

Our Mission

To provide a welcoming and compassionate community with distinctive residential and healthcare services that promote wellness, dignity, and respect for our residents and home-based clients.

Our Core Purpose

To enable residents of the Delaware Valley to enjoy exceptional services in an intimate environment as they age.



A Continuing Care Retirement Community

Independent Living

Rehabilitation

Personal Care

Skilled Nursing

Memory Support

Home Care

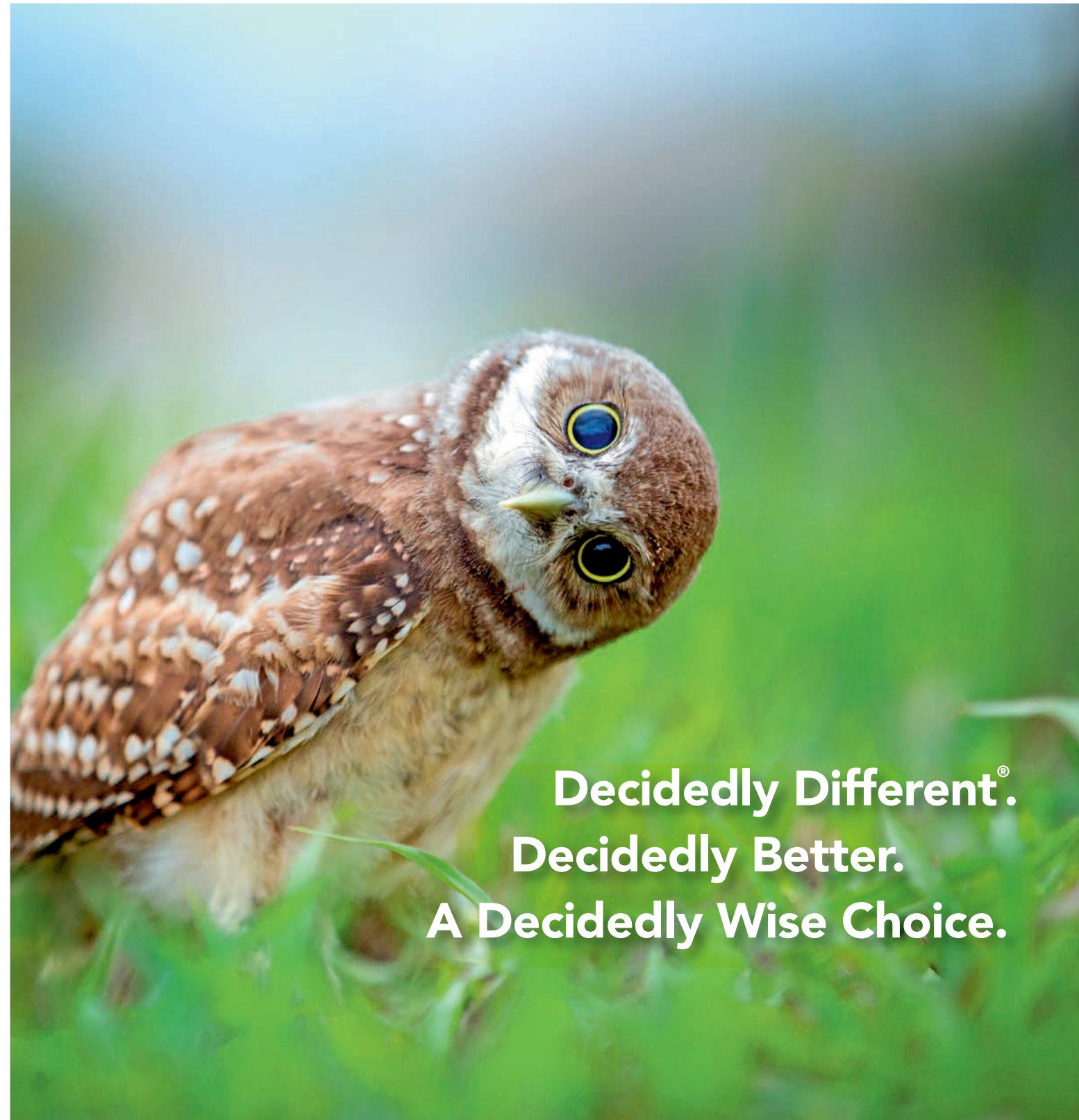
Dunwoody Village
3500 West Chester Pike
Newtown Square, PA 19073-4168
(610) 359-4400

www.dunwoody.org

Pet Friendly



2018 ANNUAL REPORT



**Decidedly Different.[®]
Decidedly Better.
A Decidedly Wise Choice.**



Decidedly Different.[®]

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.

1. Community

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

2. Licensed Provider

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

3. To Discuss Admissions Call or Write:

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

4. Community Description

The community is located in a suburban setting on 83 acres and contains a two-story apartment building with studio, junior, one and two bedroom apartments, one-story country houses with one and two bedrooms, one-story country houses with two bedrooms and a den, and 40 Carriage Homes. 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 studio, library, a swimming pool and Jacuzzi, fitness center, club room, computer station, woodworking shop, gift shop, hair salon, and game room.

5. Minimum Age for Admission

The minimum age for admission is 60.

6. Affiliates

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

7. The Current Resident Population

The current resident population is 475.

8. Sample 2019 Fees

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

	<i>Single</i>	<i>Double</i>
Entrance Fee	\$152,000	\$167,000
Monthly Fee	\$ 3,800	\$ 6,170

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

	<i>Single</i>	<i>Double</i>
Entrance Fee	\$228,000	\$250,500
Monthly Fee	\$ 3,800	\$ 6,170

Investment Consultant

Dunwoody employs Vanguard as the investment consultant who recommends investment managers.

Vanguard is a family of about 190 U.S. funds with more than \$5.2 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.



**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

About Dunwoody Village



Decidedly Better.

At Dunwoody Village, we relish the qualities that distinguish us from other retirement communities: Our top-notch healthcare. Our resident-led, fun-loving lifestyle. Our caring and connected culture. Spend some time on our beautiful, historic Newtown Square property, and you'll see why area seniors are choosing a decidedly different new life and enjoying every minute of it.

A Letter from the President/CEO and Board Chairman



Sherry Smyth
President/CEO



Ed Chiosso
Chairman, Board of Trustees

Moving Dunwoody Village into the future is an ongoing process which requires the hard work and dedication of our Board of Trustees. A committed team of volunteers governs our 501(c)(3) charitable organization. We are fortunate to have a group of people with diverse experience, education and professional careers—including several current residents at Dunwoody. Together, they ensure that the organization fulfills our mission, statement of intentions and core purpose.

Serving on the Board is not a light commitment—in addition to holding our community to the highest internally set standards, the board also oversees compliance with federal, state and local regulation, legislation and ethics. To accomplish this monumental task, they work in committees to tackle Finance, Strategic Planning, Governance/Nominating and Executive Leadership, along with subcommittees for Healthcare, Investments, Retirement Plan and Corporate Compliance.

We're not just minding our current activities but also setting the path ahead. The Trustees, along with the Trustees of the Dunwoody at Home board and the leadership team (employees in director positions) meet every few years to review the mission and core purpose. This is a time of reflection where we look at the constantly changing environment, regulations and cultural norms that impact our services. We develop a strategic plan with implementation goals, deadlines and responsibilities. We last completed this exercise, with the Board approving the plan in September 2017. And while this was meant to be a three to five year plan, we've since recognized that, given the rapid shifts in Medicare coverage and technology, we can't wait that long. This summer we are engaging in a new strategic planning process.

Yet we accomplished a great deal in 2018 as we set out to do in our last plan. We renovated the Care Center, upgrading the Personal Care common spaces with new carpet, paint, lighting, dining areas and window treatments. 2019 will bring similar improvements to the Skilled Nursing and Rehabilitation common spaces and resident rooms. In 2018, Dunwoody also made improvements to the West Country House hallway to include sprinklers and an upgraded fire alarm system, new windows, improved insulation, heating, air conditioning, lighting and carpeting. In 2019, we will do the same to the East Country House hallways.

Another project called for in the 2017 plan was updating the dining areas, a project on which the Strategic Planning Committee, leadership members and a few residents have collaborated. We will review the final plan with the Strategic and Finance Committees by mid-2019.

In all these efforts we are embracing the new and adapting to change, improving the lives of our residents while keeping the core of Dunwoody—its warm and welcoming culture—intact. We will always be a decidedly different place to live and work, and we're getting decidedly better all the time.

Sincerely,

Sherry Smyth
President/CEO

Ed Chiosso
Chairman, Board of Trustees

Greetings from Dunwoody Village Management

Operations at Dunwoody Village is a collaborative effort with a lot of moving parts. From the president to the line cook to the maintenance technician to the billing staff to the certified nursing assistant to the front desk receptionist we all have an important role to play in our community. And more importantly, we need to communicate effectively to ensure we're aligned and integrated as we do so.

I'm new to this position and over the past year, I have been learning on the job about everything that happens in a Dunwoody day. While we are always seeking continuous improvement, we have many reasons to feel proud of what's working well here. That includes the following:

- **Our leadership** – The Board of Trustees provides strategic guidance to help move the community forward, staying in close contact with our Leadership Team for a productive working relationship. The Leadership Team keeps departments working with encouraging oversight. At the same time, managers and supervisors work closer to the front-line staff and routinely bring concerns and issues up the chain. Throughout our organization, we strive for transparency at all times.
- **Our staff** – Dunwoody Village has some of the best staff in the Philadelphia area. They work hard to ensure that residents are safe, comfortable and enjoying themselves. That includes high quality services—housekeeping, meals, maintenance and nursing care, to name a few—delivered with a friendly smile and genuine care. For most of the staff, Dunwoody is not just a job, but an extended home and family.
- **Our residents** – Our residents are truly what distinguish us from other Continuing Care Retirement Communities in the area. Their active involvement in Dunwoody is critical to our success. Management meets with the Resident's Association monthly to report changes and answer questions. Dunwoody management also attends resident committee meetings for areas such as dining, healthcare and maintenance in order to share information and make the programs stronger. Residents keep the staff on their toes and are not afraid to approach us if something needs to be changed. We are grateful for their feedback.

As I have engaged with our wonderful staff members, residents and leadership, I've learned about their respective challenges and goals. With that insight and information in hand, we will be focusing on some previously overlooked issues in the coming months while building on our existing strengths. Here's to Dunwoody Village and our continued work together in what will be our decidedly best year yet.

Best,

Kathy Barton

Director of Operations

Meet the Dunwoody Village Management Team



Top Row, Left to Right: Jennifer Furjanic, Director of Community Relations; Carolyn Treadway, Recreation Manager; Stephen Cuffeld, Director of Environmental Services; Wendy Hix, Director of Nursing; John Alberici, Director of Dining Services; Wes Kuehnle, Director of Facilities; Kim LaFountain, Manager of Theurkauf Wellness Center; Bill Hohlfeld, Head Groundskeeper; Brian Worthington, Assistant Director of Facilities; Leya Hannon, Dining Room Manager.

Middle Row, Left to Right: Curt Sayers, Human Resources Director; Elaine Kaiser, Director of Marketing; Sherry Smyth, President/CEO; Betsy Cupitt, Quality Improvement Nurse Manager; Mary McGoldrick, Personal Care Administrator; Brandon Jolly, Director of Health Services.

Front Row, Left to Right: Joe Damasco, Transportation Coordinator; Rose Ondo, Admissions Marketing Manager; Kathy Barton, Director of Operations; Len Dachino, Controller.

Not Pictured: Mary Grace Brown, Director, Dunwoody at Home.



A relaxing lifestyle includes enjoying fresh, delicious food prepared daily by our chefs (and no dishes to clean).



Pickleball is an increasingly popular activity, one of many enjoyed by residents.

Better Lifestyle

*Life at Dunwoody
looks like peace of mind.*

What does retirement at Dunwoody look like?

For one thing, it looks like simplicity and convenience. Once here, residents no longer have to worry about home maintenance, cleaning, multiple bills to pay or onerous tasks like snow removal. Delicious meals are prepared and served fresh every day by our chefs, with a complimentary continental breakfast available each morning. Meals are enjoyed in our spacious dining rooms or for extra added convenience, may be picked up from our ever-popular Take-Out Grill.

Life at Dunwoody is also fun. With all that time saved on home maintenance, Dunwoody residents can devote more energy to expanding their horizons. For many, the sheer breadth of activities and the discovery of new passions can come as a welcome surprise.

Peggy Ewing has been running the arts and crafts program for four and a half years. In that time, she's expanded it to offer art classes such as pottery, weaving and watercolor painting. An adult coloring group gathers weekly, as does another contingent that practices handiwork. Every quarter, resident artists display their work in the hallway outside of the Lincoln





Pursue your passions or discover new ones among the many activities offered at Dunwoody.



Dining Room. Arts and crafts is just one of dozens of activities at Dunwoody, led or developed by residents, and like all of them, it enriches the lives of its participants.

“People come in with all different skill levels and some are really amazed at what they can learn to do,” Peggy says. “Mostly though, it’s a great way to socialize and make new friends. Everything is open to everybody and you’re always encouraged to give something new a try.”

Wellness, too, is central to Dunwoody life. A fitness center, group classes, pool and 83 acres for walking give residents plenty of opportunities to move and get fresh air. Residents can get their blood pressure checked for free and enjoy fresh fruit on Fresh Fruit Friday.

“We are currently renovating our swimming pool deck and locker rooms to encourage more residents to take advantage of our large indoor pool,” says Theurkauf Wellness Manager Kim LaFountain. “We are one of the only Continuing Care Retirement Communities (CCRC) to have a lifeguard on duty while the pool is open.”



Resident-led activities, like pickleball, weave exercise into social gatherings. And the Wellness Center and staff ensure that a constant stream of health resources and information are at the ready, from regular lectures on medical topics to Wellness Wednesdays to an annual health fair onsite.

“All of our wellness initiatives are aimed at keeping residents in their individual homes for as long as possible with the best quality of life,” says Independent Living Social Worker Erin Price. “We welcome residents to our Wellness Center at any time. They’ll find wonderful staff there who are more than willing to help them feel their best.”

Most of all, life at Dunwoody looks like peace of mind. With health supports to help residents in their homes and the underlying reassurance of top-notch medical care just steps away, residents and their families alike can sleep well at night, knowing that Dunwoody has made retirement living decidedly better.

Self-expression through arts and crafts is just one facet of a fulfilling life at Dunwoody.



Jessamine Brandt and Jane Krumrine continue to nurture their lifelong friendship at Dunwoody Village.

Better BFFs

Jessamine “Susy” Brandt and Jane Krumrine have known each other since their respective nannies took them for side-by-side walks in their baby carriages. Both women grew up in Merion Station, just four houses away from each other. From early childhood on, they were always dear friends.

“We went to different schools and then different colleges and graduate schools but we always stayed close,” says Susy.

As adults, both women moved into their respective parents’ houses so they were neighbors once more. And decades later, when it came time to consider a retirement community, they consulted with one another about the next step as they knew they would make the move at the same time.

“We can’t stay in our houses forever, as much as we might like to,” says Jane. “Dunwoody made a lot of sense to me as I had friends here and felt very comfortable here.”

For its part, Dunwoody was able to provide residential accommodations for both women at the same time, making the move an easy decision.

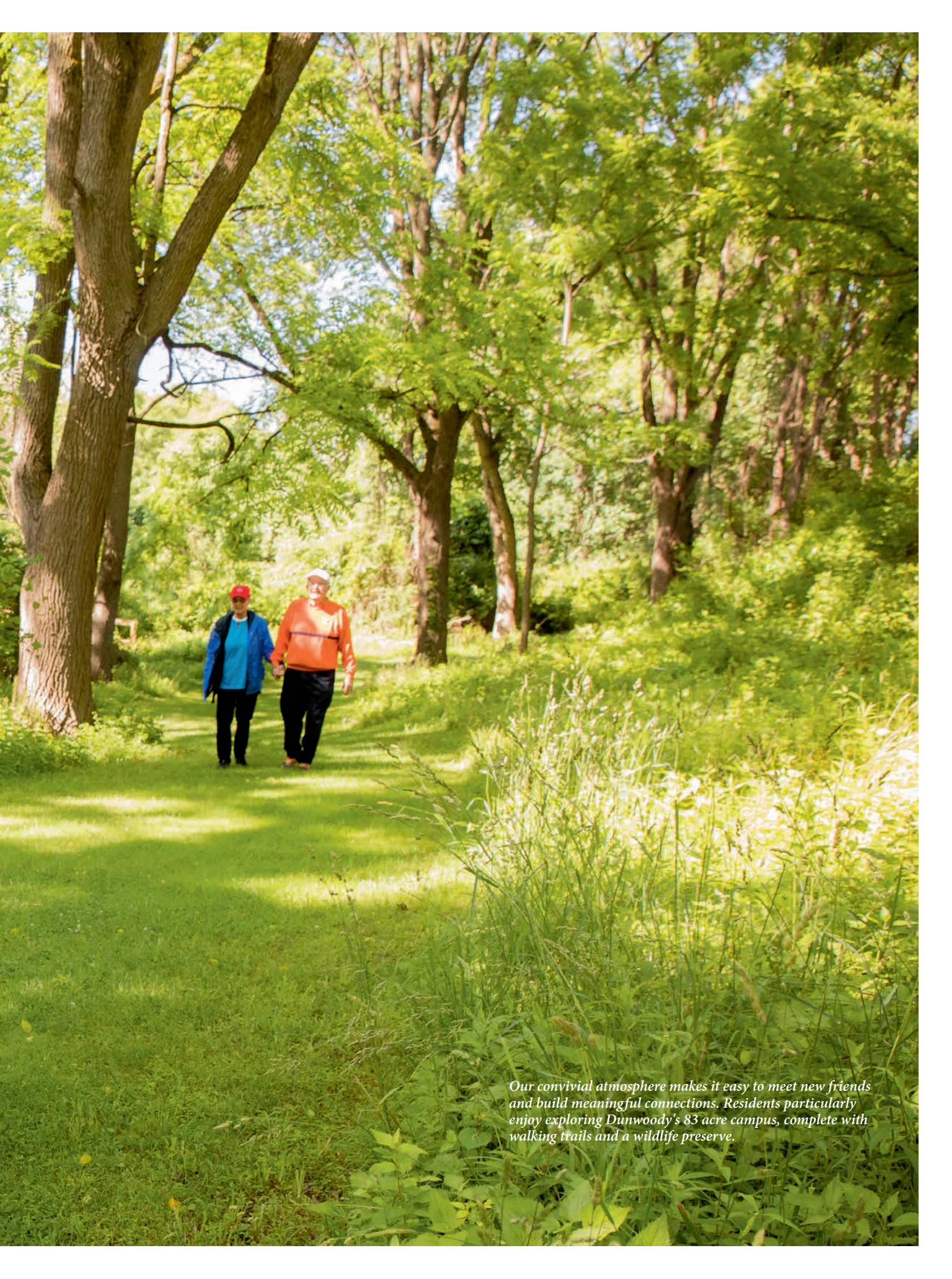
“I loved the friendly atmosphere and the wonderful light in the apartments,” Susy says. “We originally wanted to find two country houses but the two apartments were more readily available so we chose them. I ended up with a balcony and Jane has a patio.”

While the task of downsizing her nine-bedroom home was not simple, Susy says that Dunwoody made it manageable by suggesting the company Moving Solutions to help both women prepare for the move and organize their belongings.

Over just a few short months, the adjustment to Dunwoody life has been seamless. In the daytime, the two friends pursue their own individual interests, and they reconvene for meals or drinks and evening lectures and music programs. Jane says they’re both happy to be here.

“I lived alone for a long time so it’s wonderful to be here among so many friends. I know this was the right decision for both of us.”





Our convivial atmosphere makes it easy to meet new friends and build meaningful connections. Residents particularly enjoy exploring Dunwoody's 83 acre campus, complete with walking trails and a wildlife preserve.

Better *for* Pets

At Dunwoody Village, sometimes friendly resident faces have whiskers. That's because our welcoming atmosphere is equally appealing to humans and their animal companions. Think miles of trails, more than 80 acres of land, a dog park and many housing options with easy outdoor access. Resident Jim Murphy, for one, found Dunwoody an ideal new home for his household, which includes a seven-year-old cocker spaniel named Duffy.

"We moved here in May 2017," he says. "There were a lot of factors that drew us here—proximity to friends and family, the convenient location, the friendly staff. But the dog park and trails were big for us."

Jim and his wife Kathy have settled in nicely, as has Duffy, who has already made himself a lovely life at Dunwoody that includes his own social circles.

"He loves to go walking and play with the other dogs here. We have a patio so whenever the weather is nice, we sit out there and he curls up in the sun," Jim says. "And when we went away to the Caribbean for two weeks, we had someone here who could watch him, which made it very easy for us."

Pet sitting is just one of the onsite offerings to help keep your furry friends safe and healthy while you're otherwise occupied or don't want to leave your home. That includes mobile vet services, dog walkers, mobile grooming and home sitters.

The pet-positive policies certainly called to Jay Pennypacker, and his golden retriever Rainee, a service dog who has been trained to help him with many household tasks.

"She's only four years old and I was never going to give her up. Wherever I moved had to be pet friendly," he says. "I had a number of friends and customers from the pharmacy I owned that have lived at Dunwoody, so it was always on my radar."

Dunwoody's sunny and spacious homes appeal to humans and their animals alike.



“The dog park and trails were big for us.”

The fact that I could get a first-floor apartment which would make it easy to take her out makes it that much more convenient.”

As Jay readied himself for the big transition, he expected great things for both him and Rainee, and he has not been disappointed.

“We looked forward to it—socializing and walking and adjusting to our new life here. We knew it was going to be great for both of us.”



Better Health

“We go the extra mile to make people know they’re taken care of.”

Four out of five doctors agree: Dunwoody Village is such a safe and healthy place for seniors that they’ve chosen it for themselves.

Obstetrician-gynecologist Bob White, MD, and his wife Emily moved to Dunwoody in August 2016. They chose a Penrose Carriage Home, situated on a strip that has been nicknamed “Doctor’s Row” for the concentration of medical professionals that live there.

“Healthcare was a very important part of our decision to move here,” says Bob, who, while retired from his practice, still volunteers at a clinic in West Chester. “We knew they had great ratings and more than 18 physicians lived here, and that really says something about the quality of care.”

The continuum of healthy living at Dunwoody includes more than just medical services, however.



Dunwoody's medical staff works in close concert to ensure top-notch, patient-centered care. Left to right: Kim LaFountain, RN, BSN, Wellness Center Manager; Dr. Tom Lawrence, Dunwoody Village Medical Director; Erin Price, LSW, ASW-G, Social Services – Residential Living; Pat Richardson, Phlebotomist.



Dr. Bob White and his wife Emily chose Dunwoody based on its reputation among medical professionals.



Staff assist residents in meeting their fitness and health goals.

Dr. Bruce, Dunwoody's on-site dentist, makes regular dental checkups especially convenient.



Dunwoody's Medical Director, Dr. Tom Lawrence takes pride in knowing his patients well.



"It's the whole picture, really," Dr. Tom Lawrence says. "It's a very healthy lifestyle here. We have the fitness center and pool and healthy food options, all the things we need to avoid getting sick."

The holistic approach has made a difference in resident's lives, says Theurkauf Wellness Center Manager Kim LaFountain.

"People who engage in not only the physical fitness classes we have but in the social and educational classes seem to recover from setbacks with less difficulty," she says. "Having positive relationships with other people seems to improve their end results."

Newly renovated facilities, access to specialists and the excellent nursing are just some of the winning attributes of Dunwoody healthcare. With an x-ray machine, a dentist, cardiologist, podiatrist, and an optometrist onsite, residents need not go far to take care of immediate health concerns. The Wellness Center is open from 7 a.m. to 7 p.m., with nursing staff on call all night.

But in addition to all of that, Dunwoody's superior healthcare distinguishes itself because it comes from the heart.

"We give outstanding care here as if we are treating our own families," says phlebotomist Pat Richardson, who has worked at Dunwoody for 33 years. "We all work very closely together which helps give residents wonderful attention and care. Every doctor that practices here brings something new to the table."

Pat has been at Dunwoody long enough to recognize many families whose second generation are now moving in. Having been to visit loved ones in other communities she knows that both patients and their families are treated exceptionally well at Dunwoody.

"I've been to places where a visitor will get lost in the hallways and no one helps," she says. "Here we'd walk you to where you need to go. If our patients' family needs a dinner, we get that for them. We want them to feel good here, too."

With a range of fitness classes to choose from, wellness is fundamental to our lifestyle. Residents find it easier to stay fit and feel energetic with regular exercise at Dunwoody's group classes.



Person-centered care means that Dunwoody medical staff take the time needed with each patient to hear their concerns, get to know their needs and develop customized care plans.

“We’re really supporting individual dignity and quality of life wherever possible,” says Independent Living Social Worker Erin Price. “I think that’s what really makes us stand out in the field. Our nurses and staff are very involved with residents’ lives and that makes a big difference. We work with each resident to make a plan that meets their individual needs by creating a safe living arrangement with them, whether that means setting up in home services, getting their families more involved with their care, or coming up with an out-of-the-box approach to best support them. We go the extra mile to make people know they’re taken care of.”

Countless word-of-mouth referrals mean that many of our residents find familiar faces at Dunwoody.



Refer a Friend

If you’re living it up at Dunwoody, you probably want to share the love. Thankfully, Dunwoody has a robust resident referral program for you to do exactly that. Encourage a friend to visit and consider our Continuing Care Retirement Community—if they follow through and actually move in, the referring resident will get a credit off their monthly bill for a full 12 months. (The credit goes into effect three months from the new resident’s move-in date.) So spread the word, tell your friends and reap the benefits of making Dunwoody an even friendlier place.



With so many housing styles to choose from, you can find a comfortable home to make your own.



Better Community



Residents use the bus for various excursions, including going to grocery stores, churches, the orchestra, shopping malls, and other scheduled outings.

“You can get involved as much as you want to.”



Larry and Diane Zullinger, co-chairs of the Hospitality Committee, greet new resident Jay Pennypacker and his service dog Rainee.

If you’ve heard anything about Dunwoody Village, you’ve probably heard about the people. How they welcome newcomers with open arms. How it’s easy to make friends from day one. How it’s always been a warm and convivial place.

If you already have acquaintances or loved ones here, you’ve seen it firsthand. Take Scott Tuttle, whose mother lived at Dunwoody for 14 years. When Scott himself made the move in August 2017, many of the staff who had helped his mother a decade earlier remembered him and greeted him with friendly smiles.

“When my mother died, she was almost 101 years old and she was extremely happy,” he says. “I know that Dunwoody’s excellent medical care had a lot to do with that but it was also the people and the kind of place that it is. You just feel like you’re at home as soon as you get here.”

Susan Bell came to Dunwoody 12 years ago because her husband had seven family members that lived there. From their visits, she knew it would be a pleasant and friendly place to live.

“I just remember that from the receptionist to the head of dining services, everyone was always so kind to us. You instantly feel like you belong,” she says.



Dunwoody's warm community makes everyone feel welcome.

One of the reasons for this is that new residents are quickly ushered into Dunwoody's social scene by the Hospitality Committee.

"We greet each resident when they first arrive and introduce them to the wider group of residents on the second Tuesday of every month," says Diane Zullinger, who heads up the Committee with her husband Larry. "We also publish a brief biography in the *Inside Dunwoody* newsletter."

An enthusiastic group of friends awaits any newcomer. After that initial introduction, each of the 20 members of the Hospitality Committee will invite new residents out for dinner over the course of their first year at Dunwoody.

Joining activities, committees or community service projects creates many more opportunities for engagement and connection. Diane Zullinger, for instance, enjoys swimming, painting and quilting, while her husband Larry is in the chorus, golfs and plays shuffleboard. Together they



Connie and Jim Carino found community activities such as playing cards to be a nice way to make new friends.

both chair the Hospitality Committee and take part in Kathy's Kids, a community outreach program with local school children. All have been opportunities to get to know new friends.

At the same time, there's no overriding pressure to join anything. Some residents happily live quieter lives at Dunwoody.

"You can get involved as much as you want to. If you want to join a committee, you're welcomed. If you want to do your own thing, you can follow your individual interests," Susan says.

"What I love about Dunwoody is that you can be very socially engaged or you can also pursue your own interests in the privacy of your home," says resident Peggy Ewing. "Some people want to get out and do all kinds of activities and some want to have a quieter life. Or you can have both here, which is a lovely balance."

And of course, for the socially inclined, there's plenty of impromptu leisure time: sharing meals in the dining room, having a drink in the lounge, taking long walks on the nature trails that wind around the Village. For many residents just



Am I Ready to Make the Move?

Planning the next phase of your life can feel overwhelming, but the truth is, as you age your options narrow. Wait too long and the decision will be made for you. That's why Dunwoody Village encourages potential residents to visit and tour the continuing care retirement community as early as they can.

“Almost every day I hear people saying, ‘I’m just not ready yet,’” says Elaine Kaiser, Dunwoody’s Director of Marketing. “What I say to them is, ‘you have a lot to gain and very little to lose by thinking ahead.’”

Some of the biggest benefits to choosing Dunwoody or another continuing care retirement community include the following:

- **Ditch the home chores, maintenance and domestic drudgery.** If you’re tired of shoveling walkways, cleaning gutters or even making dinner on a daily basis, you might be ready to move to Dunwoody, where we take care of all of the above and more.
- **Secure your financial future.** No one wants to worry about money. At Dunwoody, you can rest assured that you have bought into a fiscally stable organization and your costs will be well managed.
- **Get friendly.** It’s easy to become isolated as you age and your world narrows. At Dunwoody, your new life includes a whole community of affable neighbors and staff plus plenty of options for social activities.
- **Put family members at ease.** No one wants to be a burden to their children. Making an early move lets your children know that you have your own future under control, and that future includes top-notch health-care. Now they can focus on more important things, like (hint, hint) making time to call and visit.

knowing you’re never alone at Dunwoody is a lovely feeling.

“We see people in the Lincoln Dining Room and it feels like going back to college,” Larry Zullinger said. “We’ve made so many new friends and we both enjoy that. It’s why we came here, and we’ve had a great time.”

In fact, family members are often involved in the process of moving a parent or relative into a community like Dunwoody. Our team is here to answer any questions you might have in weighing the various factors involved.

“Families turn to us for sound advice on everything from healthcare and wellness to financial concerns,” says Jennifer Furjanic, Dunwoody’s Director of Community Relations. “Our first obligation is to give good counsel and offer options so that your family can make well-informed decisions together, no matter what you decide.”

Call us today at 610-359-4400 to find out more about making the move, and how we can help you get started.

A Better Plan

When choosing to make the big move to Dunwoody or any retirement community, timing is everything. Yet the couples who make the decision earlier find it a much simpler and smoother process. For Mary and Chik-Kwun Tang, the decision to move came easily after seeing aging family members with increasing health concerns and dwindling options.

“It causes the children a lot of pressure to wait too long. When we first visited Dunwoody we were not quite ready to make the move. We needed to do some preparation for the sale of our house,” says Mary Tang. “But we also knew that we didn’t want our house to be a burden for our kids. We wanted the peace of mind of taking care of everything now.”

When the Tangs had finally finished their remodeling projects, downsized their belongings and put their four-bedroom Bryn Mawr house on the market, they called Dunwoody’s Marketing team, only to discover that the Penrose Carriage Homes they’d been eyeing up were all occupied and they would have to go on a wait list.

“We decided it would be better to move to a more readily available apartment and enjoy Dunwoody sooner until the carriage home became available,” she says.

Once at Dunwoody, however, the Tangs enjoyed the convenience of their apartment and its proximity to the Dining Room. They found that the smaller space was cozy and comfortable and that they actually needed many fewer personal belongings than they thought they did. Ultimately, they took themselves off the waitlist for the carriage home and decided to stay put in their apartment.

“We have not regretted it for a single moment,” Chik-Kwun says. “We have everything we need.”



The Tangs planned ahead for their future and are now enjoying their new life at Dunwoody.

Residents who make the decision earlier find it a much simpler and smoother process.



Kent and Penny Willing visit their friend and future neighbor Scott Tuttle in his West Country House. They are looking forward to spending time together and sharing their common interests in photography and bird-watching.



Soon-to-be-residents Kent and Penny Willing actually began their process of preparing for this chapter of their lives two decades ago. Kent's first cousin had moved to Dunwoody, and through him, the couple became aware of its many benefits and advantages.

"We put our names down with a deposit 20 years ago," Penny says. "And over the years we kept gravitating toward Dunwoody as more people we knew came to live here."

The Willings love the convenience of the location, the close proximity of nearby stores and services and the easy-to-navigate buildings with heated and enclosed walkways. With a spot at their top-choice community guaranteed, they started to look forward to going there.

"We have always tried to be proactive rather than reactive," she says. "We ended up moving even sooner than we thought

we would because we wanted to pass the memory test and have an easy time getting in. We did, and Bob's your uncle, we're on our way."

The Willings will be moving into a Country House in June. They are currently readying their house for sale and sorting through their belongings. It's a daunting task, and the Willings are happier than ever that they didn't wait too long.

"No matter when you do it, it's going to be a load of work and you will probably need help," Kent says. "Dunwoody was greatly helpful all along the way. But it's much easier if you can do this while you're still active and you can actually take advantage of all that Dunwoody has to offer. I know as soon as we get there that we won't be looking back."

A Letter from the Residents' Association

What makes Dunwoody Village decidedly different and decidedly better? As a resident, I can say it's our collective wisdom.

After all, we had the good judgment to choose a place with physical advantages, including an excellent location, a large and spacious campus, high-quality healthcare, a variety of independent living options and electrical power independence.

We've also elected to join a vibrant, richly textured neighborhood. Unlike many retirement communities that target a narrow slice of the local population, Dunwoody has a wonderfully varied demographic. Entry fees at Dunwoody range to accommodate residents' means and resources. Living units run from 420 square feet to 4,400 square feet.

Life plan continuing care retirement communities are a form of insurance. You commit to one today and trust that the service will be delivered in the future. This means that the financial condition of the organization is of paramount importance. It is a complicated and rigorous calculation, and Dunwoody's resident population have figured this out.

Dunwoody residents also recognize that creating a wonderful community doesn't end with opting in. Once here, they get actively involved in community affairs. Age is no constraint, and it is not unusual to find a 90-year-old happily working 20 hours a week in committee activities. About 190 people—more than half of our independent living population—sit on our 33 committees that include Arts & Crafts, Entertainment, Hospitality, Library, Wildlife Refuge and many others. In most communities, management handles these activities. Not so at Dunwoody.

That extends to governance as well. While Dunwoody is not a cooperative or resident-owned operation, residents also take an important role in oversight. Dunwoody residents constitute about 25 percent of the Board of Trustees. They serve as a pipeline of information, providing valuable feedback to what is otherwise a completely independent board and then report back, providing interpretation of Board decisions to the community as a whole.

I'm proud to be part of this incredible place that just keeps getting better. Decidedly better.

Sincerely,

Charles Ladner

President of the Residents' Association

Upon entry to Dunwoody Village, every resident automatically becomes a member of the Residents' Association. An independent, self-governing body, the Residents' Association holds monthly meetings, except during the summer. It gives collective voice to the needs and desires of Dunwoody Village residents, and through its numerous committees and initiatives, Association volunteers help organize activities to further enhance life at Dunwoody. Officers and the Association's Executive Committee are elected annually.



Our 2018 Residents' Association Executive Committee members proudly welcome you. Top row: Jerry Kinkead, Recording Secretary; Ginni Condo, Corresponding Secretary; Trevor Weiss, Second Vice President; Jorie Nailor, Member-at-Large.

Bottom row: Harry Bellwoar, Member-at-Large; Didi Rieger, Member-at-Large; Chuck Ladner, President.

Not pictured: Connie Stuckert, First Vice President; Doug Curley, Treasurer; Larry Pethick, Assistant Treasurer.

2018 Officers *and*



Peter E. Bort, JD
First Vice Chairman

Bort Law
1260 Valley Forge Road, Suite 104
Phoenixville, PA 19460



Theodore Bredikin

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Reid Smith, CFA

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BPG Group
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Chairman Emeriti ♦ Patricia P. McCarter ♦ Charles L. Ladner ♦ Patrick J. Burke
Trustees Emeriti ♦ Sara Spedden Senior ♦ Henderson Supplee, III

Board of Trustees



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Erin L. Haas
Second Vice Chairman

Airgas, an Air Liquide Company
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Radnor, PA 19087



Dr. David R. Jones, DO

Dunwoody Village
3500 West Chester Pike
Newtown Square, PA 19073



Charles Ladner
2018 President, Residents' Association

Dunwoody Village
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Sherry L. Smyth
President / CEO

Dunwoody Village
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Stephanie Strid-Davis

Hamilton Lane
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Bala Cynwyd, PA 19004



Stephen S. Young

Genesis Healthcare, Inc.
101 E. State Street
Kennett Square, PA 19348

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.

Services *for*

You don't have to live at Dunwoody Village to take advantage of our 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 41-private-room program includes occupational, physical, speech, and respiratory therapy as well as nutrition management, recreation, and Skilled Nursing care. For more information on Short-Term Rehabilitation Services, contact us at (610) 723-4700.

Skilled Nursing, Personal Care, and 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) 723-4700.

Dunwoody at Home

Dunwoody at Home is a proud subsidiary of Dunwoody Village. We provide individualized care that allows you to safely enjoy the comfort of home in whichever place you call home. Dunwoody at Home offers a variety of services that allows you to manage all of your in-home health needs. Our services range from skilled home health care such as nursing and therapy, to private duty services such as personal care, medication reminders, and light housekeeping/shopping. Due to our close affiliation with Dunwoody Village, you have the peace of mind knowing your care is



Non-Residents



being provided by experienced and compassionate professionals who are passionate about your wellbeing. We strive to provide the highest standard of care, exceeding your expectations and allowing you to remain independent and enjoy life to the fullest. Our goal is to get to know everything we can about you, your health and your needs so that we can provide personalized care that fits your lifestyle. For more information on Dunwoody at Home, call (610) 359-4503 or visit our website at www.dunwoody.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 At Home, 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 \$650.00 in advance each month. In the event of a Co-Participant, a second person fee of \$220.00 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, 2019, the daily rates start at \$340 for Personal Care and \$420 for Skilled Nursing care, both subject to future increases.)

AUDITED CONSOLIDATED

Financial Statements

YEARS ENDED DECEMBER 31, 2018 AND 2017
WITH REPORT OF INDEPENDENT AUDITORS

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2018 DISCLOSURE STATEMENT AND ANNUAL REPORT

Dunwoody Village is a not-for-profit Continuing Care Retirement Community consisting of 163 apartments, 65 country houses, and 40 Penrose carriage homes. These are all 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 for apartments and country houses, 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, an arts and crafts studio, a hair salon, weekly housekeeping and linen service, transportation, door-to-door mail delivery, and an all-campus generator.



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dunwoody Village
Newtown Square, Pennsylvania

We have audited the accompanying consolidated financial statements of Dunwoody Village, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, 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 consolidated 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.

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, 2018 and 2017, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, Dunwoody Village adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The new accounting standard changes the presentation of various classifications and disclosures within the consolidated financial statements. Our opinion is not modified with respect to that matter.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
April 10, 2019

Consolidated Balance Sheets

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,176,425	\$ 1,598,866
Accounts Receivable, Net	1,335,881	1,229,705
Accounts Receivable - Entrance Fees	1,300	1,300
Prepaid Expenses and Other Current Assets	593,631	506,851
Total Current Assets	4,107,237	3,336,722
ASSETS LIMITED AS TO USE		
Internally Designated by Board of Trustees	24,047,688	29,084,029
Statutory Minimum Liquid Reserve	3,280,392	3,223,346
Externally Designated by Donors	1,102,671	1,100,907
Total Assets Limited as to Use	28,430,751	33,408,282
PROPERTY AND EQUIPMENT, NET	74,244,300	69,383,579
OTHER ASSETS	—	82,029
Total Assets	<u>\$ 106,782,288</u>	<u>\$ 106,210,612</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 750,751	\$ 720,394
Accounts Payable and Accrued Expenses	3,697,532	3,476,129
Refundable Deposits from Prospective Residents	1,087,925	444,650
Total Current Liabilities	5,536,208	4,641,173
INTEREST RATE SWAP AGREEMENT	779,596	1,109,607
LONG-TERM DEBT, NET	30,664,877	31,400,889
REFUNDABLE ADVANCE FEES	8,399,300	8,163,800
DEFERRED REVENUE FROM ADVANCE FEES	42,822,788	42,260,964
Total Liabilities	88,202,769	87,576,433
NET ASSETS		
Without Donor Restrictions	14,445,553	14,462,561
With Donor Restrictions	4,133,966	4,171,618
Total Net Assets	18,579,519	18,634,179
Total Liabilities and Net Assets	<u>\$ 106,782,288</u>	<u>\$ 106,210,612</u>

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Operations and Changes in Net Assets

DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUE, GAINS, AND OTHER SUPPORT		
Resident Care Fees	\$ 20,085,077	\$ 19,274,985
Medical Care Fees	9,278,301	9,154,303
Amortization of Deferred Entry Fees	5,463,209	5,907,933
Resident Services Fees	2,289,527	1,482,088
Investment Income (Loss)	(1,388,693)	3,151,116
Other	186,089	195,322
Net Assets Released From Restrictions	47,572	54,161
Total Revenue, Gains, and Other Support	35,961,082	39,219,908
EXPENSES		
Medical and Personal Care	13,199,889	13,083,835
Resident Services	977,783	953,485
Food Service	4,249,569	4,254,719
General and Administrative	4,840,053	4,984,481
Maintenance	3,091,438	2,918,587
Housekeeping and Laundry	1,822,237	1,868,241
Utilities	1,099,253	1,208,058
Real Estate Taxes	1,089,271	1,010,116
Depreciation	4,740,863	4,465,506
Interest	1,197,745	1,104,400
Total Expenses	36,308,101	35,851,428
OPERATING INCOME (LOSS) BEFORE CHANGE IN VALUE OF INTEREST RATE SWAP AND LOSS ON CAPTIVE INSURANCE	(347,019)	3,368,480
CHANGE IN VALUE OF INTEREST RATE SWAP	330,011	297,330
LOSS ON CAPTIVE INSURANCE	—	(81,111)
OPERATING INCOME (LOSS) AND INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(17,008)	3,584,699
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	9,920	36,395
Net Assets Released from Restrictions – Used for Operations	(47,572)	(54,161)
Total Decrease in Net Assets with Donor Restrictions	(37,652)	(17,766)
INCREASE (DECREASE) IN NET ASSETS	(54,660)	3,566,933
Net Assets - Beginning of Year	18,634,179	15,067,246
NET ASSETS - END OF YEAR	\$ 18,579,519	\$ 18,634,179

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (54,660)	\$ 3,566,933
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Change in Value of Interest Rate Swap	(330,011)	(297,330)
Restricted Contributions	(9,920)	(36,395)
Loss on Captive Insurance	–	81,111
Depreciation	4,740,863	4,465,506
Amortization of Deferred Financing Costs	14,740	14,740
Net Realized and Unrealized (Gain) Loss on Investments	1,959,015	(2,637,410)
Amortization of Deferred Entry Fees	(5,463,209)	(5,907,933)
Proceeds from Resident Deferred Entry Fees and		
Advance Deposits - Pre-Existing Units	8,791,000	14,530,895
Proceeds from Resident Deferred Entry Fees and		
Advance Deposits - Penrose Carriage Homes	–	9,189,000
Proceeds from Resident for Apartment Refurbishment	180,568	1,266,389
Refunds of Deposits and Refundable Fees	(2,067,760)	(11,175,545)
Increase in Assets:		
Accounts Receivable and Accounts Receivable -		
Entrance Fees	(106,176)	(78,682)
Prepaid Expenses and Other Current Assets	(4,751)	(146,797)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	221,403	(235,402)
Net Cash Provided by Operating Activities	7,871,102	12,599,080
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,250,785)	(6,976,821)
Sales of Investments	4,269,301	2,385,021
Acquisition of Property and Equipment	(9,601,584)	(7,511,125)
Net Cash Used by Investing Activities	(6,583,068)	(12,102,925)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(720,395)	(691,280)
Proceeds from Long-Term Debt	–	232,379
Restricted Contributions	9,920	36,395
Net Cash Used by Financing Activities	(710,475)	(422,506)
NET INCREASE IN CASH AND CASH EQUIVALENTS	577,559	73,649
Cash and Cash Equivalents - Beginning of Year	1,598,866	1,525,217
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,176,425	\$ 1,598,866
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 1,178,426	\$ 1,090,283

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation**

The consolidated financial statements include the consolidated accounts of Dunwoody Village (Dunwoody), Dunwoody Allied Services, the Dunwoody Trust (the Trust), and Dunwoody Long Term Care Services.

Dunwoody is a Pennsylvania nonprofit 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 includes 268 independent living units, 81 skilled nursing beds, and 81 personal care beds, which includes a 20-bed memory care unit.

Dunwoody Allied Services is a separate Pennsylvania nonprofit corporation that primarily provides private-duty companion and home health services to Dunwoody residents and the greater community.

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 Allied Services, the Trust, and Dunwoody Long Term Care Services. All significant intercompany transactions have been eliminated in consolidation.

Mission Statement

The mission of Dunwoody is to provide a welcoming and compassionate community with distinctive residential and healthcare services that promote wellness, dignity, and respect for our residents and home-based clients.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated 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, 2018 and 2017, Dunwoody provided charity care of \$627,044 and \$577,375, respectively. These amounts represent the costs associated with providing this care. This charity care was funded by transfers from net assets with donor restrictions, contributions, and investment income and operations.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

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 Corporation (FDIC) 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 more than 30 days past due 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, 2018 and 2017 was approximately \$172,300 and \$324,400, 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 and donor-restricted assets under will.

Investments in mutual funds, complementary strategies, and real assets 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 consist primarily of mutual funds, complementary strategies, and real assets 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.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

Dunwoody capitalizes all expenditures for property and equipment with costs over \$2,000 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, 2018 and 2017.

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 represent bond issuance costs and are recorded as a direct deduction from the face amount of related borrowings. Deferred financing costs incurred in connection with the issuance of long-term debt are deferred and amortized using the straight-line method, a method which approximates the effective interest rate method, over the term of the related indebtedness. Amortization expense for both years ended December 31, 2018 and 2017 was \$14,740 and is included as a component of interest expense on the consolidated statements of operations and changes in net assets.

Deferred Revenue from Advance Fees

Advance fees are initially refundable upon receipt, but become nonrefundable at the rate of 2% per month until becoming fully nonrefundable after 50 months. There are also advance fees that are either 50% or 100% refundable depending on the type of agreement signed by the resident. At December 31, 2018 and 2017, the portion of advance fees subject to refund provisions amounted to \$26,898,600 and \$30,015,094, respectively. Advance 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.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 to be recorded. As of December 31, 2018 and 2017, 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.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions (subject to donor or time restrictions with certain assets maintaining a principal amount in perpetuity).

Net assets with donor restrictions are net assets whose use has been limited by donors to a specific purpose. These amounts are principally restricted to Resident Benevolence, Memorial Garden, and other specified purpose. Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations and changes in net assets as net assets released from restrictions. Certain net assets with donor restrictions have been restricted by donors to be maintained by Dunwoody in perpetuity.

Income Taxes

Dunwoody, Dunwoody Allied Services, 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 Dunwoody's consolidated financial statements.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Fair Value Measurements**

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. 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.

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.

The fair values of financial instruments are summarized further in Note 3.

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, the loss on the captive insurance, and other losses. There are no other changes in net assets without donor restrictions that are excluded from the operating indicator.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**New Accounting Pronouncements – ASU 2016-14**

During the year ended December 31, 2018, Dunwoody adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions). Additional disclosures were added regarding liquidity and availability of resources, and disclosures related to net assets with donor restrictions and the functional allocation of expenses were expanded. The changes resulting from the adoption of ASU 2016-14 were applied retrospectively to ensure comparability with the prior year presented. The adoption of this accounting standard did not have an impact on Dunwoody's financial position or changes in its net assets.

Future Change in Accounting Policies**Revenue from Contracts with Customers**

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for Dunwoody for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of the amended revenue recognition guidance on Dunwoody's consolidated financial statements.

Reclassification

Certain items in the 2017 consolidated financial statements have been reclassified to conform with the 2018 consolidated financial statement presentation.

Subsequent Events

In preparing these consolidated financial statements, Dunwoody has evaluated events and transactions for potential recognition or disclosure through April 10, 2019, the date the consolidated financial statements were issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in these consolidated financial statements.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	<u>2018</u>
Financial Assets as of Year-End:	
Cash and Cash Equivalents	\$ 2,176,425
Accounts Receivable, Net	1,335,881
Accounts Receivable - Entrance Fees	1,300
Assets Limited as to Use	
Investments, Internally Designated	24,047,688
Statutory Minimum Liquid Reserve	3,280,392
Investments, Externally Designated	<u>1,102,671</u>
Total Financial Assets	31,944,357
Less Amounts not Available to be Used Within One Year:	
Investments, Internally Designated	24,047,688
Investments, Externally Designated	<u>1,102,671</u>
Total Financial Assets not Available to be Used Within One Year	<u>25,150,359</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 6,793,998</u></u>

Dunwoody has assets limited to use for donor-restricted purposes, which are more fully described in Note 3. Additionally, certain other board-designated assets are designated for future use. These assets limited to use, which are more fully described in Note 3, are not available for general expenditure within the next year; however, these amounts could be made available, if necessary.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 3 ASSETS LIMITED AS TO USE

The functional composition of assets limited as to use internally designated by the board and externally designated by donors at December 31 is set forth below:

	2018	2017
Internally Designated by the Board of Trustees:		
Board-Designated Funds	\$ 10,919,595	\$ 11,811,333
Residents' Reserve Fund	3,466,696	3,964,658
Trust under Will	1,307,192	1,594,018
Dunwoody Allied Services Board-Designated Fund	1,221,625	1,296,974
Entrance Fees Escrow	6,816,289	10,063,859
Other Dunwoody Funds	316,291	353,187
Total	24,047,688	29,084,029
 Statutory Minimum Liquid Reserve	 3,280,392	 3,223,346
Externally Designated by Donors:		
Trust Under Will and Bequest	1,102,671	1,100,907
Total	\$ 28,430,751	\$ 33,408,282

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 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 without donor restrictions and available for use as designated by the board of trustees.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 3 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 2019 debt service requirements. The statutory minimum liquid reserve requirement as of December 31, 2018 and 2017 is \$3,280,392 and \$3,223,346, respectively, and is 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 is as follows:

	2018	2017
Projected Annual Interest Expense	\$ 1,330,571	\$ 1,359,928
Principal Payments Due on Long-Term Debt	750,751	720,394
Liquid Reserve Requirement	<u>\$ 2,081,322</u>	<u>\$ 2,080,322</u>
Projected Annual Operating Expenses	\$ 32,803,917	\$ 32,233,459
Minimum Rate	10%	10%
Liquid Reserve Requirement	<u>\$ 3,280,392</u>	<u>\$ 3,223,346</u>
Statutory Minimum Liquid Reserve	<u>\$ 3,280,392</u>	<u>\$ 3,223,346</u>

Management believes that Dunwoody is in compliance with all other requirements of the Act as of December 31, 2018 and 2017.

The composition of assets limited as to use at December 31 is set forth in the following table. Investments are stated at fair value.

	2018	2017
Assets Limited as to Use		
Cash and Cash Equivalents	\$ 6,926,354	\$ 10,242,268
Mutual Funds - Fixed Income	6,909,643	7,764,658
Mutual Funds - Domestic Equity	9,125,909	9,546,515
Mutual Funds - International Equity	5,468,845	5,854,841
Total Assets Limited as to Use	<u>\$ 28,430,751</u>	<u>\$ 33,408,282</u>

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 3 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:

	2018	2017
Investment Income:		
Dividends and Interest Income	\$ 570,322	\$ 513,706
Realized Gains on Sales of Securities	42,018	450,268
Net Unrealized Gains (Losses) on Investments	(2,001,033)	2,187,142
Total Investment Income (Loss)	<u>\$ (1,388,693)</u>	<u>\$ 3,151,116</u>

Financial assets and liabilities carried at fair value as of December 31, 2018 and 2017 are classified in the table below in one of the three categories described in Note 1:

December 31, 2018	Total Fair Value	Level 1	Level 2	Level 3
Assets:				
Cash and Cash Equivalents	\$ 9,102,779	\$ 9,102,779	\$ –	\$ –
Mutual Funds:				
Fixed Income	6,909,643	6,909,643	–	–
Domestic Equity	9,125,909	9,125,909	–	–
International Equity	5,468,845	5,468,845	–	–
Total Assets	<u>\$ 30,607,176</u>	<u>\$ 30,607,176</u>	<u>\$ –</u>	<u>\$ –</u>
Liabilities:				
Interest Rate Swap	<u>\$ 779,596</u>	<u>\$ –</u>	<u>\$ 779,596</u>	<u>\$ –</u>
December 31, 2017	Total Fair Value	Level 1	Level 2	Level 3
Assets:				
Cash and Cash Equivalents	\$ 11,841,134	\$ 11,841,134	\$ –	\$ –
Mutual Funds:				
Fixed Income	7,764,658	7,764,658	–	–
Domestic Equity	9,546,515	9,546,515	–	–
International Equity	5,854,841	5,854,841	–	–
Total Assets	<u>\$ 35,007,148</u>	<u>\$ 35,007,148</u>	<u>\$ –</u>	<u>\$ –</u>
Liabilities:				
Interest Rate Swap	<u>\$ 1,109,607</u>	<u>\$ –</u>	<u>\$ 1,109,607</u>	<u>\$ –</u>

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

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 4 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	<u>2018</u>	<u>2017</u>
Property and equipment:		
Land Improvements	\$ 1,623,584	\$ 1,574,172
Buildings and Improvements	113,581,216	110,485,079
Furniture and Equipment	5,653,012	5,040,450
Vehicles	496,944	402,755
Construction in Progress	6,050,818	301,534
Total	127,405,574	117,803,990
Less: Accumulated Depreciation	(53,161,274)	(48,420,411)
Total Property and Equipment, Net	<u>\$ 74,244,300</u>	<u>\$ 69,383,579</u>

Dunwoody's Strategic and Master Plan includes a hallway renovation and beautification project. Related costs of \$5,600,000 are in construction in progress as of December 31, 2018. Dunwoody expects to spend an additional \$1,000,000 to finalize this project in 2019.

Depreciation expense for the years ended December 31, 2018 and 2017 was \$4,740,863 and \$4,465,506, respectively.

NOTE 5 LONG-TERM DEBT

Long-term debt consists of:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Delaware County Authority Revenue Bonds, Series 2013 Bonds, principal payments due monthly through 2043 at variable interest rates	\$ 31,784,139	\$ 32,504,534
Total	31,784,139	32,504,534
Less: Unamortized Debt Issuance Costs	368,511	383,251
Less: Current Portion	750,751	720,394
Total Long-Term Debt	<u>\$ 30,664,877</u>	<u>\$ 31,400,889</u>

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 5 LONG-TERM DEBT (CONTINUED)

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 drawdown loan, to be used 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% (3.26% and 2.57% at December 31, 2018 and 2017, respectively). Of the remaining \$12,834,843 from the proceeds at closing, an additional \$- and \$232,379 was drawn down during the years ended December 31, 2018 and 2017, respectively. Since the inception of the agreement, \$12,338,222 has been drawn down. The remaining \$496,621 was used to pay off the debt.

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

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ 750,751
2020	778,725
2021	815,251
2022	849,661
2023	885,542
Thereafter	<u>27,704,209</u>
Total	<u>\$ 31,784,139</u>

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, 2018.

The bonds are secured by real property, operating, nonoperating revenues, receipts, income, and other funds.

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 6 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 is \$13,875,000 and it matures on April 1, 2024. At December 31, 2018 and 2017, the fair value of this interest rate swap agreement represented a liability in the accompanying consolidated balance sheets of \$779,596 and \$1,109,607, 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.

NOTE 7 RETIREMENT PLAN BENEFITS

Dunwoody sponsored a defined contribution plan under Section 403(b) of the Internal Revenue Code, in which all employees, as defined, are eligible to participate. Participants may make voluntary contributions subject to plan limitations. Dunwoody provides all eligible employees a 50% match of employee contributions up to a maximum of 6% of annual compensation subject to plan limitations and also an annual discretionary contribution subject to plan limitations. The plan also offers auto enrollment for all new employees at the time of hire, with investment into a Target fund closest to their estimated retirement age.

For both of the years ended December 31, 2018 and 2017, the annual discretionary contribution was 2.5%. Total retirement plan benefit expense for the years ended December 31, 2018 and 2017 was \$575,086 and \$491,107, respectively.

NOTE 8 CONCENTRATION OF CREDIT RISK

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

	2018	2017
Medicare	50%	37%
Residents and Other	50%	63%
Total	100%	100%

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets Subject to Donor or Time Restrictions

Net assets with donor restrictions (subject to donor or time restrictions that are of a temporary nature) as of December 31 are as follows:

	2018	2017
Resident Benevolence	\$ 2,707,994	\$ 2,754,459
Memorial Garden and Other	323,301	316,252
Total	<u>\$ 3,031,295</u>	<u>\$ 3,070,711</u>

Net Assets Restricted in Perpetuity

Net assets with donor restrictions held in perpetuity as of December 31 are restricted to the following:

	2018	2017
Trust Under Will and Bequest	<u>\$ 1,102,671</u>	<u>\$ 1,100,907</u>

NOTE 10 FUNCTIONAL EXPENSES

Dunwoody Village provides skilled nursing, personal care, and independent living services 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 Allied Services provides home care services for the residents of Dunwoody Village and the greater community. The Trust provides funding for a portion of Dunwoody's charitable rates to community residents in financial need. All natural classes of expenses that are not directly related to the entities' programs are allocated to one or more management and supporting functions on a basis of square-foot or meal counts. Expenses related to providing these services for the years ended December 31 are as follows:

			2018	2017
	Care and Service to Community Members	Management and General	Total Expenses	Total Expenses
Salaries	\$ 13,107,676	\$ 2,558,785	\$ 15,666,461	\$ 15,264,005
Payroll Taxes and Fringe Benefits	2,497,933	1,283,130	3,781,063	4,169,525
Contract Labor	1,720,965	49,066	1,770,031	1,688,464
Professional Fees	86,100	253,052	339,152	266,307
Occupancy	2,100,964	163,778	2,264,742	2,217,077
Dues and Subscriptions	4,382	34,336	38,718	41,299
Education	44,783	33,012	77,795	87,620
Medical Supplies	1,163,652	-	1,163,652	1,116,171
Office Supplies	48,670	20,121	68,791	87,732
Printing and Advertising	31,265	372,784	404,049	557,996
Equipment Lease and Maintenance	995,733	131,342	1,127,075	1,008,030
Postage	555	14,019	14,574	13,685
Telephone and IT Services	125,066	89,456	214,522	319,162
Insurance	43,688	238,880	282,568	336,035
Interest and Banking Fees	1,186,924	39,666	1,226,590	1,130,655
Utilities	1,038,147	-	1,038,147	1,156,814
Property Taxes	1,089,271	-	1,089,271	1,010,116
Depreciation and Amortization	4,755,603	-	4,755,603	4,480,246
Miscellaneous	348,790	636,507	985,297	900,489
Total Expenses	<u>\$ 30,390,167</u>	<u>\$ 5,917,934</u>	<u>\$ 36,308,101</u>	<u>\$ 35,851,428</u>

Notes to Consolidated Financial Statements

DECEMBER 31, 2018 AND 2017

NOTE 11 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 and Self-Insurance Insurance Plans

In August 2013, Dunwoody elected to participate in a captive insurance plan for medical and pharmacy claims and had recorded a subscriber interest of \$163,140 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.

In October 2015, Dunwoody decided not to renew with the captive insurance plan for medical and pharmacy claims. Dunwoody decided to go with a self-insured health care plan. This plan works similar to the captive, in that Dunwoody assumes the risk for paying the health care claim costs up to \$75,000 per participant per year. Claims in excess of \$75,000 would be reimbursed by the stop-loss insurance, which was purchased by Dunwoody at the time of inception. Dunwoody expects to receive the subscriber interest back from the captive insurance after all obligations under the agreement have been met. During the year ended December 31, 2017, a loss of \$81,111 was recorded. At December 31, 2018, all amounts expected to be received from the captive insurance plan were collected.

A liability of approximately \$108,206 and \$183,612 has been recorded for incurred but not reported claims as of December 31, 2018 and 2017, respectively.

2019 Consolidated Operating Budget

	Total Budget <i>(000s omitted)</i>
REVENUE, GAINS, AND OTHER SUPPORT:	
Resident Care Fees	\$ 16,590
Medical Care Fees	15,009
Earned Entrance Fees	5,423
Resident Service Fees	1,664
Interest and Dividends	493
Other Revenue	131
Total Revenue	\$ 39,310
EXPENSES:	
Medical and Personal Care	\$ 13,827
Resident Services	498
Food Services	4,522
General and Administrative	5,553
Maintenance	2,972
Housekeeping and Laundry	1,940
Utilities	1,226
Real Estate Taxes	1,140
Depreciation & Amortization	4,815
Interest	1,331
Total Expenses	\$ 37,824
Operating Income (Loss)	\$ 1,486

Note - All figures are in rounded thousand dollars.

Services Provided by Dunwoody

From and after the Designated Occupancy Date, Dunwoody will provide for the Resident the amenities and services set forth below, for and during the balance of the Resident's life.

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 If you choose to forego a meal at Dunwoody Village on a given day, you are entitled to a coupon called a "meal option." The option may be redeemed within thirty days for another meal including a guest meal. To receive the benefit of this arrangement, you must call the Resident Check-In System each morning between 5am and noon to check in. Options are not provided if advanced notification is not given. There are some limitations on the use of the options. Please consult the Dining Room Manager or refer to the meal option policy which is available in the Lincoln Dining Room.

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 Theurkauf 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 Theurkauf 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 Home 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, bed linens and bath towels.

Should the Resident be unable or unwilling to maintain his or her Residential Home 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 Home 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 Home 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 Recarpeting The Resident may request to have his or her Residential Home repainted or recarpeted 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 Home, the cost of painting and carpeting will be paid by Dunwoody.

D.) Grounds Services

Dunwoody will furnish basic groundskeeping care including lawn service and snow removal as part of the Monthly Fee. If Resident occupies a ground-level Residential Home, then Resident may plant and must maintain areas approved by Dunwoody adjacent to the Residential Home 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, sewer, trash removal, community-wide generator, 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 transportation at no charge to the following locations: Newtown Square Physicians; Bryn Mawr Hospital; Lankenau Medical Center; Paoli Hospital; Riddle Hospital and doctor's offices in the Newtown Square and Bryn Mawr areas; all other transportation will be done on a fee-for-service basis. 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 Services Provided by Dunwoody

Other miscellaneous services provided by Dunwoody: use of a living accommodation; use of community facilities such as lobbies, dining rooms, auditorium, lounges, library, game room, art studio, wood shop, swimming pool and Jacuzzi, social and recreational amenities, and other public facilities; open parking spaces; washers and dryers for personal use; property insurance for Dunwoody's buildings, improvements, equipment, furniture, and liability; Township, County and School taxes; community-wide generator.

I.) Additional Miscellaneous Services not included in the Monthly Fee

Miscellaneous services available but not included in the monthly fee: Beauty and Barbershop services; personal laundry; carports; telephone service, internet and premium channel service.

J.) 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.

Healthcare

A.) Role of Dunwoody's Medical Director

Dunwoody will appoint a Physician 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. Non-Dunwoody physicians will agree to the rules and regulations of Dunwoody Village established by Dunwoody's Medical Director.

C.) Response Call System

Dunwoody provides a Response Call System used to alert staff of medical and non-medical situations and emergencies. Residents have access to devices in their home that, when activated, will alert nursing and security staff of an event. Nursing personnel will respond to urgent matters within a reasonable timeframe as defined by Dunwoody Village. Calling 911 for medical assistance may expedite emergency treatment. ***Dunwoody does not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT).***

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.

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 the Agreement, then the 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 the Residence 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 the Residence Agreement and with the rules and regulations promulgated for the operation of the Care Center.

If one of two Co-Residents occupying a Residential Home 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 Home 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 Home 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 Home transfers to a smaller Residential Home, 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 Home occupied at the time of the permanent transfer. The Co-Resident remaining in the Residential Home may move to a smaller Residential Home, if available, and shall be obligated to pay one-half (1/2) of the Monthly Fee for Double Occupancy for the Residential Home 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 Home transfers to a smaller Residential Home, then no refund of any portion of the Entry Fee shall be paid. After the death of one Co-Resident, the surviving Resident will pay the Single Occupancy rate and the contract remains enforce.

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 Resident may utilize the services of private duty nurses or companions providing personal or health care services in the Residential Home. Such services must be approved in advance and in writing by Dunwoody. Resident is responsible to pay for all such services.

Dunwoody employees, voluntarily or involuntarily separated from Dunwoody Village may not be engaged as private duty nurses or companions without the approval of Dunwoody Village. Dunwoody reserves the right to interview and approve all nurses and companions and are required to abide by Dunwoody policies.

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.

Hospitalization or Special Service Facility Care 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 the Residence 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):

	ENTRANCE FEE		MONTHLY FEE	
	<i>SINGLE</i>	<i>DOUBLE</i>	<i>SINGLE</i>	<i>DOUBLE</i>
2019	\$ 152,000	\$ 167,000	\$ 3,800	\$ 6,170
2018	\$ 152,000	\$ 167,000	\$ 3,475	\$ 5,960
2017	\$ 150,000	\$ 165,000	\$ 3,375	\$ 5,790
2016	\$ 150,000	\$ 165,000	\$ 3,290	\$ 5,640
2015	\$ 150,000	\$ 165,000	\$ 3,180	\$ 5,450

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 portion of the Entrance Fee and Monthly Fee paid to Dunwoody Village may be tax deductible depending on the contract type you select and your personal financial situation. You need to consult your tax preparer to see how this may affect your tax liability.

Notice Of Right To Rescind

Date rescission period begins _____. You may rescind and terminate your Residence 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 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 Agreement.

PROSPECTIVE RESIDENT'S SIGNATURE

PROSPECTIVE RESIDENT'S NAME (PRINT)

DATE