Deferred financing costs, which represent bond issuance costs, are amortized on a straight-line basis over the term of the related debt, which approximates the effective-interest method. Amortization expense for both years ended December 31, 2022 and 2021 was \$35,009. The amortization is recorded as a component of interest expense.

Refundable Deposits from Prospective Residents

Refundable deposits from prospective residents represent waiting list deposits and entry fees deposits of new residents. Waiting list deposits by prospective residents or resident couples are fully refundable and are credited toward the entry fee upon move-in. Deposits for entry fees are fully refundable if a prospective resident is denied occupancy and partially refundable if an accepted prospective resident opts not to sign a Residence and Care Agreement. Waiting list deposits amounted to \$406,000 and \$354,000 as of December 31, 2022 and 2021, respectively. Entry fees deposits amounted to \$182,300 and \$381,503 as of December 31, 2022 and 2021, respectively.

Obligation to Provide Future Services

Foulkeways calculates the present value of the cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from resident entry fees to determine if a liability and corresponding charge to income should be recorded. As of December 31, 2022 and 2021, the present value of the net cost of future services and use of facilities does not exceed the deferred revenue from resident entry fees and, as such, no liability for the obligation to provide future services was required to be recorded as of December 31, 2022 and 2021.

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 – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At December 31, 2022 and 2021, the governing board has designated certain net assets without donor restrictions for specific purposes (see Note 3).

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Include 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. At both December 31, 2022 and 2021, donor-imposed restrictions perpetual in nature were \$942,225. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

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

Net assets with donor restrictions are restricted for the following purposes:

	2022	2021
Resident Assistance Funds	\$ 3,605,042	\$ 4,018,661
Capital Additions Funds	1,185,708	1,949,439
Other Funds	1,533,614	1,816,958
Total Net Assets With Donor Restrictions	<u>\$ 6,324,364</u>	<u>\$ 7,785,058</u>

During 2022 and 2021, net assets with donor restrictions were released from donor restrictions for purchases of equipment, resident monthly fee assistance, and entry fee assistance.

Excess (Deficit) of Revenues and Other Support over Expenses and Losses

The statements of operations and changes in net assets include the caption “excess (deficit) of revenues and other support over expenses and losses.” Changes in net assets without donor restrictions, which are excluded from the excess (deficit) of revenues and other support over expenses and losses, include changes in pension plan assets and benefit obligations other than periodic benefit cost, curtailment gain, and net assets released from restrictions for the purchase of property and equipment.

Income Taxes

Foulkeways is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Foulkeways follows the provisions of the income tax standard regarding the recognition and measurement of uncertain tax positions. The application of these provisions has no impact on Foulkeways’ financial statements.

Foulkeways’ income tax returns are subject to review and examination by federal, state, and local authorities. Foulkeways is not aware of any activities that would jeopardize its tax-exempt status.

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. Foulkeways emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

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

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

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

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, Foulkeways may be required to record at fair value other assets on a nonrecurring basis in accordance with accounting principles generally accepted in the United States of America.

Resident Assistance

Foulkeways provides financial assistance on an as needed basis from various resident assistance funds in order to supplement monthly income, entry fees, and fees for life enrichment. The financial assistance provided in 2022 and 2021 was \$433,618 and \$552,095, respectively.

Resident Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which Foulkeways expects to be entitled in exchange for providing resident service and care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, Foulkeways bills the residents monthly for services and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service Revenue (Continued)

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

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

Upon entry to Foulkeways at Gwynedd, Foulkeways and the resident sign a Residence and Care Agreement (the Agreement). The Agreement requires Foulkeways to provide facilities, services, and medical care to the resident. Entry fees received are recorded as deferred revenue from resident entry fees in the accompanying balance sheets. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement.

The resident entry fees are subject to the refund provisions of the Agreement. At December 31, 2022 and 2021, the portion of the deferred resident entry fees subject to such refund provisions amounted to \$15,472,930 and \$14,674,810, respectively. The refund periods expire ratably over 50 months from the respective dates of entrance. Refunds are payable upon reoccupancy of the vacated unit.

Amortization of deferred resident entry fees in the statements of operations and changes in net assets represents the current year's amortization of deferred revenue from resident entry fees. The amortization is based upon the actuarially determined remaining lives of each resident or resident couple (updated periodically using the historical experience of Foulkeways) at the end of the reporting year. However, only resident entry fee revenue up to the amount of deferred entry fees that is nonrefundable is recognized. Upon the death of a sole surviving resident, any remaining unamortized portion of the resident entry fee is recognized as revenue.

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service Revenue (Continued)

The opening and closing balances in deferred revenue from resident entry fees were as follows:

	Deferred Revenue from Resident Entry Fees
Balance as of January 1, 2021	\$ 46,223,330
Balance as of December 31, 2021	48,231,960
Balance as of December 31, 2022	51,707,975

The composition of resident service revenue by primary payor for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Medicare	\$ 1,226,347	\$ 1,209,369
Private Pay	32,931,552	31,104,563
Total Resident Services Revenue	<u>\$ 34,157,899</u>	<u>\$ 32,313,932</u>

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

The composition of resident service revenue based on its service lines, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Service Lines:		
Independent Living	\$ 25,253,487	\$ 23,383,434
Personal Care	4,520,524	4,574,394
Skilled Nursing Facility	2,872,284	2,701,090
Other Medical	1,397,239	1,546,818
Home Care	73,610	67,627
Retail Sales	40,755	40,569
Total	<u>\$ 34,157,899</u>	<u>\$ 32,313,932</u>
Method of Reimbursement:		
Fee for Services	\$ 34,117,144	\$ 32,273,363
Other	40,755	40,569
Total	<u>\$ 34,157,899</u>	<u>\$ 32,313,932</u>
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	\$ 34,117,144	\$ 32,273,363
Sales at Point in Time	40,755	40,569
Total	<u>\$ 34,157,899</u>	<u>\$ 32,313,932</u>

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service Revenue (Continued)

The opening and closing balances in accounts receivable from residents were as follows:

	Accounts Receivable from Residents
Balance as of January 1, 2021	\$ 976,547
Balance as of December 31, 2021	1,428,006
Balance as of December 31, 2022	833,414

Financing Component

Foulkeways has elected the practical expedient allowed under financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Foulkeways' expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less. However, Foulkeways does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Costs

Foulkeways has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that Foulkeways otherwise would have recognized is one year or less in duration.

New Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. After evaluating contributed nonfinancial assets, management has determined that the adoption of the standard has no impact on the financial statements.

Subsequent Events

In preparing these financial statements, Foulkeways has evaluated events and transactions for potential recognition or disclosure through April 13, 2023, the date the financial statements were issued. The results of this evaluation indicated that there are subsequent events or transactions that are required to be disclosed in these financial statements (see Note 4).

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 LIQUIDITY

Foulkeways regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing financial resources to meet expenses over a 12-month period, Foulkeways considers all expenses related to its ongoing mission-related activities as well as the conduct of services undertaken to support these activities.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 7,130,066	\$ 9,237,303
Assets Limited as to Use, Externally Designated	801,520	729,706
Investments	19,090,588	16,987,762
Accounts Receivable:		
Residents	408,748	794,506
Notes Receivable from Residents	424,666	633,500
Other	612,199	171,839
Assets Limited as to Use:		
Externally Designated under Bond Indenture Agreement	1,867,490	1,901,883
Externally Designated by Donors	6,324,364	7,785,058
Statutory Liquid Reserve	3,000,577	2,859,869
Internally Designated by Board	1,671,421	1,875,479
Total Financial Assets	41,331,639	42,976,905
Less Amounts Not Available to be Used Within One Year:		
Externally Designated under Bond Indenture Agreement with Liquidity Horizons Greater Than One Year	1,867,490	1,901,883
Externally Designated by Donors with Liquidity Horizons Greater Than One Year	6,324,364	7,785,058
Financial Assets Not Available to be Used Within One Year	8,191,854	9,686,941
Financial Assets Available to Meet General Expenditures Within One Year	\$ 33,139,785	\$ 33,289,964

Foulkeways has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. Foulkeways has other assets limited to use for donor-restricted purposes and debt service.

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE

The functional composition of assets limited as to use externally designated under the bond indenture agreement and by donors and internally designated by the board is set forth below:

	<u>2022</u>	<u>2021</u>
Externally Designated by Long-Term Debt Agreements		
Series 2006 Bond Indenture:		
Debt Service Reserve Fund	\$ 2,506,222	\$ 2,477,657
Debt Service Fund	162,788	153,932
Total	<u>2,669,010</u>	<u>2,631,589</u>
Less: Current Portion	(801,520)	(729,706)
Total	<u>\$ 1,867,490</u>	<u>\$ 1,901,883</u>
Externally Designated by Donors:		
Resident Assistance	\$ 3,605,042	\$ 4,018,661
Capital Additions	1,185,708	1,949,439
Other	1,533,614	1,816,958
Total	<u>\$ 6,324,364</u>	<u>\$ 7,785,058</u>
Internally Designated by the Board:		
Used at the Discretion of the Board	<u>\$ 1,671,421</u>	<u>\$ 1,875,479</u>

Assets limited as to use externally designated for donor purposes include a resident assistance fund for residents unable to pay the monthly service fee or entry fee due to circumstances beyond their control.

Under the provisions of the *Pennsylvania Continuing Care Provider Registration and Disclosure Act* (the Act), Foulkeways must maintain a statutory minimum liquid reserve as of December 31, 2022, that is equal to the greater of 10% of the 2023 total projected operating expenses, exclusive of depreciation, or the 2022 debt service requirements. The calculation of the statutory minimum liquid reserve requirement as of December 31, 2022 and 2021 is shown in detail below. Under the provisions and related amendments of the Act, management believes that the liquid portion of the investment portfolio satisfies this requirement. Management believes that Foulkeways is in compliance with all other requirements of the Act as of December 31, 2022.

	<u>2022</u>	<u>2021</u>
Projected Annual Interest Expense	\$ 1,551,853	\$ 1,357,773
Principal Payments Due on Long-Term Debt	1,136,242	1,084,167
Liquid Reserve Requirement	<u>2,688,095</u>	<u>2,441,940</u>
Projected Annual Operating Expenses	30,005,770	28,598,690
Minimum Rate	10%	10%
Liquid Reserve Requirement	<u>3,000,577</u>	<u>2,859,869</u>
Statutory Liquid Reserve Requirement	<u>\$ 3,000,577</u>	<u>\$ 2,859,869</u>

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

The composition of investments and assets limited as to use is set forth in the following table. Investments are stated at fair value.

	<u>2022</u>	<u>2021</u>
Investments and Assets Limited as to Use:		
Cash and Equivalents	\$ 2,669,008	\$ 2,631,586
U.S. Government and Agency Securities	3,506,861	-
Mutual Funds	8,585,453	5,819,815
Corporate Bonds	11,676,038	17,697,095
Internationals	6,318,600	5,991,261
Total	<u>\$ 32,755,960</u>	<u>\$ 32,139,757</u>

Investment income (loss) and gains (losses) for investments and assets limited as to use and cash equivalents are comprised of the following:

	<u>2022</u>	<u>2021</u>
Investment Income (Loss) without Donor Restrictions:		
Dividends and Interest Income	\$ 690,384	\$ 551,112
Realized Gain (Loss) on Sales of Securities	(1,022,840)	116,418
Investment Fees	(56,650)	(58,099)
Subtotal	(389,106)	609,431
Change in Unrealized Gain (Loss) on Securities	(2,992,401)	123,926
Total	<u>\$ (3,381,507)</u>	<u>\$ 733,357</u>
Investment Income (Loss) with Donor Restrictions:		
Dividends and Interest Income	\$ 161,118	\$ 161,325
Realized Gain (Loss) on Sales of Securities	(222,970)	77,315
Subtotal	(61,852)	238,640
Change in Unrealized Gain (Loss) on Securities	(896,189)	181,837
Total	<u>\$ (958,041)</u>	<u>\$ 420,477</u>

Investment fees represent direct expenses involved in generating investment income.

NOTE 4 LONG-TERM DEBT

Long-term debt consists of:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Montgomery County Industrial Development Authority Revenue Bonds, Series 2016, Fixed Rate Revenue Bonds, due December 1, 2046 with interest ranging from 3.00% to 5.00%, net of premium of \$3,032,407 and \$3,161,354 and unamortized financing costs of \$437,016 and \$455,599 at December 31, 2022 and 2021, respectively	\$ 27,845,391	\$ 28,570,755

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2022</u>	<u>2021</u>
Montgomery County Industrial Development Authority Variable Revenue Bonds, Series 2006B, net of unamortized financing costs of \$133,212 and \$143,126 at December 31, 2022 and 2021, respectively	\$ 10,626,788	\$ 10,821,874
Citizens Bank - bank qualified loan, net of unamortized financing costs of \$109,861 and \$116,373 at December 31, 2022 and 2021, respectively	<u>8,670,208</u>	<u>8,927,863</u>
Total Long-Term Debt	47,142,387	48,320,492
Less: Current Portion	<u>(1,136,242)</u>	<u>(1,084,167)</u>
Long-Term Debt, Net of Current Portion	<u>\$ 46,006,145</u>	<u>\$ 47,236,325</u>

On June 1, 2006, Foulkeways entered into a Loan and Trust Agreement with the Montgomery County Industrial Development Authority (the Authority), and U.S. Bank National Association (as Trustee), pursuant to which Foulkeways received tax-exempt bond proceeds (the 2006 Bonds). The 2006 Bonds consisted of \$15,315,000 fixed rate revenue bonds (Series 2006A Bonds) and \$13,390,000 variable rate revenue bonds (Series 2006B Bonds). The proceeds from the 2006 Bonds were used to advance refund Series 1999 Bonds, refinance the Construction Loan, finance the renovation and expansion of Foulkeways' community center and other miscellaneous capital expenditures, pay bond issuance costs, and to establish a debt service reserve fund for the Series 2006A Bonds.

On June 1, 2016, the 2006A Bonds were refunded with the proceeds from the Series 2016 Bonds (see below).

The 2006B Bonds are secured by a mortgage on certain property and the gross receipts of Foulkeways and require annual sinking fund principal payments ranging from \$205,000 in 2022 to \$1,595,000 in 2036. The average interest rate on the 2006B Bonds was 1.25% in 2022 and 0.09% in 2021.

The 2006B Bonds are secured by an irrevocable letter of credit (Letter of Credit) between Foulkeways and Citizens Bank (the Bank). The Letter of Credit is an obligation of the Bank to pay the Trustee amounts sufficient to pay the principal amount of and up to 51 days of accrued interest on the 2006B Bonds when due, whether at maturity, or upon acceleration or call for redemption, and amounts sufficient to pay the purchase price of any 2006B Bonds tendered for purchase and not remarketed. During 2020, Foulkeways secured an extension on this Letter of Credit through September 30, 2023. Any draw under the Letter of Credit creates a reimbursement obligation on the part of Foulkeways in favor of the Bank in the form of a term loan requiring repayment by Foulkeways based on a schedule consistent with the scheduled principal payments on the 2006B Bonds. The Letter of Credit secures the 2006B Bonds only. The 2006B Bonds mature on December 1, 2036. The Letter of Credit was not renewed and was replaced by a non-bank qualified tax-exempt loan with Wilmington Savings Fund Society (WSFS) Bank. The new non-bank qualified tax-exempt loan settled on April 3, 2023.

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 LONG-TERM DEBT (CONTINUED)

On November 15, 2009, Foulkeways entered into a Loan and Security Agreement with the Authority and the Bank pursuant to which the Authority sold the Series 2009 bonds to the Bank. From the proceeds, Foulkeways may borrow up to \$11,000,000 of the Authority's Economic Development Revenue Note (Foulkeways at Gwynedd Project, Series of 2009), referred to as the Bank Qualified Loan. The Bank Qualified Loan bears interest at a variable rate of London Interbank Offered Rate (LIBOR) plus the LIBOR rate margin multiplied by 0.68. Interest is due on a monthly basis, and the interest rate as of December 31, 2022 and 2021 was 4.13% and 1.39%, respectively.

The proceeds of the Bank Qualified Loan were used to finance the renovation and expansion of Foulkeways' community center and other miscellaneous capital expenditures, as well as payment of a portion of the costs and expenses of issuing the Bank Qualified Loan. The Bank Qualified Loan was due on April 1, 2023 as part of an optional put and was replaced by a bank qualified loan with WSFS Bank. The new bank qualified loan settled on April 3, 2023.

On June 1, 2016, Foulkeways entered into a Loan and Trust Agreement with the Authority, and U.S. Bank National Association (as Trustee), pursuant to which Foulkeways received fixed rate revenue bond proceeds in the amount of \$28,835,000 and a premium in the amount of \$3,868,414 (the Series 2016 Bonds). The proceeds of the 2016 Bonds were used to refund the outstanding Series 2006A Bonds, advance funds to finance certain improvements to the facility, fund capitalized interest and a debt service reserve fund and to pay certain issuance costs of the 2016 Bonds. The average interest rate on the 2016 Bonds ranges from 3.00% to 5.00%. The Series 2016 Bonds require annual sinking fund principal payments ranging from \$615,000 in 2022 to \$2,660,000 in 2046.

On June 10, 2021, Foulkeways entered into an interest rate cap agreement with SMBC Capital Markets, Inc. that was effective on June 10, 2021. The notional amount of the interest rate cap agreement is \$15,000,000. The agreement limits Foulkeway's exposure to increasing rates by providing a cap on the percentage of one-month LIBOR rate at 2.50% per annum and expires on July 1, 2024. The interest rate cap was terminated effective September 22, 2022. The fair value of the interest rate cap is \$-0- and \$32,500 as of December 31, 2022 and 2021, respectively, and is included in Other Assets on the balance sheets.

The change in fair value is classified as Change in Fair Value of Interest Rate Cap in the performance indicator in the accompanying statements of operations and changes in net assets. The change in fair value was \$442,500 for the year ended December 31, 2022.

Under its debt agreements, Foulkeways must comply with certain restrictive covenants relating to days cash on hand and debt service coverage computed annually. As defined, Foulkeways is required, among other things, to maintain a debt service coverage ratio of 1.20:1.00 and a day's cash on hand (unrestricted cash and investments divided by the average daily operating expenses, net of depreciation and amortization) of 180 days. Management represents that Foulkeways was in compliance with all required financial covenants at December 31, 2022.

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 LONG-TERM DEBT (CONTINUED)

At December 31, 2022, principal payments on long-term debt during the next five years and thereafter are as follows:

Year Ending December 31,	Series B	Series	Bank	Total
	2006	2016	Qualified	
	Bonds	Bonds		
2023	\$ 215,000	\$ 640,000	\$ 281,242	\$ 1,136,242
2024	220,000	675,000	300,076	1,195,076
2025	220,000	710,000	320,176	1,250,176
2026	235,000	745,000	341,621	1,321,621
2027	240,000	780,000	364,502	1,384,502
Thereafter	9,630,000	21,700,000	7,172,452	38,502,452
Total	10,760,000	25,250,000	8,780,069	44,790,069
Less: Unamortized Financing Costs	(133,212)	(437,016)	(109,861)	(680,089)
Add: Bond Premium	-	3,032,407	-	3,032,407
Total Bonds Payable, Net	10,626,788	27,845,391	8,670,208	47,142,387
Less: Current Portion of Bonds Payable	215,000	640,000	281,242	1,136,242
Total Bonds Payable, Less Current Portion	\$ 10,411,788	\$ 27,205,391	\$ 8,388,966	\$ 46,006,145

Interest expense on long-term debt in 2022 and 2021 was \$1,649,626 and \$1,450,994, respectively. No interest was capitalized as a cost of construction in 2022 and 2021.

Subsequent to year-end, the Organization entered into a Loan and Trust Agreement with the Authority, and WSFS Bank pursuant to which Foulkeways received tax-exempt bond proceeds (the 2023 Bonds). The proceeds of the Series 2023 Bonds will be used to refund all of the outstanding variable rate revenue bonds.

NOTE 5 FUNCTIONAL EXPENSES

Foulkeways provides continuing and long-term care for the aging. Expenses related to providing these services are as follows:

	2022			Total
	Supporting Services			
	Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 11,257,237	\$ 2,371,269	\$ 109,236	\$ 13,737,742
Employee Benefits	847,416	2,664,463	8,363	3,520,242
Contract Labor	36,210	8,886	-	45,096
Food Purchases	1,762,605	-	-	1,762,605
Medical Supplies and Other Resident Costs	2,045,845	39,566	4,116	2,089,527
General and Administrative	363,629	223,574	-	587,203
Building and Maintenance	2,597,107	-	-	2,597,107
Professional Fees and Insurance	55,547	914,569	-	970,116
Depreciation	6,744,085	-	-	6,744,085
Interest	1,649,626	-	-	1,649,626
Management and Other Fees	706,987	-	-	706,987
Total Functional Expenses	\$ 28,066,294	\$ 6,222,327	\$ 121,715	\$ 34,410,336

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 FUNCTIONAL EXPENSES (CONTINUED)

	2021			Total
	Program Services	Supporting Services		
		Management and General	Fundraising	
Salaries and Wages	\$ 10,676,211	\$ 2,310,148	\$ 102,780	\$ 13,089,139
Employee Benefits	785,674	2,551,097	8,047	3,344,818
Contract Labor	28,768	16,036	-	44,804
Food Purchases	1,504,988	-	-	1,504,988
Medical Supplies and Other Resident Costs	2,267,656	43,866	1,778	2,313,300
General and Administrative	374,924	152,575	-	527,499
Building and Maintenance	2,409,924	-	-	2,409,924
Professional Fees and Insurance	56,534	852,710	-	909,244
Depreciation	6,339,687	-	-	6,339,687
Interest	1,450,994	-	-	1,450,994
Management and Other Fees	611,674	-	-	611,674
Total Functional Expenses	<u>\$ 26,507,034</u>	<u>\$ 5,926,432</u>	<u>\$ 112,605</u>	<u>\$ 32,546,071</u>

All costs are directly attributable to their respective functions based on a method similar to that used for the Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax. Management services are expenses attributable to the general management of the organization. Fundraising expenses are attributable to expenses occurred by the Development Office.

NOTE 6 PENSION AND SAVINGS PLANS

Foulkeways previously sponsored a defined benefit pension plan exempt from the Employee Retirement Income Security Act of 1974 rules due to “church plan” status. The plan covered substantially all of its employees. Employers are required to recognize the overfunded or underfunded status of a defined benefit pension plan as an asset or liability in its balance sheet and to recognize changes in that funded status in the year in which the changes occur through net assets without restrictions. Effective December 31, 2021, the plan was amended to freeze all future benefit accruals as of that date with the exception that current participants who will have attained their normal retirement date on or before December 31, 2023 and have completed at least five years of service for vesting purposes as of December 31, 2021 will be allowed to continue to earn additional accruals under the plan until December 31, 2023. At such time, the plan will be fully frozen to all participants.

Foulkeways entered into an employer discretionary contributions plan effective January 1, 2022. This plan covers all employees who 1) were over 18 years of age; 2) worked over 1,000 hours; and 3) had at least one year of service. This plan will replace the defined benefit pension plan. The total match contribution related to this plan was \$474,983 for the year ended December 31, 2022.

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 PENSION AND SAVINGS PLANS (CONTINUED)

The following is a summary of the key components and assumptions related to the pension plan:

	<u>2022</u>	<u>2021</u>
Change in Benefit Obligation:		
Projected Benefit Obligation - Beginning of Year	\$ 26,806,000	\$ 30,244,000
Service Cost	8,204	424,941
Interest Cost	735,969	763,443
Actuarial (Gain)	(7,007,923)	(882,105)
Benefits Paid	(928,250)	(849,279)
Curtailments	-	(2,895,000)
Projected Benefit Obligation - End of Year	<u>19,614,000</u>	<u>26,806,000</u>
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	16,068,399	14,699,126
Actual Return (Loss) on Plan Assets	(3,787,684)	1,318,552
Employer Contributions	900,000	900,000
Benefits Paid	(928,250)	(849,279)
Fair Value of Plan Assets - End of Year	<u>12,252,465</u>	<u>16,068,399</u>
Net Amounts Recognized in the Balance Sheets		
Consist of: Liability for Pension Benefits	<u>\$ 7,361,535</u>	<u>\$ 10,737,601</u>
Accumulated Benefit Obligation	<u>\$ 19,593,000</u>	<u>\$ 26,738,000</u>
	<u>2022</u>	<u>2021</u>
Amounts Recognized in Net Assets Without Donor Restrictions Not Yet in Net Periodic Benefit Cost		
Consist of:		
Unrecognized Net Loss	\$ 3,226,266	\$ 5,736,659
Prior Service Cost	(199,390)	(261,701)
Total	<u>\$ 3,026,876</u>	<u>\$ 5,474,958</u>
Components of Net Periodic Benefit Cost:		
Service Cost	\$ 8,204	\$ 424,941
Interest Cost	735,969	763,443
Expected Return on Plan Assets	(952,791)	(945,940)
Amortization of Prior Service Cost	(62,311)	(62,311)
Amortization of Net Actuarial Loss	242,945	626,581
Net Periodic Benefit Cost	<u>\$ (27,984)</u>	<u>\$ 806,714</u>

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 PENSION AND SAVINGS PLANS (CONTINUED)

	2022	2021
Weighted-Average Assumptions Used to Determine Benefit Obligation were:		
Discount Rate	5.23 %	2.81 %
Rate of Compensation Increase	3.00	3.00
Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost were:		
Discount Rate	2.81	2.52
Expected Long-Term Return on Plan Assets	6.00	6.50
Rate of Compensation Increase	3.00	3.00

To develop the expected long-term rate of return on assets assumption, Foulkeways considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. This resulted in the selection of the 6.0% long-term rate of return on assets assumption. The estimated net deferred actuarial loss and prior service cost (benefit) that will be amortized into net periodic benefit cost for 2023 is approximately \$103,300 and (\$62,311), respectively, totaling \$40,989.

Plan Assets

The plan's actual weighted-average asset allocations and target asset allocations, by asset category, are as follows:

Asset Category	Target Allocation	2022	2021
Equity Securities	40-65%	59 %	61 %
Debt Securities and Other	25-50%	41	39
Total		100 %	100 %

The investment policy and strategy for the plan assets is to conserve and enhance the capital value of the funds in real terms, through asset appreciation and income generation.

Foulkeways uses fair value measurements to record fair value adjustments to investments and to determine fair value disclosure (see Note 1). Pension plan assets are classified as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Cash	\$ 78,844	\$ -	\$ -	\$ 78,844
Fixed Income Securities	4,832,441	-	-	4,832,441
Equity Securities	7,341,180	-	-	7,341,180
Total	\$ 12,252,465	\$ -	\$ -	\$ 12,252,465
December 31, 2021				
Cash	\$ 74,797	\$ -	\$ -	\$ 74,797
Fixed Income Securities	6,252,545	-	-	6,252,545
Equity Securities	9,741,057	-	-	9,741,057
Total	\$ 16,068,399	\$ -	\$ -	\$ 16,068,399

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 6 PENSION AND SAVINGS PLANS (CONTINUED)

Cash Flows

Contributions

Foulkeways is currently evaluating contributions to the pension plan for 2023. In both 2022 and 2021, Foulkeways contributed \$900,000 to the plan.

Estimated Future Benefit Payments

The following benefit payments that expect to be paid by the plan during the next five years and five years thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 1,029,000
2024	1,069,000
2025	1,133,000
2026	1,209,000
2027	1,272,000
2028 - 2032	6,896,000

Savings Plan

Foulkeways offers a contributory 403(b) savings plan which is available to substantially all employees and provides a 50% match of employee contributions up to a maximum of 3% of annual compensation. Total expense related to this plan was \$291,881 and \$261,126 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Home and Care Committee

Foulkeways, under an agreement with the Trustees of Abington Quarterly Meeting of Friends and the Committee of the Abington Quarterly Meeting Home for Friends at Norristown (Home and Care Committee), and in consideration of cumulative contributions received or pledged, will provide entry fee credits to be used by the Home and Care Committee for financial aid to those persons the Home and Care Committee recommends as requiring assistance. The total amount of money available to the Home and Care Committee as entry fee credits is the sum resulting from multiplying the number 10 and the minimum entry fee charged by Foulkeways, with the right of replacement should any of the credits not be in use. For the years ended December 31, 2022 and 2021, this amount was \$780,000 and \$750,000, respectively, of which \$3,920 and \$-0- are available for use for the years ended December 31, 2022 and 2021.

Health Insurance Program

Foulkeways has set up a self-insured group health plan with Peace Church Health Insurance Program (PCHIP) effective July 15, 2013. Foulkeways assumes the risk for paying the health care claim costs up to \$50,000 per participant per year. Additional claims are supported by PCHIP and the stop loss insurance of the plan. Foulkeways departed from PCHIP effective April 1, 2021.

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Health Insurance Program (Continued)

Effective April 1, 2021, Foulkeways set up a self-insured group health plan with Retirement Community Health Plan of Pennsylvania (RCHP). Foulkeways assumes the risk for paying the health care claim costs up to \$50,000 per participant per year. As of July 1, 2022, the health care claim costs were increased to \$75,000 per participant per year. Additional claims are supported by RCHP and the stop loss insurance of the plan.

Legal and Regulatory

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

Laws and regulations governing the Medicare program are complex and subject to interpretation. Foulkeways believes it is in compliance with all other applicable laws and regulations and is not aware of any other current pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare program. During 2017, Foulkeways decertified from the Medicare A program.

NOTE 8 SELF-INSURANCE TRUST

During 1995, Foulkeways entered into an agreement with certain other community members of Friends Services for the Aging to form a self-insurance fund known as Friends Workers' Compensation Collaborative (the Collaborative). The Collaborative is an entity separate from all members of the fund that enables the members to separate the legal and equitable rights to the assets and monies of the Collaborative. Foulkeways is responsible for paying an annual contribution to the Collaborative as determined by an independent actuary. Effective September 30, 2019, the Collaborative discontinued accepting new claims. Members of the Collaborative independently joined MEMIC Indemnity Company for workers compensation coverage. As of October 1, 2022, Foulkeways is no longer self insured for workers compensation. The Collaborative will continue to manage and pay claims from the reserves of the Collaborative until all claims are closed.

FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 FAIR VALUE MEASUREMENTS

The following table presents Foulkeways' fair value hierarchy for those investments and other assets measured at fair value on a recurring basis as of December 31, 2022.

	Level 1	Level 2	Level 3	Total
U.S. Government and Agency Securities	\$ 3,506,861	\$ -	\$ -	\$ 3,506,861
Mutual Funds	8,585,453	-	-	8,585,453
Corporate Bonds	11,676,038	-	-	11,676,038
Internationals	6,318,600	-	-	6,318,600
Total	<u>\$ 30,086,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,086,952</u>

The following table presents Foulkeways' fair value hierarchy for those investments measured at fair value on a recurring basis as of December 31, 2021.

	Level 1	Level 2	Level 3	Total
U.S. Government and Agency Securities	\$ -	\$ -	\$ -	\$ -
Mutual Funds	5,819,815	-	-	5,819,815
Corporate Bonds	17,697,095	-	-	17,697,095
Internationals	5,991,261	-	-	5,991,261
Total	<u>\$ 29,508,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,508,171</u>

When quoted market prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include mutual funds, corporate bonds, U.S. government and agency securities, and foreign fixed income.

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

NOTE 10 PROVIDER RELIEF FUNDS AND CARES ACT FUNDING

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic had significant effects on global markets, supply chains, businesses, and communities. Specific to Foulkeways, COVID-19 impacted various parts of its operations for the year ended December 31, 2021 and financial results including but not limited to, additional costs for emergency preparedness, disease control and containment, additional testing, shortages of health care and other personnel, and loss of revenue due to reductions in certain revenue streams. COVID-19 has had less of an impact on Foulkeways for the year ended December 31, 2022. Management believes Foulkeways continues to take appropriate actions to mitigate the negative impact of this pandemic.

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 PROVIDER RELIEF FUNDS AND CARES ACT FUNDING (CONTINUED)

During the year ended December 31, 2021, the Pennsylvania Department of Health provided COVID-19 testing supplies and conducted COVID-19 testing of staff. During the year ended December 31, 2022, the Pennsylvania Department of Health only provided COVID-19 testing supplies. Management included the market value of testing supplies, personal protective equipment, and labor donated to Foulkeways in the amount of \$39,000 and \$132,126 on the statements of operations and changes in net assets for the years ended December 31, 2022 and 2021, respectively.

The CARES Act permitted employers to defer certain qualifying employer portions of payroll taxes to be paid in 2022. As of December 31, 2020, Foulkeways deferred \$495,664 of employer payroll taxes, of which \$202,382 was paid during 2021. As of December 31, 2022, the remaining deferred portion was paid in full.

NOTE 11 PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2022, Foulkeways restated certain apartment upgrades paid by the resident that should have been amortized over the life of the resident in prior years. The restatement totaled \$568,491 and was applied retrospectively.

**FOULKEWAYS AT GWYNEDD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 11 PRIOR PERIOD ADJUSTMENT (CONTINUED)

The following table presents the net assets without donor restrictions, amortization of deferred resident entry fees, and deferred revenue from resident entry fees as adjusted for the prior period adjustment.

	Net Assets Without Donor Restrictions
Net Assets Without Donor Restrictions, as Originally Reported - December 31, 2020	\$ 17,511,487
Correction of Error for Unit Upgrades	(58,730)
Net Assets Without Donor Restrictions, as Restated - December 31, 2021	\$ 17,452,757
	Amortization of Deferred Resident Entry Fees
Amortization of Deferred Resident Entry Fees, as Originally Reported - December 31, 2021	\$ 5,840,391
Correction of Error for Unit Upgrades	69,592
Amortization of Deferred Resident Entry Fees, as Restated - December 31, 2021	\$ 5,909,983
	Other Revenue
Other Revenue, as Originally Reported - December 31, 2021	\$ 396,427
Correction of Error for Unit Upgrades	83,907
Other Revenue, as Restated - December 31, 2021	\$ 480,334
	Deferred Revenue from Resident Entry Fees
Deferred Revenue from Resident Entry Fees, as Originally Reported - December 31, 2021	\$ 47,758,238
Correction of Error for Unit Upgrades	473,722
Deferred Revenue from Resident Entry Fees, as Restated - December 31, 2021	\$ 48,231,960

LETTER FROM THE FOULKEWAYS RESIDENTS ASSOCIATION:



Dear Friends,

Membership in The Foulkeways Residents' Association (FRA) is guaranteed to all residents upon arrival. "The FRA advocates for residents by promoting an atmosphere of care and concern within the community, working with the Administration to support the Foulkeways mission and managing resident volunteer committees, services and activities within the community." (FRA Board Policies)

We volunteer on over 70 different large or small committees to make life at Foulkeways more engaging, educational, enlightened and just plain fun.

Our sponsored groups include those committees, services and activities offered by the FRA and which are driven by the residents. When you go to the Craft Fair, marvel at the beautiful fresh flower arrangements or the art exhibits, read a library book or hit a ping pong ball, the FRA has provided the means or the service. We wind the 8 beautiful tall case clocks, we improve the paths through the woods by building bridges and wooden walkways. We don't sit still unless we want to!

When we want to sit still, we can be entertained by beautiful live music performances or lectures. Residents will often share stories of their remarkable past adventures in a program called Remembrances. Every Wednesday and Saturday evening we show movies on the big screen. Once a month an international film is shown with a discussion session afterwards.

The opportunity to become part of any of these groups is open to all, if you would like to be involved.

Pam Sharp, President



ANDREA McCABE'S FOCUS ON PHILANTHROPY WILL BE MISSED

Keeping track of dollars donated by residents was Andrea McCabe's specialty. McCabe, who recently retired after 15 years at Foulkeways at Gwynedd assured the Robertsons their donation would do exactly what they meant for it to do.

"Foulkeways has always enjoyed really outstanding philanthropy from its residents," said Foulkeways at Gwynedd's CEO Phil DeBaun. "Andrea McCabe understood that culture and fostered it."

"Working in philanthropy and fund development in a Quaker organization is unique. You have to understand that people give to what they're excited about.

"A lot of them feel strongly about reforestation efforts and managing trees," said DeBaun. "Our residents provide a lot of support for those efforts."

Residents like Richard and Jean Hadley Robinson who were willing to give more than their money.

"Andrea was very discreet about what others had done, what they had given," Mrs. Robinson said.

"I never knew how she operated. I think she visited people and spoke to them. When she'd knock on the door, you'd see that friendly smile. "A lot of us at Foulkeways really miss her. But she was ready to retire. I think her family is very lucky."



FROM NOW ON, IT'S MARGARITAS FOR MARY KNAPP!



Mary Knapp missed the briefing on how to retire to a sun-bleached beach and sip margaritas from salt-rimmed glasses adorned with tiny umbrellas.

And she won't be spending a lot of her retirement reflecting on the indelible mark she has left as Director of Health Services at Foulkeways at Gwynedd and as a recognized pioneer in the field of geriatric care. After nearly 40 years in an industry she helped to define, there's a lot to look back on fondly.

But Mary Knapp is still facing forward.

"My family is going to Ireland in July," she said recently. "We rented a farmhouse. I'm really looking forward to that. I'll get to spend some more time with my one daughter and her husband and three children. I have one daughter who lives with me. She is a volunteer at Foulkeways, and she'll continue when we get back. I'm blessed to have her at home. I think this talk about adult children living at home because they're lazy is a myth. That's something I'd like to look into, maybe even write about."

She also expects to continue in her latest calling, as an expert witness in malpractice and neglect cases involving nursing homes and health care providers.

"Digging into the court records for the details of a particular case is like a hobby for me. It's like reading a mystery novel. Litigation has increased beyond belief. When my investigation shows the client may have an issue, I tell them 'you don't want me as a witness' But then I advise them on how to correct it."

How to correct it is a recurrent theme in her long and storied career. As the first Gerontologic Nurse Practitioner to graduate from the University of Pennsylvania, she trained at Foulkeways at Gwynedd and later helped establish it as a national leader in the LIFE PLAN industry. Protocols and practices she instituted at Foulkeways have helped transform the care and treatment of older patients in LIFE PLAN communities and nursing homes all over America.

After her training at UPenn she founded a consulting firm that advised health care providers like the Cleveland Clinic and Johns Hopkins who, she says, "were trying to cater to older patients in a new way." She had about 90 employees and billed \$6 million in annual revenues before returning to Foulkeways as Director of Health Services in 2008.

"She has led a first-class health care program here for 15 years," Foulkeways CEO Phil Debaun said. "She brought a lifetime of experience and brought all that to bear for our community. She instituted a lot of innovative programs here, including a unique approach to dementia care."

"I think of it as dementia inclusion," Knapp said. "We don't have people locked into a segregated unit to keep them from wandering away. We put bracelets on them that allow them to move around freely but not open any outside doors or elevators. It's a community where people with cognitive decline don't have to be isolated or stigmatized. It's consistent with the Quaker philosophy that each resident has his or her own value."

During her tenure, Foulkeways has attracted students from Penn, Drexel, Temple, Gwynedd-Mercy, Widener and other universities who have logged more than 40,000 hours of education.

"We had a couple of affiliations," she said "Now we have 18 universities.

It's all about what she calls "social accountability." It's pretty heavy stuff, not the kind of thing you chat about on the beach between margaritas.

In Memoriam Rolland Henderson 1935-2023



Rolland Henderson's life featured role changes, scene shifts and this recurrent theme: his service to others.

Service was a constant, from his youth in a Quaker-run boarding school in Iowa, to his years in Japan with the American Friends Service Committee, and his 30 years on the Board of Directors at Foulkeways at Gwynedd. Over a long and productive career, Henderson was an engineer, an executive, and an entrepreneur. He and his brother Phil, a retired Foulkeways Board Chair, co-founded a graphics firm that they ran for a generation.

Along the way, he learned to embrace change. With his wife, Janet at his side for more than 65 years, they managed to build a stable life

on shifting sands. They set up shop wherever their careers found them and raised their three children together.

"The Quaker background was important, stability is important," he told an interviewer last year. "But no matter what you're doing, things shift and change and you have to change too."

His ability to anticipate change and adapt became one of the key operating principals during the 16 years that he and his brother Phil served together on the Foulkeways Board of Directors, a period of growth and expansion.

Rolland was a true FRIEND to the Foulkeways community. We thank him and his family for his dedication and service.





Foulkeways

AT GWYNEDD

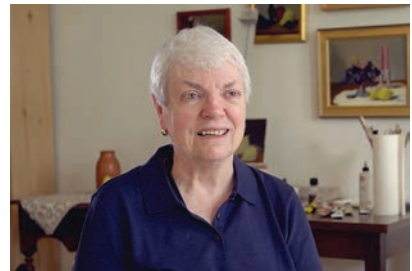
Home to over 400 residents, aged 65 and older, Foulkeways at Gwynedd is one of the most diverse Quaker retirement communities in Pennsylvania. Our community members are actively involved in pursuing their respective retirement goals. Pulling from over 17 states and several foreign countries, our residents represent a geographic diversity found in few other continuing care retirement communities (CCRCs), now referred to as LIFE PLAN COMMUNITIES.



Pat M.



Sam



Karlene



Cyndy & Ralph

Meet the Residents



My Life at Foulkeways



Pat D.



Berit



Activities



Quaker Values

Our residents are a key part of what makes us one of Pennsylvania's most unique Quaker retirement communities. Interested in learning more about what everyday life is like at Foulkeways? Scan the QR Code above to our Meet the Residents Video Gallery where you can watch a few residents describe their life experience here at our retirement community.



1120 Meetinghouse Road | Gwynedd, PA 19436 | 215-643-2200 | www.foulkeways.org

Foulkeways is affiliated with the following organizations: LeadingAge™, LeadingAge™ Quality First, Friends Services Alliance (FSA) and LeadingAge™ PA (formerly PANPHA)