



2000 Cambridge Avenue, Wyomissing, PA 19610-2714
(610) 775-2300

DISCLOSURE STATEMENT

As of
June 30, 2019

Filed October 31, 2019

The Highlands at Wyomissing, a Continuing Care Retirement Community (CCRC), is owned and operated by The Highlands at Wyomissing, a Pennsylvania not-for-profit corporation

THE ISSUANCE OF A CERTIFICATE OF AUTHORITY BY THE INSURANCE DEPARTMENT OF PENNSYLVANIA DOES NOT CONSTITUTE THAT DEPARTMENT'S APPROVAL, RECOMMENDATION, OR ENDORSEMENT OF THE HIGHLANDS AT WYOMISSING, NOR IS IT EVIDENCE OF, NOR DOES IT ATTEST TO, THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT.

NOTICE

This Statement is provided in accordance with the provisions of The Pennsylvania Continuing Care Provider Regulation and Disclosure Act 40 P.S. Paragraph 3201 et seq. and was filed with the office of the Insurance Commissioner, Commonwealth of Pennsylvania, Office of Regulation of Companies, 1345 Strawberry Square, Harrisburg, Pennsylvania 17120 on October 31, 2019, as the annual update of the original statement filed on August 26, 1987.

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THE HIGHLANDS AT WYOMISSING

MISSION STATEMENT

The mission of The Highlands at Wyomissing is to enrich the lives of senior adults through sponsorship of a high quality, not-for-profit continuing care retirement community.

VISION STATEMENT

Our community sets the standard of excellence in retirement living by providing exceptional quality of life, security, and value.

CUSTOMER SERVICE PHILOSOPHY

The Highlands is distinguished by the quality of life experienced by its residents. This reputation is premised on a set of values that guides the governing body and the staff in carrying out their responsibilities and is reflected in our commitment to the four tenets of the Customer Service Philosophy:

1. Safety
2. Kindness
3. Show!
4. Efficiency

The philosophy or reasoning behind our tenets is each tenet represents a discrete behavioral guideline captured in one word. The tenets are arranged in rank of order, in order of priority. The main focus is a concern of Safety for residents, employees and visitors. When staff is faced with two conflicting demands, understanding these priorities will help determine which concern takes precedence. The goal is to eliminate confusion on what should have priority when dealing with any situation that may occur.

1. Safety

- *Definition:* The state of being safe, the condition of being protected against physical, social, spiritual, financial, political, emotional, occupational, psychological, educational or other types or consequences of failure, damage, error, accidents, harm or any other event which could be considered non-desirable to residents.
- The main priority of all staff is to ensure that all Residents, staff and visitors live, work and visit an organization that places safety first and to ensure an accident-free environment. That all facilities are attractive, safe, well maintained.

- All employees work in a manner that promotes safety for both themselves and the resident by following the policies and procedures that were developed by the organization. Some of the applicable policies deal with equipment safety in all areas, universal precautions, resident care, resident transfers, safe food handling.
- Prevent slips, trips and falls – clean up spills promptly. Be prepared for emergencies and know the appropriate actions to take. Correct or report safety concerns promptly and completely. Use protective clothing, equipment and procedures as appropriate. Understand and practice safety policies and procedures.

2. Kindness

- The quality of being friendly, generous and considerate
- Kindness is more important than efficiency.
- Kindness drives resident and other customer (family, visitor, staff) satisfaction and loyalty
- Each employee is expected to smile, be polite and be engaging and should have interactions before, during and after all that we do for our customers.
- Employees are expected to acknowledge residents, guests and fellow employees with a pleasant greeting as they pass and interact with them throughout their workday.
- Properly welcome our residents and guests in a friendly manner. Being respectful starts with a smile and introducing yourself. Listen to what other people have to say. Use “Please” and “Thank You” in all conversations. Listen to concerns in ways that show you care.

3. Show!

- *Definition:* Be or Allow or Cause to be visible.
- Show is all about the 5 (five) senses – how does THAW look, smell and feel? How well does the food taste and how do things sound throughout the building?
- The appearance of our work environment and community is a direct reflection of the attitude, competence and compassion that characterize our organization. We take pride in our community and do our part to maintain a safe and pleasant environment.
- All facilities should be ready to be on display in pristine condition at any given time. All equipment maintained on a regular basis and all areas maintained by regular and specific cleaning schedules. Everyone should take pride in our community and do our part to maintain a pleasant and clean environment by picking up litter and disposing of it properly and returning equipment to its proper place.
- All employees are to follow the dress code of the organization and, if applicable, their specific department with regards to proper attire, footwear, jewelry, etc. Be neat, clean and professional in appearance. “If you don’t look good, we don’t look good.”

- Supervisors and managers are expected to ensure that their staff are following the established dress code policies.

4. Efficiency

- The ability to accomplish something with the least waste of time and effort.
- Staff members will be held accountable for accomplishing assignments and meeting established goals. Staff members are expected to consult with their supervisor when unclear about how to complete an assignment, meet a goal or handle a situation. Efficiency should not take precedence over Safety, Kindness or Show!

SUMMARY OF INFORMATION

1. The facility name and address:

The Highlands at Wyomissing
2000 Cambridge Avenue
Wyomissing, PA 19610-2714

2. The name and address of the licensed provider is the same as above.

3. The name, location, and telephone number of the person to be contacted to discuss admissions is:

Residential – Jodi A. Gibble, Director of Marketing
Healthcare – Jessica King, MSW, LSW, Clinical Liaison
The Highlands at Wyomissing
2000 Cambridge Avenue
Wyomissing, PA 19610-2714
(610) 775-2300

4. The Highlands at Wyomissing is located on approximately 113 acres on the eastern side of Cambridge Avenue in the southernmost section of the Borough of Wyomissing in Berks County, Pennsylvania. Access is from Cambridge Avenue directly opposite Logan Avenue.

The property is southwest of the city of Reading in a suburban area close to U.S. Route 222 and PA Route 724, adjoining Spring Township, Cumru Township, and Shillington Borough.

Adjoining the immediate parcel on which The Highlands at Wyomissing is built is open property, which is part of the Borough of Wyomissing's parklands.

The Highlands at Wyomissing consists of 238 residential living apartments (ranging from studio to two-bedroom deluxe), 28 two-and three-bedroom duplex villas, 15 three-bedroom with den single family homes (including the Farmstead), central activity, dining, and meeting spaces, the Fitness Center, as well as an 80-bed Medicare-certified nursing care facility (which includes 18 cognitive-care beds), and a 66-apartment personal care center. The residential living apartments and personal care residences are in two and three-floor elevator-serviced buildings. Commons and the nursing care facility are in one-story buildings. All are interconnected.

5. The Highlands at Wyomissing provides housing and continuing care services for individuals age sixty-two (62) and older. In double occupancy situations, services will be provided where one occupant is age sixty-two (62) or older and the other occupant is at least age fifty-five (55). The Highlands at Wyomissing will provide up to three (3) accommodations for contract residents who wish to have a dependent child under the age of sixty-two (62) live in their residence. A “dependent child” is an adult child, forty (40) to sixty-one (61) years of age, who requires parental support and supervision to live in a residential setting. A dependent child who qualifies is dependent due to a disability.

6. As of June 30, 2019, The Highlands at Wyomissing had a resident population as follows:

| Location | Residents |
|--------------------|------------------|
| Residential Living | 342 |
| Personal Care | 40 |
| Nursing Care | 73 |

7. A sample of the current fees charged to residents, with a Comprehensive Contract (Type A), for occupancy of a one-bedroom residential living apartment is as follows:

| Fee Type | Single | Double |
|---------------------|---------------|---------------|
| Entrance Fee | \$143,900 | \$190,900 |
| Monthly Service Fee | \$ 3,180 | \$ 4,810 |

This summary is necessarily brief. Please read the full Disclosure Statement and the attached Residence and Care Agreements for additional details.

8. The “Average Annual Cost of Providing Care and Services, Per Resident” is \$69,035.

DIRECTORS AND OFFICERS

The former Bylaws of The Highlands (pre-Closing) provided that the Board of Directors shall conduct, manage and direct the business and affairs of The Highlands. The Bylaws further provided that the Board of Directors (the "**Board**") shall consist of 13 directors as follows: The President and CEO of The Highlands shall be ex-officio members of the Board of Directors. The remaining twelve (12) Directors (the "**Elected Directors**") shall be approved for nomination by the Board of Directors and elected by the Directors. Two of the Elected Directors shall be residents of The Highlands at Wyomissing. (There is no compensation for members of the Board.)

Pursuant to the Bylaws of The Highlands, the Executive Committee exercises all of the powers and authority of the Board in the management of the business and affairs of The Highlands. The Executive Committee consists of the Chairman, Vice Chairman, Secretary, Treasurer, and President and CEO of The Highlands. In addition, the Board has established a Finance Committee, a Marketing Committee, a Strategy, Policy and Governance Committee, a Performance Review Committee, a Facilities Committee and an Audit and Risk Committee.

The current members of the Board and their principal occupations are described below.¹

Elected Board Members

| <u>Name</u> | <u>Residence</u> | <u>Occupation</u> | <u>Committee Assignments</u> | <u>Service Since</u> |
|-------------------------------------|-------------------------|---|---|-----------------------------|
| Timothy G. Dietrich, Esq., Chairman | Reading, PA | Partner at Barley Snyder, LLP | Executive Committee (Chair); Performance Review Committee (Chair); Strategy, Policy and Governance Committee; Finance Committee | 2014 |
| Edward C. Barrett, Vice Chairman | Wyomissing, PA | Former Executive Vice President/CFO of VIST Financial Corp/VIST Bank, a Tompkins Community Bank | Executive Committee; Performance Review Committee; Finance Committee (Chair) | 2014 |
| John W. Gruber, M.D., Secretary | Wyomissing, PA | Retired from the practice of Cardiology Associates of West Reading; Resident of The Highlands at Wyomissing | Executive Committee; Performance Review Committee; Strategy, Policy and Governance Committee | 2015 |
| David L. George, M.D. | Wyomissing, PA | Retired Physician, Reading Hospital Tower Health | Strategy, Policy and Governance Committee | 2018 |
| Barbara J. Kline | Wyomissing, PA | Community Leader, Resident of The Highlands at Wyomissing | Facilities Committee (Chair) | 2016 |

¹ See Biographical Affidavits, attached as Exhibit A for new board members.

| <u>Name</u> | <u>Residence</u> | <u>Occupation</u> | <u>Committee Assignments</u> | <u>Service Since</u> |
|-----------------------------------|-------------------------|--|---|-----------------------------|
| Richard J. Mable | Wyomissing, PA | Retired Healthcare Executive of Tower Health | Audit and Risk Committee; Strategy, Policy, and Governance Committee (Chair) | 2017 |
| June T. Maier | Reading, PA | Owner of Brookfield Design | Facilities Committee | 2016 |
| Michael J. Rowley, CPA, Treasurer | Reading, PA | Chief Operating Officer and Partner at Herbein + Co., Inc. | Executive Committee; Audit and Risk Committee (Chair); Performance Review Committee | 2017 |
| Sharon S. Sanger | Sinking Spring, PA | Senior Vice President of Marketing for Penske Truck Leasing | Marketing Committee | 2013 |
| Deidra Hill, Ed.D. | Reading, PA | Vice President, Marketing and Communications, Alvernia University | Marketing Committee (Chair) | 2017 |
| Daniel J. Winkler | Mertztown, PA | Senior Project Engineer & Manager for East Penn Manufacturing Co., Inc. | Facilities Committee | 2017 |
| Geoffrey Eddowes | Lancaster, PA | Senior Vice President/Senior Operating Officer, Penn Medicine/Lancaster General Health Women and Babies Hospital | Finance Committee (Interim Chair), Strategy, Policy and Governance Committee | 2018 |

Ex-Officio Board Members

| <u>Name</u> | <u>Residence</u> | <u>Occupation</u> | <u>Committee Assignment</u> | <u>Service Since</u> |
|---------------------------------------|------------------|-------------------------------------|---|----------------------|
| Kevin P. DeAcosta, President & CEO | Leesport, PA | President & CEO of The Highlands | Finance Committee; Audit and Risk Committee; Marketing Committee; Strategy, Policy and Governance Committee; Facilities Committee | 2012 |

June Maier of Brookfield Design was utilized as a consultant during fiscal year 2019 as the interior designer for various projects at The Highlands at Wyomissing with a total of \$300 paid for design services.

Timothy G. Dietrich, Esq. is a Partner at Barley Snyder, LLP, which provides general legal services to The Highlands. Total fees paid to this firm were \$153,358 in 2019.

Deidra Hill, Ed.D., is the Vice President of Marketing and Communications at Alvernia University. The Highlands contributed \$30,000 to support the Senior College Program and the Reading Collegiate Scholars Program at Alvernia University in 2019.

No other director, officer, or executive listed above has a 10% or greater equity interest in or of The Highlands at Wyomissing or beneficial interest by providing goods, leases, or services to the facility of a value of \$500 or more, nor have any been convicted of a felony or pleaded nolo contendere to a felony charge.

No Board of Directors members or officers have affiliated contracts, or criminal/injunctive actions.

There are no corporate trustees.

The Highlands at Wyomissing is a self-managed corporation.

The Highlands at Wyomissing is a non-stock corporation with no shareholders.

Executive Staff of The Highlands

The day-to-day operations of The Highlands are managed by on-site personnel. Brief resumes of the key members of the executive staff of The Highlands are included below.

Kevin P. DeAcosta, President and CEO, joined The Highlands in September 2000, and was promoted to the position of CFO in January 2004, served as Interim President and CFO from January 2012 through March 2013, and was appointed President and CEO effective March 2013. Mr. DeAcosta received a Bachelor's degree in Accounting at Alvernia University in Reading, Pennsylvania. Prior to coming to The Highlands, Mr. DeAcosta spent ten years in the banking and public accounting industries. At The Highlands, Mr. DeAcosta plans, directs and manages all operations of The Highlands. He develops and maintains effective business and professional relations with members of the Board of Directors, residents, clients, industry organizations, hospitals and churches. Additionally, he works in cooperation with the Board in developing the strategic vision for the organization.

Curtis B. Evans, Chief Operating Officer, joined the Highlands in 2019. Mr. Evans' responsibilities include overseeing and administering the daily operation of Dining Services, Maintenance, Grounds, Support Services, Transportation, and Home Care. Mr. Evans comes to the Highlands with over 30 years experience in senior living; and has a Master's of Science, jurisprudence (MSJ) with a Certificate in Healthcare and Hospital Law.

Marianne Pessognelli, Chief Financial Officer, joined The Highlands in July 2013. Ms. Pessognelli brings 30 years of experience in health care financial management. Ms. Pessognelli was previously employed by Barclay Friends, a Kendal affiliate, as Director of Finance. She holds a Bachelor's degree in Accounting from the University of Delaware in Newark, Delaware and a Master's degree in Business Administration from West Chester University, in West Chester, Pennsylvania. Ms. Pessognelli oversees resident and medical billing, accounts receivable and payable, preparation of the financial statements, risk management, budget preparation, cash and investment management, external reporting and analysis of strategic initiatives.

Heather Hetrick, Personal Care Administrator, joined The Highlands in January 2016 and has been a Pennsylvania Personal Care Administrator since August 2008. Ms. Hetrick obtained her Bachelor's degree in Long Term Care Administration from York College of Pennsylvania. After working for a small, family-owned, nonprofit personal care home, she began working for Sunrise Senior Living in 2006, where she held several positions over her almost 10 years with them. She specialized in dementia support for residents and their families and provided on-going guidance and training to her staff in several leadership positions. Ms. Hetrick is certified by the Validation Institute as a Validation Teacher, which is an approach to serving and communicating with senior adults with dementia. In Ms. Hetrick's current position, she is responsible for the regulatory and day-to-day operations and care of the residents and staff in the Personal Care Center.

Jodi Gibble, Director of Marketing, joined The Highlands in 2009. From 2004 to 2009, Mrs. Gibble served as the VP of Marketing & Community Relations for Luthercare in Lititz, Pennsylvania overseeing the sales and marketing efforts of three retirement communities and five childcare programs. Mrs. Gibble was previously employed as the Regional Marketing Director of Newton Senior Living from 2002 to 2004 and the Regional Director of Marketing for Genesis Elder Care from 2000 to 2002 developing and facilitating marketing and sales strategies for assisted living communities. She also served in an operational role as an Executive Director of Mifflin Court (Genesis Eldercare), Shillington, Pennsylvania from 1997 to 2000. Mrs. Gibble holds a Bachelor's of Social Work degree from Bloomsburg University, Bloomsburg, Pennsylvania.

Lorena Lazarchick, Director of Community Life and Engagement, joined The Highlands in November of 1987. Mrs. Lazarchick provides leadership, oversight, management and development for the day-to-day operations of the following departments/areas: Residential Living Programming, Security, Fitness Center, Pastoral Care, and Social Services. She also serves as the liaison between the Board of Directors and management.

Kristen Santangelo, Nursing Home Administrator, joined The Highlands in 2017. Ms. Santangelos' responsibilities include overseeing and administering the daily operation of the community's Nursing Care. Ms. Santangelo holds a Bachelor of Science in Psychology from Kutztown University, Kutztown, PA. Ms. Santangelo became a licensed Nursing Home Administrator in 2005 and spent the eleven years prior to joining The Highlands as the Vice President of Operations with Genesis Health Care.

FACILITY AND SERVICES PROVIDED

The Highlands at Wyomissing is a Continuing Care Retirement Community (CCRC) offering a full range of residential, lifestyle, and health care services.

Residential living consists of 6 studio (includes the model and guest one-bedroom apartments), 47 one-bedroom, 1 one-bedroom grand, 67 one-bedroom w/den, 3 one-bedroom w/den grand, 54 two-bedroom, 6 two-bedroom combo, 3 two-bedroom plus, 12 two-bedroom extended, 14 two-bedroom special, 4 two-bedroom w/den consolidated, 17 two-bedroom w/den, and 4 two-bedroom deluxe apartments; and various community and activity rooms, storage areas, and laundry facilities. Residential living also includes 13 two-bedroom duplex villas, 15 three- bedroom duplex villas, and 15 three-bedroom w/den single-family homes (including the Farmstead).

The residential living apartment Monthly Service Fee includes:

- Onsite Parking Accommodations
- Twice Monthly Housekeeping (heavy cleaning service once per year)
- Cable Television
- Centrally Located Laundry Facilities
- Indoor/Outdoor Maintenance
- Basic Grounds Care, Including Lawn Services and Snow Removal
- Linen for Bed and Bath Furnished and Laundered Weekly
- Long-Term Care
- Onsite Security 24 Hours Per Day
- Semi-Private Room in Nursing Care or a Studio in Personal Care
- Recreational and Social Events and Programming
- One Meal Per Day
- Medical appointment transportation
- Utilities, Including Electricity, Heat, Air Conditioning, Water , Sewer, Basic Cable TV
- Property Taxes
- 24-hour Emergency Medical Response
- Meal Delivery Service for Ill Residents
- Away Allowance (if away for at least 14 consecutive days)

Services available for an additional charge include:

- Beauty, Barber, Salon and Spa Services
- Cafe
- Communication services
- Gift Shop
- Guest Apartment
- Guest Meals
- Homecare and Companion services
- Maintenance (non-routine)
- Meals (additional)

- Medical Supplies (in Nursing Care and Personal Care)
- Pharmacy (in Nursing Care and Personal Care)
- Room Service (unless medically necessary)
- Storage Lockers (additional)
- Therapies
- Transportation (non-scheduled/non-medical)
- Personal Laundry Service (in Nursing Care and Personal Care)
- Telephone Service (in Nursing Care and Personal Care)

Note: The Monthly Service Fee for villa, Farmstead, and Gaelsong residents includes all services and amenities that are available to residential living apartment residents, with the following exceptions:

- Linens are not furnished or laundered for villa, Farmstead, and Gaelsong residents.
- Villa, Farmstead, and Gaelsong residents receive ten (10) meals per month.
- Villa, Farmstead, and Gaelsong residents pay their own electric/gas bills.

An 80-bed Medicare-certified nursing care facility (which includes 18 cognitive-care beds) and a 66-apartment personal care center provide health care, which, together with the residential living apartments, villas, and Farmstead and Gaelsong single-family homes completes the continuum of care in an atmosphere of security and comfort.

A one-time Entrance Fee is charged upon admission (see Schedule of Entrance Fees on pages 14-15).

All services provided, plus benefits and conditions imposed, are set forth in the Residence and Care Agreements (see Exhibit B).

**The Highlands at Wyomissing
Schedule of Entrance Fees
Comprehensive Contract (Type A)**

| Residential Living Type | 07/01/2014 ¹ | 07/01/2015 ¹ | 07/01/2016 ¹ |
|---|-------------------------|-------------------------|-------------------------|
| | Single ² | Single ² | Single ² |
| Studio | \$105,900 | \$105,900 | \$105,900 |
| One Bedroom | \$137,900 | \$137,900 | \$137,900 |
| One Bedroom w/Den | \$178,900 | \$178,900 | \$178,900 |
| One Bedroom Grand | \$183,900 | \$183,900 | \$183,900 |
| One Bedroom w/Den Grand | \$190,900 | \$190,900 | \$190,900 |
| Two Bedroom | \$190,900 | \$190,900 | \$190,900 |
| Two Bedroom Combination | \$213,900 | \$213,900 | \$213,900 |
| Two Bedroom Plus | \$213,900 | \$213,900 | \$213,900 |
| Two Bedroom Extended/Special | \$244,900 | \$244,900 | \$244,900 |
| Two Bedroom w/Den Consolidated (#137, #237, & #337) | \$254,900 | \$254,900 | \$254,900 |
| Two Bedroom w/Den | \$275,900 | \$275,900 | \$275,900 |
| Two Bedroom Deluxe (#102 & #289) | \$304,900 | \$304,900 | \$304,900 |
| Two Bedroom Deluxe (#273 & #274) | \$308,900 | \$308,900 | \$308,900 |
| Two Bedroom Villa | \$301,900 | \$301,900 | \$301,900 |
| Three Bedroom Villa | \$338,900 | \$338,900 | \$338,900 |
| Farmstead | \$484,900 | \$484,900 | \$484,900 |
| Gaelsong | \$500,900 | \$500,900 | \$500,900 |
| Residential Living Type | 07/01/2017 ¹ | 07/01/2018 ¹ | 07/01/2019 ¹ |
| | Single ² | Single ² | Single ² |
| Studio | \$107,900 | \$107,900 | \$110,900 |
| One Bedroom | \$140,900 | \$140,900 | \$143,900 |
| One Bedroom w/Den | \$182,900 | \$182,900 | \$186,900 |
| One Bedroom Grand | \$187,900 | \$187,900 | \$191,900 |
| One Bedroom w/Den Grand | \$194,900 | \$194,900 | \$198,900 |
| Two Bedroom | \$194,900 | \$194,900 | \$198,900 |
| Two Bedroom Combination | \$217,900 | \$217,900 | \$222,900 |
| Two Bedroom Plus | \$217,900 | \$217,900 | \$222,900 |
| Two Bedroom Extended/Special | \$249,900 | \$249,900 | \$254,900 |
| Two Bedroom w/Den Consolidated (#137, #237, & #337) | \$259,900 | \$259,900 | \$265,900 |
| Two Bedroom w/Den | \$281,900 | \$281,900 | \$287,900 |
| Two Bedroom Deluxe (#102 & #289) | \$310,900 | \$310,900 | \$317,900 |
| Two Bedroom Deluxe (#273 & #274) | \$314,900 | \$314,900 | \$321,900 |
| Two Bedroom Villa | \$307,900 | \$307,900 | \$314,900 |
| Three Bedroom Villa | \$345,900 | \$345,900 | \$352,900 |
| Farmstead | \$494,900 | \$494,900 | \$504,900 |
| Gaelsong | \$510,900 | \$510,900 | \$521,900 |

¹Add \$45,000 (through 06/30/2017), \$46,000 (starting 07/01/2017 and through 06/30/2018) and \$47,000 (starting 07/01/2019) to the single Entrance Fee for the double Entrance Fee. Studio is single only.

²Single Entrance Fee, with no refund after 50 months of occupancy.

Beginning 01/01/2010, a Modified Contract (Type B) is offered for Apartments only. Effective 07/01/2015, a Modified Contract (Type B) is also offered for Villas, Farmstead, and Gaelsong. The double Modified Contract (Type B) Entrance Fee is \$30,000 more than the single Modified Contract (Type B) Entrance fee until 07/01/2011, then it increased to \$33,000. As of 07/01/2017, the double Modified Contract (Type B) increased to \$34,000 and then as of 07/01/2019, the double Modified Contract (Type B) increased to \$35,000.

**The Highlands at Wyomissing
Schedule of Monthly Service Fees
Comprehensive Contract (Type A)**

| Residential Living Type | 07/01/2014 | | 07/01/2015 | | 07/01/2016 | |
|---|------------|---------|------------|---------|------------|---------|
| | Single | Double | Single | Double | Single | Double |
| Studio | \$2,210 | N/A | \$2,275 | N/A | \$2,355 | N/A |
| One Bedroom | \$2,725 | \$4,120 | \$2,805 | \$4,240 | \$2,905 | \$4,390 |
| One Bedroom w/Den | \$2,930 | \$4,320 | \$3,015 | \$4,445 | \$3,120 | \$4,600 |
| One Bedroom Grand | \$3,040 | \$4,480 | \$3,130 | \$4,610 | \$3,240 | \$4,770 |
| One Bedroom w/Den Grand | \$3,200 | \$4,620 | \$3,295 | \$4,755 | \$3,410 | \$4,920 |
| Two Bedroom | \$3,125 | \$4,530 | \$3,215 | \$4,660 | \$3,330 | \$4,825 |
| Two Bedroom Combination | \$3,125 | \$4,530 | \$3,215 | \$4,660 | \$3,330 | \$4,825 |
| Two Bedroom Plus | \$3,395 | \$4,780 | \$3,495 | \$4,920 | \$3,615 | \$5,090 |
| Two Bedroom Extended/Special | \$3,480 | \$4,865 | \$3,580 | \$5,005 | \$3,705 | \$5,180 |
| Two Bedroom w/Den Consolidated (#137, #237, & #337) | \$3,885 | \$5,300 | \$4,000 | \$5,455 | \$4,140 | \$5,645 |
| Two Bedroom w/Den | \$3,885 | \$5,300 | \$4,000 | \$5,455 | \$4,140 | \$5,645 |
| Two Bedroom Deluxe (#102 & #289) | \$3,970 | \$5,365 | \$4,085 | \$5,520 | \$4,230 | \$5,715 |
| Two Bedroom Deluxe (#273 & #274) | \$3,970 | \$5,365 | \$4,085 | \$5,520 | \$4,230 | \$5,715 |
| Two Bedroom Villa | \$3,760 | \$5,125 | \$3,870 | \$5,275 | \$4,005 | \$5,460 |
| Three Bedroom Villa | \$4,375 | \$5,730 | \$4,500 | \$5,895 | \$4,660 | \$6,100 |
| Farmstead | \$4,610 | \$5,760 | \$4,745 | \$5,925 | \$4,910 | \$6,130 |
| Gaelsong | \$5,820 | \$5,990 | \$4,985 | \$6,165 | \$5,160 | \$6,380 |

| Residential Living Type | 07/01/2017 | | 07/01/2018 | | 07/01/2019 | |
|---|------------|---------|------------|---------|------------|---------|
| | Single | Double | Single | Double | Single | Double |
| Studio | \$2,425 | N/A | \$2,500 | N/A | \$2,580 | N/A |
| One Bedroom | \$2,990 | \$4,520 | \$3,080 | \$4,660 | \$3,180 | \$4,810 |
| One Bedroom w/Den | \$3,215 | \$4,740 | \$3,310 | \$4,890 | \$3,420 | \$5,050 |
| One Bedroom Grand | \$3,335 | \$4,915 | \$3,440 | \$5,070 | \$3,550 | \$5,230 |
| One Bedroom w/Den Grand | \$3,510 | \$5,070 | \$3,620 | \$5,230 | \$3,740 | \$5,400 |
| Two Bedroom | \$3,430 | \$4,970 | \$3,540 | \$5,130 | \$3,660 | \$5,300 |
| Two Bedroom Combination | \$3,430 | \$4,970 | \$3,540 | \$5,130 | \$3,660 | \$5,300 |
| Two Bedroom Plus | \$3,725 | \$5,245 | \$3,840 | \$5,410 | \$3,960 | \$5,590 |
| Two Bedroom Extended/Special | \$3,815 | \$5,335 | \$3,930 | \$5,500 | \$4,060 | \$5,680 |
| Two Bedroom w/Den Consolidated (#137, #237, & #337) | \$4,265 | \$5,815 | \$4,400 | \$6,000 | \$4,540 | \$6,200 |
| Two Bedroom w/Den | \$4,265 | \$5,815 | \$4,400 | \$6,000 | \$4,540 | \$6,200 |
| Two Bedroom Deluxe (#102 & #289) | \$4,355 | \$5,885 | \$4,490 | \$6,070 | \$4,640 | \$6,270 |
| Two Bedroom Deluxe (#273 & #274) | \$4,355 | \$5,885 | \$4,490 | \$6,070 | \$4,640 | \$6,270 |
| Two Bedroom Villa | \$4,125 | \$5,625 | \$4,250 | \$5,800 | \$4,390 | \$5,990 |
| Three Bedroom Villa | \$4,800 | \$6,285 | \$4,950 | \$6,480 | \$5,110 | \$6,690 |
| Farmstead | \$5,055 | \$6,315 | \$5,210 | \$6,520 | \$5,380 | \$6,730 |
| Gaelsong | \$5,315 | \$6,570 | \$5,480 | \$6,780 | \$5,660 | \$7,000 |

- Fees may be adjusted periodically, normally not more frequently than annually.
- Residents will receive a 30-day written notice of fee adjustments.
- Studio is single only.

Beginning 01/01/2010, a Modified Contract (Type B) is offered for Apartments only. Effective 07/01/2015, a Modified Contract (Type B) is also offered for Villas, Farmstead, and Gaelsong. The Monthly Service Fees for Modified Contract (Type B) contracts average 18% less than the Monthly Service Fees for the Comprehensive Contract (Type A) contracts, shown above.



Rate Schedule for Miscellaneous Fees
Effective: July 1, 2019

| Description | Amount | Frequency |
|--|------------------------------|-----------|
| <u>Homecare:</u> | | |
| 15-Minute Check-in Visit | \$13.00 | Per visit |
| Up to 45-Minute Visit (Packages) | \$20.00 | Per visit |
| Companionship: | \$23.50 | Per hour |
| 24 Hours (full day) | \$22.50 | Per hour |
| Personal Care Support: | | |
| Up to 4 hours | \$25.00 | Per hour |
| 4+ Hours | \$24.00 | Per hour |
| 24 Hours (full day) | \$23.00 | Per hour |
| Holidays (New Years Day, Memorial Day, 4th of July, Labor Day, Thanksgiving Day, Christmas Day) | 150% of scheduled rate | Per Hour |
| Cancellation Fees: | | |
| ≤ 4 Hours advance notice | Entire scheduled shift | Per hour |
| > 4 Hours & < 24 hours advance notice: | | |
| Shifts < 4 hours in duration | One hour at scheduled rate | Per hour |
| Shifts ≥ 4 hours in duration | Four hours at scheduled rate | Per hour |
| Mileage | IRS pub. Rates | Per mile |
| <u>Homecare Health Support:</u> | | |
| Medication Services: | | |
| Med Set-up | \$31.00 | Per Week |
| Pre-filled MediPlanner Delivery | \$15.50 | Each |
| Wellness Support: | | |
| Brief visit (less than 10 minutes) | \$12.75 | Each |
| Up to 15 minutes per visit | \$16.50 | Each |
| Medication Administration and Vital Signs: | | |
| Between 8 a.m. and 8 p.m. | \$7.25 | Each |
| Medical Supplies | Prevailing rates | |



Rate Schedule for Miscellaneous Fees, continued
Effective: July 1, 2019

| Description | Amount | Frequency |
|--|------------------------------|----------------------------------|
| <u>Dining Service:</u> | | |
| Additional Resident Meals – Residential Living Bistro | \$17.00 A' La Carte | Per meal |
| Holiday Guest Meal (Applicable to all Dining rooms, including Personal Care and Nursing Care): Easter, Mother's Day, Father's Day, Memorial Day, 4th of July, Labor Day, Thanksgiving, Christmas Day, New Years Day (Makeup meals may not be used for a Holiday Guest Meal) | \$22.00 | Per meal |
| Guest Meals: Residential | \$17.00 | Per meal |
| Healthcare: Personal Care & Nursing Care Breakfast Noon Evening | \$6.00 \$12.00 \$12.00 | Per meal Per meal Per meal |
| Healthcare Meals (Contract residents - all additional meals over the one meal per day and, if applicable, after depletion of the health fund) Apartment residents Villa residents | \$13.00 \$22.00 | Per day Per day |
| Room Service (non-medical) | \$10.00 | Per meal |
| Consultation - Registered Dietician | \$50.00 | Per consult |



Rate Schedule for Miscellaneous Fees, continued
Effective: July 1, 2019

| Description | Amount | Frequency |
|--|----------|---------------------|
| Other Fees - Residential Living: | | |
| Away Allowance only applied if away from community for 14 days or longer: | | |
| Days 1 through 14 | \$6.75 | Per day |
| Days 15 through 89 | \$12.50 | Per day |
| Over 90 Days | 15% | Monthly Service Fee |
| Memorial Service Fee (Community charge) | \$250.00 | Weekday |
| Memorial Service Fee (Community charge) | \$300.00 | Weekend |
| Extended Guest Fee (in your apartment/villa and more than 8 days) | \$85.00 | Per night |
| Guest Suite | \$100.00 | Per night |
| Storage Locker Rental | \$325.00 | Per year |
| Re-Key - additional storage locker | \$100.00 | Per extra locker |
| Wireless Internet Access | \$31.99 | Per month |
| Technology Support Services: | | |
| General Desktop/Laptop support which include the following: | TBD | |
| Virus scanning and removal | | |
| Software installation | | |
| New device setup | | |
| Printer and/or scanner setup | | |
| "Smart" device setup (Smart TV, Amazon Alexa, etc.) | | |
| Mobile device assistance (Smart Phone, iPad, etc. - non-carrier related) | | |
| Fees will be made available when technology support services are available for purchase through The Highlands. | | |
| Personal Training Fees: | | |
| One Person - half hour private instruction (Fitness Center) | \$25.00 | Per session |
| One Person - five (5) half hour private instruction (Fitness Center) | \$100.00 | 5 Sessions |
| One Person - half hour private instruction (In Home) | \$30.00 | Per session |
| One Person - five (5) half hour private instruction (In Home) | \$125.00 | 5 Sessions |
| Two Person - half hour private instruction (Fitness Center) | \$40.00 | Per session |
| Two Person - half hour private instruction (In Home) | \$45.00 | Per session |
| SPECIAL: Two (2) half hour private instruction (Fitness Center) for referrals by Therapy Department after Inpatient Rehab Stay | \$15.00 | 2 Sessions only |



Rate Schedule for Miscellaneous Fees, continued
Effective: July 1, 2019

| Description | Amount | Frequency |
|--|--------------------------------|--------------------|
| <u>Other Fees - Residential Living (continued):</u> | | |
| Housekeeping Fees: | | |
| Bed-Making Fees | \$7.75 | Per service |
| Carpet cleaning (billable in 1/2 hour increments) | \$29.00 | Per hour/per staff |
| Disposal: Furniture, Mattress or Other | Per Trash Service fee schedule | |
| Light housekeeping (billable in 1/2 hour increments) | \$26.75 | Per hour/per staff |
| Pest Control Services (non-routine) | TBD | At market rate |
| Rental: (1) card table and (4) chairs | \$15.00 | Per day |
| Rental: (1) rollaway bed (includes linens) | \$8.00 | |
| Rug Cleaning - Fine wool or Non-silk rugs | \$5.00 | Per square foot |
| Rug Rotation | \$25.00 | Per rug |
| Sheet Sets (additional) | \$5.00 | Per set |
| Towel Pack (additional) | \$5.00 | Per pack |
| Maintenance Fees: | | |
| Regular maintenance (billable in 1/2 hour increments) | \$33.00 | Per hour/per staff |
| Grounds maintenance (billable in 1/2 hour increments) | \$33.00 | Per hour/per staff |
| Cordmate, including installation | \$255.00 | One time charge |
| Key charges: | | |
| Apartment/Villa door | \$30.00 | Per key |
| Patio door | \$30.00 | Per key |
| Mailbox | \$30.00 | Per key |
| Outside door key | \$150.00 | Per key |
| Key Fob - main building | \$15.00 | Per Fob |
| Key Fob - villa security system | \$100.00 | Per Fob |
| Key Fob - villa emergency system | \$100.00 | Per Fob |
| Re-Key - additional storage locker | \$100.00 | Per extra locker |
| Re-Keying charge | \$300.00 | Per instance |



Rate Schedule for Miscellaneous Fees
Effective: July 1, 2019

| Description | Amount | Frequency |
|--|--|-------------|
| <u>Other Fees:</u> | | |
| Healthcare (Personal Care & Nursing Care): | | |
| Ambulance Services | Prevailing rates | |
| Consultation - Registered Dietitian | \$50.00 | Per consult |
| Durable Medical Equipment | Prevailing rates | |
| Labeling - Personal Laundry | | |
| Initial labeling | \$15.00 | 100 labels |
| Additional labeling | \$2.00 | 10 labels |
| Long Term Care Claim Processing Fee | \$15.00 | Per month |
| Medical Records - production fee | Per PA Department of Health fee schedule | |
| Medical Supplies | Prevailing rates | |
| Oxygen (Nursing Care only) | Prevailing rates | |
| Nutritional Supplements | Prevailing rates | |
| Personal Laundry Services | \$40.00 | Per month |
| Rehabilitative Supplies | Prevailing rates | |
| Telephone: | | |
| Local service | \$19.99 | Per month |
| Long distance | Prevailing rates | Per minute |
| Therapy Services | Prevailing rates | |
| Toiletry Items | Prevailing rates | |
| Transport by Wheelchair from Skilled Nursing or Personal Care to Physician offices located on 2nd Floor of Residential Apartments (Per diem residents only) | | |
| | \$7.50 | Round Trip |



The Highlands at Wyomissing
Rate Schedule for Miscellaneous Fees
Effective: July 1, 2019

| Description | Amount | Frequency |
|---|-----------|----------------|
| <u>Transportation Department:</u> | | |
| Involves the utilization of THAW Vehicles - either standard passenger vehicle or wheelchair van. | | |
| Medical Appointment: a formal arrangement to visit a medical practitioner (e.g., physician, dentist, podiatrist, imaging center, laboratory, or similar providers) at a specific time and place that is scheduled in advance to occur during normal business hours. Please note, that transportation to/from the Hospital is considered VALET. See next page. | | |
| The Transportation Department requires advance notice of three business days for transportation to Medical Appointments. | | |
| Normal Business Hours for the Transportation Department are Monday through Thursday between 8:00 a.m. and 3:00 p.m. and Friday between 8:00 a.m. and 11:00 a.m. Holidays that fall on a weekday are not part of normal business hours: New Years Day, Memorial Day, 4th of July, Labor Day, Thanksgiving and Christmas Day. | | |
| A Late Notice Fee of \$20.00 will be assessed when the request for transportation to a medical appointment does not have the required notice of three business days. | | |
| The Medical and Valet fees will apply when the Medical Appointment is not within a 10-mile radius of The Highlands. | | |
| Medical Appointments (within a 10-mile radius during normal business hours): | | |
| Standard Passenger Vehicle: | | |
| Type A Contracts | No charge | |
| Type B Contracts: (limit 12 per calendar year) | No charge | |
| Type B Contracts: (any trip that exceeds annual limit of 12) | \$30.00 | Per round trip |
| Per Diem Residents: | \$30.00 | Per round trip |
| Type B and Per Diem Residents: | \$15.00 | One Way trip |
| Wheelchair Van: | | |
| Type A Contracts | No charge | |
| Type B Contracts: (limit 12 per calendar year) | No charge | |
| Type B Contracts: (any trip that exceeds annual limit of 12) | \$40.00 | Per round trip |
| Per Diem Residents: | \$40.00 | Per round trip |
| Type B and Per Diem Residents: | \$20.00 | One Way trip |



The Highlands at Wyomissing
Rate Schedule for Miscellaneous Fees
Effective: July 1, 2019

| Description | Amount | Frequency |
|---|------------------------------------|----------------|
| <u>Transportation Department (continued):</u> | | |
| <p>In addition to Transportation services for Medical Appointments within a 10-mile radius, Valet Services are available for residents who require personal, individual or special transportation assistance and include the following:</p> <ul style="list-style-type: none"> - any Medical Appointment that does not fall within a 10-mile radius of The Highlands campus - any Medical Appointment that does not fall within Normal Business hours of the Transportation Department - any Special Trips made by the Transportation Department to take a resident from The Highlands to the Emergency Room, Urgent Care Center, the Hospital or other type of health care provider that does not fall within normal business hours of the Transportation Department. - any Special Trips made by the Transportation Department to return a resident to The Highlands from the Emergency Room, Urgent Care Center, the Hospital or other type of health care provider that does not fall within normal business hours of the Transportation Department. - if a non-medical valet trip exceeds 10 miles, then the Transportation Department requires a one week notice. | | |
| Medical & Valet (within a 10-mile radius): | | |
| Standard passenger vehicle | \$35.00 | Per trip |
| Wheelchair van | \$40.00 | Per trip |
| Medical & Valet (outside a 10-mile radius): | | |
| Standard passenger vehicle | \$35.00 | Per hour |
| Plus mileage | IRS pub. rates | Per mile |
| Wheelchair van | \$40.00 | Per hour |
| Plus mileage | IRS pub. rates | Per mile |
| Bus Trips Involving a Charge: | | |
| Within a 10-mile radius | \$6.00 | Per round trip |
| Exceeding a 10-mile radius | Varies based upon distance of trip | |
| Bus Services: | | |
| First 6 (Six) Hours: | | |
| During normally scheduled business hours | \$125.00 + mileage | Per round trip |
| Evenings (after 5 p.m.) and weekends | \$150.00 + mileage | Per round trip |
| Each additional hour | \$15.00 | Per hour |
| Plus mileage | IRS pub. rates | Per mile |

RESERVE FUNDS

Reserves have been established to ensure the performance of The Highlands at Wyomissing's contractual obligations under the provisions of the Continuing Care Provider Registration and Disclosure Act. These reserves were in excess of \$5,077,000 on June 30, 2019, which are calculated as follows:

THE GREATER OF...

1. Total Debt Service (i.e., Principal and Interest) Payments for the Next 12 Months:

| | FY 2019-2020 | | |
|---------------------------------------|---------------------|-----------------|---------------------|
| Debt Description | Principal | Interest | Debt Service |
| Bond Series 2017A,B&C and Series 2018 | \$ 1,365,000 | \$ 3,712,000 | \$ 5,077,000 |
| Total Debt Service | \$ 1,365,000 | \$ 3,712,000 | \$ 5,077,000 |

OR...

2. 10% of Annual Operating Expenses (Less Depreciation/Amortization) for the Next 12 Months:

| | FY 2019-20 |
|--|---------------------|
| Annual Operating Expenses | \$ 32,815,000 |
| Less: Depreciation/Amortization | (5,061,000) |
| Adjusted Annual Operating Expenses | \$ 27,754,000 |
| Times: 10% | 10% |
| 10% of Annual Operating Expenses (Less Depreciation/Amortization) for the Next 12 Months | \$ 2,775,000 |

THE HIGHLANDS AT WYOMISSING
PRO-FORMA STATEMENTS OF OPERATIONS
FOR FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2020

| | Budget FY 2018-19 | Actual FY 2018-19 | Variance FY 2018-19 | Variance % FY 2018-19 |
|---|----------------------|----------------------|------------------------|--------------------------|
| Operating Revenue: | | | | |
| Residential Revenue | \$ 20,910,605 | \$ 20,594,981 | \$ (315,624) | -1.51% |
| Personal Care Revenue | 3,714,560 | 3,125,318 | (589,242) | -15.86% |
| Nursing Care Revenue | 14,185,185 | 13,935,120 | (250,065) | -1.76% |
| Other Operating Revenue | <u>1,689,070</u> | <u>1,725,774</u> | <u>36,704</u> | <u>2.17%</u> |
| Gross Operating Revenue | 40,499,420 | 39,381,193 | (1,118,227) | -2.76% |
| Contractual Allowances | <u>(8,204,151)</u> | <u>(8,317,608)</u> | <u>(113,457)</u> | <u>1.38%</u> |
| Net Operating Revenue | <u>32,295,269</u> | <u>31,063,585</u> | <u>(1,231,684)</u> | <u>-3.81%</u> |
| Operating Expenses: | | | | |
| Salaries and Wages | \$ 10,251,689 | 9,397,436 | 854,253 | 8.33% |
| Temporary Resources | - | 489,166 | (489,166) | |
| Depreciation | 5,026,317 | 4,995,684 | 30,633 | 0.61% |
| Contract Service | 3,078,637 | 3,434,319 | (355,682) | -11.55% |
| Interest | 2,643,283 | 2,847,076 | (203,793) | -7.71% |
| Health Benefits | 2,214,018 | 2,228,728 | (14,710) | -0.66% |
| Other Employee Benefits | 1,528,973 | 1,487,054 | 41,919 | 2.74% |
| Real Estate Taxes | 1,583,755 | 1,549,691 | 34,064 | 2.15% |
| Food | 1,442,000 | 1,428,812 | 13,188 | 0.91% |
| Other | 987,954 | 972,123 | 15,831 | 1.60% |
| Professional Fees | 675,896 | 778,776 | (102,880) | -15.22% |
| Utilities | 928,224 | 896,567 | 31,657 | 3.41% |
| Supplies | 938,077 | 850,981 | 87,096 | 9.28% |
| Maintenance and Repair | 309,910 | 309,208 | 702 | 0.23% |
| Insurance | <u>239,900</u> | <u>228,648</u> | <u>11,252</u> | <u>4.69%</u> |
| Total Operating Expenses | <u>31,848,633</u> | <u>31,894,269</u> | <u>(45,636)</u> | <u>-0.14%</u> |
| Net Income from Operations | <u>446,636</u> | <u>(830,684)</u> | <u>(1,277,320)</u> | <u>-285.99%</u> |
| Non-Operating Revenue: | | | | |
| Investment Return | 1,635,376 | 1,343,117 | (292,259) | -17.87% |
| Contribution Revenue | 66,900 | 6,907 | (59,993) | -89.68% |
| Gain from Sale of Assets & Other | <u>7,500</u> | <u>90,507</u> | <u>83,007</u> | <u>1106.76%</u> |
| Total Non-Operating Revenue | <u>1,709,776</u> | <u>1,440,531</u> | <u>(269,245)</u> | <u>-15.75%</u> |
| Net Income | 2,156,412 | 609,847 | (1,546,565) | -71.72% |
| Change in Unrealized Gains on Investments | <u>786,370</u> | <u>1,672,084</u> | <u>885,714</u> | <u>112.63%</u> |
| Change in Unrestricted Net Assets | <u>\$ 2,942,782</u> | <u>\$ 2,281,931</u> | <u>\$ (660,851)</u> | <u>-22.46%</u> |

THE HIGHLANDS AT WYOMISSING
PRO-FORMA STATEMENTS OF OPERATIONS
FOR FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2020
(continued)

| | Budget FY 2019-20 |
|---|------------------------------------|
| Operating Revenue: | |
| Residential Revenue | \$ 21,533,519 |
| Personal Care Revenue | 3,813,326 |
| Nursing Care Revenue | 14,810,604 |
| Other Operating Revenue | <u>1,765,643</u> |
| Gross Operating Revenue | 41,923,092 |
| Contractual Allowances | <u>(8,472,894)</u> |
| Net Operating Revenue | <u>33,450,198</u> |
| Operating Expenses: | |
| Salaries and Wages | 10,357,552 |
| Depreciation | 5,061,000 |
| Contract Service | 3,279,780 |
| Interest | 2,999,490 |
| Other | 2,623,251 |
| Health Benefits | 2,527,300 |
| Other Employee Benefits | 1,563,408 |
| Real Estate Taxes | 1,563,775 |
| Food | 1,428,000 |
| Utilities | 922,718 |
| Maintenance and Repair | 246,638 |
| Insurance | <u>242,186</u> |
| Total Operating Expenses | <u>32,815,098</u> |
| Net Income from Operations | <u>635,100</u> |
| Non-Operating Revenue: | |
| Investment Return | 1,584,600 |
| Contribution Revenue | 50,000 |
| Gain from Sale of Assets & Other | <u>30,000</u> |
| Total Non-Operating Revenue | <u>1,664,600</u> |
| Net Income | 2,299,700 |
| Change in Unrealized Gains on Investments | <u>804,750</u> |
| Change in Unrestricted Net Assets | <u><u>\$ 3,104,450</u></u> |

Notes to Pro-Forma Statements of Operations²

Gross Operating Revenues for Fiscal Year 2018-19 fell short on the budget by \$1,118,227 or 2.76%. The negative variance was due to a lower than anticipated number of residents in residential living, personal care and nursing care areas. Personal care occupancy was negatively impacted from the renovations being completed throughout the year with fewer units available for occupancy than originally anticipated.

Contractual Allowances for Fiscal Year 2018-19 were higher than budget by \$113,457 or 1.38%.

Overall, Net Operating Revenues were lower than budget by 3.81% or \$1,231,684.

Total Operating Expenses were \$31,894,269, or 0.14% higher than budget as The Highlands had higher than anticipated costs related to Employee Benefits along with an increase in Contract Services for our therapy provider, agency staffing, professional fees and interest expense. These costs were offset by lower than anticipated costs for Salaries and Wages, Supplies, and Utilities.

Overall, The Highlands at Wyomissing had an Operating Margin of (\$830,684), or (3.0%), for the Fiscal Year 2018-19, which represents a negative variance of \$1,277,320 from the Budget.

² See Report of Independent Auditors on Financial Statements attached as Exhibit C.

NOTICE OF RIGHT TO RESCIND

The Continuing Care Provider Registration and Disclosure Act states that a prospective resident shall have the right to rescind the Residence and Care Agreement, as follows:

Prospective Resident(s) Name(s) _____

Date rescission period begins _____

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

To rescind your Residence and Care Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter, or telegram, stating your desire to rescind to: The Highlands at Wyomissing, 2000 Cambridge Avenue, Wyomissing, PA, 19610-2714, not later than midnight of _____ (the last day for rescission).

Pursuant to this notice, I hereby cancel my Residence and Care Agreement.

Prospective Resident's Signature

Prospective Resident's Signature
(If more than one Prospective Resident)

Date

The "Notice of Right to Rescind" form is also attached to and made a part of the Residence and Care Agreement (Exhibit B).