DISCLOSURE STATEMENT

UNDER PENNSYLVANIA ACT 82

October 31, 2022

Landis
Homes

1001 E. Oregon Rd
Lititz PA 17543-9206
(717) 569-3271

NOTE: Issuance of a Certificate of Authority by the Pennsylvania Insurance Department does not constitute approval, recommendation or endorsement of Landis Homes Retirement Community by the Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in this disclosure statement.

Table of Contents

RESIDENT DISCLOSURE STATEMENT
(Section 151.7 of Regulations)

1) Facilities:

Landis Homes Retirement Community
1001 Oregon Road,
Lititz, PA 17543

2) Licensed Provider:

Landis Homes Retirement Community
1001 Oregon Road,
Lititz, PA 17543

3) Admissions:

Sarah L. Short
Director of Residency Planning
Landis Homes
1001 E. Oregon Road, Lititz, PA 17543
(717) 381-3549
sshort@landishomes.org

4) Facility Description:

Landis Homes is located on a 114-acre campus, surrounded by farmland, 8 miles north of Lancaster, Pennsylvania.

Licensed nursing care and personal care is provided in households located in one and two-story buildings. Residential living includes single-level cottage homes, apartments in one, two and three-story buildings and hybrid-style homes. Hybrid-style homes combine the features of cottage homes (multiple outside walls, garages, no corridors) with those of apartment living (indoor access to common areas, a shared community room).

5) Minimum Age for Admission:

The minimum age is 62. Exceptions may be made for those seeking admission to Heritage Memory Support and for short-term admissions to the skilled nursing area.

6) Affiliation with Other Organizations, Including Religious Organizations:

Landis Homes is affiliated with Landis Communities, which is a conference related ministry with ties to LMC (previously known as Lancaster Mennonite Conference) and Atlantic Coast Conference of Mennonite Church USA. Landis Communities appoints members to the Board of Directors of Landis Homes. Neither LMC nor the Atlantic Coast Conference of Mennonite Church USA or any other group other than Landis Homes is responsible for the financial and contractual obligations of the Facility.

7) Resident Population:

As of June 30, 2022, there were 660 residents in the residential living area, 91 residents living in personal care, and 98 living in skilled nursing at Landis Homes, for a total of 849 residents.

8) Sample Fees:

Sample Fees for a One Bedroom Residential Living Cottage.

			Single	Double
Entrance Fee:	$118,000	Monthly fees:	$1,214	$1,432

9) Loan Agreements:

The details of Landis Homes loan agreements may be found on pages 20 through 22 of the audited 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 below correspond to the paragraphs of Section 7(a), which list the requirements for this disclosure statement.

1) The Provider:

Landis Homes, not-for-profit Pennsylvania Corporation
1001 E. Oregon Road
Lititz, PA 17543

2) Board of Directors:

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

Janet Breneman, 1001 E. Oregon Road, Lititz, PA 17543
Lisa Clark, 1001 E. Oregon Road, Lititz, PA 17543
Glen Moffett, 1001 E. Oregon Road, Lititz, PA 17543
Rachel Hess, 1001 E. Oregon Road, Lititz, PA 17543
Gerry Horst, 1001 E. Oregon Road, Lititz, PA 17543
Bill Davis, 1001 E. Oregon Road, Lititz, PA 17543
Kenneth Moore, 1001 E. Oregon Road, Lititz, PA 17543
Sherwood Lingenfelter, 1001 E. Oregon Road, Lititz, PA 17543
Kristen Nebel, 1001 E. Oregon Road, Lititz, PA 17543
Jenn Orantes, 1001 E. Oregon Road, Lititz, PA 17543
George Stoltfus, 1001 E. Oregon Road, Lititz, PA 17543

3) Further Information Concerning Landis Homes as the Provider Agency and its Board of Directors.

This item requires a listing of the following information for those named in item 2:

(A) A description of the business experience of such persons, if any, in the operation or management of facilities similar to Landis Homes:

The Board of Directors consists of individuals that possess a wide variety of experience in the business community, with some members having specific experience in the healthcare and service oriented sectors.

(B) The name and address of any entity in which such person has a 10% or greater interest and which it is presently intended will or may provide goods, leases, or services to the facility of a value of $500 or more within any year:

None

(C) 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

Landis Homes is affiliated with Landis Communities, which is a conference related ministry with ties to LMC (previously known as Lancaster Mennonite Conference) and Atlantic Coast Conference of Mennonite Church USA. Landis Communities appoints members to the Board of Directors of Landis Homes. Neither LMC nor the Atlantic Coast Conference of Mennonite Church USA or any other group other than Landis Homes is responsible for the financial and contractual obligations of the Facility.

Landis Homes is governed by a Board of Directors of not less than six nor more than twelve members. Up to nine directors shall be appointed by the Landis Communities Board of Directors for terms of three years (unless a shorter term is designated by the Landis Homes Board of Directors at appointment). Nominees may be recommended by the Landis Homes Board of Directors. Up to three directors may be appointed by the Landis Communities Board of Directors for terms of one year.

Neither the Lancaster Mennonite Conference nor the Atlantic Coast Conference of Mennonite Church USA or any other group other than Landis Homes is responsible for the financial and contractual obligations of the Facility.

Landis Homes is exempt from the payment of federal income tax under Section 501(c)(3) of the Internal Revenue Code.

5) Facility Description

Landis Homes is located on a 114-acre campus, surrounded by farmland, 8 miles north of Lancaster, Pennsylvania.

Licensed nursing care and personal care is provided in households located in one and two-story buildings. Residential living includes single-level cottage homes, apartments in one, two and three-story buildings and hybrid-style homes. Hybrid-style homes combine the features of cottage homes (multiple outside walls, garages, no corridors) with those of apartment living (indoor access to common areas, a shared community room).

6) List of Services

Included in the basic contract for Residential Living

- Utilities, including cable TV (telephone and internet services not included)
- Real estate taxes
- Maintenance of building and appliances
- Grounds maintenance
- Scheduled shopping trips
- Pastoral care
- Social and recreational activities
- 24-hour emergency response
- Priority access to healthcare and personal care
- Social services
- Use of all indoor and outdoor common social and recreational facilities
- Security services 24 hours a day
- Three meals per day*
- Laundry*
- Housekeeping services*
- Medical/emergency call system*

Available at extra cost for Residential Living

- Meals, guest meals, catering
- Personal laundry or dry cleaning
- Housekeeping services
- Beautician and barber services
- Repairs of personal property

Available at extra cost for all residents

- Internet service
- Telephone service
- Upgraded Cable TV service

*Included in basic contract only for residents of Residential Suites, however, residents may opt out of laundry and housekeeping services and receive a discounted rate.

7) Fees:

See Attachment I for a listing of entrance and monthly fees.

Rate Changes:

Daily and monthly fees and fees for services not included in the basic agreement are reviewed and adjusted from time to time based on factors, which include but are not limited to: changes in the Consumer Price Index, operating experience, governmental regulations, property taxes, maintenance of reserve funds, and to insure the financial stability of Landis Homes. Under ordinary circumstances, these adjustments are announced annually by May 1 where required by regulation, and by June 1 otherwise, and are effective for July 1. Changes in rates may also occur due to single versus double occupancy.

Fee Increases:

For a single occupant in a one-bedroom apartment at Landis Homes, the most recent monthly fees and fee increases for a sample unit are:

Effective Date	Fee	Increase Amount	Increase Percent
July 1, 2022	$1,322	$74	5.9%
July 1, 2021	$1,248	$48	4.0%
July 1, 2020	$1,200	$46	4.0%
July 1, 2019	$1,154	$50	4.5%
July 1, 2018	$1,104	$48	4.5%

8) Reserves

A reserve fund in the amount of $3,713,480 is established as required by Pennsylvania law (Section 9 of Act 1984-82). This amount is the greater of Landis Homes annual debt payments or 10% of budget operating expenditures, with the debt payments comprising the large of the two. The calculation of this reserve is shown on page 19 of the attached consolidated financial statements.

9) Income Statement – Budget to Actual for 2022 and Pro Forma for 2023

Landis Homes
Income Statement

	June 30, 2022			June 30, 2023
	Actual	Budgeted	Favorable (Unfavorable) Variance	Budgeted
Operating Revenue				
Net Resident Service Revenue	42,271,458	42,041,271	230,187	46,480,088
Other Revenue	2,781,826	2,764,587	17,239	2,867,706
Contributions Used Primarily for Benevolent Care	513,145	749,000	(235,855)	858,000
Total Operating Revenue	45,566,429	45,554,858	11,571	50,205,794
Operating Expenses				
Resident Services	14,796,653	14,662,087	(134,566)	15,979,269
Dining Services	4,763,430	4,769,157	5,727	5,502,416
Housekeeping, Laundry, and Campus Services	2,263,331	2,383,780	120,449	2,491,658
Outcome Management	1,731,303	1,963,804	232,501	1,980,071
Plant Operations	4,430,343	4,990,701	560,358	5,154,894
General and Administrative	6,285,602	7,166,691	881,089	7,497,290
Depreciation	7,109,862	7,143,508	33,646	7,343,094
Interest	3,852,292	3,131,230	(721,062)	4,077,284
Total Expenses	45,232,816	46,210,958	978,142	50,025,976
Operating Income(Loss)	333,613	(656,100)	989,713	179,818
Non-Operating Income				
Interest and Dividend Income	768,479	444,000	324,479	552,000
Realized Gains (Losses) on Investments	2,644,360	430,000	2,214,360	538,000
Unrealized Gains (Losses) on Investments	(8,652,363)	860,000	(9,512,363)	1,070,000
Unrestricted Contributions	38,929	100,000	(61,071)	100,000
Loss on Disposal of Property and Equipment	(530,665)	-	(530,665)	
Loss on Extinguishment of Debt	(58,436)	-	(58,436)	
Total Non-Operating Income	(5,789,696)	1,834,000	(7,623,696)	2,260,000
Revenue in Excess(Deficit) of Expenses	(5,456,083)	1,177,900	(6,633,983)	2,439,818
Contributions for Purchase of Property and Equip.	128,152	42,000	86,152	-
Transfer (To) From Affiliate	(864,174)	(858,000)		(858,000)
Forgiveness of Intercompany Bad Debt	(498,000)	-	(498,000)	-
Change in Unrestricted Net Assets	(6,690,105)	361,900	(7,052,005)	1,581,818

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

Current Year Audit Presentation

The audited financial statements are included in this disclosure statement as attachment II. Pages 28 through 33 include the balance sheet and income statement for Landis Homes, along with the affiliates.

The 21/22 year began with great uncertainty as the COVID pandemic raged on. Overall, Landis Homes Retirement Community (LHRC) finished well behind it's budgeted change in net assets. The largest components of finishing behind budget was a loss on the extinguishment of debt and losses in the investment market.

Operating income was well ahead of budget however. This was due to a substantial recovery in occupancy in our skilled nursing facility and personal care facility. The year-end occupancy was very close to pre-COVID levels across nearly the entire campus.

Expenses were significantly lower than anticipated in most areas except for interest expense. The other big negative variance in the Resident Services departments was caused by the costs of COVID related incentives and retention related wage increases. The impact of Interest expense was greater than budget because of the refinancing of several portions of the outstanding long-term debt. LHRC took advantage of the historically low fixed interest rates in September of 2021 to refinance the existing variable rate bank loans. Positive expense variances were seen in several areas, the largest of which was health insurance. This line item was almost $1 million below budget for the year.

The budget for 22/23 shows a return to normal operations and a dwindling of the COVID pandemic impact.

Current Year Audit Presentation

The audited financial statements are included in this disclosure statement as attachment II. Pages 28 through 33 include the balance sheet and income statement for Landis Homes, along with the affiliates.

Resident Agreement Attachment III

The applicable statement(s) below should be checked:

______ A Landis Homes Resident Agreement is attached.

______ No Resident Agreement is attached because:

______ This disclosure statement is being provided to a person who is already a resident of Landis Homes.

This disclosure statement is being provided to a person who has already received a copy of a previous disclosure statement with a copy of the Resident Agreement attached, and the Agreement has not been changed since.

This disclosure statement is being provided to a person who is not currently making application to Landis Homes and is not making a deposit or payment to Landis Homes with such on application.

Attachment I

Landis Homes Rate Schedules

RATES

Daily Rates Per Person | Effective July 2022

PERSONAL CARE SUITES	Base	Intermediate	Enhanced
Standard	$267	$302	$345
Large, occupied by two persons	$257	$292	$335
Large, occupied by single person	$364	$399	$442
Apartment, occupied by two persons	$266	$301	$344
Apartment, occupied by single person	$380	$415	$458

PERSONAL CARE SUITES, MEMORY SUPPORT	Base	Enhanced
Standard	$393	$401
Respite Rates – Additional $20		

HEALTHCARE	Regular	Memory Support
Private Room	$569	$587
Private Room with Shared Bath	$546	$564

RATES

Residential Living Rates | Effective – July 1, 2022

COTTAGES	Range of Entrance Fee	Range of Monthly Rates Single	Double
1 Bedroom	$89,000 - $118,000	$1,073 - $1,214	$1,291 - $1,432
2 Bedroom	$127,000 - $263,000	$1,269 - $1,815	$1,487 - $2,033
2 Bedroom w/Sunroom/Family Room	$209,000 - $340,000	$1,782 - $2,307	$2,000 - $2,525

HYBRID HOMES	Range of Entrance Fee	Range of Monthly Rates Single	Double
1 Bedroom	$165,000 - $173,000	$1,538	$1,756
1 Bedroom w/Den	$245,000	$2,069	$2,287
2 Bedroom	$264,000	$2,122	$2,340
2 Bedroom w/Den	$310,000	$2,401	$2,619

APARTMENTS	Range of Entrance Fee	Range of Monthly Rates Single	Double
Studios	$53,000 - $107,000	$928 - $1,284	$1,502
1 Bedroom	$87,000 - $134,000	$1,107 - $1,322	$1,325 - $1,540
1 Bedroom w/Den	$152,000 - $248,000	$1,496 - $1,963	$1,714 - $2,181
2 Bedroom	$118,000 - $292,000	$1,233 - $2,245	$1,451 - $2,463
2 Bedroom w/Den	$326,000	$2,415	$2,633

RESIDENTIAL SUITES	Daily Rate per Person
Standard	$110
Large, occupied by two persons	$98
Large, occupied by single person	$159
Apartment, occupied by two persons	$110
Apartment, occupied by single person	$179

Attachment II

Audited Financial Statements

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Landis Communities and Affiliates

Consolidated Financial Statements
and Supplementary Information

June 30, 2022 and 2021

Independent Auditors' Report

To the Board of Directors of
Landis Communities and Affiliates

Opinion

We have audited the consolidated financial statements of Landis Communities and Affiliates (collectively, the Corporation), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 consolidated financial statements as a whole. The consolidating and obligated group information on pages 28 to 33 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Wilkes-Barre, Pennsylvania
October 6, 2022

Landis Communities and Affiliates

Consolidated Balance Sheets
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 3,716,570	$ 3,242,629
Assets whose use is limited, debt service funds	7,752,644	2,382,230
Accounts receivable:		
Residents, net	2,809,970	2,396,404
Entrance fees	332,400	99,000
Other	75,027	15,503
Prepaid expenses and other current assets	2,288,309	1,231,640
Total current assets	16,974,920	9,367,406
Assets Whose Use is Limited		
Board-designated investments	3,386,311	3,812,792
Statutory minimum liquid reserve	3,713,480	3,971,323
Donor-restricted investments	2,126,805	2,153,210
Debt service reserve fund	7,239,941	3,133,813
Total assets whose use is limited	16,466,537	13,071,138
Investments	31,643,435	37,622,747
Investment in Limited Partnerships	1,490,675	1,168,444
Property and Equipment, Net	123,402,105	117,413,475
Operating Lease, Right-of-Use Assets	2,571,966	5,421,480
Pledges Receivable, Net	126,715	140,408
Split-Interest Agreements	241,210	338,186
Other Assets	989,855	231,930
Total assets	$ 193,907,418	$ 184,775,214

See notes to consolidated financial statements

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Current portion of:		
Long-term debt	$ 1,045,000	$ 2,903,851
Operating lease obligations	418,777	390,634
Line of credit	-	1,789,252
Accounts payable:		
Trade	555,251	420,965
Capital related	3,225,255	878,002
Accrued expenses:		
Salaries and wages	669,990	544,768
Paid time off	803,081	871,289
Interest	2,119,816	1,138,343
Other	727,451	827,200
Total current liabilities	9,564,621	9,764,304
Long-Term Debt	109,375,864	89,466,035
Operating Lease Obligations	2,316,565	5,170,222
Deposits for Capital Additions	77,000	61,000
Refundable Entrance Fees and Deposits	499,786	567,300
Deferred Revenues From Nonrefundable Entrance Fees	42,249,899	43,548,105
Total liabilities	164,083,735	148,576,966
Net Assets		
Without donor restrictions	25,866,292	32,468,209
With donor restrictions	3,957,391	3,730,039
Total net assets	29,823,683	36,198,248
Total liabilities and net assets	$ 193,907,418	$ 184,775,214

See notes to consolidated financial statements

Landis Communities and Affiliates

Consolidated Statements of Operations
Years Ended June 30, 2022 and 2021

	2022	2021
Revenues Without Donor Restrictions		
Net resident service revenues	$ 45,570,217	$ 41,398,378
Other revenues	1,455,390	1,763,738
Donor-restricted contributions used primarily for benevolent care	714,843	890,760
Total revenues without donor restrictions	47,740,450	44,052,876
Expenses		
Resident services	15,293,890	13,890,125
General and administrative	8,646,178	9,276,509
Depreciation	7,331,092	7,216,538
Plant operations	4,657,049	4,931,470
Dining services	5,026,871	4,624,806
Housekeeping, laundry and campus services	2,355,141	2,392,018
Admissions, social services, pastoral services and life enrichment	1,732,238	1,709,443
Interest	3,865,000	3,008,610
Total expenses	48,907,459	47,049,519
Operating loss	(1,167,009)	(2,996,643)
Other (Loss) Income		
Interest and dividend income	768,661	877,471
Net realized gain on sales of investments	2,619,973	1,384,813
Change in net unrealized gains and losses on investments	(8,663,009)	7,481,577
Contributions and bequests	304,778	650,440
Loss on disposal or abandonment of property and equipment	(65,416)	(37,101)
Loss on extinguishment of debt	(530,665)	-
Total other (loss) income, net	(5,565,678)	10,357,200
Revenues (Less Than) in Excess of Expenses	(6,732,687)	7,360,557
Donor-Restricted Contributions Used for Purchase of Property and Equipment	130,770	145,965
Change in net assets without donor restrictions	$ (6,601,917)	$ 7,506,522

See notes to consolidated financial statements

Landis Communities and Affiliates

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2022 and 2021

	2022	2021
Net Assets Without Donor Restrictions		
Change in net assets without donor restrictions	$ (6,601,917)	$ 7,506,522
Net Assets With Donor Restrictions		
Contributions	1,328,431	2,056,132
Interest and dividend income	36,119	38,410
Net realized gain on sales of investments	134,625	52,114
Change in net unrealized (losses) gains on investments	(451,781)	439,627
Change in value, split-interest agreements	25,571	(10,016)
Donor-restricted contributions used for:		
Resident assistance program	(563,559)	(581,628)
Other	(151,284)	(309,132)
Purchase of property and equipment	(130,770)	(145,965)
Change in net assets with donor restrictions	227,352	1,539,542
Change in net assets	(6,374,565)	9,046,064
Net Assets, Beginning	36,198,248	27,152,184
Net Assets, Ending	$ 29,823,683	$ 36,198,248

See notes to consolidated financial statements

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ (6,374,565)	$ 9,046,064
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,331,092	7,216,538
Amortization of deferred financing costs	72,994	56,230
Amortization of bond premium	(122,823)	-
Change in operating lease right-of-use assets and obligations	479,758	490,092
Payments on operating lease obligations	(455,758)	(446,801)
Net realized and unrealized gains and losses on investments and assets whose use is limited	6,043,036	(9,358,131)
Loss on disposal or abandonment of property and equipment	65,416	37,101
Loss on extinguishment of debt	530,665	-
Forgiveness of Paycheck Protection Program Loan	(138,670)	-
Proceeds from entrance fees and deposits, existing units	6,186,800	5,402,900
Amortization of entrance fees	(6,774,466)	(6,079,759)
Contributions restricted for long-term purposes	(28,337)	(32,722)
Contributions, pledges receivable	(115,382)	(93,311)
Change in value, pledges receivable	11,165	(1,044)
Change in split-interest agreements	96,976	(18,126)
Change in assets and liabilities:		
Accounts receivable	(473,090)	580,549
Prepaid expenses and other assets	(1,814,594)	(695,294)
Accounts payable, trade	134,286	(374,874)
Accrued expenses and other liabilities	938,738	(309,730)
Net cash provided by operating activities	5,593,241	5,419,682
Cash Flows From Investing Activities		
Net sales of investments and assets whose use is limited	872,130	1,368,472
Change in value of investment in limited partnerships	(322,231)	(538,485)
Purchase of property and equipment	(11,037,885)	(5,085,696)
Net cash used in investing activities	(10,487,986)	(4,255,709)
Cash Flows From Financing Activities		
Repayment of long-term debt	(1,446,871)	(2,692,208)
Proceeds from long-term debt, including bond premium of $4,578,730	20,295,540	138,670
Payment of deferred financing costs	(1,139,857)	-
(Payments on) proceeds from line of credit	(1,789,252)	1,789,252
Proceeds from entrance fees and deposits, new units	53,638	59,625
Refunds of entrance fees	(1,049,092)	(784,664)
Collections, pledges receivable	117,910	90,695
Contributions restricted for long-term purposes	28,337	32,722
Net cash provided by (used in) financing activities	15,070,353	(1,365,908)
Net change in cash and cash equivalents and restricted cash and cash equivalents	10,175,608	(201,935)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	8,824,191	9,026,126
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 18,999,799	$ 8,824,191
Supplemental Disclosure of Cash Flow Information		
Interest paid, including capitalized interest	$ 3,112,138	$ 3,004,274
Noncash Investing and Financing Activities		
Accounts payable, capital related	$ 3,225,255	$ 878,002
Amounts refinanced through issuance of long-term debt	$ 47,880,006	$ -
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 3,716,570	$ 3,242,629
Cash and cash equivalents included in assets whose use is limited and investments	15,283,229	5,581,562
Total cash, cash equivalents and restricted cash and cash equivalents	$ 18,999,799	$ 8,824,191

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Landis Communities is a not-for-profit corporation organized to operate exclusively for the support and benefit of Landis Homes Retirement Community (LHRC), Landis Place on King (LPK), Quality Living Choices (QLC), Welsh Mountain Home (WMH), Landis Quality Living (LQL) and Landis HCBS, LLC (HCBS); to support the mission, operations and residents of LHRC, LPK, QLC, WMH, LQL and HCBS, serving older adults including the provision of housing, the provision of affordable housing, the promotion of community among the residents, and the provision of access to home and community based services, including, but not limited to, home care, home health, continuing care at home, adult day services, respite care, care navigation and concierge services to not only residents but the general public, and other retirement community services as elected by the residents, and to develop, and administer an array of services consistent with Landis Communities' Mennonite/Anabaptist heritage and designed to serve the physical and spiritual needs of aging adults.

The consolidated financial statements include the accounts of Landis Communities, LHRC, LPK, QLC, HCBS, LQL, WMH and WMH Inc. (collectively, the Corporation). All significant intercorporate transactions and balances have been eliminated. Landis Communities is the controlling entity and sole member of the following entities, unless otherwise noted below:

- LHRC is a not-for-profit corporation that operates a continuing care retirement community in Lititz, Pennsylvania providing housing, health care and other related services to elderly residents through the operation of a nursing facility and personal care and residential living units.

- As of July 1, 2018, Landis at Home, LLC (LAH) was re-organized to be HCBS. HCBS is a not-for-profit limited liability company organized to provide an array of home and community based services including home care, home health, continuing care at home, adult day services, respite care and other programs.

- LQL is a not-for-profit corporation organized to provide affordable low-income and other affordable housing options, including rental units, to meet the needs for senior adults, to promote community among the residents and to provide access to home health services and other retirement community services as elected by the residents. LQL owns and operates QLC and LPK, rental properties in Lancaster, Pennsylvania. QLC opened in 2013 and LPK is currently under construction with plans to open in April of 2023.

- WMH (whose sole member is LQL) is a not-for-profit corporation that operates a personal care facility in a Christian environment in New Holland, Pennsylvania.

- WMH Inc., (whose sole member is WMH) is a not-for-profit corporation organized to act as a co-general partner in Mountain View Terrace, LP (an affordable housing apartment complex for seniors).

LHRC and LPK comprise the Corporation's Obligated Group (the Obligated Group).

Principles of Consolidation

The consolidated financial statements include the accounts of LC, LHRC, LPK, QLC, WMH, LQL and HCBS. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements of the Corporation.

During 2022, the Corporation determined that amounts due from HCBS to LHRC were determined to not be recoverable and therefore a forgiveness of the amounts was recognized. These amounts are eliminated in consolidation.

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

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

Accounts Receivable

The Corporation assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management during periodic review of individual accounts and based on factors such as aging of the accounts receivable and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Corporation has exhausted all collection efforts and accounts are deemed impaired. The allowance for doubtful collections is estimated based upon a periodic review of individual accounts. Management determined the allowance for doubtful collections was $14,577 and $49,380 as of June 30, 2022 and 2021, respectively.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues (less than) in excess of expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Corporation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the consolidated balance sheets could change materially in the near term.

Assets Whose Use is Limited

Assets whose use is limited includes investments set aside by the board of directors which are available for the general use and purposes of the Corporation, assets whose use has been limited by donors to specific purposes, assets to be held in perpetuity, assets designated to meet the statutory minimum liquid reserve requirements of Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), resident escrow deposits and assets held by trustees under trust indentures. Amounts available to meet current liabilities of the Corporation have been classified as current assets in the consolidated balance sheets.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

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. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Lease Obligations and Right-of-Use Assets

The Corporation evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use (ROU) asset for all leases with a term greater than 12 months. Leases are classified as either finance or operating. All lease liabilities are measured at the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain of being exercised, if applicable. Future lease payments for optional renewal periods that are not reasonably certain of being exercised are excluded from the measurement of the lease liability. For all leases, the ROU asset is initially derived from the measurement of the lease liability and adjusted for certain items, such as initial direct costs and lease incentives received. ROU assets are subject to long-lived impairment testing.

Operating lease expense is recognized on a straight-line basis over the lease term and is included within general and administrative in the consolidated statements of operations. The lease term is determined based on the date the Corporation acquires control of the leased premises through the end of the lease term.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been capitalized and are being amortized over the terms of the related debt using the straight-line method, which approximates the effective interest method. Amortization expense, which is included as a component of interest expense, was $72,994 and $56,230 in 2022 and 2021, respectively.

Split-Interest Agreements

LHRC has received as contributions charitable gift annuities. These arrangements represent contracts between the Mennonite Foundation (the Foundation) and donors. Donors transfer cash or investments to the Foundation and, in turn, receive periodic distributions from the Foundation. The contributions received by LHRC are the unconditional rights to receive the remainder interest of the gift annuities. The amount of the contribution is the difference between the asset received by the Foundation and the present value of the estimated future payments to be distributed by the Foundation to the annuitants. These contributions are recorded to net assets with donor restrictions, in accordance with donor restrictions.

Investment in Limited Partnerships

WMH, Inc. is a co-general partner (.0051% interest) along with Housing Development Corporation MidAtlantic (HDC) (.0049% interest) in Mountain View Terrace, LP (an affordable housing apartment complex for seniors). WMH, Inc. purchased land for $1 from WMH, which was then contributed at a fair value of $630,000 to Mountain View Terrace, LP. HDC is the managing general partner of Mountain View Terrace, LP and has provided certain guarantees. The investment is recorded using the equity method of accounting as an investment in limited partnership on the consolidated balance sheets. The investment is $629,944 and $629,952 at June 30, 2022 and 2021, respectively, including a change in value of ($8) and ($7) during the fiscal years ended June 30, 2022 and 2021, respectively.

LQL is a co-general partner (50% interest) along with an unrelated organization (50% interest) in 149 LB Development LLC. Each partner contributed an equal share in the purchase of land to be held for development. The investment is recorded using the equity method of accounting as an investment in limited partnership on the consolidated balance sheets. The investment is $860,731 and $538,492 at June 30, 2022 and 2021, respectively, including a change in value of $325,329 during the fiscal year ended June 30, 2022.

Entrance Fees

Under certain entrance fee plans for residential living units, LHRC receives payments in advance. Residential living apartment and cottage residents have two entrance plan options, a "refundable" option and a "nonrefundable" option. The refundable option has a guaranteed refund component, which is 90%, 50% or 25% of the entrance fee paid, with the balance generally refundable on a decreasing basis for 80 months. The nonrefundable option has no guaranteed refund component and is generally refundable on a decreasing basis for 80 months. All refunds to residents are generally paid upon termination of the resident agreement or transfer to another level of care. At June 30, 2022 and 2021, the gross amount of contractual refund obligations under existing resident agreements approximated $21,900,000 and $23,400,000, respectively.

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

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

Net Assets

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

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

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

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of skilled nursing, personal care and independent living revenue streams, which are primarily derived from providing housing, skilled nursing, personal care and independent living services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Corporation has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Corporation considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care and independent living revenues are recognized on a daily or month-to-month basis as services are rendered.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees in the accompanying consolidated balance sheets.

Revenue from nonrefundable entrance fees received is recognized through amortization of the nonrefundable entrance fees using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the consolidated balance sheets. Amortization of nonrefundable entrance fees included in independent living revenues was $6,774,466 in 2022 and $6,079,759 in 2021.

The Corporation receives revenue for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Other Revenues

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

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for hospitals and other healthcare providers. The Corporation received $1,663,320 in funding from PRF through June 30, 2022. The Corporation also received additional CARES funding of $696,462 through June 30, 2022 that was passed through the State of Pennsylvania Department of Human Services (DHS) under Act 24 of 2020. The Corporation also received funding from other state and local funding sources of $170,115 through June 30, 2022.

The Corporation has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the PRF and other funding sources and therefore has recognized $536,969 and $1,028,973 in 2022 and 2021, respectively, which is included in other revenues in the accompanying consolidated statements of operations.

The Corporation's methodology for calculating lost revenues was the difference between 2019 actual net resident service revenues as compared to actual net resident service revenues in 2022 and 2021.

The majority of the funding received is subject to future reporting and audit requirements. Noncompliance with the terms and conditions of the funding sources could result in repayment of some or all of the support, which can be subject to government review and interpretation. An estimate of the possible effects of these matters cannot be made as of the date these consolidated financial statements were issued.

Donor-Restricted Gifts

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 of the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions.

Contributed Services

Volunteers provide various services that are not recognized as contributions in the consolidated financial statements since the recognition criteria under the authoritative guidance were not met. Approximately 23,700 and 19,100 hours in 2022 and 2021, respectively, were contributed to the Corporation for these services.

Benevolent Care

The Corporation provides services to residents who meet certain criteria at amounts less than its cost of providing care. The Corporation maintains records to identify and monitor the level of benevolent care it provides. The costs associated with the benevolent care services provided to residents include both direct costs and estimated indirect costs, as reported by management on the Corporation's internal financial statements. The level of benevolent care provided by the Corporation, which represents the difference between the estimated cost of providing care and the payments received for services rendered, was approximately $1,399,000 and $1,576,000 in 2022 and 2021, respectively. The Corporation received contributions restricted for benevolent care of $576,186 and $577,430 in 2022 and 2021, respectively. These amounts include contributions of charitable gift annuities.

Medical Assistance Reimbursement and Cost of Providing Care

LHRC provides nursing care to Medical Assistance program beneficiaries that are reimbursed at amounts less than its cost of providing care. LHRC maintains records to identify and monitor the difference between the cost of providing care to Medical Assistance program beneficiaries and the payments received for services rendered. The costs associated with the services provided to Medical Assistance program beneficiaries include both direct costs and estimated indirect costs, as reported by management on LHRC's internal financial statements. The difference between the estimated cost of providing care to Medical Assistance program beneficiaries and the payments received for services rendered was approximately $2,656,000 in 2022 and $2,579,000 in 2021.

Income Taxes

Landis Communities, LHRC, LPK, HCBS, LQL, WMH and WMH, Inc. are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code. LHRC, HCBS, LQL, WMH and WMH, Inc. are exempt from federal income taxes on their exempt income under Section 509(a)(2) of the Internal Revenue Code and Landis Communities is exempt under Section 509(a)(3) of the Internal Revenue Code. QLC is a taxable nonprofit corporation subject to federal income taxes.

Measure of Operations

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

Performance Indicator

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

Use of Estimates

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

Standard Not Yet Adopted, Reference Rate Reform

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

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through October 6, 2022, the date the consolidated financial statements were issued.

2. Liquidity and Availability of Resources

The following table reflects the Corporation's financial assets available for general expenditure within one year of the consolidated balance sheet date June 30:

	2022	2021
Cash and cash equivalents	$ 3,639,570	$ 3,181,629
Accounts receivable:		
Residents, net	2,809,970	2,396,404
Entrance fees	332,400	99,000
Other	75,027	15,503
Investments	29,812,849	36,045,918
Total	$ 36,669,816	$ 41,738,454

Cash and cash equivalents included in the table above exclude deposits for capital additions of $77,000 and $61,000 as of June 30, 2022 and 2021, respectively. Investments included in the table above exclude net assets with donor restrictions in excess of assets whose use is limited donor-restricted investments of $1,830,586 and $1,576,829 as of June 30, 2022 and 2021, respectively. The Corporation has board-designated assets whose use is limited of $3,386,311 and $3,812,792 at June 30, 2022 and 2021, respectively, which are excluded from the table above. Although the Corporation does not intend to utilize these funds for general expenditure as part of its annual budget and approval process, amounts designated could be made available as necessary.

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

As part of the Corporation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. These funds may be drawn upon, if necessary, to meet unexpected liquidity needs.

3. Net Resident Service Revenues

LHRC has agreements with third-party payors that provide for payments to LHRC at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors follows:

Medical Assistance - The Pennsylvania Department of Human Services has a mandatory Medical Assistance managed care program, Community HealthChoices (CHC). The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible did not change under CHC.

Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). The rates paid by the MCOs are subject to a "floor" through December 31, 2022. The "floor" was equal to the average of each of the LHRC’s prior four quarters (i.e. January 1, 2019 through December 31, 2019) medical assistance rates. Effective January 1, 2023, the medical assistance rate paid to the LHRC may be subject to negotiation with the MCO’s.

Medicare - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. LHRC 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 on clinical, diagnostic and other factors. The determination of these rates is partially based on LHRC's clinical assessment of its residents. LHRC 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.

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

	2022			
	Personal Care	**Independent Living**	**Skilled Nursing**	**Total**
Self-pay	$ 10,439,034	$ 9,991,588	$ 9,914,208	$ 30,344,830
Medicare and other	-	-	2,867,834	2,867,834
Medicaid	-	-	1,826,183	1,826,183
Amortization of nonrefundable entrance fees	-	6,774,466	-	6,774,466
Subtotal	$ 10,439,034	$ 16,766,054	$ 14,608,225	41,813,313
Ancillary service revenues				797,439
Other resident service revenues				2,959,465
Net resident service revenues				$ 45,570,217

	2021			
	Personal Care	**Independent Living**	**Skilled Nursing**	**Total**
Self-pay	$ 9,414,220	$ 9,828,919	$ 8,683,483	$ 27,926,622
Medicare and other	-	-	1,208,213	1,208,213
Medicaid	-	-	2,728,400	2,728,400
Amortization of nonrefundable entrance fees	-	6,079,759	-	6,079,759
Subtotal	$ 9,414,220	$ 15,908,678	$ 12,620,096	37,942,994
Ancillary service revenues				786,752
Other resident service revenues				2,668,632
Net resident service revenues				$ 41,398,378

4. Fair Value Measures, Investments, Assets Whose Use is Limited and Other Financial Instruments

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Corporation for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

The following tables present financial instruments measured at fair value by caption on the consolidated balance sheets as of June 30:

	2022				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Reported at Fair Value					
Assets:					
Investments and assets whose use is limited:					
Mutual funds, equity:					
International	$ 7,820,439	$ 7,820,439	$ 7,820,439	$ -	$ -
Large cap	9,142,424	9,142,424	9,142,424	-	-
Small cap	1,119,573	1,119,573	1,119,573	-	-
Tactical	1,868,533	1,868,533	1,868,533	-	-
Mid cap	2,300,308	2,300,308	2,300,308	-	-
Real estate	2,089,636	2,089,636	2,089,636	-	-
Mutual funds, fixed income:				-	-
Intermediate term	6,526,623	6,526,623	6,526,623	-	-
Short-term	1,902,934	1,902,934	1,902,934	-	-
Marketable equity securities:					
Other	5,112,233	5,112,233	5,112,233	-	-
	37,882,703	$ 37,882,703	$ 37,882,703	$ -	$ -
Cash and cash equivalents	17,979,913				
Total investments and assets whose use is limited	$ 55,862,616				
Split interest agreements	$ 241,210	$ 241,210	$ -	$ -	$ 241,210

	2021				
	Carrying Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Reported at Fair Value					
Assets:					
Investments and assets whose use is limited:					
Mutual funds, equity:					
International	$ 7,649,998	$ 7,649,998	$ 7,649,998	$ -	$ -
Large cap	10,792,740	10,792,740	10,792,740	-	-
Small cap	1,297,493	1,297,493	1,297,493	-	-
Tactical	1,288,003	1,288,003	1,288,003	-	-
Mid cap	2,604,983	2,604,983	2,604,983	-	-
Real estate	2,125,605	2,125,605	2,125,605	-	-
Mutual funds, fixed income:	7,968,996	7,968,996	7,968,996	-	-
Intermediate term	7,280,911	7,280,911	7,280,911	-	-
Short-term	2,138,281	2,138,281	2,138,281	-	-
Marketable equity securities:					
Other	177,294	177,294	177,294	-	-
	43,324,304	$ 43,324,304	$ 43,324,304	$ -	$ -
Cash and cash equivalents	9,751,811				
Total investments and assets whose use is limited	$ 53,076,115				
Split interest agreements	$ 338,186	$ 338,186	$ -	$ -	$ 338,186

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

Investments and assets whose use is limited are combined on the above tables and are presented on the consolidated balance sheets as follows:

	2022	**2021**
Investments	$ 31,643,435	$ 37,622,747
Assets whose use is limited:		
Board-designated investments	3,386,311	3,812,792
Statutory minimum liquid reserve	3,713,480	3,971,323
Donor-restricted investments	2,126,805	2,153,210
Debt service funds, current	7,752,644	2,382,230
Debt service reserve fund	7,239,941	3,133,813
Total	$ 55,862,616	$ 53,076,115

Pennsylvania Act 82 Reserve

In compliance with Act 82, the Corporation "reserved" a portion of assets whose use is limited to meet the requirements of Act 82. The "reserved" funds amounted to approximately $3,713,480 at June 30, 2022 and $3,971,323 at June 30, 2021. The reserve at June 30, 2021 was calculated as follows:

Budgeted resident living operating expenses for the year ending June 30, 2023	$ 16,416,340
Less budgeted resident living depreciation and amortization expense	(5,947,329)
Expenses subject to minimum liquidation reserve requirement	10,469,011
Statutory requirement	10%
Statutory minimum liquid reserve requirement	$ 1,046,901
Budgeted debt service requirements for the year ending June 30, 2023	
Principal	$ 1,045,000
Interest	4,416,000
Total budgeted debt service requirements	5,461,000
Percentage of units subject to entrance fee agreements	68%
Statutory minimum liquid reserve requirement	$ 3,713,480
Greater of (a) or (b) above	$ 3,713,480

Valuation Methodologies

Investments and assets whose use is limited are valued at fair value based on quoted market prices in active markets for mutual funds and marketable equity securities or estimated using the present value of expected future cash flows for split-interest agreements.

5. Property and Equipment

Property and equipment is as follows as of June 30:

	2022	2021
Land	$ 1,985,424	$ 1,985,424
Land improvements	11,101,121	11,030,381
Buildings and building improvements	140,111,507	139,121,776
Major moveable equipment	32,797,314	31,526,440
Furniture and equipment	12,006,582	11,384,436
Total	198,001,948	195,048,457
Less accumulated depreciation	86,200,523	79,737,527
Total	111,801,425	115,310,930
Construction-in-progress	11,600,680	2,102,545
Property and equipment, net	$ 123,402,105	$ 117,413,475

Construction-in-progress at June 30, 2022 and 2021 includes expenditures related to various ongoing capital projects. In the summer of 2021, construction began on 79-unit apartment building with commercial space and parking for residents located on King Street in Lancaster, Pennsylvania. LPK has active construction contracts of $23,160,963. Costs incurred through June 30, 2022 were $9,094,174.

6. Lines of Credit

LHRC has an $800,000 unsecured, revolving demand line of credit with a bank which expires on December 31, 2022. The line of credit bears interest at the one-month LIBOR rate plus 2.25% per annum (3.37% at June 30, 2022). There were no borrowings at June 30, 2022 or 2021.

WMH has a $25,000 unsecured, revolving demand line of credit with a bank which bears a variable interest rate based on the U.S. Prime Rate (4.75% at June 30, 2022). There were no borrowings outstanding at June 30, 2022 or 2021.

In September 2020, LQL entered into a $4,000,000 secured demand line of credit with a bank to support property acquisition, project development, working capital and letter of credit needs. The line of credit bears interest at the one-month LIBOR rate plus 1.95% per annum (3.07% at June 30, 2022). The line of credit is secured by a lien on substantially all assets of LQL. LHRC is a guarantor of this line of credit. There were no borrowings outstanding on this line of credit at June 30, 2022. There was $1,789,252 outstanding on this line of credit at June 30, 2021.

7. Long-Term Debt

Series 2015A Bonds

On October 1, 2015, the Corporation formed a new Obligated Group including LHRC and LAH as co-obligors and the Lancaster County Hospital Authority issued $49,765,000 Series A of 2015 Health Center Revenue Refunding Bonds (the 2015A Bonds) on behalf of the Obligated Group. The 2015A Bonds are tax-exempt and consist of $4,605,000 Serial Bonds maturing July 1, 2016 to July 1, 2020 at 2.00 to 3.00%, $5,450,000 10 year term bonds maturing July 1, 2021 to July 1, 2025 at 3.80%, $6,665,000 15 year term bonds maturing July 1, 2026 to July 1, 2030 at 4.25%, $8,400,000 20 year term bonds maturing July 1, 2031 to 2035 at 5.00%, and $24,645,000 30 year term bonds maturing July 1, 2036 to July 1, 2045 at 5.00%. As of July 1, 2018, LAH was withdrawn from the Obligated Group leaving LHRC as the sole Obligor. On August 18, 2021, LPK was added to the Obligated Group as part of the bond refinancing.

Series 2021 Bonds

On August 18, 2021, the Lancaster Industrial Development Authority issued, on behalf of the Obligated Group, Series of 2021 Revenue Bonds (2021 Revenue Bonds), debt in the maximum principal amount of $25,000,000 to fund construction of LPK. The 2021 Revenue Bonds are tax-exempt direct placement bonds with interest only payable monthly during the 24-month construction period. Beginning September 2023, payments of principal and interest are due monthly. Interest is payable at a rate of 2.35% through August 2031 at which time the interest rate will be equal to 79% of the SOFR rate plus 158 basis points or a minimum of 2.13%.

On September 1, 2021, the Lancaster Industrial Development Authority issued, on behalf of the Obligated Group, Series of 2021 Refunding Bonds (the 2021 Refunding Bonds) in the principal amount of $53,385,000 to fund various capital projects, refinance the 2015B Bonds, 2015C Bonds and 2017B Bonds and pay the costs of issuance. The 2021 Refunding Bonds are tax-exempt and consist of $1,760,000 ten year term bonds maturing July 1, 2023 to July 1, 2031 at 4.00%, $1,440,000 16 year term bonds maturing July 1, 2032 to July 1, 2037 at 4.00%, $5,905,000 25 year term bonds maturing July 1, 2038 to July 1, 2046 at 4.00%, $19,980,000 30 year term bonds maturing July 1, 2047 to July 1, 2051 at 4.00%, $24,300,000 35 year term bonds maturing July 1, 2052 to July 1, 2056 at 4.00%.

In conjunction with issuance of the 2021 Refunding Bonds during 2022, a loss on extinguishment of debt was recognized of $530,665 in the consolidated statements of operations which represents the write-off of deferred financing costs associated with the refinanced bonds.

LPK Loan

On August 18, 2021, LPK received a loan (the LPK Loan) in the maximum principal amount of $1,550,000 to fund construction of LPK. Beginning January 2022, payments of interest only are due semi-annually at a rate of 5.00% until maturity in August 2031 at which time the outstanding principal and any outstanding interest are due.

Paycheck Protection Program Loan

In June 2021, WMH received loan proceeds in the amount of $138,670 under the Paycheck Protection Program (PPP) which was established as part of the CARES Act and is administered through the U.S. Small Business Administration (SBA). The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the COVID-19 pandemic. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over five years at an interest rate of 1% with payments deferred until the SBA remits the loan forgiveness amount to the lender, or, if WMH does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

WMH met the PPP’s loan forgiveness requirements, and therefore applied for forgiveness during 2022. Legal release was received during November 2021, therefore, WMH recorded other revenue of $138,670 within its consolidated statement of operations in 2022.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, WMH is required to maintain its PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

HOME Loan

On November 4, 2021 LPK entered into a loan agreement with the City of Lancaster for $752,000 in HOME Investment Partner Program funds for the construction of LPK. No funding has been provided under this agreement as of June 30, 2022.

Interest

Interest expense on all debt totaled $3,865,000 and $3,008,610 (including amortization of deferred financing costs) during 2022 and 2021, respectively, net of $178,782 and $32,380 capitalized during 2022 and 2021, respectively.

Security and Covenants

The Bonds are primarily secured by a mortgage lien on, and security interest in, the Obligated Group's property and equipment and revenues, as defined in the applicable agreements. The Bonds require the Obligated Group to meet certain financial ratios.

The LPK Loan is secured by a mortgage lien on, and security interest in LPK's property and equipment.

Long-Term Debt Summary

Long-term debt is as follows as of June 30:

	2022	2021
2015A Bonds	$ 44,150,000	$ 45,160,000
2021 Revenue Bonds	8,661,816	-
2021 Refunding Bonds	53,385,000	-
LPK Loan	1,550,000	-
Long-term debt refinanced in 2022	-	48,316,877
PPP Loan forgiven in 2022	-	138,670
Total	107,746,816	93,615,547
Less current maturities	(1,045,000)	(2,903,851)
Plus bond premium	4,455,907	-
Less unamortized deferred financing costs	(1,781,859)	(1,245,661)
Long-term debt	$ 109,375,864	$ 89,466,035

Scheduled principal repayments on long-term debt are as follows:

Years ending June 30:	
2023	$ 1,045,000
2024	1,772,906
2025	1,980,019
2026	2,044,003
2027	2,108,317
Thereafter	98,796,571
Total	$ 107,746,816

8. Retirement Plan

Landis Communities sponsors a defined contribution retirement plan. Contributions to the plan were $681,256 in 2022 and $660,380 in 2021.

9. Net Assets

Net asset presentation in the accompanying consolidated balance sheets with expanded disclosure for the amount and purpose of restrictions or designations is as follows:

	2022	2021
Net Assets		
Without donor restrictions:		
Operating reserve	$ 22,696,265	$ 28,799,631
Board designated, endowment funds	3,170,027	3,668,578
Total net assets without donor restrictions	25,866,292	32,468,209
With donor restrictions:		
Purpose restricted:		
Resident assistance program	159,771	152,011
Endowment funds appreciation	472,102	753,141
Capital projects	1,572,413	1,071,400
Other	345,934	375,117
Restricted in perpetuity:		
Endowment funds	1,407,171	1,378,370
Total net assets with donor restrictions	3,957,391	3,730,039
Total net assets	$ 29,823,683	$ 36,198,248

10. Endowment Funds

LHRC's endowment funds consist of two funds established for a variety of purposes. The endowment includes both board-designated and donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence of or absence of donor-imposed restrictions.

LHRC interprets relevant Pennsylvania state law governing the net asset classification of donor-restricted endowment funds as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, LHRC classifies as net assets with donor restrictions (a) the original value of all gifts donated as permanent endowments; (b) the original value of subsequent gifts to the permanent endowments; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not classified in net assets with donor restrictions is classified as either net assets with or without restrictions, depending upon the donor designation.

LHRC has adopted investment and spending policies for its endowment assets that attempt to preserve the capital and achieve sufficient total return to fund the annual expenditures of the endowments in accordance with donor restrictions. To achieve LHRC's overall goals, the primary objectives of the investment policy are to (a) preserve and increase the real value of LHRC's assets, (b) provide a stable source of income for LHRC's programs in accordance with LHRC's spending policy, (c) assure that LHRC's bond covenants are satisfied, and (d) invest LHRC's investment funds in a manner consistent with the values formed by LHRC's Anabaptist beliefs and heritage.

To satisfy its long-term rate of return objectives, LHRC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). LHRC targets a diversified asset allocation in order to achieve its long-term return objectives with prudent risk constraints.

LHRC has a policy of appropriating for distribution each year such amounts as are stipulated by the donors upon establishment of the endowment funds. In accordance with the original gifts, each of the endowment funds allows LHRC to appropriate the current yield for distribution each year. LHRC excludes realized capital gains related to the endowment funds from this calculation. LHRC expects the current spending policy to allow its endowment funds to preserve the fair value of the original gifts, which is consistent with LHRC's objective to preserve the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. LHRC's spending policy does not require a minimum payout from its endowment income on an annual basis.

Donor-restricted net assets totaling $1,879,273 and $2,131,511 at June 30, 2022 and 2021, respectively, are classified as net assets with donor restrictions in the consolidated balance sheets. Net appreciation of donor-restricted endowment funds is classified as net assets with donor restrictions in the consolidated balance sheets until used in accordance with the donors intended purpose. Board-designated endowment funds totaling $3,170,027 and $3,668,578 at June 30, 2022 and 2021, respectively, are classified as net assets without donor restrictions in the consolidated balance sheets.

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are composed of the following:

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 3,668,578	$ 2,131,511	$ 5,800,089
Investment loss (including interest and dividends and realized and unrealized gains and losses)	(492,480)	(281,037)	(773,517)
Contributions	38,929	28,335	67,264
Change in value, split interest agreements	-	464	464
Other	(45,000)	-	(45,000)
Endowment net assets, end of year	$ 3,170,027	$ 1,879,273	$ 5,049,300

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 3,367,325	$ 1,598,919	$ 4,966,244
Investment return (including interest and dividends and realized and unrealized gains and losses)	1,043,552	530,144	1,573,696
Contributions	328,605	32,722	361,327
Change in value, split interest agreements	-	4,444	4,444
Net assets released from restrictions	-	(38,402)	(38,402)
Other	(1,070,904)	3,684	(1,067,220)
Endowment net assets, end of year	$ 3,668,578	$ 2,131,511	$ 5,800,089

11. Insurance

Professional and General Liability Insurance

The Corporation maintains professional and general liability insurance coverage on a claims-made basis through Peace Church Risk Retention Group (PCRRG), a reciprocal insurance company. Other than for premiums paid under these policies, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the insurance coverage of the Corporation or will have a material adverse effect on the consolidated financial statements.

Employee Health Insurance

Landis Communities self-insures certain of its health insurance benefits. Landis Communities holds a stop-loss policy of $230,000 per eligible employee that limits the maximum liability for benefits payable under such claims. Self-insurance costs incurred under this program were $2,524,037 and $3,151,931 in 2022 and 2021, respectively. On the consolidated balance sheets, accrued expenses, other includes $302,312 and $427,168 at June 30, 2022 and 2021, respectively, for reserves for anticipated health insurance costs. On the consolidated balance sheets, prepaid expenses and other current assets, includes $1,558,523 and $581,510 at June 30, 2022 and 2021, respectively, for prepaid health insurance costs. Management believes no instances occurred or will be asserted that will exceed the insurance coverage stated in the policies.

12. Contingencies

Real Estate Taxes

As not-for-profit Corporations in the Commonwealth of Pennsylvania, LHRC and WMH are organizations which qualify for exemption from real property taxes relating to portions of their properties. However, a number of cities, municipalities and school districts in the Commonwealth of Pennsylvania have challenged and continue to challenge not-for-profit corporations' exemption from real estate taxes. The possible future financial effects of this matter on LHRC and WMH, if any, are not determinable.

Senior Living Services Industry

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

13. Leases

The Corporation leases office space and equipment used in operations. These leases have initial terms of ten years and include two options to renew for additional an additional five years with each option. For leases where the Corporation is reasonably certain to exercise its renewal option, the option periods are included within the lease term, and therefore measurement of the right-of-use-assets and lease obligations. The payment structure for the leases include annual escalation clauses that are either fixed. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets and expenses for these leases are recognized on a straight-line basis over the lease term as an operating expense.

Certain leases include an option to purchase the leased assets. The Corporation assesses the likelihood of exercising the purchase option using a "reasonably certain" threshold, which is understood to be a high threshold and, therefore, purchase options are generally accounted for when a compelling economic reason to exercise the option exists. Certain leases include an option to terminate the lease, the terms and condition of which vary by contract. These options allow the parties to the contract to terminate their obligations typically in return for an agreed upon financial consideration amount. The Corporation's lease agreements do not contain material residual value guarantees.

The Corporation makes certain assumptions and judgments in determining the discount rate, as most leases do not provide an implicit rate. The Corporation has elected, under its classification of not being considered a public business entity, to use a risk-free discount rate in determining the present value of lease payments for the leases which was determined using a period comparable with that of the remaining lease term.

Subsequent to the lease commencement date, the Corporation reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

Future minimum lease payments under the operating leases obligations as of June 30, 2022 were as follows:

Years ending June 30:	
2023	$ 462,873
2024	471,127
2025	479,528
2026	488,081
2027	496,787
Thereafter	483,176
Total	2,881,572
Less:	
Amounts representing present value	146,230
Current portion	418,777
Long-term obligation	$ 2,316,565

Operating lease costs were $479,084 and $490,092 in 2022 and 2021, respectively, and are included in general and administrative expenses in the accompanying consolidated statements of operations.

Other supplemental information as of and for the year ended June 30, 2022 and 2021 is as follows:

	2022	2021
Weighted-average remaining lease term:		
Operating lease obligations	5.96 years	11.92 years
Weighted-average discount rate:		
Operating lease obligations	1.76%	1.20%

14. Concentrations of Credit Risk

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

The Corporation maintains cash accounts, which, at times, may 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.

15. Functional Expenses

The Corporation's primary program service relates to providing housing, health care and other related services to residents within its geographic location. Expenses by functional classification consist of the following in 2022 and 2021:

	2022			
	Resident Services	**General and Administrative**	**Fundraising**	**Total**
Salaries and wages	$ 16,421,353	$ 4,077,732	$ 230,747	$ 20,729,832
Employee benefits and payroll taxes	4,597,075	747,365	60,272	5,404,712
Professional fees and purchased services	2,182,658	469,951	9,602	2,662,211
Nursing home assessment	-	176,797	-	176,797
Depreciation	7,213,513	117,579	-	7,331,092
Interest	3,831,292	33,708	-	3,865,000
Supplies and other expenses	5,864,103	2,766,190	107,522	8,737,815
Total expenses	$ 40,109,994	$ 8,389,322	$ 408,143	$ 48,907,459

	2021			
	Resident Services	**General and Administrative**	**Fundraising**	**Total**
Salaries and wages	$ 15,043,689	$ 4,099,894	$ 220,924	$ 19,364,507
Employee benefits and payroll taxes	4,796,181	1,139,557	66,218	6,001,956
Professional fees and purchased services	1,988,924	379,352	12,975	2,381,251
Nursing home assessment	-	150,092	-	150,092
Depreciation	7,117,883	98,655	-	7,216,538
Interest	2,982,284	26,326	-	3,008,610
Supplies and other expenses	5,719,068	3,135,101	72,396	8,926,565
Total expenses	$ 37,648,029	$ 9,028,977	$ 372,513	$ 47,049,519

Certain categories of expenses are attributable to more than one program or supporting function. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage, time and effort.

Landis Communities and Affiliates

Consolidating Schedule, Balance Sheet
June 30, 2022

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2022
Assets											
Current Assets											
Cash and cash equivalents	$ 1,909,072	$ 205,245	$ -	$ 2,114,317	$ 111,195	$ 878,792	$ 524	$ 66,064	$ 545,678	$ -	$ 3,716,570
Assets whose use is limited, debt service funds	7,752,644	-	-	7,752,644	-	-	-	-	-	-	7,752,644
Accounts receivable:											
Residents, net	2,631,602	-	-	2,631,602	172,222	2,521	-	-	3,625	-	2,809,970
Advance fees	332,400	-	-	332,400	-	-	-	-	-	-	332,400
Other	(41,781)	-	-	(41,781)	2,441	1,929	97,438	-	15,000	-	75,027
Due from affiliates	673,049	-	-	673,049	1,212	1,273,468	-	1,000	91	(1,948,820)	-
Prepaid expenses and other current assets	1,872,758	780	-	1,873,538	-	321,670	-	39,333	53,768	-	2,288,309
Total current assets	15,129,744	206,025	-	15,335,769	287,070	2,478,380	97,962	106,397	618,162	(1,948,820)	16,974,920
Assets Whose Use Is Limited											
Board-designated investments	3,215,027	-	-	3,215,027	-	-	-	-	171,284	-	3,386,311
Statutory minimum liquid reserve	3,713,480	-	-	3,713,480	-	-	-	-	-	-	3,713,480
Donor-restricted investments	1,844,530	-	-	1,844,530	-	282,275	-	-	-	-	2,126,805
Debt service reserve fund	7,239,941	-	-	7,239,941	-	-	-	-	-	-	7,239,941
Total assets whose use is limited	16,012,978	-	-	16,012,978	-	282,275	-	-	171,284	-	16,466,537
Investments	31,643,435	-	-	31,643,435	-	-	-	-	-	-	31,643,435
Investment in Limited Partnerships	-	404,536	-	404,536	-	-	964,056	-	629,944	(507,861)	1,490,675
Property and Equipment, Net	108,876,438	11,907,655	-	120,784,093	21,901	166,952	-	63,208	2,365,951	-	123,402,105
Operating Lease, Right-of-Use Assets	-	-	-	-	-	-	-	2,571,966	-	-	2,571,966
Pledges Receivable, Net	1,000	-	-	1,000	-	97,839	-	-	27,876	-	126,715
Split-Interest Agreements	236,111	-	-	236,111	-	5,099	-	-	-	-	241,210
Other Assets	939,050	-	-	939,050	-	50,805	-	-	-	-	989,855
Total assets	$ 172,838,756	$ 12,518,216	$ -	$ 185,356,972	$ 308,971	$ 3,081,350	$ 1,062,018	$ 2,741,571	$ 3,813,217	$ (2,456,681)	$ 193,907,418

Landis Communities and Affiliates

Consolidating Schedule, Balance Sheet
June 30, 2022

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2022
Liabilities and Net Assets (Deficit)											
Current Liabilities											
Current portion of:											
Long-term debt	$ 1,045,000	$ -	$ -	$ 1,045,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,045,000
Operating lease obligations	-	-	-	-	-	-	-	418,777	-	-	418,777
Line of credit	-	-	-	-	-	-	-	-	-	-	-
Accounts payable:											
Trade	430,450	3,948	-	434,398	6,006	92,773	-	5,849	16,225	-	555,251
Due to affiliate	2,445	4,639	-	7,084	262,245	1,001	1,261,877	335,571	3,939	(1,871,717)	-
Capital related	750,947	2,271,967	-	3,022,914	-	195,738	-	963	5,640	-	3,225,255
Accrued expenses:											
Salaries and wages	537,792	-	-	537,792	40,845	122,654	-	-	9,544	(40,845)	669,990
Paid time off	548,138	-	-	548,138	30,779	242,620	-	-	12,323	(30,779)	803,081
Interest	2,119,816	-	-	2,119,816	-	-	-	-	-	-	2,119,816
Other	569,329	-	-	569,329	5,785	113,085	-	3,197	41,534	(5,479)	727,451
Total current liabilities	6,003,917	2,280,554	-	8,284,471	345,660	767,871	1,261,877	764,357	89,205	(1,948,820)	9,564,621
Long-Term Debt	99,384,473	9,991,391	-	109,375,864	-	-	-	-	-	-	109,375,864
Operating Lease Obligations	-	-	-	-	-	-	-	2,316,565	-	-	2,316,565
Deposits for Capital Addition	77,000	-	-	77,000	-	-	-	-	-	-	77,000
Refundable Entrance Fees and Deposits	406,930	38,692	-	445,622	-	-	-	54,164	-	-	499,786
Deferred Revenues From Nonrefundable Entrance Fees	42,249,899	-	-	42,249,899	-	-	-	-	-	-	42,249,899
Total liabilities	148,122,219	12,310,637	-	160,432,856	345,660	767,871	1,261,877	3,135,086	89,205	(1,948,820)	164,083,735
Net Assets (Deficit)											
Without donor restrictions	22,616,317	(196,957)	-	22,419,360	(125,730)	837,791	(303,184)	(393,515)	3,431,570	-	25,866,292
With donor restrictions	2,100,220	404,536	-	2,504,756	89,041	1,475,688	103,325	-	292,442	(507,861)	3,957,391
Total net assets (deficit)	24,716,537	207,579	-	24,924,116	(36,689)	2,313,479	(199,859)	(393,515)	3,724,012	(507,861)	29,823,683
Total liabilities and net assets (deficit)	$ 172,838,756	$ 12,518,216	$ -	$ 185,356,972	$ 308,971	$ 3,081,350	$ 1,062,018	$ 2,741,571	$ 3,813,217	$ (2,456,681)	$ 193,907,418

Landis Communities and Affiliates

Consolidating Schedule, Operations and Changes in Net Assets (Deficit)
Year Ended June 30, 2022

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2022
Revenues Without Donor Restrictions											
Resident service revenues:											
Nursing	$ 14,608,225	$ -	$ -	$ 14,608,225	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,608,225
Personal care	9,387,295	-	-	9,387,295	-	-	-	-	1,051,739	-	10,439,034
Residential living:											
Monthly fees	9,991,588	-	-	9,991,588	-	-	-	-	-	-	9,991,588
Amortization of entrance fees	6,774,466	-	-	6,774,466	-	-	-	-	-	-	6,774,466
Ancillary service revenues	797,439	-	-	797,439	-	-	-	-	-	-	797,439
Other resident service revenues	712,445	1,000	-	713,445	1,577,824	-	-	677,386	1,350	(10,540)	2,959,465
Net resident service revenues	42,271,458	1,000	-	42,272,458	1,577,824	-	-	677,386	1,053,089	(10,540)	45,570,217
Other revenues	2,781,826	-	-	2,781,826	274,194	4,923,321	43,553	2,565	371,529	(6,941,598)	1,455,390
Donor-restricted contributions used primarily for benevolent care	513,145	-	-	513,145	56,426	38,491	-	-	106,781	-	714,843
Total revenues without donor restrictions	45,566,429	1,000	-	45,567,429	1,908,444	4,961,812	43,553	679,951	1,531,399	(6,952,138)	47,740,450
Expenses											
Resident services	14,796,653	-	-	14,796,653	1,895,667	-	-	-	513,022	(1,911,452)	15,293,890
General and administrative	6,285,602	134,393	-	6,419,995	93,265	6,039,447	215,315	595,889	322,953	(5,040,686)	8,646,178
Depreciation	7,109,862	-	-	7,109,862	3,509	36,312	-	19,054	162,355	-	7,331,092
Plant operations	4,430,343	17,438	-	4,447,781	-	-	-	-	209,268	-	4,657,049
Dining services	4,763,430	-	-	4,763,430	-	-	-	-	263,441	-	5,026,871
Housekeeping, laundry and campus services	2,263,331	-	-	2,263,331	-	-	-	-	91,810	-	2,355,141
Admissions, social services, pastoral services and life enrichment	1,731,303	-	-	1,731,303	-	-	-	-	935	-	1,732,238
Interest	3,852,292	12,708	-	3,865,000	-	-	-	12,968	-	(12,968)	3,865,000
Total expenses	45,232,816	164,539	-	45,397,355	1,992,441	6,075,759	215,315	627,911	1,563,784	(6,965,106)	48,907,459
Operating income (loss)	333,613	(163,539)	-	170,074	(83,997)	(1,113,947)	(171,762)	52,040	(32,385)	12,968	(1,167,009)

Landis Communities and Affiliates

Consolidating Schedule, Operations and Changes in Net Assets (Deficit)
Year Ended June 30, 2022

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2022
Other (Loss) Income											
Interest and dividend income, net	$ 768,479	$ -	$ -	768,479	$ -	$ -	$ -	$ -	$ 13,150	$ (12,968)	$ 768,661
Net realized gain (loss) on sales of investments	2,644,360	-	-	2,644,360	-	-	-	-	(24,387)	-	2,619,973
Change in net unrealized gains and losses on investments	(8,652,363)	-	-	(8,652,363)	-	-	-	-	(10,646)	-	(8,663,009)
Contributions and bequests	38,929	-	-	38,929	-	90,336	-	-	175,513	-	304,778
Loss on disposal or abandonment of property and equipment	(58,436)	-	-	(58,436)	-	-	-	-	(6,980)	-	(65,416)
Loss on extinguishment of debt	(530,665)	-	-	(530,665)	-	-	-	-	-	-	(530,665)
Total other (loss) income, net	(5,789,696)	-	-	(5,789,696)	-	90,336	-	-	146,650	(12,968)	(5,565,678)
Revenues (Less Than) in Excess of Expenses	(5,456,083)	(163,539)	-	(5,619,622)	(83,997)	(1,023,611)	(171,762)	52,040	114,265	-	(6,732,687)
Donor-Restricted Contributions Used for Purchase of Property and Equipment	128,152	-	-	128,152	-	-	-	-	2,618	-	130,770
Transfer (to) From Affiliate	(864,174)	-	-	(864,174)	6,174	852,052	-	-	5,948	-	-
Forgiveness of Due To (From) Affiliates	(498,000)	-	-	(498,000)	498,000	-	-	-	-	-	-
Change in net assets (deficit) without donor restrictions	(6,690,105)	(163,539)	-	(6,853,644)	420,177	(171,559)	(171,762)	52,040	122,831	-	(6,601,917)
Net Assets With Donor Restrictions											
Contributions	514,211	323,125	-	837,336	61,535	375,844	3,000	-	376,841	(326,125)	1,328,431
Interest and dividend income	36,119	-	-	36,119	-	-	-	-	-	-	36,119
Net realized gain on sales of investments	134,625	-	-	134,625	-	-	-	-	-	-	134,625
Change in net unrealized gains and losses on investments	(451,781)	-	-	(451,781)	-	-	-	-	-	-	(451,781)
Change in value, split-interest agreements	26,457	-	-	26,457	-	(886)	-	-	-	-	25,571
Donor-restricted contributions used for:											
Resident assistance program	(481,071)	-	-	(481,071)	(2,535)	-	-	-	(79,953)	-	(563,559)
Other	(32,074)	-	-	(32,074)	(53,891)	(38,491)	-	-	(26,828)	-	(151,284)
Purchase of property and equipment	(128,152)	-	-	(128,152)	-	-	-	-	(2,618)	-	(130,770)
Change in net assets with donor restrictions	(381,666)	323,125	-	(58,541)	5,109	336,467	3,000	-	267,442	(326,125)	227,352
Change in net assets (deficit)	(7,071,771)	159,586	-	(6,912,185)	425,286	164,908	(168,762)	52,040	390,273	(326,125)	(6,374,565)
Net Assets (Deficit), Beginning	31,788,308	47,993	-	31,836,301	(461,975)	2,148,571	(31,097)	(445,555)	3,333,739	(181,736)	36,198,248
Net Assets (Deficit), Ending	$ 24,716,537	$ 207,579	$ -	$ 24,924,116	$ (36,689)	$ 2,313,479	$ (199,859)	$ (393,515)	$ 3,724,012	$ (507,861)	$ 29,823,683

Landis Communities and Affiliates

Consolidating Schedule, Cash Flows

Year Ended June 30, 2022

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2022
Cash Flows From Operating Activities											
Change in net assets (deficit)	$ (7,071,771)	$ 159,586	$ -	$ (6,912,185)	$ 425,286	$ 164,908	$ (168,762)	$ 52,040	$ 390,273	$ (326,125)	$ (6,374,565)
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:											
Depreciation	7,109,862	-	-	7,109,862	3,509	36,312	-	19,054	162,355	-	7,331,092
Amortization of deferred financing costs	60,285	12,709	-	72,994	-	-	-	-	-	-	72,994
Amortization of bond premium	(122,823)	-	-	(122,823)	-	-	-	-	-	-	(122,823)
Change in operating lease right-of-use assets and obligations	-	-	-	-	-	-	-	479,758	-	-	479,758
Payments on operating lease obligations	-	-	-	-	-	-	-	(455,758)	-	-	(455,758)
Net realized and unrealized gains and losses on investments and assets whose use is limited	6,008,003	-	-	6,008,003	-	-	-	-	35,033	-	6,043,036
Loss on disposal or abandonment of property and equipment	58,436	-	-	58,436	-	-	-	-	6,980	-	65,416
Loss on extinguishment of debt	530,665	-	-	530,665	-	-	-		-	-	530,665
Forgiveness of Paycheck Protection Program Loan	-	-	-	-	-	-	-	-	(138,670)	-	(138,670)
Proceeds from entrance fees and deposits, existing units	6,186,800	-	-	6,186,800	-	-	-	-	-	-	6,186,800
Amortization of entrance fees	(6,774,466)	-	-	(6,774,466)	-	-	-	-	-	-	(6,774,466)
Contributions restricted for long-term purposes	(28,337)	-	-	(28,337)	-	-	-	-	-	-	(28,337)
Contributions, pledges receivable	-	-	-	-	-	(87,506)	-	-	(27,876)	-	(115,382)
Change in value, pledges receivable	7,382	-	-	7,382	-	3,783	-	-	-	-	11,165
Change in split-interest agreements	96,090	-	-	96,090	-	886	-	-	-	-	96,976
Change in assets and liabilities:											
Accounts receivable	(322,698)	-	-	(322,698)	(34,311)	(1,511)	(97,438)	-	(17,132)	-	(473,090)
Due from/to affiliates	(43,332)	7,139	-	(36,193)	(383,443)	(102,077)	591,790	(76,755)	5,226	1,452	-
Prepaid expenses and other current assets	(1,627,542)	3,279	-	(1,624,263)	-	(161,866)	-	(676)	(27,789)	-	(1,814,594)
Accounts payable, trade	107,205	2,948	-	110,153	2,388	40,034	-	(6,738)	(11,551)	-	134,286
Accrued expenses and other liabilities	934,595	(3,233)	-	931,362	1,436	(1,511)	-	(1,952)	10,855	(1,452)	938,738
Net cash provided by (used in) operating activities	5,108,354	182,428	-	5,290,782	14,865	(108,548)	325,590	8,973	387,704	(326,125)	5,593,241
Cash Flows From Investing Activities											
Net sales (purchases) of investments and assets whose use is limited	887,442	-	-	887,442	-	-	-	-	(15,312)	-	872,130
Change in value of investment in limited partnerships	-	(323,125)	-	(323,125)	-	-	(325,239)	-	8	326,125	(322,231)
Purchase of property and equipment	(3,037,751)	(7,931,813)	-	(10,969,564)	(1,802)	70,120	-	(12,205)	(124,434)	-	(11,037,885)
Net cash (used in) provided by investing activities	(2,150,309)	(8,254,938)	-	(10,405,247)	(1,802)	70,120	(325,239)	(12,205)	(139,738)	326,125	(10,487,986)
Cash Flows From Financing Activities											
Repayment of long-term debt	(1,446,871)	-	-	(1,446,871)	-	-	-	-	-	-	(1,446,871)
Proceeds from long-term debt, including bond premium of $4,578,000	10,083,724	10,211,816	-	20,295,540	-	-	-	-	-	-	20,295,540
Payment of deferred financing costs	(906,723)	(233,134)	-	(1,139,857)	-	-	-	-	-	-	(1,139,857)
Payments on line of credit	-	(1,789,252)	-	(1,789,252)	-	-	-	-	-	-	(1,789,252)
Proceeds from entrance fees and deposits, new units	17,553	38,692	-	56,245	-	-	-	(2,607)	-	-	53,638
Refunds of entrance fees	(1,049,092)	-	-	(1,049,092)	-	-	-	-	-	-	(1,049,092)
Collections, pledges receivable	38,780	-	-	38,780	-	79,130	-	-	-	-	117,910
Contributions restricted for long-term purposes	28,337	-	-	28,337	-	-	-	-	-	-	28,337
Net cash provided by (used in) financing activities	6,765,708	8,228,122	-	14,993,830	-	79,130	-	(2,607)	-	-	15,070,353
Net change in cash and cash equivalents	9,723,753	155,612	-	9,879,365	13,063	40,702	351	(5,839)	247,966	-	10,175,608
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	7,186,273	49,633	-	7,235,906	98,132	1,120,365	173	71,903	297,712	-	8,824,191
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 16,910,026	$ 205,245	$ -	$ 17,115,271	$ 111,195	$ 1,161,067	$ 524	$ 66,064	$ 545,678	$ -	$ 18,999,799

Landis Communities and Affiliates
Consolidating Schedule, Cash Flows
Year Ended June 30, 2022

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2022
Supplemental Disclosure of Cash Flow Information											
Interest paid, net of amounts capitalized	$ 3,108,906	$ 3,233	$ -	$ 3,112,139	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,112,139
Noncash Investing and Financing Activities											
Accounts payable, capital related	$ 750,947	$ 2,271,967	$ -	$ 3,022,914	$ -	$ 195,738	$ -	$ 963	$ 5,640	$ -	$ 3,225,255
Amounts refinanced through issuance of long-term debt	$ 47,880,006	$ -	$ -	$ 47,880,006	$ -	$ -	$ -	$ -	$ -	$ -	$ 47,880,006
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents											
Cash and cash equivalents	$ 1,909,072	$ 205,245	$ -	$ 2,114,317	$ 111,195	$ 878,792	$ 524	$ 66,064	$ 545,678	$ -	$ 3,716,570
Cash and cash equivalents included in assets whose use is limited and investments	15,000,954	-	-	15,000,954	-	282,275	-	-	-	-	15,283,229
Total cash, cash equivalents and restricted cash and cash equivalents	$ 16,910,026	$ 205,245	$ -	$ 17,115,271	$ 111,195	$ 1,161,067	$ 524	$ 66,064	$ 545,678	$ -	$ 18,999,799

Attachment III

Resident Contract

(If Not Previously Provided)