



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

DISCLOSURE STATEMENT

As of
June 30, 2022

Filed October 31, 2022

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, 2022, as the annual update of the original statement filed on August 26, 1987.

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THE HIGHLANDS AT WYOMISSING

CORE FOCUS

Transforming the Senior Experience!

CORE VALUES

- 1. Ambassador:** Represents The Highlands at Wyomissing in a positive light. Provides internal and external customers with a memorable face-to-face experience. Takes pride in our community.
- 2. Commitment:** Dedicated, adaptable, tolerant, dependable, focused and passionate. Often does more than is required. Reports to work as scheduled and timely.
- 3. Results Driven:** Maintains commitment to goals in the face of obstacles and frustrations. Exerts unusual effort over time to achieve a goal. Has a strong sense of urgency about solving problems and completing work.
- 4. Team Oriented:** Works cooperatively and effectively with others to achieve common goals.
- 5. Innovative:** Is curious. Proposes or develops new approaches, methods, or technologies to do things better, faster, or in less expensive ways.
- 6. Compassionate:** Is empathetic, mindful and kind.

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 – Marketing Department
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 240 residential living apartments (ranging from studio to two-bedroom deluxe), 44 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, and a 63-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. The Personal Care center recently completed major construction and renovation to include 2 (two) secure memory support units with a total of 37 apartments with the remaining 26 apartments to offer traditional Personal Care services.

Management recently completed construction of 16 additional villas to our campus, which are included above. Site development and construction began in July 2020 with full occupancy occurring at the end of August 2021. These are duplex villas with either two or three bedrooms.

On August 20, 2020, The Highlands entered into a tax-exempt construction loan (Direct Note Obligation, Series 2020) with Fulton Bank, N.A., issued through the Berks County Industrial Development Authority for \$9,900,000 at a rate of 83% of 30-day LIBOR plus 150 basis points. Loan repayment is interest-only and requires that entrance fee proceeds be applied to the construction cost or used to reduce the loan balance. The net borrowing totaled approximately

\$4,290,000. In addition, Fulton Bank, N.A. also issued a \$3,500,000 Letter of Credit to the Pennsylvania Department of Insurance, which was released upon the completion of construction, and an \$882,000 Letter of Credit to the Borough of Wyomissing, which has been reduced to \$171,000. Upon completion of the villas, and the final release of the Letter of Credit by the Borough of Wyomissing, the construction loan will be refinanced.

Management also recently completed renovation and reconstruction of an existing barn structure on our campus (Barn at Wyomissing Creek). This will result in the addition of three residential apartment units. Site development and construction began in June 2021 with full occupancy occurring at the end of October 2022. The two, first-floor units are two bedrooms apartments, each with a den. The second floor is a single, two-bedroom apartment with den designed with many details available only in this unique private residence. These three units are not included above as they were not available for occupancy on June 30, 2022.

On February 3, 2022, The Highlands entered into a Line of Credit Note with Fulton Bank, N.A., to finance capital expenditures, including the renovation and reconstruction of the barn for \$2,400,000 at a rate of SOFR plus 155 basis points. Repayment is interest-only until February 3, 2023, when the Line of Credit expires. The Highlands expects to refinance the Line of Credit prior to the expiration date.

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, 2022, The Highlands at Wyomissing had a resident population as follows:

| Location | Residents |
|--------------------|------------------|
| Residential Living | 372 |
| Personal Care | 61 |
| Nursing Care | 55 |

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 | \$ 3,550 | \$ 5,310 |

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 \$71,545.

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> |
|---------------------------------------|-------------------------|--|---|-----------------------------|
| Geoffrey Eddowes, Chairman | Lancaster, PA | Senior Vice President/Senior Operating Officer, Penn Medicine / Lancaster General Health Women and Babies Hospital | Executive Committee (Chair); Performance Review Committee (Chair); Strategy, Policy and Governance Committee; Finance Committee | 2018 |
| Bruce G. Smith, Vice Chairman | Reading, PA | Senior Vice President, Fulton Bank, retired | Executive Committee; Finance Committee, (Chair); Performance Review Committee; | 2019 |
| Daniel B. Kimball, M.D., Secretary | Wyomissing, PA | Retired Physician; Resident of The Highlands at Wyomissing | Executive Committee; Performance Review Committee; Audit and Risk Committee | 2022 |
| 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 |
| David L. George, M.D. | Wyomissing, PA | Retired Physician, Reading Hospital Tower Health | Strategy, Policy and Governance Committee | 2019 |
| Barbara J. Kline | Wyomissing, PA | Community Leader, Resident of The Highlands at Wyomissing | Facilities Committee (Chair) | 2016 |
| June T. Maier | Reading, PA | Owner of Brookfield Design | Facilities Committee | 2016 |
| Daniel J. Winkler | Mertztown, PA | Senior Project Engineer & Manager for East Penn Manufacturing Co., Inc. | Facilities Committee | 2017 |

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> |
|-----------------------|-------------------------|---|---|-----------------------------|
| Faith L. Ott | Fripp Island, SC | CEO/Founder, Sage Age Strategies, Inc. | Marketing Committee | 2019 |
| Peter J. Connors, CFA | Sinking Spring, PA | Vice Chairman, President, Connors Investor Services, Inc. | Finance Committee | 2020 |
| Keith Mooney, Esq. | Wyomissing, PA | Lawyer, Barley Snyder, LLP | Strategy, Policy and Governance Committee | 2022 |
| Daniel B. Haneman | Jamison, PA | Vice President, Sales & Client Services, CCI Consulting, Inc. | Audit and Risk Committee | 2022 |

Ex-Officio Board Members

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

Keith Mooney is an attorney at Barley Snyder, LLP which provides general legal services to The Highlands. Total fees paid to this firm were \$118,000 in 2022.

Faith L. Ott is the Founder/CEO of Sage Age Strategies, Inc. which provides consulting services to the senior living industry, including The Highlands. Total fees paid to this firm were \$408,000 in 2022.

Daniel B. Haneman is a Vice President, Sales & Client Services, at CCI Consulting, Inc. which provides human resources consulting. Total fees paid to this firm were \$21,250 in 2022.

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, Information Technology, Support Services, and Transportation. Mr. Evans came to the Highlands with over 30 years' experience in senior living; and has a Master of Science, Jurisprudence (MSJ) with a Certificate in Healthcare and Hospital Law.

Lorena Lazarchick, Director of Community Life and Engagement, joined The Highlands in November of 1987. Mrs. Lazarchick has a Bachelor of Science in Business from Alvernia University. Ms. Lazarchick earned the LeadingAge PA Fellows in Leadership and the International Council on Active Aging Leadership in Wellness Management Certification. Ms. Lazarchick provides leadership, oversight, management and development for the day-to-day operations of the following departments/areas: Residential Living Programming, Fitness Center, and Social Services.

Kristen Santangelo, Nursing Home Administrator, joined The Highlands in 2017. 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 a national short-term, post-acute and long-term care provider. Ms. Santangelo's responsibilities include overseeing and administering the daily operation of the community's Aspire Nursing Care and Aspire Rehabilitation. Ms. Santangelo also serves as The Highlands' Compliance Officer.

Holly Moylan, Personal Care Administrator, joined The Highlands in 2021. Ms. Moylan earned a bachelor's degree in Accounting and Finance from Alvernia College and obtained her Nursing Home Administrator license in 2017. Ms. Moylan brings more than 25 years' experience working in long-term care and has been a Personal Care Home Administrator since 2009. Prior to joining The Highlands, Ms. Moylan was the Senior Executive Director with a national short-term, post-acute and long-term care provider, as well as the Campus Executive. Ms. Moylan is responsible for the daily operations and regulatory compliance of the Aspire Personal Care and Aspire Memory Support at The Highlands at Wyomissing. This includes fully implementing the Hearthstone Institute's "I'm Still Here" training program to fully become a Hearthstone Center of Excellence.

Executive Staff of The Highlands (continued)

Cameron Martin, Vice President of Development and Marketing, joined The Highlands in 2021 with more than 13 years' experience leading fundraising efforts in Berks County and beyond. Before joining The Highlands, Mr. Martin served in development roles for many local organizations. In 2018, Mr. Martin received an award spotlighting the next level of leaders in Berks County; and in 2020, he received Berks Encore's Rising Leader award. Mr. Martin earned his bachelor's degree in Public Relations from Millersville University and a master's degree in Leadership Studies from Lancaster Bible College. He is an active member of the Berks Regional Chapter of the Association of Fundraising Professionals. Mr. Martin supports all aspects of The Highlands' fundraising programs, including planned giving, grateful resident program, donor events and capital projects.

Blake Daub, Vice President of Human Resources, joined The Highlands in 2021 with more than 27 years' experience in senior living and healthcare. Mr. Daub earned his Bachelor of Science degree in Management from Millersville University of Pennsylvania and received his Master of Business Administration from LaSalle University. Mr. Daub serves as an employee liaison on the Scholarship Committee. He is responsible for the management of Human Resources services, policies and programs to ensure employee recruitment, engagement and retention.

Rick Melcher, Chief Financial Officer, returned to The Highlands in 2022 with more than 36 years' experience in accounting and financial management, including more than 30 years of leadership roles in healthcare, higher education and senior living. Rick earned a bachelor's degree in Accounting from Albright College. He 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.

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, 55 two-bedroom, 6 two-bedroom combo, 3 two-bedroom plus, 12 two-bedroom extended, 15 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 20 two-bedroom duplex villas, 24 three-bedroom duplex villas, and 15 three-bedroom w/den single-family homes (including the Farmstead). During FY2022, The Highlands was in the process of adding 3 unique residential apartments in a completely renovated barn structure on our campus. These spacious Barn at Wyomissing Creek apartments offer two bedrooms and a den. Occupancy began in July 2022 and full occupancy was achieved during October 2022.

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
- 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:

- 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 designated post-acute rehabilitation beds) and a 63-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 page 17).

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



**Schedule of Entrance Fees
Comprehensive Contract (Type A)**

| | 07/01/2021 ¹ | 07/01/2022 ¹ |
|---|---------------------------|---------------------------|
| Residential Living Type | Single² | Single² |
| Studio | \$110,900 | \$110,900 |
| One Bedroom | \$143,900 | \$143,900 |
| One Bedroom w/Den | \$186,900 | \$186,900 |
| One Bedroom Grand | \$191,900 | \$191,900 |
| One Bedroom w/Den Grand | \$198,900 | \$198,900 |
| Two Bedroom | \$198,900 | \$198,900 |
| Two Bedroom Combination | \$222,900 | \$222,900 |
| Two Bedroom Plus | \$222,900 | \$222,900 |
| Two Bedroom Extended/Special | \$254,900 | \$254,900 |
| Two Bedroom w/Den Consolidated | \$265,900 | \$265,900 |
| Two Bedroom w/Den | \$287,900 | \$287,900 |
| Two Bedroom Deluxe (#102 & #289) | \$317,900 | \$317,900 |
| Two Bedroom Deluxe (#273 & #274) | \$321,900 | \$321,900 |
| Two Bedroom Villa (Original) | \$314,900 | \$314,900 |
| Three Bedroom Villa (Original) | \$352,900 | \$352,900 |
| Two Bedroom Villa (New) | \$389,900 | \$389,900 |
| Three Bedroom Villa (New) | \$427,900 | \$427,900 |
| Barn at Wyomissing Creek – 2 Bedroom w/ Den | N / A | \$434,900 |
| Barn at Wyomissing Creek - Combination | N / A | \$849,900 |
| Farmstead | \$504,900 | \$504,900 |
| Gaelsong | \$521,900 | \$521,900 |

¹ Add \$47,000* to the single Entrance Fee for the double Entrance Fee. Studio is single only.

* *Exception: For the double Entrance Fee for the Barn at Wyomissing Creek – Combination add \$94,000 to the single Entrance Fee*

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

NOTE: A Modified Contract (Type B) is offered for all residences - Apartments, Villas, Farmstead and Gaelsong. The single Entrance Fee for a Modified Contract (Type B) contract is approximately 25% less than the single Entrance Fee for a Comprehensive Contract (Type A). The double Modified Contract (Type B) Entrance Fee is \$36,000 more than the single Modified Contract (Type B) Entrance fee.



**Schedule of Monthly Service Fees
Comprehensive Contract (Type A)**

| Residential Living Type | 07/01/2021 | | 07/01/2022 | |
|---|------------|---------|------------|---------|
| | Single | Double | Single | Double |
| Studio | \$2,740 | N/A | \$2,875 | N/A |
| One Bedroom | \$3,380 | \$5,055 | \$3,550 | \$5,310 |
| One Bedroom w/Den | \$3,625 | \$5,300 | \$3,805 | \$5,565 |
| One Bedroom Grand | \$3,770 | \$5,445 | \$3,960 | \$5,720 |
| One Bedroom w/Den Grand | \$3,965 | \$5,640 | \$4,165 | \$5,925 |
| Two Bedroom | \$3,885 | \$5,560 | \$4,080 | \$5,840 |
| Two Bedroom Combination | \$3,885 | \$5,560 | \$4,080 | \$5,840 |
| Two Bedroom Plus | \$4,200 | \$5,875 | \$4,410 | \$6,170 |
| Two Bedroom Extended/Special | \$4,305 | \$5,980 | \$4,520 | \$6,280 |
| Two Bedroom w/Den Consolidated | \$4,820 | \$6,495 | \$5,060 | \$6,820 |
| Two Bedroom w/Den | \$4,820 | \$6,495 | \$5,060 | \$6,820 |
| Two Bedroom Deluxe (#102 & #289) | \$4,925 | \$6,600 | \$5,170 | \$6,930 |
| Two Bedroom Deluxe (#273 & #274) | \$4,925 | \$6,600 | \$5,170 | \$6,930 |
| Two Bedroom Villa (Original) | \$4,655 | \$6,330 | \$4,890 | \$6,650 |
| Three Bedroom Villa (Original) | \$5,420 | \$7,095 | \$5,690 | \$7,450 |
| Two Bedroom Villa (New) | \$4,655 | \$6,330 | \$4,890 | \$6,650 |
| Three Bedroom Villa (New) | \$5,420 | \$7,095 | \$5,690 | \$7,450 |
| Barn at Wyomissing Creek – 2 Bedroom w/ Den | N / A | N / A | \$4,890 | \$6,650 |
| Barn at Wyomissing Creek - Combination | N / A | N / A | \$6,480 | \$8,240 |
| Farmstead | \$5,705 | \$7,135 | \$5,990 | \$7,490 |
| Gaelsong | \$6,005 | \$7,425 | \$6,305 | \$7,795 |

- 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.

NOTE: A Modified Contract (Type B) is offered for all residences - Apartments, Villas, Barn at Wyomissing Creek, Farmstead, and Gaelsong.

The Monthly Service Fees for Modified Contract (Type B) contracts average 19% less than the Monthly Service Fees for the Comprehensive Contract (Type A) contracts shown above.



Schedule of Supportive Living Per Diem Rates
Effective: July 1, 2022

| Description | Rates |
|--|---------|
| <u>SUPPORTIVE LIVING FEES:</u> | |
| Aspire Personal Care Services | |
| Studio | \$212 |
| One Bedroom | \$256 |
| Premium (Contract Residents) | \$44 |
| Aspire Memory Support Services | |
| Studio | \$288 |
| One Bedroom | \$352 |
| Premium (Contract Residents) | \$64 |
| Both Aspire Personal Care & Aspire Memory Support: | |
| Respite care - see rates above plus additional rate of: | \$16 |
| Furniture Rental (per month-excluding temporary or respite stays): | |
| Full Room (bed, chest of drawers, bedside table, high back chair, dining chair, lamp) | \$150 |
| Bed frame with mattress | \$25 |
| Recliner lift chair (limited availability) | \$25 |
| Aspire Skilled Nursing | |
| Semi-Private Room | \$436 |
| Private Room | \$497 |
| Private Room Premium or Bed Hold (<i>Contract Resident Only</i>) | \$61 |
| Aspire Rehabilitation | |
| Private - Medically Necessary or Bed Hold | \$622 |
| Private - Not Medically Necessary | \$1,050 |
| Private - Post Insurance Premium or Bed Hold (<i>Contract Resident Only</i>) | \$186 |
| <u>Aspire Personal Care, Aspire Memory Support, Aspire Nursing Care and Aspire Rehabilitation:</u> | |
| A charge to hold the room during any absence is assessed at 100% of the current daily rate or per fees listed above. Also, the current daily rate will be charged when insurance coverage has ended. | |



**Rate Schedule for Miscellaneous Fees
as of July 1, 2022**

| Description | Amount | Frequency |
|--|------------------------------|-----------|
| <u>Homecare:</u> | | |
| ½ Hour (up to 30 minutes) | \$23.00 | per visit |
| Hourly (45 minutes up to 1 hour) | \$28.00 | per hour |
| Pet Care | \$20.00 | per visit |
| Off-campus Hourly (45 minutes up to 1 hour) | \$28.00 | per hour |
| Medication Services: | | |
| Med Set-up | \$35.00 | per week |
| Pre-filled MediPlanner Delivery | \$20.00 | each |
| PPE Charge | \$10.00 | each |
| Supplies | Prevailing Rates | |
| Home Care Nurse Wellness Support Visit | \$40.00 | per visit |
| Medication Assistance | \$10.00 | per visit |
| Bandage / Dressing Change | \$23.00 | per visit |
| Prescription Skin Care | \$23.00 | per visit |
| Long Term Care insurance claim processing | \$20.00 | per month |
| Holidays (New Years Day, Memorial Day, Independence Day Labor Day, Thanksgiving Day, Christmas Day) | 150% of above scheduled rate | |
| Discount: for 24/7 schedule | \$1.00 | per hour |
| <u>Cancellation Fees</u> | | |
| Shift Cancellation or Reduction ≤ 24 Hours advance notice | Full shift charged | |
| Service Cancellation 7 days' advance notice required | Full week charged | |
| Mileage | IRS pub. Rates per mile | |



Rate Schedule for Miscellaneous Fees
Effective: July 1, 2022

| Description | Amount | Frequency |
|---|------------|-------------|
| <u>Dining Service:</u> | | |
| Additional Resident Meals – Residential Living | \$20.00 | Per meal |
| Bistro | À la carte | |
| <u>Holiday Guest Meal:</u> | | |
| (Applicable to all Dining rooms, including Personal Care and Skilled Nursing) | | |
| Memorial Day, 4th of July, Labor Day | \$22.00 | Per meal |
| Easter, Mother's Day, Father's Day, Thanksgiving | \$26.00 | Per meal |
| Christmas Day, New Years Day | | |
| (Substituted meals may not be used for a Holiday Guest Meal) | | |
| <u>Guest Meals:</u> | | |
| Residential | \$20.00 | Per meal |
| <u>Healthcare:</u> | | |
| Personal Care & | | |
| Skilled Nursing | | |
| Breakfast | \$10.00 | Per meal |
| Noon | \$16.00 | Per meal |
| Evening | \$16.00 | Per meal |
| <u>Children's Meals:</u> (available in all dining venues) | | |
| Age 6 or under | Free | Per meal |
| Age 7 to 12 | \$10.00 | Per meal |
| <u>Healthcare Meals</u> (Contract residents - all additional meals over the one meal per day, and if applicable, after depletion of the health fund) | | |
| Apartment residents | \$17.00 | Per day |
| Villa residents | \$28.00 | Per day |
| Room Service | \$12.00 | Per meal |
| Corkage Fee | \$9.00 | Per bottle |
| Grocery Shopping | \$15.00 | Per order |
| Consultation - Registered Dietitian | \$50.00 | Per consult |



Rate Schedule for Miscellaneous Fees
Effective: July 1, 2022

| Description | Amount | Frequency |
|--|----------|---|
| <u>Other Fees - Residential Living:</u> | | |
| Away Allowance only applied if away from community for 14 days or longer: | | |
| Days 1 through 14 | \$7.50 | Per day |
| Days 15 through 89 | \$13.50 | Per day |
| Over 90 Days | 15% | Monthly Service Fee |
| Extended Guest Fee (in your apartment/villa and more than 8 days) | \$90.00 | Per night |
| Guest Suite | \$105.00 | Per night |
| Storage Locker Rental | \$400.00 | Per year |
| Re-Key - additional storage locker | \$250.00 | Per extra locker |
| Technology Fee | \$99.00 | Per month |
| Options: | | |
| Enhanced internet speed (package includes base internet speed of 50 Mbps) | \$27.95 | Per month for each incremental 50 Mbps |
| Additional Ehub (System Controller) (package includes one Ehub) | \$350.00 | Each Ehub unit |
| Personal Training Fees: | | |
| One Person - half hour private instruction (Fitness Center) | \$27.50 | Per session |
| One Person - five (5) half hour private instruction (Fitness Center) | \$110.00 | 5 Sessions |
| One Person - half hour private instruction (In Home) | \$32.50 | Per session |
| One Person - five (5) half hour private instruction (In Home) | \$135.00 | 5 Sessions |
| Two Person - half hour private instruction (Fitness Center) | \$45.00 | Per session |
| Two Person - half hour private instruction (In Home) | \$50.00 | Per session |
| SPECIAL: Half-hour private instruction (Fitness Center) for Therapy Department referrals following a stay in Aspire Rehabilitation | \$15.00 | Per ½ hour session (2 session maximum) |



Rate Schedule for Miscellaneous Fees
Effective: July 1, 2022

| Description | Amount | Frequency |
|--|-------------|--------------------|
| <u>Other Fees - Residential Living (continued):</u> | | |
| Housekeeping Fees: | | |
| Bed-Making Fees | \$9.00 | Per service |
| Carpet cleaning (billable in 1/2 hour increments) | \$32.00 | Per hour/per staff |
| Disposal: Furniture, Mattress or Other | Market rate | Per disposal |
| Light housekeeping (billable in 1/2 hour increments) | \$29.50 | Per hour/per staff |
| Pest Control Services (non-routine) | Market rate | Per service |
| Rental: (1) card table and (4) chairs | \$15.50 | Per day |
| Rug Rotation | \$32.00 | Per person |
| Maintenance Fees: | | |
| Regular maintenance (billable in 1/2 hour increments) | \$35.00 | Per hour/per staff |
| Grounds maintenance (billable in 1/2 hour increments) | \$35.00 | Per hour/per staff |
| Cordmate, including installation | \$255.00 | One time charge |
| Key charges: | | |
| Apartment/Villa door key | \$30.00 | Per key |
| Patio door key | \$30.00 | Per key |
| Mailbox key | \$30.00 | Per key |
| Garage door opener (Villa) - replacement | \$190.00 | Per opener |
| Key Fob - main building - replacement and additional | \$30.00 | Per Fob |
| 2-Button Security Pendant (Villa) - replacement | \$100.00 | Per Fob |
| 4-Button Security Pendant (Villa) -replacement | \$115.00 | Per Fob |
| Re-Core lockset - additional storage locker | \$250.00 | Per extra locker |
| Re-Core lockset charge | \$300.00 | Per instance |



Rate Schedule for Miscellaneous Fees
Effective: July 1, 2022

| Description | Amount | Frequency |
|---|--|--|
| <u>Other Fees:</u> | | |
| Healthcare (Aspire Personal Care, Aspire Memory Support, Aspire Nursing Care & Aspire Rehabilitation): | | |
| Ambulance Services | Prevailing rates | |
| Consultation - Registered Dietitian | \$50.00 | Per consult |
| Durable Medical Equipment | Prevailing rates | |
| Incontinent services/supplies | \$6.85 | Daily |
| Internal Moves between rooms in PC and/or NC | \$650.00 | Per Move |
| Labeling - Personal Laundry: | | |
| Initial labeling | \$21.00 | 50 labels |
| Additional labeling | \$2.25 | 10 labels |
| Long Term Care Claim Processing Fee | \$20.00 | 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 | \$47.50 | Per month |
| Rehabilitative Supplies | Prevailing rates | |
| Therapy Services | Prevailing rates | |
| Toiletry Items | Prevailing rates | |
| Wheelchair Transport (Per Diem Residents only) | \$8.50 | Round Trip |
| Transport by wheelchair from Aspire Personal Care, Aspire Memory Support, Aspire Nursing Care or Aspire Rehabilitation to Physician's office located on 2nd Floor of Residential Apartments | | |
| Entertainment & Technology Fee (Aspire Personal Care only) | \$99.00 | Per month |
| Options: | | |
| Enhanced internet speed | \$27.95 | Per month for each incremental 50 Mbps |
| <i>(package includes base internet speed of 50 Mbps)</i> | | |
| Additional Ehub (System Controller) <i>(package includes one Ehub)</i> | \$350.00 | Each Ehub unit |
| Telephone (Aspire Memory Support, Aspire Nursing Care and Aspire Rehabilitation) | | |
| Telephone: | | |
| Local service | \$19.99 | Per month |
| Long distance | Prevailing rates | Per minute |



Rate Schedule for Miscellaneous Fees
Effective: July 1, 2022

| 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) | \$37.50 | Per round trip |
| Per Diem Residents: | \$37.50 | Per round trip |
| Type B and Per Diem Residents: | \$19.00 | 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) | \$47.50 | Per round trip |
| Per Diem Residents: | \$47.50 | Per round trip |
| Type B and Per Diem Residents: | \$25.00 | One Way trip |



Rate Schedule for Miscellaneous Fees
Effective: July 1, 2022

| Description | Amount | Frequency |
|--|--------------------|----------------|
| <u>Transportation Department (continued):</u> | | |
| 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: | | |
| <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 | \$50.00 | Per trip |
| Wheelchair van | \$65.00 | Per trip |
| Medical & Valet (outside a 10-mile radius): | | |
| Standard passenger vehicle | \$50.00 | Per hour |
| Plus mileage | IRS pub. rates | Per mile |
| Wheelchair van | \$65.00 | Per hour |
| Plus mileage | IRS pub. rates | Per mile |
| Bus Trips Involving a Charge: | | |
| Varies based upon distance of trip, length of trip, and if applicable, ticket prices | | |
| During normally scheduled business hours | minimum of \$8.00 | Per round trip |
| Evenings (after 5 p.m.) and weekends | minimum of \$10.00 | Per round trip |
| Bus Services: | | |
| First 6 (Six) Hours: | | |
| During normally scheduled business hours | \$200.00 + mileage | Per round trip |
| Evenings (after 5 p.m.) and weekends | \$250.00 + mileage | Per round trip |
| Each additional hour | \$20.00 | 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 \$5,201,000 on June 30, 2022, which are calculated as follows:

THE GREATER OF

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

| Debt Description: | Principal: | Interest: | FY 2023 |
|-------------------------------------|--------------|--------------|---------------------|
| | | | Total Debt Service: |
| Bond Series 2017 A,B&C, Series 2018 | \$ 1,510,000 | \$ 3,691,000 | <u>\$ 5,201,000</u> |

OR....

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

| | FY 2023 |
|--|---------------------|
| Annual Operating Expenses | \$ 36,709,246 |
| Less: Depreciation/Amortization expense | <u>(7,022,455)</u> |
| Adjusted Annual Expenses | \$ 29,686,791 |
| | <u>10%</u> |
| 10% of Annual Operating Expenses (Less: Depreciation/Amortization) | <u>\$ 2,968,679</u> |

THE HIGHLANDS AT WYOMISSING
STATEMENTS OF OPERATION
FOR FISCAL YEAR ENDED JUNE 30, 2022

| | Budget FY 2022 | Actual FY 2022 | Variance FY 2022 | Variance % FY 2022 |
|---|----------------------------|------------------------------|-------------------------------|-------------------------------|
| Operating Revenue: | | | | |
| Residential Revenue | \$ 22,363,823 | \$ 22,945,504 | \$ 581,681 | 2.60% |
| Personal Care Revenue | 5,757,930 | 5,770,193 | 12,263 | 0.21% |
| Nursing Care Revenue | 12,974,015 | 12,337,511 | (636,504) | -4.91% |
| Other Operating Revenue | <u>1,611,281</u> | <u>1,592,368</u> | <u>(18,913)</u> | <u>-1.17%</u> |
| Gross Operating Revenue | 42,707,049 | 42,645,576 | (61,473) | -0.14% |
| Contractual Allowances | <u>(7,940,520)</u> | <u>(8,189,330)</u> | <u>(248,810)</u> | <u>3.13%</u> |
| Net Operating Revenue | <u>34,766,529</u> | <u>34,456,246</u> | <u>(310,283)</u> | <u>-0.89%</u> |
| Operating Expenses: | | | | |
| Salaries and Wages | \$ 11,094,270 | 11,633,125 | (538,855) | -4.86% |
| Temporary Resources | 6,500 | 531,345 | (524,845) | |
| Depreciation | 6,400,000 | 6,235,624 | 164,376 | 2.57% |
| Contract Service | 3,122,278 | 3,058,121 | 64,157 | 2.05% |
| Interest | 3,642,158 | 3,563,980 | 78,178 | 2.15% |
| Health Benefits | 1,650,000 | 1,194,349 | 455,651 | 27.62% |
| Other Employee Benefits | 1,543,637 | 1,634,674 | (91,037) | -5.90% |
| Real Estate Taxes | 1,901,428 | 1,698,535 | 202,893 | 10.67% |
| Food | 1,193,000 | 1,372,338 | (179,338) | -15.03% |
| Other | 1,147,216 | 902,743 | 244,473 | 21.31% |
| Professional Fees | 424,295 | 475,535 | (51,240) | -12.08% |
| Utilities | 904,986 | 1,107,023 | (202,037) | -22.32% |
| Supplies | 850,956 | 948,397 | (97,441) | -11.45% |
| Maintenance and Repair | 266,546 | 316,691 | (50,145) | -18.81% |
| Insurance | <u>300,000</u> | <u>313,013</u> | <u>(13,013)</u> | <u>-4.34%</u> |
| Total Operating Expenses | <u>34,447,270</u> | <u>34,985,493</u> | <u>(538,223)</u> | <u>-1.56%</u> |
| Net Income from Operations | <u>319,259</u> | <u>(529,247)</u> | <u>(848,506)</u> | <u>-265.77%</u> |
| Non-Operating Revenue: | | | | |
| Investment Return | 2,508,592 | (8,345,618) | (10,854,210) | |
| Contribution Revenue | <u>350,000</u> | <u>(31,718)</u> | <u>(381,718)</u> | |
| Total Non-Operating Revenue | <u>2,858,592</u> | <u>(8,377,336)</u> | <u>(11,235,928)</u> | |
| Net Income | <u>3,177,851</u> | <u>(8,906,583)</u> | <u>(12,084,434)</u> | |
| Extraordinary Gain on Debt Extinguishment | - | - | - | |
| Change in Unrealized Gains on Investments | <u>104,408</u> | <u>(582,763)</u> | <u>(687,171)</u> | |
| Change in Unrestricted Net Assets | <u>\$ 3,282,259</u> | <u>\$ (9,489,346)</u> | <u>\$ (12,771,605)</u> | |

THE HIGHLANDS AT WYOMISSING
PRO-FORMA STATEMENTS OF OPERATIONS
FOR FISCAL YEAR ENDED JUNE 30, 2023

| | Budget FY 2023 |
|---|----------------------------|
| Operating Revenue: | |
| Residential Revenue | \$ 24,539,724 |
| Personal Care Revenue | 5,998,548 |
| Nursing Care Revenue | 14,275,340 |
| Other Operating Revenue | <u>2,033,261</u> |
| Gross Operating Revenue | 46,846,873 |
| Contractual Allowances | <u>(9,284,546)</u> |
| Net Operating Revenue | <u>37,562,327</u> |
| Operating Expenses: | |
| Salaries and Wages | 12,863,739 |
| Depreciation | 7,022,455 |
| Contract Service | 3,050,254 |
| Interest | 3,583,344 |
| Health Benefits | 1,588,037 |
| Other Employee Benefits | 1,728,182 |
| Real Estate Taxes | 1,829,800 |
| Food | 1,193,000 |
| Other | 786,935 |
| Professional Fees | 428,830 |
| Utilities | 1,038,100 |
| Supplies | 945,768 |
| Maintenance and Repair | 282,490 |
| Insurance | <u>368,313</u> |
| Total Operating Expenses | <u>36,709,246</u> |
| Net Income from Operations | <u>853,081</u> |
| Non-Operating Revenue: | |
| Investment Return | 2,153,900 |
| Contribution Revenue | <u>350,000</u> |
| Total Non-Operating Revenue | <u>2,503,900</u> |
| Net Income | <u>3,356,981</u> |
| Forgiveness of PPP Loan | - |
| Change in Unrealized Gains on Investments | <u>106,100</u> |
| Change in Unrestricted Net Assets | <u>\$ 3,463,081</u> |

Notes to Pro-Forma Statements of Operations²

Gross Operating Revenues for Fiscal Year 2022 fell just short of the budget by \$61,000 or 0.1%. Residential living occupancy exceeded budget expectations, which contributed to the favorable revenue variance in Residential revenue. Alternatively, while occupancy in skilled nursing rebounded from the prior year, it did not achieve budgeted levels, which resulted in the negative variance in Nursing Care revenue of slightly more than the favorable Residential revenue variance.

Contractual Allowances for Fiscal Year 2022 exceeded budget by \$249,000 or 3.1%.

Overall, Net Operating Revenues were lower than budget by \$310,000, or 0.9%.

Total Operating Expenses were \$34,985,000, which was \$538,000, or 1.6% more than budget. Unfavorable budget variances were experienced in staffing costs, including Salaries and Wages, Temporary Resources, and Other Employee Benefits largely due to off-plan salary and wage adjustments necessitated by the employment environment, and Food, Utilities and Supplies, all of which were affected by higher than anticipated inflation and supply chain issues. Favorable variances in Health Benefits, Other, Depreciation and Interest tempered the overall negative expense variance.

Overall, The Highlands at Wyomissing had an Operating Margin of (\$529,000), for the Fiscal Year 2022, which represents a negative variance of \$848,000 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 D).