

EDENWALD

A facility of
General German Aged People's Home of Baltimore
800 Southerly Road
Towson, Maryland 21286

DISCLOSURE STATEMENT

October 1, 2024

In compliance with Sections 10-424 and 10-425 of Human Service Article of the Annotated Code of Maryland.

The issuance of a certificate of registration by the Maryland Department of Aging does not constitute approval, recommendation, or endorsement of the facility by the Department, nor is it evidence of, or does it attest to, the accuracy or completeness of the information sent out in the disclosure statement.

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ORGANIZATION SUMMARY

The General German Aged Peoples Home of Baltimore was incorporated in the State of Maryland in 1881 as a non-profit, non-stock organization dedicated to the care of the elderly. In June 1882, the Corporation opened the "Greisenheim," a home for the elderly located in Baltimore City. Prior to 1936, when the facility at 22 South Athol Avenue in West Baltimore was constructed, the "Greisenheim" had been located at two different sites in Baltimore. During the early 1980's plans were developed to build and operate a new facility in Baltimore County. In 1982, the Corporation acquired the site for Edenwald, a continuing care retirement community. Edenwald opened in September 1985 and all Residents from the West Baltimore facility were transferred to the building located at 800 Southerly Road, Towson, Maryland 21286. In May 2008, Edenwald expanded with the opening of the Terraces at 800A Southerly Road.

The General German Aged People's Home of Baltimore is not affiliated with any religious or ethnic organization, although it was originally established to serve the aging German population of Baltimore. Anyone will be considered for residency at Edenwald without regard to race, color, religion, gender, national origin, sexual orientation, handicap, familial status or age (except that admission is limited to those individuals who have attained the age of 62). The Corporation is exempt from federal income tax pursuant to Section 501 (c) (3) of the Internal Revenue Code.

Edenwald is owned and operated by the Corporation, and the Residence and Services Agreement is between the Resident and the Corporation. Edenwald is the only facility operated by the Corporation and is not a separate legal entity. All legal obligations and liabilities arising from the operation of Edenwald are the obligations and liabilities of the General German Aged People's Home of Baltimore. Mark Beggs is the President of the organization, having joined on January 7, 2019.

Mission

*Edenwald creates a caring community inspiring people to thrive
and live lives of significance*

Values

Connection

*Truly connecting and knowing our neighbors
Creating meaningful bonds*

Respect

*Celebrating diversity
Treating people the way we want to be treated
Reinforcing the value we see in all people*

Communication

*Being honest and respectful
Being transparent and keeping people informed
Embracing dialogue and collaboration*

Engagement

*Encouraging people to be active and involved
Sharing our blessings and giving back to the community
Striving to continue to learn and grow
Providing the support that enables people to reach their greatest potential*

Integrity

*Honoring our history and our promise to serve the community
Being good stewards of our resources
Caring for our community and the environment*

Statement of Purposes

Edenwald believes that aging is a normal process of living and need not be a period of mental and physical deterioration.

Edenwald believes that residents and team members are to be accepted as they are and treated with respect and dignity; everyone is deserving of the most courteous and attentive treatment we can provide; and in order to care for all members of our community, we must each possess a true sense of caring and belonging.

Edenwald believes that everyone must be made to feel that the culture of Edenwald is hopeful and supports everyone in living a life of significance.

Edenwald believes that our community was established and planned with residents and team members in mind; that life at Edenwald emphasizes abilities, not disabilities, and that the basic objective of our community is to add life to years, not just years to life.

Edenwald believes that services, programs and careers are to be offered to achieve satisfying, well-rounded opportunities for all members of our community, to meet their social, emotional, physical, and spiritual needs and to drive their sense of purpose.

Edenwald is committed to a philosophy that supports all members of our community equally, but revolves around our need to provide the best possible service to the resident.

DESCRIPTION OF THE FACILITY

Edenwald, a Continuing Care Retirement Community (CCRC), is located on approximately six acres of beautifully landscaped grounds at 800 Southerly Road, near the intersection of Fairmount Avenue and Dulaney Valley Road in Towson, Maryland 21286. Situated within walking distance of Towson Town Center and Goucher College, Residents have access to stores, shops, restaurants, and cultural and educational events. Edenwald Residents have easy access via public and private transportation to downtown Baltimore and Washington, D.C. Many area places of worship and medical facilities are within minutes of the community.

Sixteen distinctive floor plans are available comprising our 255 independent living units. This inventory includes 4 studio units, 65 one-bedroom units, 74 one-bedroom and den units, and 112 two-bedroom units.

Amenities available for Residents include two elegant dining rooms, a barber and beauty shop, a crafts area, a billiard room, a swimming pool, a whirlpool, an exercise room, a woodworking shop, guest rooms, a social lounge, performing arts auditorium, private dining facilities and a library. Also, the lovely Café and Pub are available for informal dining.

The adjoining two-story Health Care Center provides both Assisted Living and Comprehensive Care. All units are staffed with licensed nursing staff. Hoerichs Hall provides 30 Dementia Care Assisted Living suites. Stroh Hall has 49 private Comprehensive Care rooms, 21 of which are available for double occupancy in the event of an emergency. Additionally, the Terraces Southerly Place unit provides 32 2-room apartments for Assisted Living Care.

Edenwald has entered into an agreement with Goucher College (signed October 24, 2023) to evaluate the possibility of expanding the existing Edenwald campus to 3.001 acres of adjacent land under a long-term (99-year) lease. This arrangement would make Edenwald the first University Based Retirement Community in the state of Maryland. Under this agreement Edenwald would build an additional 127 Independent Living units, and an additional 25,000 square feet of amenity space and approximately 129 units of covered parking. The agreement provides Edenwald with ownership of the land at the end of the lease (with opportunities to purchase during the life of the lease under certain circumstances). Due diligence on this potential expansion concludes on July 27, 2024. At that time the organization will decide whether to proceed with the expansion or not.

SERVICES

The continuing care agreement between a Resident and the General German Aged People's Home of Baltimore provides lifetime care for the Residents. Edenwald offers both a Type A Life Care contract and a Type C Fee for Service contract. Residents across all levels of care receive the following services as provided by the contract and included with the monthly service fee: 24-hour security, maintenance of building and grounds, all utilities except telephone service, basic cable service, a daily meal allowance with options for additional meals at the expense of the Resident, weekly flat laundry service, scheduled transportation, storage and parking areas, bi-weekly housekeeping, and necessary repairs and maintenance to the living quarters. Residents across all levels of care are responsible for providing their own locks for their assigned storage locker. All Residents' living quarters are secure and have emergency call systems with direct access to either the security desk in Independent Living or a nursing station in the higher levels of care. The organization provides assisted living and comprehensive care on-site within the licensed Assisted Living Units and the licensed health care center of the facility for Residents. For a Type A contract, when a Resident is temporarily transferred to assisted living or comprehensive care, there are no additional fees other than meal charges for the additional meals provided in healthcare, and charges for personal hygiene/minor medical supplies and a charge for telephone service. When a Type A contract permanently transfers to assisted living or comprehensive care the Resident will pay an equalized rate which is the monthly service fee for the Chancellor two-bedroom apartment. For a Type C contract, any transfer to a higher level of care results in fee for service charges identified for that particular level of care as well as any additional ancillary charges. The additional two meals per day supplied in higher levels of care are included within the daily rate for Type C contracts.

Residents are responsible for personal items, any physicians' services, physical therapy, occupational therapy, speech therapy, or other health professional; hospital, paramedic and ambulance charges; laboratory fees, dental and eye care charges; special private duty nurses; charges for medicines, drugs, vitamins, food supplements, dental appliances, glasses, contact lenses, hearing aids, orthopedic devices and other health related items. Residents are also responsible for funeral and burial costs. It is the responsibility of the Resident to maintain insurance to cover medical expenses not covered by the contract with Edenwald. If a Resident has a long-term care insurance policy, the Resident should request their advisors to review the policy and the Residence and Services Agreement to determine whether there are potential areas of duplication or areas where benefits can be coordinated.

Edenwald is Medicare certified as of August 2022 and cares for contract residents more completely on-site utilizing their Medicare benefits. Based on availability, Edenwald may also serve a small number of non-contract residents for short-term Medicare stays only.

Each Resident receives a handbook for either the independent living apartments or the healthcare center (assisted living and comprehensive care). The handbook includes a list of key employees, policies and procedures. Residents transferred to the healthcare center also receive a copy of COMAR 10.07.09, "Resident's Bill of Rights," which includes the following topics:

- I. Privacy & Respect
- II. Medical Care & Treatment
- III. Freedom from Abuse & Restraint
- IV. Freedom of Association & Communication in Privacy
- V. Activities
- VI. Work
- VII. Personal Possessions
- VIII. Grievances & Complaints
- IX. Financial Affairs
- X. Admission, Transfer & Discharge Rights

ASSISTED LIVING PROGRAM

The Corporation's Assisted Living program, also located at 800 Southerly Road, Towson MD 21286, is comprised of two distinct areas. A regularly licensed Assisted Living (Southerly Place) and a Memory Care Assisted Living (Hoerichs Hall). Each is licensed to provide up to three levels of care: low (Level 1), moderate (Level 2) and high (Level 3). When a Resident is transferred from independent living to assisted living, whatever level of care needed is provided. Assisted living is available on site and includes the following services: an unfurnished private apartment, housekeeping and laundry services, three well balanced meals, assistance with the activities of daily living including; eating, personal hygiene, mobility, toileting and dressing, assistance with access to health care and social services (the actual costs of such services will be the Resident's responsibility), access to recreational and social activities including access to spiritual and religious activities consistent with

your background and preferences, assessment and periodic reassessment of the Resident's ability to self-administer medications, and assistance with and/or administration of medications based on the Resident's needs. The Memory Care Assisted Living is a secured unit with structured programming throughout the day whose staff members have received specialized training in Person Centered Care through Broadmead's Center of Excellence in Dementia Care. It is designated as a Special Memory Care Unit by the state of Maryland. The following services are provided and are the obligation of the resident or resident's agent with a separate charge that may change from time to time with proper notice: catheter care, colostomy care, wound care, incontinent care. Upon request or need, Edenwald will ascertain and coordinate attainment of Durable Medical Equipment available at an additional cost for rent or purchase by the resident and/or their representative. The following services are not provided: hand/tube feeding, IV therapy and suctioning. Physical impairments are identified quickly and addressed appropriately. The attending physician will order an evaluation by the appropriate rehabilitation specialist. Within the framework of the "Resident's Bill of Rights," the Resident is encouraged to participate in the service plan process. Edenwald is responsible for overseeing and monitoring the medical care and health status of our Residents. Whenever possible, Residents are encouraged to conduct their own business. In order to remain autonomous and retain individuality, Residents are encouraged to bring their own furniture, clothing and room accessories to their new home. Every effort is made to provide appropriate support so Residents may continue to be independent. Although assisted living Residents may require special attention, their privacy is respected, each assisted living Resident has individual keys to their apartment. Staff members must receive permission before entering an apartment in order to monitor Residents' health and to perform other services needed. All staff members are required to attend in-service programs annually addressing a variety of topics including Residents' rights and meeting the psychosocial needs of the aging population. There has been no material changes in the assisted living program over the last year.

INTERNAL GRIEVANCE PROCEDURE

Edenwald has established an internal grievance procedure to address Resident grievances. A Resident or a group of Residents collectively may submit a grievance in writing to Mark Beggs, President. Edenwald will send a written acknowledgement to the Resident or group of Residents within five days after

receipt of the written grievance. Edenwald will assign personnel to investigate the grievance. A Resident or group of Residents who file a written grievance are entitled to a meeting with the management of Edenwald within thirty days after receipt of written grievance in order to present the grievance. Edenwald will provide a response in writing within forty-five days after receipt of the written grievance as to the investigation and resolution of the grievance.

Within 30 days after Edenwald provides its response to the grievance, a Resident, group of Residents or Edenwald may seek mediation through one of the community mediation centers in the State or another mediation provider. If a Resident, group of Residents or Edenwald seeks mediation under the preceding sentence, the mediation shall be nonbinding.

COMPREHENSIVE CARE

Edenwald is licensed for 70 Comprehensive Care beds but operates with 49 in service, in order to provide private accommodations to our Residents. Edenwald has the ability to put additional beds into service to accommodate patients in semi-private rooms. Whenever a Resident requires medical or nursing care under the supervision of a registered nurse, the Resident may transfer to the Comprehensive Care Unit where the Resident will be provided with general nursing care and nursing treatments such as the administration of medication, preventive skin care and assistance with personal care such as bathing, toileting, feeding, dressing and mobility. Personal and medical supplies are charged separately to cover needed items. Also provided are housekeeping, laundry services, recreational and social programs, and three well balanced meals (note: there is an additional fee under Type A agreements only for the two added meals). While in the Comprehensive Care Unit, the Resident's plan of care is tailored to the Resident's needs and preferences.

HEALTH CARE CENTER

Grievances and complaints may be communicated to the people in charge of Edenwald. If the Resident does not receive a satisfactory resolution, he/she is informed that the Office of Healthcare Quality or Ombudsman may be notified by phone or in writing. Continuing care Residents also have the option of utilizing the Internal Grievance Procedure which is set forth later in this document.

The recreation therapy program at Edenwald provides activities designed to maximize the engagement of the Residents. This goal is achievable by maximizing a Residents' functioning level, encouraging independence, fostering purpose and creativity and providing appropriate activities on a one-to-one or group basis.

Our Dementia Care Assisted Living unit is staffed with dedicated professionals who have all been trained in the "Alzheimer's and Dementia Care" course sponsored by the National Council of Dementia Practitioners. Edenwald offers a resident-centered program designed to meet the specific needs of those with various levels of dementia. It provides daily structure seven days per week to help maintain the Resident's abilities and encourage the use of their remaining skills.

Edenwald leases space to a rehabilitation company to provide on-site physical, speech and occupational therapies. Within Edenwald, Residents enjoy the convenience of a Geriatric Primary Care Practice established in collaboration with Gilchrist/GBMC. Also available are dentistry, dermatology, podiatry, audiology, psychiatry, laboratory services, radiology and cardiology services. Our staff includes Licensed Nurses, a Certified Medication Aides, Certified Geriatric Nursing Assistants, Nursing Administration, Licensed Clinical Social Workers, and a Certified Recreation Therapy Specialist who work together to meet the needs of the Residents. The licensed Administrator for the Health Care Center, reviews the appropriate credentialing for the health center staff on an annual basis.

PARKING

Edenwald has 156 garage parking spaces that are rented to Residents on a monthly basis and also offers outside unreserved surface parking at no additional cost.

GOVERNANCE AND ADMINISTRATION

Edenwald is owned and operated by the General German Aged People's Home of Baltimore and is governed by the Board of Directors of the Corporation. Board members are selected for the expertise they will bring to the community, in addition to their desire to **provide** quality care to the elderly. The Board of Directors is empowered by the Corporation's charter, **constitution** and by-laws to govern the Corporation and Edenwald. The Board of Directors is to consist of no fewer than nine and no more than twenty-one directors elected to three-year terms at the Annual Meeting of the Corporation. The Board of Directors meets monthly, with the exception of February and August, while various committees of the Board meet regularly and report to the full Board at their scheduled meetings. Policy recommendations and Board level decisions are channeled through these committees which are comprised of Board members, senior staff and Residents. As **required** by Human Services Article 10-425 of the Annotated Code of Maryland, the General German Aged Peoples Home of Baltimore has a **Resident** as a voting board member. The Resident board member is recommended by the Executive Committee of the Residents' Association and/or by nomination of an individual member of the community. That member is then appointed to the Board of Directors.

The **Resident** Board Member attends Board and assigned Committee meetings, gives a report and shares information, on whatever area they desire. The Board is invited to and may attend Resident functions where open communication is **encouraged**.

The Residents' Association functions as the Residents' **governing** body. Facility concerns of Residents are brought to the **appropriate** subcommittee of the Residents' Association for action. These concerns are then discussed in depth with the **appropriate** Department Director and President or Vice President. Residents are involved in decisions that affect their daily lives and are encouraged to participate in meetings and serve on the various committees.

The President, Executive Vice-President for Finance and Administration, Vice President of Operations, and Department Directors attend the monthly meeting of the Residents' Association. Any issues regarding operations are discussed at these meetings. At the monthly meetings of the Residents' Association, the President addresses the entire Resident population with an update on operations and addresses any questions or concerns the Residents have. In addition, the **President** does a monthly Town Hall Meeting (via in-house broadcast and YouTube as needed) doing an in-depth review of community operations to include finances, sales, major projects and other operational initiatives underway. The **President** of the Corporation, Mark Beggs, serves as an Ex officio member of the Board of Directors. The President is responsible for the overall **management** and supervision of the facility under the direction of the Board of Directors with a

management staff that includes the Executive Vice President of Finance and Administration, Vice President of Operations, Vice President of Resident and IHE Services, Vice President of IT and DEIB, and Vice President of Human Resources.

GENERAL GERMAN AGED PEOPLES HOME OF BALTIMORE

BOARD MEMBERS

Vincent P. Nesline, Chairman	C.P.A. - Stoy Malone & Company, PC
Francis B. Palumbo, Treasurer	Professor and Associate Director – University of Maryland
Debra S. Wertheimer, M.D., Vice Chair	Retired - Medical Care Director of Hospice & Palliative Medicine Vice Chair Maryland VA Medical Systems
Scott Ensor, Secretary	Stockbroker, Folger Nolan Fleming Douglas
Rabbi Floyd Herman	Retired - Rabbi (Resident Representative)
Lawrence S. Cook	Retired - Project Manager, Whiting Turner Construction Company
Bruce J. Mattheiss	Retired - President, B. J. Mattheiss Insurance Company
Andy Moore	Managing Principal, LCM Financial
Tracy Jacobs	Director, Osher Lifelong Learning Institute, Towson University
Robert L. Seeger	Retired - R.L. Seeger Printing Company
Cory Silkman	Silkman Law, LLC
Astrid S. Wexler	Retired – Nurse
Andri Purkanto	Owner, BrightStar Care
Michele Ewing	VP of Advancement, Goucher College
Timothy S. Wessel	President, Wessel Financial Services, Inc.
Ardena N. Githara	Senior Program and Management Analyst, DOT/FAA/ATO

Above is a listing of the names and occupations of the members of the Board of Directors and the officers of the Corporation. As a not-for-profit, nonstock corporation, no individual person

owns an equitable or beneficial interest in the Corporation.

None of the above-listed members has a 10% or greater financial interest in any professional service firm, association, trust, partnership, company, or corporation which is anticipated to provide goods, premises, or services to the facility or provider of a value of \$10,000 or more within any fiscal year.

In addition, none of the members of the Board of Directors has been: (i) convicted of a felony or pleaded *nolo contendere* to a felony charge involving fraud, embezzlement, fraudulent conversion, or misappropriation of property; (ii) held liable or enjoined by a final judgment, in a civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation as a fiduciary; (iii) subject to an effective injunctive or restrictive order of a court of record arising out of or relating to business activity or health care, including actions affecting a license to operate any facility or service for aging, impaired or dependent persons, or had any state or federal license or permit suspended or revoked within the past 10 years, as a result of an action brought by a governmental agency arising out of or relating to business activity or health care, including actions affecting a license to operate any facility or service for aging, impaired, or dependent persons.

FINANCIAL INFORMATION

Long-Term Financing

The Maryland Health and Higher Educational Facilities Authority issued \$35,670,000 in First Mortgage Revenue Bonds in January 1984, to finance the construction and furnishing of Edenwald. The proceeds of the bond issue were loaned to the Corporation pursuant to a Loan Agreement between the Corporation and the Authority. In 1986, the Board of Directors authorized a Crossover Refunding of the 1984 Bond Issue. The Maryland Health and Higher Educational Facilities Authority issued \$26,990,000 in Revenue Refunding Bonds in December 1986, with the Crossover to take effect on November 1, 1993. The 1984 and 1986 bond issues were subject to certain conditions and covenants. These were met and the Crossover occurred on November 1, 1993, with the 1984 bonds being defeased on that date. In October 1993, the decision was made to refinance the 1986 bond issue in order to take advantage of lower interest rates. The called bonds from the 1984 and 1986 issues had interest rates ranging from 6.5% to 11.75%. On January 6, 1994, the Corporation obtained a loan funded by the issuance of \$25,740,000 of Revenue Refunding Bonds through the Maryland Health and Higher Educational Facilities Authority to refinance the 1986 bond issue. On June 21, 2006, the Corporation obtained a loan funded by the issuance of \$80,365,000 of Revenue Bonds through the Maryland Health and Higher Educational Facilities Authority to refund the existing 1993 debt, provide funds to renovate and expand the existing campus and provide for Capitalized Interest during the construction and fill-up of the new facility. There were two Series of Bonds issued, Series A (\$55,365,000) which is intended to meet the long-term capital needs of the facility and Series B (\$25,000,000) which is intended to be paid off with the entrance fees received from the new apartments. The Series B bonds have been paid off.

On September 22, 2015, the Corporation did an advance refunding of the Series 2006 bonds.

The Series 2015 bonds were issued in their place. The Series 2015 bonds consist of serial and term bonds totaling \$49,030,000. The remaining obligation related to the bonds is:

Type	Due January 1,	Rate	Amount
Serial Bonds	Through 2030	4.125% - 5.00%	\$12,810,000
Term Bonds	2037	5.25%	\$23,370,000
			<u>\$36,180,000</u>

Reserve Requirements

As of January 1, 2023, The Maryland Department of Aging requires that CCRC's maintain an operating reserve equal to 25% of the most recent fiscal year's net operating expenses, for which a certified financial statement is available, as defined by the law under Human Services Article Section 10-420 and 10-421. At December 31, 2023, the organization met this requirement. The required operating reserve is included in the organization's general investments. The reserve requirements are continually monitored by Edenwald's Executive Vice President of Finance and Administration and annually reviewed by Edenwald's certified public accounting firm. Edenwald's investment policies and reserve requirements are documented in notes 2 and 4 of the audited financial statements included with this document. The required operating reserve is included in the Organization's general investments, with fair values of \$28,206,499 and \$22,456,5766 at December 31, 2023 and 2022, respectively. These investments exceed the reserve of 25% that went into effect January 1, 2023, as set forth in Human Service Article Section 10-420 (b) (ii) of the Annotated Code of Maryland.

Funds for Renewal and Replacement

The Corporation does not segregate funds for the renewal and replacement for buildings and improvements. On an annual basis the Corporation budgets for capital improvements to the residential units and common areas to keep the community well maintained, in statutory compliance and refreshed to stay competitive. In 2023 total capital expenditures amounted to \$2,751,754. The budgeted capital expenditures for 2024 are \$4,087,045.

Entrance Fees

The Corporation offers four (4) types of entrance fee contracts. The first is a 50-Month Declining Balance Type A contract, the refund for this contract decreases by 2% for each partial or full month of occupancy up to 50 months. After 50 months, there is no refund. The second contract type is an 80% refundable Type A contract and it is 80% refundable at time of contract termination and apartment resale. The Type A contract is all-inclusive for health care expenses as defined by the Residence and Care agreement. The third contract the Corporation offers is a 50-month amortizing Type C contract which decreases by 2% for each partial or full month of occupancy up to 50 months. After 50 months, there is no refund. The last contract type offered by the Corporation is a Type C 80% refundable contract and it is 80% refundable at time of contract termination and apartment resale. The Type C contract is fee for service for health care expenses as defined by the Residence and Care Agreement. Refunds, as stated, are paid upon

termination of the residence and care agreement and resale of the Resident's apartment. Carefully read the Residence and Services Agreement for the conditions that must be satisfied before the Corporation is required to pay the entrance fee refund. The portion of the entrance fee to be refunded after the Occupancy Date is not held in trust or escrow for the benefit of the Residents after the Occupancy Date.

Medical Expense Deduction

As determined by the Internal Revenue Service in a letter dated July 11, 1986, all Residents of Edenwald on a Type A contract are allowed a medical expense deduction for service fees and entrance fees paid. Residents of Edenwald on a Type C contract are allowed a medical expense deduction for their service fee at the time they utilize health care services. Guidelines suggested by the Internal Revenue Service in their letter of determination are the basis for the calculation of the medical expense deduction. That portion of the entrance fee and monthly service fee paid by Residents to the facility that is properly allocable to medical care is deductible as a medical expense in the year paid. No medical expense deduction can be claimed unless the Resident qualifies and meets all of the criteria required by the Internal Revenue Service for income tax deductions. Residents of Edenwald on a Type A contract for the full year of 2023 were able to use a medical expense deduction of \$37,350 per person for monthly service fees paid and \$113,861 per person for any one-time entrance fee paid in 2023. The organization's accounting firm calculates the allowable deduction amount annually.

INTERNAL GRIEVANCE PROCEDURE

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Within 30 days after Edenwald provides its response to the grievance, a Resident, group of Residents or Edenwald may seek mediation through one of the community mediation centers in the State or another mediation provider. If a Resident, group of Residents or Edenwald seeks mediation under the preceding sentence, the mediation shall be nonbinding.

AMENDMENTS AND NOTIFICATION

The disclosure statement required by the Maryland Department of Aging shall be amended, if, at any time, in the opinion of the provider, (the General German Aged People's Home of Baltimore), or the Maryland Department of Aging, an amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact as required by Human Services Article §10-425 of the Annotated Code of Maryland to be stated in the disclosure statement or omission of a material fact required to be stated in the disclosure statement. Any amendments shall be furnished to all prospective Residents and current Residents who have requested a disclosure statement for a particular year. All Residents will be given notice of any material changes to the programs for independent living, assisted living and comprehensive care.

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EXHIBIT 1
SCHEDULE OF FEES, HISTORY OF FEES

Exhibit 1 - SCHEDULE OF TYPE A ENTRANCE FEES

	<u>Effective Date</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>4/1/2023</u>	<u>1/1/2024</u>
<u>Esquire</u>	<u>Studio (Tower Bldg)</u>						
Non Refundable		\$ 93,600	\$ 93,600	\$ 93,600	\$ 93,600	N/A	N/A
50 Month Amortizing		200,000	200,000	200,000	200,000	126,000	N/A
90% Refundable (*)		250,000	250,000	250,000	250,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	208,000	N/A
<u>Bristol</u>	<u>Studio (Tower Bldg)</u>						
Non Refundable		\$ 106,650	\$ 106,650	\$ 106,650	\$ 106,650	N/A	N/A
50 Month Amortizing		215,000	215,000	215,000	215,000	143,000	N/A
90% Refundable (*)		290,000	290,000	319,000	319,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	236,000	N/A
<u>Canterbury</u>	<u>One Bedroom (Tower Bldg)</u>						
Non Refundable		\$ 139,050	\$ 139,050	\$ 175,000	\$ 175,000	N/A	N/A
50 Month Amortizing		225,000	225,000	225,000	225,000	200,000	207,000
90% Refundable (*)		350,000	350,000	368,000	368,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	330,000	341,500
<u>Windsor</u>	<u>One Bedroom w/ Den (Tower Bldg)</u>						
Non Refundable		\$ 206,100	\$ 206,100	\$ 250,000	\$ 250,000	N/A	N/A
50 Month Amortizing		280,000	280,000	295,000	235,000	273,000	282,500
90% Refundable (*)		458,000	458,000	504,000	504,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	450,000	465,500
<u>Richmond</u>	<u>One Bedroom Deluxe w/Den (Tower Bldg)</u>						
Non Refundable		\$ 304,650	\$ 304,650	\$ 370,000	\$ 370,000	N/A	N/A
50 Month Amortizing		425,000	425,000	450,000	450,000	410,000	424,500
90% Refundable (*)		700,000	700,000	770,000	770,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	718,000	743,000
<u>Richmond II</u>	<u>One Bedroom Deluxe w/Den (new unit type in 2019)</u>						
Non Refundable		\$ 317,000	\$ 317,000	\$ 380,000	\$ 380,000	N/A	N/A
50 Month Amortizing		445,000	445,000	460,000	460,000	420,000	434,500
90% Refundable (*)		730,000	730,000	803,000	803,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	735,000	760,500

(*) Carefully read the Residence and Care Agreement for the conditions that must be satisfied before Edenwald is required to pay the entrance fee refund

SCHEDULE OF TYPE A ENTRANCE FEES (continued)

	<u>Effective Date</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>4/1/2023</u>	<u>1/1/2024</u>
<u>Exeter</u>	<u>One Bedroom w/ Den and Powder Room (Terraces Bldg)</u>						
Non Refundable	\$	362,700	\$ 362,700	\$ 400,000	\$ 400,000	N/A	N/A
50 Month Amortizing		443,300	443,300	475,000	475,000	441,000	456,500
90% Refundable (*)		800,000	800,000	840,000	840,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	728,000	753,500
<u>Pembroke</u>	<u>One Bedroom w/ Den and Powder Room (Terraces Bldg)</u>						
Non Refundable	\$	403,650	\$ 403,650	\$ 441,000	\$ 441,000	N/A	N/A
50 Month Amortizing		480,000	480,000	500,000	500,000	470,000	486,500
90% Refundable (*)		900,000	900,000	945,000	945,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	823,000	852,000
<u>Chancellor</u>	<u>Two Bedroom (Tower Bldg)</u>						
Non Refundable	\$	268,200	\$ 268,200	\$ 295,000	\$ 295,000	N/A	N/A
50 Month Amortizing		350,000	350,000	370,000	370,000	351,000	363,500
90% Refundable (*)		630,000	630,000	662,000	662,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	579,000	599,500
<u>Kensington</u>	<u>Two Bedroom Deluxe (Tower Bldg)</u>						
Non Refundable	\$	339,300	\$ 339,300	\$ 374,000	\$ 374,000	N/A	N/A
50 Month Amortizing		450,000	450,000	450,000	450,000	431,000	446,000
90% Refundable (*)		800,000	800,000	840,000	840,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	754,000	780,500
<u>Astor</u>	<u>Two Bedroom Penthouse (Tower Bldg)</u>						
Non Refundable	\$	353,250	\$ 353,250	\$ 389,000	\$ 389,000	N/A	N/A
50 Month Amortizing		470,000	470,000	470,000	470,000	437,000	452,500
90% Refundable (*)		820,000	820,000	870,000	870,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	755,000	792,000
<u>Berkeley</u>	<u>Two Bedroom (Terraces Bldg)</u>						
Non Refundable	\$	399,600	\$ 399,600	\$ 440,000	\$ 440,000	N/A	N/A
50 Month Amortizing		500,000	500,000	500,000	500,000	470,000	486,500
90% Refundable (*)		888,000	888,000	933,000	933,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	823,000	852,000

(*) Carefully read the Residence and Care Agreement for the conditions that must be satisfied before Edenwald is required to pay the entrance fee refund.

SCHEDULE OF TYPE A ENTRANCE FEES (continued)

	<u>Effective Date</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>4/1/2023</u>	<u>1/1/2024</u>
<u>Oxford</u>	<u>Two Bedroom (Terraces Bldg)</u>						
Non Refundable		\$ 406,800	\$ 406,800	\$ 448,000	\$ 448,000	N/A	N/A
50 Month Amortizing		505,000	505,000	505,000	505,000	479,000	496,000
90% Refundable (*)		904,000	904,000	950,000	950,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	838,000	867,500
<u>Carlisle</u>	<u>Two Bedroom (Terraces Bldg)</u>						
Non Refundable		\$ 441,000	\$ 441,000	\$ 485,000	\$ 485,000	N/A	N/A
50 Month Amortizing		525,000	525,000	525,000	525,000	507,000	524,500
90% Refundable (*)		930,000	930,000	970,000	970,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	887,000	918,000
<u>Norwich</u>	<u>Two Bedroom (Terraces Bldg)</u>						
Non Refundable		\$ 444,150	\$ 444,150	\$ 489,000	\$ 489,000	N/A	N/A
50 Month Amortizing		528,000	528,000	530,000	530,000	510,000	528,000
90% Refundable (*)		935,500	935,500	983,000	983,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	893,000	924,500
<u>Dartmouth</u>	<u>Two Bedroom w/Den</u>						
Non Refundable		\$ 458,100	\$ 458,100	\$ 504,000	\$ 504,000	N/A	N/A
50 Month Amortizing		600,000	600,000	600,000	600,000	552,000	571,500
90% Refundable (*)		1,018,000	1,018,000	1,069,000	1,069,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	966,000	1,000,000
<u>Winchester</u>	<u>Two Bedroom w/Den (Terraces Bldg)</u>						
Non Refundable		\$ 469,800	\$ 469,800	\$ 517,000	\$ 517,000	N/A	N/A
50 Month Amortizing		620,000	620,000	620,000	620,000	569,000	589,000
90% Refundable (*)		1,044,000	1,044,000	1,097,000	1,097,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	996,000	1,031,000
<u>Buckingham</u>	<u>Two Bedroom w/Den (Terraces Bldg)</u>						
Non Refundable		\$ 500,850	\$ 500,850	\$ 551,000	\$ 551,000	N/A	N/A
50 Month Amortizing		650,000	650,000	650,000	650,000	600,000	621,000
90% Refundable (*)		1,113,000	1,113,000	1,169,000	1,169,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	1,050,000	1,087,000
	<u>Second Person Fee</u>						
Non Refundable		\$ 32,000	\$ 32,000	\$ 35,000	\$ 35,000	N/A	N/A
50 Month Amortizing		33,500	33,500	37,000	37,000	36,000	37,500
90% Refundable (*)		43,500	43,500	48,000	48,000	N/A	N/A
80% Refundable (*)		N/A	N/A	N/A	N/A	63,000	65,000

(*) Carefully read the Residence and Care Agreement for the conditions that must be satisfied before Edenwald is required to pay the entrance fee refund.

SCHEDULE OF TYPE A MONTHLY SERVICE FEES

<u>Effective Date</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>1/1/2024</u>
<u>Esquire</u>	2,956	3,221	3,318	3,481	3,770	N/A
<u>Bristol</u>	2,956	3,585	3,693	3,874	4,196	N/A
<u>Canterbury</u>	3,564	3,844	3,959	4,153	4,498	4,757
<u>Windsor</u>	3,960	4,364	4,495	4,715	5,106	5,400
<u>Richmond</u>	5,212	5,507	5,672	5,950	6,444	6,815
<u>Richmond II</u>	5,425	5,715	5,886	6,174	6,686	7,070
<u>Exeter</u>	5,572	5,818	5,993	6,287	6,809	7,201
<u>Pembroke</u>	5,644	6,130	6,314	6,623	7,173	7,585
<u>Chancellor</u>	4,584	4,935	5,083	5,332	5,775	6,107
<u>Kensington</u>	5,572	5,818	5,993	6,287	6,809	7,201
<u>Astor</u>	5,572	5,922	6,100	6,399	6,930	7,328
<u>Berkeley</u>	5,644	6,234	6,421	6,736	7,295	7,714
<u>Oxford</u>	56,444	6,338	6,528	6,848	7,416	7,842
<u>Carlisle</u>	5,830	6,754	6,957	7,298	7,904	8,358
<u>Norwich</u>	5,830	6,754	6,957	7,298	7,904	8,358
<u>Dartmouth</u>	5,830	7,065	7,277	7,634	8,268	8,743
<u>Winchester</u>	5,989	7,273	7,491	7,858	8,510	8,999
<u>Buckingham</u>	6,201	7,793	8,027	8,420	9,119	9,643
<u>Second Person Fee</u>	1,586	1,648	1,697	1,780	1,928	2,039

SCHEDULE OF TYPE C ENTRANCE FEES

Effective Date		1/1/2020	1/1/2021	1/1/2022	1/1/2023	4/1/2023	1/1/2024
<u>Esquire</u>	<u>Studio (Tower Bldg)</u>						
	50 Month Amortizing	\$ 100,000	\$ 100,000	\$ 110,000	\$ 110,000	\$ 91,000	N/A
	90% Refundable (*)	150,000	150,000	150,000	150,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	159,000	N/A
<u>Bristol</u>	<u>Studio (Tower Bldg)</u>						
	50 Month Amortizing	\$ 110,000	\$ 110,000	\$ 121,000	\$ 121,000	\$ 108,000	N/A
	90% Refundable (*)	190,000	190,000	190,000	190,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	189,000	N/A
<u>Canterbury</u>	<u>One Bedroom (Tower Bldg)</u>						
	50 Month Amortizing	\$ 130,000	\$ 130,000	\$ 143,000	\$ 143,000	\$ 135,000	\$ 139,500
	90% Refundable (*)	210,000	210,000	240,000	240,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	236,000	244,500
<u>Windsor</u>	<u>One Bedroom w/ Den (Tower Bldg)</u>						
	50 Month Amortizing	\$ 225,000	\$ 225,000	\$ 248,000	\$ 248,000	\$ 208,000	\$ 215,500
	90% Refundable (*)	274,500	274,500	300,000	300,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	364,000	376,500
<u>Richmond</u>	<u>One Bedroom Deluxe w/Den (Tower Bldg)</u>						
	50 Month Amortizing	\$ 320,000	\$ 320,000	\$ 352,000	\$ 352,000	\$ 345,000	\$ 357,000
	90% Refundable (*)	390,000	390,000	410,000	410,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	604,000	625,000
<u>Richmond II</u>	<u>One Bedroom Deluxe w/Den (Tower Bldg)</u>						
	50 Month Amortizing	\$ 333,000	\$ 333,000	\$ 367,000	\$ 367,000	\$ 355,000	\$ 367,500
	90% Refundable (*)	406,000	406,000	427,000	427,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	621,000	642,500
<u>Exeter</u>	<u>One Bedroom w/ Den and Powder Room (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 350,000	\$ 350,000	\$ 385,000	\$ 385,000	\$ 376,000	\$ 389,000
	90% Refundable (*)	425,000	425,000	447,000	447,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	658,000	681,000
<u>Pembroke</u>	<u>One Bedroom w/ Den and Powder Room (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 390,000	\$ 390,000	\$ 429,000	\$ 429,000	\$ 405,000	\$ 419,000
	90% Refundable (*)	460,000	460,000	483,000	483,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	709,000	734,000
<u>Chancellor</u>	<u>Two Bedroom (Tower Bldg)</u>						
	50 Month Amortizing	\$ 280,000	\$ 280,000	\$ 308,000	\$ 308,000	\$ 286,000	\$ 296,000
	90% Refundable (*)	350,000	350,000	350,000	350,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	501,000	518,500

(*) Carefully read the Residence and Care Agreement for the conditions that must be satisfied before Edenwald is required to pay the entrance fee refund.

SCHEDULE OF TYPE C ENTRANCE FEES (continued)

	<u>Effective Date</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>4/1/2023</u>	<u>1/1/2024</u>
<u>Kensington</u>	<u>Two Bedroom Deluxe (Tower Bldg)</u>						
	50 Month Amortizing	\$ 350,000	\$ 350,000	\$ 385,000	\$ 385,000	\$ 366,000	\$ 379,000
	90% Refundable (*)	425,000	425,000	447,000	447,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	641,000	663,500
<u>Astor</u>	<u>Two Bedroom Penthouse (Tower Bldg)</u>						
	50 Month Amortizing	\$ 370,000	\$ 370,000	\$ 407,000	\$ 407,000	\$ 372,000	\$ 385,000
	90% Refundable (*)	445,000	445,000	468,000	468,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	651,000	674,000
<u>Berkeley</u>	<u>Two Bedroom (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 410,000	\$ 410,000	\$ 451,000	\$ 451,000	\$ 405,000	\$ 419,000
	90% Refundable (*)	510,000	510,000	536,000	536,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	709,000	734,000
<u>Oxford</u>	<u>Two Bedroom (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 425,000	\$ 425,000	\$ 468,000	\$ 468,000	\$ 414,000	\$ 428,500
	90% Refundable (*)	525,000	525,000	552,000	552,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	725,000	750,500
<u>Carlisle</u>	<u>Two Bedroom (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 450,000	\$ 450,000	\$ 490,000	\$ 490,000	\$ 442,000	\$ 457,500
	90% Refundable (*)	600,000	600,000	630,000	630,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	774,000	801,000
<u>Norwich</u>	<u>Two Bedroom (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 450,000	\$ 450,000	\$ 500,000	\$ 500,000	\$ 445,000	\$ 460,500
	90% Refundable (*)	625,000	625,000	660,000	660,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	779,000	806,500
<u>Dartmouth</u>	<u>Two Bedroom w/Den (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 480,000	\$ 480,000	\$ 528,000	\$ 528,000	\$ 487,000	\$ 504,000
	90% Refundable (*)	680,000	680,000	714,000	714,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	852,000	882,000
<u>Winchester</u>	<u>Two Bedroom w/Den (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 500,000	\$ 500,000	\$ 550,000	\$ 550,000	\$ 504,000	\$ 521,500
	90% Refundable (*)	710,000	710,000	746,000	746,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	882,000	913,000
<u>Buckingham</u>	<u>Two Bedroom w/Den (Terraces Bldg)</u>						
	50 Month Amortizing	\$ 600,000	\$ 600,000	\$ 660,000	\$ 660,000	\$ 535,000	\$ 553,500
	90% Refundable (*)	800,000	800,000	824,000	824,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	936,000	969,000
	<u>Second Person Fee</u>						
	50 Month Amortizing	10,000	10,000	10,000	10,000	10,000	10,500
	90% Refundable (*)	15,000	15,000	15,000	15,000	N/A	N/A
	80% Refundable (*)	N/A	N/A	N/A	N/A	18,000	18,500

(*) Carefully read the Residence and Care Agreement for the conditions that must be satisfied before Edenwald is required to pay the entrance fee refund.

SCHEDULE OF TYPE C MONTHLY SERVICE FEES

<u>Effective Date</u>	<u>7/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>1/1/2024</u>
<u>Esquire</u>	2,100	2,182	2,247	2,357	2,553	N/A
<u>Bristol</u>	2,750	2,857	2,943	3,087	3,343	N/A
<u>Canterbury</u>	2,950	3,065	3,157	3,312	3,587	3,793
<u>Windsor</u>	3,300	3,429	3,532	3,705	4,013	4,244
<u>Richmond</u>	4,300	4,468	4,602	4,827	5,228	5,529
<u>Richmond II</u>	4,500	4,676	4,816	5,052	5,471	5,786
<u>Exeter</u>	4,600	4,779	4,922	5,163	5,592	5,914
<u>Pembroke</u>	5,000	5,195	5,351	5,613	6,079	6,429
<u>Chancellor</u>	4,000	4,156	4,281	4,491	4,864	5,144
<u>Kensington</u>	4,800	4,987	5,137	5,389	5,836	6,172
<u>Astor</u>	4,800	4,987	5,137	5,389	5,836	6,172
<u>Berkeley</u>	5,000	5,195	5,351	5,613	6,079	6,429
<u>Oxford</u>	5,100	5,299	5,458	5,725	6,200	6,557
<u>Carlisle</u>	5,400	5,611	5,779	6,062	6,565	6,942
<u>Norwich</u>	5,400	5,611	5,779	6,062	6,565	6,942
<u>Dartmouth</u>	5,800	6,026	6,207	6,511	7,051	7,456
<u>Winchester</u>	6,000	6,234	6,421	6,736	7,295	7,714
<u>Buckingham</u>	6,500	6,754	6,957	7,298	7,904	8,358
<u>Second Person Fee</u>	1,000	1,039	1,070	1,122	1,215	1,285

EXHIBIT 2
CASH FLOW FORECAST STATEMENT

GENERAL GERMAN AGED PEOPLES HOME
CONSOLIDATED STATEMENT OF CASH FLOWS

	DECEMBER 31, 2024 <u>PROJECTED</u>	DECEMBER 31, 2025 <u>PROJECTED</u>	DECEMBER 31, 2026 <u>PROJECTED</u>
Cash flows from operating activities:			
Change in net assets	\$ 1,626,448	\$ 1,523,185	\$ 1,529,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Gain on Extinguishment of Debt			(7,066,289)
Amortization of Entrance Fees	(6,533,182)	(6,794,509)	5,080,686
Depreciation	4,808,332	4,838,749	
Amortization of Original Issue Premium	-	-	-
Loss on refunding	-	-	-
Change in future service obligation	(300,000)	(300,000)	(300,000)
Loss on disposal of assets	85,000	75,000	75,000
Decrease (increase) in investments valuation	(788,364)	(759,474)	(761,365)
Proceeds from entrance fees and deposits	8,200,000	8,400,000	8,600,000
Decrease (increase) in accounts receivable	(61,102)	(67,212)	(73,933)
Decrease (increase) in other assets	(63,264)	(34,795)	(36,535)
Increase (decrease) in accounts payable and accrued liabilities	220,201	210,168	141,055
Net cash provided by operating activities	\$ 6,994,070	\$ 7,091,111	\$ 7,188,394
Cash flows from investing activities:			
Decrease (increase) in Marketable Securities	(5,252,343)	(11,944,467)	(7,148,239)
Purchase of furnishings and equipment	-	-	-
Decrease (increase) in assets whose use is limited	(222,431)	(212,481)	(266,115)
Decrease (increase) in investments - land	(2,596,111)	-	-
Decrease (increase) in Deferred Charges	-	-	-
Decrease (increase) in investments	(618,905)	(611,329)	(618,478)
Net cash used for investing activities	\$ (8,689,790)	\$ (12,768,277)	\$ (8,032,832)

Cash flows from financing activities:

Proceeds from expansion financing	\$ 5,757,464	\$ 8,030,100	\$ 3,212,436
Proceeds from debt forgiveness			
Payments on long-term debt	(1,825,000)	(1,885,000)	(1,985,000)
Net cash used for financing activities	\$ 3,932,464	\$ 6,145,100	\$ 1,227,436
Net increase (decrease) in cash	\$ 2,236,744	\$ 467,934	\$ 382,998
Cash and cash equivalents, beginning of year	2,790,058	5,026,802	5,494,736
Cash and cash equivalents, end of year	\$ 5,026,802	\$ 5,494,736	\$ 5,877,734
	\$ 5,026,802	\$ 5,494,736	\$ 5,877,734
	\$ 0	\$ 0	\$ 0

EXHIBIT 3
CERTIFIED FINANCIAL STATEMENTS

**General German Aged People's
Home of Baltimore**

Audited Financial Statements

December 31, 2023 and 2022

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Independent Auditor's Report

Board of Directors
General German Aged People's Home of Baltimore
Towson, Maryland

Opinion

We have audited the accompanying financial statements of General German Aged People's Home of Baltimore (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets (deficit) without donor restrictions, and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of General German Aged People's Home of Baltimore as of December 31, 2023 and 2022, and the changes in its net deficit and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of General German Aged People's Home of Baltimore (a nonprofit organization) and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about General German Aged People's Home of Baltimore's (a nonprofit organization) ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of General German Aged People's Home of Baltimore's (a nonprofit organization) internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about General German Aged People's Home of Baltimore's (a nonprofit organization) ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplemental Information

Our audits were made for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 28 through 31 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McLean, Koehler, Sparks & Hammond

Timonium, Maryland
March 21, 2024

General German Aged People's Home of Baltimore

Statements of Financial Position

December 31,	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,790,056	\$ 1,304,131
Accounts receivable	283,417	260,459
Entrance fee receivable	327,600	-
Other assets	684,546	698,027
Total current assets	<u>4,085,619</u>	<u>2,262,617</u>
Investments Whose Use is Limited:		
Under loan agreement - held by trustees	6,559,658	6,437,206
By board designation and donor restrictions	7,741,588	6,960,602
Total investments whose use is limited	<u>14,301,246</u>	<u>13,397,808</u>
Investments	<u>29,951,999</u>	<u>24,202,076</u>
Property, Plant and Equipment:		
Land and improvements	2,624,494	2,607,346
Building and improvements	125,068,132	123,688,554
Furnishings and equipment	10,185,811	10,420,734
Construction in progress	1,948,787	962,236
Total	<u>139,827,224</u>	<u>137,678,870</u>
Less accumulated depreciation	<u>74,864,590</u>	<u>71,880,176</u>
Net property, plant and equipment	<u>64,962,634</u>	<u>65,798,694</u>
Deferred Charges, net of accumulated amortization	<u>2,855,025</u>	<u>3,001,556</u>
Total Assets	<u>\$ 116,156,523</u>	<u>\$ 108,662,751</u>

	<u>2023</u>	<u>2022</u>
Liabilities and Net (Deficit) Assets		
Current Liabilities:		
Current maturity of long-term debt, net of bond issuance costs	\$ 1,785,545	\$ 1,720,545
Accounts payable and other liabilities	762,661	676,423
Accrued interest payable	940,341	975,541
Accrued wages and benefits	1,089,279	925,202
Deposits from prospective residents	176,500	197,200
Total current liabilities	<u>4,754,326</u>	<u>4,494,911</u>
Non-Current Liabilities:		
Long-term debt, net of bond issuance costs	37,176,955	39,150,492
Refundable entrance fees	40,003,368	35,280,763
Deferred revenue from entrance fees	30,826,994	31,452,425
Future service obligation	<u>10,507,000</u>	<u>10,216,000</u>
Total non-current liabilities	<u>118,514,317</u>	<u>116,099,680</u>
Total liabilities	<u>123,268,643</u>	<u>120,594,591</u>
Net (Deficit) Assets:		
Without donor restrictions	(11,136,992)	(15,710,637)
With donor restrictions	<u>4,024,872</u>	<u>3,778,797</u>
Total net deficit	<u>(7,112,120)</u>	<u>(11,931,840)</u>
Total Liabilities and Net (Deficit) Assets	<u>\$ 116,156,523</u>	<u>\$ 108,662,751</u>

The notes to financial statements are an integral part of these statements

General German Aged People's Home of Baltimore

Statements of Activities and Changes in Net Assets (Deficit) Without Donor Restrictions

For the years ended December 31,	2023	2022
Revenue:		
Resident fees earned:		
Service fees, net of returns and allowances	\$ 22,243,685	\$ 20,492,740
Entrance fees	6,405,080	5,815,924
Medicare fees, net of returns and allowances	1,269,717	221,938
Investment income	670,535	314,814
Nonresident food service	275,996	235,644
Donations	32,460	15,800
Other	1,604,720	246,445
Total revenue	<u>32,502,193</u>	<u>27,343,305</u>
Expenses:		
Residents' center	2,037,301	2,094,135
Comprehensive care	3,642,814	3,477,577
Assisted living	3,100,306	2,894,420
Medicare	407,071	43,281
Dietary	5,886,901	5,296,407
Administrative (See Note 12 Extinguishment of Liability)	3,945,886	2,992,496
Housekeeping	1,978,608	1,838,128
Property operations and maintenance	4,059,737	3,651,029
Depreciation and amortization	4,568,877	4,328,108
Interest	1,732,143	1,786,911
Future service obligation for current residents - net change	291,000	660,000
Total expenses	<u>31,650,644</u>	<u>29,062,492</u>
Decrease (increase) in net deficit without donor restrictions from operations	<u>851,549</u>	<u>(1,719,187)</u>
Non-operating activities:		
Realized (loss) gain on sale of investments	(37,311)	929,909
Unrealized appreciation (depreciation) on investments - net	3,911,427	(6,230,778)
Loss on disposal of assets	<u>(152,020)</u>	<u>(87,752)</u>
Decrease (increase) in net deficit without donor restrictions from non-operating activities	<u>3,722,096</u>	<u>(5,388,621)</u>
Decrease (increase) in net deficit without donor restrictions	4,573,645	(7,107,808)
Net deficit without donor restrictions, beginning of year	<u>(15,710,637)</u>	<u>(8,602,829)</u>
Net deficit without donor restrictions, end of year	<u>\$ (11,136,992)</u>	<u>\$ (15,710,637)</u>

The notes to financial statements are an integral part of these statements

General German Aged People's Home of Baltimore

Statements of Activities and Changes in Net Assets (Deficit)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
For the year ended December 31, 2023			
Revenues, gains and other support:			
Revenues, gains and other support -without donor restrictions	\$ 32,502,193	\$ -	\$ 32,502,193
Revenues, gains and other support -with donor restrictions:			
Investment income	-	58,610	58,610
Realized losses on investments - net	-	(5,888)	(5,888)
Unrealized appreciation on investments - net	-	193,353	193,353
Total revenues, gains and other support	<u>32,502,193</u>	<u>246,075</u>	<u>32,748,268</u>
Expenses	31,650,644	-	31,650,644
Non-operating activities	<u>3,722,096</u>	<u>-</u>	<u>3,722,096</u>
Change in net assets	4,573,645	246,075	4,819,720
Net (deficit) assets, December 31, 2022	<u>(15,710,637)</u>	<u>3,778,797</u>	<u>(11,931,840)</u>
Net (deficit) assets, December 31, 2023	<u>\$ (11,136,992)</u>	<u>\$ 4,024,872</u>	<u>\$ (7,112,120)</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
For the year ended December 31, 2022			
Revenues, gains and other support:			
Revenues, gains and other support -without donor restrictions	\$ 27,343,305	\$ -	\$ 27,343,305
Revenues, gains and other support -with donor restrictions:			
Investment income	-	39,554	39,554
Realized gains on sale of investments	-	147,494	147,494
Unrealized depreciation on investments - net	-	(324,717)	(324,717)
Total revenues, gains and other support	<u>27,343,305</u>	<u>(137,669)</u>	<u>27,205,636</u>
Expenses	29,062,492	-	29,062,492
Non-operating activities	<u>(5,388,621)</u>	<u>-</u>	<u>(5,388,621)</u>
Change in net (deficit) assets	(7,107,808)	(137,669)	(7,245,477)
Net (deficit) assets, December 31, 2021	<u>(8,602,829)</u>	<u>3,916,466</u>	<u>(4,686,363)</u>
Net (deficit) assets, December 31, 2022	<u>\$ (15,710,637)</u>	<u>\$ 3,778,797</u>	<u>\$ (11,931,840)</u>

The notes to financial statements are an integral part of these statements.

General German Aged People's Home of Baltimore

Statements of Cash Flows

For the years ended December 31,	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets (deficit)	\$ 4,819,720	\$ (7,245,477)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of entrance fees	(6,504,680)	(5,905,924)
Depreciation and amortization	4,568,877	4,328,108
Amortization of debt issuance costs	39,455	39,455
Change in future service obligation for current residents	291,000	660,000
Loss on disposal of assets	152,020	87,752
Unrealized (appreciation) depreciation on investments	(4,104,780)	6,555,495
Realized loss (gain) on sale of assets whose use is limited and investments	43,199	(1,077,403)
Proceeds from entrance fees and deposits from prospective residents	13,592,771	10,236,950
Refunds of refundable entrance fees	(3,011,617)	(2,927,050)
Changes in other operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(22,958)	(210,921)
Entrance fee receivable	(327,600)	260,000
Other assets	13,481	25,474
Increase (decrease) in:		
Accounts payable and other liabilities	86,238	(641,858)
Accrued interest payable	(35,200)	(33,900)
Accrued wages and benefits	164,077	82,714
Net cash provided by operating activities	<u>9,764,003</u>	<u>4,233,415</u>
Cash flows from investing activities:		
Purchase of furnishings, equipment, improvements, construction in progress	(3,738,306)	(5,010,018)
Decrease in assets whose use is limited under loan agreement	(30,418)	(46,748)
Purchase of securities for assets whose use is limited by the board and donor restrictions and investments	(18,544,081)	(30,067,278)
Proceeds from sales of securities for assets whose use is limited by the board and donor restrictions and investments	15,982,719	32,426,507
Net cash used in investing activities	<u>(6,330,086)</u>	<u>(2,697,537)</u>

The notes to financial statements are an integral part of these statements.

General German Aged People's Home of Baltimore

Statements of Cash Flows

For the years ended December 31,	<u>2023</u>	<u>2022</u>
Cash flows used in financing activities -		
Principal paydowns of long-term debt	<u>\$ (1,947,992)</u>	<u>\$ (1,898,627)</u>
Net increase (decrease) in cash and cash equivalents	1,485,925	(362,749)
Cash and cash equivalents, beginning of year	<u>1,304,131</u>	<u>1,666,880</u>
Cash and cash equivalents, end of year	<u>\$ 2,790,056</u>	<u>\$ 1,304,131</u>

The notes to financial statements are an integral part of these statements.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of Organization

The General German Aged People's Home of Baltimore (the "Organization") is a Maryland not-for-profit organization that operates a continuing care retirement community (CCRC) for the elderly ("Edenwald"), which was opened for occupancy in September 1985, and provides services through a combination of independent living units, assisted living and comprehensive care accommodations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Accounting Pronouncements Adopted

On January 1, 2023, the Organization adopted an accounting pronouncement issued by the Financial Accounting Standards Board ("FASB") under the Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses. This ASU introduced an expected credit loss methodology for the measurement and recognition of credit losses on most financial assets, including assets arising from revenue transactions, such as accounts receivable, and transactions arising from investments in debt securities. The new expected credit loss methodology, which is based on historical experience, current conditions, and reasonable and supportable forecasts replaced the incurred loss model for measuring and recognizing credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable and investments in debt securities. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. See Note 9 for more information on the composition of net assets without donor restrictions.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Some net assets with donor restrictions can include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. See Note 9 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Financial Risk

The Organization's investment portfolio is a professionally managed portfolio that contains common shares and bonds of publicly traded companies, mutual funds, government obligations, brokered CDs and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Cost of Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balances of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the total of the deferred revenue from entrance fees, a liability would be recorded with a corresponding charge to operations. The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2012-01, which stipulates that refundable resident contract deposits may no longer be considered deferred revenues.

Revenue Recognition

The Organization earns its revenues primarily from monthly service fees and the amortization of entrance fees paid by its residents. All residents must enter into a contract with Edenwald prior to being admitted to the facility. Edenwald has two types of contract; type "A" and type "C".

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The major difference between the type "A" contract or life-care contract and the type "C" contract or fee-for-service contract is that the service fee follows the resident into healthcare under a type "A" contract; under the type "C" contract the resident pays a fee for service rate when they are in healthcare. Type "C" contracts offer lower entrance fees and monthly service fees.

Entrance Fees

Entrance fees are a fixed amount, vary for each contract, and are due at the time a contract is entered into. Both type "A" and type "C" contracts have a nonrefundable portion and may have a refundable portion; the details of these contracts are described in Note 7. The refundable portion of a contract is based upon the contract provision. The Organization offered the following contract provisions through March 31, 2023:

90% Refundable Agreement – A contract with a 90% refundable provision resulted in a refund of 90% of the original Entrance Fee amount. Both type "A" and type "C" contracts were available under a 90% refundable provision.

50 Month Declining Agreement – A contract with a 50 month declining provision gradually decreased at the rate of 2% per month. Both type "A" and type "C" contracts were available under a 50 month declining provision.

Non-Refundable Agreement – A contract with a nonrefundable provision resulted in no refund being issued to the buyer. This was available only to type "A" contracts.

Beginning April 1, 2023, the contract provisions offered are as follows:

80% Refundable Agreement – A contract with a 80% refundable provision results in a refund of 80% of the original Entrance Fee amount. Both type "A" and type "C" contracts are available under a 80% refundable provision.

50 Month Declining Agreement – A contract with a 50 month declining provision gradually decreases at the rate of 2% per month. Both type "A" and type "C" contracts are available under a 50 month declining provision.

Non-refundable contract options are no longer offered.

In both type "A" and type "C" contracts, refundable entrance fees are those that are guaranteed to be refunded regardless of when the contract is terminated. Nonrefundable entrance fees are those that are either nonrefundable at contract inception or are refundable on a decreasing basis for a fixed period of time, at which point the entrance fees become nonrefundable.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Entrance Fees (continued)

Refundable entrance fees are recorded as a liability at the inception of the contract. The life-care contract types provide a right to receive unlimited care throughout the various levels of healthcare that residents would not receive without entering into a type "A" contract. Edenwald recognizes revenue for this material right associated with access to future services as the services are transferred. The nonrefundable entrance fees, for each individual contract, are amortized into revenue on a declining basis using actuarially determined life expectancies for the calculation.

Monthly Service Fees

Residents are required to pay a monthly care and service fee as long as they reside in the facility. The amount of the monthly fee is dependent on the level of care (independent living, assisted living and comprehensive care) that the resident is receiving and the type of contract (A or C). The monthly care and service fee provides residents with lodging, use of the facility, routine transportation and a certain amount of meals, utilities, housekeeping and laundry services. The Organization's performance obligation is to be available each month such that the residents can continue to live in the facility and access the proper level of care based on their needs. The resident has the right to terminate the contract. The Organization recognizes the monthly service fees as revenue each month as the Organization is satisfying the performance obligation.

Medicare Program

Medicare is a federal program that provides certain hospital and medical insurance benefits to persons age 65 and over and certain disabled persons. Revenue is earned from Medicare for skilled nursing services provided. Reimbursement levels under the Medicare program may not remain at levels comparable to present levels or may not be sufficient to cover the costs allocable to patients eligible for reimbursement. Medicare reimbursement for skilled nursing services is subject to fixed payments under the Medicare prospective payment system. The Medicare reimbursement program is highly regulated, involves significant administrative discretion, and is subject to frequent and substantial legislative, administrative, and interpretive changes, which may significantly affect reimbursement rates and the methods and timing of payments made under this program. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Ancillary Charges

Ancillary charges are additional charges to residents and include items such as, but not limited to, charges for guest meals, parking garage rent, additional housekeeping services, personal care items and non-covered maintenance and transportation charges. These charges are billed and recognized as revenue during the month that the goods and services are provided.

Donations

Donations received are recorded as without donor restrictions or with donor restrictions support depending on the existence or nature of any donor restrictions. Donations are recognized when an unconditional promise to give is received. Conditional promises to give are recognized in the period the condition is satisfied. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes as "net assets released from restriction." Donations that are with donor restrictions are recorded as without donor restrictions if the restriction is satisfied in the same year the donation is received.

Cash and Cash Equivalents

Investments with original maturities of less than three months are considered to be cash equivalents. Cash and cash equivalents are maintained in bank accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk from cash and cash equivalents. The Organization's total cash in excess of federally insured limits at December 31, 2023 and 2022 totaled \$9,870,362 and \$5,143,859, respectively. A portion of these amounts totaling \$7,016,945 and \$3,828,183 at December 31, 2023 and 2022, respectively, is included with "investments" and "investments whose use is limited" on the Statements of Financial Position.

Accounts Receivable and Allowance for Credit Losses

Accounts receivables consist of amounts due from residents for entrance fees and various living expenses. The Organization's total receivables were \$611,017 and \$260,459 at December 31, 2023 and 2022, respectively. At each balance sheet date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Credit Losses (continued)

The allowance estimate is derived from a review of the Organization's historical losses based on aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's segment of customers has remained constant over time. Based on historical experience and future expectations, no allowance for credit losses has been recorded for accounts receivable as it was deemed immaterial to the financial statements as of the date of adoption and at December 31, 2023. There was no expense for credit losses related to accounts receivable for the years ended December 31, 2023 and 2022.

Investments

Investments in equity and debt securities are recorded at fair market value based on quoted market prices. The change in the net unrealized value of the portfolio for the year is reflected in the Statements of Activities and Changes in Net Assets (Deficit) as "unrealized (depreciation) appreciation on investments." Realized gains and losses on sales of investments are computed on a specific identification basis and are recorded on the settlement date of the transaction in the appropriate net asset category.

Fair Value Measurements

The Organization has adopted accounting standards set forth under generally accepted accounting principles related to fair value measurement. Using these standards, the Organization has characterized its investments in securities based on the priority of inputs used to value these assets, based on a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the assets fall within three different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the assets. Investments recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

Level 1 - These are assets where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access. All equity and debt securities currently held by the Organization are considered to be Level 1.

Level 2 - These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets. The Organization currently has no Level 2 assets.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Level 3 - These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the assets. The Organization's investments in real estate are considered to be Level 3 assets.

Estimated fair value amounts have been determined using available market information and the valuation methodologies described above. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein may not be indicative of the amounts the Organization could realize in a current market. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts. The carrying amounts of cash equivalents and accounts receivable approximate fair value due to the short-term nature of these instruments. Fair value for investments in debt and equity securities is determined by reference to quoted market prices. Real estate investments do not have a readily determinable fair value and are carried at cost.

Property, Plant and Equipment and Depreciation

Property, plant and equipment consist primarily of the facilities, furnishings and equipment at the Organization, and are carried at cost. Depreciation is computed based on the straight-line method over the estimated useful lives of the applicable assets as follows:

Land improvements	20 years
Building and improvements	5 – 40 years
Furnishings and equipment	3 – 30 years

Depreciation expense was \$4,422,346 and \$4,181,577 for the years ended December 31, 2023 and 2022, respectively. Expenditures for major additions and betterments that generally exceed \$1,000 and extend the useful lives of property and equipment are capitalized, whereas expenditures for maintenance and repairs are charged to expense as incurred.

Renovations and upgrades are being made to the Organization's living areas. All significant costs related to those renovations and upgrades are included on the Balance Sheets under "Construction in Progress" which totaled \$1,948,787 and \$962,236 at December 31, 2023 and 2022, respectively.

Use of Estimates

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

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for purposes to conform with the presentation in the current year financial statements.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs were \$13,916 and \$27,006 for the years ended December 31, 2023 and 2022, respectively.

Income Taxes

The Organization follows the accounting guidance for "uncertainty in income taxes". This guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether any tax positions would "more-likely-than-not" be sustained by the applicable tax authority. Tax positions deemed not to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year.

The Organization believes that its income tax filing positions and deductions will be sustained upon examination and, accordingly, has not recorded any reserves, or related accruals for interest and penalties, at December 31, 2023 and 2022 for uncertain income tax positions.

The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization has adopted a policy under which, if required to be recognized in the future, it will classify interest related to the underpayment of income taxes as a component of interest expense and it will classify any related penalties in general and administrative expenses in the Statements of Activities. With few exceptions, the Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2020.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated. The indirect costs are allocated among the various functional areas using square footage, number of resident days, number of beds, among others to allocate the cost based on the nature of the expense item.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

2. Investments

Investments at fair value consist of general investments and funds restricted by the board and donors to assist residents.

Investments are as follows at December 31:

	<u>2023</u>	<u>2022</u>
General investments	\$ 28,206,499	\$ 22,456,576
Investments - land	1,745,500	1,745,500
Board designated and donor restricted	7,741,588	6,960,602
	<u>\$ 37,693,587</u>	<u>\$ 31,162,678</u>

The following types of securities are included in investments at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,187,987	\$ 1,033,245
Equities	19,404,654	16,979,279
Corporate bonds	2,857,821	2,718,520
Government bonds	5,173,193	4,794,896
Mutual funds	4,298,850	3,877,972
Accrued interest income	25,582	13,266
Total fair value	35,948,087	29,417,178
Cost	33,574,969	31,056,806
Net unrealized appreciation (depreciation)	<u>\$ 2,373,118</u>	<u>\$ (1,639,628)</u>

	<u>2023</u>	<u>2022</u>
Fair market value of investment securities	\$ 35,948,087	\$ 29,417,178
Real estate investments, at cost	<u>1,745,500</u>	<u>1,745,500</u>
	<u>\$ 37,693,587</u>	<u>\$ 31,162,678</u>
Unrealized appreciation	\$ 3,686,869	\$ 1,442,214
Unrealized depreciation	<u>(1,313,751)</u>	<u>(3,081,842)</u>
Net unrealized appreciation (depreciation)	<u>\$ 2,373,118</u>	<u>\$ (1,639,628)</u>

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

2. Investments (continued)

The maturities of the bonds are as follows at December 31:

	2023		2022	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Within 1 year	\$ 1,042,768	\$ 1,022,076	\$ 1,580,819	\$ 1,566,082
After 1 year through 5 years	5,549,375	5,375,135	4,817,753	4,512,019
After 5 years through 10 years	<u>1,730,391</u>	<u>1,633,803</u>	<u>1,611,376</u>	<u>1,435,315</u>
	<u>\$ 8,322,534</u>	<u>\$ 8,031,014</u>	<u>\$ 8,009,948</u>	<u>\$ 7,513,416</u>

In addition to the investments discussed above, the Organization is required to invest funds under the terms of a loan agreement. The types of investments are limited by the loan agreement and generally include cash and cash equivalents, U.S. Government obligations or similar quality debt securities.

The components of these investments at fair value are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,828,958	\$ 2,794,938
Federal agencies	<u>3,730,700</u>	<u>3,642,268</u>
Total fair value	6,559,658	6,437,206
Cost	<u>6,535,356</u>	<u>6,504,938</u>
Unrealized appreciation (depreciation)	<u>\$ 24,302</u>	<u>\$ (67,732)</u>

An investment could be considered impaired if its fair value is less than its cost basis. Management feels that all of the investment portfolio losses are temporary. Investments in the portfolio that are in a loss position at December 31, 2023 and 2022 are as follows:

	2023				2022	
	Less than 12 months		More than 12 months		Total	
	<u>Fair Market Value</u>	<u>Unrealized Losses</u>	<u>Fair Market Value</u>	<u>Unrealized Losses</u>	<u>Fair Market Value</u>	<u>Unrealized Losses</u>
Equities	\$ 560,492	\$ (44,454)	\$ 3,045,906	\$ (647,049)	\$ 3,606,398	\$ (691,503)
Mutual funds	80,140	(1,978)	2,115,536	(296,456)	2,195,676	(298,434)
Government bonds	2,907,523	(15,953)	2,834,093	(140,284)	5,741,616	(156,237)
Corporate bonds	74,501	(42)	2,090,526	(175,235)	2,165,027	(175,277)
Total	<u>\$ 3,622,656</u>	<u>\$ (62,427)</u>	<u>\$ 10,086,061</u>	<u>\$ (1,259,024)</u>	<u>\$ 13,708,717</u>	<u>\$ (1,321,451)</u>

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

2. Investments (continued)

	2022					
	Less than 12 months		More than 12 months		Total	
	Fair Market	Unrealized	Fair Market	Unrealized	Fair Market	Unrealized
	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>
Equities	\$ 8,710,751	\$ (1,805,006)	\$ 849,422	\$ (318,403)	\$ 9,560,173	\$ (2,123,409)
Mutual funds	1,071,445	(144,633)	2,030,511	(314,938)	3,101,956	(459,571)
Government bonds	7,128,761	(233,810)	784,389	(54,232)	7,913,150	(288,042)
Corporate bonds	1,597,036	(147,681)	1,006,105	(130,871)	2,603,141	(278,552)
Total	\$ 18,507,993	\$ (2,331,130)	\$ 4,670,427	\$ (818,444)	\$ 23,178,420	\$ (3,149,574)

The government bonds consist of U.S. Treasury obligations and federal agency mortgage-backed securities. The unrealized losses on the Organization's investments in U.S. Treasury obligations and direct obligations of U.S. government agencies and federal agency mortgage-backed securities were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. The Organization does not intend to sell the investments and it is not more likely than not that the Organization will be required to sell the investments before recovery of their amortized cost bases.

The unrealized losses on investments in corporate bonds were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. The Organization does not intend to sell the investments and it is not more likely than not that the Organization will be required to sell the investments before recovery of their amortized cost bases.

The following schedule summarizes investment return and its classification in the financial statements for the years ended December 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 670,535	\$ 58,610	\$ 729,145
Net realized losses	(37,311)	(5,888)	(43,199)
Net unrealized gains	3,911,427	193,353	4,104,780
Total investment return	\$ 4,544,651	\$ 246,075	\$ 4,790,726

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

2. Investments (continued)

	2022		
	Without Donor	With Donor	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Dividend and interest income	\$ 314,814	\$ 39,554	\$ 354,368
Net realized gains	929,909	147,494	1,077,403
Net unrealized losses	(6,230,778)	(324,717)	(6,555,495)
Total investment return	<u>\$ (4,986,055)</u>	<u>\$ (137,669)</u>	<u>\$ (5,123,724)</u>

3. Fair Value Measurements

The fair values of assets measured on a recurring basis are as follows at December 31:

	2023			
	Fair Value	Cost	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments in equity and debt securities	\$ 42,507,745	\$ -	\$ 42,507,745	\$ -
Total investments carried at fair value	42,507,745	-	42,507,745	-
Real estate carried at cost	-	1,745,500	-	1,745,500
Total investments	<u>\$ 42,507,745</u>	<u>\$ 1,745,500</u>	<u>\$ 42,507,745</u>	<u>\$ 1,745,500</u>

	2022			
	Fair Value	Cost	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments in equity and debt securities	\$ 35,854,384	\$ -	\$ 35,854,384	\$ -
Total investments carried at fair value	35,854,384	-	35,854,384	-
Real estate carried at cost	-	1,745,500	-	1,745,500
Total investments	<u>\$ 35,854,384</u>	<u>\$ 1,745,500</u>	<u>\$ 35,854,384</u>	<u>\$ 1,745,500</u>

There were no changes in Level 3 investments for the years ended December 31, 2023 and 2022, respectively.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

4. Required Operating Reserves

The Maryland Department of Aging requires that Edenwald (a CCRC) maintain an operating reserve equal to 25%, 15% prior to 2023, of the prior fiscal year's net operating expenses as defined by the law under Title 10 of the Human Services Article. The required operating reserve is included in the Organization's general investments, with fair values of \$28,206,499 and \$22,456,576 at December 31, 2023 and 2022, respectively. For both years, this operating reserve requirement was met.

The operating reserve requirements for the years ended December 31, were as follows:

	<u>2023</u>	<u>2022</u>
Operating expenses	\$ 28,402,492	\$ 27,761,706
Less:		
Depreciaton and amortization expense	(4,367,563)	(4,698,153)
Interest expense	<u>(1,747,454)</u>	<u>(1,794,902)</u>
Net operating expenses as defined by Title 10 of the Human Services Article	<u>\$ 22,287,475</u>	<u>\$ 21,268,651</u>
Operating reserve (25% and 15% of net operating expenses, respectively)	<u>\$ 5,571,869</u>	<u>\$ 3,190,298</u>

5. Deferred Charges

Deferred charges consist of various construction related items. Items included in deferred charges are architectural, consulting fees and miscellaneous expenses related to health center renovations, the construction of the Terraces and current renovation projects by Edenwald. Deferred charges are being amortized over periods ranging from 10 to 40 years, depending on the nature of the expense.

The components of deferred charges, net of accumulated amortization of \$3,050,295 for 2023 and \$2,903,764 for 2022, are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Architectural and consulting fees	<u>\$ 2,855,025</u>	<u>\$ 3,001,556</u>

Amortization expense was \$146,531 for the years ended December 31, 2023 and 2022.

6. Deposits from Prospective Residents

Deposits from prospective residents are refundable to the applicants should they decide not to reside at the Facility.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

7. Entrance Fees

The Organization's admission policy requires the payment of an entrance fee for admittance to the Facility. The unearned portion of entrance fees related to non-refundable contracts are included on the Statements of Financial Position as "deferred revenue from entrance fees". In addition to the non-refundable contracts, the Organization offers various refundable entrance fee contracts.

Prospective residents have the following two options for refundable contracts: 1) prorated refund due to termination or death during first 50 months; and 2) 80% refund of entrance fees (90% for contracts prior to April 1, 2023).

Under option one, if the agreement is terminated or resident dies during the first 50 months after the occupancy date, the original entrance fee, less 2% for each month of residency shall be refunded. After the end of the 50th month, no refund will be paid. The potential liability for the 50 month refundable contracts that have not yet reached their lapsed refund period is \$5,839,020 and \$3,495,621 at December 31, 2023 and 2022, respectively. For option two, if the agreement is terminated by the resident or the resident dies, 80% (90% for contracts prior to April 1, 2023) of the entrance fee shall be refunded. Refunds are made to residents within 60 days of the later of the effective date of termination or the Organization receiving a new entrance fee for the occupied unit.

Effective June 1, 2017, the Organization began offering type "C" contracts. This type of contract requires an entrance fee for admittance to the Facility. The entrance fee is earned and amortized into income using the actuarial estimated life expectancy of the resident, recalculated monthly. The unearned portion of entrance fees related to non-refundable contracts are included on the Statements of Financial Position as "deferred revenue from entrance fees". The Organization offers two contract types under the type "C" contract. Prospective residents have the following options for type "C" contracts: 1) 80% refundable (90% for contracts prior to April 1, 2023) and 2) 50 month amortizing.

The total amount of entrance fees amortized and recognized as revenue was \$6,405,080 and \$5,815,924 for the years ended December 31, 2023 and 2022, respectively. Included in these amounts are amortization of non-refundable entrance fees for contracts that were terminated as a result of the death of the resident or the resident moving out of the Facility totaling \$2,489,267 and \$1,651,658 for the years ended December 31, 2023 and 2022, respectively. During 2023 and 2022, \$2,411,896 and \$2,927,050 of refundable entrance fees were refunded to residents.

In accordance with the guidance for recording refundable contract entrance fees, a liability for financial reporting has been recorded for the refundable portion due to residents under these contracts. The refundable entrance fees were \$40,003,368 and \$35,280,763 at December 31, 2023 and 2022, respectively.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

8. Long-Term Debt

During October of 2015, the Organization entered into an agreement with the MHHEFA providing for the issuance of \$49,030,000 (3.00% to 5.25%) in Revenue Bonds, Edenwald Issue, Series 2015. Proceeds from the issue were used to finance facility and systems renovations, issuance costs, and to legally defease the prior MHHEFA Series 2006A Bonds as of June 30, 2016.

The Series 2015 Bonds are Fitch BBB rated fixed rate bonds bearing interest at various rates as detailed in the official statement. The Series 2015 Bonds maturing on or after January 1, 2026 are callable in whole or in part at a price equal to the principal amount of the bonds to be redeemed or purchased plus accrued interest. The Series 2015 term bonds are subject to annual mandatory sinking fund redemptions commencing in 2031.

The bond agreement requires that certain reserves and other funds be placed in trust (or funded by approved credit facilities) for debt service which totaled \$3,705,681 and \$3,711,081 during 2023 and 2022, respectively. Debt service funds for the Series 2015 bonds are required to be funded semi-annually for interest and annually for principal payments due. The debt service reserve fund is pledged to the payment of outstanding Series 2015 Bonds.

Total principal payments on long-term bonds were \$1,760,000 and \$1,695,000 for the years ended December 31, 2023 and 2022, respectively.

All bonds are secured by real property, furnishings and equipment and fees received from residents. The bonds also contain certain financial covenants which have been met for the years ended December 31, 2023 and 2022. The long-term debt of Edenwald, although a general obligation of General German Aged People's Home of Baltimore, is repaid solely from the operations of the facility. Bond issuance costs of \$838,416 are amortized over the life of the related bonds and are presented net of the current and long-term debt. The unamortized balance of the bond issuance costs are \$512,913 and \$552,368 at December 31, 2023 and 2022, respectively.

The outstanding balance of long-term debt consists of term and serial bonds summarized as follows at December 31, 2023:

			Interest	
<u>Series</u>	<u>Type</u>	<u>Due January 1,</u>	<u>Rate</u>	<u>Amount</u>
2015	Serial	2024	3.13%	\$ 1,825,000
		2025	5.00%	1,885,000
		2026	5.00%	1,985,000
		2027	5.00%	2,080,000
		2028	5.00%	2,185,000
		2029	4.00%	2,295,000
		2030	4.13%	2,380,000
		2037	5.25%	23,370,000
Term				
			Total	\$ 38,005,000

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

8. Long-Term Debt (continued)

Principal payments required on the term and serial bonds are due as follows:

For the years ending		Debt		
<u>December 31,</u>	<u>Amount</u>	<u>Premium</u>	<u>Issuance Costs</u>	<u>Total</u>
2024	\$ 1,825,000	\$ 189,348	\$ (39,455)	\$ 1,974,893
2025	1,885,000	161,855	(39,455)	2,007,400
2026	1,985,000	136,587	(39,455)	2,082,132
2027	2,080,000	114,411	(39,455)	2,154,956
2028	2,185,000	94,877	(39,455)	2,240,422
Thereafter	28,045,000	773,335	(315,638)	28,502,697
	<u>\$ 38,005,000</u>	<u>\$ 1,470,413</u>	<u>\$ (512,913)</u>	<u>\$ 38,962,500</u>

Interest expense on these bonds was \$1,732,143 and \$1,786,911 for the years ended December 31, 2023 and 2022, respectively.

9. Net (Deficit) Assets

The Organization's net assets consist of the following at December 31:

	2023	2022
Without Donor Restrictions:		
General (deficit)	\$ (14,853,708)	\$ (18,892,442)
Board designated Residents' Assistance Fund	3,001,727	2,523,278
Board designated Lillian Hoerichs Memorial Fund	714,989	658,527
Total without donor restrictions (deficit)	<u>\$ (11,136,992)</u>	<u>\$ (15,710,637)</u>
With Donor Restrictions:		
German Home Residents' Assistance Fund	<u>\$ 4,024,872</u>	<u>\$ 3,778,797</u>

The Residents' Assistance Funds are designated for the financial assistance of residents who are unable to meet their financial obligations.

The Lillian Hoerichs Memorial Funds are designated to be used to supplement the activities department of the Health Center and for other purposes at the discretion of the board.

The German Home Residents' Assistance Funds are restricted for the financial assistance of residents who are unable to meet their financial obligations.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

10. Retirement Plan

The General German Aged People's Home of Baltimore's defined contribution retirement plan includes a 401(k) feature covering all eligible employees. Under the amended Plan, participants may defer up to 25% of their eligible compensation subject to the annual statutory limits. All employees over the age of 21 are eligible after 60 days of employment, with no requirement of hours worked. In addition, the employer makes a Safe Harbor contribution of up to 5% of eligible compensation. The employer may also contribute a discretionary contribution which is determined by the board of directors. For the years ended December 31, 2023 and 2022, there were no discretionary contributions. It is the Organization's policy to fund retirement expense as accrued. Expense under this Plan was \$402,685 and \$371,398 for the years ended December 31, 2023 and 2022, respectively. The costs were allocated between Edenwald and General German Aged People's Home of Baltimore.

11. Supplemental Disclosures to the Statements of Cash Flows

Interest Paid

Cash payments for interest totaled \$1,915,881 and \$1,984,977 for the years ended December 31, 2023 and 2022, respectively. Interest expense per the Statements of Activities includes the amortization of the bond premium of (\$187,992) and (\$203,623) for the years ended December 31, 2023 and 2022, respectively.

12. Extinguishment of Liability

The Facility recorded a liability for a bill received for Covid testing during 2021 in the amount of \$736,280. During 2022, the total amount of the bill was disputed and negotiated to \$165,900 and offset in Administrative expenses. Without this adjustment, Administrative expenses would have been \$3,562,876 for 2022. During 2023, the total amount of the bill was negotiated and settled at \$80,000 and offset in Administrative expenses. Without this adjustment, Administrative expenses would be \$4,031,786 for 2023.

13. Employee Retention Credit

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020, and the subsequent extension of the CARES Act, the Organization was eligible and qualified for a one-time refundable Employee Retention Credit (ERC) subject to certain criteria. The Organization received \$1,423,827 in ERC's during the fiscal year 2023 by filing Form 941-X's. The \$1,423,827 has been recorded under other revenue on the accompanying Statements of Activities and Changes in Net Assets (Deficit) Without Donor Restrictions.

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

14. Line of Credit

The Organization has an unsecured revolving line of credit for \$1,000,000 with a bank. The interest rate on any borrowings is based on the bank's prime rate offered. The line of credit was not utilized during 2023 or 2022.

15. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position at December 31, 2023 for general expenditures are as follows:

Cash and cash equivalents	\$ 2,790,056
Accounts receivable	283,417
Investments	<u>44,253,245</u>
Total financial assets available within one year	<u>47,326,718</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Debt service payments to be paid in 2024	(3,705,681)
Debt service reserve	(3,794,317)
Required operating reserves	(5,571,869)
Investments - land	<u>(1,745,500)</u>
Total amounts unavailable for general expenditures within one year	<u>(14,817,367)</u>
Amounts unavailable to management without Board's approval:	
Board designated for residents' assistance	(3,001,727)
Board designated for Hoerichs fund	<u>(714,989)</u>
Total amounts unavailable to management without Board's approval	<u>(3,716,716)</u>
Total financial assets available to management for general expenditures within one year	<u>\$28,792,635</u>

General German Aged People's Home of Baltimore

Notes to Financial Statements

For the years ended December 31, 2023 and 2022

15. Liquidity and Availability of Resources (continued)

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs the Organization has a committed line of credit of \$1,000,000, which it could draw upon.

Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

16. Subsequent Events

Subsequent events were evaluated through March 21, 2024, the date the financial statements were available to be issued. Subsequent to year end, the Organization entered into an agreement to acquire a piece of land for an estimated amount of \$2,650,000 to be held for investment.

Additionally, on October 24, 2023, the Organization signed a lease agreement on an adjoining piece of property. A new building, which is expected to be funded by the issuance of additional bonds, is to be constructed on the leased land. The lease is not expected to begin until December 2026, and the Organization is able to terminate the agreement at any time before the lease commencement date but can terminate the agreement at any time before June 2024 without penalty.

There are no other subsequent events requiring disclosure.

Supplemental Information

General German Aged People's Home Of Baltimore

Detail of Statements of Financial Position

December 31, 2023

	<u>German Home</u>	<u>Edenwald</u>	<u>Elimination</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,957	\$ 2,788,099	\$ -	\$ 2,790,056
Accounts receivable	-	283,417	-	283,417
Entrance fee receivable	-	327,600	-	327,600
Other assets	51,902	632,644	-	684,546
Total current assets	<u>53,859</u>	<u>4,031,760</u>	<u>-</u>	<u>4,085,619</u>
Investments Whose Use is Limited:				
Under loan agreement - held by trustee	-	6,559,658	-	6,559,658
By board designation and donor restrictions	4,739,861	3,001,727	-	7,741,588
Total investments whose use is limited	<u>4,739,861</u>	<u>9,561,385</u>	<u>-</u>	<u>14,301,246</u>
Investments	<u>22,240,706</u>	<u>7,711,293</u>	<u>-</u>	<u>29,951,999</u>
Property, Plant and Equipment:				
Land and improvements	424,582	2,199,912	-	2,624,494
Building and improvements	-	125,068,132	-	125,068,132
Furnishings and equipment	2,894	10,182,917	-	10,185,811
Construction in progress	-	1,948,787	-	1,948,787
Total	<u>427,476</u>	<u>139,399,748</u>	<u>-</u>	<u>139,827,224</u>
Less accumulated depreciation	<u>424,582</u>	<u>74,440,008</u>	<u>-</u>	<u>74,864,590</u>
Net property, plant and equipment	<u>2,894</u>	<u>64,959,740</u>	<u>-</u>	<u>64,962,634</u>
Investment in Edenwald	15,532,327	-	(15,532,327)	-
Deferred Charges, net of accumulated amortization	<u>-</u>	<u>2,855,025</u>	<u>-</u>	<u>2,855,025</u>
Total Assets	<u>\$ 42,569,647</u>	<u>\$ 89,119,203</u>	<u>\$ (15,532,327)</u>	<u>\$ 116,156,523</u>

	<u>German Home</u>	<u>Edenwald</u>	<u>Elimination</u>	<u>Total</u>
Liabilities And Net Assets (Deficit)				
Current Liabilities:				
Current maturity of long-term debt, net of bond issuance costs	\$ -	\$ 1,785,545	\$ -	\$ 1,785,545
Accounts payable and other liabilities	-	762,661	-	762,661
Accrued interest payable	-	940,341	-	940,341
Accrued wages and benefits	28,653	1,060,626	-	1,089,279
Deposits from prospective residents	-	176,500	-	176,500
Total current liabilities	<u>28,653</u>	<u>4,725,673</u>	<u>-</u>	<u>4,754,326</u>
Non-Current Liabilities:				
Long-term debt, net of bond issuance costs	-	37,176,955	-	37,176,955
Refundable entrance fees	-	40,003,368	-	40,003,368
Deferred revenue from entrance fees	-	30,826,994	-	30,826,994
Future service obligation	-	10,507,000	-	10,507,000
Total non-current liabilities	<u>-</u>	<u>118,514,317</u>	<u>-</u>	<u>118,514,317</u>
Total liabilities	<u>28,653</u>	<u>123,239,990</u>	<u>-</u>	<u>123,268,643</u>
Net Assets (Deficit):				
Without donor restrictions	38,516,122	(34,120,787)	(15,532,327)	(11,136,992)
With donor restrictions	4,024,872	-	-	4,024,872
Total net assets (deficit)	<u>42,540,994</u>	<u>(34,120,787)</u>	<u>(15,532,327)</u>	<u>(7,112,120)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 42,569,647</u>	<u>\$ 89,119,203</u>	<u>\$ (15,532,327)</u>	<u>\$ 116,156,523</u>

General German Aged People's Home Of Baltimore

Detail of Statements of Activities and Changes in Net Assets (Deficit) Without Donor Restrictions

For the year ended December 31, 2023

	<u>German Home</u>	<u>Edenwald</u>	<u>Elimination</u>	<u>Total</u>
Revenue:				
Resident fees earned:				
Service fees, net of returns and allowances	\$ -	\$ 22,243.685	\$ -	\$ 22,243.685
Entrance fees	-	6,405.080	-	6,405.080
Medicare fees, net of returns and allowances	-	1,269.717	-	1,269.717
Investment income	293.389	377.146	-	670.535
Nonresident food service	-	275.996	-	275.996
Donations	-	32.460	-	32.460
Other	70	1,604.650	-	1,604.720
Total revenue	<u>293.459</u>	<u>32,208.734</u>	<u>-</u>	<u>32,502.193</u>
Expenses:				
Residents' center	-	2,037.301	-	2,037.301
Comprehensive care	-	3,642.814	-	3,642.814
Assisted living	-	3,100.306	-	3,100.306
Medicare	-	407.071	-	407.071
Dietary	-	5,886.901	-	5,886.901
Administrative (See Note 12 Extinguishment of Liability)	559.646	3,386.240	-	3,945.886
Housekeeping	-	1,978.608	-	1,978.608
Property operations and maintenance	-	4,059.737	-	4,059.737
Depreciation and amortization	-	4,568.877	-	4,568.877
Interest	-	1,732.143	-	1,732.143
Future service obligation for current residents - net change	-	291.000	-	291.000
Total expenses	<u>559.646</u>	<u>31,090.998</u>	<u>-</u>	<u>31,650.644</u>
(Decrease) increase in net assets without donor restrictions from operations	<u>(266.187)</u>	<u>1,117.736</u>	<u>-</u>	<u>851.549</u>
Non-Operating Activities:				
Realized loss on sale of investments	(29,474)	(7,837)	-	(37,311)
Unrealized appreciation on investments - net	2,758.389	1,153.038	-	3,911.427
Loss on disposal of assets	-	(152,020)	-	(152,020)
Total non-operating activities	<u>2,728.915</u>	<u>993.181</u>	<u>-</u>	<u>3,722.096</u>
Increase in net assets (deficit) without donor restrictions	<u>2,462.728</u>	<u>2,110.917</u>	<u>-</u>	<u>4,573.645</u>
Transfer to General German Aged People's Home	<u>-</u>	<u>(557,224)</u>	<u>557,224</u>	<u>-</u>
Net assets (deficit) without donor restrictions, beginning of year	<u>36,053,394</u>	<u>(35,674,480)</u>	<u>(16,089,551)</u>	<u>(15,710,637)</u>
Net assets (deficit) without donor restrictions, end of year	<u>\$ 38,516,122</u>	<u>\$ (34,120,787)</u>	<u>\$ (15,532,327)</u>	<u>\$ (11,136,992)</u>

General German Aged People's Home of Baltimore

Detail of Departmental Operating Expenses - Edenwald

For the year ended December 31, 2023

	Residents' Center	Comprehensive Care	Assisted Living	Medicare	Therapeutic Recreation	Activities	Nursing Administration	Health Care Administration
Salaries	\$ -	\$ 1,993,417	\$ 1,883,773	\$ -	\$ 509,625	\$ 236,806	\$ 647,668	\$ 76,450
Benefit allocations	-	400,000	367,118	-	36,351	47,385	123,270	21,619
Total salary and related expenses	-	2,393,400	2,250,891	-	545,976	284,191	770,938	98,069
Nurses registry fees	-	246,253	98,138	-	-	-	-	-
Total labor cost	-	2,642,650	2,349,009	-	545,976	284,191	770,938	98,069
Consultant fees	-	-	-	-	-	4,438	-	-
Data processing	-	-	-	-	-	-	-	-
Food	-	21,855	11,045	-	-	61,427	-	-
General supplies	-	-	-	-	37,029	-	-	-
Insurance	-	-	-	-	-	-	-	-
Licensing fees	6,605	5,120	14,609	-	-	-	-	-
Linens and sheets	2,409	8,687	9,594	-	-	-	-	-
Maintenance building	446,404	25,848	58,534	-	-	86,379	-	-
Maintenance equipment	7,515	2,772	-	-	-	-	-	-
Maintenance property	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-
Medical consulting	-	42,616	72,234	-	-	-	-	-
Medical supplies	-	109,150	174,970	8,078	-	-	-	-
Miscellaneous	-	-	-	-	-	14,060	3,852	-
Personnel	-	-	-	-	-	-	-	-
Pharmacy	-	-	-	43,408	-	-	-	-
Physical, occupational, and speech therapy	-	-	-	134,685	-	-	-	-
Postage and freight	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-
Real estate taxes	586,584	-	-	-	-	-	-	-
Securities, dues and subscriptions	-	600	1,535	-	560	8,703	1,911	6,712
Telephone and cable	-	-	-	-	-	-	3,280	-
Trash and snow removal	-	3,606	-	-	-	-	-	-
Uniforms	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-
Subtotal	1,049,517	2,862,913	2,591,970	407,071	403,565	460,098	779,901	104,801
Departmental allocations	10,400,432	3,164,460	3,322,636	-	(403,565)	(460,098)	(779,901)	(104,801)
Total	\$ 11,649,949	\$ 6,027,382	\$ 6,414,576	\$ 407,071	\$ -	\$ -	\$ -	\$ -

** - See Note 12 Extinguishment of Liability

Resident Center Wellness	Security	Administrative	Housekeeping and Laundry	Property Operations and Maintenance	Total Operating Expenses
\$ 417,113	\$ 2,902,241	\$ 1,393,538	\$ 1,482,599	\$ 1,645,083	\$ 13,008,313
84,839	573,497	266,513	288,645	362,115	2,592,561
531,952	3,475,738	1,660,051	1,771,244	2,007,198	15,600,874
521,952	3,475,738	1,660,051	1,771,244	2,007,198	15,947,505
-	21,646	-	-	-	26,084
-	-	41,341	-	-	41,741
-	1,098,855	4,534	-	-	1,936,289
-	314,391	59,473	141,679	234,533	848,492
-	-	540,592	-	-	560,592
-	1,751	2,022	-	-	30,107
-	32,173	-	-	-	52,863
-	-	-	49,028	-	656,203
-	131,479	185,800	8,307	12,865	348,738
-	-	-	-	325,255	325,255
-	-	77,695	-	-	77,695
5,694	-	-	-	-	64,840
-	-	-	-	-	248,742
-	-	(29,181)	-	-	14,560
-	-	-	-	-	(25,329)
-	-	-	-	-	41,408
-	-	9,349	-	-	354,685
-	-	336,858	-	-	9,349
-	-	-	-	-	336,858
-	-	-	-	-	586,584
40	4,003	136,474	2,693	3,889	167,120
-	-	340,872	-	-	344,072
-	-	-	-	71,731	77,337
-	-	-	-	5,221	27,743
-	6,865	-	15,657	1,302,045	1,307,045
527,686	5,886,901	3,386,240	1,978,608	4,059,717	24,498,978
(527,686)	(5,886,901)	(3,386,240)	(1,978,608)	(4,059,717)	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,498,978

General German Aged People's Home of Baltimore
Comparative Detail of Operating Expenses - Edenwald

	<u>2023</u>	<u>2022</u>	(Decrease) <u>Increase</u>
For the years ended December 31,			
Salaries	\$ 13,008,313	\$ 11,823,639	\$ 1,184,674
Benefit allocations	<u>2,592,561</u>	<u>2,313,192</u>	<u>279,369</u>
Total salary and related expenses	<u>15,600,874</u>	<u>14,136,831</u>	<u>1,464,043</u>
Nurses registry fees	<u>346,631</u>	<u>494,441</u>	<u>(147,810)</u>
Total labor cost	<u>15,947,505</u>	<u>14,631,272</u>	<u>1,316,233</u>
Consultant fees	26,084	5,363	20,721
Data processing	41,741	31,700	10,041
Food	1,936,289	1,814,416	121,873
General supplies	848,492	819,436	29,056
Insurance	560,592	555,145	5,447
Licensing fees	30,107	23,415	6,692
Linens and sheers	52,863	44,312	8,551
Maintenance building	656,203	573,386	82,817
Maintenance equipment	348,738	369,300	(20,562)
Maintenance property	325,255	328,702	(3,447)
Marketing	77,695	72,647	5,048
Medical consulting	64,840	79,012	(14,172)
Medical supplies	248,742	296,607	(47,865)
Miscellaneous	14,960	12,551	2,409
Personnel (See Note 12 Extinguishment of Liability)	(25,329)	(527,916)	502,587
Pharmacy	43,408	-	43,408
Physical, occupational, and speech therapy	354,685	-	354,685
Postage and freight	9,349	6,045	3,304
Professional fees	336,858	252,297	84,561
Real estate taxes	586,584	820,232	(233,648)
Seminars, dues and subscriptions	167,120	101,022	66,098
Telephone and cable	344,072	306,468	37,604
Trash and snow removal	77,337	76,582	755
Uniforms	27,743	26,168	1,575
Utilities	<u>1,397,045</u>	<u>1,010,572</u>	<u>386,473</u>
Total operating expenses	<u>\$ 24,498,978</u>	<u>\$ 21,728,734</u>	<u>\$ 2,770,244</u>
Operating Expenses By Department			
Residents' center	\$ 2,037,301	\$ 2,094,135	\$ (56,834)
Comprehensive care	3,642,814	3,477,577	165,237
Assisted living	3,100,306	2,894,420	205,886
Medicare	407,071	43,281	363,790
Dietary	5,886,901	5,296,407	590,494
Administrative	3,386,240	2,433,757	952,483
Housekeeping	1,978,608	1,838,128	140,480
Property operations and maintenance	<u>4,059,737</u>	<u>3,651,029</u>	<u>408,708</u>
Total operating expenses	<u>\$ 24,498,978</u>	<u>\$ 21,728,734</u>	<u>\$ 2,770,244</u>

