



YESTERDAY, TODAY, AND TOMORROW.

◆◆ ————— ◆◆
2013 ANNUAL REPORT





About DUNWOODY VILLAGE

Community

Dunwoody Village
3500 West Chester Pike
Newtown Square, PA 19073-4168

Community Description

The community is located in a suburban setting on 83 acres and contains a three-story apartment building with studio, junior, one and two bedroom apartments, one-story country houses with one and two bedrooms, and one-story country houses with two bedrooms and a den. There are 81 private Personal Care rooms and 81 private Skilled Nursing rooms on the campus. The community is masonry construction with heated and enclosed walkways. Common areas include an auditorium, board room, several dining areas, arts and crafts room, library, a swimming pool and Jacuzzi, fitness center, club room, computer station, woodworking shop, gift shop, hair salon, bank, and game room.

Licensed Provider

Dunwoody Village
3500 West Chester Pike
Newtown Square, PA 19073-4168

To Discuss Admissions Call or Write:

Elaine Kaiser
Director of Marketing and Admissions
Dunwoody Village
3500 West Chester Pike
Newtown Square, PA 19073-4168
610-359-4400 or 1-800-DUNWOODY
e-mail: marketing@dunwoody.org
web site: www.dunwoody.org
Hearing and Speech impaired may reach us via the PA Relay Center: 1-800-654-5984

Minimum Age for Admission

The minimum age for admission is 65.

Affiliates

Dunwoody Village does not have any affiliation with any religious, charitable or other not-for-profit organizations except for Dunwoody Homecare (d.b.a. Dunwoody Home Care) a private duty companion services provider. Dunwoody Village is the sole member of Dunwoody Homecare. Both organizations are Pennsylvania not-for-profit corporations and tax exempt under IRS Code 501 (c) (3).

The Current Resident Population

The current resident population is 420.

Sample 2014 Fees

One-bedroom apartment: *(Non-refundable option)*

	<i>Single</i>	<i>Double</i>
Entrance Fee	\$147,000	\$162,000
Monthly Fee	\$ 3,089	\$ 5,292

One-bedroom apartment: *(50% Refundable option)*

	<i>Single</i>	<i>Double</i>
Entrance Fee	\$220,500	\$243,000
Monthly Fee	\$ 3,089	\$ 5,292

Investment Consultant

Dunwoody employs The Vanguard Group Inc. as the investment consultant who recommends investment managers. The Vanguard Group is a family of more than 180 member mutual funds with more than \$2.5 trillion in assets under administration.

Disclosure Statement

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 universal care facility, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set forth in this disclosure statement. The Springton Lake Village disclosure statement and fee schedule are located in the *Services for Non-Residents* section.

Statement of Intentions

1. To carry out our mission in ways that are always ethical and in the expressed spirit of our stated mission.
2. To create an atmosphere of caring that treats all residents in a dignified manner respecting individuality, privacy and personal choices.
3. To create health and wellness programs that serve residents along the full continuum of care.
4. To support a quality management program that identifies, develops and implements on-going performance improvement projects.
5. To cultivate teamwork in providing distinctive high quality services.
6. To provide a homelike and welcoming environment that is safe and secure.
7. To support our mission in a cost-efficient and effective manner.
8. To provide charitable Personal Care services to a limited number of qualified individuals, in keeping with the vision of our founder, William Hood Dunwoody.
9. To promote and develop strong community affiliations through residents, employees, and Trustees.
10. To create an atmosphere of growth and opportunity in order to attract and maintain employees who are committed to our Core Values of Teamwork, Respect, Integrity, Compassion and Quality.
11. To provide education and training for staff, residents and Trustees aimed at broadening knowledge related to the needs of Seniors.
12. To maintain an open door policy that encourages open channels of communication among all levels of employees, residents, families and Trustees.
13. To embrace the efficiencies and quality of life advantages delivered by new technologies.
14. To advocate for Seniors with law makers and regulators.

The LeadingAge Quality First Elements of Quality



Dunwoody Village participates in the LeadingAge Quality First program, which helps organizations to achieve excellence in aging services and earn public trust. By endorsing the Quality First principles, Dunwoody pledges to work in partnership with consumers and the government to create an environment of high-quality care and service.

The ten elements of quality are:

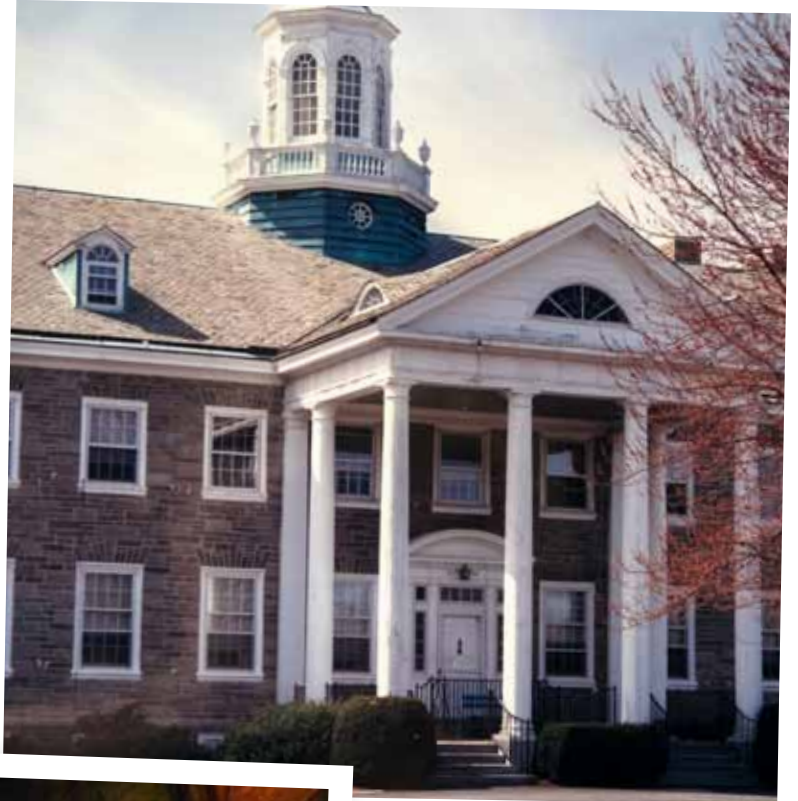
*Commitment
Governance and Accountability
Leading-Edge Care and Services
Community Involvement
Continuous Quality Improvement
Human Resources Development
Consumer-Friendly Information
Consumer Participation
Research Findings and Education
Public Trust and Consumer Confidence*

DUNWOODY *Over Time*

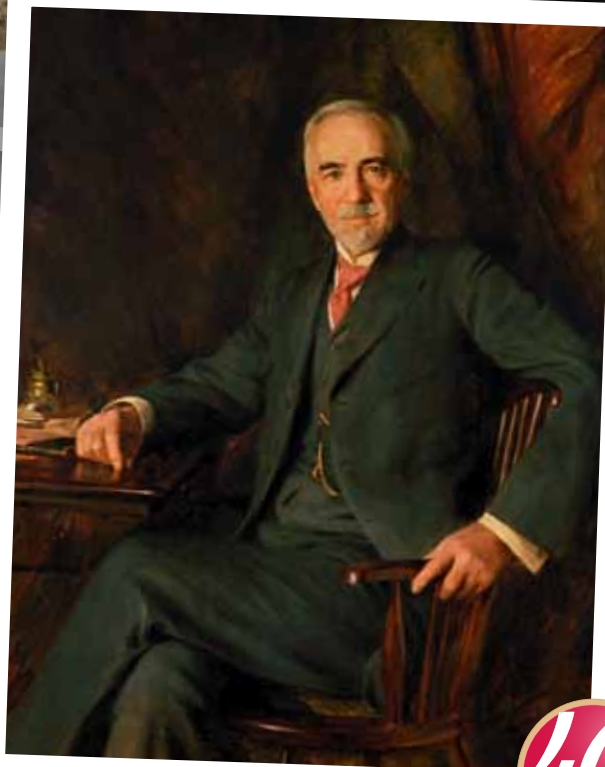


Built in 1842, the Hood Octagonal School educated students from first to eighth grade for many years. The structure was restored in 1964, named a National Historic Landmark in 2006, and currently serves as a learning destination for local children.

Businessman and philanthropist William Hood Dunwoody (March 14, 1841–February 8, 1914) established a \$1 million trust to build the Dunwoody Home on his family farm in memory of his parents.



Opened in 1924 to serve “worthy and needy convalescent men,” the original William Hood Dunwoody Home was razed in 1992. Today, it’s the site of the Cedars wing, providing personal care services for Dunwoody residents.



40
years

A Newtown Square
Neighborhood Legacy



The Historical Committee members proudly pose in front of a portrait of William Hood Dunwoody.

Standing, (L-R): Eleanor Parsons, Paulette Thold, Anne Harrison, Joy MacMurray, Norma Winther, chair, Ellen Jackson, Pat McCarter, Bobbie Mynott, Marge Devlin

Seated: Marilyn Caltabiano, Susan Bell, Stella Gabuzda, Heyward Wharton

Not pictured: Carla Hasenritter, Ben Reina, Peggy Robbins

Dunwoody Village wears its venerable 40-year legacy proudly, with history that goes back hundreds of years. “We can trace ownership of the land to William Penn in 1681,” says Norma Winther, founder of the History Committee. William Hood Dunwoody’s ancestors bought the property in 1712, establishing a dairy farm. Those scenic acres became the site of the Dunwoody Home for convalescent men, opened in 1924 as stipulated by William Hood Dunwoody’s will. And in 1974, Dunwoody Village, the continuing care retirement community, welcomed its first residents.

One of the first continuing care retirement communities in the area, Dunwoody was, it turns out, ahead of its time. “In the 1970s, young people were rebelling and older adults also wanted to do their own thing. That began the movement for retirement communities that allowed for more independence,” says Norma.

One need only tour the Village grounds to see that the past is still in evidence here—in the Hood Octagonal School built in 1842, which is listed on the National Register of Historic Places, and in the historic bank, barn, and farmhouse. Much of the original bucolic setting remains undeveloped though it is now not far from convenient shopping, restaurants and other amenities. Add to that the multiple-generation families that have called the

community home, and the long tradition of aging with dignity that goes all the way back to William Hood Dunwoody.

Yet Dunwoody, as it is today, is very much a forward-facing place. Progressive approaches to wellness and modern conveniences, technology and renovation, young faces and fun-filled activities keep Dunwoody Village not only in step with today but also ready for tomorrow.

As the busy History Committee prepares to celebrate 40 years, plans include lectures, historical events, a barn-dance, themed cocktail party, and more. Dunwoody Village is setting the stage for the next 40 years to come. 🌸

A letter FROM OUR
PATRICK BURKE



CHAIRMAN OF THE BOARD

Whether you're a current or prospective resident, have a family member here, or are just generally curious about our mission, thank you for your interest in Dunwoody.

As I write this letter, spring is upon us and we're beginning to get a sense that this difficult winter is in the rearview mirror. This is a beautiful time of the year: with the sun's warmth, the trees begin to bloom, and the grass emerges fresh and green. It's a time of renewal, new hopes and new beginnings.

This year also marks a time of renewal for Dunwoody. We are celebrating our 40th year as a Continuing Care Retirement Community, as well as our commitment to creating a dynamic environment that befits the residential and health care needs of our residents. Dunwoody and its inhabitants have a strong history of serving the greater community from our first days as a convalescent home in 1924. Today, our residents, along with Dunwoody's Board and Management Team, volunteer countless hours of service both within and outside of the Village.

Last year I had the distinct privilege of being named Chairman of the Board, taking over from Charles Ladner when he completed his second five-year term as Chairman. Under Chuck's leadership, the Board and Management Team embarked on a number of initiatives over the past few years to renew the Dunwoody property, and ultimately, our brand. We added a generator, kicked off a large-scale effort to remodel hallways that included installing air-conditioning, and perhaps most importantly, laid the initial groundwork for the construction of the Penrose Carriage Homes. The improvements go beyond our immediate borders, too—Dunwoody Homecare has started the process of obtaining Medicare certification.

These developments reflect our unique position as a not-for-profit Continuing Care Retirement Community. As the Board and Management Team has never had to generate a profit for external shareholders, we can prudently invest in Dunwoody's infrastructure in ways that will collectively benefit current and future residents. We can remain focused on our mission to provide residents with exceptional value and the highest quality services possible.

Two years ago, our primary infrastructure project was installing the community-wide generator. Like insurance, a generator is difficult to value—until you need it, as we saw this past winter. This year, our primary short-term project has been upgrading our hallways for both functional and aesthetic purposes. We're very excited about the initial results so far and we appreciate residents' patience as we continue this project throughout 2014. We believe the revitalized hallways will attract future residents to Dunwoody and enhance the homelike feeling our current residents have come to expect.

On a strategic level, the Board has focused on building the carriage homes to incorporate many of the features and amenities preferred by today's prospective residents. These homes will provide a new source of revenue, which benefits all residents without significantly affecting our existing infrastructure. This project is very complex and the Board and Management Team have already spent hundreds of hours thoughtfully evaluating different options and prudently implementing our plans. We expect these homes will be highly desirable, given the response we've seen to date.

In addition to managing the carriage home project in 2014, the Board will renew its strategic plan. Part of this effort will involve evaluating trends and future residential and health care needs in continuing care. We are fortunate to have a strong, tenured, and committed Board and Management Team behind us. In 2013, we welcomed Peter Bort, a local attorney, to the Board to replace James Kilcoyne. We appreciate Jim's dedication to Dunwoody over the last six years and we are lucky to add someone with Peter's character and skills to the Board.

With so many changes afoot, last year was a time of positive transformation for Dunwoody, much like the start of the spring season. We're looking forward to continuing our evolution as a beautiful, dynamic community for the next 40 years. ❧❧



A *family* TRADITION

Residents of Newtown Square for 45 years, Dave and Sandy McMullin were well aware of Dunwoody Village's reputation in the community, but it was their families who familiarized them with the benefits of Dunwoody living. In fact, Sandy's father and stepmother were among the community's first residents, to live in a country house in the 1970s. Dave's parents, who were also involved in Dunwoody administration, moved to a country house in the 1990s.

Naturally, when it came time for the McMullins to consider their own future, they looked to Dunwoody first. "The family situation and already knowing what it was like certainly helped. It also just made sense for us logistically to choose the location," Sandy McMullin says. "We love being close to the city with its cultural events but also having so many programs and offerings right here."

In addition, many of the couple's friends already lived at Dunwoody, with a few others planning to join in the near future. "We knew we didn't want to be isolated in any way, and having so many good friends and family around us, in such a warm and welcoming atmosphere, was very compelling."

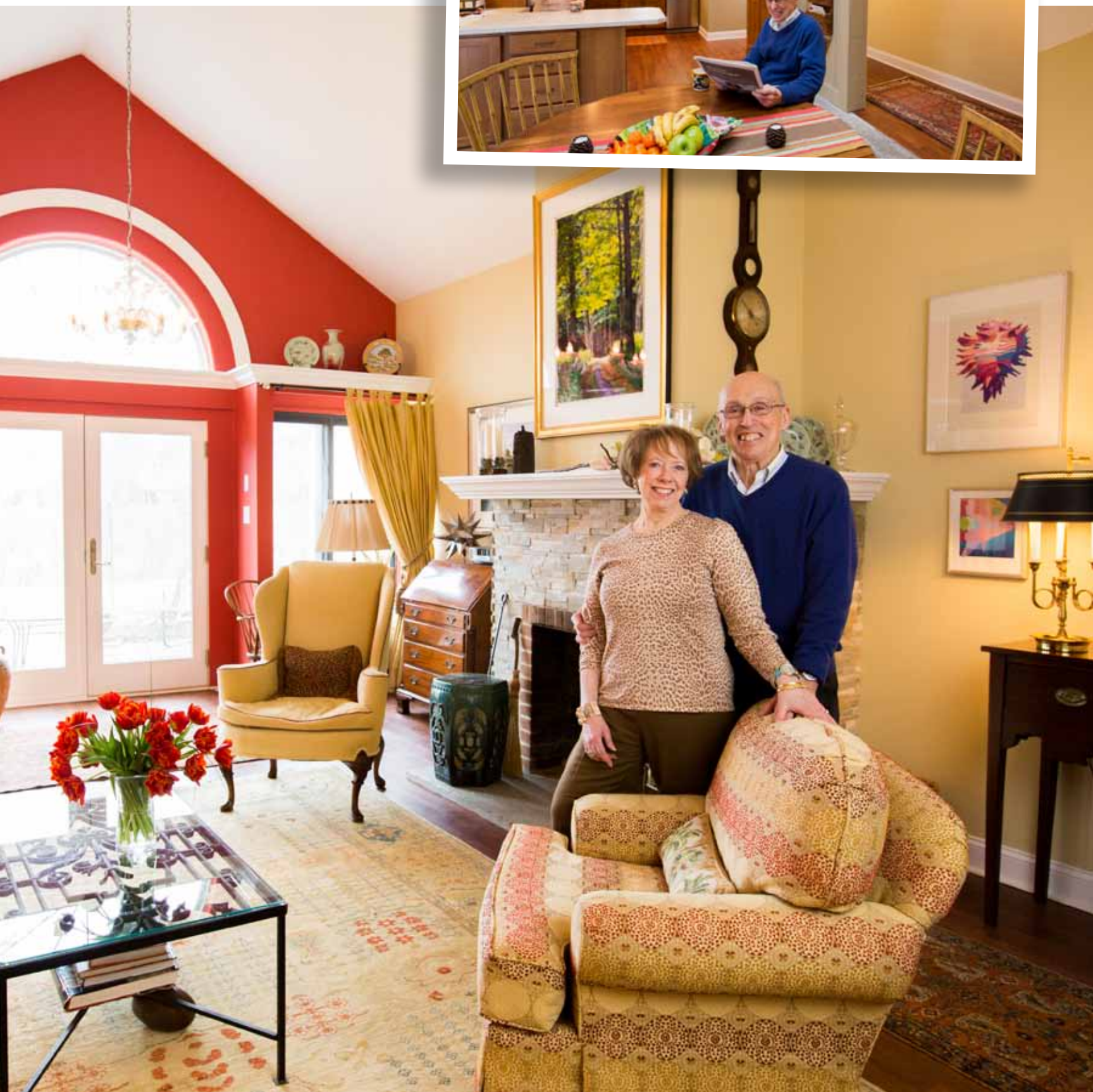
Once the initial decision was made, the McMullins settled on an East Country House. "The high ceilings are wonderful, and I loved the view of the greenery and woods. It just immediately felt like home," she says.

Wanting to add their own touches to their new home, the McMullins worked with Dunwoody's recommended contractor to open the floor plan, expand the bathrooms and create a "wow" kitchen. The process of customizing their home was an exciting one, and they were very pleased with the results. "It was hard work but lots of fun and definitely worth the effort."

Having weathered the winter of 2013, Sandy says they're thrilled with their decision to continue their family's Dunwoody tradition and they haven't looked back. "No shoveling, no plowing, no leaks to worry about. It's been great and we look forward to our future here." 🍷



Like their parents before them, Sandy and Dave McMullin chose Dunwoody Village, but they made it very much their own when the couple customized their entire country house to suit their active lifestyle.




Staying healthy is the best insurance for a bright tomorrow, and Dunwoody Village is constantly looking ahead. Our Health and Wellness staff is committed to keeping our community at its best, and that means staying in touch with the most current thinking on the subject.

“There’s really been a shift in the way we approach our health. We’ve found that more and more people are coming to Dunwoody wanting to be proactive,” says Manager of Health and Wellness Anna Marie Burgio, RN. Counselors work on a one-on-one basis to support residents’ goals and improve their quality of life. A centralized health maintenance card is assigned to every individual, and that helps keep track of needed measures to avoid illness, such as appointments, diagnostic tests and screenings. It also ensures that no matter where they travel throughout the community, the information is easily accessed.

Reflecting the current trend toward preventative medicine, Dunwoody’s approach is truly integrative—it begins with lifestyle and encompasses physical, spiritual, social, emotional, environmental, financial and intellectual wellness.

Healthy dining options accommodate a wide variety of diets. The full array of fitness activities includes aerobics, swimming, a putting green and nearby tennis. Classes such as Tai Chi, Pilates and yoga in the Dunwoody Fitness Center help with both physical agility and mind-body balance.

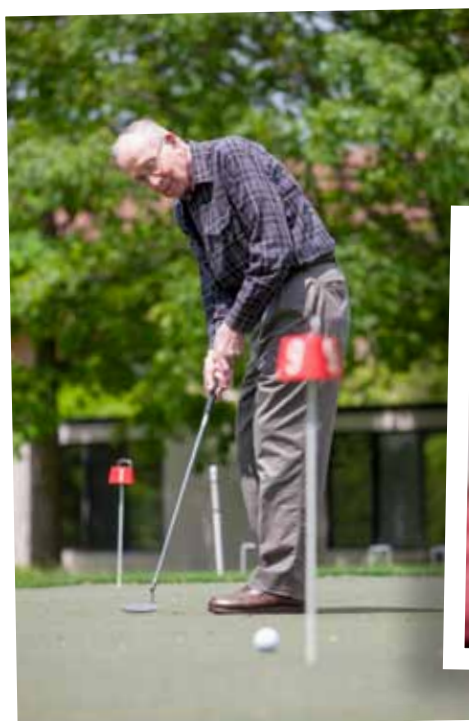
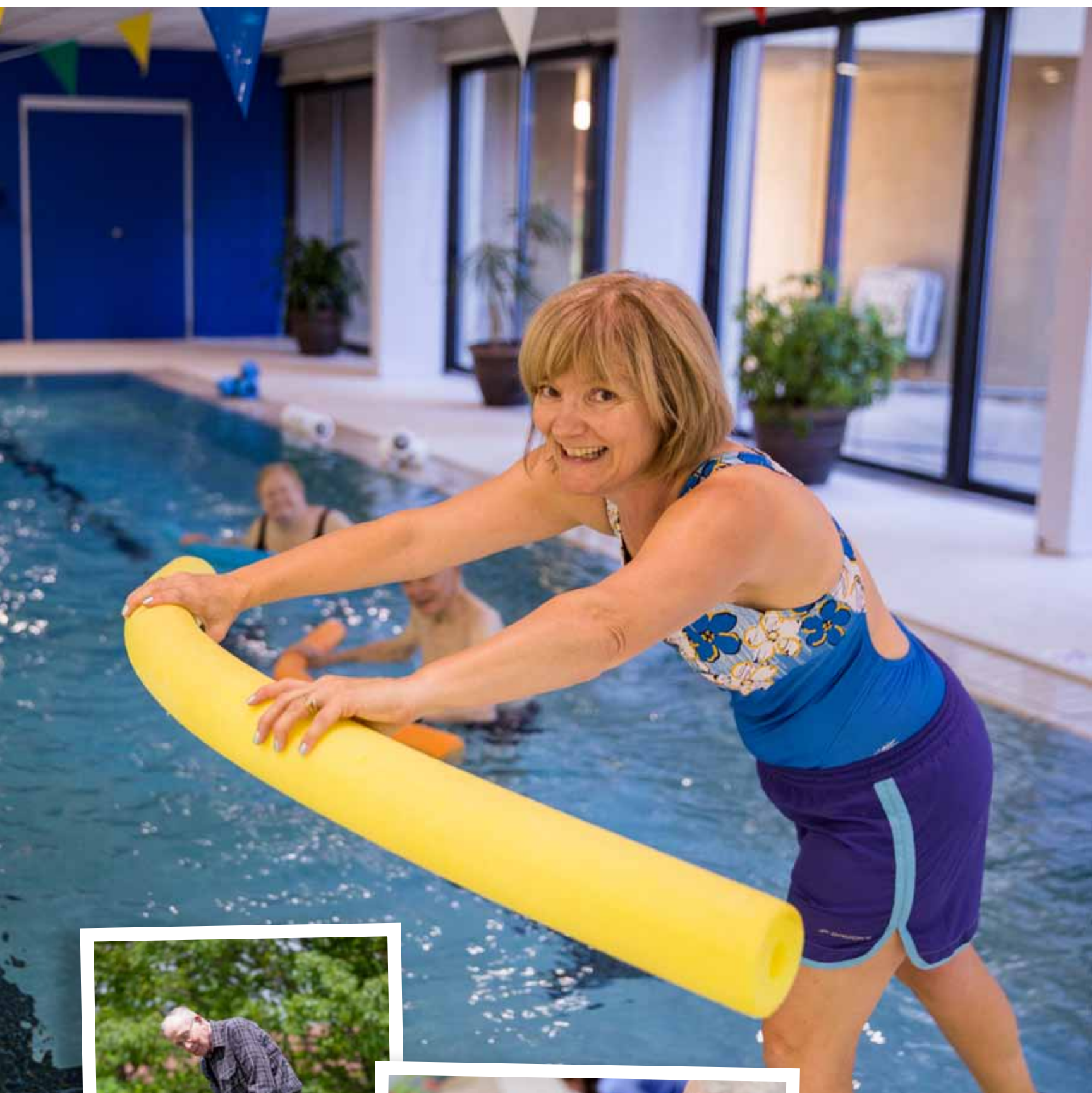
A top priority at Dunwoody is education, and keeping both community members and staff abreast of the latest research. To that end, the team conducts Wellness Wednesdays, a series of lectures about preventative measures such as sleep and healthy food choices. The Lunch and Learn program is another series of talks, focusing on common health topics such as asthma, arthritis and diabetes.

“Over time, wellness at Dunwoody has become more tailored and customized. We want to make sure our services address the entire spectrum of what people who live here need to feel great,” says Anna Marie. “We believe it’s up to the individual to define their own idea of health and happiness. We’re just here to help reinforce it.” 



A BLUEPRINT FOR *health*





Staying healthy is a way of life at Dunwoody, where integrated medical care is supplemented by an array of fitness and wellness programs.



Enjoying the good life, canine residents Emily, Rusty, Chile and Phoebe (L-R) pose with their owners.

Among Dunwoody's newest additions are Charles Hangsterfer and his Great Dane Chile, Diana Garson and her dachshund Phoebe, Peggy VanAntwerp and her miniature poodle Emily, and Joan Hadden and her Shihtzu Rusty. To be sure, it was Dunwoody's forward-thinking pet policy that attracted them here in the first place. "I wouldn't have chosen a place that wasn't friendly to animals," Joan says.

At Dunwoody, Rusty's met some animal companions of his own, in a group of dogs (and their walkers) that includes Phoebe and Chile. The walkers plan to meet regularly throughout the warmer months. All of the dogs enjoy outside access with their respective balconies, courtyards and/or first-floor patios and all enjoy exploring the Village's 83 acres.

"These dogs probably never had it better," says Diana Garson. "Whenever we go somewhere we can hardly get to our destination because there are so many people oohing and aahing. It's just extraordinary, and I know she loves the attention."

A surprise benefit for Charles Hangsterfer is watching Chile, an eight-year-old deaf rescue dog bring joy to others at Dunwoody. "It just amazes me that we'll be sitting among a group of five or ten people and he's in the middle, soaking up the attention. You will not find another Continuing Care Retirement Community that's as supportive and nurturing to pets as Dunwoody Village is."

Emily the poodle works as a therapy dog. Once a week she visits people in Dunwoody's Care Center. "She leads me around the hallways now," Peggy VanAntwerp says. "She gets so much affection—the whole thing is very nice for both of us."

For his part, Charles is thrilled with their current home and new circle of friends, and he's looking forward to what lies ahead. "Chile's been a loyal companion to me for six years now. So I had to return the favor and choose a place to live where he would be happy. Dunwoody's it." ❀



AHEAD *of the* PACK



Gentle Giant

Dogs are a familiar and welcome sight around Dunwoody Village, where they are treated like residents in their own right. Charles Hangsterfer's Great Dane Chile, an eight-year-old rescue dog is already a celebrity of sorts on the grounds, his striking black and white Harlequin coloring and blue eyes drawing human admirers and canine pals alike.

"I considered other places in the area but I came to Dunwoody Village because it was a wonderful community and the fact that it was so friendly to animal companions was very important to me," Hangsterfer says.



Though Chile is deaf, he responds to the dog version of American Sign Language. Chile has also made a name for himself at the K9 Walk for Cancer fundraising event at Rose Tree Park, where he will serve as Grand Marshall this year, leading 200 other dogs through a one-mile course. Naturally, Hangsterfer is very proud of his charge. "What can I say—he turns heads!"

Current EVENTS

Staying busy is just part of daily life at Dunwoody. There's always something going on and the array of resident activities reflects widely varying interests as well as the desire to stay in touch with current cultural trends and embrace lifelong learning.

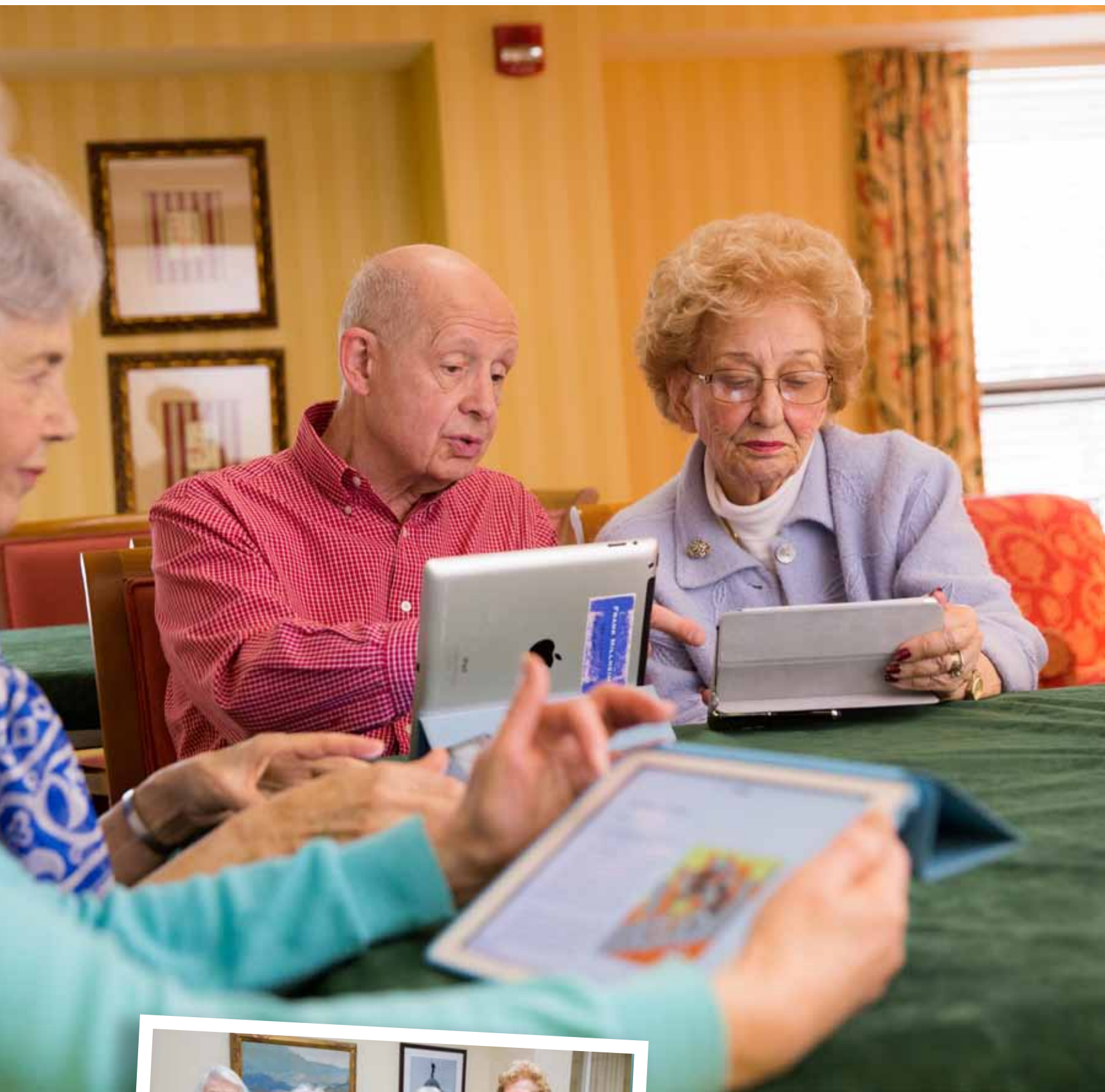
When Frank Millheim joined Dunwoody last summer, he had no idea he'd start one of the community's most popular clubs. A former systems engineer, he's also an adept iPad user. Other residents started asking him about the device. Thus began the iPad User Group, which meets once a month and attracts more than 20 people per session. To accommodate this huge amount of interest, Frank has actually divided the crowd into beginner, intermediate and power level users.

Because it's user friendly, the iPad is the ultimate way for residents stay in touch with loved ones, access services and become more comfortable wielding technology. "I try to familiarize people with new ways to use their iPads, whether it's Skyping with family members, using Facebook, shopping online or simply learning how to keep the device charged," Frank says. "There's a real hunger for knowledge but there are still those who have never really used a computer so they may need some encouragement."

The iPad group is just one of a long list of available clubs, groups and programs. Dunwoody's technology enthusiasts also enjoy the Audiovisual club and Channel 14, the in-house television station. Meanwhile, hobbyists make use of the wood shop and model railroad room. Linguistically inclined residents participate in French and German language discussion groups while art lovers take advantage of art classes and cultural trips. Music programs—both classical and popular, are frequent and well attended. There's the ReSale Shop and gift shop for retail-friendly residents. Visiting in the Care Center, preparing casseroles for the homeless and other volunteer opportunities are available for those who are service oriented.

Frank has found that leading the iPad User Group has been an excellent entrée into Dunwoody life, a way to connect with other residents over shared interests. "The great thing about Dunwoody is that there are so many things to do, and if it's not here already, you can make it happen." 🍷





There's truly something for everyone at Dunwoody, whether it's the iPad user group, billiards, gardening, or a wide array of trips and social events.



Across GENERATIONS



The monthly Kathy's Kids program has introduced Dunwoody residents to local schoolchildren, resulting in a longstanding relationships that benefit both generations.



Its history may span decades, but Dunwoody Village is also a place for intergenerational fun. On an informal basis, Dunwoody welcomes young visitors with its spacious grounds, swimming pool and restaurant-style dining areas, making it a special place for visits from loved ones.

More formally, Dunwoody residents participate in programs with local schoolchildren. Once a month, Kathy's Kids brings a class of elementary school students new to the English language to Dunwoody where they're welcomed by resident volunteers. As the students and their older pals engage in a craft activity, such as making Valentines or spring flower pots, they have a meaningful exchange. "Kathy sets a great example, for the kids and for us," says resident Cynthia Bredikin. "We'll create and send care packages to soldiers overseas and collect juice bottles for recycling."

While at Dunwoody, the students enjoy looking at the model train room and sharing their experiences with their new friends, as well as improving their English skills. "It's one of the things I most enjoy about Dunwoody, and having the opportunity to build these relationships is wonderful. It's social time for the adults as well as a chance to connect with the younger generation. Seeing those happy faces is a pleasure for everyone," Cynthia says.

"It's very rewarding to meet with the children," says Sandy Cox, who has participated in the program since she arrived at Dunwoody nine years ago. "After a time you grow quite attached to them and I really look forward to these afternoons."

The feeling is mutual. Once a year, Dunwoody residents travel to the children's school, where they're hosted by the children and their families for a concert and luncheon. "The best part is when I've gone to the school and seen children from a previous year," Sandy says. "They'll come over and give me a big hug and I'll know we've made a difference in each other's lives." 🌸

Grandchildren and other young family members enjoy Dunwoody's family-friendly dining and activities.



Volunteers showcase Dunwoody's historic schoolhouse, The Hood Octagonal School, to young visitors. Resident Dolores Gerkenmeyer has often donned the costume of a 19th century teacher for those visits, and her husband Fred was instrumental in the building's restoration.

AT YOUR *Convenience*

With every needed service available in a flash, Dunwoody living is as comfortable as it is efficient. “We believe that there should be something for everyone here,” says John Alberici, Director of Dining Services.

To that end, Dunwoody’s mealtime options include both restaurant (Terrace Dining Room) and buffet style (Lincoln Dining Room) dining, as well as the quick-service and takeout offerings at the Village Grille.

“If you want a piece of chocolate cake from our in-house baker you can have that, or if you want something like fruit and cheese for dessert, you can have that, too,” John says. “We try to make everything as easy as possible.”

John and his staff accommodate low-fat, low-calorie, low-sugar, low-sodium, vegetarian and gluten-free requests while also staying on top of national restaurant and dining trends. As just one example, the kitchen now offers fresh fruit smoothies as a healthy meal on the go.

For the ultimate in ease, John has even been known to take a resident’s family recipe and add it to the evening’s dinner specials. John and his assistant David Curtin have also introduced catering services, which they’re working to expand for residents’ special-event needs.

It’s not just dining, though. Elsewhere, Dunwoody continues to make daily life more convenient than ever with amenities such as weekly housekeeping, linen service, a notary public, door-to-door mail delivery, personal training services, 24-hour security, covered and heated walkways that connect all buildings and private transportation services.

The array of services is as bountiful as the dining room buffet, catering to individuals of varying tastes and desires. “People come to Dunwoody with different wants and needs,” John Alberici says. “We’re here to make sure they are heard.” 🍷



Daily door-to-door mail delivery is one of the many unique luxuries that Dunwoody Village offers.



At Dunwoody Village Marketplace, residents can purchase snacks and groceries, including fresh fruit and smoothies to go.



Director of Dining Services John Alberici creates meals that are equally elegant, appealing and healthful.



READY *for* TOMORROW

Preparing for the future means investing in today. Dunwoody Village is positioning itself for tomorrow's residents with an array of construction projects. In the past year, this included a remodel of the pool, new exterior lighting throughout the campus, and the renovation of 36 apartments for new residents.

The anticipated hallway project has transformed 1970s "dorm" like corridors for the new millennium, says Facilities Director Wes Kuenhle. "The original building was constructed with cinderblock walls, poor lighting and poor ventilation. The wide hallways now have new lighting, carpeting, and air conditioning—and the look of a high-end hotel." Three hallways have been completed with several more planned for the coming year.

The newly added 3-megawatt generator relies on heating oil as its power source and can fuel the community for between 17 and 21 hours in the case of an outage. This addition was put to the test over the harsh winter, Wes says. "We run and test it every Friday and during recent weather-related outages it was an enormous help. No one even noticed we lost power at all as the transition to generator power is very smooth."

In the shorter term, Dunwoody will focus on developing the new carriage homes on the east side of the property. "We are very excited about what this project represents," says Chairman of the Board Pat Burke. "It's still an evolving process but we hope to break ground later this year."

Dunwoody's longer-term goal is to stay in touch with the needs of future residents, whether through technology advances or through better delivery of services. "In the past 10 to 20 years, the technology has changed greatly and we will continue to reimagine our services to align them with the latest developments," Pat says. "We were at the forefront forty years ago and we will continue to lead the way." ❀

"Big John" Myers and his construction crew have undertaken the enormous project of renovating all of the Village's hallways, installing new plumbing, electric, floors and air conditioning in addition to updating their look.



Board Chairman Pat Burke and Director of Facilities Wes Kuenhle stand proudly in front of the generator—just one of many forward-facing projects they have planned with resident comfort and safety in mind.



DUNWOODY FACES

Today's Dunwoody is characterized not only by its residents but also by its administration, including the Board of Trustees and the Residents Association, who help us better serve our residents and carry out our mission.

OUR *Mission*

Dunwoody Village is a not-for-profit organization that provides residential services and amenities, and healthcare-related services to age-qualified individuals. Our mission is to provide an environment that is safe and secure, promotes quality of life, dignity, respect and compassionate care for all residents.

OUR *Vision*

is for Dunwoody Village to be the community of choice for residents, their families and employees.

*Our 2013 Residents' Association Executive Committee
members proudly welcome you.*



Pictured from top left: (L-R) *Top row:* Tom Devlin, Second Vice President; Jim Smith, Treasurer; Doug Curley, Assistant Treasurer; Kitty Stokes, Member-at-Large. ***Middle row:*** Andy Bredikin, President; Ellen Jackson, Recording Secretary; Carolyn Raymond, Corresponding Secretary. ***Bottom row:*** Norma Winther, Member-at-Large; Bob Haley, Member-at-Large; Pat McCarter, First Vice President.

2013 OFFICERS *and*



Patrick J. Burke
Chairman



Sherry L. Smyth
President / CEO



Peter E. Bort, JD



Caswell F. Holloway, III



Edgar R. Kunz, D.D.S.
Secretary





Charles Ladner



John W. Lear
Second Vice Chairman

♦♦ ————— ♦♦

 ***The Dunwoody Board and Officers of the Corporation have no equity or beneficial interest in the Corporation.***

 ***No professional service, firm, association, trust, partnership or corporation provides goods, leases, or services to the facility in which a board member or officer has any equity or beneficial interest.***

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Marilyn Caltabiano

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Jane Gulick, Ph.D.

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Edgar R. Kunz, Jr., D.D.S.
Secretary

Dunwoody Village
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Newtown Square, PA 19073

BOARD OF TRUSTEES



Michael J. Buongiorno



Marilyn Caltabiano
2013 President of the
Residents' Association



Eugene Capaldi, Ph.D.



Jane Gulick, Ph.D.



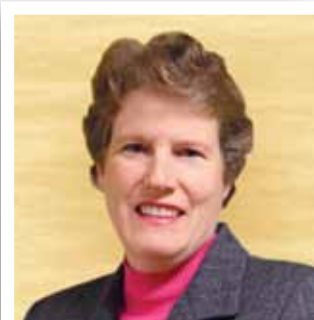
Charles Rammel



Robert E. Schulz



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Berwyn, PA 19312

CHAIRMEN EMERITI

Joseph Neff Ewing, Jr.
Dunwoody Village
3500 West Chester Pike
Newtown Square, PA 19073

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TRUSTEES EMERITI

Sara Spedden Senior
54 Merbrook Lane
Merion, PA 19066

Henderson Supplee, III
180 Highland Lane
Bryn Mawr, PA 19010

Services for **NON-RESIDENTS**




Five-Star Rated Healthcare

You don't have to live at Dunwoody Village to take advantage of our Five-Star rated health care. Programs for non-residents include the following:

Short-Term Rehabilitation

Dunwoody Village's Short-Term Rehabilitation services are designed for patients recovering from joint replacement, cardiac surgery, stroke and other conditions, easing the transition between hospital and home. Our 21-private-room program includes occupational, physical and speech therapy, as well as nutrition management, recreation and Skilled Nursing care. For more information on Short-Term Rehabilitation Services, contact us at (610) 723-4787.

Respite Care

Our Respite Care service offers relief to caregivers seeking a temporary leave. Dunwoody Village's responsive staff quickly assesses the needs of each patient and provides compassionate care, attentive service and state-of-the-art medical treatment. For more information on Respite Care, contact us at (610) 723-4787.

Skilled Nursing/Personal Care/Memory Support

Dunwoody Village's Care Center provides Skilled Nursing Care, Personal Care and Memory Support (for patients with Alzheimer's and Dementia). For more information on Skilled Nursing, Personal Care and Memory Support, contact us at (610) 723-4787.

Dunwoody Homecare

Dunwoody Homecare is a proud subsidiary of Dunwoody Village. We have been providing non-skilled homecare services to the Greater Delaware Valley for over sixteen years. When the ordinary tasks of everyday living become more difficult, we offer individualized care that allows you to safely enjoy the comfort of home, in whichever place you call home. Whether it is a temporary or long-term solution, Dunwoody Homecare can alleviate this stress and enhance the quality of your life, your health and your happiness. Our services also allow family members respite from the day to day responsibilities of caring for loved ones.

Our close affiliation with Dunwoody Village gives our caregivers access to a wealth of hands-on training, experience, knowledge and continuing education which enables them to provide the quality care you deserve. Dunwoody Homecare is here to accommodate your changing needs. For more information on Dunwoody Homecare, contact us at (610) 359-4503 or visit our website at www.dunwoodyhomecare.org.



Springton Lake

Since November, 2003, Dunwoody Village has offered a Long Term Care Service Program to residents of Springton Lake Village ("Springton"), a housing community for individuals over the age of 62, located nearby in Media, Pennsylvania. Residents of Springton who elect to participate in the Long Term Care Service Program have access to Dunwoody's Nursing and Personal Care services on a priority basis before individuals who do not reside at Dunwoody Village. The Residents of Springton who elect to participate in the program are required to pay monthly fees and certain additional fees on admission to the Health Care Center operated by Dunwoody Village. Springton participants also have access to companion services provided by Dunwoody Homecare, a subsidiary of Dunwoody Village.

Residents of Springton have to meet certain financial and health eligibility requirements in order to participate in the Long Term Care Service Program. The fees charged to participants will be in an amount sufficient to ensure that the program is financially self-sufficient. The amount of the fees charged to participants has been established in reliance on the opinion of an actuary. Dunwoody Village residents will continue to have priority access to the Dunwoody Village Care Center over the Springton residents who participate in the Long Term Care Service Program. Dunwoody Village is responsible for the maintenance, operation, financial solvency and liabilities which may arise from the Long Term Care Service Program. Dunwoody Village believes that it has adequate insurance to cover any potential liabilities and sufficient financial resources to cover any operational losses, which losses are not anticipated, which may arise from the Long Term Care Service Program.

Financial Provisions

Participant will be responsible to pay Community a Monthly Fee of \$492 in advance each month. In the event of a Co-Participant, a second person fee of \$170 shall also be paid in addition to the Monthly Fee. Statements will be issued monthly and will contain applicable Monthly Fee, Second Person Fee when necessary and all other miscellaneous charges incurred by Participant.

The Following additional fees associated with in-patient care are broken down as follows:

Years	Payment by Participant	Daily Rate Credit
0 to 5 years	95% of Daily Rate	5% of Daily Rate
5+ to 10 years	75% of Daily Rate	25% of Daily Rate
After 10 years	0% of Daily Rate	100% of Daily Rate

(As of January 1, 2014, the daily rates start at \$218 for Personal Care and \$342 for Skilled Nursing care, both subject to future increases.)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

*Years ended December 31, 2013
and 2012 with Report of
Independent Auditors*

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2013 DISCLOSURE STATEMENT AND ANNUAL REPORT

Dunwoody Village is an accredited, not-for-profit, Continuing Care Retirement Community. The community has 172 apartments and 65 country houses clustered on a beautiful 83 acre tract of fields, woods, lawns and gardens in the center of Newtown Square, Pennsylvania. There are 81 private Personal Care rooms and 81 private Skilled Nursing rooms in the Care Center. Amenities include fully enclosed and heated walkways, two dining rooms, casual dining and “take-out” meals, lounges, an auditorium, a library, a board room, a swimming pool, a fitness center, a gift shop, a game room, a wood shop, a club room, a craft room, a bank, a hair salon, weekly housekeeping and linen service, transportation and door-to-door mail delivery.



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dunwoody Village
Newtown Square, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Dunwoody Village, which are comprised of the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



DUNWOODY VILLAGE
[FINANCIAL STATEMENTS]

Board of Trustees
Dunwoody Village

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dunwoody Village as of December 31, 2013 and 2012, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
April 15, 2014

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,023,473	\$ 1,293,678
Assets Limited as to Use, Externally Designated	-	834,201
Accounts Receivable	1,090,089	1,687,907
Prepaid Expenses and Other	451,416	500,553
Total Current Assets	6,564,978	4,316,339
ASSETS LIMITED AS TO USE		
Internally Designated by Board of Trustees	16,720,540	15,841,997
Statutory Minimum Liquid Reserve	2,710,439	2,654,546
Externally Designated under Bond Indenture Agreement	-	896,190
Externally Designated by Donors	1,100,000	1,000,000
Total Assets Limited as to Use	20,530,979	20,392,733
PROPERTY AND EQUIPMENT, NET	33,314,320	30,345,237
DEFERRED FINANCING COSTS, NET	442,213	302,920
OTHER ASSETS	83,669	-
Total Assets	\$ 60,936,159	\$ 55,357,229

See accompanying Notes to Consolidated Financial Statements.



DUNWOODY VILLAGE
[FINANCIAL STATEMENTS]

	<u>2013</u>	<u>2012</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 356,758	\$ 705,000
Accounts Payable and Accrued Expenses	2,472,192	2,758,022
Refundable Deposits from Prospective Residents	922,130	509,4000
Total Current Liabilities	<u>3,751,080</u>	<u>3,972,422</u>
INTEREST RATE SWAP AGREEMENT	1,376,474	2,411,111
LONG-TERM DEBT, LESS CURRENT PORTION	21,808,399	20,585,642
DEFERRED REVENUE FROM ADVANCE FEES	<u>21,987,267</u>	<u>19,997,641</u>
Total Liabilities	48,923,220	46,966,816
NET ASSETS		
Unrestricted	8,328,786	4,811,537
Temporarily Restricted	2,584,153	2,578,876
Permanently Restricted	1,100,000	1,000,000
Total Net Assets	<u>12,012,939</u>	<u>8,390,413</u>
Total Liabilities and Net Assets	<u>\$ 60,936,159</u>	<u>\$ 55,357,229</u>

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
REVENUE, GAINS, AND OTHER SUPPORT		
Resident Care Fees	\$ 14,614,911	\$ 14,275,659
Medical Care Fees	9,056,527	9,718,572
Amortization of Deferred Entry Fees	3,997,037	3,449,252
Resident Services Fees	1,524,390	1,857,636
Investment Return	2,739,994	1,891,609
Gain from Settlement of Swap	-	200,000
Other	81,530	77,206
Net Assets Released From Restrictions	11,095	92,158
Total Revenue, Gains, and Other Support	32,025,484	31,562,092
EXPENSES		
Medical and Personal Care	11,198,117	10,718,781
Resident Services	963,501	1,196,120
Food Service	3,457,744	3,365,779
General and Administrative	4,084,020	4,241,793
Maintenance	2,217,946	2,135,438
Housekeeping and Laundry	1,525,929	1,548,709
Utilities	1,109,598	1,161,185
Real Estate Taxes	780,740	765,193
Depreciation and Amortization	3,073,305	2,979,670
Interest	864,358	936,404
Total Expenses	29,275,258	29,049,072
OPERATING INCOME BEFORE CHANGE IN VALUE OF INTEREST RATE SWAP AND LOSS ON EXTINGUISHMENT OF DEBT	2,750,226	2,513,020
Change in Value of Interest Rate Swap	1,034,637	(172,334)
Loss on Extinguishment of Debt	(267,614)	-
OPERATING INCOME AND INCREASE IN UNRESTRICTED NET ASSETS	3,517,249	2,340,686
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	16,372	10,625
Donations for Capital	-	38,765
Net Assets Released from Restrictions - Used for Operations	(11,095)	(47,781)
Net Assets Released from Restrictions - Used for Capital	-	(44,377)
Total Increase (Decrease) in Temporarily Restricted Net Assets	5,277	(42,768)
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	100,000	-
Total Increase in Permanently Restricted Net Assets	100,000	-
INCREASE IN NET ASSETS	3,622,526	2,297,918
Net Assets - Beginning of Year	8,390,413	6,092,495
NET ASSETS - END OF YEAR	\$ 12,012,939	\$ 8,390,413

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,622,526	\$ 2,297,918
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Change in Value of Interest Rate Swap	(1,034,637)	172,334
Restricted Contributions	(16,372)	(10,625)
Depreciation and Amortization	3,073,305	2,979,670
Loss on Extinguishment of Bonds	267,548	-
Net Realized and Unrealized Gain on Investments	(2,187,178)	(1,392,089)
Amortization of Bond Discount and Premium	(5,642)	(801)
Amortization of Deferred Entry Fees	(3,997,037)	(3,449,252)
Proceeds from Resident Deferred Entry Fees and Advance Deposits	6,312,368	4,130,226
Proceeds from Resident for Apartment Refurbishment	241,800	212,075
Refunds of Deposits and Refundable Fees	(154,775)	(25,000)
(Increase) Decrease In:		
Accounts Receivable	597,818	(495,175)
Prepaid Expenses and Other	49,137	(3,281)
Decrease In:		
Accounts Payable and Accrued Expenses	(285,830)	(1,327,063)
Net Cash Provided by Operating Activities	6,483,031	3,088,937
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(4,591,191)	(566,788)
Sales of Investments	7,474,324	1,435,283
Acquisition of Property and Equipment	(6,007,015)	(3,750,847)
Deposit of Self Insurance	(83,669)	-
Net Cash Used by Investing Activities	(3,207,551)	(2,882,352)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(705,000)	(670,000)
Redemption of Long-Term Debt	(20,580,000)	-
Proceeds from Long-Term Debt	22,165,157	-
Payment of Deferred Financing Costs	(442,214)	-
Restricted Contributions	16,372	10,625
Net Cash Provided (Used) by Financing Activities	454,315	(659,375)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,729,795	(452,790)
Cash and Cash Equivalents - Beginning of Year	1,293,678	1,746,468
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,023,473	\$ 1,293,678
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 981,579	\$ 923,350

See accompanying Notes to Consolidated Financial Statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the consolidated accounts of Dunwoody Village (Dunwoody), Dunwoody Homecare, and the Dunwoody Trust (the Trust).

Dunwoody is a Pennsylvania not-for-profit corporation that owns and operates a continuing care retirement community which provides residential, personal and medical care to its Residents, and provides similar personal and medical care to members living outside of the retirement community operating under the trade name of Dunwoody Long Term Care Services.

Dunwoody Homecare is a separate Pennsylvania not-for-profit corporation that primarily provides private-duty companion services to Dunwoody Residents.

The Trust provides funding for a portion of Dunwoody's charitable rates to community residents in financial need.

Principles of Consolidation

The consolidated financial statements include the accounts of Dunwoody, Dunwoody, Homecare and the Dunwoody Trust. All significant intercompany transactions have been eliminated in consolidation.

Mission Statement

The mission of Dunwoody is to have a dynamic community providing residential amenities and health care-related services to individuals over age 65 in a cost-effective manner.

Use of Estimates

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

Charity Care

Dunwoody provides charity care to Residents in the Trust program who meet certain criteria under the provisions of the William Hood Dunwoody Trust Under Will, provides financial assistance to residents in need through the Resident Reserve Fund, and provides financial assistance to residents in need that have depleted their funds in the Care Center. For the years ended December 31, 2013 and 2012 Dunwoody Village provided charity care of \$647,349 and \$316,272, respectively. These amounts represent the costs associated with providing this care. This charity care was funded by transfers from temporarily restricted net assets, contributions, and investment income and operations.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Dunwoody considers cash and cash equivalents to include cash in bank accounts and other liquid investments with original maturities of three months or less. Dunwoody deposits cash in financial institutions. The balances are insured by the Federal Deposit Insurance Corporations up to certain limits. At times, the cash in the bank may exceed FDIC insurable limits.

Allowance for Doubtful Accounts

Dunwoody provides an allowance for uncollectible accounts using management's estimate about the collectability of past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. Accounts past due more than 30 days are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off against the related allowance. Management believes that the allowance for doubtful accounts is adequate to provide for estimated uncollectible accounts associated with the accounts receivable balances. The allowance for doubtful accounts at December 31, 2013 and 2012 was \$320,000 and \$485,000, respectively.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements and other purposes over which the Board retains control, externally designated assets held by trustees under indenture agreements, and donor-restricted assets under will.

Investments in U.S. Government Securities, mutual funds and insurance contracts with readily determinable fair values are measured at fair value in the consolidated balance sheets. Investment return (loss) (dividends and interest income, realized and unrealized gains and losses on investments) is included in operating income unless the income or loss is restricted by donor or law.

Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets. Assets limited as to use consist primarily of common stocks, U.S. Government obligations, corporate notes, mutual funds, and insurance contracts and are stated at market value.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near-term and that such changes could materially affect the amounts reported in the balance sheet.

Property and Equipment

In 1914, land and a trust fund of \$1,000,000 were received under the will of Mr. William Hood Dunwoody to establish Dunwoody. The land was not recorded at an accounting value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

The Community capitalizes all expenditure for property and equipment with costs over \$1,000 and an estimated life greater than one year. The cost of maintenance and repairs are charged against operations as incurred. Property and equipment is stated at cost or at fair value at the date of donation. Land improvements, building and improvements, furniture and equipment, and vehicles are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 40 years.

Long lived assets, such as property and equipment are reviewed periodically for impairment based on comparison of carrying value against undiscounted future cash flows. If impairment is identified, the assets' carrying amounts are adjusted to fair value. There were no such adjustments during the years ended December 31, 2013 and 2012.

It is the policy of Dunwoody to capitalize interest cost incurred on borrowed funds during the period of construction of capital assets as a component of the cost of acquiring those assets.

Deferred Financing Costs

Deferred financing costs, which represent bond issuance costs, are amortized on a straight line basis over the term of the related indebtedness, which approximates the effective interest method.

Deferred Entry Fee Revenue

Entry fees are initially refundable upon receipt, but become nonrefundable at the rate of 2% per month until becoming fully nonrefundable after 50 months. At December 31, 2013 and 2012, the portion of entry fees subject to refund provisions amounted to \$9,304,882 and \$7,738,064, respectively. Entry fees are recorded as deferred revenue and amortized into operating revenue over the actuarially determined life expectancy of each Resident or Resident couple, adjusted annually. Upon death of a sole surviving resident, any remaining unamortized portion of the entry fee is recognized as revenue.

Refundable Deposits from Prospective Residents

Refundable deposits from prospective Residents represent waiting list deposits and partial payments made on entry fees. Such deposits by prospective Residents or resident couples are fully refundable and are credited toward the entry fee upon move in.

Obligation to Provide Future Services

Dunwoody calculates the present value of the cost of future services and use of facilities to be provided to current Residents and compares that amount with the balance of deferred entry fees to determine if a liability and corresponding charge to income need be recorded. As of December 31, 2013 and 2012, the present value of the net cost of future services and use of facilities does not exceed the balance of deferred entry fees and as such, no liability for the obligation to provide future services is required to be recorded in the accompanying consolidated balance sheets.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Swap Agreement

Pursuant to the accounting guidance for derivative instruments, Dunwoody recognizes the derivative financial instrument in the balance sheets at fair value. The interest rate swap was not designated as a hedge for financial reporting purposes. As a result, the change in fair value is reported as a separate component of operating income in the consolidated statement of operations and changes in net assets.

Net Assets

Dunwoody reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted (subject to donor or time restrictions), and permanently restricted (principal maintained in perpetuity).

Temporarily restricted net assets are net assets whose use has been limited by donors to a specific purpose. These amounts are principally restricted to resident care. Gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations and changes in net assets as other revenue.

Income Taxes

Dunwoody, Dunwoody Homecare and the Trust are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state codes.

Dunwoody follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Dunwoody's consolidated financial statements.

Dunwoody's tax returns are subject to review by the taxing authorities. The tax returns for the years 2010 to 2012 are open to examination by federal authorities.

Fair Value Measurements

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

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

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

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

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

Operating Indicator

For purposes of display, the operating income (loss) is the operating indicator for Dunwoody. Included in the operating indicator is the change in the interest rate swap, since the swap has not been designated as a cash flow hedge. There are no other changes in unrestricted net assets that are excluded from the operating indicator.

Reclassification

Certain items in the 2012 financial statements have been reclassified to conform with the 2013 financial statement presentation.

Subsequent Events

In preparing these consolidated financial statements, Dunwoody has evaluated events and transactions for potential recognition or disclosure through April 15, 2014, the date the consolidated financial statements were issued.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 2 ASSETS LIMITED AS TO USE

The functional composition of assets limited as to use internally designated by the Board and externally designated under bond indenture agreements and by donors at December 31, 2013 and 2012, is set forth below:

	2013	2012
Internally Designated by the Board of Trustees:		
Board-Designated Funds	\$ 10,395,173	\$ 10,036,571
Residents' Reserve Fund	2,985,131	2,877,890
Trust under Will	1,708,613	1,618,571
Dunwoody Homecare Board-Designated Fund	1,228,012	1,046,243
Other Dunwoody Funds	403,611	262,722
Total	16,720,540	15,841,997
Statutory Minimum Liquid Reserve	2,710,439	2,654,546
Externally Designated Under Series 2006 and 2003		
Bond Indenture Agreements - held by Trustee:		
Bond Reserve Fund	-	1,037,779
Debt Service Funds	-	692,612
Total	-	1,730,391
Less: Current Portion - Externally Designated		
Under Bond Indenture Agreement	-	(834,201)
	-	896,190
Externally Designated by Donors:		
Trust under Will and Bequest	1,100,000	1,000,000
Total	\$ 20,530,979	\$ 20,392,733

Assets designated for Resident care include the Trust Under Will and Residents' Reserve Fund. The Trust Under Will provides funds to help support the care of certain Residents in the Trust program. If a Resident of Dunwoody Village is unable to pay the monthly service fee due to circumstances beyond his or her control, the Resident will be evaluated for potential subsidy from the Residents' Reserve Fund.

Assets limited as to use externally designated by donors represent a charitable trust established under the will of Mr. William Hood Dunwoody and a restricted bequest. The income and gains earned by the trust are unrestricted and available for use as designated by the Board of Trustees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 2 ASSETS LIMITED AS TO USE (CONTINUED)

Under the provisions of the Pennsylvania Continuing Care Provider Registration and Disclosure Act (the Act), Dunwoody must maintain a statutory minimum liquid reserve that is equal to the greater of 10% of the total projected operating expenses for the next twelve months, exclusive of depreciation and amortization, or the total of all debt service (principal and interest) due during the upcoming twelve months 2014 debt service requirements. The statutory minimum liquid reserve requirement as of December 31, 2013 is \$2,710,439 based on 10% of the total projected operating expenses, exclusive of depreciation and amortization, for the next twelve months. Under the provisions and related amendments of the Act, cash and cash equivalents and investments of Dunwoody satisfy this requirement.

The statutory minimum liquid reserve requirement as of December 31, 2013 and 2012 is as follows:

	2013	2012
Projected Annual Interest Expense	\$ 870,245	\$ 996,837
Principal Payments Due on Long-Term Debt	356,758	705,000
Liquid Reserve Requirement	<u>\$ 1,227,003</u>	<u>\$ 1,701,837</u>
Projected Annual Operating Expenses	\$ 27,104,386	\$ 26,545,455
Minimum Rate	10%	10%
Liquid Reserve Requirement	<u>\$ 2,710,439</u>	<u>\$ 2,654,546</u>
Statutory Minimum Liquid Reserve	<u>\$ 2,710,439</u>	<u>\$ 2,654,546</u>

Management believes that Dunwoody is in compliance with all other requirements of the Act as of December 31, 2013 and 2012.

The composition of assets limited as to use at December 31, 2013 and 2012 is set forth in the following table. Insurance contracts represent Guaranteed Investment Contracts (GICs) invested on behalf of Dunwoody in accordance with the Series 2003 bond indenture agreements. Subsequent to refinancing of the Series 2003 bonds in December 2013, these GICs no longer make up the composition of assets limited to use. Investments are stated at fair value.

	2013	2012
Assets Limited as to Use		
Cash and Cash Equivalents	\$ 1,846,096	\$ 3,237,942
U.S. Government Securities	-	38,652
Mutual Funds - Fixed Income	6,473,942	5,710,964
Mutual Funds - Domestic Equity	9,675,072	8,395,455
Mutual Funds - International Equity	2,535,869	2,152,182
Insurance Contracts	-	1,691,739
Total Assets Limited as to Use	<u>\$ 20,530,979</u>	<u>\$ 21,226,934</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 2 ASSETS LIMITED AS TO USE (CONTINUED)

Investment income and gains on assets limited as to use and cash equivalents are comprised of the following for the years ended December 31, 2013 and 2012:

	2013	2012
Investment Return		
Dividends and Interest Income	\$ 552,816	\$ 499,520
Realized Gains on Sales of Securities	75,359	12,615
Net Unrealized Gains on Investments	2,111,819	1,379,474
Total Investment Return	<u>\$ 2,739,994</u>	<u>\$ 1,891,609</u>

Financial assets carried at fair value as of December 31, 2013 and 2012 are classified in the table below in one of the three categories described above:

	Total Fair Value	Level 1	Level 2	Level 3
December 31, 2013				
Assets				
Cash and Cash Equivalents	\$ 6,869,569	\$ 6,869,569	\$ —	\$ —
Mutual Funds – Fixed Income	6,473,942	6,473,942	—	—
Mutual Funds – Domestic Equity	9,675,072	9,675,072	—	—
Mutual Funds – International Equity	2,535,869	2,535,869	—	—
Total Assets	<u>\$ 25,554,452</u>	<u>\$ 25,554,452</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities				
Interest Rate Swap	<u>\$ 1,376,474</u>	<u>\$ —</u>	<u>\$ 1,376,474</u>	<u>\$ —</u>
December 31, 2012				
Assets				
Cash and Cash Equivalents	\$ 4,531,620	\$ 4,531,620	\$ —	\$ —
U.S. Government Securities	38,652	38,652	—	—
Mutual Funds – Fixed Income	5,710,964	5,710,964	—	—
Mutual Funds – Domestic Equity	8,395,455	8,395,455	—	—
Mutual Funds – International Equity	2,152,182	2,152,182	—	—
Insurance Contracts	1,691,739	—	1,691,739	—
Total Assets	<u>\$ 22,520,612</u>	<u>\$ 20,828,873</u>	<u>\$ 1,691,739</u>	<u>\$ —</u>
Liabilities				
Interest Rate Swap	<u>\$ 2,411,111</u>	<u>\$ —</u>	<u>\$ 2,411,111</u>	<u>\$ —</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 2 ASSETS LIMITED AS TO USE (CONTINUED)

Fair values for interest rate swap contracts are determined based upon good faith estimates of midmarket transactions using valuation models, such as bid-offer spreads and credit reserves, and accordingly, are classified as Level 2 inputs.

Insurance contracts are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer, and accordingly, are classified as Level 2 inputs.

NOTE 3 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2013 and 2012 follows:

	2013	2012
Property and equipment:		
Land Improvements	\$ 1,427,502	\$ 1,386,545
Buildings and Improvements	62,666,131	57,842,693
Furniture and Equipment	10,146,682	9,733,045
Vehicles	387,243	354,541
Construction in Progress	1,501,146	804,865
Total	76,128,704	70,121,689
Less Accumulated Depreciation	(42,814,384)	(39,776,452)
Total Property and Equipment, Net	<u>\$ 33,314,320</u>	<u>\$ 30,345,237</u>

Depreciation expense for the years ended December 31, 2013 and 2012 was \$3,037,932 and \$2,944,297, respectively.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 4 LONG-TERM DEBT

Long-term debt consists of:

	2013	2012
Delaware County Authority Revenue Bonds, Series 2006	\$ -	\$ 13,875,000
Delaware County Authority Revenue Bonds: Series 2003A, Including a Net Premium of \$0 and \$5,642, Respectively Series A of 2003 Term Bonds, with Sinking Fund Principal Payments Due April 1 Each Year Beginning in 2013 Through 2017 with an Interest Rate of 5.375%	-	3,915,642
Series 2003B Adjustable Rate Reset Bonds, with Sinking Fund/Principal Payments due April 1 of Each Year Beginning in 2031 Through 2034 with an Interest Rate of 4.0%	-	3,500,000
Delaware County Authority Revenue Bonds, Series 2013 Bonds, Principal Payments due monthly through 2043 at variable interest rates	22,165,157	-
Total	22,165,157	21,290,642
Less Current Portion	356,758	705,000
Total Long-Term Debt	<u>\$ 21,808,399</u>	<u>\$ 20,585,642</u>

On December 20, 2013, Dunwoody entered into a bond purchase and loan agreement with the Delaware County Authority (the "Authority") pursuant to which the Authority authorized \$35,000,000 of the Series 2013 revenue bonds. From the proceeds of this issuance, the Authority advanced a total of \$22,165,157 at closing to be used as follows: 1) \$19,272,220 will be applied to refund the outstanding balance of the Delaware County Authority's Revenue Bonds, Series 2006 and Series 2003, 2) \$2,075,656 will be used to fund the Campus Project and 3) \$817,281 will be used to fund the Carriage Home Project. The remaining amounts from the proceeds of issuance will be loaned and advanced to Dunwoody as a draw-down loan, to be used as for the Campus project and the Carriage Home Project. The interest rate is a variable rate equal to 70% applied to one month LIBOR plus 2.15%.

On November 1, 2006, Dunwoody issued \$13,875,000 variable rate revenue bonds (2006 Bonds) under a fourth supplemental trust indenture. The 2006 Bonds required annual sinking fund principal payments ranging from \$805,000 in 2018 to \$1,380,000 in 2030. Interest for the 2006 Bonds was reset on a weekly basis and is payable semiannually each April 1 and October 1. In October 2010, Dunwoody elected to convert from a weekly interest rate set to a daily interest rate reset. During the year end December 31, 2013, the Series 2006 bonds were retired with the proceeds of the issuance of the Series 2013 bonds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 4 LONG-TERM DEBT (CONTINUED)

The 2006 Bonds were secured by an irrevocable letter of credit (Letter of Credit) totaling \$14,049,863 between Dunwoody and Citizens Bank (the Bank). The Letter of Credit was an obligation of the Bank to pay the Trustee amounts sufficient to pay the principal amount of and up to 46 days' accrued interest on the 2006 Bonds when due, whether at maturity, or upon acceleration or call for redemption, and amounts sufficient to pay the purchase price of any 2006 Bonds tendered for purchase and not remarketed. The Letter of Credit was set to expire on November 16, 2013.

On October 22, 2013, the Letter of Credit was amended to extend the termination date to April 30, 2014. The Letter of Credit was terminated when the 2006 Bond were extinguished. No amounts were drawn on the Letter of Credit during 2013. Under the provisions of the Loan Agreement, Dunwoody executed and delivered, to the Trustee, a mortgage on the real property comprising its facilities.

The 2003A Term Bonds required annual sinking fund principal payments through maturity ranging from \$705,000 in 2013 to \$865,000 in 2017. The Series 2003A Bonds were subject to redemption prior to maturity at the direction of Dunwoody on or after April 1, 2013 at a redemption price of 100% of principal. During the year end December 31, 2013, the Series 2003A Bonds were retired with the proceeds of the issuance of the Series 2013 Bonds.

The 2003B Bonds were due in annual maturities ranging from \$830,000 on April 1, 2031 to \$920,000 on April 1, 2034. The 2003B Bonds were subject to periodic rate changes subsequent to the initial reset date of April 1, 2006. The next scheduled reset date was April 1, 2015. The 2003B Bonds were subject to redemption at any time at a redemption price of 100% of principal. During the year end December 31, 2013, the Series 2003B Bonds were retired with the proceeds of the issuance of the Series 2013 Bonds.

Aggregate annual principal maturities for the Series 2013 bonds, respectively, for each of the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2014	\$ 356,758
2015	326,077
2016	659,492
2017	691,280
2018	720,394
Thereafter	19,411,156
Total	<u>\$ 22,165,157</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 4 LONG-TERM DEBT (CONTINUED)

Under the Series 2013 bond purchase and loan agreement, Dunwoody must comply with certain restrictive covenants relating to liquidity and debt service coverage computed quarterly. As defined by the agreements, Dunwoody is required, among other things, to maintain a debt service coverage ratio of at least 1.20, and a liquidity requirement equal to 175 days' budgeted cash operating expenses. Management has represented that Dunwoody was in compliance with the debt service coverage and liquidity requirements at December 31, 2013.

The bonds are secured by real property, operating, non-operating revenues, receipts, income, and other money.

Dunwoody uses quoted market prices in estimating the fair value for the Series 2013, 2006, and 2003 Bonds. The fair value of long-term debt at December 31, 2012 is \$17,282,589. Dunwoody's debt was refinanced on December 20, 2013. The fair value of the long-term debt at December 31, 2013 approximates its carrying value.

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

Dunwoody entered into an interest rate swap agreement with Citizens/RBS in March 2009 in order to eliminate the exposure to interest rate fluctuations associated with the 2006 Bonds. The interest rate swap agreement effectively fixed the interest rate on these bonds at 3.65%. The notional amount of the interest rate swap agreement was \$13,875,000 and it matures on April 1, 2024. At December 31, 2013 and 2012, the fair value of this interest rate swap agreement represented a liability in the accompanying consolidated balance sheet of \$1,376,474 and \$2,411,111, respectively. The interest rate swap was not designated as a hedge for financial reporting purposes. As a result, the change in fair value is reported as a separate component of operating income (loss) in the consolidated statement of operations and changes in net assets.

Dunwoody had previously entered into an interest rate swap agreement with Lehman Brothers Special Financing, Inc. (LBSF) in October 2006 in order to eliminate the exposure to interest rate fluctuations associated with the 2006 Bonds. The interest rate swap agreement effectively fixed the interest rate on these bonds at 3.88%. The notional amount of the interest rate swap agreement was \$13,875,000 and it matures on April 1, 2030. The interest rate swap was not designated as a hedge for financial reporting purposes. LBSF and its parent company filed for bankruptcy in 2008, triggering an event of default under the interest rate swap agreement, resulting in termination of the swap.

As of December 31, 2011, Dunwoody had accrued \$1.2 million related to the potential settlement on the termination of the swap. During 2012, Dunwoody settled the termination of the swap for \$1 million and recorded \$200,000 of gain as a result of the settlement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 6 PENSION PLAN

Dunwoody sponsors a defined contribution pension plan which covers substantially all employees and provides for an annual contribution based on total annual compensation and also provides a 50% match of employee contributions to a separate 403(b) savings plan up to a maximum of 6% of annual compensation. Effective June 30, 2013, the defined contribution pension plan was terminated. The accounts of the participants were 100% vested as of June 30, 2013. The Dunwoody Village 403(b) Plan remains in effect as of December 31, 2013.

For the years ended December 31, 2013 and 2012, the annual contribution was 2%. Total pension expense for the years ended December 31, 2013 and 2012 related to this plan was \$426,779 and \$368,308, respectively.

NOTE 7 CONCENTRATION OF CREDIT RISK

The Corporation grants credit without collateral to their residents, most of whom are local residents and are insured under third-party payor agreements. The mix of the Corporation's net receivables from residents and third-party payors as of December 31 was as follows:

	2013	2012
Medicare	19%	22%
Residents and Other	81%	78%
Total	100%	100%

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2013 and 2012:

	2013	2012
Resident Benevolence	\$ 2,493,308	\$ 2,493,308
Memorial Garden and Other	90,845	85,568
Total	\$ 2,584,153	\$ 2,578,876

NOTE 9 FUNCTIONAL EXPENSES

Dunwoody and Dunwoody Homecare provide services for the elderly. Expenses related to providing these services were as follows:

	2013	2012
Continuing and Long-Term Care	\$ 25,869,857	\$ 25,440,993
General and Administrative	3,405,401	3,608,079
	\$ 29,275,258	\$ 29,049,072



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 10 COMMITMENTS AND CONTINGENCIES

Compliance

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

Other

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

Captive Insurance Plan

In August 2013, Dunwoody elected to participate in a captive insurance plan for medical and pharmacy claims and has recorded a subscriber interest of \$83,669 in other assets. Dunwoody assumes the risk for paying the health care claim costs up to \$35,000 per participant per year. Claims in excess of \$35,000 and less than \$250,000 are reimbursed by the captive. Claims in excess of \$250,000 would be reimbursed by stop-loss insurance, which was purchased by Dunwoody as condition of entering the plan. The plan is based on a shared-risk pool plan. A liability of approximately \$56,000 has been recorded for incurred but not reported claims as of December 31, 2013.

Expansion and Renovation

Dunwoody has begun an expansion and renovation project which is anticipated to include 20-40 independent living units (referred to as "carriage houses") and various renovations to existing buildings, including hallway renovations, upgrades to fire alarm system, roofing projects, and other renovations.



2014 CONSOLIDATED OPERATING BUDGET

	Total Budget (000s omitted)
REVENUE, GAINS, AND OTHER SUPPORT:	
Resident Care Fees	\$ 16,038
Medical Care Fees	8,921
Earned Entrance Fees	3,455
Resident Service Fees	1,694
Interest and Dividends	586
Other Revenue	93
Total Revenue	\$ 30,787
EXPENSES:	
Medical and Personal Care	\$ 12,098
Resident Services	267
Food Services	3,649
General and Administrative	4,560
Maintenance	2,245
Housekeeping and Laundry	1,620
Utilities	1,208
Real Estate Taxes	812
Depreciation & Amortization	3,251
Interest	870
Total Expenses	\$ 30,580
Operating Income (Loss)	\$ 207

Note - All figures are in rounded thousand dollars.



Services

PROVIDED BY DUNWOODY

A. Meals

Full Service Dining Choices

Dunwoody dining services are available for three meals per day with a choice of standard menus. The Monthly Fee includes the cost of one daily meal. Residents desiring additional meals may arrange for such meals at the charges currently in effect.

Guest Meals

Provisions are available for guest meals; reservations are preferred. The charge for guest meals is subject to change from time to time. Guests are expected to observe the dress code in effect for the selected dining room.

Missed Meals and Meal Options

Advance notice must be given to the reception desk if Resident will not be taking a scheduled dinner in order for the Resident to receive a Meal Option. Meal Options may be used by the Resident during the next thirty (30) days for breakfast or lunch, or by a guest for breakfast or lunch in the main dining room only. Meal Options are not transferable and conditions regarding their use are described in the Meal Options policy, which is subject to change from time to time.

Meal Allowance

If Resident will be away from Dunwoody for thirty (30) or more consecutive days, the Resident will be credited with a Meal Allowance at a rate to be set by Dunwoody. Arrangements for the Meal Allowance must be made in advance, as set forth in the Meal Allowance policy, which is subject to change from time to time.

Tray Service

When ordered by a Dunwoody Physician or the Health and Wellness Center, tray service will be provided to Resident during minor short term illnesses. A fee will be charged to the Resident for tray service not ordered by a Dunwoody Physician or the Health and Wellness Center.

Care Center Meals

When a resident transfers to the Care Center on a temporary or permanent basis, residents are required to be served three meals a day to comply with the applicable Commonwealth of Pennsylvania licensure regulations. Resident will be charged the rate currently in effect for additional meals unless reimbursed under the Medicare program.

B. Housekeeping Services

The Resident agrees to maintain his or her Residential Living Unit in a clean, sanitary and orderly condition, and to be responsible for all usual light housekeeping tasks. Once a week, Dunwoody will furnish cleaning services, flat linen and towels.

Should the Resident be unable or unwilling to maintain his or her Residential Living Unit in a clean and orderly condition, or is unable to assume light housekeeping responsibilities, Dunwoody shall, after notice to the Resident, arrange for the provision of such services and the cost will be charged to the Resident. The Resident agrees to maintain his or her Residential Living Unit free of safety and health hazards as determined by Dunwoody. Should the Resident fail to do so, Dunwoody, upon notice to Resident, will make necessary arrangements to make the Residential Living Unit free of safety and health hazards and such costs will be charged to the Resident.

C. Maintenance and Repair Services

Repair Responsibility

Dunwoody will repair, maintain and replace property and equipment owned by Dunwoody. The Resident is responsible for repairs, maintenance and replacement of the Resident's personal property and improvements.

Painting and Re-carpeting

The Resident may request to have his or her Residential Living Unit repainted or re-carpeted at the expense of the Resident and will be charged according to the current



Schedule of Charges. Subject to the approval of Dunwoody, after eight years of Occupancy in the same Residential Living Unit, the cost of painting and carpeting will be paid by Dunwoody.

D. Grounds Services

Dunwoody will furnish basic grounds-keeping care including lawn service and snow removal as part of the Monthly Fee. If Resident occupies a ground-level Residential Living Unit, then Resident may plant and must maintain areas approved by Dunwoody adjacent to the Residential Living Unit in accordance with Dunwoody policy, which is subject to change from time to time. If the Resident fails to maintain his or her garden area, Dunwoody may maintain this area and charge the Resident an hourly fee for this service.

E. Utilities

Dunwoody will furnish hot and cold water, electricity, heating and air conditioning, basic cable service and one basic cable TV hook-up. Premium channel service charges and internet access are not included in the Monthly Fee and shall be paid by the Resident. Telephone wiring is available to each apartment; however, installation of telephones and monthly service costs are not part of the Monthly Fee and shall be the Resident's financial responsibility.

F. Transportation Outside Dunwoody

Dunwoody will provide limited transportation for medical appointments to the Dunwoody Physicians in accordance with Dunwoody policy, which is subject to change from time to time. Transportation is provided to the local shopping centers periodically, at no charge. On Sundays, Dunwoody provides transportation to a limited number of nearby churches. Private drivers are available on a fee-for-service basis. All transportation is provided in accordance with Dunwoody policy, which is subject to change from time to time.

G. Transportation Within Dunwoody

Transportation by wheelchair within Dunwoody may be provided according to Dunwoody policy, which may be changed from time to time.

H. Additional Miscellaneous Services

Other miscellaneous services, such as beauty and barber services and personal laundry, are available at an additional charge and are not included in the Monthly Fee.

I. Changes in Services

Dunwoody reserves the right, in its sole and absolute discretion, to provide additional services or delete existing services from those services included in the Monthly Fee. Thirty (30) days advance notice of any such changes in services shall be provided.



Health CARE

A. Role of Dunwoody's Medical Director

Dunwoody will appoint a medical doctor licensed to practice medicine in the Commonwealth of Pennsylvania as Dunwoody's Medical Director, to oversee the medical affairs of Dunwoody and to coordinate the provision of Personal Care services and Routine Nursing Care services to the Resident.

B. Physicians

Resident may choose a Dunwoody Physician as his/her primary physician or Resident may retain his/her own physician.

C. Response Call System/ Dunwoody Medical Response

Dunwoody shall equip each Residential Living Unit with a twenty-four (24) hour response call system. Dunwoody does not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). In the event of a medical emergency, Resident is required to contact 911 to obtain medical assistance. While the response call system may be used to inform Dunwoody of a medical emergency, Dunwoody disclaims any and all responsibility for responding to medical emergencies and for any liability for any injury or damages resulting from the mechanical failure of the response call system. In the event Dunwoody is notified of an accident or unexpected medical need of Resident on Dunwoody's property, a Nursing Evaluation will be provided. If the initial Nursing Evaluation indicates a need for additional medical assistance, Dunwoody shall contact appropriate health care providers.

D. Prescription Drugs

Resident is responsible for all prescription drug charges.

E. The Care Center

Dunwoody shall provide Routine Nursing Care and/or Personal Care services in the Care Center for temporary and permanent illnesses. Upon transfer to the Care Center, Resident shall sign a separate admission agreement. In the

event that any payment provisions of the admission agreement for the Care Center are in conflict or inconsistent with any of the terms or provisions of this Agreement, then this Agreement shall control and govern the relationship between Resident and Dunwoody.

F. Costs in the Care Center

Single Occupancy

The Monthly Fee covers Routine Nursing Care or Personal Care services in the Care Center but it will be adjusted for the cost of meals in accordance with this Agreement and with the rules and regulations promulgated for the operation of the Care Center. The licensure regulations of the Commonwealth of Pennsylvania require a Care Center resident to be served three meals a day.

Double Occupancy

Upon transfer of one or both Co-Residents to the Care Center, the obligation to pay the Monthly Fee shall continue. The Monthly Fee covers Routine Nursing Care or Personal Care services, and may be adjusted, if necessary, for the cost of meals in accordance with this Agreement and with the rules and regulations promulgated for the operation of the Care Center.

If one of two Co-Residents occupying a Residential Living Unit has been permanently transferred to the Care Center, the Co-Resident in the Care Center will be billed one-half (1/2) of the Monthly Fee for Double Occupancy of the Residential Living Unit occupied prior to the time of the permanent transfer. The other Co-Resident shall be billed one-half (1/2) of the Monthly Fee for Occupancy of the Residential Living Unit then being occupied. Both Co-Residents remain jointly and severally obligated to pay for these separately billed amounts. If the Co-Resident remaining in the Residential Living Unit transfers to a smaller Residential Living Unit, the charge for the Co-Resident in the Care Center will not be adjusted, but will remain at one-half (1/2) of the Monthly Fee for Double Occupancy of the Residential Living Unit occupied at the time of the permanent transfer. The Co-Resident remaining in the Residential Living Unit may move to a smaller Residential Living Unit, if available, and



shall be obligated to pay one-half (1/2) of the Monthly Fee for Double Occupancy for the Residential Living Unit into which the Co-Resident transfers or the Studio rate if the Co-Resident transfers to a Studio. In the event the Co-Resident remaining in the Residential Living Unit transfers to a smaller Residential Living Unit, then no refund of any portion of the Entry Fee shall be paid.

Monthly Fee Coverage and Ancillary Charges

The Monthly Fee covers only Routine Nursing Care and Personal Care services. All miscellaneous charges and fees for Ancillary Services not included in Routine Nursing Care or Personal Care services are an additional charge and shall be paid by Resident. A description of Ancillary Services not covered by or included in Routine Nursing Care or Personal Care services is provided to Resident upon admission to the Care Center and upon any change in such charges, or upon request.

Exclusions

The following items are not covered by the Monthly Fee: prescription drugs, over-the-counter drugs, hospitalization, ambulance services, therapy or rehabilitation services, physician services, Medicare deductibles and co-payments, medical or diagnostic tests, psychotherapy and psychiatric consultations or services, diagnostic services, dental services, dental surgery, chiropractic services, massage therapy, transplants, private duty nurses or companions, podiatry, refractions, eyeglasses, contact lenses, hearing aids, orthopedic devices and appliances such as walkers, braces, wheelchairs, special beds or chairs, incontinence supplies, personal care supplies such as disposable under-pads, toiletries, digestive aids and over-the-counter pharmaceutical and other health supplies, medical equipment and supplies, such as respirators, ventilators, intravenous equipment, catheterization materials, specialized treatment including ventilator dependent treatment, dialysis, and all services such as chemotherapy, blood transfusions, special rehabilitation services, or services in the Care Center in excess of Routine Nursing Care, and any other health or medical service not specifically set forth in this Agreement. Dunwoody at its discretion may provide any or all of the services not covered by the Monthly Fee at an additional charge, or refer Resident to another provider capable of providing higher acuity services.

G. Other Health Care Services

Nursing or Companion Services

Subject to the approval of Dunwoody's Medical Director, Resident may utilize the services of private duty nurses or companions providing personal or health care services in the Living Accommodation. Such services must be approved in advance and in writing by Dunwoody. Resident is responsible to pay for all such services.

All private duty nurses or companions shall provide Dunwoody with a copy of their current license or certification, where applicable; a release and indemnification agreement, proof of workers compensation and liability insurance; proof or waiver of Hepatitis B vaccination; and proof, as determined by Dunwoody policy, that such nurse or companion is free of tuberculosis and/or any other contagious or communicable disease. Such nurses or companions must also submit proof that he or she meets criminal background check requirements and is not listed on any registry as being suspected of, or proved to have committed abuse, of any reportable nature. All companions in the Care Center must be Certified Nursing Assistants.

Dunwoody reserves the right to interview and approve all nurses and companions and to prohibit the use of such services. Any individuals approved as private duty nurses or companions are required to abide by Dunwoody policies.

The services of private duty nurses or companions may be used only for a defined period of time as defined by Dunwoody policy. Resident is required, at Dunwoody's sole discretion, to provide proof that use of private funds to pay for such services will not imperil the financial resources of Resident. In exchange for Dunwoody's consent to Resident's request for the services of a private duty nurse, companion, or other assistant, Resident releases Dunwoody from any liability for the acts or omissions of any such individual providing services to Resident in the Living Accommodation. Furthermore, Resident is responsible to pay for any damages or injuries caused to Resident, other persons, residents or staff by any private duty nurses, companions or individuals providing



companion, personal or nursing care services to the Resident in the Living Accommodation, and shall indemnify and hold Dunwoody harmless from any claims, actions, proceedings or damages of any kind, including attorneys' fees and legal costs, resulting from any of the actions or omissions of the private duty nurse or companion services utilized by Resident. **Dunwoody Village does not permit live-in companions.**

DUNWOODY EMPLOYEES, VOLUNTARILY OR INVOLUNTARILY SEPARATED FROM DUNWOODY, MAY NOT BE ENGAGED AS PRIVATE DUTY NURSES OR COMPANIONS WITHOUT THE APPROVAL OF DUNWOODY.

Hospitalization or Special Service Facility Care

Dunwoody does not provide hospital, or specialty medical care. Dunwoody will arrange for the transfer of Resident to a hospital or other Special Service Facility on order of a Dunwoody Physician. The charges for ambulance or emergency transportation for transfer to a hospital or other Special Service Facility and the charges of such care are not covered by this Agreement and shall be the responsibility of Resident. Resident shall continue to pay the Dunwoody Monthly Fee while residing at another facility unless this Agreement is terminated.

Accident or Illness Away From Dunwoody

In the event Resident suffers an accident or illness while away from Dunwoody, and Resident relies on health care and support services available in the area where the accident or illness occurred, Resident's health insurance or other personal resources available must be used for payment for such services. Resident shall make every reasonable effort to notify Dunwoody of the accident or illness, and upon Resident's return to Dunwoody, Resident shall be entitled to all benefits under this Agreement.

Limitations on Care

The Care Center is not designed to care for persons who are afflicted with uncontrolled or untreated mental illness resulting in behavior contrary to the Conditions of Occupancy, active alcohol or drug abuse or who require specialized psychiatric care or services not authorized or permitted under the applicable licensure regulations. If Dunwoody determines that Resident's mental or physical condition is such that Resident's, or in the case of Double Occupancy, one Co-Resident's continued presence in Dunwoody is either dangerous or detrimental to the life, health, or safety of Resident, Co-Resident, or other residents or staff or the peaceful enjoyment of Dunwoody by other residents, Dunwoody may transfer Resident to an appropriate outside care facility. If the transfer is for a temporary period, then the Resident shall continue to pay the applicable Monthly Fee and also shall be responsible to pay for the cost of Resident's, or in the case of Double Occupancy, Co-Resident's care in such other facility. If the transfer is to be permanent, then the Termination provisions of this Agreement shall apply, except that only such notice of Termination as is reasonable under the circumstances shall be given in any situation where the Resident is a danger to self or others, or to the health, safety or peace of Dunwoody.

Limitation on Resident's Liability

If a health care provider seeks payment from Resident for health care services which are the responsibility of Dunwoody to pay under this Agreement, then Dunwoody shall hold Resident harmless from all loss or liability arising from such claims for payment.



General INFORMATION

PRICING HISTORY

The 5-year History of Entrance and Monthly Fees for a One-Bedroom Apartment (Non-refundable option) is listed below:

	ENTRANCE FEE		MONTHLY FEE	
	SINGLE	DOUBLE	SINGLE	DOUBLE
2014	\$ 147,000	\$ 162,000	\$ 3,089	\$ 5,292
2013	\$ 147,500	\$ 162,500	\$ 2,999	\$ 5,138
2012	\$ 144,500	\$ 159,500	\$ 2,926	\$ 5,013
2011	\$ 144,500	\$ 159,500	\$ 2,855	\$ 4,891
2010	\$ 126,500	\$ 141,500	\$ 2,785	\$ 4,772

The entrance fee is a one time fee paid by new residents upon completion of the admission process and is not subject to any change or increase during the duration of the agreed upon care. Entrance fees are adjusted annually based on market conditions. Monthly fees are adjusted annually based on operating costs.

MEDICAL DEDUCTION

A substantial portion of the Entrance Fee and Monthly Fee at Dunwoody Village is tax deductible. The deductible percentage has averaged approximately 33% over the last 5 years.



NOTICE OF RIGHT TO RESCIND

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 (i.e. Dunwoody) before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Agreement within this 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 following address:

Dunwoody Village
3500 West Chester Pike
Newtown Square, Pennsylvania 19073-4168
Attention: President/CEO

Not later than midnight of _____ (last day for rescission).

DUNWOODY VILLAGE CANCELLATION FORM

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

PROSPECTIVE RESIDENT'S SIGNATURE

DATE

Introducing **Penrose Carriage Homes** at Dunwoody Village



Now Taking Reservations!

If the constant stream of referrals from our residents tells us anything, it's that Dunwoody Village is an exceptional place to live. But we're never content to rest on our laurels. We have recently selected 14 acres of our land to be the site for 40 new villa-style homes, each featuring two-car garages, great rooms, dens, and open kitchens — as well as gas fireplaces and terraces.

Offering beautiful views, these spacious homes — ranging from 2,105 to 3,960 sq. ft.—will feature plenty of windows to welcome the natural light and peaceful surroundings. Other features include:

- ◆ Choice of single home (4) or twin (36)
- ◆ Stucco, stone, and brick finishes
- ◆ Homes with no basement:
Choose from 3 different floor plans
- ◆ Homes with a walk-out basement:
Choose from 2 different floor plans
- ◆ High-vaulted ceilings
- ◆ Great Room
- ◆ Custom kitchens
- ◆ Two bedrooms, 2.5 baths
- ◆ Gas stoves and fireplaces
- ◆ Covered patio or deck
- ◆ Two-car garages

And as with all our residential living spaces, the one-time entrance fee includes our Continuing Care promise—that residents who require more assistance can transfer seamlessly between all styles of living that we offer.

Call us at (610) 359-4438 to learn more. Location choices will be determined on a first-come, first-served basis.



DUNWOODY VILLAGE

A Non-Denominational,
Not-for-Profit
Continuing Care
Retirement Community

 **PET FRIENDLY**



3500 West Chester Pike
Newtown Square, PA 19073
1-800-DUNWOODY
www.dunwoody.org



LeadingAge PA
an association of not-for-profit senior services